HOUSE OF ASSEMBLY

Friday 25 May 1979

The SPEAKER (Hon. G. R. Langley) took the Chair at 10 a.m. and read prayers.

QUESTION TIME

GOVERNMENT DEPARTMENTS

Mr. GOLDSWORTHY: Can the Premier say whether the Government supports the assertion made on page 5 of the Public Accounts Committee Report into the Hospitals Department, that "the complete lack of effective systems of budgetary control to contain spending to real needs applies to most Government departments", and will the Government support inquiries into other Government departments in a fashion similar to the inquiry recently completed into the Hospitals Department?

The Public Accounts Committee Report into the Hospitals Department uncovered extravagance on a massive scale. Following the release of the committee's report, we were assured by the Premier, despite his disagreeing with certain aspects of the report, that his Government would streamline the operations of the Hospitals Department. Public comments have been made that inquiries into other departments would uncover waste of similar or greater proportions to that discovered in the Hospitals Department. Further to the Government's offering support for inquiries into other Government departments, it should also act to improve the facilities of the Public Accounts Committee and the Public Works Standing Committee so that they are able properly to carry out their task of maintaining a check on Government expenditure.

The Hon. J. D. CORCORAN: The Deputy Leader of the Opposition will recall that, in the speech I made to this House on the Public Accounts Committee inquiry into the Hospitals Department, I highlighted the statement that he has just attributed to the committee as being one of the inaccuracies of the committee's report. I said that the statement was completely unsubstantiated.

There was no evidence that it had any basis in fact. I said at that time that the Treasury of this State probably was recognised throughout Australia as one of the most effective Treasuries in the country, and I include the Treasury officers, too. The Treasury has responsibility across the broad scope of Government for seeing that the accounting procedures, etc., are in good shape.

If I, in dealings with any department of government, find that any area needs to be looked at, I will look at it and do so quickly and effectively, but the statement by the Public Accounts Committee brought the report into disrepute. I said that at the time, and I was critical not only of Opposition members of the Committee but also of Government members, and the Government members recognised that and also that sweeping statements should not be made in a document of that kind. I do not believe that there is any foundation in fact for the statement by the committee.

I said that, if we did find it in any other department, we certainly would act. The Public Accounts Committee has not been inhibited in any way in looking into any area of government if it so desires and, if it believes that statement to be correct, it is up to the committee to bring forward the facts that support it. The committee has not done that, and I do not believe it can.

EMISSION CONTROLS

The Hon. G. R. BROOMHILL: Can the Minister of Transport state the current position on design rule 27A and the suggestion that the third stage should be delayed, and can he comment on whether implementation of this design rule would increase fuel consumption? As this design rule for vehicles affects emission controls and as Adelaide has a particularly bad air pollution problem in relation to vehicle controls, we are awaiting decisions on this matter with interest.

The Hon. G. T. VIRGO: The third stage of Australian Design Rule 27A has been the subject of probably more lobbying than any other design rule that the Transport Ministers have introduced in the nine years that I have been Minister of Transport. Certainly, a section of the industry has the ear of the Federal Government; so much so that it is running backwards so quickly that it will catch up with itself going the other way. The plain facts are that a number of vehicles now on the road, made by people who represent the industry and who are critical of the third stage, already conform to that stage.

The biggest problem really is the ability of industry to produce vehicles off the line with quality control to satisfy the requirements of either the first stage or the second. In fact, the academy in Canberra, in its report, found that the rate was little better, with in some cases less than 30 per cent compliance off the production line. The lack of proper quality control and the lack of proper design in some earlier model cars are the causes of the problem.

However, to say that we ought to abandon it simply at the whim of these manufacturers is absolute nonsense. Adelaide has an air pollution problem. Certainly, it is not as bad as that in Sydney or Melbourne, but we have a problem. Brisbane and Perth also have problems. The academy's table shows clearly that the problem is reaching the proportion in those three capitals where action must be taken, and to simply wait five years, as the Federal Government has suggested we should do, would do nothing other than put at risk the health of the nation.

I do not believe that we ought to do that. Regarding fuel consumption, it is a popular line to follow that the third stage will increase fuel consumption by 5 per cent: that is quite untrue. Introducing the third stage will not create additional fuel usage, provided that it is part of the integral design of the vehicle. In most instances, new cars coming on the road today require little more than proper tuning, and maintenance of that tuning, and they would already comply with the third stage.

VEHICULAR ACCIDENTS

Dr. EASTICK: As my question concerns a matter of policy, I ask the Premier whether the Government is aware of the widely-held opinion among senior members of the legal profession that amendments to the legislation relating to damages arising from vehicular accidents will seriously affect the current rights of persons who have suffered accidents prior to the introduction of the new legislation, whenever that may be. A letter that has just been circulated by an eminent Adelaide Queen's Counsel to people who have consulted him states:

> It is well known that the Government intends to alter the law in relation to damages arising out of vehicular accidents. What may not be so well known is that it appears that at the date of change-over, all unsettled claims will probably be transferred to the new fund to be settled on the new basis. If this is so, your client will lose the right to damages as we now

know them, and with that loss will go your client's rights to recover costs. This may well produce some difficulties.

Because of the above it is now my practice to render an account for each item of service, as it is performed. My account, apart from any previous account rendered, is therefore set out below.

The problem arises in that those persons whose accidents occurred some considerable time ago and who have not been able to go before the courts hitherto, because of legal and/or medical reasons, are put at risk and are concerned about whether the expenses they have incurred will or will not be met. I would appreciate from the Premier an indication that the Government is aware of this circumstance.

The Hon. J. D. CORCORAN: The President of the Law Society (Mr. Mullighan) has been to see me about this particular matter, and others, and I inform the honourable member that the Minister of Transport has recently established a committee to collate all information the Government has and needs to decide on a course in relation to no-fault insurance. I believe that a submission has been received from the Law Society, and that will be taken into account along with any other submission received by the committee. Indeed, the whole operation is out for public comment at the moment and I welcome the honourable member's question, and that can be taken into account along with any other comment that may be made by any other organisation or member of the public.

STUART HIGHWAY

Mr. KENEALLY: Can the Minister of Transport say whether the Federal Government has made any allocation to South Australia specifically for the purpose of upgrading the Stuart Highway, or does Mr. Nixon expect this massive undertaking to be financed from the meagre allocation made to South Australia under the Federal national highways construction grant? I understand that yesterday Mr. Nixon flew over the Stuart Highway and was unable to land at Coober Pedy: that is interesting, because that would be part of his responsibility, and he then determined that the condition of the road was the fault of the South Australian Government, and he was most critical of the Government on that point. What direct assistance has the Federal Government given to South Australia to upgrade the Stuart Highway?

The Hon. G. T. VIRGO: There has been no assistance specifically for the Stuart Highway. What South Australia has received is the allocation under the national highways legislation. The determination of how and where that is spent starts with the State's submitting a programme to the Federal Minister, and the Federal Minister either endorsing it, if he is satisfied with it, or returning it for amendment, if he is not satisfied with it. Last year we had a very difficult problem with Mr. Nixon in our attempts to allocate funds for the road from Hawker to Leigh Creek. I think the member for Eyre was fully aware of the difficulties and actually supported us in what we were doing on that occasion.

The fact that the Federal Minister has taken the line he has, as reported in this morning's newspaper, was not surprising. It is the line he normally takes to cover up the sins of omission of him and his Government. There is a universal attitude on the part of all State Ministers that the States are all being squeezed and getting less and less. We have been telling Peter Nixon this for a long time. It was reassuring to read a report of the Bureau of Transport Economics which Peter Nixon laid on the table of Federal Parliament three days ago. Among other things, the report states:

> In summary, the last five years has seen an accelerated State funding of road expenditures which have offset the decreasing Commonwealth allocation.

In fact, the Commonwealth allocation has gone down at an average annual rate in real terms of minus 1·4 p.c., whilst the States have had to increase expenditure to offset that.

The need for additional funds for the Stuart Highway cannot be stressed strongly enough or often enough. South Australia is suffering because of the lack of a decent road connecting us with the Northern Territory. That fact of life has been acknowledged by all and sundry, except Peter Nixon. It has been acknowledged by Senators Young and Jessop publicly that South Australia must get additional funds for the Stuart Highway. Senator Jessop was with Mr. Nixon when he made his inspection from the air. I am sure that what happened would have been very disappointing to the Coober Pedy people who had gathered to meet him. I think that the fact that South Australia needs additional funds has been acknowledged by Mr. Nixon's Deputy Leader, Mr. Ian Sinclair, the Federal Minister for Agriculture who in a telex to Mr. George Smith, the Mayor of Alice Springs, prior to the last Federal election promised additional funds for the Stuart Highway. Promises, promises! As the cartoonist said today, there are two sides to the action: you promise it and you take it away; you give and you take.

Mr. Mathwin: You'd know all about that.

The Hon. G. T. VIRGO: I am waiting patiently for one member of the State Opposition to come out and support the State Government's claim for additional funds for the Stuart Highway. We can get Senators Jessop and Young to do it; we can get Mr. Ian Sinclair to do it; but we cannot get one member of the State Opposition off his backside and support the South Australian Government. It is about time that happened.

PORT LINCOLN MEATWORKS

Mr. BLACKER: Is the Premier in a position to report on the latest Government committee of inquiry into the future of the Samcor meatworks at Port Lincoln and, if so, can the Premier inform the House of the results of such investigations and whether the Government intends to act on them? In the past two months there have been two committees of inquiry into the operations of Samcor. Neither of those committees has consulted producer organisations. Employees at the works are concerned at the rumours that have circulated following these two inquiries and the continued fears of closure. With 108 jobs in jeopardy, these fears are understandable. I am also informed that there has been no attempt by Samcor to gain maximum use of the Samcor complex, particularly in relation to the possible upgrading to United States standards.

The Hon. J. D. CORCORAN: I can tell the honourable member that a submission will be made to Cabinet on Monday in connection with this matter. I think he will appreciate that I am not in a position to make any specific announcements about the matter until Cabinet has approved the proposals I will put before it on Monday. I have interested myself in this matter in liaison with the Acting Minister of Agriculture. As the honourable member would be aware, the Minister of Agriculture will be back in Australia on Sunday. I think it would be improper of me at this stage to do anything other than tell the honourable member that there should be an announcement which will cover a number of points in

relation to the operation of Samcor at Gepps Cross and Port Lincoln.

I can assure the honourable member that every consideration will be given to the unemployment situation that exists at Port Lincoln. It will certainly be taken into account in any decision made concerning the future of the Port Lincoln works, a matter of prime concern to the honourable member and his constituents. I cannot go further than that at this stage. I imagine that an announcement will be made by the Minister early next week.

ANSTEY HILL PLANT

Mrs. BYRNE: Can the Minister of Planning say whether the previously projected commissioning date of the Anstey Hill water treatment plant is still expected to be adhered to, and whether he has any other relevant information about this plant? I ask this question because of the reference to this matter in paragraph 14 of His Excellency's Speech which, in part, states:

> A comprehensive water filtration system to improve the quality of Adelaide's water is under construction, but progress during the next financial year will depend on the extent of Commonwealth funding.

That is the reason for my concern. Householders to be serviced from this plant are looking forward to receiving filtered water from their taps as soon as possible.

The Hon. R. G. PAYNE: I can assure the honourable member that the expected commissioning date for the Anstey Hill plant is likely to be met. At this stage, that is as close as I can go. I suggest that the nominal date is some time in November. In relation to the other points made by the honourable member concerning Commonwealth funding of the South Australian water filtration programme, this has slightly less significance with respect to the Anstey Hill project, because much of that expenditure has already occurred. The honourable member would understand the point I am making there.

With respect to the overall water filtration projects still to be completed, the question of the continuation of the Commonwealth funding is of vital importance and, in that connection, in April this year the Federal Minister (Mr. Newman) visited South Australia and, in company with the Premier, we spent time together inspecting the completed plant opening at Hope Valley and also the Anstey Hill installation. Mr. Newman certainly has a good grasp of the specific problems that we face in South Australia, and the fact that we are involved in a programme of heavy expenditure in relation to the filtration of Adelaide's water.

Mr. Newman certainly showed a keen interest: we inspected fully the Hope Valley plant and had a good look around the Anstey Hill construction project. The present situation at Anstey Hill is that most of the civil construction work is now complete; mechanical and electrical installations are proceeding; and there are some small civil works still to be done relating to hard standing in the area, access to the site and so on. The information I have is that the projected date is likely to be met—that is, later this year, during the last quarter, and most probably in November.

PROPERTY VALUATIONS

Mr. DEAN BROWN: Will the Premier immediately order the Valuer-General to revalue all properties (especially unimproved values) assessed by his office this year, so as to take into account the currently depressed market values of properties, and will the Government immediately abolish land tax on residential properties, because that tax is inequitable? Residences in the Burnside council area (and in other areas such as Glenelg, Stirling and Gawler) have been reassessed this year. I know the experience of property owners in the Burnside council area. I have received an estimated 200 telephone calls about this matter, and many people have come into my office to see me about it. Clearly, the valuations (despite the mirth of the Deputy Premier—and we recall his statements made in 1974)—

Mr. KENEALLY: On a point of order, Mr. Speaker, I draw your attention to the Notice Paper. Item five for Wednesday, 1 August 1979, indicates that the member for Davenport will move a motion concerning the very points about which he is now speaking. I ask for your ruling on this matter, Sir.

The SPEAKER: The honourable member for Davenport should not anticipate anything on the Notice Paper.

Mr. DEAN BROWN: I point out that I have not yet moved that motion; I have just indicated intent to move it. My question can surely be about the same matter without touching on that motion.

The SPEAKER: Order! I have already ruled that the honourable member cannot anticipate anything on the Notice Paper, whether or not it has been moved.

Mr. DEAN BROWN: I would not want to anticipate anything on the Notice Paper. I am not referring to the motion on the Notice Paper; if I was, I would accept that point of order.

The SPEAKER: Order! I have already spoken to the honourable member about his question. He must keep away from the motion on the Notice Paper.

Mr. DEAN BROWN: I am not touching on the motion on the Notice Paper; I am asking a question about valuations in the Burnside area. I point out to the Premier that the valuations that have occurred, particulary the unimproved values, are substantially higher than realistic market values.

The SPEAKER: Order! I have already ruled that the honourable member is out of order. If he continues in this vein, his question will be disallowed.

Mr. DEAN BROWN: Can I ask for clarification? Does that mean that I am now prohibited from asking any question about valuations in the Burnside area, despite the fact that there is a specific motion on the Notice Paper to which I am not referring ?

The SPEAKER: Order! I would like the honourable member to repeat his question.

Mr. DEAN BROWN: Will the Premier immediately order the Valuer-General to revalue all properties (especially unimproved values) assessed by his office this year, so as to take into account the currently depressed market values of properties and will the Government immediately abolish land tax on residential properties, because that tax is so inequitable?

The SPEAKER: Order! The honourable member is reading his motion word for word. I cannot allow the question.

SCHOOL TEACHERS

Mr. HEMMINGS: Can the Minister of Education assure me that there is no inconsistency in selecting secondary exit students for teaching appointments within the Education Department? In a letter in yesterday's *News* it was claimed that there was an apparent inconsistency, and the writer asked the following question:

Why have unqualified secondary trained exit students (those who have trained for only three years) been given permanent positions, while others who have completed four years either received short-term contracts or face unemployment?

The Hon. D. J. HOPGOOD: I think I should bring a considered reply down to the House so that, if a member receives any queries from constituents, he will have the benefit of the text of that reply to discuss it with them. However, anticipating the nature of the considered reply, I point out that the academic qualifications are not the only things which are taken into account when the selection of teachers is being processed. We also have to take into account, first, some assessment of a person's professional standing, including his ability to be able to teach in a classroom as demonstrated by teaching reports from teaching undertaken during the period that he has been in training, and, secondly, that person's preferred area of teaching. There is no doubt that some people miss out on appointment because they very narrowly restrict their choice of preferred area. If a person says that he is prepared to teach only in the metropolitan area and there are no vacancies in that area, or there are a fixed number of vacancies and so many people assessed as being in some way better than him for appointment to those positions, that person is not appointed, even though, had he been less restrictive in his application, he may have received an appointment somewhere. That is the main factor that operates: how restrictive or otherwise the individual has been in indicating where he is prepared to teach.

The other fact is that there is a gross imbalance between supply and demand, which obviously has its effect. Within that broad structure of the gross imbalance between supply and demand, where a person very narrowly restricts his preferred location for teaching, he very narrowly restricts his chances for getting an appointment at all. However, I will bring down a considered reply to the House.

PENSIONER SERVICES

Mr. ALLISON: Can the Minister of Health indicate to the House the current situation regarding the decentralisation of health facilities, such as the provision of spectacles and dental services for pensioners? I have made inquiries on behalf of pensioners over the past four years with the Ministers of Health at both State and Federal level and also with the Royal Adelaide Hospital. Those inquiries clearly show that there is a long waiting list at the Royal Adelaide Hospital for the provision of spectacles and that dental services, other than in extreme emergency, can be delayed for several years. It is about two years since the former State Minister of Health advised me in writing that negotiations would soon be finalised regarding the provision of spectacles in certain regional hospitals. In fact, tenders were advertised in the *Advertiser* for the provision of spectacles at least in the Port Lincoln and northern regions of the State.

At that time, the Minister said that Mount Gambier would be included in consideration. Therefore, I ask the Minister whether any progress has been made in reducing the pressure on the Royal Adelaide Hospital and on other Adelaide hospitals in providing services to remote rural areas. Also, I ask the Minister to bear in mind that the actual subsidised cost of accommodation and transport for pensioners is often greater than is the cost of the service itself.

The Hon. PETER DUNCAN: I thank the honourable member for raising these matters. I know that he has had an interest in them over a long period, and I recall that he has raised these issues previously. The Government is concerned about the provision of dental services, particulary to pensioners and unemployed people. It has asked the Health Commission to look urgently at how we could, within our Budget constraints, provide an updated and upgraded service for South Australians, and I am to receive a report on the matter within the next few weeks. I do not know the situation in relation to spectacles and the carrying out of eye tests, and so on, but I will obtain a report for the honourable member and let him have that information in due course.

PORT ADELAIDE TRAFFIC

Mr. WHITTEN: Will the Minister of Transport say whether it will be possible to build two new roads to enable the diversion of heavy traffic from the centre of Port Adelaide, without a large increase in Federal funding? A report on page 3 of this morning's *Advertiser*, headed "Heavy trucks to by-pass Port Adelaide", states that the Highways Department is planning a by-pass so that heavy transports can avoid the heart of Port Adelaide. The report states that an 800-metre road, costing an estimated $750 000, will be built between the end of Grand Junction Road and Bower Road. The report states that the Mayor of Port Adelaide said that the by-pass, while welcome, was not the entire solution to the Port's traffic problems. He said that a road and bridge north of the Port business district, perhaps near Eastern Parade, were needed to keep commercial traffic away from the residential and light commercial areas. Will the Minister say whether increased funding would be necessary?

The Hon. G. T. VIRGO: Some time ago, an on-site inspection was carried out with the Mayor of Port Adelaide, the Clerk, and a few of the elected members of the council. The problem of by-passing the heart of Port Adelaide was discussed, as it has been on many occasions. The unfortunate accident that occurred when a petrol tanker travelling over the Birkenhead bridge got out of control and tipped over, causing a fire and a death, has emphasised the problem. At this stage, I should not offer any comment on the matter, but when it is finally resolved I think many people who are blaming the configuration of the road will have a different appreciation of the problem.

The suggestion of connecting Grand Junction Road with the causeway received some opposition from people in, I think, the Ethelton area. The honourable member's geography of the area would be better than mine. The Highways Department has said, as I said to the Mayor in discussion, that the route of traffic is principally a matter of determination by the local governing body. I was rather disappointed to read the Mayor's comments, as reported this morning. I wonder whether he has been misquoted, as the report quotes him as saying that the Government had not provided any (or very much) support for Port Adelaide, although it had been able to spend much money in the Hills area.

Obviously he was drawing a comparison between the volume of money we have spent on the freeway and Swanport bridge with the sum we have spent in assistance to the Port Adelaide council. Everybody in this House would know that those sums of money are contained in different compartments.

The Federal Government does not permit us to spend national highway money on arterial roads, and it is quite foolish of Mr. Marten to suggest, even by innuendo, that that should occur. Over the years, I believe we have been able to assist the Port Adelaide council in a reasonable

way, and I hope we will go on doing so in the future. However, rather foolish statements such as were attributed to Mr. Marten, if he did make them, do not help the situation.

UNEMPLOYMENT

Mr. VENNING: Has the Premier, as an adjunct to his determination to promote South Australia's economic well being, taken action to prepare industrial legislation similar to that which has been presented to the Western Australian and Queensland Parliaments aimed at stabilising production for the economic advancement of those States? The Premier would be well aware of what is happening in this area and of the aim of those two States in seeking Federal complementary legislation along these lines. Yesterday, in his Speech prepared by Cabinet the Governor said:

> . . . my Government attaches the greatest importance to the task of achieving, as far as is possible for a State Government, a substantial improvement in the economy of the State and a consequential reduction in the levels of unemployment. The Economic Development Department will continue and intensify its efforts to attract new industry to the State and to consolidate and strengthen the State's existing industries.

The Hon. J. D. CORCORAN: The answer is "No".

REYNELLA BY-PASS

Mr. DRURY: Can the Minister of Transport say when lighting will be installed on the Reynella by-pass so that motorists will be able to have a good field of vision at night? The only lighting on this by-pass, which is generally described as being L-shaped, is adjacent to the adjoining property owned by St. Francis Winery, and in my opinion the by-pass itself is poorly lit at night. There is road lighting at either end of the by-pass, but over the past few years there have been several fatalities on this road. When will funds be made available to enable the by-pass to be lit at night?

The Hon. G. T. VIRGO: I shall be pleased to discuss this question with the Commissioner of Highways, because there is some merit in what the honourable member has said. I use that road occasionally at night; it is a dark spot, and I will certainly look at the situation to see whether lighting can be installed.

GIFT DUTY

Mr. WOTTON: Can the Premier say whether the Government will take immediate steps to index gift duties and, if not, why not? The Premier appears to have taken a very firm stand on the retention of this iniquitous tax, along with succession duties, and so on. The Gift Duty Act as amended came into force in September 1968, and the $4 000, or 18-month limitation, applied then. The consumer price index for the September quarter of 1968 was 104·6, and for the corresponding quarter in 1978 it was 252·5 for the same base. This means that there was an increase of 142 per cent. The latest figures available indicate that the $4 000 limit at that rate would now be about $9 700. The Government has regularly committed itself to indexation of wages, salaries, pensions, etc., and I urge it to increase the $4 000 limit in terms of the percentage indicated by indexation.

The Hon. J. D. CORCORAN: The answer to the question is "No". The honourable member obviously has learnt the little "if not, why not" bit on the end from the member for Mitcham, because that honourable member uses it. I say "No" because the honourable member probably would be aware that I have a working party engaged on a review of all State Government taxation—indeed, of existing taxation and recommendations on what other forms of tax we may be involved in at some time in the future. Certainly, at present I have no intention of altering the present structure of taxation in South Australia. That refers to the "if not, why not" bit.

I am awaiting the report. It is an internal document, which I will not be making public. I do not want to be involved in the same sort of scene as the Whitlam Federal Government was when it released the Coombs report and when every recommendation by Coombs was taken up by the Opposition as though it meant that it was going to be put into effect. I do not propose to have that sort of situation develop again. Until I have the report of the working party, have examined it, and have made recommendations to the Government, I certainly will not be altering anything in the taxation area.

MINISTER'S STATEMENT

Mr. WILSON: In his speech at the annual general meeting of the Enfield Council for Community Development last Tuesday, did the Minister of Community Development make this statement or a statement with substantially the same meaning? I quote:

> The bringing together of community development and local government under the one Minister will be an advantage. If a council—

and there the Minister means local government—

> is not proceeding fast enough with social development, they may find that they will not get all the funds they want for roads and other projects.

It has been reported to me by two people who were at that meeting, both independently, and one a member of this Parliament, that the Minister did say words to that effect, and they both felt that the statement was a blackmailing of local government.

The Hon. J. C. BANNON: No, I did not make that statement. In reading the alleged words, the honourable member said "quote", as though he had something in quotation marks when he was reading. I was not aware that a transcript was being kept or that there was a tape recording, or whatever else, of what I said at the meeting. Certainly, those words were not used, and I do not know who has given him the quotes that he read in that way.

What I said, and this has been said from the time of the establishment of the Ministry of Community Development, and particularly since its strengthening by the addition of the local government function, was that it is a big advantage for local government to be associated with community development under one Minister. There will be support, as there has been increasingly, for initiatives by local government in the areas that involve the needs and aspirations of residents; for example, the community services and areas such as libraries, community arts, and recreation facilities, all of which we see as being undertaken by local government on a co-operative basis with the State Government.

That is what the Community Development Department has been established to do, and that is why the Local Government Office is associated with it. However, I certainly did not say that, if local government did not respond to those initiatives, it would be starved of funds in other areas. This certainly could not be the case. For a

start, roads are not under the control of the Community Development Department or the Local Government Office. They are handled by the Minister of Transport. Negotiations with the Highways Department and assistance for roads to local government in that area. There is no suggestion of threats to local government. We have stated that we have a department, with these facilities and functions, and with grants available, and that, if local government wishes to join in that process, it is welcome to do so.

I have been passing on that message throughout the State at meetings with local government, and it has been very well received. Since my appointment, I have received numerous letters from local government, and I will quote briefly from one, because it is significant in that it comes from the area which the Shadow Minister of Local Government represents, namely, the area of Yorke Peninsula. One paragraph of that letter, received from the Yorke Peninsula Local Government Association is as follows:

> The Premier's decision to place related community responsibilities under the one Minister indicates that the Government will not relax its efforts to strengthen the role of local government.

That is the opinion of the Yorke Peninsula Local Government Association, and it is reflected in many other letters I have received. It indicates the reaction of local government to what is happening, and there is no suggestion in it that local government feels threatened.

DRUGS

Mrs. ADAMSON: In view of the Government's repudiation of the recommendation of the Royal Commission into the Non-Medical Use of Drugs that cannabis should be legalised on the grounds that such legalisation would endanger public safety and community health and welfare, what action, if any, does the Minister of Labour and Industry propose to take in accordance with sections 29b and 30 of the Industrial Safety, Health and Welfare Act, 1972-1976, to ensure that employers and employees are made fully aware of the dangers to industrial safety posed by cannabis use? Section 29b requires every employer to take all reasonable precautions to ensure the health and safety of workers in connection with their work. Section 30 requires workers not to render ineffective the action of their employers in this regard. No union or employer body in South Australia has publicly acknowledged the dangers of cannabis in terms of its possible effects on industrial safety, nor did any union or employer organisation make any submission to the Royal Commission on a matter that is critical to industrial safety. The Government therefore has a responsibility, in accordance with its expressed beliefs, to act to alert industry to the dangers of cannabis which, in the opinion of the Commission—

The SPEAKER: Order! The honourable member is commenting now.

Mrs. ADAMSON: —is used by a large number of people in South Australia.

The Hon. J. D. WRIGHT: I have not caught up with all the news and events of the day.

Mr. Chapman: You've been globe-trotting.

The Hon. J. D. WRIGHT: Yes, and I have enjoyed it, too. I advise the honourable member to go, because it might broaden his mind.

The SPEAKER: Order! I ask the honourable Minister to continue with his reply.

The Hon. J. D. WRIGHT: If it is not too late, the member for Alexandra ought to go and broaden his mind, which is narrow at the moment.

Members interjecting:

The SPEAKER: Order! I do not intend to allow interjections to continue.

The Hon. J. D. WRIGHT: As I was saying before I was so rudely interrupted, I have not caught up with all the news of the day. I understand that the Government has made a decision with regard to the report. I will further consider the matters the honourable member has raised and bring down a considered reply. The inspectorate of the South Australian Ministry of Labour and Industry is probably the best inspectorate in the world: I am convinced of that after having examined matters overseas. Our inspectorate is very alert, and does its job thoroughly, and I have no doubt that it has been doing its job thoroughly in this respect for many years and will continue to do so. So that the honourable member may be fully aware of what is happening, I will consider her question in detail and bring down a reply.

Mrs. Adamson: Before the A.L.P. conference?

The SPEAKER: Order! The honourable member has already asked her question.

PRISONER RECORDS

Mr. EVANS: Will the Premier make available to Parliament details of the sentences and the gaol and criminal records of all persons who have been released since 1 January 1970 before completing their sentence, together with the records of those persons who have been released on bonds and who have subsequently committed criminal offences since 1 January 1970? I do not seek to know the names of the persons involved (I do not believe that it is necessary for them to be disclosed).

There is public concern about the number of persons that the community hears of who have not completed their sentences but have been released early on parole and subsequently committed serious offences. I refer to today's paper without referring to the person's name, and I do not wish to prejudge him in relation to the Truro mass murder incidents. A report in this morning's paper states:

> In June 1974 Mr. Justice Sangster sentenced a person to a total of six years gaol for attempted rape at knife-point and armed robbery.
>
> He was sentenced to four years gaol for the attempted rape of a 20-year-old woman and a further two years for breaching a suspended sentence for the armed robbery.

If that person had not been released, he would still be in gaol now, but the people who made the decision allowed that person to be released. Only the future will tell whether he was involved in anything else serious in relation to the Truro incidents. I wish to know the dates of the offences that the persons committed and the penalties, if any. Some were let out on a bond. I also want to know the date of release. It is important for the community to know whether we are imposing penalties heavy enough and whether prisoners are serving a long enough term or whether we are releasing them too early to go out and commit offences against members of the community. I want to know how many there are. I hope the Premier will get all the details and make them available.

The Hon. J. D. CORCORAN: I do not know what the significance of the honourable member's reference to 1970 is and whether the honourable member believes that that coincides with the election of the Dunstan Government to the Treasury benches in South Australia.

Mr. Evans: No. There was a Liberal Government on 1 January 1970.

The Hon. J. D. CORCORAN: It was in June 1970 that the Dunstan Government came to power. I wonder whether the honourable member is trying to imply that something has happened to change the system since the Dunstan Government came to office. It seemed to me to be a coincidence. Perhaps I am wrong. I guess from the honourable member's question that it is a matter of whether one believes in parole or one does not believe in it. I will confer with the Chief Secretary and see whether or not it is possible to give the details to the honourable member. He has said he does not want names, but he wants figures to make some sort of assessment. I do not know what sort of assessment he can make from the figures. I will examine the question, see what can be done, and let him know.

DOG CONTROL ACT

Mr. RUSSACK: Can the Minister of Community Development say what is the present situation concerning implementation of the Dog Control Act? Will it come into operation, as intended, on 1 July 1979, and when will the necessary regulations be available? Some councils, particularly in the country, will find difficulty in putting the provisions of the Act into practice on the proposed day. Therefore, will the Minister consider the situation? I have had comments and expressions of concern from councils. In particular, I have received a request from the District Council of Warooka, which I understand has written to the Minister. The council's letter states:

> The council feels that many difficulties will be encountered in the administration of the Dog Control Act on 1 July 1979 as there will be insufficient time to properly institute tattooing procedures, arrange for the printing of books containing certificates of registration, and the preparation of the register. Until the prescribed form for the certificate of registration is provided by regulation, arrangements cannot be made for printing.
>
> The council is concerned about the administrative difficulties that will be encountered if the Act comes into operation on 1 July 1979 and would seek your support to the request made to the Minister for a deferment.

The Hon. J. C. BANNON: I am aware of concern that has been expressed in some areas of local government about the availability of the regulations and the preparation needed to ensure that they can be complied with after 1 July. In fact, that is the date on which the regulations will come into effect. They were approved and passed by Executive Council this week, and have now been gazetted. That means that the official copies will be available soon to all local government areas, and we will be sending out a special bulletin explaining the actions that need to be taken and any other ancillary matters that need to be done in order to ensure that councils can be ready by 1 July to comply with those regulations.

In addition, Mr. George Payne, who is the Special Adviser to the Local Government Office in preparing the regulations and discussing them with the Local Government Association and other interested parties, will be available over the next few weeks to meet with local government, regional organisations, and others needing special briefing or particular information on the regulations. I am sure that there will be no major problems or difficulties. The tattooing section of the Act has caused technical problems because the equipment that is most suited to carry out tattooing has not been available, and some equipment has had to be imported. Various types of machines have had to be manufactured and, under the regulations, we have allowed a period of grace until September before tattooing regulations come into force on a general basis. That has given some extra time for local government to ensure that it is ready to implement those provisions.

The general regulations, the establishment of the Dog Control Committee, and other features of the Act will be ready for operation by 1 July. Local government will not have too many problems. In the case of the council referred to, I will respond to that request. I hope to be on Yorke Peninsula in the next few weeks. I will advise the honourable member when that will be. In the course of that visit, I will be meeting with the Warooka council. If it has any particular problem, I can take it up personally with the council.

POTTER REPORT

Mr. RODDA: Will the Premier say whether the Government intends to make available to members of this House the Potter report, which deals with the workings and future of Samcor? There is wide and deep community interest in the future of Samcor; indeed, on the whole operation of the meat industry in South Australia. In passing, I indicate that the decision taken by the Premier to give the two Mount Gambier meat works access to the Adelaide market was received with full applause in the South-East. It was a shot in the arm for the industry. If the findings on Samcor were made available to honourable members and the public it would be a catalyst that would assist in firming public opinion on what is necessary for the complete rationalisation and understanding of the meat industry in the State.

The Hon. J. D. CORCORAN: I think that the honourable member may have been present when I replied earlier to the member for Flinders. I said that I would be making a submission to Cabinet on Monday about the Samcor situation, and that I hoped to be able early next week to make an announcement about several things that will happen. I think that the Potter report has already been leaked: from certain papers it seems that someone has fairly large slabs of it, if not the lot. It is a good report, and I must say that John Potter is an excellent officer who has a good knowledge of this matter. I do not see any reason why the report cannot be released. However, I would prefer that that question be put to the Minister of Agriculture, who will return on Sunday, to ascertain whether or not the report can be released. If he agrees, we will make it available to honourable members.

At 11.8 a.m., the bells having been rung:

The SPEAKER: Call on the business of the day.

SITTINGS AND BUSINESS

The Hon. HUGH HUDSON (Deputy Premier): I move:

> That Standing Orders be so far suspended as to enable the motion for adjournment of the House today if moved after 10 p.m. to be put forthwith without debate.

The effect of this motion is that if we complete the debate prior to 10 p.m. there will be a grievance debate, but if it is completed after 10 p.m. there will not be a grievance debate.

Motion carried.

The Hon. HUGH HUDSON (Deputy Premier): I move:

> That it be an order of this House that the Clerk have

authority to deliver messages and the Santos (Regulation of Shareholdings) Bill to the Legislative Council, notwithstanding that this House be not sitting.

Motion carried.

SANTOS (REGULATION OF SHAREHOLDINGS) BILL

Adjourned debate on second reading.

(Continued from 24 May. Page 16.)

Mr. TONKIN (Leader of the Opposition): There must be nothing more satisfying to a committed socialist Government than to be given an apparently reasonable and respectable excuse for introducing further legislation to control and curb free enterprise and open the way for its own unfettered participation in the same area. That is exactly what is happening with the legislation before this House. Whatever the stated reasons for its dramatic introduction, it is just another attack on the spirit of enterprise, endeavour, and initiative that has put South Australia on the map. Indeed, it is even more than this, Mr. Speaker.

If the Bill is passed in its present form it will be seen as a warning to every existing and potential investor in South Australia that this Government will not hesitate to declare unlawful any legitimate business practice that incurs its displeasure. Worse still, it is an open acknowledgement that this Government will not hesitate to do so retroactively.

It demonstrates this Government's patent disregard for the fact that South Australia is floundering in the worst economic recession since the 1930's, while every other State is recovering strongly. It ignores the fact that new and substantial capital investment in South Australia offers the only permanent solution to our economic ills and the employment problem.

It announces to those South Australians who have no jobs that the Government of South Australia is prepared to retain high levels of unemployment rather than encourage new investment, new jobs, and renewed prosperity in the State. It is a statement of this Government's appalling disregard for the future of the very people in whose interests it purports to govern.

This Bill does all of these things, because in one stroke it places South Australia squarely on the list of high risk places for capital investment, a list which includes such progressive centres as Haiti, Chad, San Salvadore, Afghanistan, Iran, and now South Australia. Why would any investor contemplate a business promotion in South Australia when he cannot even be guaranteed lawful ownership of his property, and when conditions are placed on free enterprise that are not placed on government. Why would any investor consider South Australia in preference to the free enterprise States of Western Australia, Queensland, and Victoria, and even the Labor State of New South Wales for that matter, where the Government tempers its commitment to democratic socialism with moderation. In those States, Governments have repeatedly been willing and anxious to extend the hand of friendship, co-operation, and welcome to new enterprises. In those States, as a direct consequence of Government co-operation, new ventures are expanding, recovery is being achieved, and more jobs are being created.

But in this State, and we ignore the fact at our peril, the economy languishes in torpor, and will continue to do so as long as measures such as this Bill are presented to Parliament. No member of this Chamber will welcome the suggestion that South Australia is at rock bottom. But nor can anyone afford to ignore the evidence, the irrefutable evidence, of South Australia's decline, or refuse to accept that the collectivist policies of this Government have contributed substantially to our State's atrophy. More particularly, we must face the reality that this Bill is a further example of the socialist policies that have brought South Australia to its knees. If it is passed in its present form, it can only intensify the problems now facing South Australia.

It is essential now that I remind the House, in very basic, philosophic terms, of the principles which must always govern our deliberations. There are two principles of government which are basic—indeed, are axiomatic—in the Westminster tradition. The first is this: that people are entitled to operate freely within the law in the certain knowledge that their actions will not be proscribed unless the public interest has been injured, unless it is endangered, or unless, on the balance of probabilities, it is likely to be endangered by their behaviour.

This concept is rooted in our Parliamentary system, and even in our law in the form of some of the prerogative writs. It is the same concept of justice that is enshrined in the Liberal Party's platform. It is also recognised in the Labor Party's perpetual call for a Bill of Rights, and in its stated acceptance of open government, and even in the Labor Party's platform, which nobly guarantees protection of the rule of law for all: for all, that is, except the Bond Corporation, or anyone else the Government may wish to roll.

Like so many basic tenets of socialist belief it is observed by this Government more in the breach than in practice. This Government cares not a jot, for example, that certainty of the law and freedom within the law are principles applicable no less to businesses and to companies than they are to individuals. On the evidence of this Bill the Government cared not a jot for the fact that a company, a corporate individual, and the shareholders of that company whose savings are at stake, are now to be told that actions taken months ago are to be declared illegal.

It is as though the National Football League one day changed the rules of football during the half-time break, and told the players and spectators in each game that the points scored in the first half would be cancelled and not counted because they were not gained according to the new rules. Well, that style of Government is totally abhorrent, not only to the Opposition but also to the fundamental principles of good government which this Parliament is charged to protect and preserve.

Legislation to restrict retrospectively the rights of any individual or company is unacceptable. Only if the public interest has been injured, or is endangered, or if on the balance of probabilities it is likely to be endangered by the offending behaviour can such a step be remotely considered, and even then it can be done only with great care and after the closest scrutiny.

Mr. Keneally: Is this speech written—

The SPEAKER: Order! I call the honourable member for Stuart to order.

Mr. TONKIN: The other principle of legislation which is no less axiomatic in our system of government is that fundamental principle that, whenever a Government contemplates a restriction of rights and freedoms, the onus rests fairly and squarely on that Government to show cause, and to justify its proposed action. They are the basic principles that are fundamental to the consideration of this Bill. They resolve themselves into this question: On the strength of the case presented by the Government, has it been conclusively demonstrated that the public interest has been injured, or is now endangered, to the extent that this Bill must now be passed in its present form? The

Opposition is emphatic that the answer is "No". This is not to say that the protection of our most vital energy resource is not a matter of extreme public interest and concern, but this does not give the Government *carte blanche* to adopt remedies that can cause more harm than the complaint.

The public interest could actually be endangered further if the present proposals are passed without significant amendment. In particular, South Australia cannot afford the loss of investment which will inevitably follow the enactment of this Bill. The fact is that South Australia is quite unable to fund major resource development projects from its own available capital reserves, either private or public. More than any other mainland State, we need vast injections of interstate and foreign capital to finance the extractive and processing industries that are South Australia's major hope for the future.

But capital funds will not be attracted to South Australia while this Government maintains its attitude to free enterprise. The evidence available confirms that already the State's economy has suffered greatly as a result of this Government's doctrinaire convictions. In spite of the Premier's diligent soft-soaping of the business community, here we have a message beamed loudly, clearly, and unmistakably to every major overseas company and every merchant bank that the South Australian Government will not hesitate to interfere with the lawful ownership of any body it pleases, while leaving its own options wide open.

