LEGISLATIVE COUNCIL

Tuesday, February 29, 1972

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

ASSENT TO BILLS

His Excellency the Governor, by message, intimated his assent to the following Bills:

Adelaide Festival Centre Trust,
Apprentices Act Amendment,
Constitution Act Amendment (Members),
Criminal Law Consolidation Act Amendment,
Harbors Act Amendment,
Health Act Amendment,
Hire-Purchase Agreements Act Amendment,
Housing Grants Administration,
Industrial Code Amendment (Commissioners),
Irrigation Act Amendment,
Licensing Act Amendment,
Local Government Act Amendment (General),
Metropolitan Milk Supply Act Amendment,
Mining,
Pistol Licence Act Amendment,
Savings Bank of South Australia Act Amendment,
Second-hand Motor Vehicles,
South Australian Railways Commissioner's Act Amendment,
South-Eastern Drainage Act Amendment,
Stamp Duties Act Amendment Act, 1971, Amending,
Valuation of Land,
Weights and Measures,
Workmen's Compensation Act Amendment.

QUESTIONS

RURAL RECONSTRUCTION

The Hon. R. C. DeGARIS: As all honourable members who represent rural districts are interested in the progress of the rural reconstruction scheme, which is financed by the Commonwealth Government and administered by the State, will the Minister of Lands make a statement on the progress of the scheme?

The Hon. A. F. KNEEBONE: As I told honourable members when the scheme first came into operation, there were some facets of the scheme which I did not think went far enough and, subsequently, a meeting of Min as a result of which approaches were made to the Commonwealth Government for an early meeting of all the States and the Commonwealth in regard to the scheme's administration. Initially it was promised that, after 12 months, a review would take place, but the States were convinced that the review should take place sooner. I am happy to say that, as a result of the pressure exerted on the Commonwealth by the States, the Commonwealth is now prepared to meet the States and a review will take place in Canberra on Friday.

The latest statistics in regard to the administration of the scheme in this State show that a total of 526 applications have been received; 46 were for farm build-up, of which three have been approved, 14 have been refused, one has been withdrawn, one is with the committee, and 27 are pending. Total advances on farm build-up amount to $89,200. Regarding debt reconstruction, 480 applications have been received, of which 154 have been approved, 169 have been refused, one has been dismissed, four have been withdrawn, 71 are before the committee, and 81 are pending. Total advances for debt reconstruction amount to $2,858,209. Regarding rehabilitation loans, six applications have been received, and total advances amount to $5,500. A total of 61 protection certificates were sought, seven were issued, three were cancelled, and 26 were declined. A total of 13 budgets were approved in regard to carry-on finance. The total amount of approved expenditure for budgets was $169,683. The sum of $1,339,871 has actually been spent overall to this stage.

ABATTOIRS

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

Leave granted.

The Hon. C. R. STORY: Shortly before the Christmas break the Minister said that he had appointed Mr. Ian Gray, a public accountant, to investigate abattoir facilities in South Australia and the legislation regarding abattoirs that operates in this State. I recently noticed that a meat industry conference was apprehensive that on present indications, as a result of the increase in the amount of beef being produced in this State, there could very well be a shortage of abattoir facilities. It was suggested that there should be more yardings at abattoirs. Has the Minister yet received a report from Mr. Gray and, if he has not, can he say when Mr. Gray will be able to present his report?

Further, will the Minister make a broad statement on the meat industry in this State at present?

The Hon. T. M. CASEY: The answer to the first part of the honourable member's question is "No"; Mr. Gray's report is not available at present. However, it will not be very long before it is available; it may be available within a couple of months. I cannot be more definite, because I am not carrying out the investigation. I have had several discussions with Mr. Gray and his partners, who seem quite satisfied with the way things are progressing. Regarding the overall situation of abattoirs in South Australia, I agree with the honourable member that the amount of beef being produced here has increased tremendously over the last few years. We have more than 1,000,000 head of cattle—almost double the number we had five years ago. That quantity will put pressure on the abattoirs at present in this State and, unless something is done soon, cattle that should be slaughtered in this State will be sent to other States, particularly Victoria. I hope that the abattoirs contemplated in the South-East, perhaps at Naracoorte or Lucindale, will eventuate. However, I do not know whether they will eventuate, because the matter is not under my jurisdiction.

SOLDIER SETTLERS

The Hon. V. G. SPRINGETT: Will the Minister of Lands make a progress report on the zone 5 rentals?

The Hon. A. F. KNEEBONE: Following various discussions with settlers, general agreement upon rentals has been reached between the State and the settlers. The State offered rentals based on the findings of the Eastick Committee of Inquiry, and these were generally accepted by the settlers, who raised six particular questions. Three of these matters were settled between the State and the settlers, and the other three are matters which it has been agreed should be discussed between the settlers and the Commonwealth. The matters settled between the State and the settlers included the accepting of costs in two cases, the exclusion of Canunda blocks, and the adjustment of provisional rents in six cases.

