LEGISLATIVE COUNCIL

Tuesday 29 May 1979

The PRESIDENT (Hon. A. M. Whyte) took the Chair at 2.15 p.m. and read prayers.

QUESTIONS

ETHNIC AFFAIRS

The Hon. C. M. HILL: I seek leave to make a short statement before asking the Attorney-General a question.

Leave granted.

The Hon. C. M. HILL: My question relates to the Attorney in his capacity as Minister Assisting the Premier in Ethnic Affairs. First, I should like the Minister to tell the Council whether he has, in fact, a commission for that portfolio, as it is being used publicly as one of his duties. More important, I raise matters that have been brought to my notice by ethnic people, who understand that the Ethnic Affairs Branch of the Public Service, which previously was within the Premier's Department under the premiership of Mr. Dunstan, has been transferred. Some people have said that that section is now within the Attorney-General's department, whereas others have said that it might be within the Community Development Minister's department.

However, the concern of the people to whom I have referred goes deeper than this, as they believe that the Premier, although he is Minister of Ethnic Affairs, is not in fact carrying out any activities in that regard. These people believe this, because they cannot make direct contact with the Premier, who is also the Minister of Ethnic Affairs, as they have been able to do in the past.

I ask the Attorney to explain the Government's new approach to this matter and to say whether the changes to which I have referred have occurred. Will the Attorney allay the confusion and concern that exists among ethnic people that the Premier might simply be using the portfolio solely for political purposes, not being as directly interested in and concerned about ethnic affairs as has traditionally been the case within the Labor Government?

The Hon. C. J. SUMNER: The Premier is also Minister of Ethnic Affairs, and I have received a commission from the Governor as Minister Assisting the Premier in Ethnic Affairs. The Ethnic Affairs Branch, which was formerly located in the Premier's Department, is now located in the Public and Consumer Affairs Department. The honourable member will know that I am also the Minister of Prices and Consumer Affairs and, therefore, that I have direct administrative responsibility for that department. I am responsible for the day-to-day administrative arrangements relating to ethnic affairs.

The Premier is indeed the Minister of Ethnic Affairs and he is not just a token Minister in that respect: he is the Minister with the ultimate responsibility and authority in that area. When matters relating to ethnic affairs arise or when certain matters of concern to ethnic communities arise, the Premier will be freely and directly available to those who wish to see him. Naturally, he will wish to consult with me on any matters that are causing people concern in this area.

It is wrong to suggest that ethnic groups cannot contact the Premier on any matters that cause them concern. However, I also believe that, if problems of this sort have been expressed to the Hon. Mr. Hill and if any ethnic group is unhappy about the position, I shall be pleased to speak to those concerned. I know that most of them are fully aware of my deep involvement and interest in this area since I was elected to this Parliament in July 1975. The then Premier (Mr. Dunstan) gave me responsibility for liaising with ethnic communities in this State and, during that time, I have developed many contacts with them. I think that most of them know who I am and that they have had personal contact with me.

I am pleased that the Premier has given me the job of assisting him in this area, because that will enable me to continue those happy and pleasing contacts that I have had with ethnic communities during my first three or four years in Parliament. The Hon. Mr. Hill also may know that probably I am the only bilingual Minister or, indeed, member in this Parliament, and I am sure that the communities with which I have contact appreciate that. I trust that that reply to the question is adequate.

ABORTION STATISTICS

The Hon. J. C. BURDETT: I seek leave to make a brief explanation prior to directing a question to the Minister of Agriculture, representing the Minister of Health, about abortion statistics.

Leave granted.

The Hon. J. C. BURDETT: In 1978 the member for Kavel in another place introduced a Bill to amend the Criminal Law Consolidation Act. Both then and now the only requirement regarding keeping reports and statistics on abortions performed has rested with the medical profession. The report of the Mallen Committee was brought down in 1978, and the report of that Government-appointed committee suggested that many doctors were not reporting abortions that had been performed. Therefore, the Bill introduced by the member for Kavel sought to obligate hospitals, as well as medical practitioners, to report abortion statistics.

The Government amended the Bill in the other place to provide for this to be done by regulation, as this procedure was said to be much more convenient. The member for Kavel acceded to this, and the measure was sent to this Council and passed. However, the legislation has not been proclaimed and the regulations have not been made. The member for Kavel and I have each asked a question of the former Minister of Health about when the regulations are likely to be promulgated. Last time I asked a question, I received a most courteous reply that the Minister was concerned about the matter and would do something about it.

Of course, the honourable member's Bill is of no use unless and until it is proclaimed and regulations are made. As he and I were given to understand by the Government that the Bill would be effective and proclaimed and that the regulations would be made, can the Minister inform me as to when it is likely that the Bill will be proclaimed and the regulations made?