This is not a measure in the slightest way comparable with the Commonwealth Government's foreign investment guidelines or with the Victorian Government's legislation to prevent the take-over of Ansett, both of which the Deputy Premier referred to yesterday as being similar. In each of those cases the respective Governments gave notice of what would be forbidden only in the future. But here we have the direct opposite. Here we have a Government telling the world that a lawfully conducted business deal, now six months old, will be set aside retrospectively.

One clause in the Bill even allows the Minister to annul, to over-ride, the decisions of shareholders, properly and democratically made at a duly constituted meeting. This is totally unacceptable. The dangers have been widely recognised, and warnings given. The Committee of the Stock Exchange of Adelaide has said:

> It follows that the introduction of controls as currently proposed for Santos Ltd., will bring about a general lack of confidence amongst the providers of high-risk capital, particularly in the area of exploration for energy resources.

The Australian Associated Stock Exchanges has said:

> This latest intervention by Government in setting arbitrary limits on listed company shareholdings can only discourage Australian and foreign investors from providing the capital that is so urgently needed to explore for and develop Australia's energy and mineral resources.
>
> All investors and particularly foreign investors will view this ill-considered legislation as yet another precedent for retrospective legislation with the result that their confidence in the political stability of Australia will be reduced.

The Australian Shareholder's Association has roundly condemned the proposals. The Federal Treasurer said in Parliament:

> I think this will discourage industry away from the State of South Australia. This kind of commercial provincialism on the part of State Governments is to be deplored.

The *Financial Review* editorial said:

> Business is unlikely to move into South Australia and deal with any company or person who promises growth and performance while the South Australian Government continues to discriminate, not just against interstate control of its private sector, but against particular businessmen.

And the Financial Editor of the *Australian* wrote:

> Take a bow, Des Corcoran. With one stroke of the pen you have not only negated everything you said to the State's businessmen last week about your pragmatic approach to the private business sector, but also perpetuated Australian businessmen's fears that every innovation and entrepreneurial action they take will ultimately run the risk of Government and/or bureaucratic interference. You have ensured that there will be a hostile reaction from interested groups around Australia to the discriminatory interference of the South Australian Government in one area of corporate activity, and you have continued the former Dunstan Government's approach of establishing laws within the State which have and will continue to make businessmen wary of investment within South Australia, particularly major investments.

That champion of free enterprise, Sir Charles Court, who has proved in Western Australia what can be done to stimulate development—to the envy of the rest of the country—has expressed his absolute amazement at the South Australian Government's latest anti-business action.

But of course, according to the Deputy Premier, all of these commentators are quite wrong in their judgment. We were told only yesterday that he believed investment in South Australia would not decline as a result of this Bill. Perhaps it is because he believes investment in the State is now so low that it may not be possible for it to decline much further.

Certainly the Federal Industry and Commerce Department figures which were released five weeks ago, which I quoted in this House yesterday, and with which the Premier found himself in some difficulty, bear out this fact.

Over the last eight years, South Australia has attracted only 3·9 per cent of the total industrial investment funds of the Australian Industry Development Corporation, and the annual proportion is declining still further. The Deputy Premier has his head in the sand if he continues to assert that investment in South Australia will not decline further because of this Bill. If it is passed as introduced it will become the biggest single deterrent to new investment, new industries and new jobs in this State.

It was significant that some of the kites flown by the Deputy Premier in the past few weeks—and flown I might add to win public support by employing scare tactics —were scarcely mentioned in his second reading explanation yesterday. We have been repeatedly told that the price of gas to both domestic and industrial consumers will increase substantially if the Bond Corporation retains 37½ per cent of Santos. We have been told by the Deputy Premier that South Australians will pay dearly for the Bond Corporation's involvement in Santos with the highest electricity prices in Australia.

What we have not been told are the answers to these basic questions which are concerning the community and individual consumers. Can Santos legally raise the price of gas unilaterally? If it could, what difference would it make if any one shareholder of Santos had 37½ per cent, or alternatively only 15½ per cent equity? What powers does the Government have already over the price of gas?

The Deputy Premier has skirted around these questions, but they have been raised, by his actions and statements, in the minds of consumers. If pressed, he would have been forced to concede that Santos is not able to raise the price of gas unilaterally; he would have been forced to concede that under existing legislation the State Government is far from powerless in the matter of price determination; and he would have been forced to admit that gas prices are

currently unrealistically low, not only in South Australia but throughout the nation, and that any increase will apply on a national basis. Nobody with the interests of South Australia at heart wants an increase in gas prices, or in the price of any other essential commodity for that matter.

However, the long-term realities of artificial pricing and their inevitable consequences will have to be faced sooner or later. This is what the National Energy Advisory Committee stated in its last report, dated December 1978:

> Natural gas in Australia must sell against competing energy resources, such as oil, coal, l.p.g. and electricity . . . If gas is not priced correctly relative to its competitors, it will not take its appropriate place in the energy market. If gas is not correctly priced the markets for it will become distorted and producers might not perceive any incentive in finding more gas . . . The committee believes that eventually higher gas prices must prevail . . .

The committee then recommended:

> The Commonwealth Government, in conjunction with State Governments and instrumentalities, should seek to ensure that natural gas prices reflect alternative energy values and the special properties of natural gas, in particular the potential for conversion to liquid fuels and for international trade.

As I have said, that was the recommendation, only five months ago, of the National Energy Advisory Committee, the unanimous recommendation of 21 of Australia's leading scientists, engineers and economists. It was a recommendation that elicited this profound response from the Deputy Premier in a press release dated 29 March:

> Gas is different from oil . . .

Well, that was a good start, about as telling as his Federal colleague's remark that most of our imports come from overseas.

Mr. Millhouse: But it was true.

Mr. TONKIN: It is very apparent. Then the Deputy Premier went on to assert:

> The attempt to make gas prices equal to world parity would not increase supplies of gas to South Australia, but would simply make the State's electricity the dearest in Australia.

No figures and facts were provided to substantiate the assertion that South Australia would have the dearest electricity of all the States, but documentation may have detracted from the alarmist, emotive, sensational aspect of what he said.

It is impossible for anyone, even the Deputy Premier, to say with any certainty, or even with reasonable authority, that South Australia will incur the highest electricity charges if the price of gas is raised to overseas levels.

The Hon. Hugh Hudson: Absolute rubbish!

The DEPUTY SPEAKER: Order! The Minister is out of order. The Speaker, when in the Chair, ruled that interjections would not be tolerated in this debate, and I intend to continue that ruling.

Mr. TONKIN: The facts, as opposed to the Deputy Premier's assertions, show that, if an all-electric household uses 4 000 kilowatt hours annually at normal rate and another 4 000 kilowatt hours at off-peak rate, it will cost the consumer 6·8 per cent more in Tasmania, 13·6 per cent more in Victoria, 45·9 per cent more in Western Australia, and 56 per cent more in the New South Wales Bega Valley County Council area, when compared to South Australia. Those figures are available and will stand up.

The fact is that South Australia at present has practically the lowest electricity tariff in the nation, and even if it increased as a direct result of higher gas prices, then South Australian electricity prices would still be competitive. Let us not be carried away by any unsupported claims that South Australia will suddenly price itself out of the energy field if the price of natural gas were to rise, and let us not believe for one moment what the Deputy Premier has implied, that the Government is powerless to contain gas prices. The Federal Labor Party's own green paper on energy, released earlier this year, criticises State Governments for maintaining "enforced prices of gas".

In other words, the only reason why the price of gas has not increased already is, on the Labor Party's own admission, that State Governments hold the whip hand in price determination. The fact is, as the green paper explains, that gas prices will not increase in future, regardless of the nature of share ownership in Santos or in any other company, until the State Government concerned chooses to crack that whip.

The facts are clear. Two legally enforceable sales contracts have been entered into between the Cooper Basin producers, on the one hand, and the Pipelines Authority of South Australia, on the other, and another sales contract has been negotiated between the producers and A.G.L. These sales contracts, which, among other things, provide for the determination of the price of gas, are given force by the indenture agreement of 1975, and, in turn, by the Cooper Basin (Ratification) Act of 1975.

The sales contracts are legally binding on all parties, and any breach of the contracts could most certainly result in litigation and damages against an offending party. The sales contracts are quite explicit in their provisions with respect to pricing arrangements.

In the first place the parties, that is, the producers on the one hand and the South Australian Government on the other, must seek in good faith to reach agreement between themselves. Furthermore, they must do so, in the words of the indenture agreement, in recognition of "the right of the producers to obtain a reasonable and adequate profit" on their investment.

In other words, it would be perfectly proper, and indeed obligatory, for the State Government to suggest a price that is consistent with a "reasonable and adequate" profit for the producers—a price that does not allow for one cent more profit than is justified by the agreement.

It would be perfectly consistent with the sales contracts and the indenture agreement for the Government to submit that any "service fees" or "consultancy fees" or any other cost in the nature of a consultancy fee which is paid by Santos to any specific shareholder or anyone else is in fact not a genuine production cost and ought not therefore be considered in fixing the price of gas.

In the weeks leading up to this special sitting of Parliament there has been no mention by the Deputy Premier of these bilateral price-fixing powers or of the charter within which they must operate. Every public statement from the Government has been designed to create the false impression in the public mind that Mr. Bond alone and unaided will increase the price of gas exponentially and in so doing will make South Australia pay for what the Deputy Premier has said is his greed and avarice.

The truth of the matter is that the Government has just as much say in fixing the price of gas as does Santos and the other Cooper Basin producers. Furthermore, in the event of disagreement between the parties, the sales contracts provide for the appointment of an independent arbitrator. In other words, there is no conceivable way in which the producers can at any time unilaterally increase the price of gas to the people of South Australia. Let me add, lest any member has visions of the State's entire gas supply network running dry while the parties are ever in dispute over pricing arrangements, there is also the Gas Act, which, among other things, empowers the Govern-

ment to requisition gas for public use during any emergency.

I turn now to the major implication behind this Bill and behind every statement made by the Deputy Premier in support of Government legislation controlling Santos. That implication, quite simply, is that, if the Bond Corporation's equity in Santos does constitute a threat to the public interest, then the existing powers and remedies available to the Government to protect that interest are inadequate.

Well, that assumption, quite frankly, is absurb, ridiculous and absolutely without foundation. There are so many remedies and powers available to the Government under existing legislation that we can only wonder why this Bill is now considered necessary in its present form.

Mr. Chapman: And urgent!

Mr. TONKIN: Yes, and, indeed, why this whole performance has been considered necessary in this way. I have already mentioned the most important sales contracts, which are in turn strengthened by the indenture agreement and ratification Act. There is the existing pipelines authority contract with the Pipelines Authority of South Australia that will expire in 1982; the contract with A.G.L. to supply gas to New South Wales that expires in the year 2005; and the Pipelines Authority of South Australia future requirements agreement, which was agreed to as recently as 1976, and which assures South Australia of first option, after A.G.L., on supply of the next bank of natural gas to be discovered and exploited.

So, regardless of who owns shares in Santos, or however many shares they may own, that company is bound contractually to supply South Australia with ample supplies of natural gas for a very long time to come.

Putting it another way, there is absolutely nothing that Santos, Mr. Bond, A.G.L., or any other party can do to prevent the proper, lawful supply of gas to South Australia. And in the event of an emergency, in the event of some unforeseen crisis, the Government has reserve powers under the Gas Act to ensure continuity of supply. There can be no question, given existing Government powers, that on the matters of price and supply South Australia's interests are in no way jeopardised by the entry of the Bond Corporation into Santos.

But the Government's powers do not end there, as the Minister well knows. There is also the Petroleum Act, an Act which gives the Minister an unfettered discretion over the issue of exploration and production licences. In the transitional provisions of that Act (in section 4 *(a)* to be precise) the powers of the Minister in respect of the renewal of existing licences, including the Santos licence, are clearly defined.

Before a new licence can be issued, the Minister alone, at his sole discretion, must be satisfied that the licensee has adequate financial resources and is otherwise competent effectively to engage in exploration for petroleum. The obligation to satisfy himself of these same requirements is again placed upon the Minister, in section 18 of the same Act. The question could well be asked: has the Deputy Premier exercised his clear responsibility under this statutory provision in regard to Santos and the Bond Corporation's involvement? Did he use the opportunity of performing his duty to exclude what he considered to be an unsatisfactory applicant?

Why, when pre-renewal discussions were under way with Santos last December, at the very time that the Bond Corporation purchased the shareholdings of Burmah Oil, did the Deputy Premier not draw the attention of the company to what he now regards as an unsatisfactory distribution of shares? If the Deputy Premier had any misgivings whatsoever about the adequacy of financial resources in Santos or the Bond Corporation, or about the Bond Corporation's involvement in Santos at that time, surely he had a clear responsibility to refuse to issue a renewed exploration licence.

If the Deputy Premier regarded the involvement of the Bond Corporation as a threat to the public interest then he was empowered, at his absolute discretion, to refuse to issue another exploration licence to Santos on the grounds that the company would be unable to engage competently in mineral exploration.

He made a big enough case in this House of what he considered to be the Bond Corporation's financial instability, but he did nothing at that time when he had the clear opportunity to exercise his Ministerial responsibility. Instead, in January this year, four months after the transfer of shares from Burmah to the Bond Corporation, he happily entered into a further deed of agreement with Santos on a deed that is binding on both that company and the Government for the next 20 years. There was not one word of demur or reservation by the Deputy Premier just four months ago. There was not one word then of the questionable financial status of the Bond Corporation which was paraded before us yesterday, nor was a restriction of any kind requested.

Now, however, the Deputy Premier has the audacity to come into this House and plead the urgency of this Bill, when it is obvious to anyone who has studied the matter that he could have imposed the same undesirable restraints by Ministerial fiat only four months ago. What the Deputy Premier is really saying, of course, is either that he failed in his responsibility and wants this Parliament to perform his duty for him to cover up for his lack of responsibility earlier this year or that he has recently seen an opportunity to advance his Government's long-term policy which he had previously missed.

It is not reasonable to claim, as the Government has done, that this Bill is necessary to fill a vacuum in executive powers. Not only does the Deputy Premier have that absolute discretion over the granting of exploration licences, but if we look at sections 36 and 37 of the Petroleum Act we find that he also has an absolute veto over the location, programme and extent of petroleum production, on an annual basis.

Once again we find that, regardless of who owns shares in Santos, or however many they may own, there is nothing they can undertake in the field of petroleum exploration or production that is not subject at all times to the Government's approval. Finally, there is the matter of the Bond Corporation, which really brings us to the crux of the matter because, as we all know (and as has been evidenced by the Deputy Premier's obsession with that company and this Bill), the Bill is directed against this one company, indeed, against one man in the company.

From what the Deputy Premier asserted yesterday, we gather that, without the measures he has proposed, Mr. Bond is likely to plunder the funds of Santos. Unless this Bill is passed in its present form, we are told that the Bond Corporation will set in train a series of sinister and nefarious corporate activities, and that it will be able to do so with impunity.

The Deputy Premier has not advanced one shred of evidence for this view—only conjecture. He has totally ignored the provisions of the Companies Act which impose strict duties upon both shareholders and directors of public companies. He has used hearsay rather than hard facts to present his case to this Parliament. There are also the associated common law provisions which impose obligations and duties upon those who hold fiduciary positions in public companies.

I refer to the duty to act in a *bona fide* manner at all

times, the duty to avoid and declare conflicts of interest, the duty to refrain from making personal gains through knowledge gained in a confidential position, the duty to refrain from engaging in insider trading, and I could go on. The extensive provisions of the Companies Act are specifically designed to prevent any public company operating in this State in a manner contrary to the public interest.

The case advanced by the Government that this Bill is necessary because additional powers are needed to protect the public interest is singularly lacking in credibility when one examines the existing powers available. Clearly, the Government is able at its discretion to control exploration and production of gas and liquid fuels. Clearly, the Government is assured contractually of ample supplies of both resources. Clearly, the Government is able significantly to influence the price of gas. Clearly, the law is adequate in its present and anticipated form to safeguard the public interest from unscrupulous directors of any public company. And clearly, this Bill in its present form will have wide repercussions upon investment and prosperity in South Australia.

Throughout my remarks I have repeatedly referred to the unacceptability of the Bill in its present form, and to the complete lack of necessity to legislate in this Draconian way. Why has the Bill been placed before us? What is the real object of this exercise?

Quite apart from it being against the public interests for the reasons I have already advanced, it is abundantly clear that the Government intends to limit private sector involvement in the energy industry without imposing similar restrictions on its own potential involvement. Naturally, I am not surprised that the Bill does not apply to the Crown, because the Labor Party is committed to the long-term nationalisation of the energy industry. And here, of course, is the real threat: by limiting private sector involvement under the pretext of a threat to South Australia's interests, while at the same time accepting no restriction on its own long-term activities, the Government is in fact inserting the thin edge of the nationalisation wedge.

We do not oppose Government involvement in joint energy ventures but we do oppose any arrangement which would enable either party, private or public, to create a monopoly at the expense of its partners. The present proposals open the way for the Government to do just this, and we believe this is a far more serious threat to the public interest than any of the Deputy Premier's fears. The legislation must be changed to apply to the Crown no less than it does to the private sector.

Further, the decision as to which parties constitute a group of associated shareholders should be removed from the absolute discretion of the Minister, and a right of appeal against his decisions should lie with the Supreme Court. The Minister should have no right to overrule the democratic resolutions passed by an annual general meeting of shareholders, and such a provision will be trenchantly opposed as a totally unwarranted intrusion into company affairs.

We accept that, with vital energy resources, the public interest must be protected from monopolistic control of any kind—whether that threat is posed by private enterprise or by Government. Given the clearly stated policies of the Labor Party, it is obvious that the long-term threat of monopoly clearly comes from the Government rather than from the private sector. This legislation, if passed in its present form, would greatly increase that threat of long-term Government control, and the Deputy Premier knows that very well. Accordingly, our first consideration must be to limit the voting rights of the Crown to 15 per cent and, consistent with the Liberal Party's view of opposing monopolies of any kind, we are obliged to impose equal restrictions upon every other shareholder. That should be done.

Finally, we have frequently expressed in this House our opposition to retrospective legislation. We do not believe, in the particular case of the Bond Corporation, that that company should be required to divest itself of shares properly and legally acquired several months ago. This would be retrospective legislation of the worst kind and, accordingly, we believe that a 37½ per cent shareholding should be the maximum allowed for any shareholder.

The Deputy Premier said yesterday when he introduced this legislation that it was one of the most important pieces of legislation to be introduced in the history of the State. I agree, but not for the reasons which he has put forward. For him it was a milestone in achieving a breakthrough—the thin end of the wedge in the Government's programme of nationalisation. He has taken the first step towards eventual State control of Santos and of the Cooper Basin hydrocarbon resources.

We will oppose such a move towards nationalisation and, at the same time, we will use this opportunity to ensure that the State Government must abide by the same rules as apply to the private sector. We are totally opposed to Government monopoly, just as we are opposed to private sector monopoly.

At the appropriate time, action will be taken to make changes to the Bill which will make it acceptable (just) to this Party; as it stands, we cannot support the measure. I believe that it can only lead to State ownership (nationalisation), which is not in the best interests of free enterprise in this State and is certainly not in the long-term interests of investment and development. It is the prosperity of the people of South Australia which is at issue in this Bill.

Mr. McRAE (Playford): I support the Bill. Like the *Advertiser* report which appeared this morning, I thought that the Minister did indeed put a most persuasive case to the House—a formidable one. Listening to the Leader, I must confess that I am somewhat puzzled, because he began his address with what one would expect, the *laissez faire*, free enterprise style of philosophy, and then, towards the very end of his speech, he suddenly said that he agreed, subject to certain limitations, with rationalisation. It seems to me that there is a fundamental flaw in that process of thought. Before going on with some positive matters, I must say that I am amazed (and I think everyone in this House and the community will be amazed) to find, of all people, the Deputy Premier paraded as a dangerous socialist—I would not have regarded him as being in that category.

Mr. Mathwin: He went to the London School of Economics, so he had a good start.

The Hon. Hugh Hudson: I didn't ever go to the London School of Economics.

The SPEAKER: Order! I do not want this to become a tongue-bashing debate. I hope that honourable members will cease interjecting; otherwise, action will be taken.

Mr. McRAE: I may have provoked that, Mr. Speaker, but I consider that such suggestions are quite ludicrous, and they have been received by the community as being quite ludicrous.

I represent a very large section of what, for want of a different phrase, may be termed "ordinary Adelaide". My customary vote is about 60 per cent, sometimes better. My constituents, and I, look for and depend upon a stable, disciplined and strong Government. We assume that the

Government will provide absolute security at the lowest cost in the provision of basic needs.

I was amazed to hear the Leader of the Opposition appear to throw scorn on South Australia's admittedly best pricing structure in Australia. The suggestion I took from that was that in somebody's interest (I am not sure whose) that price level ought to be lifted somehow to make it in line with a cost 50 per cent more than the public is paying at the moment. I am amazed at that suggestion.

In the assumption that the Government will provide absolute security of energy supplies at the lowest cost, my constituents and I are no different from people throughout Australia. We are not an angry or disgruntled region, but we demand the supply of our power, heating and cooling at an absolute minimum of cost. We as a group are not greatly educated in the complexities of the law, but we are clear on that basic point. We pay full tax because, in the main, we have no other option. We do not particularly concern ourselves with who provides this service, but, as the taxpayers who pay most, namely, those who can evade the least, we have a right to demand the best provider.

We know little of the Bond Corporation, let alone Mr. Alan Bond; we do not pretend to know much more about the various other companies or agencies or Government instrumentalities which supply these basic functions. But the fact is that our State Government is accountable to us and the Bond Corporation, and the others are not. If the Government is wrong, we can change it, but, if Mr. Bond and his corporation are wrong, we cannot.

We, the ordinary people of Adelaide and for that matter the whole of South Australia, refuse to have our destiny placed in the hands of a group that we cannot change or even influence. If no other thing was certain, that surely is. In reaching that decision I do not feel in the least presumptuous. I have no hatred for Mr. Bond—I have never seen the man. All I want is a commonsense solution to a basic need. But if it is true that Mr. Bond and his corporation (for I understand that is what it is) could, for whatever reason, pre-empt the legitimate expectations of ordinary South Australians, I think our State would very quickly end in a state of turmoil.

Mr. Bond said that it needed no Einstein to grasp the potentiality of the Cooper Basin. Likewise, no Einstein is required to understand the potentiality of a one-man dictatorship and monopoly of the basic fuel of over 1 000 000 people. We cannot and will not tolerate the possibility of such a thing.

Now let me speak as a representative of my district who has more information than any group of individuals might have. I am a self-professed social democrat. I do not believe in nationalisation as a ready cure. But like Sir Thomas Playford (after whom I suspect my electorate is named) I will not tolerate a manipulation of our State to the gigantic advantage of a big carrier. Not only does this man threaten our basic fuel requirements but also he threatens the Redcliff project and all that goes with it.

I hope for a sensible compromise which may come from this Bill, but I will not in any circumstances, nor do I believe would my electorate, accept the manipulation of our basic resources to gain a "quick quid" and a tycoon status for Mr. Bond.

All of this would be bad enough but, on considering the Minister's explanation of the financial position of the Bond Corporation, it becomes quite alarming. A monopoly unaccountable to the electorate is bad enough, but no sensible person would be anything but thoroughly alarmed at this unstable monopoly, the financial position of which is quite dubious.

It is, I think, reasonable to accept the financial assessment made by the Minister and his advisers. I note that the Leader did not challenge that assessment, nor did the Leader at any time challenge the Government on the instability of the Bond Corporation.

The Bond Corporation has, in the past 18 months, almost gone to the wall, and one false move in the near future, in my belief, would probably bring it down like a pack of cards.

I am therefore forced to consider the following matters: the background of Mr. Bond and his company; the motive linking him to these current matters; his behaviour before this Bill; and his likely behaviour. None of what I have said raises in detail the history of Mr. Bond's involvement in all this. I doubt that it could have come to pass at all were it not for the extraordinary exemption from income tax referred to in the Minister's second reading explanation. That sum of $5 000 000 represents 500 people at least earning $15 000 per annum tax free, or, to put it another way, 1 250 households in Playford not paying a penny in tax. One wonders why such extraordinary generosity applies in the case of one corporation, which really means one man, when so many small businessmen have been bankrupted through tax. Honourable members opposite, who support the small businessman, as I do, having been one in the profession, might well give that very serious consideration and cause the appropriate inquiries through their Party.

However, that is just the start. I stress that I have not been allowed any access to any papers of any kind in the hands of the Government, and properly so. However, without being fanciful, I believe it is not too difficult to trace the turmoil of the Bond Corporation. One can refer to the financial papers over a considerable period of time; no doubt this is what the Leader did. It becomes perfectly clear that any person advancing money to the Bond Corporation would require maximum security and a very heavy rate of interest. Assuming that even a large part of the sale money from Yanchep Sun City was used as a down-payment to Burmah, there is still, at the very least, much more than $30 000 000 to be paid. That money, no doubt, is in staged repayments. But, without continual borrowings at interest rates which I suggest would be close to 20 per cent, the sale would collapse.

That leads inevitably to the consideration that this whole venture was a very dangerous card game. I believe that a number of things are possible. First, Mr. Bond could be desperate to obtain large sums from U.S. banks to sell off the assets of the Cooper Basin and turn a desperate gamble into a tremendous capital gain. That might not be so. Alternatively, it may well be that he is manipulating the borrowing power of Santos in an attempt to stabilise other parts of his somewhat shaky empire. If neither is true, then I can see only a continuation of further loans which must inevitably lead to bankruptcy. Such enormous sums of money at such high interest rates cannot be maintained by any viable business.

In effect, then, I believe it is the case that the person with whom we are dealing is intent on using the assets and the status of Santos, regardless of the consequences to the State, or, even worse, may be a front for creditors using him as a means to gain cheap access to a proven field. Whatever the case, I think it is a fact that this State (should this process go unhindered) is reduced to the position of taking a dubious risk with a vital commodity.

In those circumstances, I am amazed by the reaction of the Prime Minister and some of his senior Ministers. They must know of the giant tax exemption without which even the sale of Yanchep would not have salvaged the Bond Corporation, and they must know of the precarious situation of the Bond Corporation. They are, furthermore, as the Minister has said, publicly committed to a policy of

new federalism. It therefore appears that they are prepared to support Mr. Bond on the grounds of some dubious political theory, regardless of the dangers to South Australia.

There is no room for doubt or uncertainty. I strongly support this legislation, and I am not alone. A glance at the names of the directors of Santos will show that I am supported by people who have a long history of involvement in the free enterprise business of this State: none of them could be called radical, let alone socialist. Yet, they support this Bill, as does the Minister. I doubt whether Mr. Bonython could be categorised as socialist. I am not misled by empty statements of philosophy, nor are my constituents and, most importantly, nor is the vast majority of the people of this State.

An editorial in this morning's *Advertiser* strengthens the argument; the *Advertiser*, not long ago, roundly condemned, or to use its own word "decried", the proposed legislation. After the Minister's detailed second reading explanation was examined, the editorial states:

> The Deputy Premier and Minister of Mines and Energy, Mr. Hudson, put a most persuasive case to Parliament yesterday when he explained the purpose of the Government's Bill to limit to 15 per cent the permitted shareholding of any one person or group in Santos Limited.

The editorial concluded:

> But he has presented a formidable challenge to Mr. Bond and possibly the Opposition to deny the justification of the other controls he seeks.

I grant that there is an exception in that the *Advertiser* states that one provision is truly Draconian.

Mr. Goldsworthy: Which one?

Mr. McRAE: That clause concerned the annulment of resolutions of general meetings. In substance, the *Advertiser* newspaper (hardly a socialist newspaper), supports the strong case put by the Minister and the principle of the Bill. It is not necessary for me to go through the Bill clause by clause. I agree with the Minister that this is certainly, if not the most important, one of the most important pieces of legislation introduced into this House, and I think that all who are concerned should realise that its passage is absolutely vital to maintain security and the low-cost advantages that we have gained for this State.

Mr. GOLDSWORTHY (Kavel): I favour some sort of control over the operations of people involved in Santos, but I do not believe that the control envisaged by the Minister in this Bill is necessary to achieve what he publicly says he wants to achieve. One of the difficulties has been to get to the truth of the matter. What are Mr. Bond's motives and what are the Government's motives? It has been difficult to find out just what the Government is about and, of course, it would be difficult to find out what Mr. Bond is about, if anything.

The Minister's public stance is that this vitally important resource must be controlled, and must not fall into the hands of someone of the calibre of Mr. Bond. As part of this deal to convince the public of the necessity for interference in the free market, the Minister has found it necessary to be less than complimentary to Mr. Bond. If one reads the Minister's second reading explanation, it becomes perfectly obvious that he is seeking to put across the impression to the public of South Australia that Mr. Bond is less than a desirable person to have a controlling interest in this vital natural resource.

Mr. McRae: You think he is?

The SPEAKER: Interjections are out of order. All members will have a chance to speak, if they so desire.

Mr. GOLDSWORTHY: I am not batting for Mr. Bond. I want to see that the public gets the facts, the Government's real intentions are known and a fair judgment is made on the basis of facts.

If the Minister only seeks to control the activities of the Bond Corporation, or strip it of some of its power, the Government has to do something about the voting rights of Santos shareholders. In my view, the Government would be quite justified in doing that. There are many precedents for this interference as it applies in this situation. For example, strictures were put on the voting rights of shareholders of the Gas Company: I agreed with that, and in fact it was in the original Gas Company legislation.

Mr. Tonkin: It has got to apply to the Government.

Mr. GOLDSWORTHY: Of course it does: it has to apply to anyone involved in that company. The Minister has said that the Government's only intent, which has been made public, is to curb Bond's power in Santos. If that is the Government's real intent, then it only has to adjust the voting rights. I would not oppose any move in that direction. However, the Government intends to go much further than that with this legislation.

It has been difficult to ascertain what the Government has in mind. From what I have been able to glean from various sources, the Government is vitally interested in, and wants effective control of, the liquids that are due to come on stream in the Cooper Basin some time in future. Can the Minister get up and deny that, if he wants only to curb Bond and his influence on the Santos board, he needs only to curb his voting rights, and that can be done quite simply?

This morning the Government has lent heavily on the *Advertiser* editorial. As is the practice with editorials, it is far from unequivocal, and it does not put quite the same gloss on things as was the impression given to this House by the member for Playford. The editorial states:

> The Minister paints a picture of a financially precarious Bond group hoping, in effect, to sustain itself by using the accumulated assets of Santos and thus jeopardising the continued supply of natural gas to South Australia at stable prices.
>
> This newspaper has earlier decried the proposed legislation to require Mr. Bond to dispose of the greater part of his shareholding as an unwarranted interference and as an action liable to discourage the investment of risk capital in South Australia. Those misgivings remain. In fact, the retrospective nature of the action and the requirement of a forced sale reinforce them.

We share those misgivings: we are on the same wavelength as *the Advertiser*, but often the Government is not, and members of the Government stand up and complain about the *Advertiser*.

I do not know a lot about Mr. Bond personally. I have met the gentleman just as the Minister has. The Minister has said Mr. Bond has a fertile mind, just as the Minister has. Most people who are successful in politics, as the Minister is, or in business, have fertile minds. Mr. Bond is desperately fighting to retain his shareholding, which he bought legally.

Where was the uproar from the Labor Party when Burmah, an overseas interest, had a 37½ per cent holding? Yet, we have had the Labor Party belabouring the Federal Government and charging it with the unforgivable crime of being a friend of the multi-nationals over the ocean. The Labor Party has said we must not let our assets fall into overseas hands. Where was the uproar from the Labor Party when Burmah had that interest? I have read through what I can in the last two weeks and I have read—

The SPEAKER: Order! The honourable member knows he cannot exhibit.

Mr. GOLDSWORTHY: I am not exhibiting. I am referring to a publication.

The SPEAKER: I called another member to order this morning for doing that.

Mr. GOLDSWORTHY: I am referring to a publication from which I wish to quote. It is a interesting publication put out by Santos describing its first 25 years. It pays due regard, as I do, to the earlier pioneers.

John Bonython has done a great job for South Australia. The persons concerned got the idea of finding oil in the first instance. They did not have much money, but they formed a company. They had a hard time. They were encouraged by the then Premier, a man named Playford, and by the then Minister of Mines, a man named McEwin. With not much financial encouragement, but by persistence, they eventually found gas. Now that field has come into production and, as it seems that the liquids scheme is likely to come to something soon, the company has attracted other capital.

I take my hat off to those people who have been involved from the beginning, but one cannot deny the practical realities of the business world. The fact is that the Bond Corporation legally took over these shares from Burmah Oil when that company was in financial difficulty. We have not heard that company being abused in this House for going into receivership. We found out that the company had an undertaking to tell the Minister if it intended to dispose of its shares and did not tell the Minister. That is the fault not of Bond, but of Burmah Oil. There was no protest when 37½ per cent of the shares were held by an overseas company.

What is all this hoo-haa? What does the Government's case rest on? It rests on proving that Bond is a crook to give it an excuse for divesting him of his shares, or trying to discredit him publicly and saying that it is necessary to protect this vital South Australian commodity.

I do not care whether it is Bond or anyone else: it is vital that we have protection of this commodity, but I do not believe that it is necessary to enact this sort of legislation (and the Minister must know this) simply to control one party. All the Government has to do is sew up voting rights in the company, as has been done in other instances. One of our difficulties is that we have been fed selective information that the Minister gives the press from time to time, and then information that Bond, following the Minister, gives the press. There are also these meetings and the counter proposals that the Minister has given to the press.

I have had a hunch from the start of this deal. In any discussions I have had with Bond, he has never come clean about what is the real bonanza in this scheme, nor has the Government. I believe that the bonanza is the liquids scheme, and the people are starting to acknowledge this. My belief is reinforced by an account of what happened at the meeting that Bond and the Minister had at Ayers House extending into the small hours of the morning. The Government wanted control of the liquids, the future. The price of gas is a red herring to protect the Redcliff scheme, and the Government's record in that has been appalling.

I do not want to speak disparagingly of the dead, but we know the part that the late Mr. Connor played in regard to I.C.I. He killed off the initial proposal for a liquids scheme that that company was interested in, with his national grid. That happened in 1974 and put us back years. We know what a socialist Labor Government did in that regard. Dow has been dangling for years, and its decision has been prolonged further. The hunch I have is that the Government is interested in getting effective control of these liquids, and I believe that that is Bond's basic interest. Anyone who buys shares does so in order to make a profit. In future, money will be made from these liquids, and, if money is made by investors, it is made by the State. These people pay their taxes, provide employment, and create wealth. The investors make money that does the State good. That is what private enterprise is all about. I have managed to obtain a more complete account of the latest meeting that the Minister had with Bond at Ayers House. If the account is not factual, let the Minister say so when he replies.

In my judgment, I have tried hard to glean the facts over the past month or so, and this is what it is all about. I have an account of that meeting that states:

> Mr. Hudson told the directors of Bond Corporation, Messrs. Alan Bond (Executive Chairman) and Peter Beckwith (Director) at Ayers House that he expected the legislation to be passed within a week. However, said Mr. Hudson, the Government would withhold its proclamation—

of the legislation, when he had it—

> pending the outcome of negotiations he intended having with the Bond Corporation for the establishment of a holding company constituted as the 51 per cent Bond Corporation and 49 per cent South Australian Government, but with equal representation on the board of directors. Such a company would acquire the current Bond group shareholding and by placement or purchase increase its stake to 51 per cent of the issued Santos Limited stock. This is the Government's proposal. It, together with Bond, would get 51 per cent of Santos.

Mr. Dean Brown: That's unbelievable.

Mr. GOLDSWORTHY: This is the real intent.

Mr. Dean Brown: The Minister's been deceiving us.

The SPEAKER: Order! The member for Davenport has interjected in this case, and I rule that interjections are out of order.

Mr. GOLDSWORTHY: The account continues:

> The holding company would then "mop-up" the other Cooper Basin producers and a condition precedent with the Bond Corporation selling its interest in Reef and Basin to the holding company.

What is needed by the Government to control liquids is a 63 per cent—

The Hon. Hugh Hudson interjecting:

The SPEAKER: Order! I call the honourable Minister to order. Interjections are out of order, and I have just spoken to the honourable member for Davenport.

Mr. GOLDSWORTHY: What is needed for the Government to control effectively the liquids is a 63 per cent interest among all the producers, namely, Santos, Reef and Basin, together with the South Australian Oil and Gas Corporation. We listened to the Minister's public posturing and, if ever there was—

The Hon. HUGH HUDSON: Mr. Speaker, on a point of order, what is my position in relation to a document which has obviously been supplied either by Mr. Bond or Mr. Beckwith and which is putting something—

Mr. Dean Brown: There's no point of order.

The SPEAKER: Order! I called the honourable member for Davenport to order several times yesterday, and I had to speak to him today. At this stage, I warn him.

The Hon. HUGH HUDSON: The document is putting something that is represented as the Government's proposal, whereas it was the Bond proposal that a holding company be established. When do I have rights of personal explanation, and am I able to ask that the brief, no doubt supplied by Mr. Beckwith, be tabled? Can I ask that it be tabled?

The SPEAKER: The honourable Minister will be able to reply. The document cannot be tabled.

Mr. GOLDSWORTHY: Can we hold the clock while the Minister wastes my time?

The SPEAKER: Order! On other occasions, the Opposition has raised points of order during debate.

The Hon. HUGH HUDSON: May I ask that the Deputy Leader provide me with a copy of this brief?

The SPEAKER: There is no point of order.

The Hon. Hugh Hudson: Will you give me a copy?

The SPEAKER: Order! If the honourable Minister continues to interject he will have to take the consequences, too. He will have an opportunity to reply.

Mr. Wotton: He's getting a bit touchy.

The SPEAKER: Order! I call the honourable member for Murray to order.

Mr. GOLDSWORTHY: Before I give that indication, I will have a look at the legal aspects of the matter. The Minister said a few hard things in the House under privilege. I would be interested in his going outside and saying publicly all the things he said in his second reading explanation yesterday. Before I make anything available to the Minister, I will check outside on the legal consequences so that the state of the game is reasonably fair.

The SPEAKER: Order! The Chair will make a decision on that matter.

Mr. GOLDSWORTHY: I am talking about outside the House. The Government is interested in getting control of the liquids. If, in fact, it gets 63 per cent control of Santos, Reef and Basin (these are notes of mine), together with South Australian Oil and Gas, the Government has this. This scheme that I have outlined effectively gives the Government control. I want to refer also to the proposal which was put to the Government and which I understand would be acceptable to the Bond Corporation, because I believe this was the basis of its proposal, but it was quickly rejected by the Government, as many of the proposals have been. From the sketchy reports in the press, it has been difficult to establish just what the proposals have been and what the counter proposals have been. I have here a copy of a letter sent to Bond by lawyers. I am not here particularly to go to bat for Bond. I am trying to get to the position where we can control the situation. I believe there should be some control whereby Bond can be effectively curbed from controlling Santos, without having to divest him of shares that have been legally acquired. I go along with the Minister: we have to control Bond, but we do not have to rob him. This was the letter that Bond received from the lawyers. This proposal was rejected, I understand, by the Government. It is as follows:

Alan Bond, Esq.

Dear Sir,

A Proposed Trust

You have sought our advice concerning your proposal that those shares held by the Bond group in Santos Limited which exceed 15 per cent of the issued capital of Santos be transferred to trustees.

As we understand it, details of the proposal are as follows:

1. The trustees will be eminent South Australians and will be men of unimpeachable integrity and vast commercial experience.
2. The trust will be a "blind" trust, i.e. the Bond group will be precluded by the trust deed from in any way directing the trustees as to the manner in which they should exercise voting rights. This prohibition will be expressed in the widest possible terms so as to preclude not only any direction or interference with the trustees' exercise of the shares voting rights but also to preclude any other interference, directions, suggestions, or advice being tendered by the Bond group or on its behalf to the trustees or anyone acting on their behalf. The trust deed would expressly require the trustees to act solely for the benefit of Santos as a whole.
3. The only rights which the Bond group will have with respect to shares will be:
   (i) a right to receive from the trustees any dividends paid with respect to the shares;
   (ii) A right to direct the trustees to sell the shares to a purchaser approved by the Minister of Mines for the time being such approval not to be unreasonably withheld. In addition to being trustees of the shares, the trustees would become the trustees of any bonus shares attaching to the shares.

