

LEGISLATIVE COUNCIL.

Tuesday, June 28, 1955.

APPOINTMENT OF DEPUTY PRESIDENT.

The Clerk having announced that, owing to the unavoidable absence of the President, it would be necessary to appoint a Deputy President, the Hon. Sir LYELL McEWIN moved that the Hon. Sir Wallace Sandford be appointed to the position.

The Hon. F. J. CONDON—I second the motion.

Motion carried.

The DEPUTY PRESIDENT took the Chair and read prayers.

QUESTIONS.

BRITANNIA CORNER TRAFFIC ISLANDS.

The Hon. K. E. J. BARDOLPH—In view of the imbroglio between the Norwood and Burnside Councils regarding the traffic islands at the Britannia Hotel corner can the Minister of Local Government say whether the Commissioner of Highways has the authority to determine whether or not traffic islands shall be placed there and, secondly, is the Commissioner of the opinion that they are necessary?

The Hon. N. L. JUDE—Under the Act the Commissioner of Highways acts as referee as between two councils, or two opinions, as to what roundabout or traffic island is desirable. In the case in question a deadlock occurred and the matter was referred to the Commissioner by one of the councils concerned and he found that the design suggested by the other council was not satisfactory. The matter was then referred back to the council and at the moment there appears to be a further deadlock. If it is again referred to the Commissioner I am sure he will make suitable recommendations. The Commissioner has stated that it is desirable to have some form of traffic easement at that corner.

STORM WATERS.

The Hon. F. J. CONDON—Has the Minister of Local Government a reply to the question I asked last week regarding the disposal of storm waters near the Port Adelaide wool stores?

The Hon. N. L. JUDE—I have received the following report:—

Although the discharge of these storm waters is primarily the responsibility of the local governing bodies, assisted in some cases by a grant from the Commissioner of Highways where a main road is concerned, the disposal

of such water would interfere with the developmental work being carried out by the Harbours Board in that area. In consequence, the board was asked to design a scheme which would not only satisfy its requirements, but also be acceptable to the other parties concerned. In the scheme as designed, floodwaters would be collected from the vicinity of the wool stores area and conveyed by means of an open channel in a north-easterly direction to a proposed pondage basin in Magazine Creek. The proposals have been drawn up so that they will involve the minimum capital cost necessary to ensure an effective scheme. Even so, the estimated cost is well in excess of £30,000, which would necessitate a statutory inquiry by the Public Works Standing Committee. As a preliminary to Cabinet consideration of the scheme, the Minister of Marine will convene a conference of the Harbours Board, together with representatives of the councils concerned and the Commissioner of Highways to work out a plan for distribution of the costs involved.

ADVANCES FOR HOMES ACT.

The Hon. K. E. J. BARDOLPH—Has the Chief Secretary a reply to the question I asked last week regarding increasing the limit of housing loans under the Advances for Homes Act?

The Hon. Sir LYELL McEWIN—Yes, I have a reply from the Treasurer stating that the amount of money available for the 1955-56 financial year will all be expended. This means that if the amount of the advance were increased many applicants would not receive any assistance and the funds would be insufficient. Under those circumstances it is not considered advisable to increase the amount of the advance.

DANGEROUS DRUGS ACT AMENDMENT BILL.

Read a third time and passed.

BULK HANDLING OF GRAIN BILL.

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

The Hon. Sir LYELL McEWIN (Chief Secretary)—I move—

That this Bill be now read a second time.

I express appreciation to the Council for giving me the opportunity to proceed with the Bill this afternoon. Bulk handling is a very old problem. Parliament has been associated with it for some 30 years, and various proposals have been either considered or recommended. My personal association goes back beyond my

entry to Parliament when I tendered evidence about 1931 as a grower to the Public Works Committee. Mr. Condon was then a member of the committee and I do not think any present member of the committee was then a member. It is a matter which concerned not only Parliament for a long period, but particularly wheatgrowers. Enthusiasm for the project has fluctuated from time to time, according to conditions prevailing, and was often influenced by the price of cornsacks or some other economic reason. A new set of conditions prevails today.

I address myself to the subject with some interest, because I still have some indirect interest in it. Therefore, my approach to the Bill carries me a little further than my obligation as Minister representing the Minister of Agriculture in introducing the Bill. Twenty years ago my views were relevant at the time. At that time farmers were engaged in a severe economic struggle. They had had some bitter experiences in storing wheat when the financial stability of certain sections of the trade had failed, and there was a sort of double barrelled action which had affected some of them disadvantageously. In effect what I said then was that if bulk handling would give the producer something that would make him no worse off than his present condition, and would give him the control over his wheat and his interests would not be taken away from him in any way, the scheme was worth considering. At that time the Public Works Committee reported that a bulk installation should be installed at Wallaroo as that was the most favoured port for such an installation under the then known conditions. The ultimate result was that war intervened before anything was achieved along the lines of the report and we found ourselves under a new set of conditions.

The Hon. E. Anthony—That was not a majority decision.

The Hon. Sir LYELL McEWIN—I am not concerned with that at the moment; I am only giving some history to indicate that although appeals have been made to members to give this matter urgent consideration it is not a measure that has turned up overnight, but has been under consideration for over 30 years, and all the time changing conditions have been experienced. We in this State have a particular problem and I think that is why there has been some delay in the ultimate conclusion. Some other States have had bulk handling for some time. The eastern States have what is known as an orthodox system in

operation. This State, particularly 20 years ago, had a problem that was not comparable with that of any other State in as much as we had so many outports and could not marshal the bulk of our wheat into one terminal to justify the system as we then knew it. However, much progress has been made in equipment over the years with the industrial development that has taken place since the war, so we have been able to develop new equipment for bulk handling, and probably further improvements will be made.

This will be quite a large undertaking. Using my imagination and not an economist's as a slide rule I would say that the cost of the installation will be more than the total Budget when some of the older members of this Chamber were first associated with Parliament. The development of this undertaking will no doubt be decided by the efficiency of the management. With those short preliminary remarks, I shall now proceed with the report on the Bill.

Its origin is to be found in negotiations between the Government and the Wheat and Woolgrowers' Association which commenced in October, 1935. The proposal of the association was that a company be formed on co-operative lines, and should be granted sole right over the bulk handling of wheat and should also be empowered by statute to collect tolls from growers. The tolls were to be applied towards financing the construction and operation of bulk handling facilities. This proposal was referred to the Public Works Committee which, after enquiry, found that the tolls were unconstitutional as being an excise tax which the State had no power to impose. Subsequently, the Wheat and Woolgrowers' Association propounded another scheme which provided for voluntary contributions towards the cost of bulk handling facilities by those wheat growers who should become members of the company. This scheme was not open to objection on constitutional grounds.

The Government, of course, is aware of the advantages of bulk handling and in the negotiations with the Wheat and Woolgrowers' Association its object has been to ensure that any scheme which might be submitted to Parliament should be a sound one and not likely to fail through lack of finance or lack of support by growers. The Government was also concerned to see that the scheme was sound in law and that the interests of growers were fully protected. For these reasons when specific proposals were submitted to the Government by the association the Government made a

number of stipulations as to the management, finance and work of the proposed company for the objects I have mentioned.

The basic requirement was that before any Bill was submitted to Parliament the Government should be assured that the scheme would have the support of a substantial proportion of the wheatgrowers. The Government accordingly stipulated that before the legislation was introduced, wheatgrowers whose deliveries of wheat amounted to 12,000,000 bushels a year should sign contracts with the company agreeing to make payments to it of not less than 3d. a bushel for 12 years for the purpose of raising capital. This stipulation has been complied with. Audited figures show that up to May 9 last applicants whose output of wheat was 12,379,992 bushels had become members of the bulk handling company and since that date more applications have been made, bringing the total up to about 13,000,000 bushels.

Another important problem in connection with bulk handling is to ensure that the bulk handling facilities are erected so as to conform with the Harbors Board's programme of works. For this reason the Government felt obliged to stipulate that the installations at the terminal ports should be erected in accordance with plans and specifications approved by the Public Works Committee or by the Minister of Agriculture.

One of the proposals of the company was that the Government should assist it to raise finance by guaranteeing one half of the loan which it desired to raise from the Commonwealth Trading Bank. The company has made arrangements for finance to the amount of £1,000,000 and the Government has undertaken to give a guarantee for amounts up to £500,000. So long as a Government guarantee remains in force the Government considers that, in the public interest, it should be represented on the board of directors of the company. The Government therefore laid down the condition that in the initial stages two of the nine directors of the company must be Government appointees, and the elected directors will be reduced from nine to seven. If the Government directors should disagree with any proposal of the company likely to affect the Government's obligations under its guarantee or affecting the priorities of the construction of bulk handling facilities at the terminal ports, they may require the question at issue to be referred to the Minister of Agriculture for final decision.