The Hon. B. A. CHATTERTON: I will refer the honourable member's question to the Minister of Health and obtain a reply.

APHIDS

The Hon. M. B. DAWKINS: I seek leave to ask a question of the Minister of Agriculture, with regard to the possible devastation of pasture by the blue-green aphid.

Leave granted.

The Hon. M. B. DAWKINS: The Minister would be well aware of the problems created by the spotted alfalfa aphid in this State in the past couple of years, and he would no doubt be pleased, as am I, with the efforts of the Agriculture Department to assist in solving that problem. However, in the current edition of the *Farmer and Grazier* appears the following article, under the heading "Aphids: a warning for clovers and medics", as follows:

> Since the coming of pasture aphids to this State, we have seen our lucerne pastures devastated, management techniques developed over many years suddenly of little use, frustration at attempts to combat these pests, and uncertainty in looking to the future. This on its own has been bad enough, and loss of income to producers and the State has been great. But now the question being asked is: Will our medics and clovers suffer similar devastation by the blue-green aphid?

The article continues:

> If this were to happen, serious damage would be done not only to our livestock industry but also to our cereal production because of lack of nitrogen build-up in our soils.

I can only agree with the last statement: the lack of a build-up of nitrogen in our soils and the reduction in the numbers of livestock would be serious indeed. Has the Minister examined this problem and, if it is as serious as may be suggested in the article, is the department prepared to do something about it?

The Hon. B. A. CHATTERTON: I agree with the honourable member that the efforts of the Agriculture Department in successfully undertaking a biological control programme for spotted alfalfa have been an outstanding success, and I think that everyone is aware that the devastation by this particular insect during the past summer was much less than it had been in the previous year.

A great part of that can be attributed to the spreading of the Trioxys wasp throughout the aphid population and to the effective manner in which that wasp kept the spotted alfalfa aphid from reaching the devastating plague proportions that it reached in the previous year. We have also been propagating a couple of other parasitic wasps to try to improve the control of the spotted alfalfa aphid, but so far the propagation of these other wasps has not been as successful as the propogation of the Trioxys wasp. We are confident that, given sufficient time, we will be able to get them into the aphid population, thereby adding an extra measure of control. In connection with the spotted alfalfa aphid and the blue-green aphid, the work of developing resistant varieties of lucerne is proceeding well, and there will be quite an acreage of resistant varieties this year for the production of seed. Commercial quantities of seed should be available next year.

In all the assessments made of these two pests, it has been said that spotted alfalfa aphid under South Australian conditions is much more important than the blue-green aphid. This is different from the position in New Zealand, which I visited earlier this year for a meeting of the Agricultural Council. In that country the blue-green aphid has been very devastating and has wiped out lucerne on a considerable scale in the South Island. We do not under-rate the importance of the blue-green aphid; it was here last winter and caused some damage. It was difficult to find out whether it had reached the biological limits of the areas to which it would spread. We think it did reach such limits, and we do not think the damage will be any greater than that of last winter. The major method of control will be the development of resistant varieties, and that work is proceeding as quickly as possible.

ENERGY RESOURCES

The Hon. R. A. GEDDES: Can the Minister of Agriculture say whether, during his visit to a number of other countries, he was able to observe whether Governments and the people in those countries were expressing any real concern about the present costs of petroleum products? Are there any proposals by overseas Governments to restrict the use of petroleum products for use by the automobile and by industry?

The Hon. B. A. CHATTERTON: The countries I visited are certainly aware of the problems of diminishing energy resources, despite the fact that many of the countries I visited have very large energy resources themselves, notably Iraq, Algeria and, to a lesser extent, Libya. I did not get involved in discussions on these matters, but it was interesting that one of the great advantages of the South Australian system of agriculture, in terms of adapting to conditions, is that we do not need to use nitrogen fertiliser; it comes from subterranean clover and medic. That point was well taken in those countries. In spite of their capacity to make nitrogen fertiliser and despite the energy available, they still believe that it is more economic and it is better for the long-term future to use their energy resources in other directions, rather than using them to make nitrogen fertiliser. That indicates their awareness of the energy problems.

SEXISM IN SCHOOLS

The Hon. ANNE LEVY: I seek leave to make a brief statement before asking a question of the Minister of Agriculture, representing the Minister of Education.

Leave granted.

The Hon. ANNE LEVY: I have recently read an article in the *Teachers Journal* regarding a memorandum issued by the Director-General of Education in New South Wales to the principals of all Government schools in New South Wales. The memorandum deals with combating discrimination in education, and attempts to eliminate sexism in education throughout the whole Government school area in New South Wales. The article states in part:

> It is expected that every school will take action and be seen to take action, aimed at countering sexism in education.