Although it is not a legal matter, you have sought our views as to the advantages we see in this proposal in resolving the current difficulties which we are instructed exist between Bond Corporation and the South Australian Government. It appears to us from your instructions and from our reading of what has been said in the press that the South Australian Government's primary concern is the concentration of a significant (one might argue controlling) voting interest in Santos in the one group which it is feared might use its voting powers for its own purposes. A "blind" trust of the type described would remove this difficulty because it would mean the Bond group would only have that voting control given by a holding of 15 per cent of Santos capital and that the voting rights given by the balance of the holding would be exercised by men of the highest repute purely and simply for the benefit of the company as a whole.

It goes without saying that the South Australian Government could not be expected to give a final approval to this proposal until it had considered the terms of the proposed trust deed and knew who the proposed trustees were to be. However, we believe that the proposal is sufficiently clearly formulated above to enable this letter to be used as the basis of an approach to the South Australian Government with a view to obtaining its consent in principle to this proposal.

If the Minister's real motive in this deal is simply to control Bond and to protect Santos, that proposal deserves far more attention than it appears to me the Minister has given it. That is a proposal. I tried to see the motive in that. There is an approach to what is I assume a reputable firm of solicitors, Allen, Allen & Hemsley, Level 46, M.L.C. Centre, Sydney.

That firm has given the other protagonists in this argument advice on how they can be divested of their voting rights. Why has the Minister rejected that out of hand? I do not believe his motives are those that he has put publicly here. He used the emotive issue of gas prices, which appeals to the public as many members of the public are gas users.

I would like to see the Minister's figures. He argues that Bond could force an increase in the price of gas, but we know of the protection and arbitration conditions. We know what safeguards are built into legislation. It has been suggested, although I have not checked the figures, that an increase in the price of gas would not lead to an increase in the price of electricity as great as the Minister would have us believe. In any case, that point is not fundamental to my argument.

I believe that the Government and Bond are interested in the liquids. The Government is not interested only in controlling Bond: it is interested in controlling the whole show. If the Minister's sole aim in this deal is to control Bond, let him do it by restricting voting rights as was done in relation to the gas company, A.G.L., and other companies around Australia. The Minister's motives are far more devious and deep than has been indicated to us.

If that is a falsehood, as the Minister seems to claim by

saying that I have Bond's brief, if it is false that the Minister wants the legislation so he can bash him over the head, let the Minister say that. The legislation is a lever; it looks to be a classic squeeze-play.

Also supplied to me by the Bond people is a statement of refutation of the points made in the Minister's speech and, in fairness, I should make one or two of those points. If the reply by the Bond people is false, the Minister can say so. He has made all sorts of accusations about Bond's financial statement. True, my points come from the other side of the argument but, in the interests of fairness, they should be read to the House, although I will not have time to read them all. In referring to the Minister's speech (page 4), the refutation states:

> I will contain comment to correcting matters of fact bearing in mind that as previously stated, the financial status of the Bond group or Santos or any producer is irrelevant to the uninterrupted continuance of the Cooper Basin project. Therefore, at best can only be seen as an attempt by Mr. Hudson to justify, by use of a "red herring", what the Federal Treasurer (Mr. Howard) has quite rightly called "a confiscatory act".
>
> *(a)* Like others in our community the effects of another Labor Government certainly changed the value of a number of the Bond group's carried assets—

that is harking back to the same Federal Government to which I referred earlier regarding Redcliff—

> and the difficulties to which Mr. Hudson refers to incorrectly. In fact, the company was among the very few in the country to realistically take its resultant losses, and thus has not only survived, but is stronger than ever.

We have only to refer to the events of the past fortnight to show that people of the highest reputation in this State—business managers of the highest reputation and unquestioned integrity—can fall on hard times when they get involved in land speculation. We do not vilify those people because of the unfortunate circumstances in which they find themselves. The Minister did not worry about those matters when he spoke yesterday. The refutation continues:

> *(b)* Shareholders in the Bond group have subscribed since June 1978 almost $13 000 000 in new capital in the confident expectation of the benefits that investment of these funds in Santos acquisition would bring in due course.
>
> *(c)* Mr. Hudson makes it sound improper to acquire on terms. I am sure when some members were acquiring their own homes, they would have been pleased to do so on interest-free terms, as we did the Santos shareholding from Burmah.
>
> *(d)* It is also correct that we have $5 000 000 due at the end of this month, and of course it will be paid on time. In respect of the $19 000 000 payment due in November of this year, whilst we have firm financial arrangements we will be inviting our shareholders to subscribe further capital as an alternative.

I think that the Minister probably bought his own home on terms. I have heard him say in this House that inflation has left him relatively affluent in terms of his own bit of real estate.

The Hon. G. R. Broomhill: That's not a fair comparison.

Mr. GOLDSWORTHY: Of course it is.

[Sitting suspended from 12.30 to 2 p.m.]

Mr. GOLDSWORTHY: I will continue with the refutation of the Minister's statements:

> Mr. Hudson conveniently refers on page 5 (of his speech) to the Bond Corporation shareholders' funds at 30 June 1978 as $7 100 000. The fact is that the Bond group, who have acquired the Santos shareholding through Bond Mining, had total shareholders' funds (together with the subsequent capital raisings) at that date of $40 215 000. It is untrue (and irrelevant) to suggest, as Mr. Hudson has, that either the Yanchep Sun City sale or the Yanchep Estates tax assessment withdrawal were prerequisites to being able to make the first payment to Burmah. Both of these matters were completed prior to any negotiations whatsoever with Burmah. Furthermore, contrary to the Minister's aspertions, no representation whatsoever was made in relation to the Yanchep Estates assessment other than to the Deputy Commissioner of Taxation in relation to this assessment, which our external auditors referred to as "speculative".

We all recall the Minister's suggestion of impropriety in Bond's taxation assessment. That is the reply from those people to that. I do not have time to go through, in detail, the refutation of the points made by the Minister. I am not here to go to bat for Mr. Bond particularly: I am here to get the facts of the matter and to make sure that what we do here is in the interests of fair play. The Minister has sought to mislead the public, his real interest being to control the liquids, and he is in the classical position of trying to blackmail the Bond Corporation into coming around to his way of thinking. We will not be a part of this deal and, unless the Minister can explain his actions rather more satisfactorily than he has to date, I will not support this legislation in its present form.

Mr. DEAN BROWN (Davenport): The Santos affair, about which we have heard so much in the past month, has become rather infamous for its intrigue, duplicity and deceit. I think that that is highlighted by three questions that I pose to the House. First, why has this Parliament been called together so urgently? We all know that Mr. Bond has now held these shares for about nine months. Parliament was due to sit again in only two months time. What is the real urgency in calling Parliament together? Secondly, why has not this hybrid Bill, or a Bill which affects the interests of an individual, been referred to a Select Committee?

The Hon. Hugh Hudson: It is not a hybrid Bill.

The SPEAKER: Order! I have already ruled on the matter of whether this is a hybrid Bill.

Mr. DEAN BROWN: Thank you, Mr. Speaker. I am not referring to your ruling, or questioning it in any way. Knowing that there is a right for the House by its own decision to refer a Bill to a Select Committee, I am asking why the Minister and the Government are not prepared to refer this important piece of legislation, which directly affects an individual, to a Select Committee. I believe that various facts will come out, and have already come out, that suggest why. Thirdly, why is the Government so keen to act against the Bond Corporation? The Deputy Leader revealed, I believe, some startling facts about what apparently went on between Mr. Bond and the Deputy Premier at a meeting at Ayers House last Monday evening. I have no idea whether those accusations related to the House by the Deputy Leader are correct but, if they are, I believe that we have a substantial case to show that the Minister has deceived the South Australian public and has, in fact, attempted to feed it one story as to why he is introducing this legislation, leaving his other real objectives and motives entirely hidden.

From the statement read out by the Deputy Leader as to what transpired at that meeting between Mr. Bond, apparently another director associated with Mr. Bond, and the Minister, it would appear that the Government's sole objective in introducing this legislation is to put it in a negotiating position whereby it can obtain control of the Santos and, therefore, Cooper Basin assets and therefore

direct control of the natural gas supply in this State.

Mr. Goldsworthy interjecting:

The SPEAKER: The honourable member has already spoken.

Mr. DEAN BROWN: If the accusations revealed to this House by the Deputy Leader are correct, the Minister should answer them. This State should know why, if the accusations are correct, the Minister has secretly put forward a proposal that this legislation is being passed simply to increase his negotiating position, why the measure will not be proclaimed, and why the Minister, with Mr. Bond, will form some sort of a holding company eventually to obtain complete control of both Santos and the resources of the Cooper Basin. It is up to the Minister to answer those allegations. The Deputy Leader has read to the House an account of what went on at that meeting last Monday night. We know that it was a long meeting. The Minister was silent on what was discussed and negotiated between him and Mr. Bond. We have now had one account of what went on, and if that account is correct the Minister has severely deceived this Parliament and the State.

I like several others in this House, have very little time for Mr. Bond as a person, but I do not believe that that should cloud our judgment of legislation being passed through the House. I find it interesting that the Bond Corporation or its associates have bought a 37½ per cent share of Santos and that that shareholding was previously owned by Burmah Oil, which is a foreign-owned company. In July 1965, it was announced by Santos that Burmah Oil Australia Limited, a wholly-owned subsidiary of Burmah Oil Company Limited, had agreed to purchase 1 500 000 £1 ordinary shares of 2s.6d. each out of the 31 000 unclassified shares of 2s.6d. each in the company's authorised capital. It is interesting to note that the approval for Burmah Oil to buy into Santos to the extent of 37½ per cent occurred under a State Labor Government. It was the State Labor Government of 1965 that gave approval for that 37½ per cent share to go eventually into the hands of Burmah Oil. Why did the Government not act then if its principles were consistent? Why is the Government acting, because, as the Minister said only yesterday, an interstate interest is buying a 37½ per cent interest in that asset when, in fact, the Government gave approval in 1965 for a wholly-owned overseas company to acquire that 37½ per cent interest?

The Hon. Hugh Hudson interjecting:

The SPEAKER: The honourable Minister will not interject. He will have his opportunity to speak at the end of the debate.

Mr. DEAN BROWN: That important point has not been answered by the Minister. Since he has been the Minister in this area from 1975, he has taken no action whatsoever to disinvest Burmah Oil of that interest in the Cooper Basin or in Santos, even though Burmah Oil was a wholly-owned overseas company.

The Deputy Premier yesterday launched an attack, or simply carried on a vicious personal attack, on Mr. Bond and the Bond Corporation, using the privilege of this Parliament to do so. Frankly, such behaviour is unbecoming of a Minister.

The SPEAKER: Order! I think the honourable member is straying from the Bill before the House.

Mr. DEAN BROWN: I am certainly not straying from the Bill; I am referring to the Minister's speech in this House yesterday, when he used the privilege of this House to launch a personal and very subjective attack against the financial standing of the Bond Corporation. I have no time for Bond or his corporation, but I believe that it is unbecoming of the Minister to use the privilege of this Parliament to carry on such an attack, especially when that same Minister, only yesterday, was very critical of Mr. Bond for making subjective statements about the value of Santos shares. The Minister indulged yesterday in exactly the same behaviour in his comments on Mr. Bond and his corporation. That is not just my assessment. It is interesting to see the comments in the editorial of the *Australian Financial Review* of 30 April 1979, pointing out that the purpose of the Minister in attempting to introduce this legislation was not in fact to gain control or to protect Adelaide's vital energy supply: it was purely a personal move against Mr. Bond and his corporation.

I was interested, too, to see that Question Time yesterday was deferred until after the Deputy Premier had given his second reading explanation of this Bill, allowing him to give a staged performance on television. Frankly, I object to the manipulation of Parliamentary procedure to suit the Minister's ends.

The SPEAKER: Order! The honourable member knows that there was a vote of the House on that matter yesterday. I hope he will not stray from the Bill.

Mr. DEAN BROWN: The main public campaign carried on by the Deputy Premier as to why this legislation was necessary centred on the fact that, if the Bond Corporation obtained control of Santos, the price of gas would increase. The Leader of the Opposition touched briefly on this. I was a member of a Select Committee appointed by this Parliament to consider a measure involving partners in Santos and others involved in the Cooper Basin. Again, I see no difference between the appointment of a Select Committee on that occasion and the appointment of one on this occasion. I clearly recall the Minister's spelling out, through that indenture agreement, that the price of gas would be fixed by an independent arbitrator approved by the South Australian Government.

In saying that the Bond Corporation could force up the price of gas, was this an immediate damnation of apparently the independent arbitrator approved by the South Australian Government, or was it a fictitious story created by the Minister to instil fear in the minds of South Australians? Of course, it was the latter. The Minister knew only too well that the Government had, through an independent arbitrator, complete control over the price of gas supplied by the Cooper Basin to the South Australian Pipelines Authority, yet he decided to run his campaign on that fear tactic.

It is appropriate for me to refer the House to a speech given by Mr. John Zehnder, Managing Director of Santos, to an A.P.E.A. conference in Adelaide on 19 July 1978. The address was entitled "The South Australian Government's involvement in petroleum exploration". I think members on both sides who know Mr. Zehnder have the highest regard for him. I think I have heard Ministers on various occasions praise him for his ability and for what he has done for South Australia through Santos. I am quoting a source for which members on both sides would have the greatest respect. On page 7 of the report of his speech, Mr. Zehnder made the following comments:

> Before touching briefly on specific areas of State and industry relationships which might be regarded by some as contributing to overall uncertainty and instability, it would be fair to say that some of them are not specific to South Australia and some do not exist in other States.

Mr. Zehnder then lists specifically seven different areas of control that the State Government has over the natural gas and the Cooper Basin. The speech continues:

> Thus in South Australia we have a situation where—
>
> First: The Government exercises influence and control of the leasing authority—that is, the Minister of Mines and

Energy, through the Department of Mines and Energy.

Second: The Government sets, from time to time, the minimum amount to be expended on exploration and exercises the right to approve or disapprove all exploration and development programmes.

Third: The Government through the South Australian Oil and Gas Corporation has an interest as a producer in the exploration and production licences.

Fourth: The Government can approve or disapprove assignment of interest from one company to another. In fact, this control was exercised when it became known that the State and State only would be approved as the purchaser of the Commonwealth's interest in the Cooper Basin. Such action could seriously inhibit any company's ability to dispose of its interests or even get a fair offer for its interests, as any prospective purchaser could hardly be expected to put in a realistic offer knowing that the State had pre-emptive rights.

Fifth: The Government through its ownership of the Pipelines Authority of South Australia is the sole purchaser and transporter of all the natural gas used in South Australia. Some 70 per cent of this gas is utilised by the Electricity Trust of South Australia—a Government authority.

Sixth: The Government is thus in a position to effectively influence, if not determine, the price paid for all natural gas used in South Australia. Indeed, the Government policy on State-funded exploration was specifically used to influence the price of gas today.

Seventh: The Government has obliged the producers to allow the Government to undertake an independent exploration programme (through P.A.S.A. and with funds supplied from general revenue) in lease areas on which the lessees ostensibly hold specific and exclusive petroleum rights.

Those seven points highlighted by Mr. Zehnder clearly indicate the existing control that the South Australian Government has over Santos and the substantial powers it has to protect that energy resource for the betterment of South Australia. If the Government already has such substantial powers as outlined by Mr. Zehnder, why does it not use those powers rather than introducing this specific piece of legislation designed to cut down Mr. Alan Bond? Why does not the Government use some of the powers it has, particularly the power to approve or disapprove anyone buying into one of the gas producers, rather than specifically introducing this Bill? The Minister has not bothered to touch on that question at all. It is important, because the Government already has the power to protect the energy resource, and the Minister knows that. The real reason why this Bill has been introduced comes to the fore.

It is also pertinent to examine the other reason the Deputy Premier has given for introducing this Bill. I hope that the Premier is not about to leave the House, because I am about to quote a letter written by the then Acting Premier, Mr. Des Corcoran, to the Right Honourable Mr. Fraser. The second main reason why this Bill has been introduced, according to the Deputy Premier, is to ensure that ownership of the resource through Santos and the other gas producers is kept as diverse as possible and that one or two large shareholders cannot buy in and control that resource or Santos.

I now put forward an argument used by the then Acting Premier, Mr. Corcoran, on 10 January 1977, when dealing with the State Government's intention to purchase a share in the Cooper Basin. In a letter to Mr. Fraser, he said:

> In Mr. Hudson's letter to Mr. Anthony he explained the South Australian Government's concern at the fragmentation of interest that has already developed in the ownership of the Cooper Basin and that it would find great difficulty in approving any rearrangement of interest which produced further complications in ownership. As a result of a subsequent discussion between Mr. Anthony and Mr. Hudson in February 1976, officers of our two Governments proceeded with detailed discussions towards formalising an offer by this State, which was submitted to you in the Premier's letter of 6 July 1976.
>
> It has, therefore, become urgent to stabilise and strengthen the present complicated ownership and operating arrangements of the Cooper Basin. Furthermore, I point out that the degree of foreign ownership in the Cooper Basin, even allowing for the Commonwealth interest, is already well over 50 per cent, with Delhi being entirely a foreign company and Santos, the major company in the basin, having over 50 per cent foreign shareholders.

I point out to the House that the Bond Corporation purchased its shares from foreign ownership, which is the very point on which the Acting Premier expressed concern in that letter to the Prime Minister. More importantly, the whole effect of the Government's existing legislation before this House is further to divest interest in the most important company in the Cooper Basin, to a large number of shareholders. He is acting in just the opposite way from the way in which the Acting Premier argued to the Prime Minister in 1977. At that time the Acting Premier argued that it was important to try to consolidate the shareholding.

The Hon. Hugh Hudson: No, he didn't.

Mr. DEAN BROWN: Yes, he did. He argued that it was important to try to consolidate the shareholding, whereas the Minister is now trying to divest Mr. Bond of any shareholding over 15 per cent and spread it amongst a number of companies. That move would certainly dilute even further any control of any individual group in the Cooper Basin.

The role of Parliament in this matter must be to sit back and lay down guidelines as to how energy resources in this State should be owned and controlled. Parliament should not get involved in personal vindictive fights against individuals. This is the third occasion on which the South Australian Labor Government has taken a dislike to a certain investor who has come into South Australia, purely on the colour of his face and with no substantial evidence whatsoever. It has attempted to implement legislation to stop that investment in this State. It happened with the Executor Trustee Act, with the Gas Company Act, and now we have it with the so-called Santos Act.

It clearly indicates the lack of principles on which the South Australian Government is prepared to act. As Parliamentarians, I hope we will look at how important the energy resource is in this State and at how vital it is to industry and to the future development of the State, and then lay down general guidelines which would apply to all people in the ownership, control and say in that resource. Energy resources throughout the world have become so limited that they must be used now to the betterment of society. They must be used in a frugal manner and conserved wherever possible.

If I may digress for one moment: one fundamental reason for the action taken by the Deputy Premier goes back to the very decision taken by the Electricity Trust of South Australia, to base about 75 per cent of its total electricity generation in this State on gas. That was an unwise decision at that time, and it can certainly be seen as a very unwise decision today. Producing electricity from gas is one of the most inefficient means of using that energy resource. A number of authorities have clearly spelt out the very poor and wrong decision which was made in basing South Australia's electricity generation on gas or oil. I believe that it is not possible to transfer the Torrens Island A and B power stations to coal from oil and

gas—they are dependent on gas. This was revealed by the Minister to the Select Committee on the indenture agreement, which was debated about two years ago. The Minister then indicated that it would be necessary to virtually dismantle Torrens Island A and B stations and build them again if they were to be converted to coal.

I come back to the sort of general guidelines that I believe this Parliament should lay down for the control and use of energy resources. I believe that energy resources should not be controlled by any one individual who may use them against the best interests of the State. Therefore, I believe that ownership should be vested in a number of people. As a Liberal, I consider that it is best vested in private enterprise rather than in the Government. The way in which private enterprise has developed natural resources in Australia clearly indicates that that is by far the best way to do it.

I believe that, in laying down controls, at no stage should we introduce retrospective legislation. It is wrong for Parliament to decree today that a legal action taken only six or 12 months ago is now illegal and, therefore, to impose our arbitrary decisions on a person who has acted in good faith. I believe that the role of a State in the future development and control of our energy resources should simply be one of laying down guidelines. The Government, through the Petroleum Act and the other Acts to which I have referred, should lay down the conditions of operation and then any private individual, whether Alan Bond or any other person, can act within those guidelines. It is not for us to say that we do not like the way in which Mr. Bond deals.

The Minister has not produced evidence that Mr. Bond, for some reason or other, cannot be permitted to control shares in the Cooper Basin because he has breached laws. This is simply an arbitrary decision that the Minister has made. Therefore, I believe that the amendments put forward by the Opposition cover the long-term guidelines we should be looking at. We should divest people who have substantial ownership and control at the board level of a company, whilst allowing any person who wishes to invest, particulary in a risk resource such as energy, to invest as much as that person likes.

I believe that the proposal put forward by the Opposition spells out the best way in which that can be achieved; that is, that no individual can exercise more than a 15 per cent control of voting in Santos. There was also a proposal by Mr. Bond to set up a sort of independent trust and allow the Government to hold shares on his behalf in that trust. That is one way to achieve what is desired. Although it is a clumsy way, it is far better than the method that the Minister proposes. It is interesting that the Minister should have rejected that, because in the Minister's proposal to issue new shares on behalf of Santos and dilute Mr. Bond's shareholding down to 30 per cent, the Minister was prepared to vary his 15 per cent standard now imposed up to 30 per cent, and that again shows the extent to which he has set out to control Mr. Bond and to dilute his control. He does not mind whether it is 15 per cent or 30 per cent.

I believe that the Minister has introduced this legislation so that he will have an absolute weapon to put him in a supreme position when negotiating with Mr. Bond. I do not believe that the Minister will proclaim this Act unless he really needs to. The Minister wants to be in a position of strength. All his statements since 1975 indicate clearly that he is determined, come what may, to keep control of the Cooper Basin. He will do it any way he can, and, in this case, he is scared that one individual may have sufficient control in the Cooper Basin to dilute his absolute say in what happens in the development of that resource. I believe that the Minister is saying that he wants control of the Cooper Basin but at this stage does not want to put up the money to buy it. If need be, the Minister will even set out to nationalise that resource.

I cannot support the Bill as introduced. I believe that grounds exist for laying down guidelines for the ownership of energy resources in this State for the long-term future. The proposals the Opposition has put forward will cover those conditions. I therefore urge the House to support the second reading for two reasons: first, so that we can vote to send the Bill to a Select Committee (and I suspect that the Government will not allow that to occur, but it should occur if for no other reason than to find out some of the truth about what has been going on behind closed doors between the Minister and Mr. Bond), and, secondly, to ensure that amendments are made to safeguard the energy resource of South Australia.

Mr. GROOM (Morphett): In dealing with the speeches that have been made by the Leader of the Opposition, the Deputy Leader of the Opposition, and the member for Davenport, I point out that all speeches so far have been muddled, for a number of reasons. It is known that the hearts of the Leader of the Opposition and the Deputy Leader of the Opposition are not in opposing the legislation, because it is a wellknown fact that they were defeated in their Caucus on this matter. The fact that their speeches were muddled and that they have tried to keep as many options open as possible indicates, as I understand the situation (and it is quite notorious), that they really supported the legislation, took that opinion to their Caucus, which defeated them. I am not condemning the Leader or the Deputy Leader. I commend them on their stand in Caucus. I am sad that the Liberal Party in this Chamber still dwells in the nineteenth century, which is the other reason why their speeches have been muddled.

Members interjecting:

The SPEAKER: Order! I have already spoken to honourable members concerning interjections and about members interjecting out of their place.

Mr. GROOM: The Opposition has some blind adherence to some phantom principle regarding free enterprise. This was reflected in the Leader's speech, because the bulk of his remarks indicated his nineteenth century views. However, towards the end of his speech he showed that he was entering the twentieth century when he indicated some sort of conception that some governmental involvement in the economy was necessary. Nevertheless, he is still 79 years behind the times.

I will refer to some of the views espoused by the Opposition, and I refer particularly to Mr. Cameron, who seems to be the spokesman on this matter. He is reported in the *Sunday Mail* as saying that the move was sinister and a take-over by the back door. That suggestion has not been supported by the Chairman of Santos, the majority of the directors of Santos or by other prominent business people in South Australia. Mr. Cameron went on to say that there could be no justification for further interference by the Government in free enterprise. I am mystified by what the Opposition means when it keeps using the expression "further interference by the Government in free enterprise". No Opposition member has ever been able properly to expand on this phantom principle, to which they all adhere. No Opposition member can say precisely what the expression means. At Federal level their counterparts want to get rid of T.A.A. and start selling off statutory corporations. Perhaps the Opposition wants to revert to a situation that existed in the nineteenth and the early twentieth centuries. The sort of *laissez faire* economy the Opposition envisages has failed Western

world societies. This was magnified by the depression, not only in the 1930's, but also before the turn of the century. The *laissez faire* type of economy that existed in the United States of America in the 1920's failed that country. The only way in which the Western world was able to get out of the depression was through the deliberate undertaking of governmental investment.

Today, the reality of the situation is that we have a mixed enterprise economy, namely, Government involvement alongside private enterprise, and that the mixed enterprise system is the strongest system.

Even the great philosopher of the Liberal Party (or at least, the Liberal Party says he is), Adam Smith, would not have supported the views of Liberal Party members today. They frequently cite in this House principles from Adam Smith's *Wealth of Nations*, but they seize on one remark in his book—the statement "Let the market alone." Members opposite and their Federal counterparts have pursued with great diligence that sort of principle but, when one goes to *Wealth of Nations* and looks at what Adam Smith was saying, it is clear that even Adam Smith was not opposed to governmental involvement in the economy. He had a democratic concept of wealth: to him, wealth consisted of the goods which all the people of society consume. It was not his aim to espouse the interests of any one section of the community.

What Adam Smith was opposed to was unproductive governmental action, but he was not opposed to governmental involvement in the economy where the end was the promotion of the general welfare of the community. If he had a bias, it was toward the consumer, rather than toward the producer. Even the remarks of Adam Smith clearly are not in accordance with the views expressed by the Liberal Party today. This blind adherence to the principle of a *laissez faire* economy which has failed Western world societies has been typified by Mr. Cameron, a member of another place. It has also been supported by Mr. Howard, the Federal Treasurer, who has described this legislation as confiscatory, without any real foundation for his argument.

The Deputy Leader of the Opposition and the Leader of the Opposition are simply having each-way bets in relation to this matter. To an extent, they appreciate the realities of the economic situation that we live in a mixed enterprise society. The issues involved in this legislation are clear. South Australia is dependent on natural gas for a large part of its electric power generation and for satisfying domestic and industrial needs. We are dependent on Cooper Basin natural gas and Leigh Creek coal for the major portion of our planned electric generating capacity.

South Australia is presently a low-cost State compared to other States. Our cost advantage over New South Wales is about 8 per cent, and over Victoria it is about 6 per cent. The purpose of the South Australian Government is to ensure that that cost advantage in relation to other States is maintained. The Leader of the Opposition referred to unified gas prices, and the only conclusion one could draw from his remarks was that he supported the loss of our cost advantage in relation to other States, because I took his remarks to mean that he was promoting the escalation of South Australian costs so that there would be a unified cost structure over the whole of Australia. If that is what he is saying, I cannot see that that is in the interests of the South Australian public. We have natural disadvantages and it is important for South Australia to maintain its cost advantage in relation to other States.

I am disappointed at the way Opposition members are flagrantly treating this matter in the sense that the Leader of the Opposition seems to be promoting the escalation of gas prices and electricity prices. For example, if we lost control of the Cooper Basin natural gas reserves and if the Torrens Island power station had to be converted to oil, we would clearly lose our cost advantage in relation to other States, because that would simply mean a severe escalation in the cost to the community and to industry. We have other projects that are important to South Australia. That is why adequate control over the Cooper Basin is essential.

Even the NEAPTR scheme depends on low-cost electricity being generated from Torrens Island power station. It is essential that gas prices at reasonable rates are available in this State. The Redcliff scheme would be in jeopardy should Mr. Bond bring to fruition his proposal to arrange a loan of about $275 000 000 overseas.

The Cooper Basin companies themselves need about $180 000 000 for the petro-chemical project. If Mr. Bond were to reduce the financial strength of Santos by that massive borrowing overseas for some mad-cap schemes that he doubtless has in mind, and Santos's viability is consequently reduced, it obviously affects the ability of South Australia to get the petro-chemical project off the ground, because Santos would not have the necessary financial stability.

It is obvious from the second reading explanation of the Deputy Premier that the Bond Corporation, apart from its Santos shareholding, is not in a healthy state. It seems that it is only through the good graces of Big Mal in Canberra and his offsider, the Federal Treasurer, that the Bond Corporation was not put into receivership in 1977-78.

The second reading explanation refers to an assessment for income tax of $5 800 000 which was withdrawn by the Federal Government in amazing circumstances. In fact, if the Bond Corporation and associated companies had had to pay such income tax, clearly they could not have done so, and they would have had to go into receivership. Members opposite seem happy for such a group, which seems particularly financially unstable, to have control of valuable resources in South Australia. We all know that Mr. Bond still has not paid the purchase price for his Santos shares. He still owes about $26 000 000 or $27 000 000 that he has to pay Burmah Oil.

Mr. Nankivell: What do you owe on your house?

The SPEAKER: Order! The honourable member for Mallee is out of order.

Mr. GROOM: Clearly, he has not presently the financial resources to make those payments, otherwise he would have paid Burmah Oil straight away. Obviously, somehow he has to get the money out of Santos. That is substantiated by the fact that he wanted management or consulting fees, for doing what no-one really knows, of $100 000 a month for 12 months, presumably with a review after 12 months, plus expenses.

He needs to get that money from Santos in order to purchase his shares; $26 000 000 is a lot of money to find. Doubtless, it involves borrowing through a series of manoeuvres to filter money, about $275 000 000, borrowed from overseas. That will no doubt be lent to Santos and ultimately will filter back to the Bond Corporation companies through a variety of devices.

I believe there is no justification for seeking such an exhorbitant management fee from Santos. Who will pay that fee? It is a charge on Santos for what—simply to raise loan moneys overseas. The South Australian public will have to pay for that. If Mr. Bond goes on with some of these mad-cap schemes and through a series of devices repays the money that is due to Burmah Oil through draining liquidity from Santos (one does not need a crystal ball to see that occurring), and if Santos is locked into the Bond Corporation and is not then financially viable and becomes unstable, it is useless to talk about the South

Australian Government having power over prices, because it would be put in an impossible situation.

If one company after another in the Bond group started going into receivership, the cards would simply fall all the way down the line. We have seen that. One need only refer to history over the past 200 years: when one card goes, the whole deck falls. That is exactly what would happen in relation to Santos. The South Australian Government would be in a position where it could not see Santos collapse and have the sudden cessation of supplies of natural gas from the Cooper Basin. The pressure on the State Government to increase natural gas prices would be enormous.

Mr. Chapman: Why then did they not buy in—

The SPEAKER: Order! The honourable member is out of order.

Mr. GROOM: None of the precautions suggested by the member for Davenport in his speech, when one analyses them, are sufficient, because once Santos's financial strength is reduced then there is enormous pressure on the Government of the day to increase gas prices to get them out of difficulties. All of this can be avoided through sane, sensible, rational management of Santos. This legislation does not prejudice Mr. Bond to any great extent. It certainly prevents him from assuming control of Santos, but it does not stop him from holding 15 per cent of the shares. If he has the interests of South Australia genuinely at heart then he can still participate in Santos. He can still have his 15 per cent shareholding, which is substantial and gives him quite a substantial say. He can still participate in the benefits that will flow from the proper development of the Cooper Basin. That option is still open to him and he can show his good faith in that way.

He is not precluded, nor is his company, from participating in the proper development of the Cooper Basin, but he would be prevented from assuming control of Santos to such an extent that he could put whoever he wished on the board, tip them out at will, and bring enormous pressure to bear on the South Australian Government in relation to gas prices and, following that, electricity prices. Let us not beat around the bush: the net effect of Mr. Bond going on these mad-cap schemes to raise money overseas, and the manner in which he has had to purchase his shares in the first place, will lead to a doubling of gas and electricity prices. The real aim of the South Australian Government is to keep South Australia competitive in relation to the other States.

It is not interfering with private enterprise. There is no nationalisation of Santos at all. What it will do is promote private enterprise in this State through a mixed enterprise economy, through laying down the guidelines the member for Davenport says he promotes, although he did not detail the sorts of guidelines he was advocating other than the fact that he opposed this legislation. His heart may be in opposing this legislation, but I do not believe, from the facts that I know, that the Opposition Leader or the Deputy Leader have their hearts in opposing this legislation. I think that it was commendable of them to take this issue to their Caucus and advocate the support of this legislation. It is tragic for South Australia to see them defeated in their Caucus and having to come to this Parliament and oppose legislation that promotes the general welfare of South Australia for all South Australians.

Members opposite will no doubt get up and defend the *laissez faire* economy of the nineteenth century, which is an out-dated concept not even supported by the person who they say is the founding philosopher of their Party, Adam Smith. One only has to look back in the history books over the past 200 years to see that there has been a series of exhilarating economic booms followed by frustrating busts, and if we go back to this untrammelled *laissez faire* economy those cyclic booms and busts will simply continue to repeat themselves. What is needed in Western world countries is strong governmental involvement in the economy, and the strongest way of promoting private enterprise is through Government involvement. Members opposite are simply lackeys of their Federal counterparts, who intend to destabilise the Australian economy and—

Mr. Mathwin interjecting:

The SPEAKER: Order! The honourable member for Glenelg is out of order.

Mr. GROOM: —who intend to divest themselves of T.A.A., probably Qantas, and all the other statutory corporations that have, since the 1930's depression, given our economy the degree of stability it needs. I am appalled to think that members opposite are still thinking two centuries behind. It is quite obvious that they are lackeys. They are improperly described as a Liberal Party in this State: they are more properly described as a right wing Conservative Party, because that is the sort of philosophy and principle that they enunciate.

Mr. Mathwin: Right, comrade, what do you say?

The SPEAKER: Order! I call the honourable member for Glenelg to order.

Mr. GROOM: It is clear that this legislation is intended to, and will, promote the general welfare of South Australia. It will promote our industries and ensure that we do not suffer a loss of our cost advantage in relation to other States. It will enhance private enterprise in this State and strengthen the South Australian economy and, I believe, the Australian economy.

Mr. EVANS (Fisher): I support the second reading, but if the Bill is not amended I will oppose it at the third reading. I had some respect for the integrity of the honourable member who has just resumed his seat until he made certain remarks. What he said about the Liberal Party and Caucus was a complete fabrication. We had a joint Party meeting, but before that meeting our Leader announced that, from as much as we knew about the proposed legislation at that time, the House of Assembly members opposed the proposition. That was a public statement and it has not altered up to this point. We have said that we will support the second reading, with a suggestion that the Bill could be amended in order to protect free enterprise and, at the same time, control a natural resource for the State. The member for Morphett has, in the past, been one who attempts to stick to the truth and not fabricate an argument and try to have a shot at somebody, but that is what he has set out to do this afternoon, and it has done neither him nor his past record any credit. It appears that he is now starting to show his true colours. Our Party opposes the legislation as it is presently formulated. There have been some talks—

Mr. Groom: He hasn't denied it.

Mr. EVANS: If the member for Morphett wants to have that denied, there has been no change of attitude, so no denial needs to be made. We have said we oppose the Bill, and we still oppose it in its present form. The allegations that he made at the beginning of his speech were fabrications, so there is no need to deny them.

When the Minister introduced the Bill yesterday, he made a vicious attack on Mr. Bond as a person and on his company. I have never met the man; I do not know him, nor do I have any desire to meet him. We are talking about principles rather than individuals in this instance. Apart from being introduced in the corridor to a person associated with the company, I have had no contact

whatsoever with it, nor with the Santos group, except to greet, again in the corridor, one of the persons associated with it. I have had no detailed discussions about this situation. When a Minister sets out to attack a person and the companies and says what he believes to be the absolute truth (as the Minister put it), it is very dangerous for the Minister not to produce the facts to substantiate all the allegations he makes. If we set out to attack people because we had a personal dislike for them, it would become a very sad day in Parliament.

We all know that there are businessmen in this State who have prostituted their philosophy to run hand in hand with this Government in order to get benefits and contacts. However, it would be wrong to get up in this House and name those people who have prostituted their philosophy. If the Bond group has a record that is not as good as some people would like to see, let them make their own judgment and not let a Minister use this place to condemn a person or companies with whom or which he may be associated.

It has been alleged by the member for Morphett and other Government members that Mr. Bond borrowed money and has not repaid it. Is that a bad practice? Our State debt is the highest of any State per capita. We have borrowed money as a State. Is that principle wrong?

Mr. Nankivell interjecting:

Mr. EVANS: My colleague makes a point that we are setting up trusts throughout the State with power to borrow $1 000 000 a year. Is that principle wrong and is there any guarantee that our grandchildren can pay it back in future? Statutory authorities can borrow this sort of money.

Such allegations have been used by Government members to attempt to discredit the Bond operation. I do not know where the man or his companies intended to get the money to pay their debts, nor do I know where most people in the community who borrow money expect to get the money to repay the debts they negotiate. It is their business. The member for Morphett made the point that the Federal Government or its agencies may have helped Bond in avoiding liquidation. The Minister made a similar allegation yesterday. I am not sure that that is true. The Minister did not say he was sure that the Bond companies would have become insolvent. Other avenues may have been open. It is wrong to hang one's hat on one argument and to say that that is a fact, and I hope that the Government will not continue that approach in this debate.

I have always argued that, in the free enterprise system, there exist the opportunity to succeed and the possibility of failing. If someone fails, let him fail; do not try to jack him up. One of the big faults of Liberal and Labor Governments over the years has been picking people up when they will end up at the bottom, anyway, quite often because of their own stupidity. Everyone expects to be picked up, thus breeding inefficiency. In Australia, we have bred inefficiency within industry, and that is one reason why we cannot compete with other countries and why we find it difficult to employ all our people. I was not thrilled with the approach to the debate of the member for Morphett. Perhaps it was an indication of the path he will follow in future, and perhaps his true colours were beginning to show.

The Bill has a public and a private interest. I do not doubt the public interest in it. Santos is a private operation, a private company in the sense that private individuals have money invested in it. The Minister attacked Bond personally, as an individual, his intentions, and what he wanted to do as key figure in a group of companies.

I believe that, if this situation had not involved Santos, but had involved some company with which the A.L.P. had an affiliation or in which it had some investment, and if a Liberal Government had moved to act as this Government is acting, Labor members, if they had their way, would have agreed that the Bill should go before a Select Committee. I do not doubt that, if there was time for the Bill to go to a Select Committee before the meeting of Santos shareholders, the Minister would have been more interested in having a Select Committee, so that the public and the Parliament would know more of the truth.

In my opinion, if the A.L.P. was interested in the company concerned, the Bill would have been allowed to go to a Select Committee. I am not arguing that it is a hybrid Bill, if that is what is worrying the Minister; I am arguing that, if the A.L.P. believed it would have an effect upon a company in which it had some interest as a group, it would not have hesitated to argue that the Bill should go to a Select Committee.

The DEPUTY SPEAKER: Order! There is a notice of motion before the House that, upon the second reading, the Bill be referred to a Select Committee. On that basis I have allowed the honourable member to refer briefly to the possibility, but as he is now furthering that argument I must draw his attention to the matter before the Chair and ask him to refer no longer to the Select Committee.

Mr. EVANS: I believe that the Minister is rushing this Bill through the House without allowing any form of Parliamentary committee to investigate all the facts so that—

The DEPUTY SPEAKER: Order! I believe that the honourable member is trying to evade an order of the Chair by approaching the issue from another direction. I draw the honourable member's attention to my previous ruling and ask him not to refer directly or indirectly to a Select Committee.

Mr. EVANS: I am sorry if you think that I referred to a Select Committee indirectly. I believe that there are other forms of committees and commissions that can be set up. I am referring to any type of committee that can be initiated to obtain information for the benefit of this House. I hope, Mr. Deputy Speaker, that you, as a representative of the people, would wish us as a Parliament to obtain all the information that is necessary for us to make a judgment on an issue as delicate as this. The Minister has rushed on this session of Parliament before a meeting of shareholders could make a decision about this matter. That is wrong in principle. The company had to give 21 days notice to shareholders before a meeting could be held, and it should have been given the opportunity to hold that meeting. The Minister should explain why he has called on Parliament earlier than expected. We and the community are entitled to know. The Minister might be afraid of some decision being made at that meeting. If he is, he should tell us what his fear is and why he believes that a meeting that is duly convened and properly and legally called should be denied the right to make a decision before Parliament takes action to affect the probable decision. I believe that that is one reason why other actions were not taken to obtain the truth so that an assessment could be made.