Matters to be discussed between the settlers and the Commonwealth concern appeals against assessment of dry sheep equivalents in 20 cases, payment of back rent, and adjustment of the standard for later allotments. Arrangements have been made for the latter three matters to be discussed at a round-table conference between the Commonwealth Minister for Primary Industry, myself, State and Commonwealth officers, and the settlers to be held in Canberra on Thursday next.

Contrary to some statements made in the press, it was through the efforts of my officers and myself that the Commonwealth authorities were convinced that they should meet the settlers at such a conference. We were instrumental in fixing a date. I hope, and I am sure all other honourable members join me in this, that as a result of the conference the vexed question that has been going on for so long will be solved.

The Hon. R. C. DeGaris: What statements were made in the press?

The Hon. A. F. KNEEBONE: Some people in the South-East, or I should say one person claimed that he had convinced the Commonwealth that the conference was necessary, and that it was being held as a result; that was not so. I am very optimistic that the conference will bring to a close this most unhappy situation which has existed for so long.

ROSEWORTHY COLLEGE

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

Leave granted.

The Hon. L. R. HART: This morning I had the pleasure of attending the graduation day ceremony at the Roseworthy Agricultural College, at which the Minister of Agriculture presented prizes to the successful students.

The Hon. M. B. Dawkins: And he made a very good speech, too.

The Hon. L. R. HART: During the course of his speech, the Minister referred to the tremendous amount of development taking place at the college and mentioned that $900,000 was being spent in the present triennium, indicating the keen interest the Government is taking in the upgrading of the college. What percentage of this sum has been supplied by the Commonwealth Government and what percentage has been contributed by the South Australian Government?

The Hon. T. M. CASEY: I will obtain the information for the honourable member and bring it back as soon as possible. I am sorry he did not comment on the speech; I, like the Hon. Mr. Dawkins, thought I made a very good one.

TUMBY BAY JETTY

The Hon. A. M. WHYTE: I seek leave to make a short statement before directing a question to the Minister of Agriculture, representing the Minister of Marine.

Leave granted.

The Hon. A. M. WHYTE: There is at present a controversy centred around the decision of the Minister of Marine to demolish a large portion of the Tumby Bay jetty. The people of Tumby Bay are most concerned about the decision and believe that they have an alternative programme which could be implemented at a lower cost than the proposed demolition. Will the Minister ascertain whether his colleague has considered this alternative; if so, has he costed it; and, if not, will he do so?

The Hon. T. M. CASEY: I will refer the honourable member's question to my colleague who, I know, has been in touch with people on the peninsula. The honourable member mentioned demolition, but I understand there are two jetties at Tumby Bay.

The Hon. A. M. Whyte: It is a large portion of the Tumby Bay jetty.

The Hon. T. M. CASEY: I understood there were two jetties there and that a large portion of one was involved. However, I will refer the matter to my colleague and bring back a reply as soon as possible.

AFRICAN DAISY

The Hon. Sir ARTHUR RYMILL: Will the Minister of Agriculture table a statement regarding African Daisy made about three weeks ago by an agronomist of his department on the *Country Hour* over national radio?

The Hon. T. M. CASEY: I do not know of any such statement. However, I will look into the matter and let the honourable member know.

SCHOOL FIRE PROTECTION

The Hon. V. G. SPRINGETT: My question, which I direct to the Minister of Agriculture, representing the Minister of Education, concerns fire protection and safety in schools. Will the Minister ascertain from his colleague how often fire-fighting facilities in schools are checked and what control the Government has over the standards of fire precautions in private schools compared to those in departmental schools, with particular reference to smaller schools? I ask this question because one school in Southern District (the Christies Beach High School) has had built a library wing that has only one exit. Will the Minister ascertain whether one exit for a whole library block constitutes a sufficient standard of fire safety?

The Hon. T. M. CASEY: I shall be pleased to refer the honourable member's question to my colleague and bring back a reply as soon as possible.

SCHOOL BUSES

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

Leave granted.

The Hon. M. B. CAMERON: A problem was raised with me some time ago by a parent who has two children attending the Millicent High School and another two attending the convent school. These children, who live on a road on which the school bus travels, have been told that, unless it is raining, they will not be permitted to alight from the school bus at their front gate but can get off one-quarter of a mile farther down the road where children from another family alight from the bus. This is a main road and, in view of the tragic accident involving a young child that occurred in this area recently, I wonder what is the department's policy in this matter, and whether there is a set distance between bus stops. If there is, can this matter be investigated with a view to introducing a new policy so that children will not have to walk a considerable distance along a main road as these children have been forced to do?