From this article, I understand that in New South Wales each directorate or regional office will be asked to nominate co-ordinators, who will co-ordinate the efforts in the different regions towards achieving this aim. Accountability will be achieved by regular reporting to the Director-General and the Minister through a central committee set up for that purpose.

Some of the items that the memorandum suggests as programmes for action in schools include: establishment of a school community committee for non-sexist education to determine the extent and nature of sex bias in the school and to make recommendations for its elimination; development of within-or-between-schools in-service proposals aimed at ensuring an understanding of the issues related to sexism; initiation of a review of school-based curricula and funded programmes and establishment of mechanisms for ensuring that they are non-sexist; adoption of a policy to encourage girls and boys who wish to do so to undertake subjects previously sex-typed; investigation and follow-up action to ensure that careers advisers are aware of the issues and are taking care that students are not being advised on the basis of generally accepted sex role stereotypes; and development of liaison with the local technical and further education institution with a view to encouraging girls in particular, but also

boys, to enter a greater variety of vocational courses. Many other points are made, but I will not take the time to cite these.

To my knowledge, no such memorandum has been issued in South Australia, although I understand that the South Australian Institute of Teachers has requested the Education Department to issue a discussion paper on females in education; as yet, even this has not been done. Will the Minister consider issuing such a discussion paper on females in education, to be widely distributed and discussed in South Australia as a first step towards a subsequent issuing of a memorandum of principles along the lines of that issued in New South Wales?

The Hon. B. A. CHATTERTON: I will refer the honourable member's question to the Minister of Education and bring back a reply as soon as possible.

NORTHERN ADELAIDE PLAINS

The Hon. N. K. FOSTER: I seek leave to make a brief statement before asking the Minister of Lands, representing the Minister of Water Resources, a question about irrigated land on the Northern Adelaide Plains.

Leave granted.

The Hon. N. K. FOSTER: It is generally recognised that the artesian basin in the near Northern Adelaide Plains area, commonly referred to as the Angle Vale, Virginia, Two Wells area, which mainly produces vegetables, has seen some drastic changes in agricultural pursuits in the past few years. There is great danger that, if the artesian basin falls below the level of the tidal basin, that water resource might be lost, water used not only for agricultural pursuits but also for stock purposes.

The Hon. R. A. Geddes: For all time.

The Hon. N. K. FOSTER: Indeed, forever and ever. This serious question has concerned me for some time, especially as I have been involved in this area for many years.

The Hon. B. A. Chatterton interjecting:

The Hon. N. K. FOSTER: The Minister suggests that it is already below sea level. That matter is open to conjecture, but the situation is already dangerous. Therefore, will the Minister obtain information about the following matters: first, the amount of irrigation water required for the growing of lucerne on the Northern Adelaide Plains; secondly, how much irrigation water is required for almond growing on the plains; thirdly, the area of onion production on the plains and the amount of irrigation water required for that production; and, fourthly, what quantity of each product grown on the plains is harvested?

The Hon. J. R. CORNWALL: I am aware of the honourable member's long-standing and appropriate interest in this vital matter. I shall be pleased to forward the honourable member's question to the Minister of Water Resources and bring down a reply.

COMMITTEE APPOINTMENTS

The Hon. T. M. CASEY: I seek leave to direct a question to the Attorney-General, representing the Premier, concerning appointments to committees.

Leave granted.

The Hon. T. M. CASEY: For some years the former Director-General of Tourism, Recreation and Sport, Mr. W. Isbell, has been Chairman of the Racecourse Development Board, and has done a good job in that capacity. Recently he has been appointed to other boards or committees. Will the Attorney be good enough to get answers to the following questions: if Mr. Isbell has been appointed to other boards and/or committees, what are those boards or committees, what are their functions, and what salary is attached to each appointment?

The Hon. C. J. SUMNER: I will attempt to obtain the information for the honourable member.

MENTAL HEALTH ACT

The Hon. J. C. BURDETT: Can the Minister of Agriculture, representing the Minister of Health, say when the Mental Health Act, 1977, is likely to be proclaimed?

The Hon. B. A. CHATTERTON: I will refer the honourable member's question to the Minister of Health and bring down a reply.

RESIDENTIAL TENANCIES ACT

The Hon. C. M. HILL: I seek leave to direct a question to the Attorney-General.

Leave granted.

The Hon. C. M. HILL: Soon after the Attorney-General was chosen for that office by the Premier, the Attorney made a statement to the effect that he would look closely at some of the measures that his predecessor had introduced and steered through Parliament. One matter mentioned as worthy of some investigation was the Residential Tenancies Act. Has the Minister begun any investigation into the effects of that Act on the people of this State? If he has, is he able now to make any statement about whether or not he foresees the need for changes in that area?

