

FORECASTS (for today): Metro-
politan: Rain periods, clearing.
NSW: Rain SE half contracting
east. NW winds turning gusty
westerly. City 15. Liverpool: 15.
Details, page 15.

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SUN: Today rises 6.49, sets 5.14.
MOON: Rises 2.42 pm, sets 4.27 am.
TIDES (Fort Denison): High 6.34 am
(1.1m), 6.42 pm (1.6m). Low 12.49
am (0.4m), 12.08 pm (0.5m).

58 PAGES

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The Sydney Morning Herald

Plan to fine health funds

\$1,000 a day if they refuse to toe Govt line

CANBERRA, Tuesday. — Federal Cabinet decided tonight to impose urgent new controls over Australia's private health insurance funds.

The Minister for Social Security, Mr Hayden, will bring down an amended National Health Bill in Parliament this week, providing for fines up to \$1,000 a day against health insurance funds which contravene it.

The Prime Minister, Mr Whitlam, called the unscheduled Cabinet meeting after talks between the Government and the two largest health insurance funds in NSW reached deadlock.

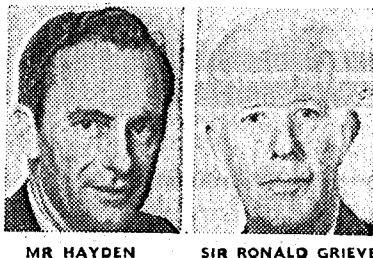
The funds — the Medical Benefits Fund and the Hospitals Contribution Fund — have announced a 40 per cent increase in hospital contributions to cover a 50 per cent increase in hospital charges from Thursday.

But Mr Hayden called on contributors, last night, to refuse to pay the increased charges which he said were illegal.

The Opposition parties will have difficulty deciding whether to support the new controls. The Liberal Country Parties have previously backed the health funds against the Labor Government, but they will be faced now with statements that the funds have acted illegally.

Earlier Mr Hayden had sent telegrams to the MBF chairman, Sir Ronald Grieve, and the HCF chairman, Mr H. R. Beer, asking them to fly to Canberra for talks today at 4 pm in Parliament House.

But they angrily rejected Mr Hayden's summons. They cabled this reply to Canberra:



MR HAYDEN SIR RONALD GRIEVE

"Your telegram of yesterday received this morning.

"Your unwarranted attack in the media last night and this morning on the integrity and propriety of the governing bodies of our two funds precludes any useful discussion with you under the circumstances.

"We are not prepared to confer with you until you withdraw your completely unjustified statements that the funds are acting improperly and in conflict with contributor interests.

"Ronald Grieve, chairman, MBF, and H. R. Beer, chairman, HCF."

Mr Hayden said tonight: "What they have done is unlawful and I don't retract that statement in any way at all.

"I have had advice from the Attorney-General's Department that these increased fees are illegal and that the public should not pay them."

Mr Hayden said the two funds had financial reserves and liquid holdings totalling more than \$50-million. They should use these to meet the higher benefits.

The clash with the NSW funds has come just one week before two bills to establish the Government's compulsory health insurance scheme are expected to become law.

The Australian Medical Association and the private health insurance funds have fought Labor's program for 18 months, but the bills now seem certain to be passed at next week's joint sitting of Parliament.

Before the Cabinet meeting tonight, Mr Hayden said the HCF and MBF seemed determined to

have a confrontation with the Government.

He said: "What they really would like me to do is to deregister them so they could walk off with something like \$50 million in cash, most of it in holding reserves.

"We will be doing a lot of things before deregistration, believe me, but we are considering quite firm action."

Mr Hayden said he wanted to avoid a confrontation, but the HCF and MBF were being dogmatic and intractable.

Sir Ronald and Mr Beer said in Sydney that their funds had given deep consideration to the increases in contribution rates.

They said the funds' reserves, while apparently substantial, were fully committed to meet their known contingent liabilities, to provide day-to-day essential working capital and to protect the overall interests of contributors.

Editorial, Page 6.

Unionists threaten to ban cars in City

By Our Civic Reporter

Unionists are fed up with Sydney's outdated public transport and are considering barricading the City against private cars to have it improved, Mr Jack Munday said yesterday.

Mr Munday, State treasurer of the Builders Labourers Federation, said drastic measures would be taken if necessary to shake the Government into action.

He said 30 unions were concerned with the growing problems of City pollution, too many private cars and poor public transport.

To support his demands, Mr Munday called on the Lord Mayor, Alderman Shehadie, in a horse-drawn dray yesterday.

With him was the NSW secretary of the Australian Railways Union, Mr J. Maddox, and the NSW secretary of the Australian Federated Union of Locomotive Engineers, Mr B. J. Willingale.