The Hon. T. M. CASEY: I shall be pleased to refer this matter to my colleague and bring back a reply as soon as possible.

FLOODING

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

Leave granted.

The Hon. M. B. DAWKINS: As honourable members would realize, during the recess some parts of South Australia have experienced torrential rains, as a result of which flooding and damage have occurred. I believe that 5in. of rain fell in a short time in the Cobdogla area and that some devastation was caused by the subsequent flooding. I also understand that, commendably, prompt action was taken by the Minister of Works in promising Government consideration regarding the granting of assistance which, I believe, may be forthcoming. I believe there is some

parallel between this situation, in which every consideration regarding assistance has been given, and that which obtained in Virginia about three months earlier when, as a result of flooding caused by the opening of 14 flood gates on the South Para reservoir, very considerable devastation was caused in the market gardens at Virginia. A deputation that waited on the Minister received some sympathy but, as far as I am aware, no other assistance has been given so far. Will the Minister ask his colleague whether, in view of the action apparently taken at Cobdogla, the plight of the people at Virginia may be reconsidered?

The Hon. A. F. KNEEBONE: First, let me say that part of the honourable member's question should have been addressed to me. I draw the honourable member's attention to the fact that it was not the Minister of Works who came to the assistance of the people at Cobdogla: it was the Minister of Lands in his capacity as Minister of Irrigation.

The Hon. M. B. Dawkins: I regret that mistake.

The Hon. A. F. KNEEBONE: I understand that the people affected by the flooding in the other area were invited to apply under the Primary Producers Emergency Assistance Act if they were in such a situation that they needed assistance. That Act comes under my administration, but I am not aware of any of those people applying under it, which I believe the Minister informed them they could do. On that occasion that was the action they should have taken.

CITRUS

The Hon. C. R. STORY: I seek leave to make a short statement with a view to asking a question of the Minister of Agriculture about the Citrus Organization Committee.

Leave granted.

The Hon. C. R. STORY: Recently, a poll was conducted amongst the citrus producers of South Australia in regard to objections to a levy of $6 an acre being charged under the amendments that the Government brought down and that were passed through Parliament just before it adjourned last November. That levy was rejected by the citrus producers of South Australia. I noticed that about a week before the actual poll was declared the Minister said that it would be the end of C.O.C. if the growers did not support the contribution of $6 an acre. That statement seems to have been countermanded a few days later by the Premier, who said that perhaps it would not lead to the disbanding of the committee, but another look would be taken at the whole situation. I know that the Minister would have been in touch with the committee and that a circular is being sent out to all the producers at the present time, but the way in which the circular is couched leaves the situation almost at the point where, if we ask a person whether he has stopped beating his grandmother, that is the sort of answer we get. Will the Minister make a statement at this stage about the overall situation, including how much guaranteed money the State Government would have to find under the provisions of the Act if the committee was now disbanded?

The Hon. T. M. CASEY: In answer to the first part of the honourable member's question, let me make it quite clear that, because some statements do appear in the press, it does not mean that they are always right on the ball and factual to the nth degree. When I was approached about what would happen to the C.O.C. if the growers did not support the levy I said that the committee would be disbanded because it was only natural that, if it did not have money available to it, it could not operate. That is the situation in a nutshell. However, when the growers refused to agree to the $6 levy, the committee came to me and said, "Now the situation is that we have been refused money to our continuing as a committee, what will the Government do?" I referred the matter to the Premier, and discussions took place. The Government asked the committee to continue for the time being rather than leave everything up in the air, which would happen if the committee went out of existence. That was in fairness to the growers on the river. As regards the other part of the question, about the finances that would be available, I will endeavour to find out for the honourable member and bring back a reply as soon as possible.

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

Leave granted.

The Hon. C. R. STORY: When the Premier returned from an oversea tour—

The Hon. C. M. Hill: Which one?

The Hon. C. R. STORY: It was the one before last, or the one before that: it was the trip during which he visited Japan and returned

with rather glowing reports, which got very wide publicity in the local press and in the provincial papers that circulate in the citrus growing areas. The reports said that we would have a wonderful opportunity of using Japan as an export market, provided that the Commonwealth Department of Primary Industry could negotiate with its opposite number in Japan in regard to the fruit fly problem, as this State had no such problem. I do not know who took the Premier by the hand and led him through the maze in Japan but, if the other information he brought back is as accurate as the information he obtained on citrus, it does not speak very well for its accuracy. The figures I shall quote are the official figures of the Food and Agriculture Organization. That body states that there will be a rapid increase in citrus production in Japan to 1980. Japan's exportable surplus at that time will be 600,000 tons of citrus, whereas our projected exportable surplus is only 750 tons—a mere drop in the ocean compared with Japan's figures. Up to 1969, 20,000 tons of mandarins have been exported annually from Japan, mainly as segments in cans. The exportable surplus in 1970 was 71,000 tons of fruit. By 1980, one of the greatest threats to Australia's citrus exports will probably come from the Japanese market, and it could easily affect our New Zealand and Asian markets. Will the Minister of Agriculture ask the Premier to look at the statement he made late last year and compare it with the information in the Bureau of Agricultural Economics paper presented to the Agricultural Outlook Conference held in Canberra from February 1 to February 3, 1972?