The Hon. C. J. SUMNER: The honourable member is perhaps over-emphasising what I said when I first took office as Attorney-General. I said that I would be reviewing some of the legislation that had been introduced to ensure that it was working effectively and in the best interests of the State. I gave two examples, one being the Residential Tenancies Act and the other being the Debts Repayment Act, although that scheme has not yet come into effect because the administrative arrangements in relation to it have still to be set up.

When I talked of consolidation and review it was in the context particularly of those two pieces of legislation. Investigations are proceeding into the administrative arrangements necessary to bring the Debts Repayment Act into operation. With respect to the residential tenancies legislation, the Government is, of course, perfectly happy (as I am) with the basic philosophy and thrust behind that legislation. It is legislation that has been in existence for only several months, and of course with new legislation of this kind (it is pioneering legislation in Australia) it is necessary to ensure that one keeps a close watch on it and reviews it from time to time.

There are two aspects to this matter: one is the administrative arrangements within the department for carrying out the intentions of the legislation and an administrative review is currently being undertaken within the Public and Consumer Affairs Department concerning this matter. The second aspect is a review of the legislation in relation to any social or economic effects it may have on South Australia. Clearly, the period that has elapsed since the legislation was introduced is not sufficient to reach any conclusions in that respect, but the matter will certainly be kept under review.

NORTHERN ADELAIDE PLAINS

The Hon. N. K. FOSTER: I seek leave to ask a further question about the use of water on the Northern Adelaide Plains.

Leave granted.

The Hon. N. K. FOSTER: I forgot to include in my earlier question about the Northern Adelaide Plains a reference to the growing of lucerne, which requires a tremendous amount of water. Also, onions, which are usually planted during the winter months, require a tremendous amount of water during the drier months from September onwards, and are in the ground for a considerable period compared to other vegetable crops, not usually being harvested until January or February of the year following planting. On the other hand, tomatoes grown under glass, especially where the drip-feed method of irrigation is used, require a low proportion of the total quantity of water used to produce vegetables in that area. Will the Minister also provide details of the amount of irrigated water used to produce lucerne and onions, compared to the total amount of water consumed for agriculture purposes on the Northern Adelaide Plains?

The Hon. J. R. CORNWALL: I will refer the question to my colleague and bring down a reply.

PASTORAL BOARD

The Hon. C. M. HILL: Will the Minister of Lands expand upon his recent press announcement concerning the composition of the Pastoral Board? Some people have gained the impression for instance, that he wants to introduce a more trendy style to the board. Has the Minister taken any action to implement his ideas?

The Hon. J. R. CORNWALL: I certainly made a statement recently about the possibility of a review of the membership of the Pastoral Board, but not with the intention of making it a more trendy body. The whole thrust of my float (and honourable members will be aware that it is the prerogative of Ministers to float new ideas)—

Members interjecting:

The PRESIDENT: Order! The honourable Minister.

The Hon. J. R. CORNWALL: —was to give some notice to the public that I would like to see the role of the Pastoral Board expanded. This is no reflection on the present members of the board. Indeed, I was at some pains to say that, in their own way, they are highly qualified people and in their own right they are conscientious environmentalists. However, I do think that there would be a great deal to be said for giving a broader representation on the Pastoral Board. It may well be considered an interdepartmental exercise. In fact, this is one of the many matters that I have raised with my Director-General since assuming the portfolio.

SESSIONAL COMMITTEES

The House of Assembly notified its appointment of sessional committees.

SANTOS (REGULATION OF SHAREHOLDINGS) BILL

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

The Hon. C. J. SUMNER (Attorney-General): I move:

That this Bill be now read a second time.

This is one of the most important pieces of legislation introduced in the history of the State. It has not been introduced lightly. The Government believes that what is involved is the future security of energy supplies in South Australia and the future development potential of the State. Industry in South Australia, and therefore the employment of our people, depends on assured sources of gas and electricity which can be made available at prices comparable with the major industrial markets of Sydney and Melbourne.

As honourable members will appreciate, gas from the Cooper Basin is supplied principally to Sagasco and to the Electricity Trust of South Australia. Its cost affects, therefore, the welfare of South Australian consumers and the economic position of all South Australian industry.

The Cooper Basin supplied 34 per cent of South Australia's primary energy requirements in 1978, and Santos's share of those sales was 45·57 per cent. Santos is the operating company in the Cooper Basin, and its financial strength and stability are fundamental to the development of the hydrocarbons of the basin. Any action which destabilises the financial position of Santos, or has the potential so to do, will make serious and harmful impact on the costs of further development in this State and the price that South Australians must pay for natural gas. Furthermore, the development of a petro-chemical scheme is dependent to a significant extent on the financial strength of the Cooper Basin companies and, more particularly, Santos, as the leading company of that group.