Another matter which gave the Government some concern was the obligation of the com-

pany to handle all wheat offered to it at the facilities whether by members or non-members. The company seeks exclusive rights over bulk handling of wheat and the Government considers that as a corollary of these exclusive rights the company should have the duty of meeting all requirements of the public at places where its bulk handling plant is installed, and also of doing the work for reasonable charges. With this in view the Government stipulated that the company should undertake to handle all wheat offered to it at its bulk handling plant, and that bulk handling charges made to non-members should be approved by the Auditor-General.

Some other minor stipulations of the Government were that the initial rate of directors' remuneration should be approved by the Minister and thereafter should only be altered by a general meeting of the company, and that the provisional directors should retire as soon as the Act was passed and that thereafter an election of directors should be held without delay.

I turn now to the consideration of the clauses of the Bill. Clause 3 sets out the ports which are to be regarded as terminal ports. These are Ardrossan, Port Adelaide, Port Pirie, Port Lincoln, Thevenard, Wallaroo and any other port which may be subsequently proclaimed as a terminal port. The importance of the definition of terminal ports lies in the fact that the company is obliged, in due course, to erect adequate bulk handling facilities at each of them. Clauses 4 to 11 contain a number of provisions relating to finance, directors and management. By clause 4 the Treasurer is empowered to guarantee a loan not exceeding £500,000 made by the Commonwealth Trading Bank to the company on the security of a mortgage or charged over the assets of the company. The clause contains an appropriation of any revenue necessary for any payments which the Government may have to make under the guarantee.

Clause 5 makes a number of amendments of the articles of association of the company for the purpose of carrying into effect the conditions laid down by the Government regarding the appointment of directors. The clause provides for the reduction of the elected directors from nine to seven while the Government guarantee remains in force, and the appointment of two directors by the Government. The seven elected directors comprise three elected from the whole State and four elected from zones into which the State will be divided for the purpose

The first election of directors must take place as early as possible after the commencement of the Act. The term of office of elected directors is, as a general rule, six years, but there will be an election every three years because the first zone directors are required to retire at the end of three years. The term of office of the directors appointed by the Government will be fixed by the Governor.

Clause 6 provides that the initial rate of remuneration of directors must be approved by the Minister and is not to be altered except at a general meeting. Clause 7 sets out the powers of the directors appointed by the Governor to require that proposals of the company affecting the Government guarantee be referred to the Minister of Agriculture for decision.

Clause 8 enables the company to hold its statutory meeting under the Companies Act at any time not later than six months after the Bill is passed. Under the Companies Act the meeting should be held within three months after incorporation but, owing to the negotiations with the Government, it has not yet been held and the company has asked for an extension of time. Clauses 9 and 10 contain provisions to ensure that the directors and servants of the company will be impartial persons not interested in trading in wheat (except as wheatgrowers) and will not give preferential treatment to any particular customer of the company and will not assist the business of any particular wheat buyer.

Clause 11 enables the company to apply any money arising from any excess outturn of wheat to a reserve fund to meet shortages in outturn. If, however, the reserve fund should exceed £20,000 at any time the surplus can be used for the general purposes of the company.

Clause 12 may be regarded as the basic principle of the Bill. It confers on the company the sole right to receive, store and handle wheat in bulk throughout the State, and the sole right to contract or arrange for the transport and delivery of wheat in bulk within the State. There are, however, a number of exceptions to the sole right of the company. The clause will not affect the right of the Wheat Board to handle wheat in bulk in its own bulk handling facilities. Nor does it prohibit persons who use wheat or flour in milling or manufacture from establishing bulk handling facilities on their own premises for wheat to be used in such milling or manufacture. Millers will also have the right to erect private bins

for premium wheat to be used in their own businesses at any place of receipt where the company does not provide separate storage for premium wheat in bulk. Further, the clause does not affect the right of the Railways Commissioner to receive, handle, store and carry wheat in the ordinary course of the business of the railways.

Clause 13 sets out some of the general powers of the company to purchase, lease or hire bulk handling facilities or sites for such facilities, or any right to use land, jetties, piers, wharves, sheds, railway sidings or platforms. The clause also provides that the amount of the rent or other payment payable to the Harbors Board or the Railways Commissioner under or for any lease, licence or right granted by the board or the Commissioner to the company shall be approved by the Governor. The object of this provision is to ensure that all charges made to the company are reasonable and consistent with each other.

Clause 14 imposes on the company the duty to erect adequate bulk handling facilities at terminal ports, and at a sufficient number of railway stations, railway sidings and depots to receive the wheat which is to be taken to the ports. The clause also contains provisions to carry into effect the Government's stipulation that plans and specifications of the terminal bins must be approved by the Public Works Committee or by the Minister of Agriculture, and that the design and materials of country bins must be approved by the Minister.

Clause 15 lays it down that the order of priority of the works will be determined by the company, subject only to the rights of the Government directors to have questions affecting priorities referred to the Minister. In determining priorities the company is obliged to take into account the urgency of the needs of the growers and shippers of wheat, the amount of wheat produced in the various parts of the State, the quantity of wheat which may be expected to be handled at each port, and the amount of finance, materials and labour available.

Clause 16 contains another provision stipulated by the Governor to the effect that the company must call for tenders for all works except those costing under \$5,000, and except works at Wallaroo for which contracts are let before the end of this year. The reason for exempting works at Wallaroo is to enable the company to proceed quickly with these works as soon as the Bill is passed. By clauses 16 and 17 the company is obliged to keep its bulk handling facilities in good order and

condition and to take precautions to prevent all wheat handled by the company from loss and damage. The company is also obliged to obey any directions of the Minister which may be given with respect to the improvement or extension of the bulk handling facilities.

Clause 19 provides that the company may be appointed as a licensed receiver of wheat on behalf of the Wheat Board under the Wheat Industry Stabilisation Act. So long as the Wheat Board remains in existence the company will be limited to handling wheat owned by the board and the terms and conditions of handling will be arranged under the Wheat Industry Stabilisation Act. In preparing the Bill, however, it has been necessary to provide for the contingency that at some future time the Wheat Board may cease to exist. If this should happen the company will be handling wheat belonging to growers and merchants.

The provisions of the Bill relating to the handling of such wheat are based on the principle that the company will issue a warrant to every person who delivers wheat to the bulk handling plant, and that the warrant will be a transferable document conferring on the holder the right to obtain wheat from the company's bulk stocks. It is contemplated that the rights of warrant holders will be, to some extent, dealt with by regulations but those are also some provisions on this subject in the Bill. Clause 20, for example, provides that the terms and conditions on which bulk wheat is received, stored, handled and delivered to warrant holders is to be in accordance with the Act and the regulations and it will not be open to the company to make special bargains with anyone.

By clause 21 it is laid down that the prescribed charges and dockages for wheat delivered by growers and merchants are to be exhibited on a poster or placard set up on or near each bulk handling establishment. Clause 22 enacts that the company is obliged to receive all wheat in bulk offered to it for handling unless the wheat is below the lowest permissible grade and differs from that grade to a greater extent than the regulations allow. If there is any dispute about the quality of any wheat it must be decided by a referee.

Clause 23 provides for the assessment of dockages as against growers and merchants, and for the settlement of dispute as to the amounts of dockages. Clause 24 provides that if the company receives any wheat for bulk handling otherwise than as a licensed receiver of the Wheat Board it must issue a warrant

in the appropriate form containing the prescribed particulars and clause 25 provides for the transferability of warrants. Clause 26 sets out the legal position of the company as regards all wheat received by it and provides that the company will not become the owner of the wheat, but merely a custodian of it for reward. If the mixed mass of wheat in the company's bulk handling system is owned by more than one person, all the owners will be, in law, owners in common of the whole mass. Wheat held by the company is declared not to be liable to be held or taken, or sold for the enforcement or discharge of any of the company's debts.

Clause 27 provides that if a person delivers wheat to the company to which he has no title and the company incurs any liability for wrongfully receiving or handling the wheat the person delivering the wheat must indemnify the company. Clause 28 requires the company to insure all the wheat in its bulk handling system in its full value against destruction, loss or damage by fire, storm, tempest, flood, explosion and any other prescribed risks.