The Hon. T. M. CASEY: I do not know what I am supposed to reply to, but I shall certainly ask the Premier to have a look at the honourable member's question. The Sunkist organization has been the main supplier of citrus to Japan for many years, and it has most of the market tied up. South African producers now have quite a good share of the market. I have had discussions with officers of the Commonwealth Department of Primary Industry in Canberra, and I believe that at this stage Japan does not require any South African citrus, because the diseases that are prevalent in South Africa are probably just as bad as, if not even worse than, some of the diseases that the Japanese say exist in our fruit. I hope we will be able to export citrus to Japan. The Japanese who have visited Australia in the last three or four months have been very enthusiastic about the quality of the citrus grown in the river areas, and they have said that they will do their utmost to get our citrus into Japan. I am not sure whether the citrus that will be exported will be in the form of frozen fruit or in the form of juice; probably it will be much easier to get juice into Japan than to get frozen fruit into that country. There are many complications and problems, but I hope we will be able to clear up some of them soon.

UNEMPLOYMENT RELIEF

The Hon. R. C. DeGARIS: My questions are directed to the Minister of Lands in respect of the Commonwealth's making available to the States a considerable sum of money for the purpose of relief to the rural unemployed. To which areas has the money been allocated, what is the amount of money that has been allocated and what was the method adopted in arriving at the figures and the areas to receive assistance?

The Hon. A. F. KNEEBONE: I have a report to make on the Commonwealth Rural Unemployment Scheme, but I do not think that at this point I will give the exact figures of the money that each area has received because I think that, in considering the amount of money that has been made available to various areas, one important point is the number of unemployed people registered in each area. I have been asked previously, "Why did such and such a council get so much assistance when we got only this much?" There are many things that the councils would like to do with this money, but we must look at the number of people unemployed in the various areas. That stipulation has been made by the Commonwealth. We are administering the scheme under the conditions laid down by the Commonwealth, that any money made available to any area must relate to the number of unemployed people in that area, and they must be people who are registered as unemployed.

The statement I want to make is as follows: The Commonwealth Government has provided a total of $1,675,000 to this State by way of grant to reduce unemployment in non-metropolitan areas of the State. Administration of the grant has been left to the discretion of the State and the conditions stipulated provide that a minimum of two-thirds of the total grant allocation is to be expended on direct labour costs—that is, wages or salaries. I point out that the statement contains the words "non-metropolitan areas". Personally, I

think that the Commonwealth, in allotting funds to the States, has not been completely fair in determining what this State should receive. At the meeting of officers that was called for the purpose of allotting amounts of money for the States (and South Australia was represented by senior public servants, including representatives from the Treasury) we found that what was called "non-metropolitan" in this State excluded areas from Gawler down to the south of Adelaide as far as and including Kangaroo Island. As far as the Commonwealth was concerned in this matter, Kangaroo Island was included in the metropolitan area. That is most unfair when we consider States like New South Wales, for instance, where major towns like Newcastle are said to be in rural areas. Regarding Tasmania, Launceston is regarded as a rural area, whereas in South Australia Kangaroo Island is included in the metropolitan area, so one can see that what I have said is right, namely, that South Australia has not been treated completely fairly. Incidentally, I believe that, as a result of an approach made by the Premier at the Premiers' Conference, this matter may be corrected so that it will then bring to South Australia perhaps a little more money in this regard. That is why I say we should have received more money.

The Hon. R. C. DeGaris: Do you think that the other States have been treated fairly?

The Hon. A. F. KNEEBONE: I think so.

The Hon. R. C. DeGaris: But the Commonwealth has not treated South Australia fairly?

The Hon. A. F. KNEEBONE: You will have to agree with me that that is so. The basic objective of the scheme is to provide employment opportunities for the maximum number of people possible that are at present unemployed in the rural areas. For the purposes of the scheme, the rural area comprises all parts of the State excluding the metropolitan area. Local government authorities have been selected to distribute the available funds, as they provide an ideal means of immediately putting into effect a large number of worthwhile community projects, thereby providing employment in widely differing centres over the major settled portion of the State. Individual grants have now been made to 91 councils on the basis of the number of personnel registered for employment in their area. It follows that larger grants have been made to those centres having the greatest number of unemployed (for example, Whyalla, Port Pirie, Port Augusta and Mount Gambier). However, grants made to less densely settled council areas have been made on the same proportionate basis and provide for the same level of unemployment relief.