The price that the Dow Chemical Company pays for feedstock is one of the absolutely critical factors in determining the viability of a petro-chemical project. As part of that project, the Cooper Basin companies will probably be required to spend approximately $180 000 000, most of which will have to be borrowed. The financial strength of those companies, and in particular Santos, determines the cost of borrowing for the investment that the Cooper Basin producers must make. The cost of that borrowing will have a fundamental impact on the price of feedstock that the producers need to receive. As a consequence, the financial strength of Santos is absolutely critical to the viability of a petro-chemical scheme.

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 last three years, Santos has built up its financial strength very substantially. For example, the operating profit has increased from $910 000 in 1975 to $6 970 000 in 1978. Its balance sheet as at 31 December 1978 is an exceedingly healthy one, with shareholders' funds standing at $41 708 000. It is now a dividend-paying company with a significant financial strength and borrowing capacity, with shareholders' funds standing at $41 700 000 and total assets at $74 600 000. Its liabilities total $32 900 000, including a provision of $5 900 000 for deferred income tax. This provision is designed not to provide for taxation that is currently due, but to spread over future years the benefit currently being received through exploration expenditure deductions offsetting fully what would otherwise be taxable profits.

Santos's accounts are, if anything, a conservative statement of its overall position, and I emphasise once again its current healthy financial position. Up until recently, Burmah Oil and Total Oil had substantial shareholdings in Santos, the former company holding 37½ per cent and the latter 10 per cent. In earlier years the

association of Burmah was important for the development of Santos, as the former company contributed considerable expertise. In more recent years, however, Burmah had a relatively minor influence in the development of Santos and never exercised the potential control given to it by its shareholding. On at least two separate occasions, Burmah entered into arrangements with Santos (in the form of deeds, I believe) which provided that Santos would be informed if Burmah ever decided to sell its interest.

In addition, at the time when Burmah sold other Australian assets the Minister of Mines and Energy obtained assurances from Burmah representatives that the South Australian Government would be informed if the Burmah interests were ever up for sale. Perhaps because Burmah Oil went into receivership, those obligations were not fulfilled, and in September 1978 the Bond Corporation and associated companies purchased Burmah Exploration, which held the Burmah interest in Santos. I should make it clear to honourable members that, while the Bond Corporation and other subsidiary and associated companies of the Bond Corporation purchased Burmah Exploration, the deal was structured in such a way that Mr. Alan Bond, through his 56 per cent shareholding in Bond Corporation Holdings Ltd. and his 100 per cent ownership of Dallhold Investments Pty. Ltd., gained complete control of Burmah Exploration. Therefore, the 37½ per cent Burmah shareholding in Santos and the controlling interests of Burmah Exploration in Reef and Basin—two other small Cooper Basin companies—are under the personal control of Mr. Bond.

The purchase price of Burmah Exploration was reported to be $36 000 000, but Mr. Bond has informed the Government that other costs associated with that purchase make the total price more like $40 000 000. A perusal of the Bond Corporation Holdings' balance sheets for years ending 30 June 1977 and 30 June 1978 shows clearly that, when the Burmah Exploration purchase was made, only very limited funds were available and arrangements had to be reached with Burmah Oil allowing for the total sum to be paid in instalments. It is understood that a further $5 000 000 will be required at the end of this month, with the final instalment of $19 000 000 required in November of this year. Mortgage arrangements with Burmah were entered into in relation to these transactions. Honourable members should note that Bond Corporation Holdings Ltd. has a very high gearing—a very high ratio of debt to equity (probably about 6·3 to 1 if the insurance interests are fully taken into account)—and in recent years has made considerable losses.

At the end of June 1977, shareholders' funds in Bond Corporation Holdings Ltd. were in deficit at $1 600 000 and in deficit at $176 000 at the end of June 1978. The consolidated balance sheet of Bond Holdings and subsidiary companies shows shareholders' funds at $5 900 000 at the end of June 1977 and $7 100 000 at the end of June 1978 (that is, with the addition of the subsidary companies). The liabilities of the parent company were $28 200 000 at the end of June 1977 and $28 400 000 at the end of June 1978. In the consolidated balance sheet, the liabilities of the parent company and its subsidiaries had been substantially reduced from $65 200 000 to $30 400 000 at the end of June 1978, while assets had also substantially declined from $71 100 000 to $37 400 000 over the same period. Clearly during the 1977-78 financial year, the Bond Corporation, through its subsidiaries, was involved in a very substantial reduction in its overall activities, particularly land, in order to survive if it went very close to liquidation.

There are two critical factors that honourable members should note which in 1977-78 were important as prerequisites for the Bond Corporation's being able to make even the first payment to Burmah. The first of these was the sale of the remaining half interest that the Bond Corporation held in Yanchep Sun City to the Tokyu Corporation of Japan. That sale was for a sum in excess of $5 000 000.