In a brief conference on the Town Hall steps, they told Alderman Shehadie that they believed Sydney City Council should control public transport.

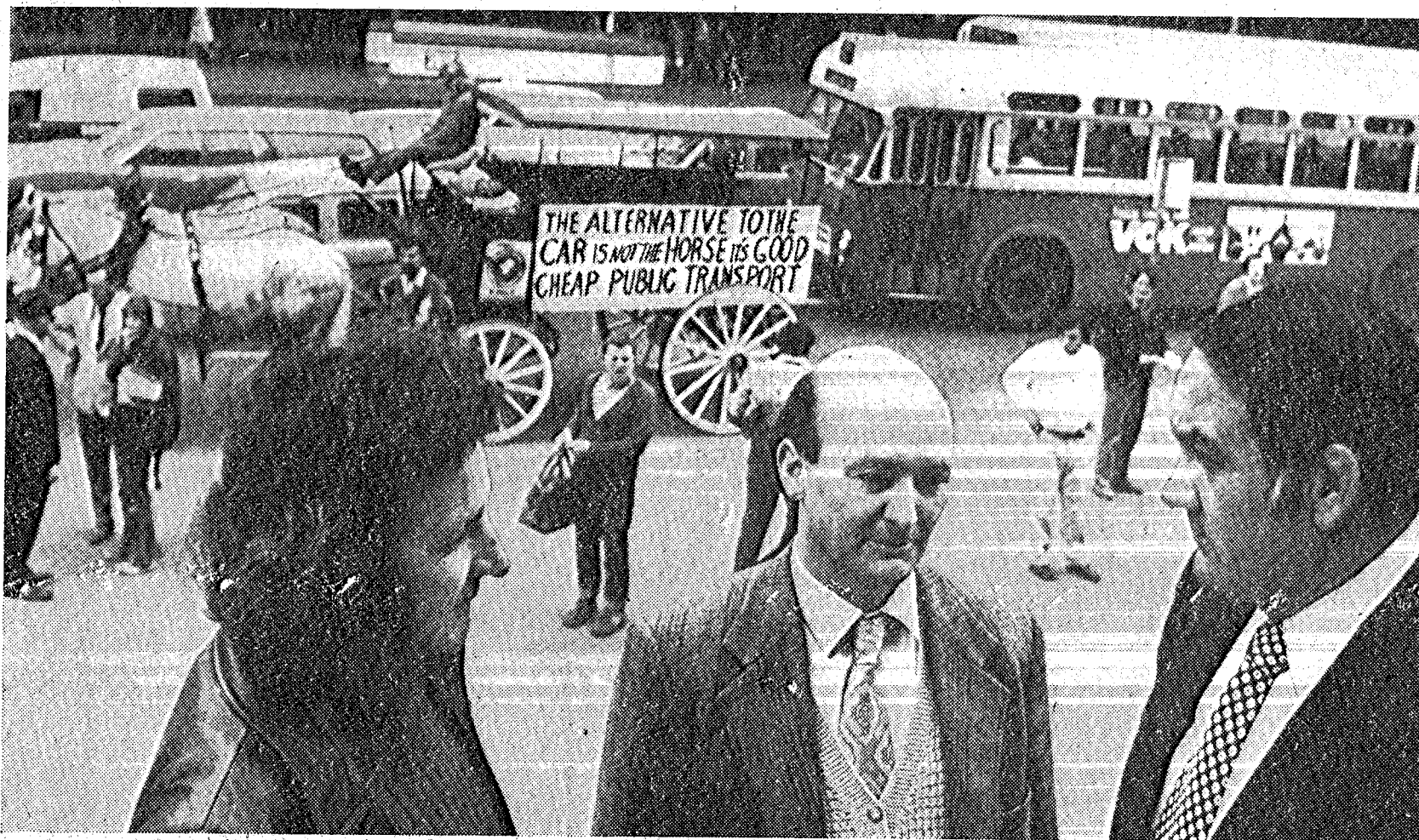
The existing transport systems were too slow, too crowded, poorly maintained and buses were contributing to the City's pollution.

The unions want:
Trams or electric trolley buses operating in the City,
Sydney City Council to have greater powers to control the environment,
Fewer private cars allowed in the City.

Alderman Shehadie said the council was governed by State legislation and had no powers to control transport or keep private cars out.

He said: "My council and I are now working towards winning from the State more powers to control our City's destiny."

The unions plan to hold a public rally for improved public transport in Hyde Park at lunchtime today.



The Lord Mayor of Sydney, Alderman Shehadie (right), meets two trade union leaders, Mr B. J. Willingale (centre) and Mr Jack Munday, on the Town Hall steps yesterday.