**PULP AND PAPER MILLS AGREEMENT BILL.1958**

**House of Assembly, 23 October 1958, pages 1380-2**

Second reading

**The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—**I move—

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

The Bill ratifies another agreement relating to the establishment of an industry in this State. It is the third agreement of this kind, necessitating an inquiry by a Select Committee, which has been placed before Parliament for ratification this session. That probably creates a record for the South Australian Parliament. Some question has been raised about the wisdom of legislating in this way but the ratification of an agreement is probably the best way in which Parliament can authorize the grant of rights to industries established under arrangements made with the Government. The alternative method of dealing with the problem would be by enabling legislation giving the Government power to make and carry out agreements, but if this method were adopted Parliament would have less knowledge and control of what is being done than it has under the present method of submitting agreements for Parliamentary ratification.

The facts which led up to this Bill can be shortly stated. At the end of last year the company called Apcel Limited was formed for the purpose of carrying on a wood pulp and paper mill at Snuggery near Millicent on a site near the one already occupied by Cellulose Australia Limited. The new company was jointly owned by Australian Paper Manufacturers and Cellulose. The company selected Snuggery as the site of its mills because that locality had a number of advantages; but it had the disability that there was no ready means of disposing of effluent from the mills. It was expected that the mills would produce a considerable volume of effluent—over

1,000,000 gallons a day. The effluent would not be poisonous or disease bearing, but it might constitute a nuisance unless proper arrangements were made for its disposal. In addition the new company required the right to take water for its mills from drains under the control of the Millicent Council and from underground sources. It asked the Government to assist it in disposing of the effluent and in obtaining the necessary water rights.

The Government was desirous of having the industry established for several reasons. One important reason was that the proposal would bring about a further substantial measure of decentralisation of industry and population, by establishing mills in a pleasant rural setting. The mills will cost about one million pounds, much of which will be spent on local labour. Further, the Government itself had a financial interest in Cellulose which is a part owner of the new company. In- addition to all these factors Apcel would be a customer of the Forestry Department for about 16,000,000 super feet of pulpwood a year.

For these reasons and because of the Government’s general policy of development, Ministers agreed to investigate the problem of disposing of the effluent. It is a simple matter, of course, to run the effluent from the mills into the drains, but the drains discharge into Lake Bonney and the problem was to prevent the effluent from creating a nuisance in the lake. After considering various engineering alternatives the Government finally decided to try the experiment of opening a small channel between the southern end of Lake Bonney and the sea, in the expectation that the flow of water from Lake Bonney would enlarge the channel and thus provide a simple means of draining the effluent from the lake into the sea. So far the experiment has been quite successful. As soon as the small channel was cut the flow of water widened it considerably and it is now working satisfactorily and has reduced the level of the water in the lake with beneficial results. There may be some difficulty in keeping the channel open when the flow of water from the lake diminishes and storms or other natural events cause sand to accumulate in the channel, but it is expected that this problem can be dealt with at a reasonable cost.

Following the success of the channel, the Government entered into an agreement with Apcel, Cellulose and the District Council of Millicent for the purpose of conferring on Apcel the rights which it required for its proposed industry. At the same time the opportunity was taken to extend the period of operation of certain rights, which Cellulose had obtained from the Millicent Council about twenty years ago, to take water from, and discharge effluent into, Snuggery drain. The council was sympathetically disposed towards the new industry and was willing to grant the rights required by Apcel, and also to extend the existing rights of Cellulose. The agreement therefore is a four-party one by which the Government and the Millicent council grant rights to the two companies.

It will be convenient if before dealing with the Bill itself I explain the main provisions of the agreement, which is in the schedule on pages 4 to 11 of the Bill. The first three pages of the agreement contain recitals setting out the facts on which the agreement is based, and I need not repeat them. Clause 1 of the agreement provides that the agreement will not come into operation unless it is ratified by Parliament. Clause 2 contains the definitions. By clause 3 Apcel binds itself to establish wood, pulp and paper mills at Snuggery. I t is expected that the mills will be completed in the first half of the year 1960.

Clause 4 sets out the various rights which are proposed to be granted to Apcel. The first is the right to discharge effluent from the mills into the Snuggery drain and into drain number 57, and to cause the effluent to flow into Lake Bonney. As an incident to this right Apcel is also granted the right to lay pipes on or under any road to convey effluent from the mills to the drains. Before doing any such work on a road Apcel must give notice to the council and must comply with any reasonable directions given by the council. Apcel is also granted the right to lay water pipes and electrical powerlines on or under any roads, Crown lands, or land vested in the council. By paragraph (*d*) of clause 4 Apcel is empowered to take water from drains 56D and 57 which are adjacent to the site of its mill and also from the Snuggery drain. The right to take water from the Snuggery drain however is limited to water not required by Cellulose, because Cellulose already has the prior rights to this water.