The second critical factor (probably related to the first) was that in 1977-78 the Federal Commissioner of Taxation withdrew the assessment issued against Yanchep Estates Pty. Ltd. in respect of the year ended 30 June 1974. An assessment for income tax amounting to $5 868 730 in excess of the amount provided in the accounts of Bond Corporation Holdings had been reflected as a contingent liability in the two previous financial years. I would be interested in any explanation the Federal Treasurer may care to give to the public as to the reasons for the Commonwealth Government's withdrawal of that income tax assessment, including any details of representations made to him, his predecessor (Mr. Lynch), or the Prime Minister.

The Bond Corporation Holdings Ltd. accounts no doubt require many hours of study before any proper appreciation of them would be possible. The notes to two pages of the accounts alone cover 24 pages. Any assessment of these accounts indicates clearly that the Bond empire has had significant financial difficulties over a number of years and, as a company, now stands in a very weak financial position, on any reading of the matter, compared to Santos. One can readily understand the Bond Corporation's requirement, previously related to the Government by Mr. Bond, to obtain 51 per cent of Santos so that Santos accounts could be consolidated into Bond Corporation Holdings.

At a very early stage in the Government's dealing with Mr. Bond, he was asked to give assurances that he would have no difficulty in paying Burmah without borrowing, or funding the interest on any borrowing that would be required. It is likely that some $25 000 000 to $30 000 000 has to be borrowed by the Bond Corporation, in one way or another, and that the interest costs of that borrowing exceed the current dividend paid by Santos by a very large margin indeed. The current dividend on the Bond Corporation's holding in Santos amounts to approximately $872 000. The interest costs alone on the Bond Corporation's borrowings necessary to finance the shares purchased would certainly exceed $3 000 000 a year. In all probability, Mr. Bond would have to make payments of some $4 000 000 a year with only $872 000 worth of dividend to offset the payments. It is this situation and events that have arisen from it that give rise to certain fundamental concerns both of the South Australian Government and of the seven directors of Santos who are not nominees of the Bond Corporation. I am sure that the consulting fees of $50 000 a month, plus expenses, for six months paid by Santos to Bond Corporation Holdings Ltd. would not be the last of such arrangements if the Bond Corporation gains complete control of Santos.

It is noteworthy that the directors of the board of Santos, who are not Bond Corporation nominees, rejected a proposition of consulting fees involving $100 000 a month for 12 months, plus expenses, before the final arrangement was reached. It is noteworthy that merchant banks, which have refused to be associated with raising money for the Bond Corporation as well as raising loans for Santos, on the grounds of conflict of interest, have either not been employed or had their employment terminated so far as Santos loan raisings are concerned. In other words, if one wanted to fund Santos, one had to fund Mr. Bond as well.

Prior to the Bond Corporation's purchase of Burmah, the Cooper Basin companies had agreed to establish a consortium to fund the investment in a liquids scheme or a petro-chemical scheme. The Bond Corporation's actions with merchant bankers and in requiring Santos to borrow separately, outside a consortium, has currently wrecked the proposed consortium. The smaller Cooper Basin companies, in a number of cases with a weaker financial position than Santos, will be pushed into more expensive borrowing unless the consortium is re-established. Once again, the development of South Australian resource is put at risk.

It is noteworthy that the Bond Corporation's nominees on the Santos board proposed to the Santos board that a share placement should be made by Santos to Spedley Securities. In this instance, the money to be received by Santos was to be re-lent to Spedley Securities with no indication being provided of the use which Spedley Securities would make of the money returned to them. However, as Spedley Securities is the merchant bank employed by the Bond Corporation, it was confidently expected that the money would end up being used to finance the Bond Corporation's further payments to Burmah. In other words, the power of Santos to borrow or make a share placement was to be used as a means of financing Mr. Bond's payments to Burmah. The history of this matter indicates very clearly to the Government that the Bond Corporation has not yet solved its financial problems and that, should the Bond Corporation gain complete control of Santos, that control could well be used to rectify any problem arising from the Bond Corporation's obligations to Burmah.

Honourable members would appreciate that there are a number of ways in which this could be done—consulting fees to the Bond Corporation, for example. A director of Bond Corporation, Mr. Oates, in a conversation with the Minister of Mines and Energy, confirmed that it was the policy of the Bond Corporation for that company's costs and overheads to be met where the income was earned, and if Santos was consolidated in the Bond Corporation the majority of income in the consolidated accounts would be earned in Santos, and that is where the costs would have to be borne. Another method could involve the sale of subsidiary companies owned by the Bond Corporation to Santos at prices that might not reflect proper asset values. A further possibility would be substantial increases in dividends which impacts adversely on Santos's ability to finance further development from internal sources. Whatever method was used, the net result would be a weakening of the overall financial strength of Santos. If Santos subsequently got into difficulties, the rescue operation would require higher gas prices to be paid by South Australia while, at the same time, the further development of the Cooper Basin and the Redcliff petro-chemical project were put at risk.