Clause 29 deals with handling charges and provides that these are to be fixed by the company by notice in the *Gazette*. Different charges may be fixed in respect of wheat and other grain delivered respectively by members and non-members of the company; but the charges payable by non-members must be approved by the Auditor-General before they are gazetted. In determining whether to approve any proposed charges the Auditor-General must make allowance for all the expenses of the company and a fair margin of profit, but must also take into account any allowances made to the company by the Wheat Board or other authority for whom the company handles the grain.

Clauses 30 to 32 set out the obligations of the company to deliver wheat. So long as the Wheat Board remains in existence, the conditions of delivery are to be as agreed between the company and the board. If, however, the Wheat Board goes out of existence, the conditions of delivery to warrant holders will be as prescribed by the Act and regulations. Clause 31 lays it down that a warrant holder is entitled to receive from the company the quantity of wheat mentioned in the warrant and it must be of a grade substantially equal to the grade specified in the warrant. It is, however, realized that in a bulk handling system some variations in grades are inevitable and for this reason the Bill provides that wheat will be deemed to be substantially equal to

any other wheat if it does not differ from that wheat to a greater extent than is permitted by the regulations.

Clause 33 empowers the company to handle bagged wheat and also bulk grain other than wheat, but does not give it any exclusive rights in respect of these commodities. Clause 34 provides for the regulations which will have to be made respecting the business of the company. It is not contemplated that many regulations will be required to regulate transactions between the company and the Wheat Board; but, as I mentioned earlier, if the board should go out of existence it will be necessary to have a code of regulations regulating the practice and procedure of the company, and the settlement of disputes between the company and those whose wheat is being handled by the company. Clause 35 provides for the summary disposal of proceedings for offences against the Act, and lays it down that the general penalty for an offence for which no other penalty is prescribed is to be a fine not exceeding £100.

What I have said will give a general idea of the details of the Bill. I realize, however, that many problems will arise in working a bulk handling system and that some members may desire a fuller explanation as to how it is intended that some of them should be dealt with. I will be pleased to supply any further information on request. Much information is available to members from progress reports of the Public Works Standing Committee and from the publicity of the organization representing most wheatgrowers in South Australia. Some of the difficulties associated with the scheme have been removed by growers agreeing to accept responsibility for these installations in their desire to create a more economical and up-to-date system for handling their grain. In recent years customers have demanded bulk deliveries. The old advantage of a premium for bagged wheat has disappeared, and today bulk handling is a system which is not only desired but demanded by producers. Because of that, and because if we are to enjoy the advantages which have been claimed for this system as against the existing system, it became necessary to introduce this legislation at an early date so that at least one port, which was recommended as far back as 1934, should be able to handle the next harvest.

The Hon. F. J. CONDON (Leader of the Opposition)—You, Mr. Minister, have the honour today of introducing a Bill which is one of the most important introduced for many years. The Opposition is supporting the

second reading, but that will not prevent me from offering some criticism, because I am one of those unfortunate members of the Public Works Standing Committee, which has had to accept much criticism. Therefore, something given in return will not do any harm. It is not customary for members to continue a debate on the same day as a Bill is introduced, but in order to give this measure a speedy passage we shall not cause any delay. Many farmers have complained bitterly of the delay of the Public Works Standing Committee in making its recommendations, but let me tell them that had a report been brought in earlier, it would have been adverse.

The Hon. E. Anthoney—Why was it not brought in?

The Hon. F. J. CONDON—Because we wanted to explore every avenue. The committee went beyond Australia to get information so that it could arrive at a scheme which would be satisfactory to farmers. It has done everything possible. My statement regarding an adverse report has been publicly supported by the present Minister of Agriculture, who was chairman of the Public Works Standing Committee for some years. I therefore resent the criticism levelled against him because he knows as much about the interests of farmers and bulk handling as any man in the community. We must respect his opinion. Since I have been a member of the committee there have been six separate committees, the majority of whom were country members, often farmers, who understood the problems of the man on the land. I defy any member to show that either I or my Party has ever done anything against the interests of primary producers, because at every opportunity we have supported legislation which was for their benefit.

The Hon. E. Anthoney—You did not support the first report.

The Hon. F. J. CONDON—I will come to that directly and tell the honourable member why, under the same conditions, I would do it again. I shall not be bluffed by telegrams as to what I should do; and I hope that members will at least vote according to their conscience. I have listened to a few addresses over the air on the subject, including one last Sunday. I do not know why we are discussing this legislation, because in a broadcast on June 12, Mr. T. C. Stott, M.P., said that now that the bulk handling Bill had been passed the election of seven directors of the company would take place and the company would commence the building of terminal port installations at Wallaroo first. Threats

will not get anyone anywhere, and it would be just as easy for this Bill to be defeated as for it to be carried. I will not in any way prejudice those farmers who have asked for bulk handling, and as far as I am concerned they will get it. In a broadcast over the air last Sunday it was stated that farmers' representatives in the gallery were not impressed by some of the speeches and actions of members in the House of Assembly, who had better look out because they would be remembered in the future. What does that mean? Farmers should be satisfied to know that they have the support of the Opposition on this Bill.

Bulk handling has been under consideration in South Australia for almost 50 years. On January 16, 1908, a Royal Commission was appointed on the marketing of wheat, and consisted of seven members of the House of Assembly. They reported that they would not be justified in recommending bulk handling. On July 16, 1914, the question was raised again and later John Metcalf & Co., a Canadian firm, was commissioned to make a report. On August 23, 1916, a motion was submitted to the House of Assembly concerning the provision of terminal elevators at Port Adelaide, Wallaroo, Port Pirie and Port Lincoln and such country elevators as might be required. Exclusive of the cost of land, the estimated cost was £1,100,000, but after considerable debate the motion lapsed. In 1922 a farmers' co-operative company entitled Farmers' Bulk Handling of Grain Co-operative, Limited took over the Metcalf plans on certain conditions, but a Bill to give effect to this was defeated on the third reading.

The next official step was taken in October, 1931, and in March 1934 a recommendation was made for a bulk handling scheme at Wallaroo. No action was taken on that report, despite the fact that we have had a Liberal Government in office since 1933. I dissented from that finding, which was as follows:—

That in the interests of the wheat producers it is desirable to introduce a system of bulk handling of wheat into South Australia on the lines recommended by the Bulk Handling of Wheat Sub-Committee to the Public Works Standing Committee, but the Public Works Standing Committee recommends that the extension of bulk handling facilities to the Port Adelaide zone be not approved until the Wallaroo system has operated successfully both from the point of view of the farmer and the bulk handling authority.

With the Honourable R. S. Richards I dissented for the following reasons:—

That the introduction of bulk handling in South Australia would seriously affect the labour market by increasing the volume of

unemployment, and that a scheme that involves the wholesale displacement of labour should not be embarked upon until adequate provision is made for absorbing the labour so displaced. Members will recollect that unemployment was rife then, and we did not want to add to it. Although conditions today are different, we will be displaced at Wallaroo, and I commend the member for that district (Mr. McAlister) for trying to defend the town that he represents. We should see that some industry is established there to absorb these men who have had their homes there for years and have built up the town, otherwise they will have to come to the metropolitan area. Conclusion No. 1 of the report of the 1934 committee was:—

That the bulk handling authority should be constituted and function as recommended and should be responsible for the installation of the system.

This followed a recommendation of a sub-committee consisting of Professor Perkins, a representative of the Harbors Board and a representative of the Railways. Why was bulk handling not proceeded with then?

The Hon. E. Anthoney—Wasn't it a matter of finance?

The Hon. F. J. CONDON—No. I do not think Parliament approved of the recommendation because it was not satisfied that it was economic. Although I am supporting this Bill I have my doubts whether the scheme will be successful. I do not think that the people concerned know the true picture. The secretary of the Australian Primary Producers Association has said the same thing. I am not questioning the honesty of the people concerned, who conscientiously believe that it is an economic proposition. I do not think it is, but if I am wrong I will be the first to admit it. I want to be judicial; it is not a question of what district or Party I represent. I have been on the Public Works Committee for 22 years and at its meetings politics are never mentioned. It is the desire of every member to do what he can in the interests of the State. I pay a tribute to them for the wonderful work they have done for this State. We can stand criticism, but if a report had been made before it would have been an adverse one. A man who went to Germany obtained information, and the committee examined scheme after scheme, but it did not bring in an adverse report because it desired to do something in the interests of the farmers. If an adverse report had been submitted at any time Parliament would have done nothing about the matter, but now it has the opportunity to decide what should be done. The committee went to Geelong to examine the

system in operation there to see if it was possible to reduce costs and arrive at some economic scheme.

The Hon. E. Anthoney—The honourable member himself is not sure whether it will be successful.