It is contemplated that Apcel may have to sink bores to obtain underground water and clause 5 of the agreement provides that the Government will assist Apcel to put down such bores, and that Apcel will pay the reasonable costs of any work done by the Government. Clause 6 deals with the rights of Cellulose. These rights, like those of Apcel, are granted by the State and the Millicent council so far as their respective powers permit. The existing rights of Cellulose to take water from and discharge effluent into Snuggery drain, which rights would normally expire in about a year, are extended for an indefinite period. The right to water however, conferred on the company is subject to the ordinary right of riparian owners to take water from the drain. Clause 7 places an obligation on Cellulose and Apcel to maintain the drains which they respectively use under the agreement. Cellulose is obliged to keep that part of the Snuggery drain above the place where water is drawn off for the mills, free and clear of all obstructions. The company is also obliged to keep the drains into which it discharges effluent free from all obstructions arising from the effluent, and Apcel is under a similar obligation. Those drains which carry effluent of both companies must be maintained by both companies, their liability for the maintenance being joint and several.

Clause 8 provides that both Apcel and Cellulose must do all work under the agreement with reasonable care and skill and avoid unnecessary damage and reinstate the surface of any land which is disturbed. Clause 9 sets out the obligation of the Government to assist in disposing of the effluent. It provides that the State will construct and maintain in effective working order all the works necessary to dispose of effluent which finds its way into Lake Bonney. In return Apcel and Cellulose are jointly and severally liable to make an annual payment to the State of £2,150. Clause 10 empowers the Cellulose company to make good any damage which is caused to the Snuggery drain and if the damage is caused by the wrongful act or negligence of any person other than Cellulose, Cellulose is given the right to recover the cost of making good the damage.

Clause 11 provides that both Apcel and Cellulose will have the right to sink bores and wells and draw off underground water from the land owned by them. They have this right in common law, but the effect of the clause is that if any restriction should be placed by legislation on the right to sink bores, the Government or the council will, so far as the law permits, grant the companies the necessary licences. Clause 12 provides that when the present agreement is ratified the existing agreements under which Cellulose obtains rights in relation to the drains from the Millicent Council will cease to have effect.

The Bill itself contains seven clauses. The first one which need be mentioned is clause 4, which ratifies the agreement and provides that it shall be carried out and take effect as if it had been expressly enacted in the Act. Clause 5 provides that neither Apcel nor Cellulose will be liable for the discharge of effluent in accordance with the agreement. As I mentioned before the effluent is not poisonous or disease bearing and if it is properly disposed of it is not expected that it will create a nuisance. However, protection from possible legal action is essential if the industries are to be carried on, and because of the benefit which is derived by the Government and the public from these industries it is reasonable that the legislature should grant protection. There are numerous precedents for clauses of this kind. Clause 6 makes it an offence for any person to discharge into the Snuggery drain above the weir at the Cellulose mill any matter which will affect the purity of the water in the drain. It is of importance to Cellulose that the water arriving at the mill should not be polluted.

Clause 7 is a procedural clause which is somewhat similar to one contained in the Broken Hill Proprietary Company’s Indenture. As the present agreement is made in the name of the State of South Australia it is desirable that any legal proceedings should be taken in the name of the State, and this is only possible if special provision is made in the Bill. Clause 7 contains a provision for this purpose.

I shall be obliged if the Leader of the Opposition will nominate two members to represent his Party on the Select Committee. When the second reading is carried it will be possible for the committee to commence its inquiries, and I think honourable members will be able to debate this Bill more advantageously when they have the committee’s report before them. That procedure was recently followed to good effect in regard to the Oil Refinery (Hd. of Noarlunga) Indenture Bill and the Broken Hill Proprietary Company’s Steel Works Indenture Bill.

Mr. O’Halloran—Do you want me to discuss the Bill this afternoon?

The Hon. Sir THOMAS PLAYFORD—It is not as urgent as that, but I should like to have the Select Committee appointed early next week. It may have to go to the South-East to conduct inquiries and, if so, advertisements to that effect will have to be inserted in the press. Perhaps the committee could visit the South-East at the end of next week.

Mr. O ’Halloran—I am prepared to speak on the Bill now.

The Hon. Sir THOMAS PLAYFORD—Then I shall be obliged to the honourable member.

Mr. O’HALLORAN (Leader of the Opposition)—I heartily concur in the purpose of this Bill. I listened with considerable interest to the Premier’s second reading explanation and, though this is not a considered opinion, I believe there is no reason to question any of' the clauses in the agreement. If that is. necessary the obvious body to do it will be the Select Committee. I have pleasure in supporting the second reading.

Bill read a second time and referred to a Select Committee consisting of Sir Thomas Playford and Messrs. Corcoran, King, Ralston and Hambour; the committee to have power to send for persons, papers and records, to adjourn from place to place, and to report on Tuesday November 4.