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, particularly one that is vital to the future of South Australia.

No doubt Mr. Bond and his associates will deny vigorously the interpretation that I have put on these matters. I am confident, however, that the local directors of Santos will not deny any details of the fears I have expressed. Mr. Bond, in dealings with the Government, gave some indication of the pressures that he and his associates have put on the other Santos directors. If Mr. Bond feels in a position of strength, he will threaten and attempt to govern by fear. Once he knows the cards are stacked against him, he will plead and give assurances without limit. Mr. Bond has personally threatened to sue the Government and to sue the Minister of Mines and Energy personally. He has also threatened the Premier with a campaign of vilification throughout Australia against the Government. The Premier's reply is worth recording: he said to Mr. Bond, "I am shaking in my boots."

Mr. Bond's actions on the Santos board have no doubt been of a similar nature. I believe that it has only been the patience, determination and subtlety of the Chairman and other local directors that has postponed action by Mr. Bond to dump enough local directors of Santos to ensure his complete control of the board. So long as this legislation passes Parliament within the next two weeks, any future attempt to gain a majority of Bond nominees on the Santos board, and to shift the headquarters of Santos to another State will fail.

As honourable members will be aware, Mr. Bond has indulged in attempts to boost the price of Santos shares, first on *Nationwide* two weeks ago in suggesting that the shares were worth $10 to $15, and, secondly, on Tuesday in plugging for a price of $10. This action may have been illegal and was certainly grossly unethical. As members would appreciate, Mr. Bond's statement caused the Stock Exchange to question Santos, and the company denied any responsibility or authorisation for the statement. The statement is indicative of the reliance one can place on most of Mr. Bond's claims.

However, I can recommend Mr. Bond's abilities as a super salesman and a publicist. The advertisement in national papers published on 24 May illustrates his technique. It is a combination of falsehoods, gross distortion of facts, and gross misrepresentation of the Government's position. It contains spurious claims of the Bond Corporation's alleged "marshalling of funds". I challenge those directly. I confirm and support wholeheartedly the detailed reply by the Chairman of Santos (Mr. John Bonython) that appeared in the *Advertiser* the same day.

The Bond Corporation, as a smokescreen, claims in its publicity that the South Australian Government wishes to nationalise Santos and take complete control of the Cooper Basin. That is not the case. Indeed, if it were, the Government would have taken action a few years ago when Santos shares stood at 45c and purchase of the company would have required only about $20 000 000. However, nationalisation would leave the Government with the problem of finding $85 000 000 from its own sources as the Santos share in a petro-chemical scheme, quite apart from the money required for infrastructure. A moment's thought indicates that such a solution could well create more problems than it solves. In any event, the Bond Corporation's argument is false.

As honourable members would appreciate, the Australian Gas Light Company is the sole New South Wales purchaser of gas from the Cooper Basin. It is a company which in recent years has built up substantial liquid assets and which was successful in defeating the Bond Corporation's attempts to purchase Total Oil's shareholding in the Cooper Basin. Total Oil Development had for many years 10 per cent of Santos shares. In case any honourable member is wondering why A.G.L. beat Bond to the punch with Total, A.G.L. could pay cash; all that Bond could offer was terms, until he got complete control of Santos.

Because A.G.L. became very concerned at the actions of the Bond Corporation, it proceeded not only to buy the Total interest but also to buy other shares on the open market. A.G.L. holds today about 17 per cent of Santos. The South Australian Government understands fully

A.G.L.'s concern. While it does not object to an A.G.L. interest in Santos, it nevertheless cannot contemplate a situation where the major New South Wales purchaser of gas could build up into a dominant position.

Also, the Government is concerned that the actions of the Bond Corporation and of A.G.L. have pushed the price of Santos shares to a figure not properly related to reasonable dividend prospects. The limitation of 15 per cent on the shareholdings of Santos has been selected with a view not only to prevent the Bond Corporation from taking control but also to place a firm limit on A.G.L.'s position. The directors of A.G.L. understand completely the South Australian Government's view, and are supportive with respect to the action that is now proposed. They have indicated from the beginning that they are willing to reduce their shareholdings below 15 per cent. They have informed the Government that, in normal circumstances, they would not have exceeded that figure, but for the need that was felt within that company to block the Bond Corporation's attempts to gain a majority control.

However, the Government's position in relation to possible control of Santos by the Bond Corporation, or by A.G.L., is not confined to those two companies. The Government is not prepared to contemplate a take-over of Santos by any person or group, foreign or Australian. It insists on developing a position where Santos, while remaining in private hands and providing reasonable returns to shareholders, nevertheless is able to act in the interest of the South Australian community as a whole. There is a significant public interest and concern which must be given appropriate expression.

