

## HOUSE OF ASSEMBLY

Tuesday 12 March 1991

The SPEAKER (Hon. N.T. Peterson) took the Chair at 2 p.m. and read prayers.

CONSTITUTION (ELECTORAL REDISTRIBUTION)  
AMENDMENT BILL

Her Excellency the Governor, by message, intimated her assent to the Bill.

## QUESTIONS

The SPEAKER: I direct that written answers to the following questions on the Notice Paper, as detailed in the schedule that I now table, be distributed and printed in *Hansard*: Nos 484, 489 and 522.

## PAPERS TABLED

The following papers were laid on the table:

By the Minister of Health (Hon. D.J. Hopgood)—  
Institute of Medical and Veterinary Science—Report, 1989-90.

By the Minister for Environment and Planning (Hon. S.M. Lenehan)—  
Planning Act 1982—Crown Development Report on Proposed Land Division at Marino.

By the Minister of Employment and Further Education (Hon. M.D. Rann)—  
Local Government Act 1934—Regulation—Long Service Leave.  
Corporation of Tea Tree Gully—By-laws—No. 3—Park Lands.

## MINISTERIAL STATEMENT: WATER QUALITY

The Hon. S.M. LENEHAN (Minister of Water Resources): I seek leave to make a statement.

Leave granted.

The Hon. S.M. LENEHAN: I wish to make a statement about recent media reports on the quality of Adelaide's water supply. Some of the test results reported in the *Week-end Australian* are extremely unusual when compared with the results of the ongoing monitoring program of the Engineering and Water Supply Department's State Water Laboratory. National and international guidelines for drinking water quality focus on the health related faecal coliforms and the broader coliform group. Faecal coliforms are useful indicators of pollution and are used to assess the efficiency of disinfection. There are no guidelines for other bacteria.

*Members interjecting:*

The Hon. S.M. LENEHAN: I do not find this a laughing matter. In particular, there are no guidelines for *Pseudomonas* because these bacteria are widely distributed in the environment and cannot be used as an indicator of pollution. Only one of the many species of *Pseudomonas* is of health significance. Other species of *Pseudomonas* are harmless. Any report of faecal coliforms requires close investigation and this is normal practice. As soon as the newspaper report became available on Saturday morning, additional samples were collected by the E&WS Department from the three areas mentioned. I am pleased to report that

no faecal coliforms were found in these samples. In this regard the supplies met the national and international guidelines. As is sometimes the case in large systems, coliforms and *Pseudomonas* were found, but the South Australian Health Commission has advised that the levels detected from E&WS Department monitoring are not cause for concern.

As a further follow-up, the specific locations used by the *Australian* have been examined and sampled yesterday. Samples have been referred to Professor Wootton at the University of New South Wales, the Institute of Medical and Veterinary Science here in Adelaide and the State Water Laboratory. I will make the results available as soon as possible. Results for the customer tap monitoring conducted for the past 12 months show that our supplies were 99 per cent free of faecal coliforms. No samples contained faecal coliform numbers higher than 12 per 100 mL. The National Health and Medical Research Council and the World Health Organisation guidelines recommend that a level of 100 per cent freedom from faecal coliforms should be the target.

The water supply system is closely monitored by the State Water Laboratory, which is accredited by the National Association of Testing Authorities. The monitoring program and analytical techniques employed follow internationally recognised procedures. I am pleased to table the results of the 12 month customer tap monitoring program and the additional samples collected on Saturday, and I seek leave to insert them in *Hansard* without my reading them.

The SPEAKER: They cannot be incorporated in the statement, but they can be tabled.

The Hon. S.M. LENEHAN: Thank you, Mr Speaker. These results have been made freely available to the media. There is always room for improvement and the E&WS Department in collaboration with the Health Commission is working to achieve this. With the protection afforded by water filtration, disinfection and the security of the distribution system, I can reassure the public that the Adelaide water supply is safe to drink. I have already raised my concerns on a number of water quality issues, including toxic algae and the need for the integration of land and water resources management with the Murray-Darling Basin Ministerial Council and the Australian Water Resources Council of Ministers. This has resulted in substantially increased research effort on problems such as the input of nutrients to the Murray-Darling River system, the identification of blue-green algae and associated management requirements as well as the public health significance of these organisms.