Considerable care is taken to ensure that funds are expended in a worthwhile manner. Each applicant council must submit to the Lands Department details of works programmes it wishes to undertake under the scheme, and special attention is given to high-labour intensity projects. In addition, any potential employee under the scheme must be registered with the Department of Labour and National Service, which is supplying councils with their labour requirements at the suggestion of the Commonwealth. In most instances, there is effective liaison between the council and the local regional employment centre regarding the personnel to be employed from those available. Prior to approval being given for any particular project or programme of works, detailed verbal discussion is often necessary between Lands Department officers and district clerks, with the objective of assisting councils to obtain maximum benefit from any funds that may be made available to them under the scheme.

The major proportion of projects submitted to date have been of the type normally associated with local government authorities (for example, kerbing and water tabling, drain clearing, improvements to tourist attractions and maintenance of town facilities). However, the scheme is not limited solely to these projects, and councils are encouraged to submit applications for projects of general community benefit (erection of National Trust buildings and historical museums, painting and repair of community halls, preparation of lawns and ovals and establishment of caravan parks, etc.). It is expected that much general maintenance work and minor improvements to schools in rural areas will soon be undertaken by council employees under the scheme.

A total of 132 approvals has been sought for 91 non-metropolitan councils. The total amount allocated to date is $994,853.17, which represents 61.2 per cent of the total amount proportioned to this State; $768,058.35 of this amount, or 77.2 per cent of the total amount allocated, is for labour, and $226,794.82 is for materials, etc. The average grant allocated to each council is $10,888. A total of $550,486 has been deferred, and $73,000 is awaiting consideration. All of the

$945,000 Commonwealth funds has been expended; the balance from $1,620,000 is $625,147. Verbal approval for an additional $220,000 has been given to enable the immediate commencement of a large number of individual projects.

MENINGIE SCHOOL

The Hon. M. B. CAMERON: I seek leave to make a statement prior to asking a question of the Minister of Agriculture, representing the Minister of Education.

Leave granted.

The Hon. M. B. CAMERON: My question, which may also concern the Minister of Lands, relates to a problem at Meningie Area School, immediately behind which is a lagoon that extends to some extent to an area of land which, I understand, is controlled by the local council on behalf of the Lands Department and which encroaches on to the school grounds. The lagoon causes concern in the area: it presents a hazard to schoolchildren, because it becomes stagnant in summer. Will the Minister of Agriculture ask the Minister of Education to ask the Lands Department to see whether the two departments can co-operate to empty or to fill in the lagoon or to do something to reduce the hazard it causes at the school?

The Hon. T. M. CASEY: I will refer the question to my colleague, and I am sure the honourable member will receive the Minister's co-operation at any time.

OATS

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

Leave granted.

The Hon. L. R. HART: During the last session of Parliament the Minister said that the Government would be introducing legislation early in this session for the establishment of a compulsory oat marketing authority. During recent months, this has become a fairly live topic. About the middle of last year, the Minister said that, if the corn trades section of the Adelaide Chamber of Commerce did not agree with the draft legislation to introduce an oat marketing authority in South Australia, a grower poll might be taken, and that he would confer with the oat marketing merchants when draft legislation was available. Can the Minister say whether discussions have been held with oat marketing merchants, what their reaction to it has been, and when it is expected that the Government will introduce legislation to establish a compulsory oat marketing authority?

The Hon. T. M. CASEY: The Bill has been prepared, and a copy of it has been sent to the United Farmers and Graziers of South Australia Incorporated and I understand, to the Stockowners Association of South Australia for examination. I assure the honourable member that the corn trades section will be sent a copy. I do not think there is anything nation-rocking in the legislation, but I think it will be of tremendous benefit to the oat producers in this State, as similar legislation has been to the barley growers and wheatgrowers. I assure the honourable member that I can introduce the legislation soon.

SITTINGS AND BUSINESS

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

Leave granted.

The Hon. R. C. DeGARIS: We are now commencing the second part of this session. At present we have a short Notice Paper, and there will be several functions connected with the Festival of Arts. For example, there is an important function next Tuesday; some honourable members have accepted invitations to the function, but other honourable members have refused the invitations, believing that the Council will be sitting. Will the Minister inform the Council about the sittings of Parliament during this part of the session?