The action proposed in relation to Santos is an action that follows even more stringent legislation taken towards the end of last year in relation to another South Australian company, Sagasco. Honourable members will be aware that similar action has not been contemplated or taken with respect to other South Australian companies either taken over by interstate interests or threatened with take-over. In particular, I refer to Kelvinator, Sabco, Fauldings, William Charlick, Southern Farmers, and so on. It has been argued in some quarters that the proposed action is an unwarranted interference in the market and that it will make foreign investment in Australia less attractive.

It is strange that these arguments are advocated by people who would react violently against any increase in power to the Commonwealth Government and who would support almost without question the proposition that South Australians should be able to govern themselves without unnecessary interference from Canberra.

Apparently, the view is taken that, while local control should apply for Government, including of course the production of electricity and the distribution of gas, so far as business is concerned, the market requires that local business should be subjected to national and international interests whenever those interests so determine. The logic of this position escapes me entirely, particularly as it fails to recognise the interrelationships between business and Government which, in this day and age, are very significant in the energy resources area.

Even the Prime Minister and the Federal Treasurer seem not to have noticed the incongruity of their remarks when viewed in the context of the Commonwealth Government's requirement for foreign equity in uranium projects not to exceed 25 per cent, the role played by the Foreign Investment Review Board, the restriction on purchase of the Bank of Adelaide to existing Australian banks, and the controls exercised over television and radio companies, to name but a few Fraser Government interventions in the market place.

Legislation such as this is not unique in Australia. The Commonwealth Government itself has taken action in a number of significant ways. The Victorian Government legislated with respect to a prospective take-over of Ansett Industries by Thomas National Transport. The Queensland Coalition Government legislated only a few years ago to limit share holdings in ALLGAS Energy Limited to 12½ per cent and voting rights to 5 per cent. The South Australian Government finds it absolutely extraordinary that the Federal Government representatives should be willing to make the kind of statements that have been made without even making any direct inquiry about the events which have led to the South Australian Government's decision, and that is an absolutely appalling situation.

Our decision is based firmly on the requirement to secure stable future development of our energy resources; to maximise the likelihood that the Redcliff petro-chemical project comes to fruition; and to prevent gas prices rising in such a manner that both existing industrial activity and future industrial development are put at risk.

Clause 1 is formal. Clause 2 sets out a number of definitions required for the purposes of the new Act. The definition of "associate" in subclause (2) is taken substantially from the proposed new uniform legislation governing company take-overs. It is a slightly more comprehensive definition than that presently existing in the Companies Act.

Clause 3 defines the circumstances in which two or more shareholders of the company constitute a group of associated shareholders. Subclause (2) empowers the Minister or a Director or Secretary of the company to require any shareholder to furnish information for the purpose of determining whether that shareholder is a member of a group of associated shareholders and, if so, the membership of the group. Where a shareholder fails to comply with any such requirement, his voting rights are suspended until he does comply.

Clause 4 provides that no shareholder or group of associated shareholders is to hold more than 15 per cent of the shares of the company. Clause 5 provides that, where any shareholder or group of associated shareholders holds more than the maximum permissible number of shares, the Minister may require that shareholder or any member of the group to dispose of a stipulated number of shares. Any purported acquisition of shares in excess of the maximum permissible number is void. A further provision empowers the company to refuse to register a share transfer where registration of the transfer would result in contravention of the statutory limitation by any shareholder or group of associated shareholders.

Clause 6 deals with voting at general meetings of the company. Where a shareholder holds more than the maximum permissible number of shares his voting rights are to be determined as if he held no more than the maximum permissible number of shares. A determination by the Minister that two or more shareholders constitute a group of associated shareholders is to be binding at a general meeting of the company.

Clause 7 empowers the Minister to annul a resolution of a general meeting of the company where the resolution is passed as a result of the irregular admission of votes, or where the resolution is contrary to the public interest.

Clause 8 provides for the sale of forfeited shares and the return of the proceeds of the sale, less reasonable costs, to the previous owner of the shares.

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

ADDRESS IN REPLY

The Hon. C. J. SUMNER (Attorney-General) brought up the following report of the committee appointed to prepare the draft Address in Reply to His Excellency the Governor's Speech:

1. We, the members of the Legislative Council, thank Your Excellency for the Speech with which you have been pleased to open Parliament.

2. We assure your Excellency that we will give our best attention to all matters before us.

3. We earnestly join in Your Excellency's prayer for the Divine blessing on the proceedings of the Session.

ADJOURNMENT

At 3.26 p.m. the Council adjourned until Wednesday 30 May at 10.30 a.m.