It is timely that on Friday this week I will be taking the opportunity of raising the matters addressed by the recent series of articles with the Australian Water Resources Council. Issues such as this call for responsible journalism to avoid creating unnecessary public concern. I intend to seek advice on whether the way in which this matter has been reported should be referred to the Press Council. Although I am disappointed in the standard of the articles on this matter, they do highlight the need for the protection of our water catchment areas. Adelaide already has the poorest quality source waters of all the capital cities in Australia, and further deterioration in our catchments will increase the cost of water supplies to Adelaide. It is opportune to remind the House of the need for strict development controls in the Mount Lofty Ranges and the Murray-Darling Basin along the lines that this Government is currently pursuing.

The SPEAKER: I have perused the statistical tables to which the Minister referred and, if she would like to seek

leave to insert them now, I think that that would be acceptable.

**The Hon. S.M. LENEHAN:** I seek leave to have the tables inserted in *Hansard*.

Leave granted.

METROPOLITAN ADELAIDE WATER SUPPLY  
CUSTOMER TAP RESULTS—MARCH 1990 TO FEBRUARY 1991

System	No. of Samples Taken	Coliforms			Faecal Coliforms	
		% of Samples Free	% of Samples >3	% of Samples >10	% of Samples Free	% of Samples with F.C. Present
Barossa/Little Para	191	89.0	4.2	0	98.4	1.6
Anstey Hill	220	94.5	0.5	0	100.0	0
Hope Valley	102	81.4	7.8	5.9	99.0	1.0
Clarendon	82	84.1	7.3	3.7	96.3	3.7
Happy Valley North	166	87.3	6.6	4.2	98.8	1.2
Happy Valley South (filtered)	129	96.1	0.8	0	100.0	0
Happy Valley South (unfiltered)	45	86.7	6.7	2.2	100.0	0
Myponga	98	77.6	7.1	2.0	96.9	3.1
Total	1 033	88.5	4.5	1.8	98.8	1.2

Footnote:

National Health and Medical Research Council (NHMRC) and the World Health Organisation (WHO) recommend that 100 per cent of samples should be free from faecal coliforms and 95 per cent of samples should be free from coliforms. The WHO recommend that the maximum level of coliforms should be 3/100mL. NHMRC recommend a maximum level of 10/100mL.

> means greater than.

RESULTS OF WATER SUPPLY SAMPLES COLLECTED IN ADELAIDE ON 9 MARCH 1991

Location	Coliforms Orgs/100mL	Faecal Coliforms Orgs/100mL	Pseudomonas SPP Orgs/100mL	Standard Plate Counts Orgs/mL		
				20°C	35°C	
Peterhead						
A.....	1	0	860	(0)*	4	55
B.....	0	0	170	(0)	16	280
C.....	0	0	240	(20)	29	220
D.....	0	0	2 000	(0)	250	620
Goodwood Gurr Street						
A.....	0	0	0	(0)	0	4
B.....	0	0	2	(0)	0	370
North Adelaide Margaret Street						
A.....	200	0	72	(0)	3	3
B.....	43	0	110	(0)	1	360

\* = *Pseudomonas aeruginosa* results are in brackets.

*Pseudomonas aeruginosa* is the only species of *Pseudomonas* which has a health significance. There are no guideline levels for this organism.

## QUESTION TIME

### STATE GOVERNMENT INSURANCE COMMISSION

**Mr D.S. BAKER (Leader of the Opposition):** Does the Treasurer believe it is appropriate for SGIC executives to hold shares and directorships in companies in which SGIC has made a large investment and will he provide a list of such occurrences and the code of conduct governing them?

The following three cases illustrate and explain the question. Senior SGIC managers Mr Gavan Kelly and Dr Wayne Coonan were directors of Titan Group Pty Ltd from June 1990, 80 per cent of which was purchased by SGIC through Health Development Australia. In January this year Dr Coonan reportedly sought to take up a private shareholding in Titan as part of a management buy-back arrangement. I have been informed that SGIC may lose up to \$2.1 million in financing the buy-back in an effort to get the disastrous Titan deal off its investment books.

SGIC chief executive, Mr Denis Gerschwitz, has been a member of the Samic board representing SGIC since 6 December 1984 and he also holds a number of shares in Samic on his own account.