The Hon. F. J. CONDON—I have my doubts, but I am not going to deny these facilities to the people who want them. It will now be their responsibility, and my chief objection has been removed. A section of the people in this State have desired bulk handling for a number of years, using as their chief argument the fact that other States have it. They appear to have overlooked the economics of the matter. In the past I have opposed bulk handling, but it is a poor man who cannot change his opinion. As the Chief Secretary mentioned, South Australia has a problem different from other States. New South Wales has had a terminal point at Darling Harbour for a number of years and I believe that some bulk wheat is now shipped from the northern part of the State. Victoria has one terminal, Western Australia has three, but South Australia will have six. I can remember the time when wheat ships were loaded at Port Augusta, Port Germein, Tumby Bay, Port Victoria, Port Broughton and other places. Apart from those ports we have 80 small outports and in a number of cases wheat was transported by lighters from these outports to the larger ports. It is a question of volume. If we had only one terminal port we would have had bulk handling years ago, but we have not had this system because we have not had the volume for each terminal. The average wheat crop over 10 years has been 26,000,000 bushels. In 1952-53 9,500,000 bushels were gusted and in addition about 4,000,000 bushels were consumed by other industries, so only 50 per cent of the wheat was exported. I have read during the course of this debate that the farmers in this State are 3d. a bushel better off than those in other parts of Australia.

The Hon. R. R. Wilson—Our export figures have been greater than Western Australia's, haven't they?

The Hon. F. J. CONDON—No. South Australia is the smallest exporting State. Our highest production was 48,000,000 bushels; last year it was only 31,000,000 bushels, whereas with a smaller population Western Australia produced 52,000,000 bushels two years ago, and a large proportion of this was exported. Ardrossan has a bulk handling scheme and Port Pirie, Wallaroo, Port Lincoln, Port Adelaide and Thevenard will want

it also, although there will not be much wheat to handle at those ports. Also, less wheat is being produced each year. I do not know how barley producers will get on under this Bill. We know what happened here a few years ago when certain people were advocating direct action in the matter of under-production. Who is to benefit under this Bill? The farmers, and good luck to them! They have a perfect right to advocate their cause and I compliment them on doing it, but what about the railways? What is it going to cost to convert the rolling stock to handle wheat in bulk? What about the Harbors Board which will have to face a heavy expenditure to meet the new conditions, and what of the wheat agents? What is to become of them?

The Hon. Sir Frank Perry—Cannot those authorities adjust their charges to the new conditions?

The Hon. F. J. CONDON—I do not think they will. It has never been done in respect of water, for example. What about the £500,000 guarantee? Have the consumers or the taxpayers been consulted on that? If this is such a good proposal why the necessity for a guarantee? They say, "Don't interfere. We are paying for this system," but the State is up for £500,000 and, in passing, I recall that the farmers of the West Coast put up a sum of money for the Port Lincoln Freezing Works and what happened there? The Government had to take it over at considerable loss.

The Hon. R. R. Wilson—They paid £10,000.

The Hon. F. J. CONDON—I think the guarantee by the farmers was for £30,000.

The Hon. Sir Frank Perry—I thought you supported the Bill.

The Hon. F. J. CONDON—So I do, but that does not prevent my expressing an opinion on it. I am not a yes man, but am here to express my views whether they please or offend.

The Hon. Sir Frank Perry—You are shaking everyone else's opinion.

The Hon. C. R. Cudmore—You are easily shaken apparently.

The Hon. F. J. CONDON—Now I come to a very important matter on which members have heard me before—the milling industry. I said earlier this afternoon that in 1952-53 we gusted 9,500,000 bushels of wheat. I have endeavoured to assist the milling trade but no-one here appears to be very sympathetic towards it, and today it is in a worse condition

than it has been for many years. The millers will be called upon to meet considerable expense under this Bill and what return will they get? In the last couple of years the people of South Australia have paid an increase of 1½d. per 2lb. loaf and what will happen with the extra charges that will have to be met? Consumers have paid the extra price in order to provide a 14s. a bushel home consumption price. I believe that a man is worthy of his hire, and if he puts his money into land is entitled to a decent profit. If everyone else is guaranteed the basic wage, with marginal allowances, the farmer is entitled to the same consideration, but I point out that in view of this extra expense there are others interested in this measure as well as the farmer.

The Bill was amended in the House of Assembly and I want to see further alterations in order to give protection to an industry that has meant so much to the economy of the Commonwealth. While we were able to send our wheat overseas nobody was much concerned about the milling trade. What did those who were getting their price care about that?

The Hon. E. Anthoney—We are not sending much overseas today.

The Hon. F. J. CONDON—Exactly, and I will tell you why; other countries are subsidizing about 96 per cent of their exports, so what chance have we? That is the unfair competition facing us today and that is why we are not selling our wheat and flour abroad. While they were able to get another farthing a bushel no-one worried about idle mills and unemployed. Did those who are looking for our support today give any consideration to the milling trade then?

The Public Works Standing Committee explored every avenue to evolve a scheme that would be satisfactory to all concerned and I draw attention to its first and third progress reports. In 1952-53 the amount of flour manufactured in South Australia was 203,000 tons. That has fallen considerably. The milling industry means as much to the farmer today as his overseas markets. I know of sales that have taken place at less than the 14s. 1d. home consumption price, although there have been some at higher prices. In 1954-55 grain sown for wheat amounted to 1,610,000 bushels, which represented 238,000 acres fewer than in 1950-51. Last year proved better than was anticipated and our crop yielded 31,000,000 bushels and I hope that in the not far distant

future we will again reach our record of 48,000,000 bushels, as that will be of great assistance to this programme. Has any member of this place seen a copy of the agreement between the Government and the company?

The Hon. S. C. Bevan—Is one in existence?

The Hon. F. J. CONDON—Yes, but nobody knows what it contains. I think members are entitled to that information. Further, does anyone know anything about the articles of association of the company? Those are points worthy of consideration. Last year there were 64 receiving centres in the Port Adelaide division where less than 10,000 bags were delivered, in the Port Augusta division three, Wallaroo one, Port Pirie one, Port Lincoln five, Thevenard 17, a total of 91. Is any provision been made in the Bill to serve those small places? If the company receives a charter it will involve the State in considerable expense. Some people desire interference because they say they are finding the money, although the Bill provides for Government nominees on the board for as long as the guarantee remains. In my opinion that will be for ever.

Parliament is asked to grant a money and therefore the State should be protected. There is nothing unreasonable about that. The company has estimated the cost of operating a belt gallery at 2s. 2d. a ton, and said that with quick shipment it would probably be that cost by 1s. For the belt system at Ardrossan there is a straight run and is practically the same length as the one erected at Wallaroo, and yet the Wheat Board has to pay 9s. 2d. a ton to the B.H.P. Company for the use of its plant. Therefore how can the bulk handling company do it for so much less? When it was suggested that the Ardrossan plant should be constructed the members came before the Public Works Committee believe the cost was estimated at £50,000, later it was altered to £75,000, but the actual cost £250,000. I consider that the costs worked out for the belt system at Wallaroo are not correct. I am prepared to accept the figures of the B.H.P. Company rather than those suggested by the company's representatives.

When the agreement was entered into with the B.H.P. Company it was owing to the Public Works Standing Committee that costs were reduced. The committee sent the matter for further review. Farmers who use the Ardrossan plant have been saved thousands of pounds because of the action of the committee. Of the two systems considered by the

Public Works Standing Committee, one, the pneumatic system, would cost 3s. 1d. a ton for handling charges and the other three times that. The length of the Ardrossan jetty is 3,030ft., with a free head of 800 ft. The charge for loading wheat is 9s. 10d. a ton for each ton up to 20,000 tons in one year. For each 5,000 tons by which the tonnage exceeds 30,000 the price will be reduced by 1d. and will apply to the tonnage handled in that year. For example, for 70,000 tons the price would be reduced to 8s. 2d. When the total exceeded 70,000 tons in one year the rate would be subject to review.

The Hon. J. L. S. Bico—What do the farmers pay per bushel?

The Hon. F. J. CONDON—I have been trying to find that out for a long time. Farmers who in future deliver wheat in bulk at Ardrossan will pay a toll of 6d. a bushel for a period of not less than eight years, at which period, according to the evidence tendered to the Public Works Standing Committee by Mr. Stott, M.P., on behalf of the company, it was expected that the final bulk handling facilities would be completed. Farmers should understand that under the company's proposal a toll of 6d. a bushel will be levied from the time they first deliver wheat in bulk until the installations throughout the State are completed. That will be many years. Who will decide when the installations are complete?