I believe that the Bill will empower the Minister to reverse or nullify a decision made by a meeting of shareholders or directors in the future. The Minister wants that power, but he should not have it. Parliament is not acting properly if it passes a Bill under which a decision, which is made at a legally called meeting of people, can be nullified by the Minister, particularly when there is no right of appeal. There should be a right of appeal. The Minister has argued that the Bond Corporation is setting out to increase the price of gas in South Australia. I have

no doubt that the price of gas in South Australia will escalate, regardless of whether this Bill goes through in its present form or an amended form, or regardless of practices that the Minister alleges against Mr. Bond. Gas prices will increase substantially over the next few years.

If prices do not increase, people will not have the financial resources to carry out the exploration necessary to find other reserves of that commodity or other forms of fuel that will be needed in Australia and elsewhere. The Minister alleges that Mr. Bond has too big an interest in Santos. I, like my colleagues, want to know where the Government was when Burmah Oil sold out to Bond. The Minister told us yesterday that Burmah Oil promised him that, if it intended to sell, he would be informed. There was no statement, however, at the time.

Mr. Goldsworthy: They went into receivership.

Mr. EVANS: That may be so, but that does not matter. That information was not given to us until yesterday. Parliament has never been told that that promise was made when Bond picked up the failing Burmah Oil. There was no comment from the Minister that he had sought to preserve the State's rights with a promise from Burmah Oil. Surely that was the proper time for the Minister to tell the community of South Australia that he had attempted to do something about it. Nor was there any condemnation against the Bond group for buying up those interests.

Why did we have to wait until May 1979 before we saw any action? There has been no action at all until the last few weeks. Burmah Oil is an overseas organisation, yet a Labor Government allowed it to move in on Santos; it bought its shares in 1965 when Labor was in power. At that time the Santos directors believed it was a good idea, and they were quite happy to sell a substantial number of its shares to an overseas company. However, when an Australian company moves in, it is condemned. Should an overseas operation own some of our natural resources in preference to an Australian owned company owning them?

The Minister has alleged that the Bond Corporation is not to be trusted, but that is not for me to judge. There is a principle involved; the Bond Corporation is an Australian operation, whereas an international operation previously had a substantial interest. We must think about these things before we attack the Bond operation.

I wonder whether any future company will work in the natural resource field, or in fact in any field in South Australia, if the Government takes the sort of action it is asking this Parliament to take. Who would incorporate a body, invest or tie their moneys up in South Australia under the present South Australian Government? I do not believe they could have any faith in South Australia.

The member for Morphett has said that we need cheap gas in South Australia to keep business interests, particularly manufacturing business, operating. The present Government has done more harm to industries in South Australia, through its approach in the past 10 years, than Bond could ever do with his involvement in Santos in the natural gas area. I have no doubt Mr. Bond is there to make money. Most people who have shares in Santos or any other company hope that they will make money out of them one day.

We have an independent Government-controlled arbitrator to determine the price of natural gas that comes from Santos, so why should we worry to any great degree about Mr. Bond? If it needs to do so, the Government could go before that arbitrator to ensure that the gas was kept at a reasonable price. My colleagues have argued that the Government's long-term real aim is to take over control of Santos and the whole Cooper Basin. There is no doubt that the Government is concerned about the liquids, and that is its goal. I would prefer the Government to be honest and stand up and say, "We believe it is time to implement our philosophy. We should move in and control some of the area and eventually spend money and take up interests in the future, if we stay in power."

Of course, all politicians are egotists and hope to stay in power forever. However, they know that will not occur, as does everyone in the community. Whatever harm the Government does to the economy of this State now will be hard to correct, because it will be hard to turn back the wheels of fortune if we end up down at the lowest economic level compared to the rest of Australia. We are there now, and we should try to do nothing more that will harm the economy of South Australia. I hope that the Government will see the merit of any amendments that are proposed and I hope it will accept those that restrict the voting rights in respect of Santos and our other reserves in the Cooper Basin, but at the same time I hope that it will not force people who legally and legitimately hold a substantial shareholding to sell those shares because the Government or Parliament fears what may happen in future.

I also hope that there will be a right of appeal against a Minister's decision that a consortium may be working to take control. If the Government does accept amendments of that sort, the legislation will achieve the goals that the Government and the people of South Australia want and bring about some of the protection that the directors of Santos would like to see in operation. I will support the second reading, hoping that the Bill will be referred to a Select Committee for examination by all concerned and that we can get the truth by that method. Then, if amendments are not accepted, I will oppose the Bill at the third reading stage.

Mr. WILSON (Torrens): If this is one of the most important Bills brought before this Chamber, it is also one of the most extraordinary. In addition, the events surrounding the Government's efforts in the past two weeks also are extraordinary, if not bizarre. I have not been impressed by the sabre-rattling of Mr. Bond during the past few weeks, and I have not been impressed by some of the statements he has put in the press.

However, I have been less impressed by the conduct of the Government and the Minister, who has not only tried to match Mr. Bond in a verbal gladiatorial contest but also, under privilege, yesterday treated the House to an amazing attack on Mr. Bond and his companies. That gave the impression that this legislation had been introduced for reasons of personal spite alone. Not only have we had this barrage of claim and counter-claim between the main protagonists in the Santos affair: we are taking part in a sitting of this House that has been called with undue haste. Standing Orders have been suspended so that the Bill can be rammed through this place with undue speed.

Why has this haste been necessary? Could it be that the Government wants to pre-empt the extraordinary general meeting of shareholders of Santos that has been called for 8 June? The people could be forgiven, when all these events are added up, for thinking that the Government's real intention is to give itself a legislative base that it can eventually use to gain control of the company and subsequently the liquids, as the Deputy Leader has pointed out.

I have said that I was not impressed by Mr. Bond, and I was not pleased about his so-called compromise proposal that a holding company should be formed in concert with the Government, but now it is alleged, in information given to the House this morning by the Deputy Leader, that the holding company proposal may have come from

the Minister, not from Mr. Bond. It is important that the Minister answer that question when he replies to the debate. It is also important that he should say why he did not tell the people or this House about the offer of the Bond Corporation to put its surplus shares over and above 15 per cent into what is known as a blind trust, a proposal that was put before the House this morning, once again by the Deputy Leader.

I turn now to the question of ownership. The Bill restricts the ownership by any party or association of groups to 15 per cent of issued shares and gives the Minister power to overrule a decision of the directors or of a general meeting if he considers such decisions to be against the interests of the State.

The basic fact we should all realise is that several years ago the directors of Santos sold 37½ per cent of their shares to Burmah Oil. The directors no doubt had good reason for doing this at the time, but the fact remains that they sold off an enormous portion of the company. Then, Burmah Oil sold its share to the Bond Corporation nine months ago. There was no hue and cry when Burmah first purchased the shares, and little was said publicly when Bond bought in nine months ago.

Both the Premier and Deputy Premier have admitted that the Government made a grave mistake in not taking action nine months ago. At least, they have been honest enough to admit that, but, nevertheless, the responsibility remains. If they were going to take action on this matter, it should have been taken nine months ago. The principle had been set of allowing the sale of 37½ per cent of a State's natural resource, and it was followed when Burmah sold its shareholding to the Bond Corporation. That is twice that 37½ per cent of Santos issued shares has been sold over the past few years and the transfer approved by the board. Nothing will have a greater effect on the confidence of would-be investors in this State than the sight of a company that was developed by risk or venture capital having its ownership restricted in the way in which the Government intends with this legislation. I quote from the Chairman of the Stock Exchange of Adelaide as reported in the *News* of 30 April 1979, as follows:

> The exchange Chairman, Mr. J. N. Tummel, said he personally opposed Government intervention in a free market situation. He agreed Santos was an important utility, but pointed out that, after shareholders had put up risk capital for 21 years and were only now looking at receiving some reward, the Government was introducing a restriction. Stressing his views were not necessarily those of the exchange, Mr. Tummel said he did not believe it was a parallel situation to the South Australian Gas Company which operated under an Act of Parliament.

Mr. Tummel gave evidence before the Select Committee into the Gas Company Bill, and he supported that Bill. As he said, the Gas Company had been under legislation for many years in this State and was not in a free market situation. Mr. Tummel's statement continued:

> Santos operated under its own articles of association and any variation should be in the hands of shareholders, not the Government, Mr. Tummel said.
>
> He said it could be argued the Adelaide Brighton Cement Company, as the only producer of cement in this State, was also important. "Where do you draw the line?" Mr. Tummel asked.

Subsequent to that statement by Mr. Tummel, the Stock Exchange made a statement, which I do not intend to read, because it is lengthy. Although he had said that he was not expressing the views of the exchange, the statement of the Stock Exchange confirmed everything he had said. Mr. Tummel has not been an opponent of the Government on every piece of legislation it has introduced, particularly the Gas Company Bill. Following Mr. Tummel's statement was a statement from the Australian Associated Stock Exchanges, under the heading "Santos", which stated:

> The Chairman of the Australian Associated Stock Exchanges, Mr. D. V. C. Tricks, said this evening that all the member exchanges of the A.A.S.E. fully endorsed the statement released earlier today by the Stock Exchange of Adelaide expressing concern with the announced intention of the South Australian Government to limit retrospectively the maximum permissible shareholding in Santos Limited.
>
> Mr. Tricks said that this latest intervention by government in setting arbitrary limits on listed company shareholdings can only discourage Australians and foreign investors from providing the capital that is so urgently needed to explore for and develop Australia's energy and mineral resources.
>
> All investors and particularly foreign investors will view this ill-considered intervention as yet another precedent for retrospective legislation with the result that their confidence in the political stability of Australia will be reduced. Mr. Tricks said that everyone recognises the right of Government to protect the vital interests of its people but the proposals announced by the South Australian Government may well be counter productive in advancing that State's economic development.

Further to that, I shall refer to an editorial in the *Financial Review* of 30 April. I will not read all the editorial, because it is long. The editor obviously thought that the proposed legislation by the South Australian Government was so important that it justified a long and well considered editorial. That editorial states:

> In these days of mounting concern about future energy supplies, a State Government move to protect gas or oil flows to the State capital would be understandable.

All on this side of the House concur in that sentiment. The editorial continues:

> The South Australians point out that in New South Wales the Australian Gas Light Company, as the State's dominant gas supplier, enjoys a privileged and protected situation under a special State Act. But that is not what the South Australian action is all about.
>
> The Adelaide Government move is aimed directly at Mr. Alan Bond's companies gaining control of Santos. Bond Corporation Holdings now has 37·5 per cent of the Cooper Basin gas producer.
>
> Put bluntly, the South Australian Government does not like Mr. Bond's business practices. Privately it is worried that Mr. Bond may raise large loans against Santos on the basis of future higher gas prices.
>
> That Mr. Bond is the target of the share limitation move can be gauged by the South Australian Government's aims, against its actions. If the aim is to protect South Australia's gas supply, the Government could have acquired Santos itself. It is not doing so.

I will now turn to the last three paragraphs of the editorial. The intervening paragraphs deal with Mr. Bond's present activities. The last three paragraphs are as follows:

> The South Australian Premier, Mr. Corcoran, declared only last week that his Government was not anti-business. Yet, it is obvious that his Government has little understanding of how the real business world operates.
>
> Business does not discriminate like the South Australian Government. It will move into South Australia and deal with Mr. Bond's Santos or any other company or person who promises growth and performance. But that is unlikely to happen while the South Australian Government continues to discriminate not just against interstate control of its private sector, but against particular businessmen.
>
> Its two most recent moves have been against Mr. Ronald Brierley and Mr. Alan Bond. Any company thinking of doing

> business in South Australia will now have to pause in the knowledge that Adelaide may take a set against its Chairman or General Manager. Friday's move was more than an exercise in State parochialism of the Bolte kind to protect Ansett. It is unwarranted discrimination against one businessman.

Those three quotes sum up entirely the dangers of meddling in restriction of ownership of companies. Only this afternoon I received a call from one of Adelaide's financiers who is not opposed generally to the Government's move in this case, although he certainly prefers the Opposition's proposals. He told me this afternoon that institutional investors were extremely worried about the clauses in the Bill giving the Minister power to upset decisions of the directors and the general meeting. These are the type of institutional investors to whom the Minister wishes to sell off the excess 22½ per cent shareholding of the Bond Corporation. It is a serious situation when institutional investors of this type are concerned about the Draconian measures in the Bill.

The Opposition has put up proposals which are responsible and which also achieve the desire of control of Bond interests. By controlling voting rights and not ownership the Opposition will achieve the same thing as the Government seeks with this Bill. The Opposition's proposals will remove the spectre of retrospectivity from the legislation. More importantly, our proposals will not allow the Minister unfettered power to disallow decisions of directors or shareholders.

The SPEAKER: I hope that the honourable member is not speaking about amendments.

Mr. WILSON: No, I am talking about the Opposition's proposals as outlined this morning by the Leader.

The SPEAKER: I hope that they in no way coincide with the amendments.

Mr. WILSON: No. Finally, and probably of most importance, the Crown must be bound in any legislation of this type. The Crown or any agency of the Crown must be put on the same footing—

The SPEAKER: Order! I see reference to the Crown in the amendments, and I hope that the honourable member does not continue in that vein.

Mr. WILSON: I have not read the amendments yet, and I am nearly finished. The Crown must be put on the same footing as any other agency.

Mrs. ADAMSON (Coles): I am convinced that the Bill is wrongly titled. Having listened to the Minister's second reading explanation yesterday, having heard his answer to the question asked by the member for Stuart yesterday, and having seen his performance on *Nationwide* last night, I am sure that the Bill should be called the "Get Bond Bill". It is a Bill for an Act to give the South Australian Government control over the Cooper Basin with an ultimate view to nationalising liquids production from that basin.

The debate that has taken place, the Minister's antics over the past weeks, his huffing and puffing, his wheeling and dealing, culminating in his slanderous statements (had they been said outside the Chamber) about Mr. Bond, have convinced me that there is a personal element in this Bill. The Minister has described Mr. Bond as a huxter, amongst other things, and it is interesting to know that the Minister dines at Ayers House with people he believes to be huxters—

Members interjecting:

The Hon. Hugh Hudson: I did not say that—

The SPEAKER: Order! I hope that there will be no interjections from either side of the House.

Mrs. ADAMSON: I have been told by my colleagues that the Minister said "hustler". Perhaps there is not much difference in the Minister's interpretation of that word. The Minister has made clear by his words and actions that he is out to get one man. Despite his protestation that his concern is for the consumers of South Australia and for the State's interests, his comments must be taken in the context of his remarks, and they have a strong personal element about them.

In his second reading explanation the Minister made great play about protecting consumers with this legislation. He said that gas from the Cooper Basin is supplied principally to the South Australian Gas Company and the Electricity Trust of South Australia, and that its cost therefore affects the welfare of South Australian consumers and the economic position of all South Australian industry.

That argument was rebutted by earlier Opposition speakers, who indicated that the gas price for the Cooper Basin products was controlled by contractual agreement. We then had the weak argument of the member for Morphett, that Mr. Bond intends to bleed Santos to a point where it is so weak that prices have to be raised and the Government has to allow those prices to be raised in order to prop up the company. The member for Morphett lacks not only logic but also any business knowhow or common sense in terms of why Mr. Bond might have chosen to buy into this company.

Clearly, he does not want to bleed Santos. Why should he want to do that? What Mr. Bond needs and is clearly looking for, as has been acknowledged by the Minister, is cash flow and return on his investment. Therefore, it is in his interest to see that the company continues to be soundly managed, and continues to provide the cash flow and return on investment that he and other shareholders want. It is just nonsense to suggest that Mr. Bond wants to bleed and milk Santos. If he did so, he would virtually be cutting off his nose to spite his face. The Minister went on to say:

> This year Santos celebrates its twenty-fifth year of operation. Over those 25 years, it has experienced many difficulties in the exploration and the development of the Cooper Basin resources. Since the unitisation agreement in 1975 and following the increases in gas prices over the past three years, Santos has built up its financial strength very substantially.

The Minister pointed out, for example, that the operating profit had increased from $910 000 in 1975 to $6 900 000 in 1978. He went on to say that Santos is now a dividend-paying company with a significant financial strength and borrowing capacity. I find it very interesting and entirely consistent with this Government that a Labor Government will sit by and watch a company bear the heat and burden of the day in private enterprise and then, when the profits start to flow, the socialists move in and try to take the cream off the top. This action is quite typical of the Labor Government; it watches private enterprise struggle along and then, when the risks start to pay off and a profit is in sight, in move the socialists with a view to clamping down and making what use the Government cares to make of those profits.

One of the first more obnoxious principles of the Bill is to be found in clause 3, which gives the Minister the sole power to declare whether shareholders are acting in concert against the public interest. There is no right of appeal whatsoever. We have a person in a political position with legislative statutory power to determine whether shareholders—

Mr. Chapman: And doubtful motives.

Mrs. ADAMSON: Yes. The Minister is going to have the crystal ball; he is to see who is going to plan what and

why. He is the one who will determine whether anyone is acting in concert against the public interest; he is the one who is going to be given power over hundreds of thousands or perhaps millions of dollars of shareholders' money. It will be a wave of the Minister's wand that determines whether or not shareholders lose their investment. Under this obnoxious proposal there is to be no right of appeal whatsoever. It is not only contrary to the principles of common justice but it will be self-defeating in the end, because what shareholder will want to invest in a company that has hanging over it the spectre of a socialist Minister, watching and waiting like a hawk for an opportunity to determine what is or is not in the public interest and when he could move in to declare the shareholders black? That, in fact, is the power that clause 3 gives the Minister. Clause 4 is the provision that has caused great concern to the stock exchanges of Australia. It provides:

> No shareholder, and no group of associated shareholders, of the company is entitled to hold more than fifteen per centum of the shares of the company.

My colleagues have quoted some of the remarks made by the Manager of the South Australian Stock Exchange and the Australian Stock Exchange in response to that proposition. Mr. Tricks is reported in the *Australian* of 1 May, as follows:

> However, what is being proposed, as legislation that will affect Santos, does introduce the element of retrospectivity to the degree of ownership and thereby voting rights of certain classes of shareholders of that company. It follows that the introduction of controls as currently proposed for Santos will bring about a general lack of confidence.
>
> To claim as has been reported, that the proposed legislation is to safeguard and protect the interests of all South Australians does not recognise that it has been the shareholders of this company that have provided the funds which led to the discovery and production of these resources. Nor does it recognise that those shareholders have a right in determining what restrictions might be imposed, which will affect the benefit of their ownership.

Clause 4 is odious in terms of its retrospectivity. It strips people of shares legitimately bought and does so months and months after the event.

Let us get away from the Stock Exchange managers and look at what the shareholders of Australia have got to say about the State Government. In the Sydney *Morning Herald* on 21 May the Australian Shareholders Association called on the South Australian Government to abandon its proposed new laws to limit shareholdings in Santos to 15 per cent. The Chairman of the Australian Shareholders Association in New South Wales (Mr. McKenzie) stated:

> Nowhere is risk money more urgently needed than in oil and gas exploration and development. Investors must be seriously asking themselves whether investment in South Australia can be justified if equity in listed companies can be arbitrarily taken away from them by Government whim. This association calls on the South Australian Government to abandon its present plans to limit shareholding in Santos. It also recommends that the Government reconfirms the policy of free and open ownership for publicly listed shares.

A great principle is at stake in regard to clause 4. The condemnation by so many influential and important members of the Australian investment community should surely be heeded by the Government—the Government that has so recently professed that it acknowledges the importance of private enterprise in sustaining the economy of this State. How little words and promises mean when they are given by Ministers of this Government.

Mr. Whitten interjecting:

The SPEAKER: Order! The honourable member for Price is out of order.

Mrs. ADAMSON: I now turn to perhaps the most offensive clause in the Bill, and that is clause 7, which gives the Minister the right to overrule or veto a resolution of a general meeting of the company. The implications in this clause are enormous. It is the most dangerous principle in the Bill which, if it were adopted by this Parliament, would mean that the operation of this company (and, as a precedent has been set, possibly any other company in South Australia) could be controlled by the State Government. A publicly listed company could be entirely in the hands of the Deputy Premier.

Mr. Chapman: He has exercised that control already by preventing shareholders—

The SPEAKER: Order! The honourable member will have an opportunity to speak on the matter.

Mrs. ADAMSON: The clause gives political control of the company to the Minister. If the company (Santos in this case) decided that it wanted to get rid of the liquids in a way that the Minister did not believe was in the interests of South Australia, the whole principle of private enterprise would be overturned. The Minister can overrule the board; he can overrule the shareholders and say, "Sorry, chaps, that is not the way you are going to do it. You are going to do it my way, because I have got the power of veto." If that principle was accepted by this Parliament it would mean that South Australia as a place for investment would very rapidly become a wasteland.

What the clause means, in effect, is that the Minister is at every board meeting with what amounts to 51 per cent of the shares in his hand and the power of veto. It means that board decisions must always be taken with a view to the political implications and to what the Minister might think of those decisions. It means also that the Minister has virtually total control of the company. It is a principle that is anathema to everyone on this side of the House, I believe to the people of South Australia, and certainly to the investing public of Australia. What is the use of sound management, good technology, risked capital, and all the things that this State and country so desperately need, if they can all be reduced to a mere nothing at the whim of a Minister who has the power to override any resolution of the board when he believes it is not in the public interest?

Who is the Minister, to be the sole arbiter of the public interest? Does he give no credit at all to the management skills and the expertise of the people who own these public companies? Does he give no rights to the shareholders who have invested their capital in these companies? It appears that he does not.

A few days ago, or perhaps a few weeks ago, members of this Parliament were sent in the post a report entitled, "Oil—the vital search", produced by Esso Australia Limited, designed to provide comment on the complex technological, financial, and environmental framework within which explorers are currently working in an endeavour to discover further indigenous oil reserves. As the Minister has so profoundly said, oil is different from gas. Nevertheless, the principles which Esso sets out in the pamphlet are as much applicable to gas as to oil. It seems to me that a company which has been responsible for so much exploration in Australia, for the investment of so much risk capital, must be taken seriously when it makes statements such as this. The Esso pamphlet states:

> A major Government responsibility is to ensure that stable political and economic conditions exist and that explorers are justifiably confident that these will persist throughout the life of their ventures.

I emphasise: the whole life of their ventures; not just a few weeks or months after the acquisition of shares, but

throughout the life of the venture. The pamphlet continues:

> The establishment of regulations to encourage explorers to commit the large sums involved is essential. Short-term policies, with the prospect of unacceptable changes during the life of a project, are clearly discouraging.

Who could have expected, when the shares were bought, that the Government would step in and take action such as this? It gave no indication that this action would be taken. This legislation would come under the heading of an unacceptable change during the life of a project. The brochure continues:

> So, too, is any apprehension on the part of the explorer, that anticipated returns from a successful venture could be offset by unrealistic taxation or other impositions.

If ever there was an imposition, it is this legislation regarding Santos. The brochure continues:

> Only a small percentage of exploration ventures are successful. These few must be sufficiently profitable to counterbalance the many expensive failures. Government has the primary role in ensuring that this takes place.
>
> Oil is clearly the most significant factor in Australia's immediate energy future. It is increasingly important that explorers maintain an intensive search for this valuable resource to ensure that our nation's indigenous reserve potential is fully exploited. The role of companies like Esso will remain critical if the vital search is to be successful.

It is not just Esso, but the Santoses of this world and all the other companies that are watching on the sidelines to see what happens in this Parliament today and next week, to see whether this Parliament, and more particularly this Government, is prepared to override the basic principles that have been accepted in admittedly a mixed economy. I do not claim that this is an exclusively private enterprise economy. It ceased to be that long ago. Certain principles have been accepted in a mixed economy, and those principles are not contained in this Bill; they are abrogated by the provisions of the Bill.

Companies throughout Australia and throughout the world will be watching to see what happens to this legislation. Shareholders throughout the nation and the State will be watching to see. If what they see disappoints them and confirms their worst fears, then it will be a sad day indeed for South Australia if this legislation is passed in its present form. In the belief that this legislation is unjust and uncalled for, I oppose the provisions of the Bill. Unless the Government is prepared to accept the amendments to be moved by the Opposition, I will vote against it at the third reading.

Mr. KLUNDER (Newland): The Opposition performance during the debate so far, with some minor exceptions, has been a pre Adam Smith chorus defending *laissez faire* capitalism. I am pleased to note that the Deputy Premier, who has the carriage of this Bill, is also the Minister of Tourism, because I am sure he has already seen the potentialities of the situation.

South Australia is about to become the mecca for conferences of world economists. There can be few other places in the world where so much protection of private industry takes place in the form of tariffs, tax incentives, depreciation allowances, exploration write-offs, bounties, etc., while the Liberal Party can still maintain that the Government should not interfere with the so-called free market system. The contrast between myth and reality should prove irresistible to any visiting economist. The only thing that worries me in this debate is that this strain of Liberal nineteenth century bellicosity never seems to surface at a time when free enterprise *laissez faire* capitalists who have failed come to the Government to rescue them. At those times the Opposition is remarkably quiet. I wonder why?

The Leader of the Opposition talked about the Draconian measures of the Government and then went on with a straight face to advocate the revocation of exploration and other licences as a means of control. One wonders how he thinks that South Australia should be supplied with gas and electricity during that interval.

The Deputy Leader of the Opposition, after loudly claiming that he had no brief from Mr. Bond, disclosed private correspondence between Mr. Bond and his solicitors and, no doubt reading from documents prepared by Bond interests, claimed that a scheme to gain control of Santos was the Government's scheme, when it was in fact Mr. Bond's scheme. One wonders, now that he knows that it was Mr. Bond's idea, that he still feels it is a reprehensible attempt to gain monopoly control.

The Opposition then became a trifle confused. The Deputy Leader of the Opposition argued that somehow both Mr. Bond and the Deputy Premier wanted control over future liquids from the Cooper Basin. The member for Davenport quoted, with apparent approval, an opinion that the Deputy Premier was merely after Mr. Bond personally; he then changed his mind and claimed that the Bill had been introduced because the Government wanted control over the Cooper Basin, which was contradicted by the member for Torrens, who feared that the Bill was pure spite. The contribution by the member for Coles was so antiquated that I do not propose to spend any time talking about it, except to say that I think that the *Hansard* staff probably recorded the speech with quill pens.

I support the Bill because it effectively deals with a number of concerns I have felt regarding the purchase of the Burmah shares in Santos by the Bond Corporation. One of my concerns is to keep gas prices low, because low gas prices directly affect the cost of electricity. The cost of electricity and gas maintain and increase the competitiveness of existing South Australian industry and make it more attractive to new industry. Regarding this, it is possible for me to quote that by now rather famous speech of Mr. R. G. Jackson entitled "The future for Investment in South Australia", dated 16 February this year. In that speech he effectively knocks for a six many of the gloom and doom prognostications of those who have a vested interest in knocking South Australia. In his speech Mr. Jackson states:

> I also understand that power costs in Adelaide are cheaper than in other major cities, at least for the small to medium sized factories operating on a one-shift basis. The average revenue per kilowatt hour of electricity sold to industrial and commercial users in South Australia for 1976-77 was 91 per cent of the South Australian figure and 87 per cent of the Victorian figure.

I need hardly add that an increase in the cost of electricity and gas will add to the consumer price index and the inflation rate every bit as inexorably as will an increase in the cost of petrol. It was therefore with considerable concern that I listened to the Leader of the Opposition refer in a rather off-hand way to the likelihood that the price for gas might have to rise in South Australia and that an erosion of South Australia's cost advantage in this area was not particularly vital.

I am concerned for the future of investment in the Cooper Basin. Investment, as we know, requires business confidence, and I believe that Santos, as a company, can inspire such confidence. It is a stable company that has been in existence for about 25 years. It has long experience and considerable expertise. Santos engenders some trust in the business community. One has only to listen to the Prime Minister plead time and again for business

confidence to know how easily it is lost and how difficult it is to regain once lost. I am concerned for the cost of future development of the Cooper Basin. The health of Santos itself makes borrowing easier and cheaper.

The Deputy Premier, in his speech, gave a good idea of the scale of borrowing that will be required to develop the Cooper Basin fully. The figure he mentioned was about $180 000 000. Add to that sum the $240 000 000 which Mr. Bond wishes to borrow and it then becomes a strain on the financial strength and health of Santos. Moreover, there is a direct relationship between the interest charged for money borrowed and the degree of confidence the business community has in an operator.

Mr. Bond's past history of involvement in other enterprises does not give me any reason to believe that the concerns which I have outlined are in any way baseless. In his speech yesterday, the Deputy Premier gave a run-down of the financial strength of Santos and the Bond Corporation. That should have left no doubt at all in anyone's mind that the Bond Corporation is the nine-stone weakling. This worries me, because, even before the time scale given by the Deputy Premier, the Bond Corporation had a reputation for attempting to take over companies which were wealthier than itself.

On 11 November an article appeared in the *National Times*, written by Robert Gottliebsen and headed "Back from the Brink", which gave some considerable information about the way in which the Bond Corporation got itself into trouble in earlier times and what methods it used in its attempt to come back from the brink. This is relevant, because there are certain parallels in the operations as outlined by Mr. Gottliebsen and the present workings of the Bond group. First, I will give an idea of how the Bond Corporation got a lot of its money and the risks and problems that were associated with the way in which it collected that money. The article by Mr. Gottliebsen states:

> Thus, in the late 1960's Bond bought the Santa Maria property eight to 10 miles north of Perth for $3 550 000 from three married ladies who were beneficiaries of a trust. Bond agreed to pay around $615 000 down and the rest over extended terms.
>
> Almost before he signed the contract, Bond got a valuation of the property. This showed it to be worth $4 600 000. On the strength of this he bounced over to C.A.G.A. who lent him $750 000 on the size of his equity. This was enough to meet the $615 000 down-payment and provide Bond with a $100 000 commission. Deals of this sort were going on all around the country with a host of developers at the time.

The problem with that kind of land speculation is that it strongly requires a continued rise in the price of land. However, as we know, that was not the case, and Mr. Bond was eventually caught with about $6 000 000 worth of cash and debts totalling $30 000 000. Mr. Gottliebsen's article continues:

> With his $5 000 000-$6 000 000 in cash, Bond set about trying to buy control of corporations which either had control of large amounts of cash or whose business generated large cash sums. His plan was that these businesses would buy out his assets and their cash would carry him through.

I fear that is a direct parallel with Mr. Bond's wish to gain control over the Santos organisation.

It is possible that Mr. Bond is not trying to muscle in on a healthy, strong and capable company in this State in order to use the strength of that company for his own purposes, but his past behaviour militates against that view. The combination of the strong Santos and the weak Bond Corporation does not in any way strengthen Santos's borrowing power, increase the confidence felt in the Santos organisation through his presence, or in any way add to the financial strength, expertise and standing of Santos. In fact, as the Bond Corporation had to find very large sums of money to pay for the shareholding it bought from Burmah, and the origin of that money is not clear or immediately obvious, one might well be forgiven for thinking that Bond needs Santos more than Santos needs Bond.

Certainly, the Bond Corporation has not been backward in coming forward in requiring money from Santos. The Deputy Premier has already indicated that the Bond Corporation wanted $100 000 a month for 12 months plus expenses, from Santos just as consulting fees. The proposed share placement by Santos to Spedley Securities has already been fully dealt with by the Deputy Premier, and I do not intend to go over that ground again. However, in this general context it is worth knowing that there has already been a set-back in the attempted establishment of a consortium by the Cooper Basin companies, due to the intrusion of the Bond Corporation into that basin.

The crucial point which the Deputy Premier has already mentioned and which I, for one, would be prepared to go on repeating for ever if I thought it would do any good is that the cost of gas is crucial and, if the Santos-Bond combination gets into trouble because of the requirements of the Bond Corporation weakening the financial strength of Santos, one of the possible rescue operations would require a higher price of gas, and that is not only crucial in that the costs to industry and consumers would rise in this State, but it is also crucial in determining the viability of the Dow Chemical petro-chemical project. The Leader completely missed the thrust of the Deputy Premier's speech on that point.

We cannot in any way afford to weaken the strength of Santos. We cannot afford to take a gamble with the energy resources of this State. In overseas countries, control by a nation over its own energy resources is seen to be vital, and even the Queensland Government, which is not exactly noted for its socialist views, limits voting rights in the shareholdings of Oilgas Energy Limited to 5 per cent, and shareholdings are limited to 12½ per cent. Those measures are considerably more Draconian than the corresponding provisions in this Bill.

The point I am trying to make is that, whenever money comes into this State from overseas or interstate, one needs to do a cost benefit analysis of the use of such money. I should imagine that most members are familiar with this argument, so I shall outline it only briefly. Some of the benefits that come from interstate or overseas investment are that of capital inflow, development of a resource, an increase in skills of the population of South Australia, and an increase in the number of jobs that are offered to South Australians.

The costs include the outflow of profits from the State any environmental costs that can come about, and the very main basic argument that the decisions that will determine how that resource is used will from then on be made not in this State by people who have a vested interest in the state and who wish to do well by South Australia, but many miles away by people who may only have a very limited sympathy for and understanding of the aspirations of South Australians.

In this case we have at least so far seen little evidence of capital inflow, very little evidence of an increase in the development of resources, and very little evidence of increase in skills brought by the incoming entrepreneur. On the other hand, there is a real fear based on knowledge of the history of the Bond Corporation that cash outflow may not be restricted to profit, and I have to date seen very little evidence that the aspirations of South

Australians will be taken into account. Certainly, when the advertised published statements by Mr. Bond are flatly contradicted by the Chairman of the Board of Santos, one needs to consider also to what extent other statements by Mr. Bond can be taken at face value. I consider that this is a grave situation.

It is necessary to look at the situation in more detail, as already we have the sad occurrence of a direct and public confrontation between the Chairman of Santos (Mr. John Bonython) and the Deputy Chairman (Mr. Alan Bond). That is the exact kind of confrontation that undermines confidence. Mr. Bond has claimed, in a paid advertisement, that the Bond Corporation has injected more action into the energy search in South Australia, and Mr. Bonython has not only rebutted that claim but also has called it incredible.

The claim that the Bond Corporation had contributed anything worth while was met by Mr. Bonython's answer that rather the reverse had taken place. Today's *Advertiser* gives considerable coverage to the Deputy Premier's speech but, to me, the most interesting part was the statement by Mr. Bond that the Deputy Premier had deliberately misrepresented the comparison between the Bond Corporation and Santos by neglecting to mention that the Bond Corporation now had access to the financial strength of Santos. That was hardly the point made by the Deputy Premier—it is the very thing one is trying to avoid. One can only wonder how desperate Mr. Bond must be to so deliberately misrepresent the situation.

We have the situation where Santos is a healthy, financially strong and respected organisation which is competently doing its job in the interests of this State. We would have to be insane to allow a shaky organisation controlled by someone who apparently sees no wrong in misrepresentation to take over such a company and such South Australian resources. The Bill does not state that the Bond Corporation may not invest in Santos, or that Mr. Bond may not share in the profits from a growing South Australian company and South Australian resources. However, it does state that a limit should be placed on the extent to which he should so profit and should control a South Australian resource which, I believe, to be vital and which needs to be protected by this Government.

Mr. CHAPMAN (Alexandra): Yesterday, the Governor of South Australia drew to members' attention his Government's intention in this matter. Among other things, when referring to the reasons for calling Parliament together, he said:

> The fact that control of Santos Limited has fallen substantially into the hands of a single entrepreneur from another State is, in my Government's opinion, cause for considerable anxiety.

We have heard over the hours that have passed since that time yesterday afternoon expressions of anxiety from the Government as to what might occur if Mr. Bond gained the type of control which, apparently, is so feared by the Government. At the same time, members of this Chamber have heard from the Leader of the Opposition and his supporters an alternative to the protection required for South Australians with respect to the essential resources in the Cooper Basin. I recognise that a time is designed for discussing in some detail this alternative, so I will not pursue it now.

The Deputy Premier told the House, when he introduced the Bill, that, in order to gain a proper appreciation of the subject matter, many hours of study were required. The Deputy Premier and his colleagues have had those many hours, but what they did yesterday, in introducing the Bill, was deny the remainder of the Parliament an appropriate time or even a reasonable number of hours in which to prepare themselves for this debate. That is the first point I make in criticism of the Government's handling of this issue. What this really did was to confirm the suspicions held by members of my Party that there were more than just personal motives involved in the Government's stand, as expressed by the Deputy Premier. Indeed, it confirmed in our minds that the Government was preparing itself for an even greater governmental and controlling interest in the Cooper Basin than it presently holds.

With those remarks, I draw to members' attention some of the reasons why we are not simply concerned as a Party but genuinely concerned on behalf of the rest of South Australia and indeed on behalf of those who may be outside the State at present and who may have had in mind to come in but who would be frightened away as a result of the action taken. The Minister, in his second reading explanation, went on, as mentioned, to attack in a personal way the entrepreneur referred to in the Governor's Speech.

The Minister said that the action that had been taken was illegal and grossly unethical, and that Mr. Bond was one whom he could recommend as a super salesman and as a publicist. The Minister also said that Mr. Bond had produced in his articles and advertisements about his venture a combination of falsehoods and gross distortion of the facts and a gross misrepresentation of the Government's position. The Minister said that Mr. Bond's articles on the subject contained spurious claims about alleged marshalling of funds. I am not in a position to dispute the Minister's allegations, and I do not think any of us is in such a position. He has made those allegations under the privilege of this House.

The Minister has set out on a deliberate personal attack, simply to try to produce a basis on which he can proceed with this Bill. There is no doubt about the question of South Australia's need for and dependence on the natural resource deposits in the Cooper Basin. Further, there is no doubt that those resources should be responsibly explored and exploited and produced with continuity and at a price that South Australian consumers can afford. We respect the responsibility of whoever is in Government to ensure that that continuity of supply is upheld and that the price governing those products is fair and within the reach of consumers.

So, I am not one to criticise the Government for attempting to take steps to ensure the continuity and fair price structure of products from that resource, but what I criticise the Government for is its apparent reluctance to show any form of concern about this venture over the last quarter of a century. In this connection I refer particularly to the Government's absence of concern about this scene until Mr. Bond entered it.

In its early days Santos was unable to raise the required money in Australia for its exploration in the area. The French parent company Total Oil came in and took a 10 per cent interest. In about 1963, Santos found natural gas in the area in big volumes. Of course, it then needed more money to proceed with its development work. Burmah, the company mentioned on a number of occasions in this debate, is Britain's oldest petroleum company, having been involved in Burma about 100 years ago.

At about the turn of the century it became involved in oil search in Persia which led to the discovery of massive fields and the creation of Anglo-Iranian Oil Company. During the First World War, Churchill took those oil interests under the Government's wing in British Petroleum, in which Burmah had the largest non-

government share. In about 1960, Burmah, rather than just living on its B.P. dividends, became active in oil search. It injected money into Santos and lent experts to that company. This was very helpful to Santos at that time.

It is reported that Burmah's involvement with Santos commenced soon after the discovery of natural gas. For its involvement, Burmah took a right to acquire (not initially purchasing) 37½ per cent of Santos shares. There is nothing on record to indicate that the Government was concerned about that out-of-country interest in the South Australian enterprise at that time, nor has there been anything on record to indicate the Government's concern about the out-of-country entry in the meantime.

Burmah took the right to acquire 37·5 per cent of the Santos shares, but it did not buy up all the shares at once. As more money was needed Burmah was to supply funds and take up the shares issued as a result. There has been some criticism about Bond's entering the field on a drip-feed system, but that is exactly how his predecessor, the company from which he purchased this massive share, did the same thing. It entered by a drip-feed system and was granted security over 37·5 per cent of the shares, but it either did not come up with the money or implement its option at the onset. It bought in over a period yet, now, during this debate, the Bond Corporation has been severely criticised for acting in the same way.

It is worth noting that Burmah's 37·5 per cent plus Total's 10 per cent combine to be just less than half the overall interest; that is, local shareholders during the interim period retained a slim controlling interest in the company. Total and Burmah agreed to that and behaved nicely so far as Santos was concerned. During that entrepreneurial period this Government expressed no concern whatever. Burmah's shareholding increased over the years, and about 18 months ago Santos requested Burmah to take up the balance of its entitlement, which it did, bearing in mind that the balance of the entitlement produced this curious figure of 37·5 per cent. There was no expression by Mr. Bonython or apparently by his directors indicating that that was wrong at that time. Not way back, but about 18 months ago it was satisfactory for this out-of-country enterprise to perform in this investing of risk capital to buy into the scene gradually to the tune of 37·5 per cent. That practice was acceptable then, not only to the Santos directors but clearly also to the Ministers of our Government.

Not only has the 18 months passed, but another corporation has entered the field. Burmah was thus the main source of Santos funds between 1963-77. However, Burmah got into financial difficulties following the OPEC oil price increases. Its difficulty stemmed from excess involvement in oil tankers and, in effect, the Bank of England put it into receivership.