The Hon. A. F. KNEEBONE: Because of the absence of the Chief Secretary, who is at a conference of Health Ministers, and because on Thursday I shall be attending an important conference in Canberra, and in view of the short Notice Paper at present, I intend to ask that the Council adjourn on Wednesday night and do not sit on Thursday. I have not accepted an invitation to the function referred to by the Leader, because I believe we will be sitting. We are scheduling our work so that it can be completed before Easter; that is the Government's intention. Although there are not many Bills on our Notice Paper, a number of Bills will be introduced in another place today and tomorrow. I realize that many honourable members would like to attend the festival functions. I am a great supporter of the festival, and I hope its functions are well attended. However, because we have a great deal of work to do, I do not think the Council will be able to adjourn its sittings so that honourable members can attend the functions.

BOOL LAGOON

The PRESIDENT laid on the table the report by the Parliamentary Committee on Land Settlement on a proposal to improve the water flow through Bool Lagoon to the outlet drain.

PUBLIC WORKS COMMITTEE REPORTS

The PRESIDENT laid on the table the following reports by the Parliamentary Standing Committee on Public Works, together with minutes of evidence:

Clarendon Dam,
Mount Gambier Technical College Additions,
Albert Park to Hendon Railway Line (Interim and Final Reports),
Glanville to Semaphore Railway Line (Interim Report),
Parliament House Redevelopment,
Tea Tree Gully High School.

BIRTHS, DEATHS AND MARRIAGES REGISTRATION ACT AMENDMENT BILL

Second reading.

The Hon. A. F. KNEEBONE (Minister of Lands): I move:

That this Bill be now read a second time.

Its purpose is to overcome a deficiency in section 24 of the Births, Deaths and Marriages Registration Act, 1966. Subsection (1) of that section provides that a person of full age may change his surname by signing the appropriate instrument for the purpose. The subsection explicitly provides that this power may be exercised whether the name of the applicant appears in the general register of births or in the adopted children register. Subsection (4) contains a corresponding power for the parents of an infant child to change its surname. However, in this case the subsection refers only to the general register of births and no reference is made to the adopted children register. This omission has led to doubt as to whether the parents of an adopted child can change its surname under the provisions of the Act. It is clearly desirable that they should have the same power to do so as the parents of any other child, and the purpose of this Bill is, accordingly, to ensure that the appropriate power exists.

The provisions of the Bill are as follows: Clause 1 is formal. Clause 2 provides that the Bill is to come into operation on a day to be fixed by proclamation. Clause 3 repeals and re-enacts subsection (4) to make it clear that adoptive parents may exercise the appropriate power to change the surname of the adopted child. An incidental amendment consequential on the alteration of the age of majority is made to subsection (1). Clause 4 makes consequential amendments to the eleventh schedule.

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

PUBLIC SUPPLY AND TENDER ACT AMENDMENT BILL

Second reading.

The Hon. T. M. CASEY (Minister of Agriculture): I move:

That this Bill be now read a second time.

It is intended to give effect to a decision to change the title of the principal officer under the Act, the Chief Storekeeper, to that of Director, State Supply Department, and to make appropriate transitional arrangements. To give full effect to this decision certain proclamations must issue under the Public Service Act, and for this reason this Bill will come into operation on a day to be fixed by proclamation. Clauses 1 and 2 of the Bill are formal. Clause 3 makes an appropriate transitional provision. Clause 4 formally alters the title and makes provision for the change in title of the present incumbent of the office. Clause 5 is consequential on the change in title of the office of principal officer under the Act.

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

COMPANIES ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from November 10. Page 2887.)

The Hon. F. J. POTTER (Central No. 2): I support the second reading of this Bill, which is a lengthy measure occupying about 160 pages, some of which is close typescript. In many ways, this is a difficult measure with which to deal. It represents the first major alteration to this State's companies legislation since the original unifying Bill was introduced in 1962. It was interesting to hear the Minister say during his second reading explanation that an enormous amount of work has been done in the intervening period, it being nearly eight years since work was started on the amending provisions. The Minister said that much work had been done by the Company Law Advisory Committee, set up under the chairmanship of Mr. Justice Eggleston, and also by the Standing Committee of State and Commonwealth Attorneys General.

The major feature of the Bill is that, with a few minor exceptions where it deals with certain problems that arise within South Australia, it is designed to be in line with the legislation introduced into the Parliaments in other States. The whole purpose of the initial companies legislation was to achieve uniformity, which has worked very well. The uniform measures have been well understood; the provisions, even down to the numbering of the various sections, correspond throughout the Commonwealth; and today's situation is in great contrast to that which existed before 1962. Honourable members would, therefore, certainly want this successful unification of the legislation continued, without there being any great differences in the various Acts of Parliament.

However, that is not to say that the subject matter in this Bill does not present great difficulties of comprehension. Its provisions can be understood fully only by people who make it their life's work to look at either legal or accountancy questions. The Bill has received much attention from members of both those professions. I do not intend to scrutinize the whole measure. Indeed, I do not even claim that I understand fully all its provisions. I have gone to great pains to ask questions amongst members of my profession and accountants in the city about certain of its provisions. Generally, the professional people concerned have become resigned to the measure and consider that they must put up with it.