The first progress report of the Public Works Standing Committee showed what the income and expenditure will be over a period of years. In its recent report the committee gave costs for the truck jetty method of loading completely from silos. Handling charges are 1s. 1d. a ton and interest and depreciation amount to 6d., making a total of 4s. 7½d. Under the belt conveyor method handling charges are 1s. 1d., interest and depreciation 1s. 6½d., a total of 2s. 2d., and 1s. will be deducted for quick despatch, making a total of 1s. 2d. a ton. In the latest report the Public Works Standing Committee shows that the cost of handling with pneumatic plants is cheaper than the belt system, and that is why it recommended it. I am supporting the Bill because the people concerned want it. Although I have my doubts, I give the scheme the benefit of my doubts. Parliament should be very careful with this legislation, and should have the protection to which it is entitled. I am supporting the Bill because it is, but that does not deny me the right to express my opinion. I support it because I think it is the right thing to do, and because it is my duty to do it.

The Hon. E. H. EDMONDS (Northern)—I join with Mr. Condon in his declaration that this is one of the most important measures Parliament has had to consider for some time. The Minister and also Mr. Condon gave some historical record of the efforts made for the introduction of bulk handling. Those efforts have resulted from the agitation of those particularly interested, mainly wheatgrowers. On the last occasion a Bill was presented it was passed in the House of Assembly, but was not acceptable to the Legislative Council. I ask members to take their memories back over the years when other proposals were put before us. In taking a period of 20 years I shall present practical reasons why one should support this Bill for an alteration in our grain handling system. Twenty years ago the horse provided the haulage power on farms. It was the horse teams which pulled the harvesting machinery and carted the wheat to the receiving centres, and because of the limited hauling capacity every little railway siding and many small outports were receiving centres for grain. Even where there were no harbour facilities farmers often found it convenient to stack their wheat on the shore, ultimately to be carted by ketches to the bigger receiving centres.

Another important aspect was that at that time regularly engaged in the freightage of our grain overseas were the big four-masted windjammers which lifted the major portion of our exportable wheat. Today most farms are mechanized. The tractor takes off the crop in about half the time that it took the horse teams, and trucks, sometimes owned by contractors, carry the grain, not 10 miles as in the old days, but 50 to 100 miles to the bigger receiving centres. We are now by-passing the small railway sidings and outports to concentrate the wheat into bigger ports. What was known as a mosquito fleet was regularly employed 20 years ago in our two gulfs in lightering wheat from the small outports to the larger vessels. These larger vessels frequently picked up the major portion of their cargo at such places as Port Pirie and Port Germein and sailed out into deeper water where they took on grain and topped up cargoes from the ketches. Today we have motor transport and in place of the sailing ship there are tramp steamers to carry the major portion of the grain overseas. These, of course, require wharf accommodation and quick despatch. I have been told on good authority that as a term of

the charter for wheat cartage the shipping owners specify that a certain tonnage shall be loaded every day; if that is not reached demurrage has to be paid, and if it is improved upon the shipping owner gets despatch money as a bonus. As a result the shipping people have a preference for ports where they can get despatch, and the ports with the bulk handling are those that can provide it. That is one of the reasons why, since Ardrossan has been in operation, ships go there at every opportunity to load wheat.

I frankly admit that in the early days when some of these schemes were submitted I was not enthusiastic about them, but conditions then were entirely different from those of today. Our geographic position has always been a stumbling block to the introduction of bulk handling because we have so many ports and outports which were quite satisfactory for bagged wheat handling. However, many of our customers who previously showed a preference for bagged wheat are now equipped with bulk facilities at the receiving end, and the tendency is for some countries to show a preference for grain in bulk. In the first report of the Public Works Standing Committee there is a full explanation of the financing of the scheme contained in the evidence of the representative of the South Australian Wheat and Woolgrowers' Association, the sponsors of the scheme, and I commend it for the consideration of members. This contains much fuller information than I can provide on the financing of the proposal.

I am somewhat at a disadvantage in following so closely on the second reading speech, which is rather an unusual procedure. This scheme to all intents and purposes follows the pattern of that which has been operating successfully in Western Australia for many years. Nobody would suggest that our wheat-growers are inferior in intelligence and ability to those in Western Australia. The administration of the scheme in that State is practically the same as ours will be; it is governed and financed by the farmers themselves. We can with justification say that as the scheme has been successful in Western Australia there is no reason why it should not be successful here. Members who visited Western Australia and had the opportunity to inquire first hand about the installation there will have no misgivings about our scheme, because our administration will not be lacking in comparison.

The company proposes to borrow £1,000,000 from the Commonwealth Bank to establish the

first terminal at Wallaroo, and this amount will be backed to the extent of £500,000 by the State Government. It would appear from interjections that this will be a bone of contention in that the Government is committing itself, but I point out that this is nothing new. From the time of the passing of the Industries Development Act in 1941 the Government has repeatedly guaranteed certain industries, some times for very large amounts. The cases that come readily to mind are the cement industry to which the Government guaranteed £900,000 to bolster the production of cement for house building and Government projects, the Nainpyrites undertaking, which was guaranteed to the extent of £800,000, and the food processing industry, which was guaranteed to the extent of £602,000. After all, this is only a guarantee and the Government may never be called upon for it, although I frankly admit that I will be surprised if it is not. I have a very lively recollection that on last year's Estimate £600,000 was provided for the Municipal Tramways Trust so that it could go on carrying passengers in the metropolitan area for a far below the cost of providing the service. That was not a guarantee or even a loan, but went down the drain to offset a deficit, so how can members object to the Government standing behind this organization to the extent of £500,000 for this project? The conditions are all laid down in the committee's progress report and it seems that the basis for determining the income of the company has been taken as 27,000,000 bushels, but Mr. Condon has voiced very much the same doubts as I have as to whether that is the correct basis upon which to base the financial arrangements. It will be remembered that in the initial stages it was proposed to levy a toll on all farmers who delivered their wheat through the system, irrespective of whether they agreed to the proposition or not, but that was ruled to be unconstitutional. It appears to me that there will have to be some modification of this basis or it will take a lot longer than 11 years to bring it to fruition on all the five points mentioned. But even so I am not objecting to the scheme provided people realize that even if they have to go on almost indefinitely making contributions by way of tolls, not only to build but to maintain the installations, the scheme is worthy of support, for it appears to me that we have reached the stage where, being the only State in the Commonwealth without bulk handling facilities, we must provide them. It is not a question of whether or not we can afford them

but whether we can afford to be without them. We cannot tell the shipping people that we cannot accommodate their boats and give them the despatch they want, for they will simply go elsewhere.

The Hon. E. Anthoney—They are not leaving our wheat behind, are they?

The Hon. E. H. EDMONDS—They may reduce our opportunities of getting into the market when we want to get into it. They may cut out South Australia if they can get their loading in States where there is quicker despatch, and leave us until they can choose their own time. Therefore, it appears to me that the shareholders will have to reconsider their position because they may be called upon to subscribe for a longer term and, perhaps, to a greater degree than they have been led to believe. I am not suggesting that anyone has tried to pull the wool over their eyes. Having been associated with the farming community all my life I have a pretty fair conception of their common-sense and I cannot think they would be led up a lane by any optimistic proposals submitted to them. Just how long it may take to install all the terminals is anyone's guess, but even so farmers have expressed the opinion to me that, although it may be quite a while before they get in, they are prepared to assist the scheme and give it financial support even though they do not benefit directly at once, because sooner or later it must be done.

I am supporting the second reading, but I will listen with interest to what other members have to say. I am not acceding to a request that has come to me, and probably other members, through a sheaf of telegrams and letters. It would not be right for me to sign a blank cheque. I have always conceived it to be my responsibility to use my own discretion and to consider every point of view put forward, whether in opposition to mine or otherwise. Therefore, I certainly am not going to say that I will support the Bill as it stands. I will support the second reading in order that we may have an opportunity in Committee to consider any other point or amendment that may arise, and beyond that I am not prepared to go.

The Hon. J. L. S. BICE (Southern)—I rise with considerable delight to support this measure in a general way, but like others I reserve the right to use my own discretion when the Bill is in Committee. This Chamber has reserved that right throughout its history and is not likely to depart from it now. I

commend the Chief Secretary on his comprehensive survey of the Bill and extend my congratulations to my colleague on the Public Works Committee, Mr. Frank Condon, on the way he addressed himself to the measure. I also find myself in agreement with many of the facts set out by Mr. Edmonds. The principle embodied in this Bill is very similar to those contained in the numerous Bills to which the Chief Secretary referred, and in endeavouring to inform myself on this subject I had considerable pleasure in reviewing the action of the Peake Government in 1915. The Government then approached John S. Metcalf & Company to submit a plan for a system of bulk handling, for which it paid £1,500. However, that administration was defeated at the next elections and the Vaughan Government came into office. In 1922 Mr. Cowan's father, the Hon. Sir John Cowan, introduced a measure in this Chamber, and our respected President was responsible for a small amendment which gave the right to any person or company to establish a bulk handling system in South Australia.