SGIC investment manager and former Samic executive Mr Brian Jones has been a director of Brileen Industries since September 1989 as well as a substantial shareholder both on his own account and through a family company,

Brianian Pty Ltd. At 30 June 1990, SGIC had 66 600 shares in Brileen, equivalent to 49.99 per cent of total shares, which it had purchased since 30 June 1989.

**The Hon. J.C. BANNON:** I am happy to get a report for the Leader on this matter from the SGIC.

### COORONG GAME RESERVE

**Mr FERGUSON (Henley Beach):** I direct my question to the Minister for Environment and Planning. In light of concerns expressed publicly by a number of duck shooters concerning the Minister's intention to incorporate the Coorong Game Reserve into the adjacent national park in 1993, will the Minister now reconsider her decision not to gazette a season for the Coorong in 1991?

**The Hon. S.M. LENEHAN:** I thank the honourable member for his question and, as he stated, it has been my expressed intention to re-gazette the Coorong Game Reserve as a national park as from 1 January 1993. As other members would know, the Coorong Game Reserve is part of a wetland of international significance, and many people have commented on the incongruity of the siting of a shooting reserve in the middle of such a pristine conservation area. Information available to me from the National Parks and Wildlife Service indicates that the number of duck hunters

using the Coorong every year varies between 1 per cent and 3 per cent of the total number of licensed hunters in South Australia. This compares with a figure of around 50 per cent of licensed hunters who regularly shoot at Bool Lagoon, so it is clear that the number of individual hunters inconvenienced by the change will be relatively minimal. Initially it had been my intention to re-gazette the Coorong Game Reserve—

*Members interjecting:*

**The SPEAKER:** Order!

**Mr S.J. BAKER:** On a point of order, Mr Speaker, the Minister should not be pre-empting Order of the Day, Government Business No. 9 which canvasses this issue.

**The SPEAKER:** I take that point of order. I ask the Minister to be very careful and to take into consideration the Order of the Day that is on the Notice Paper.

**The Hon. S.M. LENEHAN:** Thank you, Mr Speaker. Unfortunately, the question does require that I actually refer to the game reserve. I shall try to—

*Members interjecting:*

**The SPEAKER:** Order! The member for Murray-Mallee is out of order.

**The Hon. S.M. LENEHAN:** Representation has been made to me by a number of individual shooters and, following a meeting of the the south-eastern chapter of the South Australian Field and Game Association, I was made aware of an undertaking given by my predecessor—

**The SPEAKER:** Order! A point of order.

**Mr S.J. BAKER:** On a point of order, Mr Speaker, she is—

**The SPEAKER:** Order! For a start, no member in this Chamber will be referred to as 'he' or 'she'; all reference will be to the electorate or the ministerial responsibilities. The deputy Leader.

**Mr S.J. BAKER:** Thank you, Sir. I remind the House that the Minister is flouting Standing Orders; Mr Speaker, she is countermanding your instructions in relation to that matter.

**The SPEAKER:** Order! I take the point of order.

**Mr S.J. Baker:** She is just reading what she has got—

**The SPEAKER:** Order! I was listening fairly carefully to what was said: the Minister was referring to a letter she had received from an organisation in the South-East. At that stage I had not heard any reference to the reserve or any actions to be taken. At this stage, I think there is no point of order. The honourable Minister.

**The Hon. S.M. LENEHAN:** Thank you, Mr. Speaker. At that meeting and from correspondence I had received I was reminded of an undertaking by my predecessor, Dr Hopgood, in 1985; he agreed to a seven year moratorium on the issue. In order to honour both the spirit and the letter of Dr Hopgood's undertaking, I have now indicated—but I cannot refer to what I have indicated with the gazettal—

*Members interjecting:*

**The Hon. S.M. LENEHAN:** At the suggestion of many hunters who have spoken to me on the issue, I have agreed to reinstate the duck season for 1991 and, indeed, after consultation with the officers of my department, provided the normal requirements are met—that is, that we have consultation with a number of representatives from the Field and Game Association and from the department prior to the setting of any reason—I shall be looking at declaring a season in the Coorong Game Reserve in 1992.

I believe that my decision has been both fair and temperate. Those who have felt, as I have, that the continued existence of a game reserve in the middle of a national park was something of a travesty will be satisfied by the decision that we are debating in this House, while those who have

traditionally shot in the Coorong Game Reserve will now be given two additional seasons in which to explore alternative venues—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. S.M. LENEHAN:**—before the shooting finally stops.