Much work has been done regarding this legislation, which is an attempt to close certain loopholes in the principal Act and to throw out a net to catch individuals and companies that have not been entirely ethical in their methods of operation. This seems to be one of those pieces of legislation that we have to accept. At the same time (and I think this is fair comment), it seems to me that in this kind of legislation, and increasingly in taxation measures, honourable members are being presented with a measure which is terribly complex and which is couched in words the significance of which is difficult to understand and appreciate.

It is a mass of complexities and words that try to block all possible loopholes. The shame of the matter is that, in spite of all the words and effort that have been put into it, there will still be opportunities for unscrupulous people to find a way around its provisions. This is inevitable and it is human nature that such things happen, as there will always be unscrupulous people who will somehow find their way through the mesh of even the tightest net. Also, the Bill contains no provision that will enable any person who in the past has been defrauded by unscrupulous people to recover his money; nor is there very much in the Bill to enable this to be done in the future.

So, in the light of those preliminary remarks, I have confined my investigation of this Bill to looking at the text of it and comparing it with the text of similar legislation that has already been introduced and passed in the Parliaments of the other States. In particular, I have concentrated on looking at the provisions of this Bill as it compares with the measures that were passed at the end of last year in Victoria and New South Wales. My approach has been: where the Bill is uniform and where it is an attempt to cure some difficulty or some evil, we shall probably have to go along with it. If there is a variation between this measure and those which were introduced elsewhere, I think it is worth while to look at that variation and ask why there should be a variation in South Australia compared with the legislation in the other States. I think I can say that, by and large, nothing of any great significance or controversy arises as a result of such an examination, except the provisions of this measure dealing with the proposed compulsory audit of proprietary companies.

However, before I get on to that subject, I propose to look briefly at one or two matters that arise as a result of comparing the legislation, and draw honourable members' attention to them. The first one concerns an alteration of section 14 of the principal Act. The amendment is contained in clause 8 of the Bill. It proposes to alter the existing law by allowing the formation within the State of a partnership or association of not more than 100 persons. In other words, it lifts the existing limit of people permitted to operate a partnership from 20 to 100. I know why this was done: this amendment was introduced mainly at the request, I understand, of people in the accountancy profession in particular, although I think it had some mild support, too, from the legal profession. It was suggested that large partnerships were advantageous. I think it is true, particularly in the Eastern States, that large accountancy partnerships have been set up. I suspect that some of them are hardly partnerships in the sense that we understand partnerships to be: some of them seem to me, looking at it quite objectively, to be established for no more than the purpose of using some national or international name and getting the

kudos of being known as a partnership that exists in many countries throughout the world.

I doubt whether that is strictly a partnership at all, and I do not know how in those circumstances the true basis of a partnership—the sharing of profits and losses—can ever be accurately done. Indeed, I suspect that that is not done but that the individual officers of that partnership within a State or country more or less carry on as an autonomous concern. I noticed that in Victoria they have not seen fit to go as far as allowing partnerships of 100 people; they limited it to 50. In New South Wales, too, they have limited it to 50 people for one partnership, except that they have allowed up to 100 people in the case of persons engaged in the practice or profession of accountancy. I should hate to be a member of a partnership of 100 people; I would not know what was going on in such a business, and I do not think I should like to accept the responsibility of being a member of such a large body. So I personally believe there is a good argument for not going as far as allowing a partnership of 100 people; Victoria's proposal to limit a partnership to 50 people, and the similar proposal of New South Wales, except for the one instance I have mentioned, are much more realistic. However, it is not of tremendous importance. I merely mention it now but will deal with it when we get into Committee.

I should like now to turn to the rather vexed question (really the only question I have come across in my general discussions with people about this Bill) that has caused some trouble and dissension: that is, the provision in this Bill that all companies except unlimited liability companies must appoint an auditor. This, of course, is different from the existing law, that no auditors are required if all members of such a company agree to that. That has been the position since 1962. I know it can be forcefully pointed out that before the uniform Act of 1962 all companies were required to have auditors and I know it is argued that, if a company accepts the principle of limited liability, there is no reason whatever why the accounts should not be submitted to audit in the normal way.

This has caused much division of opinion. I understand this matter was examined closely by the Australian Association of Accountants, where opinion was divided. I can fairly confidently say that most expressions of opinion I have received from accountants in Adelaide (and I have discussed the matter with several of them in the interim since the Council was last in session) indicate that not many of them are in favour of the idea of a compulsory audit. Some people frankly told me that it was beyond the scope of the accountancy profession in South Australia to cope with the audit of every company. Indeed, when we look at the figures, we wonder whether there is not some real substance in that assertion alone. I have obtained the figures of the number of companies registered in South Australia at the date when this legislation came before the Council, in November last, and it is interesting to note that there are 4,545 foreign companies registered in South Australia, 39 companies limited by guarantee, 48 no liability companies, 48 unlimited liability companies, 785 public companies, and 19,325 proprietary companies. The latter is such an overwhelming number that one is tempted to ask how could it be within the capacity of the State's accountancy profession to handle a compulsory audit of almost 19,500 companies?