The Hon. E. Anthoney—No-one ever did it.

The Hon. J. L. S. BICE—Unfortunately the Bill lapsed because of the action of the House of Assembly in sticking to the original measure. I find the history of this subject very interesting. In 1934 the Public Works Committee, of which Mr. Anthoney was then a member, submitted a recommendation for the establishment of a bulk handling scheme. In 1939 a Select Committee was appointed in the House of Assembly, and I commend its report to members' attention because it contains a tremendous amount of information. The 1933 inquiry covered over 290 pages of evidence which was taken from some of our most progressive farmers. It is pleasing to note that several of those witnesses are still supporting a bulk handling scheme, and I believe that the experience of the farmers of Yorke Peninsula, and from as far away as Koolunga, shows what they think of this method of handling grain.

I was convinced of the soundness of bulk handling when the Public Works Committee visited Western Australia in 1947. We journeyed as far as Wangan Hills, almost to Geraldton, and there we saw farmers delivering their wheat with great enthusiasm, which convinced me that there must be something in the scheme to their advantage. We have experienced the delivery of wheat into ships' holds by slitting bags, a very unsatisfactory method, and I think we have reached the stage where

we must take a definite stand. We have a Bill before us under which the farmers will subscribe to the capital cost and I believe that is the proper method to be adopted.

During the past few days approaches have been made to me by about 50 people asking that the Bill be passed as presented. They should know that the Legislative Council, as in the past, will do what in its opinion is best for the State. I can assure them that in a general way I intend to support the Bill. I draw members' attention to the proposals submitted by the Public Works Standing Committee in its recent report, and I refute some of the criticisms levelled at it for its apparent tardiness in presenting its report. Although the committee had the reference submitted to it in 1947, there was hardly a murmur from the farming community for the report to be submitted to Parliament. That action is easy to understand when one realizes that from 1950 to 1952 a premium operated on bagged wheat varying from 6d. a bushel to as much as 1s. 11d., but it ceased in May, 1953. That offers a reason why no great pressure was put on the committee to submit its report.

As Mr. Condon said, the committee was concerned with the tremendous factors associated with establishing this system here. The various costs and prices experienced in recent years have been staggering. For instance, when the committee first recommended the Mannum-Adelaide water scheme the cost was estimated at about £3,000,000, but the work actually cost £9,000,000. Therefore, it will be seen that difficulty is experienced in overcoming cost fluctuations. It is only a natural corollary that Wallaroo, with the broad gauge railway system functioning to that port, should be an ideal place to establish bulk handling. A depth of 28ft. of water is available and almost any grain ship can be handled there. Wheat would be delivered from a radius of 30 to 40 miles. It is much better situated than Ardrossan. The Railways Department convinced the committee that it could deliver wheat to Wallaroo at the rate of 9,000 tons a week.

I am confident that because of the fast railway system to Wallaroo and the limited distances it has to carry grain and because of the large quantities which could be handled by road, the proposition at Wallaroo will be particularly attractive. The committee recommended the adoption of the pneumatic system rather than the belt gallery system at Wallaroo. On page 10 of the committee's report the capital cost of the belt loading system at

Wallaroo is shown as £355,000, with a capacity of 300 tons an hour, but for the portable pneumatic system the capital cost is estimated at £150,000 and it is capable of handling 400 tons an hour; therefore the latter system has much to commend it. The Committee expresses its appreciation to representatives of the German company in its effort to try to supply the State with a plant which would provide an effective means of handling our grain.

The Hon. E. Anthoney—It will be cheaper, but will it be as good?

The Hon. J. L. S. BICE—From the committee's inquiries, it will be first class. By adopting this method we can cheapen our costs of loading into bins at Wallaroo, and it will also be possible to load direct from trucks into the ships' holds. The idea is to establish eight of these portable pneumatic plants, so that at least two or three holds of a ship can be loaded simultaneously. This will result in earning a considerable amount of quick despatch money. At Fremantle the committee was informed of the tremendous saving to farmers by the quick loading of ships.

This Bill of 35 clauses can more suitably be discussed in Committee, because certain clauses require clarification. I am not altogether sure that those who will market their crops in bags are amply protected, and therefore will wait with interest to hear the Minister's explanation. I should like to be sure that the barley grower is also amply protected, as the growing of this grain will be a greater factor in our production than it is today. I consider that much of the second grade South-East country will ultimately become a mixed farming proposition when the prices of wool and meat are reduced. Then we shall have to protect the barley growers when they ship their grain. Generally, I support the second reading.

The Hon. C. R. CUDMORE (Central No. 2)—I rise with some diffidence to speak on this measure, because, unlike many other members I have had no experience of growing wheat and have not had the privilege of being a member of the Public Works Committee and hearing the evidence on this subject over a long period. However, I am one of those sent into this Parliament to represent a constituency, and it is the duty of every member to examine legislation as to whether it is for the general good of the community or not. Although I have had no experience in growing of wheat or in farming, I have had some experience in the handling and marketing of primary produce. I well remember that

when the constitution of the Wheat Board, which is responsible for the marketing of all the wheat in Australia, was altered by the Government of the day, people like the members of the Darling family and others who had been engaged in the marketing of wheat for generations and knew as much about it as any other people in the world were replaced by a board. Mr. Condon protested at the time, and he was right. I am very concerned about who will control this company and whether they will have the commercial ability to make it a success. Although I have had only a little experience in the marketing of primary produce I have had much experience in getting farmers out of difficulties they got themselves into by signing documents they did not thoroughly understand. My memory of the difficulties that they got themselves into by signing hire-purchase agreements and so on goes back to 1914.

The Hon. E. H. Edmonds—Did only the farmers do that?

The Hon. C. R. CUDMORE—No, and I am not here to say that we should protect everyone from his folly. I do not regard that as the duty of Parliament, but I give that as a reason why I feel incapable of supporting the Bill without asking a few questions as to how it will work. The third preamble to the Bill states:—

And whereas it is desirable to confer certain rights and powers upon the said company and to regulate and control the bulk handling of wheat and other grain in South Australia in order to ensure that proper service is given to growers, millers, merchants, and other persons concerned in the marketing, handling, and disposal of wheat and other grain.

That is very nice, but what about the interests of the taxpayer and the consumer? They are not mentioned, therefore it is desirable that someone should look at the matter from their point of view before legislation of this sort is carried. In that connection I remind the House that the Government is guaranteeing this company to the extent of £500,000. It has been truly said this afternoon that other big guarantees have been given and that the Government has had to come in on certain occasions and take over concerns that were not a success, and that may happen in this case.

There are quite a number of questions that I would like answered. The Minister explained quite clearly what the various clauses meant, but it is a most extraordinary procedure that we should be asked to pass this Bill for the purpose of giving to the company named in the Bill the sole right to deal with the bulk

handling of wheat and other grain—which seems to have been rather grudgingly added—without anybody putting before the House what is the company. Where are the memorandum and articles of association? Why are they not put before the House, and why are we not told who are the provisional directors to whom the Bill gives all power? I do not know who they are or where the zones are, because we have not been given any information on that. Members who are farmers may have seen the agreement that farmers have signed for 13,000,000 bushels, but what have they undertaken to do? I do not know. It seems to me to be absolutely wrong that we should be asked to pass a Bill like this without knowing exactly what the position is, and I certainly have not the least idea. At the beginning of the Bill we are told that it is a company limited by guarantee, but what is a company limited by guarantee? Has anyone concerned himself about this? The essentials of such a company are:—

The memorandum must state—

- (a) the name of the company with the word "Limited" as the last word in its name;
- (b) objects of the company;
- (c) that the liability of its members is limited;
- (d) that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceases to be a member, and of the costs, charges, and expenses of winding-up, and for adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding a specified amount.

What is the specified amount? Is not the House entitled to know what the farmers are letting themselves in for? Do they know? I certainly do not. I draw attention to these things because I do not think we should be asked to pass a Bill of this sort until we have full information on these subjects and the time and opportunity to study them.