Burmah had agreed not to sell its Santos interests without consulting Santos and, according to Mr. Bonython, the old management would not have done so, but it did look for a buyer, and found one in the Bond group, which bought Burmah's 37½ per cent shares in exactly the same way as Burmah had bought its Santos shares. I have read the details and the history of both forms of entry into the Santos deal and, as unusual as it may seem to some members on the other side of the House, or to those who buy directly and for cash into other enterprises, it was not an unusual or unique procedure when seeking to purchase an interest in a risk capital area or, in this case, in an exploration area.

I come now to the present position of the Bond Corporation, and whether or not is should be allowed to retain its current level of investment or whether or not it should have the sort of say that is consistent with its share of financial interest. There are two factors involved: as well as the shareholding factor that is dealt with in the Bill, there is the control power that such a substantial shareholder may or may not exercise in the future.

In ordinary industrial circumstances I would not subscribe to any governmental limiting of shareholding or voting powers. I recognise that in instances of industrial circumstances where the product is essential to the welfare of the public and where the public is dependent on that resource there may be circumstances where control of power or authority is necessary. I certainly do not believe that there is any necessity for control over financial interest, but over the direction powers, or what might be partially described as the manipulation powers, there may be circumstances where such control guidelines are desirable.

What are we looking at here? What are we frightened of? Are we frightened that the price of the product may be such that it will become out of the reach of the public? How does that fear develop, other than, of course, from the critical comments on Bond's character and managerial and financial expertise? What justification is there for introducing such cruel and intrusive legislation in these circumstances other than to attack the personality? There is none.

On the question of price, it is my belief that the Government already has the power within the structure of the present law to protect the public against harsh or unreasonable price rises. Concerning the development of the resource and the manipulation and supply, or continuity of supply, there is clearly legislation on the Statutes which gives the Government the power of control in that way. The Leader outlined quite clearly to the House this morning the vast powers under the Petroleum Act that the Minister already holds, but he is obviously not satisfied with exercising those powers: he is out to get Mr. Bond.

It is a curious attempt to destroy this person, whom I do not know, and irrespective of whether it is Bond, Brown or Smith it is no justification for legislation as harsh as this. There should be no restriction at all on Mr. Bond or his corporation retaining their 37½ per cent shareholding in Santos at the present time. Nor should there be any restriction on any other person or company seeking to bid for an interest to that extent.

It is not a matter of the Opposition propping up or protecting Bond: it is a matter of the Opposition protecting a principle—that we do not agree with restrospective legislation or with stripping the purchases and holdings of a group or individual where risk capital is involved (and this is a classic example of risk capital being involved). We do not agree with the aim of the Bill, but we do accept that, because of the importance of protecting the public in South Australia, limitation of manipulation control may, in these circumstances, be wise. The limitation that the Opposition has arrived at (both in this place and in another) is one that we believe is acceptable not only to the Government and the Bond Corporation but also to the remaining directors of Santos; that is, the 15 per cent figure suggested by the Leader earlier this afternoon.

I repeat that, so far as the financial involvement and the investment by Bond are concerned, in no way ought it to be touched for him or anyone else. There are one or two other matters concerning me which I want to place on record not so much as to whether this Bill passes and proceeds to the other place and is returned, but as to the question that the Bill has even seen the light of day and the fact that the Government has been foolish enough to publicly reveal its intention to restrict enterprise which is,

in my view, frightening.

As I say, whether or not the Bill is passed is another matter, but the Government has shown the public of South Australia and the investors of Australia and beyond just what its form is in the area of State control. Concern has been expressed by a number of companies and reported in this House about the socialist policies of this Government. Concern was expressed by the Chamber of Commerce in its *Journal of Industry* only a couple of weeks ago, as follows:

> There is a lack of integrity in the State Government. The Government needs to display more sincerity in its approach to the private sector. It is a fact that the cost or potential costs of recent social, environmental and consumer oriented initiatives are deterring existing industry from expanding, or new industries from developing, in South Australia.

The article later states:

> There exists in South Australia too much restrictive legislation, which is an added cost burden to industry. In the area of consumer protection . . . existing legislation is excessive. The issue of Government intrusion into the private sector is a great concern to the Chamber of Commerce.

It is of great concern to anyone who is involved in or seeking to become involved in industry in this State. By this Bill, the Minister has displayed the Government's form and told us exactly not only what it intends to do in respect of this action but also what it will do in order to get its own way and achieve State ownership. There is no justification for proceeding in the way indicated by the Government, and it will not get the support of the Opposition in that respect. This situation must be frightening to those who would otherwise seek to develop industry without the cloud of socialism around their neck. Twelve months ago, every State in the Commonwealth except Western Australia, was recording negative growth in the private sector. Jobs were disappearing from the productive private sector faster than new jobs could be created. Every State has turned the corner or is on the verge of turning the corner, except South Australia, where negative growth is still running at 2½ per cent.

The ACTING SPEAKER (Mr. McRae): Order! The honourable member will resume his seat. Will the honourable member indicate how this matter that he is now dealing with can be linked with the Bill?

Mr. CHAPMAN: I can link it with the Bill all right. The content of this Bill is scaring hell out of any industrialist in South Australia or likely to come into South Australia. The figures I am quoting are demonstrating what is occurring as a result of Bills like this coming into this place. There is nothing inconsistent about it. There is nothing unrelated to the Bill. What I am saying is clearly a result of what has been enacted by this Parliament.

The ACTING SPEAKER: If the honourable member does link his remarks in that way, and not launch on a general economic treatise, that will be all right.

Mr. CHAPMAN: As I was saying, the effects of legislation of this form will deter the interests of those who are already in this State, and distress and disturb those who may have been seeking to come here and to assist in the industrial field. I do not think I need to go on with the detail I have here in that respect if it upsets anyone. I think we can go back to what happened to Mr. Raptis, who was destroyed in this State as a result of legislation of this type. He was here, and he left. Before he left, he said that he was getting out because he was forced out by Government legislation of the form of the legislation we are now debating. He took his money and his expertise, and went to one of the States where he was welcomed.

With no relationship to Bond whatever, I merely point out that the action he has taken in buying into the Santos enterprise and into the Cooper Basin field demonstrates the style of aggressive free enterprise that we, as Liberals, welcome in this State; it is obviously against the attitude of the Government. I am not ashamed to show my colours in relation to Mr. Bond's action or to action anyone else might choose to take in buying a 30 per cent, 35 per cent or 37½ per cent shareholding in Santos or in any other industrial venture in South Australia.

It is interesting to note that other States are endeavouring to encourage industry, trying to overcome, at the State level, the problems of unemployment. Last year, New South Wales created for the unemployed in that State 27 000 new jobs; Queensland created 6 500; and even dear little Tasmania, the State with such a low population, created 200. South Australia, however, lost 6 000 over and above the school leavers who entered the work force at the end of last year. It does not please me to refer to those figures about South Australia, but they are established facts. They are indisputable figures drawn from the records and, as embarrassing as they might be, they belong to the Government of this State. They present a worse picture of State management than occurs in any other State.

This Government has set out deliberately to make life difficult for the private sector through its addiction to the notion of State control, and it has demonstrated that again in this instance by trying to squeeze out not an overseas investor, not a multi-national group as such, but an Australian entering into a truly Australian enterprise. If I were the Minister, I would be ashamed to be responsible for such discrimination as the Minister has demonstrated in this instance. He has let go without question outside country involvement, obviously shaky involvement, to quote the Burmah issue, for example, where they tried, went bad, and without interference or oversight by the Government were condoned in their activity. Now we get an Australian having a go, with the sort of aggressive style of free enterprise that we welcome in South Australia, and he gets kicked in the guts and knocked down by the Minister.

I think I have made my position clear. I support the Leader of the Opposition and the Liberal Party in total in their approach to the subject and their opposition to the Government's proposal—

Mr. Millhouse: I didn't think it had a total approach. I thought it was all over the place.

Mr. CHAPMAN: Yes, we have.

The ACTING SPEAKER: Order! Interjections are out of order.

Mr. CHAPMAN: We oppose the Government's proposal to strip the investors involving the Bond Corporation of their shareholding in Santos. We oppose the Government's proposal—

Members interjecting:

The ACTING SPEAKER: Order! Interjections are out of order.

Mr. CHAPMAN: I oppose the Government's proposal to limit that company's shareholding interest to 15 per cent and I also oppose the Government's dictatorial attitude, which is reflected throughout the Bill.

Mr. BECKER (Hanson): I become annoyed when legislation such as this changes the ground rules. Like the member for Alexandra, I become annoyed when I find that companies, or small retailers, who have been given approval by the Government to carry on business, are suddenly informed that the rules have been changed and trading hours cut, to the detriment of some businesses. How can the Government justify a mandate in that regard?

I am particularly disappointed at the attitude of two Government speakers, who reacted like half-baked communists. I thought it was unreal. I have heard so much about socialism and so-called democratic socialism but those two gentlemen should read the book which was written by B. W. Campbell and which is a communist manifesto about the 60 families who owned Australia. If they did so they would find out what happened to them and who was responsible for taking away their assets and contribution to this country.

I think this is a most disgraceful attitude. These two members are not interested in the development of South Australia, and that is a tragedy. It is also a tragedy that they were not with me in Sydney last week when I was talking to merchant bankers and financiers about the future of South Australia and about what we can do to improve development in this State. The financiers to whom I spoke are not interested in South Australia, because money cannot be made in this State. If the Government carries on in this way, we will be left with nothing but the rural sector to carry the State. At least the drought has been broken in that respect.

The performance of the Government is pitiful; it has not come clean about the real issue. I would like to obtain more facts from the Minister before I consider the Bill. The Minister has not come clean at all. In his address earlier this year, regarding the sale of Burmah shares to the Bond Corporation, Mr. Bonython, the Chairman of Santos, stated:

> There is much to be said in favour of having more Australian shareholding in Santos, and it is clear that the Bond Corporation and its personnel have additional expertise which can well be of value to Santos.

It is regrettable that Mr. Bonython made that statement. I was appalled at the advertisement that appeared in the press yesterday. I know that the article contained, as the Minister said, a lot of false statements, and that can be proved later. The Chairman went on to give the shareholders some history of the past 12 months. I congratulate Mr. Bonython because he was trying to communicate with shareholders; it is a pity that other companies do not do the same and let the public know what is happening. The report continues:

> . . . a notable one has been the fact that our second biggest shareholder, Total, has disposed of its interests in Santos . . . Total's shareholdings in Santos were sold recently to a company called Goodacre Development Pty. Ltd., which is a subsidiary of the Australian Gas Light Company of Sydney; and, of course, A.G.L. is the main purchaser and distributor in Sydney of Cooper Basin natural gas.
>
> Total was associated with Santos from 1962. The French company contributed funds to Santos at a most important time in the company's history. It established an office in Adelaide, and the advice of its geologists and other experts to Santos was as important as the funds brought in by the company. There is no doubt that this assistance to Santos was of importance, and we should all be grateful for it. It has disappointed us that events forced the French to decide not to continue with Santos.

The Chairman then goes on to comment about the operating profit, which increased in 1978 from $2 400 000 to $4 800 000. He then said:

> Although we are pleased to report this improvement in profit, it represents a return on shareholders funds at year end of only 11½ per cent.

So much for those people who down those who stand up and criticise free enterprise and so-called capitalists. When you consider the huge amount of capital that has been required by Santos to reach the ultimate goal—for an exploration company to become profitable—the end result is only a very small return of 11½ per cent on shareholders funds. The Chairman continued:

> Considering the risks undertaken, and the long wait by shareholders for dividends, we believe the return should be higher, and we hope to improve the earnings on those funds.

The Chairman then went on to inform the shareholders meeting about the early exploration attempts by Santos. Over the years a lot of money has been made and lost in Santos shares, and many overseas consortiums have made a lot of money. I can remember an occasion when a Swiss bank stepped into Australia on speculation rumours that Santos had struck oil. Within 48 hours it poured in several hundred thousand dollars and then quit the shares at a profit of about 50c. We do not want to encourage that sort of hit and run episode. Over the years, and certainly in its early day, Santos has been subjected to this type of treatment and so have many other exploration companies.

The Chairman continued:

> There was a time, in our association with Burmah, that Santos had an interest in BOCAL, which was one of the explorers off the north-west shelf of Western Australia. It is therefore not new that we should take an interest wherever it seems that there are possibilities for participating in what are nowadays called "energy resources".
>
> This year, therefore, we have agreed to participate in an exploration seismic programme in the Coral Sea. Further, an application for a licence for an on-shore block in the Canning Basin in Western Australia has been lodged; and negotiations to farm-in to an off-shore area, in Western Australia, are continuing. If all of these negotiations are successful, our exploration expenditure in 1979 will be in the vicinity of $6 000 000. We are hopeful of making some announcement in the not too distant future.
>
> Liquids: An item of paramount importance to Santos is the return we expect to receive from whatever scheme is eventually established for the utilisation of our liquid hydrocarbon reserves.
>
> I believe they are substantial. Recently our Managing Director visited the Dow Chemical Company in Michigan and also their Pacific headquarters in Hong Kong; and it is clear that there is still a possibility that the Redcliff petrochemical plan will proceed.

It is interesting to record that statement made by the Chairman, because it shows that Santos is involved in other areas apart from South Australia. In the publication "Santos Limited 25 years", the Managing Director, Mr. John Zehnder, was asked the following question:

> It seems that Santos will continue to play an important role in the exploration of the Australian hydrocarbon resources for some time in the future. What is your attitude to diversification?

Mr. Zehnder replied as follows:

> This is an Australian company with particular skills in resource project development and management. Just as we would be myopic to limit our oil and gas exploration horizons to South Australia, we would also be unwise to dismiss the potential for extending our scope into other areas where the skills we have developed could be applied with benefit to our company. In recent years we have examined a number of non "oil and gas" related investment opportunities and although we have not proceeded with any non-oil and gas project to date, we shall be continuing to pursue such opportunities in the minerals and energy sector in the future.
>
> There must be limits of course. We are a resource company, rather than a conglomerate. We are interested in coal projects because apart from oil and gas—coal would be an area of diversification not far removed from our expertise.
>
> Similarly, we are interested in uranium, or other like resource projects where we can spread our risk by extending the range of projects in which we are involved.

The Hon. G. R. Broomhill: Hear, hear!

Mr. BECKER: That is interesting, because the Government is not in favour of uranium mining, so how is it going to ask someone to divest his interest in a company that is looking into uranium?

Members interjecting:

The ACTING SPEAKER: Order! Interjections are out of order.

Mr. BECKER: I want the Minister to come clean on the Government's proposal and intention in relation to Santos, because the company has a wide plan for diversification, and it could well be that Mr. Bond has recognised that there is opportunity there, but I do not know. As I have said, I am not here to stand up for the credibility of Mr. Bond and his performance.

The Hon. G. R. Broomhill: What are you here for?

Mr. BECKER: To see that democratic government is carried out, that the democratic rights of the shareholders are protected. Mr. Zehnder went on:

> The increasing size of major minerals projects in the 1980's and 1990's will almost certainly mean that we shall participate with other companies in any new ventures. We have gained a thorough understanding of the advantages and pitfalls of a joint venture agreement with the 10 other producer parties. This experience should be of great benefit in entering future ventures with other Australian and/or international companies.

The Minister probably is aware of where Santos is heading and what it is looking at, but he has not explained that to us or to the people, apart from saying that the people could expect an increase in the price of gas. It is unfair to use the price of gas as a lever to whip up emotional support for the Government argument amongst the people of South Australia. At the annual general meeting, the Chairman continued:

> Looking at the future, we believe that with stable government and investment incentives the economic climate in Australia should improve, and Santos is gearing itself to take advantage of that situation.

I am wondering whether he was referring to the State Government when he said "stable government" as far as the future of Santos is concerned. He also said:

> The board is giving some thought to the possibility of forming a separate exploration company. A number of benefits can be seen, especially if the Commonwealth, in encouraging on-shore oil search, renews tax deductibility for funds subscribed by investors. This matter is still under consideration.
>
> It is trite to observe that the world energy crisis is upon us. The need for exploration in and around Australia is greater than ever. The Commonwealth has recognised this by offering certain incentives (already announced in connection with off-shore exploration), and I certainly hope that these incentives will be extended for exploration on-shore. Realistic gas prices are essential. If natural gas is cheap it is likely to be used wastefully. Where more abundant fuels are available (for example, coal in some places) they should be consumed rather than gas—in the national interest.

I think the State Government has its eyes on Santos and, as the member for Coles has said, it has let a company run risks and come up with a feasible project, and now the Government wants to become part of the action. Also on that date, Mr. Bond made an announcement about the raising of funds for what could be termed the Redcliff project. He chipped in on the Chairman's address to make that announcement, and it has been given wide publicity. We can see Mr. Bond's attitude as far as Santos is concerned. Doubtless, he has had a good look at the company and realises its potential. Belatedly, the South Australian Government has done the same thing. It must hurt Government members to see all the money sitting there, as set out in the annual report. The authorised capital is about $25 000 000, the issued capital is $17 300 000 and the reserves are about $24 300 000, giving a total share capital in reserves of $41 700 000.

The total assets, including short-term deposits and cash in bank, amount to about $9 000 000. The total assets amount to $74 600 000. Anyone like Bond or Brierley or any other person taking a critical look at Santos nine months ago would see easy pickings for a take-over offer, or for a large investment. The Government has failed to keep a watchful eye on the performance of South Australian companies.

Mr. Millhouse: What could it have done?

Mr. BECKER: At the time, it was obvious that something was happening with Burmah Oil shares, and that is the only area in which it could have moved, if it was concerned about the natural resources of South Australia.

Mr. Millhouse: What do you mean by keeping a watchful eye?

The ACTING SPEAKER: Order!

Mr. BECKER: I object to the honourable member's interjection. He was here for only a few minutes yesterday, and he has been here for only a short time today. He tells everyone that he never misses a day in the House. He is the highest paid part-time member.

Mr. Millhouse interjecting:

The ACTING SPEAKER: The honourable member for Hanson will resume his seat, and for the second time I call the honourable member for Mitcham to order. On the third occasion, I will take the appropriate action.

Mr. BECKER: I have become accustomed to this treatment from the member for Mitcham; it is the only way his presence can be recorded in the House. Regarding the major shareholding of Santos, regrettably the latest information I could obtain is dated 19 February 1979. It shows that Bond Mining and Exploration Proprietary Limited has 14 766 150 shares, representing 31·7 per cent of the total. Total Oil Development, which was sold to Australian Gas Light, made up 10 per cent of the total of the shares, or 4 656 251. Adelaide Nominees, which is the nominee company of the Bank of Adelaide, has 3 537 516 shares, or 7·6 per cent.

It is interesting to note that A.N.Z. Nominees, which has made a bid for the Bank of Adelaide, has 2 596 809 shares with its nominee company, representing about 5·6 per cent. Bond Corporation Holdings is listed as 2 177 347 shares, or 4·7 per cent. The remainder of the shares obviously are placed around other smaller companies, making up the 37·5 per cent of the Burmah shares the Bond group has, and Bond has also bought other shares. To limit the shareholdings to 15 per cent some months after a person or company has acquired them seems to be discriminatory.

Mr. Venning: It's rough!

Mr. BECKER: Yes, and it could be likened to many examples, as other members have done. The best thing to do would be to limit the power of control of the individual, if the Government is so concerned. Is the Government really concerned as to the future of the gasfield or is it prepared to allow Santos to expand its exploration activities further throughout the Commonwealth, as the opportunity arises? Will the Government allow Santos to become involved in uranium? I think that is the question, because that is obviously where the directors are looking, and it could well be that this is also what Bond has in mind: the potential and the opportunity. There is no doubt in my mind that Bond saw good capital assets in the company and, from a controlling point of view, that would be a tremendous incentive to buy part of the organisation.

The whole sad affair is an indictment of the directors of various companies in South Australia. I think that they ought to be prepared to share some of the blame for not acting far more responsibly towards their shareholders to ensure that their companies could not be taken over or bled by some of these so-called smart operators in this field. If they are so concerned, they should take greater care of their companies. They tend to be extremely conservative. Unfortunately, they have been subject to being taken down. The directors have a responsibility to their shareholders, as well as to the people of South Australia.

The whole history of the Burmah dealings has been dealt with. I want to dispel two points. I refer, first, to a statement made by the Stock Exchange Research Service, as follows:

> 17 October 1978: Agreement with Bond Corporation reached: The directors of Santos and Bond Corporation report that agreement has been reached whereby the current action in the Equity Division of the Supreme Court of New South Wales will be discontinued. This should enable completion of the purchase agreement between Bond Corporation Group and Burmah Oil Australia Limited. Agreement was reached as a result of discussions which have been going on since early September and on the basis of mutual assurances received. It has been agreed that Mr. A. Bond (and other gentlemen) will be invited to join the board of Santos in place of the existing Burmah nominees on their resignation.
>
> Discussions revealed that Bond Corporation stand ready to make a valuable contribution to the on-going operations of Santos as an independent entity. This will complement existing management action and support the sound base established by the company in recent years. A number of aspects which previously concerned Santos have been clarified, and both Bond Corporation and Santos directors are unanimous in their desire to ensure that the company's potential will be maximised in the future.

Can the Minister prove that that statement is not correct? A further statement from the Stock Exchange Research Service is as follows:

> 1 December 1978: Settlement of Agreement: The directors have been informed that settlement was effected today of the agreement between Burmah Oil Australia Limited and Bond Corporation Holdings Limited and their associated companies covering the sale of shares in Burmah Australia Exploration Proprietary Limited.

That gives the history in that respect. A further statement from the Stock Exchange Research Service of which the people of South Australia ought to be informed is as follows:

> 30 January 1979: Gas Price Increase: The Cooper Basin natural gas producers and the Australian Gas Light Company of Sydney report that the price for gas sold to Australian Gas Light Company has been increased to 47·76 cents per mmbtu. The previous price was 41·5 cents per mmbtu. The new price applies from 30 January 1979 and has been fixed by arbitration.

Does the Minister intend that future price increases will not be opposed by the Government? That is what the people of this State want to know. A further statement from the Stock Exchange Research Service is as follows:

> 27 February 1979: Change in Gas Price: The Cooper Basin Natural Gas Producers and the Pipelines Authority of South Australia (PASA) report that the price for gas sold to PASA has been increased to 45·267 cents per gigajoule. The previous price was 42·1 cents per gigajoule. This new price applies from 1 January 1979 and has been fixed by negotiation.

That is the point about which the people of South Australia are concerned and which the Minister must clarify in connection with the price of gas. It would be criminal to take away something that a person has legally and rightly acquired. If the Government is concerned, the only thing it can do is agree to the proposals mooted that the voting rights can be controlled. The Government should make a totally clear statement about the future role of Santos in this State, its operations that can be envisaged in the Commonwealth, and its operations in other areas. Unless the Government does that, it is playing politics with part of its own policy, and it will force free enterprise from this State.

Mr. BLACKER (Flinders): This debate has been one of intrigue. Frankly, I do not think the Government has been fully open in this debate, nor has it placed its cards on the table as to what it is aiming at in introducing this Bill. The House has been called together, and obviously the Government is trying to make a case to show that this issue is so vitally important that the House should be called back, yet the problems confronting us have existed for many months. The actual percentage of shares held by an investor or shareholder has been the same, 37·5 per cent, for nearly 14 or 15 years. Burmah Oil held that same share parcel of 37·5 per cent for that period, and there were no problems, yet suddenly we have a big stir that something has to be done.

Is the Government doing a character assassination of Alan Bond? I do not know. I do not know him or any of his associates, and I have no indication whatever about what type of person he is. I am worried that the Government has suddenly decided to carry out such vilification of Alan Bond, and is using the Parliamentary process to do it.

In introducing the Bill, the Minister did nothing more than degrade Alan Bond and his corporation. The member for Playford carried on in exactly the same way, as did the member for Morphett and the member for Newland. None of them offered any alternatives or other proposals that could be used as a means of reaching an amicable arrangement in this matter.

The Government is asking us to pass retrospective legislation to affect the Bond Corporation. I cannot accept that it is necessary that we should pass retrospective legislation. I do not believe that the Government has explored every possible avenue to avoid that eventuality. Surely, there must be some means of guaranteeing supply and price, or giving a priority of usage in respect of a natural commodity. All the grain in this State has a priority usage on it; no grain can be exported until the local priorities are fully fulfilled. Why cannot such an arrangement be implemented in this case?

Why cannot the priority for Adelaide's usage or Sydney's usage be set down? The Government, instead of trying to do that (and it has given no indication of any effort in seeking such an arrangement) has decided to find an excuse in an emotive issue to get control of a major company.

It is nationalisation, and I do not think it can be claimed otherwise. Although the Government is not honest enough to say that straight out, the Minister has the power to annul any decision made by the board in carrying out its duties. He can override completely any decision made. True, he cannot necessarily direct what a decision shall be, but he can continue to reject board decisions until such time as a decision is made that is suitable to him. This is what worries me most about the Bill.

The member for Newland gave as his reason for the necessity of this Bill the importance of the cost of gas, claiming that that was crucial. As I have said,

arrangements could be made. I understand that A.G.L. has a 30-year contract. Although I do not know whether that is the life of the basin, it is certainly a reasonable contract. Why cannot a similar contract be made in respect of Adelaide?

It has been claimed that there is nothing new in this Bill because Queensland has already introduced legislation limiting shareholdings to 5 per cent in some cases. Although that is probably true, it has not been retrospective legislation. If this Bill provided that in future there shall be no share purchases greater than 15 per cent, the whole House would support it without the slightest hesitation. We understand the problem of guaranteeing supplies of gas to Adelaide and honouring the contracts that have been made, but is that the real question now confronting us?

I do not think so. The four Government speakers have not clearly identified what the real reason is. The Deputy Leader has said that he believes that the matter really involves the liquids, and I believe that that is the case. One can understand the Government having an interest in the liquids, because, if it can get a petro-chemical plant operating at Redcliff and offer the prospective user of that plant a guaranteed supply of liquids, then maybe it is an attraction. But, although the Government is not putting one cent towards it, this Bill will put the Government in a position to reject any decision made by the Santos board.

The greatest problem I see is the outside effect on prospective investors looking at possible investment in South Australia. This piece of legislation is probably known around the world by now. South Australia will be branded as a State that is prepared to intervene and rip off the shareholdings of investors who have bought on a legitimate market. Nothing has been said, either today or yesterday, to suggest that Alan Bond has done anything wrong. He had purchased 37½ per cent of the shares in Santos. I do not think that anybody has said that that is wrong—undesirable maybe, but not wrong. Mr. Bond's action in purchasing those shares was perfectly legitimate under the laws of this State and this country. It could have been the Minister who purchased the shares—there is nothing wrong with that under the laws of this State—but when a Government says that it is going to force a shareholder to sell shares then that is a principle which I cannot condone and which I am certain most members of this House do not condone.

If this piece of legislation did not allow any further purchases beyond 15 per cent but, because there has already been a purchase of 37½ per cent, pinned that purchase and made special mention of it in the Bill, then I am sure it would gain the support of this House. This legislation is not seeking that; it is seeking something far wider and far greater. The whole debate has rested on a character assassination of Alan Bond. For a Government, and particularly a Minister of the Government, to base the impetus of a piece of legislation on a character assassination is cause for concern and is, to my mind, subject to severe questioning. If there were legitimate reasons and examples given of the actual negotiations that had taken place, and if alternative proposals had been put and rejected for one reason or another, we would be looking at this matter in a far more serious vein. There has been no suggestion ever of the Government's endeavouring to guarantee a supply of gas for Adelaide or Sydney. These things have not been brought before the House. Why have they not been brought before the House? This is what concerns me. I am of the opinion that this Bill should be rejected.

Clause 3 of the Bill defines the circumstances in which two or more shareholders of a company constitute a group of associated shareholders. I think the sincerity of this Bill is borne out by this clause. Clause 3 (1) *(b)* provides:

> where two or more shareholders are associates of a person who is not a shareholder, those shareholders constitute a group of associated shareholders;

The implication there is that because two shareholders happen to know a third person (and that third person could be in another country or could be the next door neighbour) they can be considered as a group of companies.

Shareholders could well know other shareholders, either an individual or somebody within a group of shareholders. Under this clause the Minister could declare that, because, say, two shareholders happen to know a third person who is totally independent and not a shareholder, they should be considered as a group of shareholders. This legislation could then be used to divest those members of their shares. It is this type of legislation that worries me, and I cannot support it.

Clause 7 is one which should not in any circumstances be supported. It provides:

> (1) Where in the opinion of the Minister—
>
> *(b)* a resolution of a general meeting of a company is contrary to the public interest,
>
> the Minister may, by notice published in the *Gazette*, annul that resolution.

I have already referred to the effect that that could have: although it is not giving the Minister a direct say in that general meeting, it is giving him the ability to reject any decision if it does not happen to fall into his line of thinking. He can continue to reject such a decision until such time as a resolution is made with which he agrees. This legislation will affect business confidence and deter overseas investors, whom we badly need. It is a retrograde step and one that will damage business confidence in the State. If I were a potential investor and this type of legislation was passed, in no way would I invest in the State. The overall effect will be quite devastating, and if we are going to save a few million now we are going to lose many more millions through lack of business confidence. I oppose the second reading.

Mr. MILLHOUSE (Mitcham): I have to declare my own personal interests in this matter. I am a shareholder in Santos. In 1964, Anne and I went for a trip up the Birdsville track with the late Bill Quirke, the then Minister of Lands, and his wife. On the way down the Strzelecki track, we called at Gidgealpa and saw what was being done there, and I was very impressed. When I got home I thought it was my duty to put whatever money I could afford into Santos as a way of helping the development of South Australia. I cannot remember now but I had about £200 to spare and I put it into Santos and did what a great friend of mine advised me to do, that is, chuck the scrip into a draw and forget about it for 20 years. That is almost literally what had had to happen. I am happy to say that I hung on to those shares, and I am now getting a very modest dividend. I would not even have known how much I had in the company except that last week I got a cheque from it for $30. That is big money for me, and it shows that I have 600 ordinary stock units of 5c each. Although I am a modest shareholder, I felt it was only proper, in view of the legislation which the Government introduced last session and which I believe it is going to bring in again, to declare my interest, not that it has affected me one iota in my view on this Bill.

To me, the fact that there has been any excuse at all to introduce a Bill of this nature is a very sad reflection on the state of South Australian business and commerce. It is an extraordinary thing that we see here an alliance between a

Government which says it is socialist and the most conservative business element in this State. There is no doubt that it is not only Mr. John Bonython and the Minister who are together. I had a word with my own sharebroker, who alas is a most conservative man politically ("alas" because he lives in my own district) and I asked him what he thought about the Bill, and he said, "All right. We can't have Bond. We have to keep him out." That is typical of a number of what are described as Adelaide's leading business men. It is not a view I hold simplicita, but it has occurred, I am afraid, because of the very conservatism of South Australian business.

There has been a failure to revalue assets in companies, so that most of our leading companies have been undervalued and have been absolute sitting ducks for take-over bids because of it. Santos is one of them, and the Minister said as much in his speech. I could not get *Hansard*, but he was kind enough to give me a copy of his speech and he said as much, not in quite the same words. He said:

> Santos's accounts are, if anything, a conservative statement of their overall position. I emphasise once again its current healthy financial position.

That is why it is attractive to an entrepreneur such as Mr. Bond. There are plenty of other instances we have had of it, and the member for Mallee, I think, is associated with Farmers Union, which has had its experiences. Amscol, even successful places like Solahart, and so on, are the object of bids. This is because of the way in which South Australian business, by and large, has been run, and the assets have been undervalued.

This is the third Bill in six months in this House to try to do something about this, and I now very greatly regret that I did not say more on the first one, which dealt with Executor Trustee Company. Whom were we trying to keep out then? It was Brierley, the man Bill Nankivell finds is not such a bad bloke as he thought. We had a Bill to keep him out, or to keep him from getting control of the Executor Trustee Company. I do not think I opposed it; I think we all went along. I think I was rail-roaded like everyone else.

In the last week of the session we had one on the Gas Company, and I said a few words on that. I was just going on to protest about it when you, Sir, chucked me out, and I did not get a chance to say what was the guts of my speech, that I thought it was a bad thing for Parliament to interfere in this way in the affairs of companies, and to keep people out, because the company, one way or another, had laid itself open to a take-over bid.

Now we have this one with Santos. The more times we allow this thing to happen, the harder it is to stop. It would have been far easier for this House to have said—or for those members who were not under the control of the Government to have said—that the Executor Trustee Bill was not the sort of thing we should implement, but we did not do that. We let that go.

I think everyone supported the Gas Company measure after I had gone. I was not going to support it, but the Minister was saved that embarrassment, if embarrassment it was to him. It went through. Now, this is the third one, and we are in the pickle we are now in. I know the Liberals are in a pickle over this. They say they are rock firm, according to the member for Alexandra, but they are all over the place, and they have been turning themselves inside out wondering what they are going to do. We know that Mr. DeGaris, in the Upper House—is he back yet?

Honourable members: No.

Mr. MILLHOUSE: I bet he will not come back, either. What has been said here unfortunately, cannot lead to any effective action in another place. That is the tragedy of it. Where will it lead? Who will be next? Let me give one example. I will come back and elaborate on Mr. Bond in a moment.

Really, there is no doubt that the main reason that the Government has given for this Bill is animosity towards Mr. Bond and a blackening of him. It may be justified or unjustified; it does not matter for the moment. That has been the line taken. It is in the speech and it has been on those *Nationwide* programmes I have seen; it has been in the newspapers. It has been the whole thrust of the thing. Who will be the fourth victim?

Mr. Chapman: You?

Mr. MILLHOUSE: It could easily be, and I will tell you in a moment what the Minister thinks about me, but let me take someone rather more significant in the South Australian community.

Mr. Hudson: If Lang Hancock—

The DEPUTY SPEAKER: Order!

Mr. MILLHOUSE: We have had, in the past fortnight, what I can only describe as a business tragedy in this State, and that is the failure of the Bank of Adelaide because of the failure of F.C.A. The Government could just as plausibly say, "Sir Arthur Rymill is a disaster in business. Look at what has happened to the Bank of Adelaide. Mr. Raymond Stanmore Turner, the Chairman of F.C.A., has ruined the thing. We cannot allow them to be directors again. We will make sure that they are stripped of their shareholdings so that they cannot have any more influence. It is for the benefit of the people of South Australia that our businesses be properly run." That is just as plausible a way of putting it as the way which has been put by the Minister and which we are being forced to accept by him in this debate.

Of course, that would be utterly deplorable, as I believe the way the Government has gone about this is utterly deplorable. Yet, it is something that could just as easily be said. It is silly, but I cannot get it out of my mind; it is not an exact parallel, but I cannot get this fact out of my mind when I think about a Bill like this—in Germany in the early 1930's the Nazis came to absolute power completely legally. Everything that they did for Hitler to become the dictator of Germany was done by law, step by step. Here, first of all (thank God it cannot happen here, and I do not suggest that the Minister has either the intention or the ability to do it)—

Members interjecting:

The DEPUTY SPEAKER: Order!

Mr. MILLHOUSE: There is this analogy that everything in Germany was done by law, step by step. Here, within six months, three steps have been taken, each step being harder to resist and each step affecting the rights of individual people. That is the background. Having said that and given my reasons, I want to say that I wish, quite apart from the personality and the method that the Government is adopting, that I could support this Bill, because there is no doubt (and this is the policy of my Party) that there should be sensible and ordered development of our scarce resources—fuel and water, etc. South Australia is a poor State. We have not much of an industrial base left and we should be planning; the Government should be doing long-term indicative planning for our future. I want to see a stable and sustainable economy.

There ought to be a proper ordering of our development; there is no doubt about that. On that principle, I am completely with the Government; I think that is right. However, I do not believe in, and I just cannot therefore bring myself to support, a Bill that will carry that purpose a step forward so terribly unfairly (and it is unfair). Most of the things have been said already and

I am just covering the same ground, but I have to say certain things. I had lunch (because he came to sit next to me) with Sir Thomas Playford. I said to him, "Do you ever remember our sitting on a Friday before?" and he said that he could never remember our having done so. Not only are we sitting on Friday; we sat at 10 o'clock. Parliament was brought back specially; the date stated was initially 31 May, then brought back to 24 May. These actions were to try to beat one individual and one corporation controlled by him, because the Government wanted to sit before the meeting of Santos on 8 June. I am looking forward to going to that meeting as a shareholder and having my say. I attended a meeting of *Advertiser* shareholders recently. I had something to say there, so I am getting good at company meetings.

If this Bill goes through, it will not matter a damn what happens at this meeting, because, as the honourable member for Flinders said a moment ago, the Government can squash it. The Minister can annul any resolution that is passed at that meeting. To me, it is incredible now, and it would have been unthinkable a few years ago, that this could be done. Yet, Parliament has been specially called together early, so that a Bill which is very complex can go through in one day.

Mr. Chapman: Like the "Get Brian Warming Bill".

Mr. MILLHOUSE: Yes, you mentioned the "Get Brian Warming Bill"; you could call this the "Get Alan Bond Bill" if you like. This is a very complex matter, and I do not pretend to understand the facts and figures of Bond and the Cooper Basin consortia and things of that nature. I do not believe that any member in this Chamber understands those things, either, yet we have not even been given an opportunity or time to try to understand it. The Liberals have had this Bill for a week or a fortnight.

Mr. Chapman: We were given it yesterday.

Mr. MILLHOUSE: Wasn't it given to David Tonkin when he said he would support it?

Mr. Chapman: That was only a draft.

Mr. MILLHOUSE: All right; they haven't had it that long, but I certainly did not get it until late yesterday afternoon, and I have not had time to appreciate it. We are breaching Parliamentary procedures, because, Mr. Speaker, you have ruled that it is not a hybrid Bill.

The SPEAKER: Order! The honourable member knows that that was the wish of the House.

Mr. MILLHOUSE: I was going to say, as you were rising, that you were not wrong under the Joint Standing Orders. However, Erskine May defines a hybrid Bill as "public Bills which may in certain respects affect private rights". Of course, this Bill does that. As a rule, such Bills go to a Select Committee to give a person whose rights are affected the only chance he can possibly have in Parliamentary procedures to have his say, but we are not even going to do that. All these things mean that, however good the object may be, I just cannot possibly support this Bill. There are a number of lawyers present in this House; the honourable member for Morphett and the honourable member for Playford.

Mr. Venning: I wouldn't worry about him.

Mr. MILLHOUSE: I do, because I respect him, and the honourable member for Playford likewise. I cannot understand how, with their professional backgrounds, they can support a Bill like this. They have been taught, as I was taught, about the rule of law. That rule is defined in a quote from Dicey's *Law of the Constitution* as follows:

> The supremacy of the law or the security given under the English Constitution to the rights of individuals, looked at from various points of view forms the subject of this part of the treatise.

However, it is the right of individuals that is so terribly important that it should not be affected. You may say that this is begging the question and that we are changing the law to affect them, but it is that very unfairness which the rule of law avoids.

In the community we have set up a system of courts to adjudicate on the rights of individuals. Most of the big cases in this State are concerned with amounts and rights far less significant than those of Mr. Bond. In the criminal court there is the presumption that a man is innocent until he is found guilty, and yet here we are being expected to accept the vilification of this man by the Minister as the sole reason for introducing this Bill. There is no right of appeal or right of reply through a Select Committee or in any other way.

It is not just by chance that the Minister has said these things, because they are written in his speech at page 11 (which was quoted on television last night). It is a terribly unfair thing to say about a bloke who has no right of redress. Anyway, how should you answer a smear like this? The Minister said:

> If Mr. Bond feels in a position of strength he will threaten an attempt to govern by fear. Once he knows the cards are stacked against him he will plead and give assurances without limit.

The Minister has said that and it was widely published—how can anybody answer it? Yet, that is the only thing that he has got to support this Bill. I am not prepared to accept what the Minister says about anybody. I do not know Mr. Bond. He has not approached me to buy my shares, nor has he approached me over this Bill, and I have not approached him. I have only seen him on television a couple of times and, frankly, what I have seen of him there has not impressed me one bit.

Mr. Venning: You should have gone to the dinner at Ayers House.

The SPEAKER: Order!

Mr. MILLHOUSE: I have never had the good fortune to go to Ayers House.

The SPEAKER: Neither has the member for Rocky River.