The whole theory behind the assertion that the auditing of proprietary companies is essential is that, in some way, we would be protecting creditors from some unscrupulous people involved in proprietary companies. I have studied this matter carefully and have sought advice on it, and I find it a difficult argument to accept. I cannot see how the audit of a proprietary company would necessarily protect the creditors of that company unless the audit was extremely thorough and unless the auditor fulfilled to the very letter the obligations the law now seems ready to place on him.

I am not in any way criticizing company auditors, but I am certain that, if an auditor is to carry out his functions, he will have to charge even the smallest company a considerable fee for his work. Of course, many of these proprietary companies in no way trade with the public: they exist purely and simply as family companies, formed largely because of certain provisions in the Commonwealth Income Tax Act which allow income to be distributed among the members of that company; they are simply investment companies in that sense. Whether or not they will be sound and can withstand the shock of certain alterations which, I understand, are contemplated to the Commonwealth Income Tax Act is beyond the scope of our inquiry at present; it is a matter that should not concern us now. We are considering purely the matter of audit. I fail to see that audit of an exempt proprietary company, as it is

now known, is likely to be of much protection to creditors.

Indeed, the Minister mentioned that many family companies were conducted in such a way as to be virtually under the control of one or two people with little knowledge of what was going on as far as the shareholders were concerned. However, having said that, the Minister immediately followed up in the next sentence and said that an audit of such companies would protect creditors. The Minister changed immediately from one concept of the interest of shareholders to another concept altogether, namely, the interest of the companies' creditors.

It has been argued and put to me that, if auditors of exempt proprietary companies do not do their job properly, they themselves may be personally responsible and liable at law if in some way they do not certify correctly the accounts they audit and do not carry out their obligations in every way. I do not know whether this is possible. However, I suppose, in theory, it is possible that that is so. If it is so, it seems to me to be another reason why the auditor of a company is not very likely to put his signature to an audit of books without a thorough audit at a considerable fee. I cannot see that even the smallest company with a minimum of books would escape an audit fee of anything less than, say, $50 a year under this legislation. I think there would be few companies that would be likely to get away with a fee of less than $100 or $200 as a result of this legislation.

The other point I wish to make is that I do not see, as I said earlier, that an audit of a company would necessarily protect the creditors, because it would still stand that, in the general day-to-day activities of the market and of commerce, there would be no disclosure of company accounts and balance sheets. This is perhaps one of the big difficulties existing at present, and it will not be changed by the appointment of an auditor. If I had a company and if I wanted to obtain credit from another company for the purchase of goods and materials for my business, I would not respond to another company's request to produce my balance sheets and profit and loss accounts, particularly if I were running in competition with that other firm: nothing would change that fact of life.

If such a question were asked, I am certain that I would say, "I am not going to do that. I will go somewhere else." I fail to see exactly how an audit would help. This matter has been debated at great length in Victoria and New South Wales, both of which saw fit not to incorporate the provisions of clause 165b of the Bill. They produced a new section. In Committee, I will move for the introduction of a new clause 165c which, briefly, will allow proprietary companies to make a choice: they must either choose to have the compulsory audit and pay for it or, if they do not do so but agree that an auditor will not be appointed, they must be prepared to file with the Registrar of Companies a copy of their final accounts certified by the directors. It seems to me that they must choose one way or the other. I think it is a fair compromise and, in my view, it is necessary to include it in the Bill because, without it, we would not be uniform with what has been placed on the Statutes in Victoria and New South Wales. It is a fair way of dealing with the problem, and I will commend it to honourable members when the time comes.

One or two other matters of interest are largely drafting matters. Some inexplicable differences exist between our Statute and the Statutes in other States, but I do not think that very much can be achieved at this stage by my debating the matter. This Bill is very largely a Committee Bill; some of the clauses cover many pages and enact whole series of new sections. It is important that we should enact legislation to tighten up company practice. Most of the matters dealt with in the Bill have arisen out of concrete examples that over the years have come to the notice of Registrars of Companies and the Ministers charged with the administration of the legislation. I support the second reading, but when this Bill reaches the Committee stage I shall ask honourable members to consider carefully the amendments that I have foreshadowed.

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

ADJOURNMENT

At 3.54 p.m. the Council adjourned until Wednesday, March 1, at 2.15 p.m.