In the first report information is given that it is a non-profit making company, and how it will be financed is described, but in effect we are giving somebody, I do not know who, the sole right to deal with bulk handling, and if they succeed they succeed. They will make a profit, or at least they will get their money back, and they think they will get the benefit of better handling of their grain. If they do not succeed the Government will be called upon for its guarantee and will probably have to take the whole scheme over. I have no

doubt that Mr. Condon, who like myself was once on a lottery commission, will have been amused at the intention, as far as I can see, to have a lottery as to when the debentures will be repaid. This is headed "Revolving Finance." I am not an expert in that, but it is one of the matters that has not been mentioned in the Bill. Possibly it means small profits and quick returns, or something of that sort. All these matters are in the reports, but there is nothing to tie them up with the Bill before us, and it seems to me that we are taking everything too much for granted.

As mentioned by Mr. Condon, one justification for bringing forward a bulk handling scheme is that we are not experiencing any unemployment, but rather over-employment, and so many industries are calling out for labour that the question is how we can put the labour available to the best advantage of the country. To my mind another important matter is that, owing to the general acceptance of bulk handling throughout the world, most receival ports overseas provide for bulk handling, which is a reason why we should have a proper scheme for bulk handling. However, there are other things that exercise my mind.

Much has been said about Western Australia, but the climate there is much more static than ours. Sir Herbert Gepp and his commission in 1934 spent many months and produced five reports on the whole question of the wheat industry in Australia, and one of the things that that committee emphasized was that in South Australia we are liable to have quite heavy summer rain which makes it very difficult to have any system of bins or silos that are at all open. I have not heard very much about this, but I have no doubt that the Public Works Standing Committee has considered the difficulty. I understand that the company will erect bins at various railway sidings and other places throughout the country and will have a terminal station to receive bulk wheat, but the Government will have to provide what is necessary on the wharves.

I do not propose to go into detail about elevators and so on, because I have no knowledge of them and they do not concern me, but I am concerned with the financing of the company and its effect on the general taxpayer, and on what the farmers are letting themselves in for by signing this unknown paper that most of us have not seen. What is to be the cost of the installation on the wharf at Wallaroo? As far as I know we have no idea of that. Perhaps some member who knows

will be able to enlighten us during the debate. We are also told that this company will take over the Ardrossan bulk handling undertaking, and, although that is mentioned in several places in the report, nothing is said about the cost. I understand the company will have to make its own arrangements with the Broken Hill Proprietary Company Limited as to purchases. Another thing I want to know is whether the farmers—and some of them have been telling members that they insist upon this Bill being passed without amendment, and quickly realize what clause 29 (2) means. It reads:

The company may, by notice in the *Gazette*, fix and alter from time to time the amount of the charges which may respectively be demanded and recovered in respect of wheat or other grain delivered by members of the company, and in respect of wheat or other grain delivered by persons who are not members: Provided that the charges which may be demanded and recovered in respect of wheat or other grain delivered by persons who are not members of the company shall not be published in the *Gazette* until they have been approved by the Auditor-General.

As I interpret that it means that the people who are not members are protected by the Auditor-General as to what charge may be imposed on them, but the company can impose what it likes on its members. The answer to that may be that they have the election of the directors whom they can remove if they are not satisfied, but all these things present difficulties in the running of the company, and therefore it is necessary to point out some of them. Further, what is the voting power? Is it per bushel of wheat or other grain grown, or upon acreage? Or is it one vote for every member, with the small man growing only a few bushels given as much right as the big grower? We are entitled to know some of these things but there is nothing in the Bill to tell us.

Now I come to a really important point. Are the barleygrowers entitled to be members of this company? There is nothing in the Bill to tell us; they are hardly mentioned. There is no suggestion that I can see that the barley grower can become a member of this company. It is quite obvious—and it was stated in another place—that the effect of this Bill is to create a monopoly in the handling of barley, and that barley growers will have no chance of doing anything else but come to the company. They will be charged, subject to any limitation by the Auditor-General, whatever the company likes, but they will have no say in the election of directors. These are all questions to which we should have answers before we support the measure.

There is another very important thing from the point of view of those who signed up as members. We know in a general way that they will pay 3d. a bushel in the first year on bulk wheat and 6d. thereafter, and 2d. a bushel for bagged wheat to cover the capital cost, but they will have to pay handling charges also, whereas people who are not members will simply be charged enough to make a reasonable profit on what is done for them. I am not at all clear on many of these things and I am putting them up because I want the answers. How will the scheme get on if the non-members only pay a handling charge of, say a halfpenny a bushel, whereas the members have to pay 6d. as well as a handling charge? How long will they stay in it if that is the real position?

The Bill has to be read in conjunction with all this other stuff which is not in it and not sufficiently tied up to it. We can appreciate the fact that during the last two years or so there has been a tendency for less wheat and more barley to be grown, and I see trouble ahead for the barley grower if he cannot become a member of this monopoly company and gets his barley handled for much less than the unfortunate fellow who is paying the capital cost in the hope that he will have the luck, when the lottery is drawn 12 or 13 years hence, to get some of his money back. Possibly all this can be explained, and if so I would like to hear it.

To sum up my views shortly—and I do not intend to go into all the details—we are the custodians of the taxpayer, and we have to look very carefully at this scheme to see whether or not it is letting the Government in for a large expenditure. We also represent the consumers of wheat. It may be said that that is more the millers' concern than ours, but that is not really the position. We should look at it from the point of view of the effect of the Bill, and as far as I can see neither the Public Works Committee nor anyone else has considered the consumers' point of view. We are not generally in favour of creating monopolies by Act of Parliament. If this Bill provided for the Government to undertake bulk handling of wheat I would be much more in

favour of it. We would then know just what we were doing, but at present I do not know what the Bill does. Before we give the sole right to a private company we must be completely satisfied that we are doing the right thing. At present I am not satisfied.

The Hon. L. H. DENSLEY (Southern)—I have listened to the debate this afternoon with considerable interest, and I think members are indebted to Mr. Cudmore for his critical survey of the Bill. Farmers for a long time have been looking for a cheaper and more efficient method of handling their wheat and I pay a tribute to the Wheat and Woolgrowers' Association for the organizational work it has done in endeavouring to get them together in support of a bulk handling company. However, I wish to pass a few comments regarding the Public Works Committee and the widespread criticism of it for the length of time it has taken in consideration of the matter referred to it some eight years ago. I realize the very many problems with which it was faced in the many shipping ports in South Australia and the consequent high costs involved. The former chairman of the committee, the Hon. A. W. Christian, who, indeed, was a most ardent advocate of bulk handling and a primary producer himself, could be relied upon to produce a solution of the problem as early as possible if it could be found, but he said on many occasions that if a report were brought in it would be unfavourable. Consequently, the committee continued its investigations on every possible occasion, and I think we primary producers may accept the fact that the committee made a very careful inquiry and did its best to bring in a report favourable to the adoption of bulk handling. The early reasons which prompted the farmers to seek a bulk handling scheme was the high cost of bags, and I think until the last few years the farmers have worked under a disability. For quite a number of years the Wheat Board has given a premium for bagged wheat over bulk wheat and I would like to put on record for the information of members and people in the country who are interested just what that differential price has been according to the following figures supplied to me:—

Season.	Bags price (per doz.).	Bagged price (per bush.).	Bulk price (per bush.).	Allowance (per doz. bags).
	s. d.	s. d.	s. d.	s. d.
1946-47	16 4½	9 6	9 0	18 0
1947-48	28 2	14 11½	12 3	97 6
1948-49	30 5	12 0.205	11 3.405	26 4.8
1949-50	33 5	13 10.362	13 0.062	30 9
1950-51	39 8	14 0.731	12 7.378	52 0.6
1951-52	70 0	16 0.850	14 11.725	39 4.5

It will be seen that there has been no case with regard to bags over those years, and we are forced back to the position that it has become more difficult to sell bagged wheat than it was during that period and consequently there is some case for bulk handling. Another thing gained by the length of time taken by the Public Works Standing Committee is the better understanding of existing installations, particularly those in Western Australia, the adoption of which it has recommended up to a point. We have had three interim reports from the Committee. The first was given late last year and was the result of an application by the farmers' company, and was adverse because of the constitutional position. The second report was little more than an assurance of the legality of the constitutional position and the third was favourable for the setting up of bulk handling in the Wallaroo division, with a terminal at Wallaroo and bins at stations within that division. It provides for a less expensive system than that in operation in some States. Although the Western Australian scheme has been favourably commented upon by many people including the Committee it has not, perhaps, been entirely satisfactory in as much as they are at present changing over to an improved system. I understand that this year because, of wet weather, the weevil position in Western Australian wheat stacks is very bad. It is difficult to treat them in that type of installation. Anyone who has followed the reports of the Wheat Board will appreciate the position in that State and the board's anxiety regarding wheat storage facilities there in view of the large carry-over.