Mr. MILLHOUSE: I do not know Mr. Bond. He has not entertained me at Ayers House or anywhere else, but I do not know whether he has entertained the member for Rocky River there. If I form a poor opinion of a man, that does not mean that I am prepared to take away his rights or to condemn him unheard. To do that is sheer prejudice, and the Minister wants us to act on that in this matter. As the member for Morphett and other members know (whether or not they are lawyers does not matter), that is contrary to everything we have upheld in this State to date. It may well be said that today we must be modern and up with it, that we must develop our resources, and so on, but we do not do it by ignoring what is to me an eternal principle of justice that no man is condemned unheard, yet this man is, on the say so of the Minister. I will not accept the Minister's opinion of Mr. Bond or anyone else. I may have developed a prejudice through seeing the man on television, but I am not prepared, because of that prejudice, to say that we will take away his rights. I have told the member for Alexandra that I will state what the Minister thinks about me. During the past fortnight, I called on the Minister in a deputation and, in the course of an hour, the Minister told the other members of the deputation that the Government did not trust me and that I was manipulating those who were with me. He also said that I would make political capital out of the matter. I had to reply eventually that, if I had any respect for the Minister, I would have been rather annoyed at what he had said but, as I had no respect, it did not worry me one

iota. He then invited me to leave the deputation, but I did not accept the invitation.

He will say that about me, and it may be that next time I will be the victim and will not be allowed to hold shares or be a director. God knows, that is the sort of thing we have in this Bill. It is strange (this has been said *ad nauseam*, and I will not go over it again) that Burmah Oil, one of these wicked multi-nationals, owned 37½ per cent of the shares. Peter Duncan and others talk about them all the time. They say they are terrible, and what they do should not be done. I think Burmah Oil has gone into liquidation, failed altogether. Eight months after Bond took over the shares, we have this hell of a hurry to make sure he cannot get control of the company. Why has this unjust and savage Bill come in so late? Why has not the Government acted previously? What is so wrong about Bond that was not wrong about Burmah Oil, an overseas multi-national, coming to South Australia? I suspect that it has something to do with—

Mr. Chapman: Bond's being a Western Australian.

Mr. MILLHOUSE: Yes, or it may have something to do with the New South Wales Government and a way to get back on that Government, but the Minister himself comes from New South Wales: he is an import, not a local. It is ironic that a Government that does not like the States and says, "We are Australian and do not worry about State boundaries" gives as a reason for not allowing this man to control our resources the fact that he comes from Western Australia, as though we had one little tight economy.

Anything more like State economic imperialism cannot be imagined. We are not going to let anyone else in Australia share in our resources: they are ours. This comes from a man who did not even belong to the State until he came here to the university and who belongs to a Party which says that the States are an anachronism—we do not want them; we are all Australians. It is a most extraordinary paradox.

Mr. Mathwin: Do you think he should go back where he came from?

Mr. MILLHOUSE: No, I think that he has been improved by being here although he could not have been too good before. He is probably better for being here, and I do not think that we ought to send him away. I do not agree with the State nationalism that is being exhibited in the Bill.

Having said those things, I will turn to the Bill itself. It is incredible. True, it does echo the Executor Trustee Bill and the Gas Company Bill; it has similar terms. It is a shame that people did not look at them more closely at the time. Having let those through, members find it is much harder to say that these are bad. We get phrases like "substantially influence the exercise of the voting rights attached to a share in the company". How could anyone define that? Clause 3 (1) states:

> For the purposes of this Act—
>
> *(c)* Where two or more shareholders are, in the opinion of the Minister—

for which I have no respect—

> likely to act in concert with a view to taking control of the company—

that at least is some specific aim—

> or otherwise against the public interest, those shareholders constitute a group of associated shareholders.

What does that mean? Who will define it? No-one can look at it. It is in the opinion of the Minister, whether shareholders act against the public interest. These things are absolutely undesirable in themselves in legislation, because the broader the power the greater the power, and the harder it is to contain, and it is given to one man. We hear a lot about the tyranny of the elected majority, but you cannot get anything much more tyrannical than this Bill and what it contains.

I do not know whether I will have to give information about my shareholdings. I could, under clause 3 (2) of the Bill, be told to furnish information, specified in the notice. The Minister may give me only 12 hours to do it and, if I do not do it, I could be declared as one of an associated group. Clause 7 (1) provides:

> Where in the opinion of the Minister—
>
> *(b)* a resolution of a general meeting of the company is contrary to the public interest,
>
> the Minister may, by notice published in the *Gazette* annul that resolution.

That is a scandalous provision to put in any legislation. Heaven knows what the effect of the Bill will be on the Stock Exchange. I do not know whether it has been mentioned today, but it has been mentioned to me otherwise that Santos shares are likely to be delisted if the Bill is passed. Who will suffer? The people who will suffer most if the shares are taken off the exchange are the small shareholders, of whom I am one, but it will not matter two hoots to me, because I can afford the loss, because it is 15 years since I have really thought about that bit of money. There are 6 000 small shareholders.

In my view, if something like this has to be done, either there should be no legislation at all or legislation by other means, or the whole thing should be nationalised so that people get a proper recompense for what they are losing. However, the Bill is neither. The Government is getting the control and enforcing its will, and the shareholders are left to go hang. This may or may not be to their detriment. My sharebroker said that the Bill will not affect share value at all. I do not know whether or not it will, but there is a chance that it will and individual shareholders who are not wealthy will be prejudiced by the Bill.

That is all I have to say about the Bill at this stage. I can only reiterate that from an overall long-term view of the State's future, yes, we do have to husband our resources and ensure that they are properly developed in an orderly way for the good of the whole community. It is easy to say that. It is far harder to put it into effect. Certainly this Bill is not the way to put it into effect. It is so unfair in its thrust against one man and one organisation and so unjust in its terms that, despite the overall objective with which I agree, I could not possibly support the Bill.

The Hon. HUGH HUDSON (Deputy Premier): I did not appreciate that the member for Mitcham would virtually end up as an advocate of nationalisation but it is interesting that he should do that, in view of the other charges made that this is really what the Government is about. In my second reading explanation of yesterday, I said:

> The Bond Corporation does not have the financial wherewithal, the managerial competence (if one examines the record), or the knowledge of hydrocarbons to be in control of a major energy company.

In relation to that remark, I meant to refer to those who were associated with the Bond Corporation prior to the Santos purchase. It has been drawn to my attention that it might be taken to refer to those involved in Reef and Basin who have been members of the Cooper Basin unit for a considerable period. I would like publicly to say that that is not the case, and certainly it was not meant in any way to refer to Mr. Peter Lane, who has been the Reef and Basin representative in the Cooper Basin unit for a number of years.

First, I refer to the question of the Burmah interest. I said in my second reading explanation that Santos had arrangements with Burmah which should have resulted in

the Santos board being informed of any desire by Burmah to sell. Those arrangements were, in fact, in the form of deeds which Burmah had taken out with Santos and which had been lodged with Santos. I presume that the only reason those deeds did not carry any effect was that the Receiver of Burmah was in a position where he could ignore them; he proceeded to sell at a bid which apparently was much higher than anyone else would possibly have contemplated at that time. Certainly, the Government knew about the existence of these deeds. Certainly I had been given assurances by Burmah representatives that we would be informed before there was any attempt to sell. We had relied on that. Obviously the Government relied on it, and the Santos board relied on it.

Mr. Becker: When were you informed of that?

The Hon. HUGH HUDSON: I was informed of the sale on the day that the public announcement was made—about half an hour before the public announcement was made, or a couple of hours before. The contract had already been consummated between Burmah and Bond Corporation. So, there was no possible way in which the Government or Santos could do anything about it at that time. The Chairman of Santos was informed on exactly the same day that I, as Minister, was informed by the representative from Burmah. That is the position that applied. It can certainly be said with hindsight that the Santos board was foolish to rely on the two deeds that it had, and that the Government and I were foolish to rely on the assurances we had been given. Nevertheless, we did so.

May I also point out that, if we had taken action against Burmah of the type we have taken today, it would also have been retrospective action. There is no action of this type that one can introduce in the form of legislation without its being retrospective and affecting existing rights established before the action was taken. That is part of the nature of the beast. I do not think it is avoidable.

There is no action of this nature that attempts to prevent a takeover of a particular company that does not impact on existing rights and, therefore, to some extent, create a situation that was different from when the company was bought into. In that sense it is retrospective, but obviously it is not fully retrospective.

To the member for Mitcham I indicate that, so far as the position of the Bond Corporation is concerned, all that is being affected, presumably, by this legislation is the size of the speculative gain that the corporation is able to make. There is no prospect for the corporation to make an actual loss.

Mr. Millhouse: What about on the sale of the shares?

The Hon. HUGH HUDSON: The Government has said to the corporation that it is prepared, if that situation arose, to buy the interests of the corporation at a price of 10 per cent above the price paid. Mr. Bond has known that all along.

Mr. Millhouse: Have you—

The SPEAKER: Order! It is not Question Time.

The Hon. HUGH HUDSON: It has been known publicly, and it has been known all along that that is the position. It is likely that, if Mr. Bond sells out 22·5 per cent of his shareholding, he will make some millions on it. No doubt his rights are being trampled on only in the sense that the corporation will not make the bonanza it first thought that it had.

Dealing with gas prices, I point out first that the arguments that have been advanced by members opposite suggesting that the contracts protect the Government completely are not arguments that have sufficient validity. It has been necessary to raise the price of Cooper Basin gas in order for Santos to survive and bring itself into a strong financial position. The price of gas had to be increased, I think in 1974, from 16 cents to 30 cents per thousand cubic feet in order to provide the means whereby Santos could survive. That was due partly to certain tax changes instituted by the Commonwealth Government when Mr. Connor was Minister.

A further increase was required in 1976 from 30 cents to 42·5 cents per thousand cubic feet, again to put Santos into a position where it would get sufficient return on shareholders' funds to enable it to begin to pay dividends and attract further capital and additional borrowing when the time came for a liquids scheme. It was that adjustment with which I was associated and which involved the direct negotiations between Santos and Delhi on the one hand, and myself and the pipeline authority on the other hand, that allowed Santos, within a year or 18 months of that date, to pay its first dividend. Since then there have been subsequent adjustments in price, so that the price of gas now (in terms of a thousand cubic feet) is about 47 cents as against the 16 cents that applied only five or six years ago.

The Government has been involved in adjusting the price of gas, and that has put Santos into a much stronger position now than its position in 1975 and early 1976 when it may have been said to be on the verge of receivership itself, as a company. That has been a conscious decision taken by the Government: we would not hold back on price changes and force receivership so far as Santos was concerned.

It was necessary, in the Government's view, that Santos be in a position, as the leading company in the Cooper Basin, where it made a reasonable rate of return and was able to attract the funds that would be required for a petrochemical or liquids scheme. It is certainly the case that if we had allowed Santos to go into receivership, or pushed it in that way, then the Government would have had a very cheap purchase and it could have proceeded to nationalise it in that way. That option was open to the Government at that time.

That option would certainly have meant that all future borrowing by Santos would have been subject to the Australian Loan Council or would have had to be provided out of our ordinary Loan funds, because Santos would have become virtually a statutory corporation. That could have created a very difficult situation in terms of getting a liquids scheme under way, because those funds, if it was a Government company, could have been provided for Santos only by cutting back on virtually every other capital development activity for which the State is responsible. Certainly, at that time, the decision was quite consciously made that gas prices had to be increased in order to put Santos, in particular, but also other Cooper Basin companies, into a better position. It is not the case that those changes in the price of gas were negotiated just as a consequence of applying the condition of the contract. In fact, the contract was renegotiated in 1975 prior to the Cooper Basin (Ratification) Act being passed by this Parliament.

Mr. Becker: How do you justify the price increases of a couple of cents this year?

The Hon. HUGH HUDSON: There was a price increase of 3·1 cents (I think was the figure), which was an increase of about 8 per cent in the price of gas received by Santos. I believe that A.G.L., through arbitration, had to pay an increase of about 15 per cent in the price of gas, and the consequence of those adjustments is that the price now paid by A.G.L. at the field gauges is the same as that paid by the Pipelines Authority of South Australia. I would say that the 8 per cent increase this year was more or less in line with inflation.

Mr. Becker: But Santos is pretty liquid—

The SPEAKER: Order! The honourable member will have a further opportunity to speak in Committee.

The Hon. HUGH HUDSON: I point out to the member for Hanson that Santos will require something of the order of $85 000 000 for a liquids scheme, and it has to be in a strong position if it is to be able to do that. It cannot get that sort of sum at a reasonable price if it has the kind of gearing that the Bond Corporation has. Let me point out to honourable members (because the Leader spent some time talking about world prices for gas and saying that they would not really matter) that, whether anybody likes it or not, the Torrens Island power station was built at a time when nobody contemplated future shortages of oil.

Mr. Tonkin: Nobody was prepared to admit it.

The Hon. HUGH HUDSON: Nobody contemplated them and nobody argued about them. There was no discussion from the Opposition, or from anybody else, during the mid-1960's and at the time the decision was taken to enable Torrens Island to use natural gas. If that gas had not been put into Torrens Island and the pipeline built, Torrens Island would today be using oil. That was the Electricity Trust of South Australia's plan—to build Torrens Island as a station that would use oil. It is very lucky for the current position of South Australia that the Moomba-Adelaide pipeline was, in fact, built and gas made available. In the mid-1960's the relative price of oil and gas was virtually identical and there was no real choice between them. I have been informed by ETSA that the relevant prices, if there was world parity price for gas, would increase electricity prices in South Australia by about 25 per cent immediately.

The longer-term consequences would be quite drastic because the prospect is for further significant increases in oil prices. If one is stuck with the principle of world parity prices for gas, South Australia could contemplate that the price of electricity out of Torrens Island for the whole State would rise by 50 per cent or 75 per cent; there would be no limit to the size of increases. At the present time (this information comes directly from the Electricity Trust), the trust's domestic tariffs are the lowest in Australia except for Sydney. South Australia is slightly above Sydney but lower than anywhere else. South Australia's commercial tariffs are the lowest in Australia except for very small consumers at commercial rates. In industry, ETSA is generally the lowest in Australia except for the large three-shift consumers (that is, industries using large quantities of power and operating on three shifts). In those instances, Sydney, Melbourne, and Tasmania are lower than South Australia.

I point out to honourable members that Western Australia, which uses oil at its power station, has had to involve itself in expensive capital development to convert to coal. In South Australia it is important that we have some basic advantages *vis-a-vis* other States. Members opposite talk continually about wage and salary rates but apparently the Leader of the Opposition does not really mind if our power costs are higher than those in the Eastern States. I assure the Leader that the Government does mind. We cannot afford a 25 per cent higher margin, even today, above the Eastern States. South Australia has a basic transport disadvantage in comparison with the Eastern States and offsetting influences are needed. That is a fact of life. The price of power happens to be one of those offsetting influences.

Certainly, I have had to have in the back of my mind, in relation to any gas price negotiations that have taken place, the impact that any change in the gas price would have on electricity tariffs. What about the position of Sagasco? If the price of gas went to world parity, the impact on Sagasco of any price increase would be much greater than the impact on the Electricity Trust of South Australia; normally, it is about 2½ times greater. A 25 per cent increase in electricity tariffs from gas prices would cause about a 62½ per cent to 75 per cent increase in the gas prices that Sagasco has to charge. Those prices are important to industry also, as well as the impact on consumers. The Government is seriously concerned about gas prices; it is not just a matter of the contract. What would happen if Santos were run in such a way that large sums of money were borrowed, Santos then proceeded to invest in a large number of schemes other than in the Cooper Basin (Mr. Bond's great things are going to happen), things go bad, and the money is lost? The financial position of Santos is weakened, and the Government then says that our petro-chemical scheme is needed. Santos would have to borrow or obtain another $85 000 000. The merchant bankers might say that they cannot raise the money because the position of Santos is not strong enough, or the interest cost will be so much higher because there is more risk.

Mr. Rodda: Haven't you been in that situation with Burmah?

The Hon. HUGH HUDSON: The Government was in that position with Santos previously, when the A.R.D.B. loan was under consideration. A.R.D.B. said, in effect, that unless the price was higher it could not provide the money.

If Santos is managed, run and controlled in such a way that money is borrowed and used in a whole series of other ventures which go bad, and if we in this State want a liquids scheme or a petro-chemical scheme, we will have to restore Santos's financial position, and that can only be done through an increase in the price of gas. Whatever the contract said, we would have to put up the price of gas and adversely affect our industrial position *vis-a-vis* the other States. This has occurred previously, and it would have to occur again.

It is that situation that in particular caused me to examine the position of the Bond Corporation and its accounts. What is the record of the Bond Corporation? Does it have a history of sound management, solid secure returns and the regular payment of dividends? If the Bond Corporation controlled Santos, it could be expected that the kind of management that previously applied in the Bond Corporation would, in one way or another, be reflected in Santos. This is a fact of life that has to be analysed, and the bulk of my speech dealing with the Bond Corporation dealt with that matter. It is true that I made some personal remarks about Mr. Bond, but I have some direct knowledge there.

The Deputy Leader this morning quoted from a document he had been given by Mr. Beckwith of the Bond Corporation. That document supposedly dealt with the meeting between Mr. Bond and myself last Monday night. Immediately after that meeting, Mr. Bond told the press that he put no further propositions to the South Australian Government, yet according to the document that Mr. Beckwith gave the Deputy Leader the Government was putting a proposition to Mr. Bond. Mention was also made of the alleged proposal for the Bond Corporation to provide an arrangement whereby certain shares were passed over in trust to other people. The document in question was given to me in the form of a telex.

Mr. Bond never said that it was a proposition; the document was just passed to me as a matter of interest, and it does not even have the name of the Bond Corporation on it in terms of being a transmission from the Bond Corporation. It is a transmission from a firm of solicitors to somebody else to give to Mr. Bond. I took it

as a kind of proposition but I have had no confirmation from the Bond Corporation that it is a firm proposition; there has been no letter on the matter or any statement from the Bond Corporation that it is a firm proposition.

Mr. Tonkin: Was it not talked about at Ayers House?

The Hon. HUGH HUDSON: It was not talked about at Ayers House. I put the document in my pocket and said I would look at it later and it was not discussed any further. Mr. Bond put up the proposition about the holding company the previous Thursday, when he wanted a price of $3·75, and it was he who raised the matter again last Monday night when he reduced his price to $2·50. Mr. Beckwith has now come forward with a document to the Deputy Leader which says it was the Government that advanced this proposition. Mr. Bond left that meeting with me on Monday night and told the press that no further submissions were made to the Government.

[Sitting suspended from 6 to 7.30 p.m.]

The Hon. HUGH HUDSON: Immediately prior to the dinner adjournment I was referring to the events of last Monday evening that led to Mr. Beckwith of the Bond Corporation providing a document of some description to the Deputy Leader.

Mr. Tonkin: Did you, in fact, tell Mr. Bond—

The Hon. HUGH HUDSON: Mr. Speaker, am I allowed to speak without interjections being made?

The SPEAKER: Order! I call the honourable Leader to order.

Mr. Tonkin: You aren't going to answer me?

The SPEAKER: Order! I call the Leader to order.

Mr. Tonkin: Did you—

The Hon. HUGH HUDSON: The structure of my speech will be as I want to make it.

The SPEAKER: Order! During the day I think that most members have been heard in silence. There have been a few interjections, and I hope that interjections do not continue.

The Hon. HUGH HUDSON: Mr. Beckwith gave the Deputy Leader a document in which it was alleged, according to the Deputy Leader's remarks, that the Government had made a proposal to Mr. Bond about the holding company, and I was explaining to the House that, whilst Mr. Bond told the press afterwards that no new submissions had been made to the Government, what had happened was that, first, I was given a telex, without any comment by either Mr. Bond or Mr. Beckwith. It was headed "Extremely urgent for Gordon Hadwon. Thank you for agreeing to pass this telex to Mr. Alan Bond at the Gateway Hotel". There is also a letter signed "Paddy Jones, Allen, Allen and Hemsley".

I was not told that this was a proposal that Mr. Bond supported. I was not told anything; I was just given the telex and asked to look at it. I put it in my pocket and, to my recollection, we did not discuss that matter during the evening. In addition, during the evening Mr. Bond, contrary to what he told the media, came back to the proposition he had put to the Government for the establishment of a holding company, and I have a copy of what he had put to me on the previous Thursday, when he said it would be a holding company in which the Bond Corporation would have 51 per cent and the holding company would then purchase Bond Corporation shares in Santos and enough additional shares to get 51 per cent of Santos.

The price he required for the Bond Corporation shares was $3·75. That proposition was put to me last Thursday week, the Thursday before the Monday meeting, and I rejected it on the following day, when I pointed out that, as well as retaining effectively a 26 per cent interest in Santos, Bond and the Bond Corporation would make a capital gain of at least $32 000 000, and presumably he expected that the South Australian people should meet that. Last Monday evening, following the rejection on the previous Friday, Mr. Bond offered to reduce the price from $3·75 to $2·50.

Mr. Tonkin: Was that because—

The SPEAKER: Order! The Leader of the Opposition is out of order. I have been calling members to order during most of the afternoon, and I hope interjections do not continue.

The Hon. HUGH HUDSON: Contrary to Mr. Beckwith's statement in the document that he gave to the Deputy Leader, the proposition in relation to the holding company was raised again by Mr. Bond, a subsequent offer having been made. We certainly discussed matters in relation to that, and the main point that I made was that the Bond Corporation would have to agree to Reef and Basin being involved with Santos in some essential way before any proposition like that would be considered.

I would certainly have given the impression to Mr. Bond that I was willing to bargain with him on any matter only from a position of strength, and, in the interests of the State, that is what I should do. If any person was ever negotiating with Mr. Bond or with any of his representatives on behalf of the State and he did not have a position of strength behind him, then God help him; that is all I would say. The Deputy Leader is happy to have gas prices pushed up. He says that it is inevitable, and does not matter. He wants to defend Mr. Bond, despite the evidence that has already been placed, and now he wants to cross-examine me in circumstances in which I was prevented from doing the same thing when he was speaking.

Mr. Tonkin: Did you—

The DEPUTY SPEAKER: The honourable Leader is out of order. I call him to order.

The Hon. HUGH HUDSON: I do not know to which particular remark the Leader is referring, but certainly I gave the impression to Mr. Bond that the legislation would go ahead and that the Government was determined to maintain a strong position in relation to any discussions with Mr. Bond that might occur.

Mr. Tonkin interjecting:

The DEPUTY SPEAKER: Order! Will the honourable Minister resume his seat? I point out to the honourable Leader that, from the inception of this debate, the ruling of the Speaker has been that interjections will not be tolerated. I do not believe that at the end of the debate, which has been reasonably free from interjections, the honourable Leader ought to try to cross-examine the Minister. If the Leader persists, I will have no choice but to discipline him.

Mr. TONKIN: I rise on a point of order, Mr. Deputy Speaker. I apologise for my actions in this regard. It is only that the Minister has been avoiding and refusing to answer—

The DEPUTY SPEAKER: Order! The honourable Leader should resume his seat. There is no point of order.

The Hon. HUGH HUDSON: I have answered the Deputy Leader, who produced the document which he says he will examine and provide to me. The evidence given by Mr. Beckwith to the Deputy Leader was false and, in view of Mr. Beckwith's statement and Mr. Bond's statement to the press after that meeting that no further submission was put to the State Government by Mr. Bond, I point out that Mr. Bond made a false statement to the press, and Mr. Beckwith has given a false account of the meeting to the Deputy Leader; that is the position. I had

an associate at the meeting, apart from my wife, and I am prepared to obtain a statement from my associate as to what happened. If the Leader wants to believe Mr. Bond and Mr. Beckwith over and above the representatives of this State, I just say that he is not worth talking or listening to.

Mr. Tonkin: Nor are you. Why won't you say it?

The DEPUTY SPEAKER: Order! Will the honourable Minister resume his seat again? I understand that the debate has reached a stage where it is understandable that both the Minister and the Leader might wish to interject at a time when the other is speaking, but I have already warned the honourable Leader that, if he persists in this action, I will have to take the action necessary. I do not wish to do that, because the Leader is entitled, in normal circumstances, to be here for the rest of the debate and during Committee, but I assure him that he will not be here if he persists in interjecting on the Minister.

The Hon. HUGH HUDSON: I have stated on any number of occasions that there is excessive fragmentation in the involvement of the various companies in the Cooper Basin. The unit agreement involves about nine separate companies, which means that, before a decision involving all companies can take place, all of those companies have to be involved. Quite often, nine lots of legal advisers are involved, and the process is administratively slow and costly.

Members would not expect me, I am sure, if they thought about it, to be involved in negotiations with Mr. Bond that were designed to remove any possibility of Bond Corporation control of Santos without also seeking some solution with respect to the problems that would be involved with Reef and Basin, because those two small companies are already completely controlled by the Bond Corporation. That is the position, and I make no apologies for it.

The member for Davenport remarked that I was quite inconsistent because, while I had talked about consolidation, I was going against consolidation of shareholdings in relation to Santos. The consolidation that I hope ultimately will take place with respect to the unit holders in the Cooper Basin is a quite separate question from the way in which shareholdings are held in any one company. I have certainly gone on record, and I went on record with Mr. Bond, that neither the Government nor I favoured the fragmentation of interests that exists in the Cooper Basin and that we wanted to see Santos in a position that was quite unassailable so far as its position in the Cooper Basin and the control of shareholdings were concerned. All of those things are true, and I make no apology for them whatsoever. It is certainly true that the effect of Mr. Bond's proposition for a holding company would give the Government a blocking position at a price to be paid to Mr. Bond so far as Santos was concerned. So, the Government's position then, with its own interests in South Australian Oil and Gas and a blocking position in Santos, would be very significant in the Cooper Basin as a whole. That is certainly true, but I did not think up the holding company proposition. That was Mr. Bond's, and here it is in the submission that the Bond Corporation submitted to the South Australian Government: a submission to the South Australian Government with particular reference to a price of $3·75.

One of the things that amazes me about the Leader of the Opposition is the absolute irrelevance of his mind. He does not concern himself with the possibility that the South Australian people are taken for a ride, with Mr. Bond trying to get a price of $3·75 and an inordinate capital gain by trying to bribe the Government with an offer of a holding company which would give the Government a blocking position. It is an incredible proposition. One would think the Leader would have enough nous to recognise that position, but instead, because Mr. Beckwith says that the Government made a proposition to Mr. Bond last Monday night, rather than that Mr. Bond made another proposition to the Government, the Leader claims that it all means that the Government wants backdoor nationalisation. The member for Mitcham says we should nationalise, anyway.

Mr. Chapman: No, he didn't. You are misconstruing what he said.

The DEPUTY SPEAKER: Order! The honourable member for Alexandra is doubly out of order, because he has interjected and he is also out of his seat.

The Hon. HUGH HUDSON: The member for Mitcham made clear that he had a concern for the proper development of the resources of the Cooper Basin and, if it was necessary to secure that, he inclined that he would support nationalisation. That is what I took the honourable member to say. The member for Davenport and others tried to suggest that the powers under the Petroleum Act were sufficient to secure the position with respect to the price of gas, but that is not the case. I have already explained how the price of gas has had to be increased to rescue the financial position of Santos. The whole concern with respect to the Bond Corporation is that it will use the strength of Santos to get involved in a whole series of other propositions under the guise of doing great things for South Australia.

No doubt Mr. Bond would invest all over the place but, with his previous record, the likelihood of some of those investments going sour is high. If the financial position of Santos was weakened as a consequence, the net result would be that South Australia would again be faced with the need to increase the price of gas to restore that financial position so that we would not prejudice the ability of the Cooper Basin companies to finance the liquids scheme. That is the score.

Mr. Chapman: Do you think—

The Hon. HUGH HUDSON: I listened to the member for Alexandra without interjection. I attempted to interject on the Leader and got called to order, Mr. Deputy Speaker, and I insist on my right of reply, in those circumstances, without interjection.

The DEPUTY SPEAKER: The Chair will protect the honourable Minister's rights.

The Hon. HUGH HUDSON: Regarding the Petroleum Act, those powers are, in a real sense, reserve powers. To refuse to renew its exploration licences or production licences, using the powers of that Act, would be a last-resort situation. Also, regarding our dealings with Mr. Bond, when he first approached the Government after the purchase had been made we had no direct experience of him or of the Bond Corporation, but we determined as a Government that we should at least see what he did. It is significant that the record of our experiences with Mr. Bond, plus the knowledge of what he was attempting to do on the Santos board, led the Government to conclude that legislative action was necessary.

First, Mr. Bond was always ready with assurances. He assured us about gas prices and about his overall intentions with respect to development of the State. After that first meeting between Mr. Dunstan, myself and Mr. Bond, it was only a few weeks before reports were coming back from New South Wales of the Bond Corporation's approaching various interests in relation to finance raising, always with a proposition that it was a most attractive investment in the Cooper Basin, and that the Bond position was secure. Inbuilt in the arguments which were used with people in New South Wales and which were

reported back to us was a doubling of the price of gas from 47c a 1 000 cubic feet to about 94c.

Mr. Chapman: Have you evidence about that?

The SPEAKER: Order! The honourable member for Alexandra is out of order.

The Hon. HUGH HUDSON: I have direct reports from A.G.L. of reports given to it on this matter. It was that evidence that led A.G.L. to commence purchasing shares in Santos. It did not get a significant holding in Santos until it succeeded with the Total purchase. Shortly after that evidence came to me from New South Wales, Mr. Oates and Mr. Mitchell called on me and started putting pressure on saying that the gas price was too low and should be increased substantially. At a subsequent meeting, Mr. Bond did the same thing.

The Hon. G. R. Broomhill: He said it on television.

The SPEAKER: Order!

The Hon. HUGH HUDSON: Yes, he has toned down his remarks over the past 10 days, but he has gone on record on exactly the same thing. At the same time the Bond Corporation was taking certain action with respect to Santos. The merchant bank employed to advise the consortium on raising finance was sacked at the direction of the Bond Corporation. It had refused to be associated with raising funds for the corporation, saying it was a conflict of interests. It was made clear (and I have had information back from other banking sources) that any arrangements to be made to finance Santos, at least at that time, were also to involve the raising of finance for the corporation so that it could make its remaining payments to Burmah. I referred to the proposition that was put to the Santos board by the corporation for a placement of shares to be made to Spedley Securities. The money that Santos would receive was to be re-lent to Spedley Securities.

No information was given as to what Spedley Securities would then do with that money, but everyone guessed that, because Spedley Securities was acting as merchant banker for the Bond Corporation, the money would be used to finance Mr. Bond's final payments to Burmah. How was that for a deal? You use your position in a company to make a share placement, the money you get from the share placement is then re-lent to the people who get the shares, and then the money finds its way back as a means of financing your own purchase of shares in that company.

Mr. Chapman: They call it "mirror finance".

The Hon. HUGH HUDSON: I would call it laundering of funds. Then we have the consulting fees. I met the international energy bank people, and it is clear from what they have stated to Santos and to me that they would have come to Adelaide on a telephone call—they did not need Mr. Bond to go halfway around the world at the expense of Santos, on consulting fees, in order to be interested in providing money for Santos, because of its overall financial position. The original proposition put to the Santos board by Mr. Bond was that the Bond Corporation should be employed at $100 000 a month plus expenses for 12 months. That was broken down. At all times the local directors of the Santos board believed that they were under the threat of being dumped. I do not want to go into further details about that.

Members object to what I have said about Mr. Bond governing by fear. Plenty of people in this city will confirm that fact. Let us have a close look, once again, at the financial position of the Bond Corporation because, after all, why is it that Mr. Bond should go into so many gyrations in trying to raise money to finance his purchase from Burmah? He should not have to do that if the Bond Corporation has a sound financial position.

Mr. Chapman: Who are you to say that?

The Hon. HUGH HUDSON: Let us go into detail; let us provide some particulars. So far as the Bond Corporation holdings and its subsidiaries are concerned, they have not paid a dividend for the past five financial years. The last dividend was paid in 1972-73, when the dividend was $189 000.

Mr. Chapman: That's not unusual.

The SPEAKER: Order! I do not intend the honourable member for Alexandra to turn this into Question Time. I hope that he will cease interjecting, otherwise I will take the necessary action.

The Hon. HUGH HUDSON: Profits, before extraordinary items, of Bond Corporation Holdings and all its subsidiaries (that is consolidated accounts) were negative. In other words, losses were made in each of the years 1972-73, 1973-74, 1974-75, 1975-76, and 1976-77. In the year 1977-78 a profit was made; I will come to that in a moment. After extraordinary items, a small profit was made in 1972-73 and in 1973-74; a loss of almost $9 000 000 was made in 1974-75; a small profit was made in 1975-76; and a small loss in 1976-77. In 1977-78, $1 500 000 profit was made.

The shareholders' funds jumped in 1973-74, despite the loss, by $5 500 000 because there was a major revaluation of assets. At that time, the end of June 1974, shareholders funds stood at $8 100 000, but there was a loss in 1974-75, after extraordinary items, of $8 947 000. That was not reflected in the shareholders' funds because the Bond Corporation and its subsidiaries revalued goodwill. Shareholders' funds declined to only $2 969 000.

In 1975-76, when the Robe River sale took place, despite a loss before extraordinary items and a small profit afterwards, there was a $1 600 000 increase in shareholders' funds, no doubt due to the Robe River sale. Last year, 1977-78, the shareholders' funds were shown as $5 895 000, but that does not take account of the insurance subsidiaries, which were not consolidated. I am informed by an advisor that these insurance subsidiaries show a $2 200 00 excess in the cost of investment over the net assets acquired; that was not taken into account.

Over the period with which I am dealing, assets of the Bond Corporation and its subsidiaries stood at $91 855 000 in 1973-74. In 1974-75 they declined to $86 325 000, again in 1975-76, they declined to $79 163 000; in 1976-77, they again declined to $71 077 000; and in 1977-78, the assets declined to $37 446 000. We have had a winding down of the Bond Corporation and subsidiaries, a record of losses, no dividends being paid, shareholders' funds for the consolidated accounts showing some positive item, largely because of revaluations and revaluing good will.

Of course, the Bond Corporation had to pay Burmah in instalments and was involved in significant borrowing. That is a problem because any borrowing to finance the payment for Santos shares involves interest costs that are probably four times the size of the dividend that will be received. In the state of the Bond Corporation's accounts, that would be difficult to wear. I pointed out in my second reading explanation that the 1977-78 result of a profit before extraordinary items of $1 400 000, and after extraordinary items of $1 500 000, arose, in my view, only because of arrangements made with respect to the sale of the remaining interest in Yanchep Sun City to the Tokyu Corporation of Japan.

Until 1977-78, the Bond Corporation still held a half interest in Yanchep Sun City. They sold out completely to Tokyu in that year. No doubt two things had to happen. First, the Federal Commissioner of Taxation had to withdraw the assessment issue against Yanchep Estates

Pty. Ltd. and, as the Bond Corporation report states, the assessment for income tax amounting to $5 868 730 had previously been reflected as a contingent liability, and had not been brought fully into the accounts. A condition for the further sale to the Tokyu Corporation must have been the withdrawal of that assessment. As far as one can judge from the accounts, the Bond Corporation consolidated profit before extraordinary items was $1 400 000. That extraordinary item of income of $1 310 000 related no doubt largely to the sale and the profit made in getting out of Yanchep Sun City. The price, as far as one can judge from the notes to the accounts, must have been well in excess of $5 000 000, and may even have been $6 000 000; the exact figure is not given. Certainly, in the relevant portion of the notes, a profit of $1 196 990 is shown as a capital gain on sale of investment shares in unlisted company not aquired for resale.

I venture to suggest that, without the withdrawal of the Commissioner of Taxation's assessment of $5 900 000, the sale of the remaining interest in Yanchep to Tokyu would not have been possible. No doubt, that remaining sale also required the approval of the Foreign Investment Review Board. It would be interesting to know the reasons behind the Federal Government's approval of those transactions. Without its approval of those transactions and with the Bond Corporation's levy from that income tax, the shareholders' funds of the parent company and its subsidiaries taken together at June 1978 would have been virtually zero.

If a company by getting somebody else to agree to instalment purchases, is able to obtain a controlling position in a company such as Santos, with very healthy accounts, and can succeed in consolidating that very healthy company into its own accounts, then its financial position is enormously strengthened. However, it still has the problem of covering interest costs if it has to borrow money. It is that fundamental fact that concerns the Government and the local directors of the Santos board. Our concern arises directly from the discussions I have had with Mr. Bond and his representatives at various times and from the evidence that has come from New South Wales, together with our knowledge of the upset that has occurred in the merchant banking community and with our knowledge of some of the deals that were attempted to be put through the Santos board.

It may be that the private enterprise system, purely and simply, allows anybody to have a go as long as they stay on the right side of the law. All I and the Government have to say is that that may be fine, unless they are having a go at what are fundamental assets within one's own community. I say fundamental assets, because the way in which those assets are exploited—gas reserves in this case—will determine the basic cost position of all other industry in the local community. When there were sound reasons for the Government, the local directors on the Santos board and others interstate to believe that the basic resources of this State were being put at risk by allowing someone with few assets to come in and have a belt, the Government then determined to take action.

I have already given a number of instances where Mr. Bond's dealings with me have been less than frank. I have given an instance where the account given by Mr. Beckwith of what took place on Monday night and given to the Deputy Leader was quite contrary to what actually took place, and I can provide confirmation of that.

Mr. Goldsworthy: We might get it in a statutory declaration.

The Hon. HUGH HUDSON: I have little doubt that statutory declarations are a dime a dozen from certain sources.

Mr. Goldsworthy: Is your memory infallible?

The Hon. HUGH HUDSON: No, but I have the documentary proof of who put up the holding company, and it was not—

The SPEAKER: Order! I have spoken to the Deputy Leader on several occasions today, and I call him to order once again. I hope he does not continue in this vein. I hope the honourable Minister will resume his seat when the Speaker is standing in future.

The Hon. HUGH HUDSON: I did, Sir, when I saw you were on your feet. I dealt with that matter in question when the Deputy Leader was out of the House and I do not propose to go through it again. The Deputy Leader can believe whom he likes; I am not responsible for his beliefs or assessment of the matter.

I will now summarise the position. First, the Government has come to the view that, as far as A.G.L., the only New South Wales purchaser of gas, is concerned, it would not be tolerable for that company to exercise control in the Cooper Basin. Certainly, our feelings about the Bond Corporation are much stronger because of the circumstances that I have related, and I believe that it is necessary, in relation to that group of companies, to demonstrate its shaky financial record, its asset values declining by the end of June 1978 to almost one-third of the level at the end of June 1974, as well as the history of losses, and, as is seen if one goes through these accounts, the instances of companies that were subsidiaries being liquidated, numbering not one or two but 12 or more over that time. It also is necessary to point out to honourable members that there are dramatic and serious consequences for this State as a result of a group like that gaining control of a basic energy resource in this State.

We approached Mr. Bond in the first instance, and I am sure the local directors of Santos approached him in the same way. Let us see what he does. Our experience over the past six to eight months has not been encouraging, and the position is now so serious that the action taken in terms of the Bill has been adopted by the Government. I commend the measure. I suggest that the arguments advanced that it was backdoor nationalisation are not true. We had that opportunity and it was rejected in 1975 or 1976. It could have been carried out then but it was not, largely because we wanted to see the ultimate fruition of a petro-chemical and liquids scheme, and the capital involved in that is not within the resources of the Government or a statutory corporation borrowing within the Loan Council arrangements.

I think the time has come to recognise that the Government's proposals are supported by A.G.L., one of the companies affected, and to recognise that the Bond Corporation will make a profit, whatever happens. It will not make a bonanza but it will certainly make a capital gain, and when it is a question of putting it in the balance, the right of the Bond Corporation to make a bonanza capital gain and the right of South Australians to have an energy resource developed properly in an orderly way, the latter right, exercised through the community, must win. If it is an alternative as between a Bond bonanza and the rights of South Australians, the Government and I vote for the rights of South Australians.

The House divided on the second reading:

While the division was being held:

The SPEAKER: Order! There being only one vote in favour of the Noes, I declare that the Ayes have it.

Bill read a second time.

The SPEAKER: Before the honourable Leader of the Opposition speaks, I point out that the ensuing debate is restricted to reasons for referring the Bill to a Select

Committee, and is not to be a repeat of the second reading debate.

Mr. TONKIN (Leader of the Opposition): I move:

That the Bill be referred to a Select Committee.

I do this, acknowledging that you, Mr. Speaker, have already given a ruling, which has been supported by the House, that the Bill is not a hybrid Bill. Many of the Bill's features, nevertheless, although it is not ruled as a hybrid Bill, suggest a similar need to send the Bill to a Select Committee for a close examination. There is no question but that the Bill affects the private rights of a restricted group of individuals (in this case, the shareholders of Santos). The Minister has said previously that the Bill affects everyone, but the actual legislation as presented to the House affects the private rights of the shareholders, and no-one else. What the spin-off or long-term effect may be on the community is another matter entirely.

Any Bill that affects private rights should be considered most carefully by a Select Committee. A precedent has been set many times before: indeed, as a tradition of the Westminster system, the rights of private individuals must be protected at all times. When those rights are to be taken away or modified by a Government in any way, shape or form, it is Parliament's responsibility to examine the proposals most carefully and diligently. The best way of achieving that end is to refer the Bill to a Select Committee, giving the shareholders of Santos every opportunity to put their points of view.