## SGIC

**Mr S.J. BAKER (Deputy Leader of the Opposition):** Was the Treasurer aware during the Estimates Committee last year that senior SGIC employees held a large number of directorships and, if so, why did not he say then that Mr Gerschwitz as his adviser was providing incorrect advice to the Committee? In answer to a question on SGIC directorships, Mr Gerschwitz told the Estimates Committee:

I am on the board of Bennett and Fisher and was invited there as a separate issue entirely and went there with the approval of the Minister of the day who I believe was the Hon. David Tonkin. We have members on the board of First Radio Limited and, off the top of my head, that would be the only board representations that we have.

That is on the record. In fact, Mr Gerschwitz joined the Bennett and Fisher board in December 1983 when the member for Ross Smith was Premier. Mr Gerschwitz's other directorships at Estimates time last year included Spaceguard, Samic, Barclays Bank Australia, Barclays Finance Holdings, Barclays Australia (Finance), Mira Consultants, Torrens Property Funds Management, Bouvet, Systems Service, Elders Trustee and Executor Company, SA Projects Limited, SGIC Financial Services, SGIC Health and SGIC Proprietary Limited, a total of 16 companies. Other members of SGIC also held a number of directorships in companies where SGIC had an investment.

**The Hon. J.C. BANNON:** It is certainly the policy that, as an investor in equities, SGIC takes what is termed a passive role and, despite the quite considerable holdings in some areas, does not seek membership of the boards. The case of Bennett and Fisher, of course, was an exception that was declared. The honourable member quoted the response by Mr Gerschwitz in the Estimates Committee. I had no information to the contrary on his response. From the sound of some of the companies mentioned by the honourable member, they are part of the operations of SGIC and could be in a different category from, for instance, being a director on a board of a separate company. However, I shall certainly refer the honourable member's question to Mr Gerschwitz for his response.

## HOSPITAL BEDS

**Mr McKEE (Gilles):** Will the Minister of Health inform the House of proposals to relocate hospital beds from Hillcrest Hospital and will he indicate whether this will mean any reduction in the availability of hospital beds for those patients who may require intensive hospital care?

**The Hon. D.J. HOPGOOD:** I thank the honourable member for his question because there may be a misapprehension in the community as a result of a statement released by the member for Adelaide last Friday. It did not get much of a run, because when the media contacted me about it I was able to refute very quickly the central premise of that statement. However, it did get some run—I think Channel 7 ran it and I think the radio ran it for a while. Let me make perfectly clear the confusion in the mind of the member for Adelaide and where that confusion may lie else-

where. I have the media release of the member for Adelaide before me, and it begins:

A Cabinet decision to merge Glenside and Hillcrest Hospitals threatens to 'deinstitutionalise' mentally ill patients at a time when the community is not ready to accommodate them.

I am given to understand that the honourable member went on to talk about less than satisfactory conditions in the community and that sort of thing. When the media contacted me all I needed to do was to refer them to my statement of 5 February, which, of course, the Opposition would have, and the fourth paragraph of which makes absolutely clear that all of the acute and longstay beds at Hillcrest that are to be closed (all 120) are to be relocated to other institutions. Where is the deinstitutionalisation in that?

One would have thought that he who is the shadow spokesman for health in this place would understand that if one is transferring a long term and acute bed from institution A to institution B, one is not putting it into the community; one is continuing to institutionalise that bed. The Opposition has possibly become confused, because over a number of years—and it may, indeed, have been the case when the member for Coles was Minister, for all I know, but it is a long time ago—there has been a move towards deinstitutionalisation.

*Members interjecting:*

**The Hon. D.J. HOPGOOD:** They still remember the biscuits at the Royal Adelaide Hospital, after all, so it is not all that long ago. Over a long time there has been a move to some degree of deinstitutionalisation of mental patients with the result that the two psychiatric hospitals carry far fewer patients than they once did. That has provided the opportunity for what now is proposed. However, what is proposed is not of itself a furtherance of that policy; that is something that is off to one side.

I find it very hard to believe that the honourable member, with his alleged knowledge of medicine, was not aware of this, and I wonder whether he was not put upon by the office of the Leader of the Opposition to put out a political statement which everyone knows is a lot of hooley.