The Hon. J. L. Cowan—Is not bagged wheat subject to weevil infestation?

The Hon. L. H. DENSLEY—It can be effectively treated for weevil, and this has been done for 30 to 40 years. The difficulty is greater under the Western Australian system of handling, but in the vertical type bins in the other States the grain can be changed from one bin to another and the wheat more adequately treated for weevil.

The Hon. Sir Frank Perry—Whose responsibility is it when the wheat is in storage?

The Hon. L. H. DENSLEY—The Wheat Board's. I am considerably disappointed that the Government has not undertaken the installation of bulk handling. This is one activity it should have undertaken, because in the first place it owns the railways. For many years the Public Works Committee has been inquiring

into the subject and this has led people to believe that the Government would ultimately bring in a system of bulk handling. The Government also owns the wharves and the facilities for shipping wheat. I feel that this should have been a Government responsibility and is one I would have happily supported. It is undesirable to have an additional authority disposing of farmers' wheat, and ultimately I do not think it will be in the best interests of farmers. I have some fear of the financing of the company. I do not like the proposed system and think it is horrible and cannot find anything in it which gives me any pleasure. I would have preferred a more orthodox system of finance whereby the Government borrowed money and made a charge covering interest and working costs and amortization. I question whether the financial arrangements have been properly understood by the farmers who are supporting the scheme.

Mr. Condon mentioned that there were about 64 sidings in the Port Adelaide division which would not handle 30,000 bushels a year and consequently would not have bulk handling facilities. Nearly all those sidings are in my electorate. I am rather anxious, therefore, to acquaint my constituents of the position. The revolving system of finance provides that in the first year all wheatgrowers who sign up as members of the company will be charged 3d. a bushel on all wheat delivered before the installations are effected. After the installations are completed those who have their wheat handled in bulk will be charged a toll of 6d. a bushel, and for wheat delivered in bags the charge will be 2d. The tolls will continue for 12 years and then it is anticipated that the installations will have been paid for. Many of those who pay the 2d. for bagged wheat will probably never have a bulk installation. Some will never get an installation until the end of the period for which the tolls are collected, namely, 12 years. Consequently, they will pay a considerable sum towards the installations throughout the State without getting any benefit therefrom. Some will never have any benefit, while others will get a delayed benefit.

I believe that many of those who signed the company's agreement do not understand the financial implications, and do not know where they will come into the scheme of things when installations are provided in their area. Quoting from the evidence of Messrs. Stott and Potter it is stated:—

At the end of the first 12-year period the company will issue debentures to each grower equal

to the amount of tolls he has paid to the company during the previous 12 years. The company will still collect the 3d. a bushel toll in the thirteenth year and repay back to the grower one-twelfth of the total toll paid during the previous 12-year period. This will continue in the fourteenth and fifteenth years and so on until the twenty-fourth year when the growers will have been completely repaid in full the total tolls loaned to the company in the first 12-year period. The growers will still be paying a toll during the second 12-year period—this is what is called revolving finance.

I suggest that this revolving finance might go on until the end of the farmer's life and then the executors will have the trouble of holding up estates for 12 years while they are getting the levies back. That system of finance does not commend itself to me, and I would have preferred the more orthodox system to which we are accustomed. In giving evidence before the Public Works Committee Mr. Stott and Mr. Potter stated:—

In the Bill for an Act of Parliament prepared by this organization, the members of the committee will see that before the Minister can proclaim the Bill, a ballot of growers must be taken. The Minister will prepare a roll, conduct a ballot of growers of not less than 50 acres of wheat. If the majority of growers are in favour of the Bill becoming law, the Minister will then proclaim the Bill. I doubt whether anyone can find in the Bill any provision for a ballot of growers. The Premier laid down that the company must get voluntary signatures for 12,000,000 bushels before the Government would introduce a Bill. Whether that was to take the place of a ballot, I do not know. In my opinion it does not. I attended a meeting at Loxton and the propaganda put over was not entirely in accord with what we find in the Bill. Like Mr. Cudmore, I was wondering how it would be possible for the company to collect the tolls on wheat, particularly bagged wheat. I was unable to find anything about it in the Bill, but presume that the articles of association provide for that. They provide:—

All tolls payable on wheat (bulk or otherwise) delivered to the Australian Wheat Board or any other person as licensed receiver during the conjoint operation of the provisions of the State and Commonwealth Wheat Marketing Acts shall be a first charge in priority to all other claims or moneys payable under the said Acts in respect to such wheat, and the Australian Wheat Board may, and it is hereby authorized to, deduct the amount of the said tolls from any such moneys and pay same to the company on behalf of the member.

I do not think many would be pleased with that provision. It would have been more desirable if we had a system of finance which most of us understand better. There is not much

doubt that the company will be able to get adequate finance. The Wheat Board is prepared to pay 7½ per cent on the capital cost of all installations to meet interest and depreciation. With that and the revolving system of tolls a big amount will accrue to the company, and it should therefore have sufficient finance. It is interesting to study what the revolving tolls may be. If a person lends money for a long enough period at compound interest, the original amount doubles itself. Many farmers will have to get money by overdraft in order to meet the tolls, and the rate of interest paid will be about 5 per cent. In a period of 12 years on an amount of £100 they would pay about £80, and this is what the farmers will lose in the way of interest over that period on their tolls. That is an aspect which many farmers have not carefully considered. To carry the matter a little further, if the farmer is growing 6,000 bushels of wheat annually and marketing in bags the amount of his tolls over a period of 12 years will be £625, and he will thus be making a donation to the company of £500. Particularly on behalf of those who will not have the good fortune to be recompensed for their tolls of 2d., I would point out that they will go on and on for all those years and then get nothing out of the scheme. There is no question that that scheme of finance should be buoyant, but it is desirable that farmers generally should understand the position before signing up and, having signed up, they should be given the opportunity by ballot to say whether they desire to go on with the matter.

The Hon. Sir Frank Perry—Can they withdraw?

The Hon. L. H. DENSLEY—I would not think so, as the guarantee has been given. The idea of setting up a system at Wallaroo first is a good one. We all realize that that is the port that has handled somewhere near sufficient wheat to be entitled on a comparable basis to a bulk handling system. No complaint has been made about that, and if it is installed the Government would at least have some knowledge of the implications of the scheme and whether it could be extended from time to time. With the rising population and the lessening of wheat production probably most of the wheat grown in the Port Adelaide division will be required for home consumption, and consequently there will not be an urgent demand for bulk handling there. Secondhand bags have a definite value and very little

difficulty is experienced in realizing on them for use with other grain.

It has been mentioned that bulk handling facilities are being installed overseas and consequently it is becoming more difficult to sell bagged wheat. However, a demand is springing up for various types of premium wheat, both in Japan and Africa, and it would be difficult to meet that demand unless the grain is isolated in stacks. It would be difficult in the warehouse system to isolate it, so we are likely to lose these connections that we have built up. Japan wants a grain of 11 per cent protein and there is a demand in East Africa for soft wheats. We must realize that we have to face up to an increasing amount of second grade wheat in America, so should take every advantage of selling good quality wheat for which there is a premium.

I am a little concerned about barley, although Mr. Oudmore has covered that point very fully. I do not know whether this company will be an overall body for handling and disposing of wheat and other grain, but it could easily develop to that state under this Bill. If that is not the case I have misinterpreted it, and I would like the Chief Secretary to explain the position. However, if that is not so I see no reason for some of the clauses.

The Hon. Sir Lyell McEwin—There is provision for other interests.

The Hon. L. H. DENSLEY—That is so. At present I would say that 99 per cent of the farmers are quite happy with the Wheat Board, and I cannot see any reason for those clauses. I do not see why we should give monopoly to this company, not only for the handling, but also for the purchase and sale of all the grain. During the debate and in the press much has been said about the engine for the Western Australian Bulk Handling Company, who has been quoted on many occasions as the best authority in the world on bulk handling. However, the type of engine constructed while he was with the Western Australian undertaking is giving much trouble today, and it would be wise to look into the matter before any definite commitments are made. I hope that if the Government sees a way clear to give us a bulk handling system at Wallaroo and extensions are made later this aspect will be thoroughly investigated.

The Hon. K. E. J. BARDOLPH secured the adjournment of the debate.

ADJOURNMENT.

At 5.24 p.m. the Council adjourned on Wednesday, June 29, at 2 p.m.