It will give the Directors of Santos an opportunity to put their viewpoints, whether they come from the Bond Corporation or whether they are members of the Santos board and have been for years. At present, there is a very real risk that this legislation, introduced as it has been, in an atmosphere of drama and urgency (an atmosphere that I find singularly artificial), could, in fact, be passed without the necessary deep analysis of the reasons for its introduction. There is no question that this sitting is unusual. After all, we are sitting and have been sitting since the unusual hour of 10 o'clock this morning (a Friday morning), and here we are sitting in this House at 8.15 on a Friday evening. I do not know how many decades it is since that previously happened. Indeed, I understand it has never happened before in the memory of members of this House or as far as the records are concerned. It is a most unusual circumstance.

The SPEAKER: Order! There is too much audible conversation. I am finding it very awkward to hear the honourable Leader of the Opposition.

Mr. TONKIN: There will inevitably be, even if there is no intent on the part of the Government (which I seriously doubt) to push this legislation through, in the public mind a very real belief that this is so. It has been suggested to me and to many other people in the community that this move is being made so that the shareholders of Santos will not be able to have their say. That suggestion has been made to me in respect to a special meeting of shareholders that has been called for a short time hence.

The Minister can, if he wishes, deny that, but I do not think he will convince anyone unless he agrees to a Select Committee at which the shareholders will be able to have their say. I am also gravely concerned about the various doubts that have arisen during this debate about the Government's motives in introducing the Bill and whether or not the Government intends to proclaim it. The suggestion has been made, and it has not been refuted by the Minister, that the Bill has been introduced simply so that it can be passed by this House, but not proclaimed, and used as an instrument for pressure. I challenge the Minister to deny that allegation, which has been made widely in the community. There are suggestions of intimidation. Certainly from my own experience the Minister has stopped at nothing to achieve his ends.

The SPEAKER: Order! I hope the honourable Leader of the Opposition will link his remarks concerning the reasons for the Select Committee. The honourable Leader is moving away from that point at the moment.

Mr. TONKIN: I will certainly be able to link my remarks, Mr. Speaker. I am saying that there is considerable doubt in the community as to the tactics adopted by the Minister in his negotiations leading up to this legislation and bringing it before this House. That requires the most careful examination before a Select Committee. When I first heard of this legislation, the Deputy Leader and I attended the Minister in his office. I have been appalled to learn from members of the community that it has been said that we gave the Minister an undertaking that we have since broken. I can only say that the Deputy Leader was with me throughout that interview, and there is no truth whatever in the snide remarks attributed to the Minister.

The SPEAKER: Order! I have already spoken to the honourable Leader of the Opposition. If he continues in this vein I will ask him to withdraw his remarks.

Mr. TONKIN: The suggestions were made by the member for Morphett.

The SPEAKER: Order! Earlier I told the Leader that we could not rehash the debate that went on this afternoon.

Mr. TONKIN: There is sufficient doubt in the community as to the tactics used in the presentation of this Bill to the House to warrant an inquiry by way of a Select Committee. Indeed, it has even been suggested to me faintly (and I hasten to add that this was not by any member of the Santos board, the Bond Corporation, or anyone associated with them) that, if we were to persist as an Opposition in our viewpoint toward this Bill, perhaps we would have even more difficulty in being reported in the daily press, or perhaps even our Party funds might suffer.

The SPEAKER: Order! The honourable Leader is moving further away once again. This is the second occasion. I am warning him on this occasion.

Mr. TONKIN: The point I am making is that this whole episode has been charged with machination, intrigue, and wheeling and dealing. The reference of this legislation to a Select Committee will get at the truth and find out what are the real motives and what the Minister intends for the future of Santos and the Cooper Basin in South Australia. It seems to me that Parliament has been called together fundamentally for the Minister's convenience and to strengthen the Minister's bargaining hand. Again, that is a matter that should be investigated most carefully by a Select Committee.

Finally, when the Government proposes to vary the principles on which it relies and which protect the public and the private interests of individuals, the most careful scrutiny and examination must be made of the legislation. The Government has not shown cause for the action it proposes. A Select Committee is the only satisfactory way of determining all the facts in the public interest. If the Government is really concerned with the public interest, as it proclaims it is, it will agree to this motion for a Select Committee to establish the truth.

The Hon. HUGH HUDSON (Deputy Premier): The proposition that has been put by the Leader and the arguments he has adduced for it seem to me to suggest that he wants a Select Committee to investigate the Minister and to investigate someone threatening faintly that the Liberal Party's funds are going to suffer. What that has to do with the Minister I do not know. The Leader wants a

Select Committee to investigate all sorts of things.

The SPEAKER: Order! I called the Deputy Leader to order when he got on that vein.

The Hon. HUGH HUDSON: He still got it out.

The SPEAKER: Order! I hope the Minister will obey the Chair.

Members interjecting:

The SPEAKER: Order! I hope that interjections will cease, especially members interjecting out of their seats.

The Hon. HUGH HUDSON: We heard almost no argument whatever why a Select Committee receives a Bill to investigate; that is, to examine the details of the Bill itself. The Leader seems to have forgotten that, on his specific agreement, a hybrid Bill dealing with the Executor Trustee Company (a similar Bill dealing with a similar matter) was not referred to a Select Committee, and that was only a few months ago. The evidence was not as bad as it is in this case, and there was less damage in it than applies in this case. All that was in evidence then was that there had been an attempted takeover of the Executor Trustee Company.

The SPEAKER: Order! I hope that the Minister will stick to the reasons, in the same manner as the Leader of the Opposition did.

The Hon. HUGH HUDSON: The Leader indulged in explaining the traditional practice of the House. I was pointing out a recent example where, with a Bill that was properly a hybrid Bill, the traditional practice was not followed.

Mr. Goldsworthy: You are the Speaker now, too!

The SPEAKER: Order! I heard the remark of the Deputy Leader of the Opposition. I hope he will refrain from that. It is definitely a slur on the Chair. I hope that it does not happen again, and I warn the honourable member for the last time.

Mr. GOLDSWORTHY: On a point of order, Mr. Speaker, my remark to my colleague, the member for Davenport, was not a slur, with respect, on you; if anything, it was a reflection on the Deputy Premier when I said that the Deputy Premier also thinks that he is now running the Chair. I did not for a moment suggest that he was running the Chair, but I think that you would agree, from the interjection that he made some time ago, that one could not escape the conclusion that he thought he was running the Chair.

The SPEAKER: Order! The honourable member will not continue in that vein. I consider that his remark was a slur on the Chair. The honourable member is entitled to his opinion. I consider it was a slur on the Chair, and I hope that it does not occur again. I warn him for the last time. I hope that this does not continue and that the Minister will continue with the matter before the Chair.

The Hon. HUGH HUDSON: I was only attempting to reply to the remarks made by the Leader. I do not believe that a Select Committee would contribute anything in this case. I believe that it would be used by a number of people as a delaying tactic that might spread over a couple of months. It is not possible to allow that situation to take place. One would find that the Select Committee would be presented with an argument saying, "We need an adjournment to present our case. Our QC's have not been properly instructed. Tactics would be adopted to ensure that the work of the Select Committee was spread out as long as possible. If that sort of situation occurred, it would be a completely useless exercise.

The other fundamental fact is that we believe that the situation is clear-cut. The argument can occur in this House about the details of the Bill itself; we do not need the advice of a Select Committee in order to make up our minds about a Bill—it is very much a public matter. There are instances in Erskine May where public matters of this nature have never gone to a Select Committee. It is not the case in the House of Commons that a public Bill of this nature that has a general public purpose but also has an impact on some private rights automatically goes to a Select Committee. There are a number of instances where that has not taken place.

We believe that it is this Parliament that has to make up its mind about the basic principle of whether or not shareholdings in Santos are to be limited in the manner that has been suggested. I have indicated that it is not a matter of whether the Bond Corporation is going to lose money: it is simply a question of whether, as a matter of public policy, the basic issues of the Bill are to be supported or not. These are matters that fall within the determination of this Chamber. Reference to a Select Committee for the kind of detailed consideration that can go on in a Select Committee is not necessary in this case, and I ask honourable members to reject the motion.

Mr. MILLHOUSE (Mitcham): Mr. Speaker, I regret to have to say that a few minutes ago I made a fool of myself.

Mr. Whitten: Again!

The SPEAKER: Order! The honourable member for Price is out of order. I call the honourable member to order.

Mr. MILLHOUSE: He was right, though, it was again.

Mr. Allison: We thought nature had done it.

The SPEAKER: Order! The honourable member for Mount Gambier has been spoken to on several occasions also.

Mr. MILLHOUSE: I normally vote as I speak, and I meant to oppose the second reading of this Bill. I was so bewildered when all the Liberals walked across that I let my friend from Flinders down. I could not believe it was the second reading—I thought it must be something else.

The SPEAKER: Order! Bewildered or not, I hope the honourable member will stick to the reasons for a Select Committee.

Mr. MILLHOUSE: I just want to make clear that I have made a fool of myself by following this crowd across to vote for the Government.

The SPEAKER: I hope that the honourable member will now return to the motion before the Chair.

Mr. MILLHOUSE: Thank you for your indulgence.

The Hon. J. D. Corcoran: That's a classical two bob each way situation: you vote one way and talk another.

The SPEAKER: Order! The honourable Premier is definitely out of order.

Mr. MILLHOUSE: As I said, I made a fool of myself, which I did not mean to do.

The Hon. J. D. Corcoran: You do that constantly.

The SPEAKER: Order!

Mr. MILLHOUSE: I am making sure that everyone knows what I meant to do. Are you satisfied?

The SPEAKER: I call the honourable member for Mitcham to order. Members are now debating the question whether there will be a Select Committee. If the honourable member acted in error, this does not constitute part of the matter before the House.

Mr. MILLHOUSE: I was just getting to the topic of the Select Committee when I was taunted by the Premier. I will support the reference of this Bill to a Select Committee and I will go across to the other side of the House next time, even if all Liberal members stay here. If ever there were a Bill that should go to a Select Committee, it is this Bill. I know that yesterday you, Mr. Speaker, made a ruling pursuant to the Joint Standing Orders on private Bills that this was not a hybrid Bill. I remind members of the definition of a hybrid Bill in

Erskine May, at page 278, as follows: "Hybrid Bills, as their name implies, are public Bills which may, in certain respects, affect private rights."

Whatever you like to call it, this Bill affects private rights. Whether or not it is technically a hybrid Bill, as a matter of common justice and fairness, it ought to go to a Select Committee because that is the only way, and members on the Government side know this, in which Bond, who is the man most maligned in this, or anyone else, has a chance to make any representations to Parliament at all. I do not care whether technically it is a hybrid Bill; we all know that as a matter of justice this ought to go to a Select Committee to give that chance, because that is one of the functions of a Select Committee, not the narrow function that the Deputy Premier tried to put on it a moment ago. He talked about the executor trustee legislation when the Liberals were silly enough to agree that it need not go to a Select Committee, but he did not talk about the South Australian Gas Company's Bill, which went to a Select Committee.

The SPEAKER: The honourable member was in the House when I called the honourable Deputy Premier to order when he was speaking in a similar vein. I hope the honourable member will not continue in that vein.

Mr. MILLHOUSE: I genuinely do not understand; what have I said that I should not have?

The SPEAKER: In mentioning other Bills, the honourable member is now moving away from the motion before the Chair.

Mr. MILLHOUSE: I was only pointing out that in the last session of Parliament the South Australian Gas Company's Bill was referred to a Select Committee. I am not reflecting on that. I think it was a perfectly proper decision, but it does not answer what the Deputy Premier said—that the executor company Bill was not. Of course, I know that in the case of the South Australian Gas Company's Bill, that Select Committee was rushed through so quickly that it reported before Mr. Brierley could appear, which gives the lie directly to what the Deputy Premier said a moment ago that the thing could be stretched out for months. It was not in that case; why would it be here? The answer is that it would not be and there is no reason why it should be.

As a matter of common justice, if we are affecting private rights (and we are affecting private rights here), why should members of the public not have the chance to put their side of the story? There is no answer to that. The reason why we have Select Committees is so that people's rights can be safeguarded, and they can do something to protect themselves. Yet, by a decision here, we are taking away that right.

I have already protested today about the way in which Parliamentary procedures have been unfairly bent at the will of the Government, and this is merely another example—unless the Bill does go to a Select Committee. Parliament has sat early and the Bill will be raced through in double quick time, so we will take away the only opportunity which members of the public would have to answer any of the things that have been said by the Deputy Premier, for example. Of course, the garbage that the Leader of the Opposition talked could not possibly be the subject of an inquiry by a Select Committee, and he knows it.

The Deputy Premier has said some things in this House about Mr. Bond, and he repeated them tonight in his reply to the second reading debate. Frankly, I am not prepared to accept the views of the Deputy Premier about Mr. Bond or anyone else. Nobody knows whether his account of what happened at Ayers House with the telex is right or wrong. Bond should have an opportunity to say whether it is right or wrong and whether he agrees with the Deputy Premier.

I have pointed out to the House that we in British countries are careful to set up courts to administer justice and give people the chance to have their say. People are presumed not to be guilty until proved to be. Why is Parliament departing entirely from this principle to do in the eye this man Bond and his corporation? I can see no real answer, apart from the fact that they want to get this Bill through to stifle the meeting on 8 June. That is an unworthy reason, but is was the only thing the Deputy Premier mentioned in opposing this motion.

To the members of the Liberal Party in this Chamber I say that I hope that their members in another place will at least hang together long enough to have a Select Committee, even if they eventually let the Bill through. This afternoon I mentioned something about shadow sparring as far as the Liberals are concerned. They all know the Bill will go through, so they can say what they like in this Chamber. Mr. DeGaris has said he is in favour of it. Is he coming back? Has he changed his mind? I heard the Leader of the Opposition say on television that Mr. DeGaris was in the process of changing his mind, just as he himself had done. I hardly ever watch television, but the other night I heard him say that; that was some free entertainment. That was after the Leader and his Deputy had visited the Minister's office about the matter. He fell for the most elementary trick. He was a bit flattered by the invitation—

The SPEAKER: Order! I hope the honourable member will get back to the motion.

Mr. MILLHOUSE: I am trying to say that I hope that at least the Liberals in the Upper House will insist on a Select Committee, whatever we may do.

The SPEAKER: Order! The honourable member cannot speak in that vein concerning what will happen in the Upper House.

Mr. MILLHOUSE: To use the Deputy Premier's phrase of a few minutes ago, I have it out now, and I hope that they get the message. I do not believe we should leave it to another place, but that we should stick to the procedures of this House, which have been laid down to safeguard the rights of members of the community, by appointing a Select Committee, particularly in this case where one man has been so persistently attacked by the Minister who introduced the Bill. That of itself, if nothing else, shows that private rights are being affected. I do not know how on earth, with even an apology for fairness, we can say that we can do what we damn well like and he is not going to have a say, because he might hold it up. I very strongly support the move for a Select Committee. I know that the Government will not accept that, because if it did accept it now it would lose face. Nevertheless, I certainly propose to vote in favour of the motion. I hope that before this Bill goes through Parliament, as it inevitably will because of the attitude of members in the Upper House, at least there will be a Select Committee.

The SPEAKER: Order! I have already spoken to the honourable member concerning that matter.

Mr. GOLDSWORTHY (Kavel): I support the motion. I do not believe the Government has any justifiable grounds at all for its opposition to this motion. One of the difficulties in making judgments in this place is to get accurate information and to have the opportunity of testing it. If ever there was a case in point, it is the very Bill we have been discussing today.

The Deputy Premier has made unsubstantiated assertions and allegations, and I have referred today to the case for the other side. I acknowledged freely that I was

quoting from a document given to me by one of the Bond men. His story, was just as plausible and, on his statement, more credible than what the Deputy Premier has said. Now the Minister says that we want a Select Committee so as to put him on trial, or some such nonsense. We want a Select Committee so as to get to the truth of the matter and so that people concerned can tell their story.

What other opportunity have the other major protagonists had to put their argument? The Deputy Premier has had the facilities of the press and this House available to him, and he knows that he can say what he likes in this place. He has done so, and is immune. We want to get to the truth and to assess facts, and a Select Committee will help in that regard. So that the member for Mitcham will understand how this place operates, I point out that the official Opposition did not make a mistake. We usually vote for the second reading of Bills when we want to have them amended, regardless of how heavily we want to amend them.

Mr. Millhouse interjecting:

The SPEAKER: Order! The honourable member for Mitcham is out of order, and I hope he does not continue to interject.

Mr. GOLDSWORTHY: I have made no secret of the fact that the Opposition believes in some measure of control, but we do not like the Draconian methods that this Bill contemplates. The member for Mitcham is all for a Select Committee now but, if we had made the mistake that he made, we would not have the opportunity to refer the Bill to a Select Committee. The Opposition supported the second reading so that the measure could be so referred in order to get to the truth of the matter. We have heard the Minister's gloss on what happened at Ayers House and we have heard a version from the other side.

Mr. Tonkin: The Minister didn't deny it.

Mr. GOLDSWORTHY: No. He skirted around it; he asserted that no real proposition had been put to him about this blind trust. Mr. Bond and Mr. Beckwith assert that it was put and dismissed unceremoniously. The Minister does not deny that he has said he wants the Bill so that he can clobber the Bond Corporation. There has been no opportunity to hear the other side of the story. I have been reviled in true Hudsonian style and have been admonished for being a champion of the Bond group. All I have done is put that group's side. I do not know whether it is right, but it is just as convincing as the argument put by the Deputy Premier, and a Select Committee will help the other members of this House to assess the validity of the arguments.

I will not go through all that the member for Mitcham has said about the timetable for this legislation. We had to get here in haste yesterday so that the Government could head off a democratic process, a meeting of shareholders. I was a member of the Select Committee in the South Australia Gas Company matter, and I think I can speak for the Liberal Party when I say that it convinced me of the need for the sorts of control that were obtained. I had severe reservations about that Bill, too, and it was not as shady or Draconian as this one is.

What opportunity have we to test or obtain evidence on the provision that the Minister has the authority under the terms of the Bill to override any decision of the Santos board? I think that is what the Bill provides, and that is unheard of. What opportunity has the House had to test that officially? None at all. The Select Committee on the Gas Company Bill took only two or three days. I was a member of that committee and, in answer to the member for Mitcham, I point out that Mr. Brierley was given an opportunity to appear, but it did not suit his convenience. In the space of three days, I am sure that so much hangs on this Bill for the Bond Corporation and for the Government in its attempt to gain control of the liquids that we will soon have the witnesses lined up. They will have themselves lined up smartly to get on the queue.

Mr. Harrison interjecting:

The SPEAKER: The honourable member is out of order.

Mr. GOLDSWORTHY: If the witnesses do not turn up and if the Government by some miracle somehow manages to change my mind about the Bill, well, good luck to it. If I am any judge of the situation, I do not think that we will have any trouble getting witnesses to come to the Select Committee. It suits the Premier to smile and say that I am a Bond man but, if he had listened to what I said this afternoon, he would know that all I am interested in is fair play.

Mr. Duncan: You're in "bondage".

The SPEAKER: Order! I call the honourable Minister to order, and I hope that interjections will cease.

Mr. GOLDSWORTHY: The Government has no cogent reason for refusing to refer the Bill to a Select Committee. If it were interested in getting to the truth of the matter or allowing the House to get to the truth of this matter, it would be only too willing to refer the Bill to a Select Committee. We know perfectly well why the Deputy Premier is opposed to the Bill's being referred to a Select Committee: he is in a classic squeeze play. He has acknowledged that he wants the Bill because he would hate to be dealing with Bond in any situation except from a position of strength. What is Bond's crime? As far as the House is concerned, he acquired shares legally that an overseas corporation held.

The SPEAKER: Order! I think that the honourable member is rehashing what happened in the second reading debate. I think that I have heard that on several occasions.

Mr. GOLDSWORTHY: I daresay you have, Mr. Speaker, and, in those circumstances, I will not repeat it again. Mr. Bond and the representatives of the Bond Corporation have not had the chance officially to put all their points to the House, whereas a Select Committee would allow them and other interested groups to put their views. They have not come to the Opposition officially with their point of view.

Mr. Harrison: Not much!

The SPEAKER: Order! I call the honourable member for Albert Park to order.

Mr. GOLDSWORTHY: Some people are reticent to put a point of view to a political Party, and it is an understandable reticence. However, if an official channel is open to them, they will accept that opportunity and use that official channel. That is all a Select Committee is for: to seek information.

Mr. Mathwin: A collector of evidence.

Mr. GOLDSWORTHY: Yes. Every Select Committee on which I have served has modified my view in some measure and has provided me with more information, and I can think of several of them. Indeed, the views of other members of my Party who have served on Select Committees have also been modified and, through the information we have been able to relay to our Party, it has modified the view of the Party. The Minister thinks that he has the Bill in his pocket, but only time will tell.

If the Minister genuinely wants to modify the Opposition's view, his only chance is to refer this Bill to a Select Committee.

Mr. EVANS (Fisher): Earlier, your Deputy, Mr. Speaker, asked me, if I wished to speak about a Select Committee, to take this opportunity to do so. I will now take the opportunity. I have no doubt that, if this Bill was

in relation to taking some action against a company in which the Labor Party or its members had an interest as individuals or as a group, their attitude would be different from what we are hearing at present from the Government. I have no doubt, from the Minister's comments, from the debate, from Party meetings, and from private discussions, that many people in this Parliament and outside are much more informed now than they were one, two, three or four weeks ago. I am sure, too, that if the matter was put before a Select Committee Parliamentarians in total and the community would have the opportunity to be much more informed than they are at present.

On both sides of politics a large percentage of us do not have a great knowledge of company law and how companies operate in takeovers and in stripping money one from the other and transferring money one to the other by charging consultants' fees. A Select Committee could do much to inform Parliamentarians. There would not be any more than 10 per cent or 15 per cent of the total Parliament that would have a full knowledge of the subject we are now debating. If we had a Select Committee we would have a much greater knowledge than we now have. If we do not have a Select Committee, many of us will be making a decision without really knowing all the facts that could be made available through a Select Committee. Through Parliament, we are making an attack on a company if we take any measures at all; even if we accept amendments, it is an attack on the rights of a company and its shareholders.

Surely members of the Santos board, shareholders, the Bond Corporation, people from the Companies Office, someone from the companies section of the Attorney-General's office, people from the Stock Exchange, and the general public should have the opportunity to give evidence to a Select Committee. If ever there has been an issue on which a Select Committee should take evidence, this is it. We all know that. Even Labor Party members know that. The reason we are not having a Select Committee is that the Government is frightened that the shareholders will have a meeting before a Select Committee can complete its deliberations. I do not know what that meeting would resolve, but I know that a Select Committee would give us much more information. It would not have been impossible for the Government to call Parliament together, refer the Bill immediately to a Select Committee, and have some evidence back before the shareholders' meeting and for Parliament to debate the matter.

I am sure that at least the Opposition and many Government back-benchers would then have had a better understanding than they have now of what we are handling. With the limited research resources at our disposal, it is impossible in such a short period to obtain the sort of evidence that one wants locally and from interstate in matters such as this.

I cannot understand how a Government that says it believes in democracy and in giving people the opportunity to express their views can say that we will not have a Select Committee. I support strongly the view that this matter should go to a Select Committee. Certainly, if it involved any company in which the A.L.P. had any interest as a Party, and the Liberal Party tried to take such action, one can imagine the condemnation we would receive. Again, I ask A.L.P. members to at least respect decency in this Parliamentary process and give a Select Committee the opportunity to report back to Parliament on the facts and the truth in relation to the action that the Government proposes.

The House divided on the motion:

Ayes (18)—Mrs. Adamson, Messrs. Allison, Arnold, Becker, Blacker, Dean Brown, Chapman, Eastick, Evans, Goldsworthy, Mathwin, Millhouse, Rodda, Russack, Tonkin (teller), Venning, Wilson, and Wotton.

Noes (25)—Messrs. Abbott, Bannon, Broomhill, and Max Brown, Mrs. Byrne, Messrs. Corcoran, Crafter, Drury, Duncan, Groom, Groth, Harrison, Hemmings, Hopgood, Hudson (teller), Keneally, Klunder, McRae, Payne, Simmons, Slater, Virgo, Wells, Whitten, and Wright.

Pair—Aye—Mr. Gunn. No—Mr. Olson.

Majority of 7 for the Noes.

Motion thus negatived.

In Committee.

Clause 1—"Short title."

Mr. TONKIN: I move:

Page 1, line 1—Leave out "shareholdings" and insert "voting rights".

The Hon. HUGH HUDSON: On a point of order, Mr. Chairman, I wonder whether you, and the Opposition, would agree, because this amendment is one of a number related to the question of altering the Bill so that shareholdings are not limited other than to 37½ per cent, but voting rights are cut to 15 per cent, if it is possible to canvass the whole issue on that amendment as a test amendment. If the Leader will do it in that way, I think it might suit the convenience of the Committee and might help with the debate.

The CHAIRMAN: I would certainly permit that, but it is up to the Leader whether he wishes to agree to do it in that way.

Mr. TONKIN: I have no objection to treating that matter in that fashion, but there are a number of other issues vital to the Bill which do interlock and touch one against the other. Nevertheless, I am prepared to accept that we should debate this first clause as a test case in respect of clause 1 (page 1), clause 4 and the long title.

I do not intend to keep the Committee for any great length of time. The arguments put forward this afternoon during the second reading explanation were quite clearly put. The intention of these amendments is well understood by the Deputy Premier as well as by the Opposition. We believe that it is totally wrong that there should be retrospective legislation relating to the transaction which took place between the Bond Corporation and Burmah in relation to 37½ per cent of the shareholding of Santos nearly nine months ago. For that reason, it is our concern that the 15 per cent limitation apply to any organisation, any group of shareholders or any individual shareholder in respect of voting rights only and not of share ownership. It is necessary to have some degree of control, and we have accepted that.

It is necessary in some extremely rare cases to accept that control over a vital energy resource may require specific legislation which is against the general principle normally applying to legislation. For that reason, we propose that 15 per cent be a limitation on voting rights only and not on shareholdings. If we were starting from the beginning setting up a new company, or if it were a new company set up to deal with the energy resources of the Cooper Basin, we could at this stage, quite properly if we thought that the circumstances justified it, limit everyone's shareholding to 15 per cent.

The Opposition cannot agree to retrospective legislation that will require that the Bond Corporation, or any other corporation that bought shares, should be divested of shares that they acquired quite legally on the Stock Exchange, on the open market, under the terms of the Companies Act. That is the basis of the Opposition's

objection, and I think it is an important objection. I intend to move an amendment to new clause 9. I refer in passing to the fact that the 15 per cent voting right limitation, for which we are working in this series of amendments, should bind the Crown in whatever shareholdings it may have.

The Hon. HUGH HUDSON: This amendment is not acceptable. Lots of things can happen on the expectation that a certain market situation exists that subsequently are altered. Companies that have planned investment on the basis of certain trading stock valuation adjustments being allowable can have their position altered very suddenly. It is not only this sort of thing that ever has any retrospective impact in a sense that it alters the conditions or rules of the game; the whole history of company law as legislated through Parliament has progressively altered the rules of the game, and there is legislation regarding restrictive trade practices that does exactly that and can even force divestment in certain circumstances. The Commonwealth has introduced legislation that can force divestment in relation to foreign takeovers. Provisions of the foreign takeover legislation require that.

The fundamental objection to the amendment is that in limiting shareholdings to a figure as high as 37½ per cent, even if no other shareholder expanded his interest, the situation would apply whereby the Bond group could demand 15 per cent of the vote, A.G.L. could demand 15 per cent of the vote, and there would be 45 per cent of other votes that could be exercised. At any general meeting of shareholders electing board members, as honourable members will appreciate, it is rare to get a vote of shareholders that goes above 70 per cent or 75 per cent. Two lots of 15 per cent starts to exert a significant influence. A.G.L. expressed the view that, while the Bond Corporation was involved, A.G.L. would attempt to go at least as high as 25 per cent, because it would want to be able to block change in the articles of Santos, and to have a permanent blocking position so that the Bond Corporation could not take action to alter the articles of association. If this amendment and the consequential amendments were carried, one might find that A.G.L. would take action to obtain 25 per cent. A.G.L. and the Bond Corporation would then have 62½ per cent of the shares; they could each vote 15 per cent. There would be another 37½ per cent of potential votes.

It would not require very much for a situation to arise where it might pay for certain deals to be done. In other words, the provision limits seriously the number of principal shareholders that there can be in Santos. If A.G.L. went to 37½ per cent quickly, the Bond Corporation and A.G.L. would have 75 per cent; there would be 25 per cent of other shareholdings. It would be virtually impossible for any other company to obtain a substantial interest. The effect of this amendment is really to freeze the principal shareholders of Santos at this point of time as the Bond Corporation and A.G.L.

I do not think that it is in the interests of South Australia that the two principal shareholders in Santos should be, on the one hand, the Bond Corporation, and on the other, the principal purchaser of gas in New South Wales. That is the overall effect of the amendment, even though it may initially look as though it has some potential attraction.

If we had an initial situation where the Bond Corporation interest was about 20 per cent and it was a question of freezing that shareholding so that it could not go above 20 per cent with voting rights down to 15 per cent one might be able to cope with that situation relatively well. It is important for the future of Santos that other principal shareholdings be possible. It is important that we leave open the possibility for an energy resource company with some background and experience to be able to establish a significant holding in Santos, but this amendment and this approach does not really permit that.

Mr. Wilson: How does yours permit that?

The Hon. HUGH HUDSON: You can have that very easily if six companies have 15 per cent. It is then very probable that you will have significant interests other than the Bond Corporation or A.G.L. I believe that, if the Bond Corporation sells, A.G.L. will sell out the majority of its shares, apart from a small group which gives it a seat on the board.

As I understand it, A.G.L. wants to maintain enough shares to entitle it to retain the old Total seat on the Santos board, and it is prepared to give up its attempt to get a blocking position if the Bond Corporation sells out. That is another factor in the overall situation.

The figure of 37½ per cent quite seriously limits the number of significant groups that may take a position in Santos. The two significant groups at the present time are not groups that can really be said to be in the basic interests of Santos. It could be argued that A.G.L.'s holdings could involve a potential conflict of interests, because it is one of the principal purchasers of what Santos produces. The Bond Corporation, in all of its history, has never been an energy resource company, although it did get into Robe River, but that move caused plenty of problems. However, apart from that, its history has been in property development and to a minor extent insurance and one or two activities such as timber and brick works. It has not had an energy resource history. Therefore, it does not really have much to contribute from its traditional resources prior to its purchase of the Santos shareholding. I suggest that this amendment will result in a freezing of the Santos situation. A.G.L. will want to stay there and perhaps expand in an attempt to have a blocking position. The likelihood of getting any kind of energy resource investment which can give a substantial input to Santos is very low.

In the mid-1960's, when Burmah became interested in Santos, the former company provided expert technical resources for Santos. Some Burmah people were seconded to Santos. In the initial years it involved a resources input, but the two principal shareholders of Santos at present do not have a significant energy resource input to make.

Mr. DEAN BROWN: The Minister has not looked at subsequent amendments. I refer him to the amendment to be moved to subclause (2) of clause 6. The example about A.G.L. having 15 per cent of the voting rights, Bond 15 per cent, and only 20 per cent of the other voters turning up would not apply. The amendment refers to 15 per cent of the total number of shares held by all the shareholders voting at the meeting. Thus, at no stage can a total influence in any vote of more than 30 per cent be exercised.

Mr. Chapman: Of the actual votes cast.

Mr. DEAN BROWN: Yes, provided the people at the meeting cast a vote. I ask the Minister to look at the amendments again.

Mr. GOLDSWORTHY: The Minister now says that the reason for cutting back Bond's holding is that he has too many shares. He has in mind that there are other people who, he thinks, may want a significant shareholding in future. The more Bond has the fewer shares they can have. The thrust of his argument has been that Bond has too much control. Now he says that Bond has too many shares and that we must get rid of him because in future someone might want shares.

As Bond obtained the shares legally, there is no reason why he should be made to divest himself of them. The amendment simply preserves that position. The Opposition is trying, by controlling the votes exercised at

meetings, to place some constraints on the Bond Corporation and on the Bond influence in Santos. That principle, which is accepted in the business community, is written into legislation, including the South Australian Gas Company legislation. The amendment is a better way of dealing with this situation than forcing a shareholder to divest himself of legally acquired shares at the whim of the Government, and at a price dictated by the Government, simply because it thinks he has too many shares.

The import of the amendments is to control the influence of the Bond Corporation and the number of people it has on the board. The Opposition is opting for a measure of control, but not one that is obviously grossly and demonstrably unfair. If the Minister can prove that the amendments are deficient in some way, there are all sorts of other ways of controlling the voting strength of shareholders. A sliding scale was I think recommended by the Select Committee in the case of the Gas Company to cut back the authority of the major shareholders. Bond's power can similarly be restricted: I support the amendment, and reject entirely the simplistic and naive explanation the Minister has given for rejecting it.

The CHAIRMAN: For the purpose of clarification, I believe this amendment is being used as a test case for the long title and the amendments to clauses 1, 4 and 6. Am I correct in saying that?

Mr. Tonkin: Yes.

The Hon. HUGH HUDSON: I did not think clause 6 got a mention originally.

The CHAIRMAN: Originally, no.

The Hon. HUGH HUDSON: That has now been brought in?

The CHAIRMAN: Yes.

The Hon. HUGH HUDSON: I had not properly appreciated that the amendment limited voting power to 15 per cent by any one person of the total shares represented by shareholders who attend the meeting. I am not sure what this does to proxies, but I will leave that aside. There are some 46 000 000 shares in Santos; the Bond group would hold about 18 000 000 shares; the A.G.L. would hold about 8 000 000. We could easily get a situation where there was a general meeting of shareholders at which the Bond group turned up with 18 000 000 shares, A.G.L. turned up with 8 000 000 shares, and 40 other shareholders, including the member for Mitcham, turned up with 3 000 000 shares, with some of those 40 shareholders committed one way or the other. So, 29 000 000 shares could be voted at the meeting. I calculate that 15 per cent of 29 000 000 is 4 350 000. So, the Bond group could vote 4 350 000; A.G.L. could vote 4 350 000; and there would be 3 000 000 other votes.

The effect of clause 6 is to strengthen the position of the dominant shareholders, because they are the ones who turn up at general meetings. It is the exact reverse of what the amendment is supposed to do. Now that my attention has been drawn to the amendment to clause 6, I point out that, if one goes through the example where there are only two principal shareholders, what this amendment does is strengthen the hand of those two shareholders. By this amendment, the Opposition is turning the annual general meeting into a situation where it is A.G.L. against Bond. The situation is worse than I represented it.

Mr. Goldsworthy: Let us have a sliding scale.

The Hon. HUGH HUDSON: Well, I suggest you withdraw this amendment, because the situation that has been moved is worse than I have suggested, since any shareholder who does not turn up at the meeting does not get a vote.

The limitation that one puts on the votes that can be exercised at a meeting, if there are just two major shareholders, means that they are in a position to determine what happens. They have to do a deal. If the result of elections to the Santos board are a consequence of deals between A.G.L. and the Bond Corporation, the people in the middle, the South Australians, will not necessarily get the best deal.

Mr. CHAPMAN: I refer to the matter raised by the Deputy Leader concerning the scaling applicable to the Gas Act in limiting voting powers. There is no question that it can be done and that, therefore, the Minister's theory will not stand up. There is no argument about the situation applying to the 1979 Gas Act where, despite the amount of shareholding held by the company, shareholders were proportionately allocated by the scale a lesser amount of votes at meetings; for example, those with 50 shares qualify for no vote at all, those holding between 50-200 qualify for one vote, and proportionately that scale goes right up to those who hold 1 000 or more but fewer than 2 000 shares and who have four votes. That formula is applicable, and a precedent is set there.

Throughout the debate the Minister in arguing the Government's case has reflected on the Bond Corporation. He has done so deliberately in the past 24 hours, and in this Committee. He has done so since the Leader indicated his intention to move amendments, and he did it again just now when replying to the Leader. I should like to cast a reflection on the Minister.

The CHAIRMAN: Order! The honourable member would be out of order to reflect upon the Minister.

Mr. CHAPMAN: I shall then reflect upon his argument. In order to reflect on the corporation the Minister told this House that, after consolidating his balance sheet in June last year, Bond's assets and liabilities—

The CHAIRMAN: Order! Is the honourable member referring to a comment the Minister used in the second reading debate?

Mr. CHAPMAN: Throughout the whole debate, and he touched on it again tonight.

The CHAIRMAN: Order! I have listened closely to the debate since we have been in Committee, and I am sure that the Minister has not referred to the matters that the honourable member refers to. The honourable member would be out of order in answering a claim made not in Committee but in the second reading debate.

Mr. CHAPMAN: The Minister, without correction from the Chamber, referred to the Burmah transactions in the mid-1960's. He did that in reply to the Deputy Leader about a quarter of an hour ago.

The Hon. HUGH HUDSON: On a point of order, Mr. Chairman. I was trying to link my remark there directly to the amendment by putting the point that there ought to be room for other significant companies to get an interest in Santos and pointing out that back in the mid-1960's Burmah did give some technical assistance by way of people who were seconded. I was saying that the two major shareholders at the moment do not have that ability to provide such assistance. It was related directly to this amendment. I was not reflecting on the Bond Corporation; I was stating a matter of fact about its human resources.

The CHAIRMAN: I appreciate the Minister's explanation. I point out to the honourable member that I am not trying to limit his right to debate this matter, but Standing Orders must prevail. So long as he can contain his remarks within the confines of Standing Orders he can speak for as long as he wishes.

Mr. CHAPMAN: I do not intend to go back to the mid-1960's, as the Minister has, and I do not intend to debate the issue without directly connecting it with the matter before the Chair.

We are considering whether this Parliament approves of a party in Santos having a 37½ per cent shareholding and being restricted to a 15 per cent voting right. It is a test case surrounding those factors. The Leader referred to companies holding shares and enjoying voting rights. The Minister has continued to cast doubts on the credibility of both those companies already involved and those that might seek to be involved in these circumstances. It is in that vein that I propose to cast doubt on credibility of criticisms of these amendments. I would proceed to give a single example of where a reflection has been cast improperly, where sums have been done wrongly, and where this House has been misinformed. This is relevant to the very subject we are discussing, and I seek your permission to give that example.

The CHAIRMAN: So long as the example refers to amendments to clause 1, clause 4, clause 6 or the long title, the honourable member is in order.

Mr. CHAPMAN: It refers to the principle incorporated in all of them. The Bond Corporation's credibility has been judged throughout this debate, and the only example put forward regarding that credibility has been a reference to the Bond Corporation's accounts in June 1978, wherein the figures given to us by the Minister indicated that at that time Bond's assets were $71 100 000 and that his company's liabilities were $65 200 000.

The Hon. Hugh Hudson: That was in June 1977.

Mr. CHAPMAN: June 1978 is the reference I have.

The Hon. Hugh Hudson: It is June 1977; get your figures right.

Mr. CHAPMAN: I am reading it from the Minister's figure. Anyway, the difference between liabilities and assets at that date was 9 per cent. When the reflection was being cast on the Bond Corporation for its inability to manage its financial affairs and its consequent inability to continue to enjoy its 37½ per cent shareholding, the Minister said that it was forced to sell or dispense with a significant amount of its liabilities. In fact, it reduced its liabilities by 53.4 per cent to $30 400 000. My calculation is that its assets went down 47·4 per cent.

The Minister tried to demonstrate that Mr. Bond was not a creditable character and that he did not have the financial expertise necessary to enjoy the sort of shareholding interests in this company that may exist. He put forward that argument to denigrate the Bond Corporation, and his argument does not stand up.

The Minister's calculation is wrong and it demonstrates that the Opposition cannot accept his argument, especially his opposition to the amendments of the Leader of the Opposition. The Minister is so adamant and pig-headed about knocking off the Bond Corporation that he has failed to apply common sense and fairness not only towards the company involved or those companies that may desire to be involved but also towards the public at large which may wish to place on record its interest in the affairs of this organisation. However, the public has been denied that opportunity, and indeed the whole thing is a farce.

The CHAIRMAN: Order! Standing Order No. 422 denies the honourable member the opportunity to speak longer than 15 minutes, which he has already done.