*Members interjecting:*

**The SPEAKER:** Order! The member for Adelaide is out of order. The member for Alexandra is out of order.

#### STATE BANK

**The Hon. JENNIFER CASHMORE (Coles):** Did the Premier authorise the increase in the capital base of the State Bank in order to facilitate the arrangements by which the bank increased its offshore liabilities so dramatically over the period 1988-90?

**The Hon. J.C. BANNON:** I would like to take that question on notice. The honourable member is asking whether a specific authorisation was given on a specific increase of the capital base and I would like to check out all those facts before responding, which I shall be very happy to do.

#### COOBER PEDY WINDMILL

**Mrs HUTCHISON (Stuart):** Will the Minister of Mines and Energy indicate to the House whether the construction of the Coober Pedy windmill is progressing according to plan?

**The Hon. J.H.C. KLUNDER:** I thank the member for Stuart for her question and indeed for her interest in this matter, an interest that I am sure is shared by most members

of this House. This is the first large-scale wind generator to be assembled and erected in South Australia.

*An honourable member interjecting:*

**The Hon. J.H.C. KLUNDER:** We are talking about wind, not hot air! This generator, when constructed and installed, will generate 150 kilowatts of electricity and it is expected that it will generate more than 300 000 kilowatt hours of electricity per year. This will generate savings in diesel fuel in the order of \$60 000 a year. It is being funded through a \$300 000 allocation from the State Government, \$200 000 from the Commonwealth Government, and up to \$100 000 each from ETSA and the Energy Planning Executive. If members have been doing their sums, that is up to \$700 000.

The saving of \$60 000 a year in diesel fuel costs means that it is not yet quite competitive with diesel fuel, but of course during its 30-year life it may well be that the cost of diesel fuel will rise and that wind power will then become competitive with diesel fuel in off electricity grid applications. There will be a two-year monitoring period once the generator has been installed to see whether in fact it is possible to gather enough information as to the marginal capacity to install other generators in similar areas. Members may be interested to note that the tower was erected yesterday and the blades are expected to be installed today, and that the commissioning of the wind generator is expected to be completed by the end of this month.

#### STATE BANK

**Mr INGERSON (Bragg):** Will the Premier give an assurance that the State Bank Royal Commissioner, the counsel assisting the royal commission and the Auditor-General can have whatever staff they may require to ensure that they can conduct the inquiries to the best of their abilities?

**The Hon. J.C. BANNON:** Naturally, if these inquiries are to be adequate and are to take place properly they must be properly resourced. While at this stage an assessment is obviously being made into the requirements of those respective inquiries, and therefore I cannot advise the House at this point on what their specific budgets, staffing and other needs are, they will be provided for.

#### ESTCOURT HOUSE

**Mr HAMILTON (Albert Park):** My question is directed to the Minister of Industry, Trade and Technology, representing the Minister of Tourism in another place. Can the Minister please advise what progress is being made on the proposed redevelopment of Estcourt House as a tourist facility? Also, will the Minister advise whether or not there has been any damage to the interior of Estcourt House, and what steps have been taken to ensure the security of the building? Considerable concern has been expressed to me by a number of residents living adjacent to Estcourt House about the security of this historical residence.

**The Hon. LYNN ARNOLD:** I have received some advice from the Minister of Tourism on this matter. Turning to the latter part of the question first, I understand that the South Australian Health Commission vacated Estcourt House in July 1989 and at that time the property was secured with ground floor doors and windows being boarded up and regular security patrols of the property occurring. I understand that in late 1989 there was a break-in at the property, at which time an attempt was made to remove the marble fireplaces. The offenders were disturbed by the security patrol before any of the fireplaces were removed

from the building. I am advised that the fireplaces were then removed—only this time with official sanction—from the building and placed in storage.

Movement detectors were subsequently placed in the original Estcourt House building and the door between the original building and the later additions was secured. Since that time there have been a number of false alarms and occasions when upper storey windows have been broken. There has been no damage to the interior of the building, other than the removal of the fireplaces which, as I say, was a sanctioned removal. There have been occasions when people have gained entry to the outbuildings by breaking doors or windows. These have been detected by the security patrols and promptly repaired. To further improve security, I understand that exterior lighting is in the process of being installed.

When tenders were called for the development of Estcourt House, no tenders were received. However, Tourism SA has now received proposals from the Delfin Property Group and from Harmony Corporation/Normus Developments for the development of Estcourt House. Both proposals include a larger residential component and a smaller tourism component than would meet Tourism SA's original objectives. Tourism SA remains confident of the site's development potential and is keen to see the site utilised to its maximum potential. Therefore, Tourism SA is currently considering all the available options before committing the site.

### WATER QUALITY

**The Hon. D.C. WOTTON (Heysen):** Will the Minister of Water Resources advise whether the Engineering and Water Supply Department's decision to reduce its targets for the supply of drinking water of an acceptable quality is due to a sharp reduction in departmental spending on preventive maintenance? The department's target for this financial year is for 95 per cent of samples of filtered water to be of acceptable microbiological quality at the tap. This represents a 4 per cent reduction on the previous year, despite persistent Government claims that filtration improves water quality. I am also advised that departmental targets for keeping unfiltered water free of faecal coliforms also have been reduced in recent years. This coincides with a very significant reduction in spending on preventive maintenance.

I am further informed that, because there has been a failure to replace old pipes within the reticulation network, spending on breakdown maintenance has increased at the expense of preventive maintenance. Finally, the annual report indicates that preventive maintenance now accounts for only 44 per cent of E&WS spending on maintenance, compared with 61 per cent in 1986-87—a situation exacerbated by the Government's failure to spend total—

**The SPEAKER:** Order!

**The Hon. D.C. WOTTON:** —Commonwealth funds allocated for water supply improvement for that purpose.

**The SPEAKER:** Order! The honourable member was close to flouting the Chair. He was commenting on the question, which he knows is not allowed. He also continued after being called to order. I warn the honourable member on his behaviour.

**The Hon. S.M. LENEHAN:** I thank the honourable member for raising some very important issues regarding water, water quality, maintenance, replacement of assets and a whole range of issues relating directly to the department over which I have ministerial responsibility, namely, the E&WS Department. With regard to the whole question

of health and safety of water, I remind the honourable member that the Health Commission oversees this area and my department does not make judgments or set standards about its own levels of safety and security within the system. I have made clear on a number of occasions both inside and outside this place that we are prepared to make available all testing results throughout the whole system as it is important that not only do we have a safe and secure water system but also that we have the confidence of the community.

I ask that in future the honourable member does not rush out when such articles are printed and display a knee-jerk reaction in calling for an overall assessment of the whole system, but rather that he be mature enough to realise that sometimes these stories are run for a purpose—to sell newspapers. Having said that, I assure the honourable member that the E&WS is very mindful of its asset replacement requirements. We are moving forward with a number of new technological advances in terms of relining the pipes.

*The Hon. D.C. Wotton interjecting:*

**The Hon. S.M. LENEHAN:** I am attempting to answer the honourable member's question and I will persist in so doing. Indeed, an article last week indicated that we are now looking at relining some of the oldest pipes in the system instead of replacing them. We are discovering with the new technology that we are able to reline the pipes rather than go to extra expense, which does not necessarily prolong the life of the pipe beyond what would be achieved if we used these new techniques to reline the pipes. Therefore, we are doing things a little smarter and a little better rather than saying that the bottom line is what we spend at the end of the day.

I make no apologies for the fact that the E&WS Department is looking very carefully at having the most efficient and effective, if you like, water department in this country. I would have thought that the shadow Minister would welcome a department that looked at implementing new technology and new techniques and doing things a little more effectively and efficiently, so that—

*Members interjecting:*

**The SPEAKER:** Order! The Leader and the Deputy Leader are making a very gallant effort to interject. Let me tell them that I am watching them closely. If they continue with their behaviour, action will be taken.

**The Hon. S.M. LENEHAN:** The department, myself as the Minister, and indeed the Government take our responsibility seriously in providing a reticulated water system to as many South Australians as we can. I have to say that we have not managed to supply every corner of South Australia with the quality of water in the reticulated system that we would like. However, we have a list of priorities and we are working to achieve that.

I would have thought that the member for Heysen would recognise that these are fairly stringent economic times and that, indeed, the department is making an admirable effort to meet the requirements set by this Parliament to provide clean and safe water to as many parts and to as many people in South Australia as possible. We will continue to do that, notwithstanding the carping and the criticism by the Opposition.