Mr. DEAN BROWN: I challenge the Minister regarding the figures he quoted about the hypothetical meeting of shareholders. He talked about the Bond Corporation having 18 000 000 shares, A.G.L. having 8 000 000 shares and shareholders with 3 000 000 other shares attending the meeting. There was a total of 29 000 000 shares represented through shareholders. If the Minister's example was applied to the Liberal Party amendment, the Bond Corporation and A.G.L. together would have a total vote which outweighed the minority shareholders by 8 700 000 to 3 000 000 or 3 000 000 to 11 700 000 of the entire meeting. As the Bill stands, it is worse than that. The minority shareholders would be outvoted 3 000 000 shares to 14 000 000 shares and votes for both A.G.L. and the Bond Corporation. How can the Minister say that the minority shareholders would be worse off under the Opposition amendment? They would be significantly better off because their vote would be almost twice as strong.

The Minister's maths, being true to form for an economist, give a false picture of the real situation. The Minister should do his calculations again. The point at which minor shareholdings break even and are able to defeat the vote of A.G.L. and the Bond Corporation together occurs much sooner under the Opposition amendment than under the Minister's proposal. It would be difficult, under the Government's proposals, unless a large number of shares were represented by proxies, for A.G.L. or the Bond Corporation, or the two of them together, to be outvoted. Under the Opposition proposal, this would be quite simple. I estimate that the point would be about 10 000 000 votes (I cannot determine the exact point), whereas under the Minister's proposal it would take 20 000 000 votes before the break-even point occurred. The Opposition's proposal is therefore far better than that of the Government.

The Hon. HUGH HUDSON: I am afraid that the member for Davenport has committed a fundamental fallacy. Under the Government proposal, there is a forced divestment of shares by the Bond Corporation and, to a limited extent, by A.G.L.

That means that other major shareholders can come in, so you can no longer directly compare the two situations, because there would then be room for other major shareholders if divestment of 37½ per cent interest occurred. If there is no divestment, there would be very little room for other shareholders to come in. I point out that the direct comparison between the two situations, as made by the honourable member, is quite invalid. Once the Bond Corporation comes back to owning 15 per cent of the shares, the other 22½ per cent could be sold to two other major interests with 11 per cent each.

When divestment occurs, you are no longer confronted with a situation where two large globs of votes are being exercised by A.G.L. and the Bond Corporation at the annual general meeting. Let us imagine a situation where the Bond Corporation remains at 37½ per cent under the Opposition's proposal and controls 18 000 000 shares and that A.G.L. decides to expand to 37½ per cent so that it also has control of 18 000 000 shares.

Mr. Chapman: You have told us that they have no intention of doing that.

The Hon. HUGH HUDSON: That is an illustration. The two companies would control 75 per cent, or 36 000 000 shares between them, and would be in a complete blocking position. Not all the other shareholders would bother to turn up at the meeting, and you would have A.G.L. with 18 000 000 shares and the Bond Corporation with 18 000 000 shares. Even if all the other shareholders, representing 10 000 000 shares, turned up, their position would be fragmented. Bond and A.G.L. between them would exercise 13 800 000 votes, and there are only 10 000 000 other votes.

Mr. Dean Brown: What makes you think that one of the other major shareholders would not be equally willing to jump into bed with A.G.L. and Bond?

The Hon. HUGH HUDSON: I am saying that at the present time we have a situation where the Bond Corporation has 37½ per cent and A.G.L. has 17 per cent

and they will not come down unless Bond sells out to a significant extent. I believe the next largest shareholder is the A.M.P. Society, with about 5·8 per cent. Even though there is the extra device in the Bill applying the 15 per cent share represented at the meeting by those who attend, the overall effect of the amendment will be to make it more difficult for other significant companies to be represented in Santos. The Government does not believe that it is in the interests of South Australia for Santos to be effectively in the hands of A.G.L. and the Bond Corporation. As a consequence of that position, the Government believes that it is important to limit shareholdings to 15 per cent. That will require the sale of shares by the Bond Corporation interests and by A.G.L. and will create room to enable other interests to be effectively represented as Santos shareholders and to have an effective influence in determining the character of the board. Ultimately, the annual general meeting of shareholders will determine the board of directors.

Mr. Goldsworthy: Put them on a sliding scale and that will fix them.

The Hon. HUGH HUDSON: That is not the amendment which is before us. I am dealing with the amendment before us, and I am saying that it pretty well ensures that the board of directors of Santos will be determined by the Bond Corporation and A.G.L. in the future. A deal will be done between the two, and that overall situation involves a conflict of interest in the case of A.G.L. It is not in the best interests of South Australia, South Australians or the orderly development of the Cooper Basin resources.

Mr. CHAPMAN: It ought to be appreciated that there are three scenes. It is the current situation that Bond and A.G.L. by combining their shareholding and, accordingly, their voting rights, have control of more than half of Santos. We agree that that is undesirable. We do not agree with the stripping of votes and having retrospective action against those who are entrenched financially. We accept the principle that the Government has put forward with respect to some control, and we are trying to uphold the principle of divesting the Bond Corporation of its shares, yet we are supporting the Government in stripping its voting powers to 15 per cent.

The Committee divided on the amendment:

Ayes (17)—Mrs. Adamson, Messrs. Allison, Arnold, Becker, Blacker, Dean Brown, Chapman, Eastick, Evans, Goldsworthy, Mathwin, Rodda, Russack, Tonkin (teller), Venning, Wilson, and Wotton.

Noes (24)—Messrs. Abbott, Bannon, Broomhill, and Max Brown, Mrs. Byrne, Messrs. Corcoran, Crafter, Drury, Duncan, Groom, Groth, Harrison, Hemmings, Hopgood, Hudson (teller), Langley, McRae, Payne, Simmons, Slater, Virgo, Wells, Whitten, and Wright.

Pairs—Ayes—Messrs. Gunn and Nankivell. Noes —Messrs. Klunder and Olson.

Majority of 7 for the Noes.

Amendment thus negatived; clause passed.

Clause 2 passed.

Clause 3—"Circumstances in which shareholders are to be regarded as a group of associated shareholders."

Mr. TONKIN: Mr. Chairman, if it makes it more convenient for the Committee, I propose that this clause and the amendment proposed to clause 5, which is consequential, could easily be considered together.

The CHAIRMAN: If the Committee agrees to that, I have no objection.

Mr. TONKIN: I move:

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Line 46—Leave out ", in the opinion of the Minister".

After line 49—Insert subclauses as follows:

(1a) Where in the opinion of the Minister two or more shareholders constitute a group of associated shareholders, he may by notice published in the *Gazette*, declare those shareholders to be a group of associated shareholders.

(1b) Where a declaration is in force under subsection (1a) of this section, the shareholders to whom the declaration relates shall be conclusively presumed to be a group of associated shareholders.

(1c) A declaration under subsection (1a) of this section—

(a) may be revoked by the Minister by notice of revocation published in the *Gazette*; or

(b) may be set aside by the Supreme Court upon an application under subsection (1d) of this section.

(1d) Where the Supreme Court is satisfied, upon an application made by the company or any aggrieved shareholder within 14 days after publication of a notice under subsection (1a) of this section, that proper grounds for the declaration contained in the notice do not exist, it may set aside the declaration.

(1e) Where a declaration is set aside in pursuance of subsection (1d) of this section, a subsequent declaration shall not be made on the basis of the same, or substantially the same, facts.

It is absolutely essential that, in legislation of this kind, there is no collusion between individuals, companies or other bodies to circumvent the provisions of the Act when proclaimed. It is a recognised principle and, although the provisions are not exactly the same as those which have appeared in other legislation of this kind (they are more tightly drawn than they have been in those other Bills), it is a principle which is essential if the legislation is to work properly. Nevertheless, I take strong exception to the provision as currently drawn where the discretion is given entirely to the Minister, and I quote as follows:

(c) Where two or more shareholders are, in the opinion of the Minister, likely to act in concert with a view to taking control of the company, or otherwise against the public interest, those shareholders constitute a group of associated shareholders.

That is a very final decision to be made by the Minister. There is no right of appeal against such a declaration of the Minister. I find that totally unacceptable. It is a fundamental principle that we should have a right of appeal, particularly in such a sensitive matter. It is the more sensitive because, under the terms of the Bill at present, it is quite possible that the Government itself and a number of statutory authorities could become associated shareholders and could hold far more than 50 per cent of the shares. If that were so, it is conceivable that the Minister would choose not to regard those statutory authorities as associated shareholders. That is an extreme case, and I am not resting my argument entirely on it.

There should be a right of appeal. The effect of the amendment, particularly to clause 3 on page 2, is to enable an appeal to lie to the Supreme Court in respect of a declaration made by the Minister or to require him, on the application of a shareholder, to answer to the Supreme Court the reasons for such a declaration. It is fundamental to the principles of justice that we have come to accept. It should be in this Bill. The second amendment, to clause 5 on page 3, is entirely consequential. It is to stop divestment occurring while such a matter is being litigated. I am certain in this instance the Minister is bound to agree with me.

The Hon. HUGH HUDSON: I point out that in the South Australian Gas Company's Act Amendment Act, which was considered early this year, section 2 contains mirror provisions to clause 3 of this Bill. Paragraph *(c)* of new section 5 (2) states:

Where two or more shareholders are, in the opinion of the

directors, likely to act in concert with a view to taking control of the company, or otherwise against the public interest, those shareholders constitute a group of associated shareholders.

These words are identical, except that "the opinion of the Minister" is inserted instead of "the opinion of the directors". The reason for that is straightforward. When the Bill was drawn it was possible (and at this stage it is still possible if we take long enough and if the Upper House appoints a Select Committee) for the Bond group to call a special meeting of shareholders. It would take three or four weeks for it to occur. It was a consideration when the Bill was drafted. This could still happen if the Upper House appointed a Select Committee which went on for a few weeks.

It was thought that we could not rely on the Directors of Santos. We could rely on the current Directors, but we could not rely on the fact that, when this Bill comes into force, they will still be in a position of control, and the Leader cannot guarantee that they will be in control. It was thought necessary to substitute "in the opinion of the Minister". That is the reason for the change from the South Australian Gas Company's Act Amendment Act. It was pointed out in the Select Committee and in the debate on that legislation, and I will point it out now, that the provision is justiciable. Just because it says "in the opinion of the Minister" it does not mean that, if the Minister has made such a declaration, the people affected cannot take it to court.

The opinion of the Minister would have to be soundly based, either as to a takeover attempt or with respect to acting against the public interest. The Select Committee had evidence that the term "acting against the public interest" is a term on which courts have adjudicated previously.

Mr. Wilson: How would they take action in law?

The Hon. HUGH HUDSON: I presume that they would use a prerogative writ against the action of the Minister, and get it before the Supreme Court in that way. That action is there to take. I am advised that both in the Gas Company legislation, where the directors were given the right to take this action, and in this proposal, where the Minister has the right, the matter is justiciable and can be tested before the courts. I do not want to deny that at all.

The Minister, in exercising the opinion in this case, or the directors in exercising the opinion in the Gas Company legislation, have to base that opinion on sound evidence. Either there is a concerted attempt at a takeover, or they are proposing to act against the public interest. In the latter case the public interest has to be demonstrated. The Leader's amendments are not necessary. The provision is justiciable, and I am certain that anyone who was affected by such a declaration would employ lawyers automatically. They are part of the paraphernalia of companies involved in such situations. Mr. Bond tells me that he has Queen's Counsel with him all the time. They are always there, although I have never met them.

Mr. Tonkin: What a good job that you can always call on the Solictor-General.

The Hon. HUGH HUDSON: He is helpful, too. These matters get complicated and one does seek legal advice. If the Leader got into some of these situations he would do the same. I assure the Leader that the amendments are unnecessary, that the clause as it stands is justiciable. I have explained why it is slightly different in this case from the provision in the Gas Company legislation.

Mr. TONKIN: I am grateful to the Minister for the expression of his good intentions in this matter, but it is not enough. I am well aware of the difference betwen this Bill and the provisions in the Gas Company legislation. All other things being equal, I would prefer the directors of any company to pass their opinion on a position in preference to the Minister.

The Minister's point about the directors of Santos has not escaped members of my Party. That is a possibility, although the Minister, in quoting the time for calling together an extraordinary meeting of shareholders at three or four weeks, belies the tremendous haste and urgency with which Parliament was recalled. I understand we had to meet a week early because a shareholders' meeting might have been called. I am not unaware that Santos directors could change at any time.

In these circumstances, I am happy to leave the matter in the hands of the Minister provided provision for appeal to the Supreme Court is written clearly into the Bill. That is what we have set out to do. We have taken skilled advice on this matter. I am well aware of the situation applying to the Gas Company legislation.

The Committee divided on the amendment:

Ayes (16)—Mrs. Adamson, Messrs. Allison, Arnold, Blacker, Dean Brown, Chapman, Eastick, Evans, Goldsworthy, Mathwin, Rodda, Russack, Tonkin (teller), Venning, Wilson, and Wotton.

Noes (24)—Messrs. Abbott, Bannon, Broomhill, and Max Brown, Mrs. Byrne, Messrs. Corcoran, Crafter, Drury, Duncan, Groom, Groth, Harrison, Hemmings, Hopgood, Hudson (teller), Langley, McRae, Payne, Simmons, Slater, Virgo, Wells, Whitten, and Wright.

Pairs—Ayes—Messrs. Gunn and Nankivell. Noes —Messrs. Klunder and Olson.

Majority of 8 for the Noes.

Amendment thus negatived; clause passed.

Clauses 4 to 6 passed.

Clause 7—"Annulment of resolutions of company."

Mr. TONKIN: We oppose this clause. It is a clause of such absolute Draconian nature that I can only express my extreme surprise that it was ever included in the Bill. It is totally against the concepts of Parliamentary democracy, giving almost dictatorial powers to the Minister. I can only conclude that the Minister expects this matter to go to conference and has included it as a bargaining point, or expects it to be defeated.

The Hon. Hugh Hudson: You would not expect that.

Mr. TONKIN: I would certainly expect that where the Minister is concerned. I think he has put in this provision so that when the occasion arises he will be doing his image some good. This sort of clause will do nothing to reassure companies overseas or interstate wishing to invest risk capital in South Australia. It may be a very shrewd political move, or perhaps the Minister thinks it is, to put in a clause like this. What company will set up in South Australia or take a major interest in a South Australian company if it believes that this sort of provision can be applied at the whim of the Minister? It is almost as though this Government has a death wish and does not want development and investment in this State.

The Government can say what it likes about being pro-business. "We are not anti-business," the Premier has said so many times in the past 101 days that it is not true. The Premier says one thing and demonstrates, by the introduction of a Bill such as this, the totally reverse picture. How can he possibly say that he is not anti-business when he allows the Government to bring in legislation containing this sort of provision? There is no basis for a clause of this sort in any Bill, let alone this Bill. If the Minister and the Premier allow this paradoxical situation to develop, there is no way that they will agree to withdraw the clause. However, I hope that this clause is trumpeted from the rooftops as an example of what this

Government really thinks about the business community in South Australia.

Mr. WILSON: Can the Minister say whether local members of the board of Santos (not Bond nominees) were made aware of this clause before the Bill was introduced?

Was it discussed with them, and if so, what were their comments and attitudes towards this Draconian power which the Minister has under this clause? Are the institutions announced by the Minister in the press some days ago prepared to take the surplus 22½ per cent of the Bond shareholding off the Government, and are those institutions particularly happy about this type of clause being contained in the legislation?

The Hon. HUGH HUDSON: The Chairman of Santos would have seen the provisions of the Bill, but I do not think he would support all of this clause.

Members interjecting:

The Hon. HUGH HUDSON: What is the point in laughing? I have given an honest answer, yet the member for Coles and the member for Alexandra laugh. What on earth is the matter with them? I do not expect that the local board of Santos would support all of this clause, but they would probably support paragraph *(a)*. I fail to understand the Leader's attitude when he wants to oppose the whole clause, although I can perhaps understand his wanting to oppose paragraph *(b)*. Paragraph *(a)* is eminently justiciable. The Leader's opposition to the clause implies that, if what is mentioned in that paragraph does occur, he does not mind, or that he will rely on someone else to take the matter to court, but he does not want the Government to take any action even though the Government Bill, by its nature, has been introduced because of public policy. Paragraph *(b)* was certainly introduced with an excess of caution. A situation could well arise where just precisely what has happened and what has been admitted by way of votes is almost impossible to determine, but nevertheless the result, one is fairly confident, has been one produced contrary to the provisions of the Bill. On the advice given to me, it was felt that paragraph *(b)* was a necessary addition. Frankly, I am surprised that the Leader opposes the whole clause.

Mr. WILSON: The Minister said that he introduced paragraph *(b)* in an excess of caution, and that must pass for the euphemism of the year. Is that provision justiciable as he calls it? Do prerogative writs apply to it?

The Hon. Hugh Hudson: Yes.

Mr. WILSON: The Minister has not answered my question about institutional investors.

The Hon. HUGH HUDSON: I cannot answer that question, but the question of something being said to be in the public interest is justiciable, and there are cases where the courts have determined what was or was not the public interest. If that provision were ever used, one would have to be on pretty certain grounds that something had been done which could be demonstrated before the court as being contrary to the public interest.

Mrs. ADAMSON: Paragraph *(b)* of this clause is absolutely tyrannical, and paragraph *(a)* is superfluous. It appears that the Minister has no confidence whatever in the Chairman of the company.

The Minister is looking for every conceivable way of placing directors of a company in a position where they are mistrusted by the Government and are likely at every turn to be pounced on by it. The implications of paragraph *(b)* are enormous and virtually give the Government, without the need for it to spend one single dollar, total control of Santos.

Has the Minister gone beyond speaking to the directors of Santos to look at the implications for the Australian investment scene? Has he consulted the Shareholders Association, the Chairman of the Stock Exchange of Adelaide, or the Chairman of the Australian Stock Exhanges Association? If he has not, does he think that it would have been desirable to do that in this case, bearing in mind that the investment climate in this State will be badly damaged by a provision of that kind? It seems to me that, when the directors meet, they will have a sort of grey eminence around them at the table in the form of the spectre of the Minister, and any action they take will be dictated by whether it will be acceptable to the Minister. That is no way for free enterprise companies to operate. I oppose the clause.

The Hon. HUGH HUDSON: I have not generally consulted the bodies that the honourable member has mentioned in regard to this clause, nor have I consulted bodies such as those that the member for Whyalla asked me about, namely, the Combined Unions Council, or certain groups at Trades Hall or Port Adelaide. I did not properly consult with many people on that one. The member for Coles is over-stating the case enormously. First, the matter is justiciable, so it is not a question that cannot be reviewed. The Minister's determination of the public interest is subject to review by the courts. The honourable member said that at every meeting directors would be looking over their shoulder. This provision deals with a general meeting of the company, that is, a meeting of shareholders.

Mrs. Adamson: At which propositions are put to the shareholders.

The Hon. HUGH HUDSON: A general meeting of shareholders normally has tasks such as electing directors, approving changes in the articles of association of the company, and approving alterations to the authorised capital of the company. I think the dividend proposed normally must be approved.

Mr. Tonkin: Do you consider those things are unimportant?

The Hon. HUGH HUDSON: No, but I am saying that the general meeting of shareholders has a limited role. What it does that is critical for the future of the company is to determine the overall flavour of the company. The most important function that the shareholders carry out is to determine the future board of directors; therefore, the future control of the company. This legislation is fundamentally about the control of Santos; hence, the attention that has been given to the question of the general meeting of shareholders. I would insist that paragraph *(a)* is important. If a vote has been wrongly admitted, there should be an annulment process. I am prepared to examine further paragraph *(b)*, but I am not prepared to see the defeat of the entire clause.

Mr. EVANS: I believe the Minister said that he had discussed paragraph *(b)* with Mr. Bonython.

The Hon. Hugh Hudson: No, I didn't. What I said was that the Bill would have been seen by Mr. Bonython before it was introduced and that I did not think that he would support paragraph *(b)*.

Mr. EVANS: Has the Minister had any communication from any of the local directors that they are concerned about paragraph *(b)*?

The Hon. HUGH HUDSON: Yes, I have had such a communication directed at paragraph *(b)* from one of the local directors of Santos, whom I do not propose to name.

Mr. WILSON: Regarding the institutional investors, the Minister announced some time ago that the Government would buy off the surplus over and above 15 per cent of the Bond Corporation's holdings.

The Hon. Hugh Hudson: I didn't say that.

Mr. WILSON: Then perhaps the Minister will explain.

The CHAIRMAN: I point out to the honourable member for Torrens that, if he resumes his seat, he will not get a further call, because he has already been on his feet three times.

Mr. WILSON: If the Government bought the surplus shares at the price of $2·75, according to an article in the *Financial Review* dated 30 April 1979, a cost of $26 000 000 would be involved. As I understand it (and the Minister will no doubt correct me if I am wrong), the Government had given Mr. Bond an undertaking to buy off that surplus, and then it announced that it had been able to place that surplus with some institutional investors. If the institutional investors had given the Government or the Minister an undertaking to take that surplus, before seeing the Bill and the clause we are discussing, they may well have changed their minds, in which case the Government would have been left with $26 000 000 worth of shares.

It would presumably have to sell them on the open market or keep them, and the Minister has said the Treasury does not have the money to acquire this type of shareholding.

The Hon. HUGH HUDSON: I think I have said publicly (I am almost certain I have) that what I said to Mr. Bond was that we would buy from him at a price 10 per cent above what he paid for all of the interests that he bought; that is, the whole 37½ per cent in Santos, plus Reef.

Mr. Chapman: 10 per cent per annum?

The Hon. HUGH HUDSON: He has only had them for seven months or eight months. The honourable member must not be silly about this. If we paid that figure, he would be screaming about us wasting public money.

Mr. Chapman: I don't think you should buy them at all.

The CHAIRMAN: The honourable member should not interject at all.

The Hon. HUGH HUDSON: At the time that was said to Mr. Bond it was not known what effect the Government's statements and the calling of Parliament would have on the share price. It was made clear to him that he would not be in a position to lose.

Mr. Wilson: If the market price was higher, you would have bought them at the higher price.

The Hon. HUGH HUDSON: No. The likelihood is that, if Mr. Bond sells, he will sell directly to others, not to the Government. He said, "You are trying to ruin us." I replied, "No; that is not true." What I said is a blanket underneath him. At this stage that stands, but it is only intended to be an insurance. The offer relates to the whole interest and the interest in Reef and Basin; that is, all the Burmah exploration shares that exist. Then we would propose to resell those shares; we would not propose to keep them. That is what the score is. At no stage would we pay $2·75—an outrageous price. Perhaps the honourable member would care to work out the profit that would be made. No doubt, if representations are made by institutional investors, they will be made to the Government.

Mr. Wilson: I thought I saw a quote saying that you had a couple of institutional investors who were interested.

The Hon. HUGH HUDSON: There are investors willing to buy, but I am not prepared to go into it further than that.

Mr. Wilson: On the basis of this legislation?

The Hon. HUGH HUDSON: I do not propose to go into any details in public in relation to any of those matters. In relation to the discussions I have had with Mr. Bond, I am aware of the fact that a version of those discussions may be published by him afterwards; that is always the case, but that is not likely to happen in relation to other discussions.

Mrs. ADAMSON: I reject the Minister's justification for clause 7. I believe it is to rancour. It will send shudders of horror throughout Australia in stock exchanges and board rooms, and among shareholders generally. It is shareholders as well as directors that the Minister is attempting to draw into his net. I cannot think of any statutory provision covering companies in Australia, or anywhere else in the Western World, that would be contemplated as being so severe, where a Government can override a resolution of a general meeting of shareholders.

The Minister claims that clause 7 (1) *(a)* is necessary and desirable in respect of the admissibility of votes. Surely that is covered under the Companies Act. Why is it necessary to include such a provision in this legislation in the case of votes which should not have been admitted but which have been admitted?

The Hon. HUGH HUDSON: Normal provisions would allow the person or persons adversely affected by the result of a ballot to take the matter further. This clause provides for the Minister to take the matter further, because clearly, as the legislation deals with shareholdings in the company, the matter is one of public interst. It is not something that is to be left with disaffected shareholders. It would be similar to a provision in any ballot arrangement that allowed a third party, rather than the ones who are directly involved, to take the matter further.

I have no apologies at all for clause 7 (1) *(a)*. It is perfectly proper in the terms of the legislation as drafted. There is public interest. The Minister is responsible for that public interest. He is accountable to Parliament. He can be got at (you can abuse him, as the honourable member does). The purpose of the Bill, whether it is the Opposition's amendments that ultimately apply or the Bill as it stands, is that the voting pattern should be a certain way. I am sure that, having accepted that, the honourable member might care to admit to the possibility that Parliament might be concerned about the way that provision might work in practice. If it did not work, it might want some action taken.

Mrs. ADAMSON: I would like the Minister to give an assurance on the record that the person whose votes are declared by the Minister to be inadmissible will have the right to challenge that declaration on the inadmissibility of those votes. Do provisions exist in the Companies Act to protect the rights of such people? What are those rights, if any, at common law? What recourse will be available to these people whose votes have been declared inadmissible?

The Hon. HUGH HUDSON: It is my view that the provision in the Bill, as it stands, if it were ever exercised, would be directly justifiable by the affected shareholder. If, in the opinion of the shareholder, the Minister has acted incorrectly, the Minister can be taken to court.

Mrs. Adamson: Very costly for the shareholder.

The Hon. HUGH HUDSON: Yes. Might I point out that I am informed that the provisions of the Victorian Act (and we are trying to check this) relating to the attempted take-over of Ansett Transport Industries by T.N.T. had a provision in it which required that the major shareholder had to vote at a general meeting of shareholders in accordance with conditions laid down by the Minister.

The Hon. G. R. Broomhill: That was Sir Henry Bolte, wasn't it?

The Hon. HUGH HUDSON: That was the Liberal Party in Victoria. That legislation still exists. I have the recollection that that legislation is in this respect, more Draconian than this. If we make a decision and Parliament agrees with that decision to implement legislation, it is important that it work. There are plenty of examples in our law of Bills passed in Parliament that have become quite complicated, even quite difficult so far as the

individual is concerned, in order to make sure that they do, in fact, work.

Mr. DEAN BROWN: We are talking about the Minister's attitude towards the public interest. I ask whether, before he made his proposal to Mr. Bond, and before its public release a proposal which was outlined in a letter he also sent to Mr. Bonython, Chairman of Santos, in which he proposed that there should be an expansion or replacement of shares by Santos to dilute the holding of Mr. Bond, he consulted the Santos board. Did he get any indication from the Santos board that it would back that proposal before it was released publicly?

I think, first, this is important in determining what the Minister argues is in the public interest and, secondly, whether the Minister had any right whatsoever to commit a public company to that extent. One such proposal it could have been committed to was to place these shares. If the Minister did not get the approval of the board of the company he had absolutely no right to make that sort of commitment, to release it publicly or to put forward such a proposal on a definite basis to Mr. Bond. I ask this question because I think the answer will clearly indicate the grounds on which the Minister will judge public interest. If that is the way he judges the public interest so that it completely ignores the company, I can see real problems, not only in this but in the whole confidence of the private sector in the State.

The Hon. HUGH HUDSON: One of the joys of dealing with the member for Davenport is that his poisonous mind will always assume the worst so far as the Government is concerned.

Mr. Chapman: Your comments haven't given us a great deal of confidence.

The Hon. HUGH HUDSON: The honourable member would not understand.

The CHAIRMAN: Order!

The Hon. HUGH HUDSON: The proposition was a preliminary proposition to Mr. Bond. I did not consult him. It was certainly understood in the conservation with Mr. Oates in Melbourne that there would have to be further discussions and that we did not have the power on our own either if the Bond Corporation wanted to agree or the Government wanted to agree, to implement it. It was only a preliminary stage.

Mr. Dean Brown: Even though you went public.

The Hon. HUGH HUDSON: I did not go public. The member for Davenport should let me give the explanation. Mr. Bond went public. Don't you know what happens when you deal with Mr. Bond?

Mr. Goldsworthy: What happens when you deal with Hugh Hudson?

The CHAIRMAN: Order!

The Hon. HUGH HUDSON: I have not said that the Deputy Leader or the Leader gave me an undertaking. What anyone else might have assumed—

Mr. Wilson: It was in the paper.

The Hon. HUGH HUDSON: That does not make it true.

Mr. Dean Brown: I have been told that you made that statement.

The Hon. HUGH HUDSON: You are told a lot of things.

The CHAIRMAN: Order! I will not allow the Committee debate to deteriorate as it is now doing. It has been a long and tiring day; members should stop interjecting and allow the Minister the right he has under Standing Orders to answer the queries, free of interjections.

The Hon. HUGH HUDSON: The point of the proposition to Mr. Bond (it was purely a preliminary situation) was to indicate the terms under which the Government would be willing to agree that Mr. Bond did not have to divest. I know that the member for Davenport is not interested in the truth.

Mr. Dean Brown: I'm listening.

The Hon. HUGH HUDSON: I would appreciate that. Everyone was screaming about divestment. I said in discussions I had with Mr. Oates regarding the worthless proposition that Mr. Bond had put to the Premier and myself, "If you want the circumstances in which we would be inclined to agree that you did not have to divest, this is what it is." I did not go public; Mr. Bond did that subsequently.

Regarding the Ansett Transport Industries case in Victoria, the Victorian legislation provides:

> 5. (1) Where a person is a substantial shareholder in the Company within the meaning of Division 3a of Part IV. of the *Companies Act* 1961 neither that person nor any other person shall without the prior consent of the Minister exercise or authorize or permit the exercise of any right to vote or purport to exercise or authorize or permit the exercise of any such right in respect of any share in which the substantial shareholder has an interest for the purposes of the said Division 3a.
>
> (2) The consent of the Minister under subsection (1) shall be given in writing and may be made subject to such terms, conditions, limitations and restrictions as he thinks fit and any such consent may be varied or revoked by writing under the hand of the Minister served upon the person to whom the consent has been given.

If the member for Coles was a major shareholder in Ansett Transport Industries, she could not vote without the prior consent of the Minister. She would have to obtain consent in writing, and he can apply whatever terms, conditions, limitations and restrictions that he thinks fit. That was introduced by the Bolte Government in 1972.

Mr. Allison: After there was a Select Committee?

The CHAIRMAN: Order! Select Committees are not a matter for discussion under this clause.

The Hon. HUGH HUDSON: The proposition from members opposite now is that if you have a Select Committee you can do what you like.

Mr. TONKIN: It is largely due to the Minister that we are getting a good way from the basic point of this argument. While it is very interesting to find out what happened in Victoria—

Members interjecting:

Mr. TONKIN: If members opposite think we are embarrassed by the quotes the Minister has thrown across the Chamber, he has another think coming. I am embarrassed because of the effect this clause will have on investment in South Australia and on our reputation for investment in this State. I have no doubt at all that the present directors of Santos could never have given their approval to this clause.

The Hon. Hugh Hudson: I didn't say they did, did I?

Mr. TONKIN: I am quite certain they did not, because they are far too sensible and they too strongly advocate the free enterprise system. I have equally strong convictions that they are absolutely worried sick at the appearance of this clause in the legislation. Accepting for the moment that Mr. Bond will be divested of his excess shareholding and that Santos would thereupon look to institutional or other buyers for the other shares judging by the Government's track record and the appearance of this clause, I would think they are probably getting very cold feet indeed.

Perhaps it suits the obsession the Minister obviously has about the Bond Corporation and the vindictive attitude that he has quite clearly shown today, in forcing the price of the shares down as far as possible so that Mr. Bond will suffer. Even if the Minister agrees to withdraw this clause

at some time during the passage of this legislation through this Parliament, the damage will have already been done. Even though it be withdrawn at this time, as long as this Government remains in office and as long as this Deputy Premier remains here, no-one in the free enterprise world will have any faith that they are safe from Government intrusion, because this clause represents a totally unwarranted Government intrusion into the properly conducted affairs of a free enterprise company. Nothing that the Minister can say about all the peripheral issues can change that one fact.

Mr. BECKER: I oppose clause 7 quite strongly. Many of my colleagues have made the point that the Minister has intimated that the majority of the present directors of Santos are reasonably satisfied with the legislation, but are opposed to this clause.

Mr. Tonkin: He didn't say that they were opposed; he hasn't asked them.

The Hon. Hugh Hudson: One director, whose name I am not prepared to give, has indicated that there is opposition to paragraph *(b)*.

Mr. BECKER: That's right. I have been informed that they are aghast at paragraph *(b)*. Surely the Minister must realise that at a general meeting of the company you consider the balance sheet, the auditor's statement, the appointment of directors and the declaration of a dividend. There are so many decisions made at a general meeting of a company, and the Minister could say they were contrary to the public interest.

If the Santos directors declared a 20 per cent dividend and took out a huge amount of the ready cash in the company, the Minister could say that that was contrary to the public interest because the company should retain that money for future development. Whilst the Minister may not want to use his powers in all areas, he or any other Minister can exercise them, and the Government can change the ground rules overnight.

Mr. Tonkin: Who said that the Duncan influence was not still strong?

Mr. BECKER: I am concerned about whether the former Attorney-General had some influence in this legislation.

The CHAIRMAN: Order! I think the honourable member's remarks are becoming quite irrelevant.

Mr. BECKER: I cannot see that. I understand why some directors of Santos would be concerned about the wide ramifacations of the clause. Further, if the South Australian Government decided to offer $1·70 for the excess 22·5 per cent, the total amount involved would be $16 000 000, and the Government is prepared to concede to Mr. Bond a 10 per cent profit, or $1 600 000. The Bond Corporation paid $36 000 000 for the Burmah Oil shares in Santos, 37·5 per cent; Reef Oil, 66·96 per cent; and Basin Oil, 30·86 per cent. If the Bond Corporation paid $36 000 000 the costs of raising that amount, procuration fees, etc., plus the interest to date, would leave a big hole in the $1 600 000, and it would be doubtful whether Bond was making a profit. I appeal to the Minister to delete paragraph *(b)*. I do not think the whole clause is necessary.

Mr. DEAN BROWN: When I asked the Minister whether he had consulted the Santos board or had its approval before speaking publicly about the placement of shares, he claimed that at no stage had he spoken publicly about such placement. A report on page 2 of the *News* of 17 May states:

> Meanwhile the Deputy Premier and Mines and Energy Minister, Mr. Hudson, today gave details of the proposal the South Australian Government has made to Mr. Bond about the future of Santos.
>
> Mr. Hudson said: "The proposition the Government put to Mr. Bond involved share placements to be carried out in a way that ensured Mr. Bond's interest would be reduced to 30 per cent without any requirement on him to divest himself of any shares. It is not true, as Mr. Bond is reported to have claimed, that the Government proposed taking up 15 per cent of Santos. The share placements involved a major national company, a South Australian company and South Australian Oil and Gas. The latter would have ended up with only 4 per cent."

Clearly, the Minister has deliberately misled the House this evening. He has commented on that and, by his own admission, not only has he commented on it: he has also commented publicly on the proposition he brought forward, committing the board of Santos without even having consulted it. He knows only too well that that proposition could not have gone through without the full support of the Santos board, because it involved the placement of shares. That is the sort of standard the Minister is obviously going to adopt in considering the public interest. I hope that he will apologise to the Committee.

The Hon. HUGH HUDSON: The member for Davenport has demonstrated once again his innate ability to distort everything someone says here. The first to publicise the statement that the offer was made was Mr. Bond.

Mr. Dean Brown: You said you hadn't commented publicly.

The CHAIRMAN: Order!

The Hon. HUGH HUDSON: I did not say that. I said that I made no comment publicly, until Mr. Bond commented publicly; that was the implication I meant. I am absolutely sick of the evil vicious lies the honourable member goes on with.

Mr. Dean Brown: You were well and truly caught.

The Hon. HUGH HUDSON: That is not true. The honourable member is at his old game. I commented publicly only when Mr. Bond publicised my conversation with Mr. Oates. That is what happened, and I then stated accurately what had happened. I then wrote to Mr. Bonython about it. That is the course of events which took place, and the member for Davenport is indulging in his usual vicious distortion.

The Committee divided on the clause:

Ayes (24)—Messrs. Abbott, Bannon, Broomhill, and Max Brown, Mrs. Byrne, Messrs. Corcoran, Crafter, Drury, Duncan, Groom, Groth, Harrison, Hemmings, Hopgood, Hudson (teller), Langley, McRae, Payne, Simmons, Slater, Virgo, Wells, Whitten, and Wright.

Noes (17)—Mrs. Adamson, Messrs. Allison, Arnold, Becker, Blacker, Dean Brown, Chapman, Eastick, Evans, Goldsworthy, Mathwin, Rodda, Russack, Tonkin (teller), Venning, Wilson, and Wotton.

Pairs—Ayes—Messrs. Klunder and Olson. Noes —Messrs. Gunn and Nankivell.

Majority of 7 for the Ayes.

Clause thus passed.

Clause 8 passed.

New clause 9—"Act to bind the Crown".

Mr. TONKIN: I move:

> After clause 8 insert new clause as follows:
>
> 9. This Act binds the Crown.

In those few words is summed up the major point of the Opposition's amendments to the Bill. Because the arguments have been thoroughly ventilated, I do not intend to keep the Committee. Nevertheless, this fundamental issue must be made clear. The legislation as it stands at present is severely deficient inasmuch as it restricts the activities of free enterprise companies operating properly under the Companies Act and

according to the rules of the Stock Exchange. However, the legislation has no reference at all to Government activity. As it relates to shareholders and voting, the legislation will not in any way bind the Crown or render the Crown liable to the same restrictions that the Government is prepared to place on free enterprise. This is discriminatory legislation and an attack on the free enterprise system. It is giving selectively favourable treatment to Government.

I can only conclude, following the events of the last few hours, that the Government has no intention whatever of allowing itself to be bound by this Bill. That being so, we can only conclude that the long-term aim of the legislation is to take over the control of Santos and the Cooper Basin resources. This is entirely in keeping with the Labor Party's platform and policies. We should not be surprised to find that this is the Government's object. It is totally unacceptable to the people of South Australia that the Government is prepared to place restrictions on private enterprise which it is not prepared to wear itself. We are not against joint projects. Indeed, we believe that more and more there are joint projects between Governments and free enterprise, particulary when it comes to the development of vital energy resources.

However, we will not stand for a Government monopoly in this matter, introduced as it is in the guise of a protective measure designed to protect the energy resource of the people of South Australia.

The Hon. HUGH HUDSON: The amendment is not acceptable. It does not make sense in terms of the legislation as it stands. It would make it inoperative. I am not responsible, and the Government is not responsible, for the meanderings of the Leader's mind and the distortions that he wants to spread about the Government. If he wants to do that, then I suspect that that is one of the factors contributing to his low standing in the community. People know that that is nonsense.

The various provisions under the Bill come in through actions of the Minister. Even if the Bill passes it might never be operative, even if it is proclaimed, simply because the Minister never makes a declaration or never requires a divestment. That would apply in relation to private interests. You can put all the provisions you like about binding the Crown but, if the Minister never makes the declaration required under the Bill, it will never apply.

The Committee divided on the amendment:

Ayes (17)—Mrs. Adamson, Messrs. Allison, Arnold, Becker, Blacker, Dean Brown, Chapman, Eastick, Evans, Goldsworthy, Mathwin, Rodda, Russack, Tonkin (teller), Venning, Wilson, and Wotton.

Noes (24)—Messrs. Abbott, Bannon, Broomhill, Max Brown, Mrs. Byrne, Messrs. Corcoran, Crafter, Drury, Duncan, Groom, Groth, Harrison, Hemmings, Hopgood, Hudson (teller), Langley, McRae, Payne, Simmons, Slater, Virgo, Wells, Whitten, and Wright.

Pairs—Ayes—Messrs. Gunn and Nankivell. Noes—Messrs. Klunder and Olson.

Majority of 7 for the Noes.

New clause thus negatived.

Title passed.

Bill reported without amendment.

The Hon. HUGH HUDSON (Deputy Premier): I move:

That this Bill be now read a third time.

Mr. TONKIN (Leader of the Opposition): The Bill, as it comes out of Committee, is unacceptable to the Opposition for the many reasons which have been advanced today. We therefore intend to oppose the third reading, and trust that the Bill will receive better attention in another place.

The House divided on the third reading:

Ayes (24)—Messrs. Abbott, Bannon, Broomhill, and Max Brown, Mrs. Byrne, Messrs. Corcoran, Crafter, Drury, Duncan, Groom, Groth, Harrison, Hemmings, Hopgood, Hudson (teller), Keneally, McRae, Payne, Simmons, Slater, Virgo, Wells, Whitten, and Wright.

Noes (17)—Mrs. Adamson, Messrs. Allison, Arnold, Becker, Blacker, Dean Brown, Chapman, Eastick, Evans, Goldsworthy, Mathwin, Rodda, Russack, Tonkin (teller), Venning, Wilson, and Wotton.

Pairs—Ayes—Messrs. Klunder and Olson. Noes—Messrs. Gunn and Nankivell.

Majority of 7 for the Ayes.

Third reading thus carried.

ADJOURNMENT

At 11.26 p.m. the House adjourned until Thursday 31 May at 10.30 a.m.