### CHARITABLE COLLECTIONS

**Mr HOLLOWAY (Mitchell):** Will the Minister of Finance review the legislation which governs charitable collections? There have been reports in the *Advertiser* that some charity doorknockers in Adelaide could be earning \$500 per week,

with as little as 10 per cent of what they collect going to a worthy cause. I am aware that the Western Australian Government has established a Charitable Collections Advisory Committee which is drafting legislation in the hope of licensing all collectors, making it compulsory to wear identification, and to restrict the number of organisations involved, as well as providing for stiffer penalties.

**The Hon. FRANK BLEVINS:** I thank the member for Mitchell for his question. I am sure everyone in the House was disturbed when they read the reports of the activities of certain charities in using paid collectors, and some of the anecdotal evidence that was made available whereby up to 80 per cent of the money collected was going to the collectors in some instances and only 20 per cent to the charities. I have also been given some interstate examples of this very problem. I will not name the charities at the moment. However, for example, one weekend collection in February raised \$44 281, of which \$32 500 was paid to a professional fund-raising company. So, that particular children's charity got very little out of it.

It was news to me when I learned that the people who come to your door collecting for various charities are being paid. I had no idea that that was the case; and, I suspect, neither did anybody else. My first reaction was that that was not on, that it should not be permitted. However, when I looked at it a little closer and heard the other side of the story, I was not so certain about my view on it, because some of these smaller charities have advised through the media and the mail that without paid collectors they would receive nothing at all. The Government, coordinated by Treasury, has decided to inquire into this area to determine the scale of the activity, and to see whether it is a problem and, if so, what we can do about it. So, a review of the Collections for Charitable Purposes Act 1939 has begun, and as I stated it will be coordinated by the South Australian Treasury.

As the first stage in the review, 250 letters have already been sent to numerous charities and other related bodies requesting comment. With particular relevance to the issues that I have mentioned, the review will look at the role of the Act in regulating the division of funds raised between charities and professional collectors—and this next part is the one I feel is particularly important—and in requiring disclosure to donors of the proportion in which their funds will be divided between the charitable purpose and the collector. So, it may be necessary for collectors, if they are paid collectors, to display to the people from whom they are asking money the percentage that they get and the percentage that the charity gets. I am not quite sure whether that is a feasible proposition, but we look forward to comment from charities and other related organisations on this proposal.

More generally, the review will also look at such things as the definition of 'charitable purpose', penalties for malpractice, the collection of donations, identification for collectors, the reinstatement of an advisory committee to assist in the administration of the Act, the definition of 'charitable groups', collection times, the age of collectors and things of that nature.

In summary, it was a surprise to me that this practice was occurring. We will see, through our discussions with the charities and the related bodies, how wide the practice is and whether it requires any further regulation, particularly in the terms of disclosure having to be made at the point of collection as to how much the collector is receiving of the donation of a particular individual.

## RESOURCE SECURITY POLICY

**Mr LEWIS (Murray-Mallee):** My question is directed to the Minister for Environment and Planning. Because of the implications for the States and the requirement for joint Federal-State legislation to achieve its objectives, will she say whether the South Australian Government supports the new resource security policy of the Federal Government?

**The Hon. S.M. LENEHAN:** I understand that the resource security policy was to be announced in a statement made by the Prime Minister today, and I have to say that I have—

**The Hon. Frank Blevins:** It still hasn't been announced.

**The Hon. S.M. LENEHAN:** It still hasn't been announced. I must confess that the Prime Minister on this occasion did not take me into his confidence personally, so obviously I will have to do something about that. Neither, may I say, did my Federal ministerial colleague the Minister for the Environment, Ros Kelly, take me into her confidence. I can assure the honourable member that I have not seen what the Federal Government is proposing as a resource security measure. Therefore, it would be totally inappropriate for me to make any comment, let alone to presume that the Cabinet, or indeed the Government, had formed a position on such an announcement that has not even been made.

I would have thought that the honourable member might ask me a question that was much more relevant to my plethora of portfolios. Notwithstanding that, I await with interest the release of the statement and, as Minister responsible for the environment in this State, I will be particularly interested in the statement as it relates to the environment and to resource management.

## MARALINGA

**The Hon. T.H. HEMMINGS (Napier):** Will the Minister of Aboriginal Affairs outline his response to the decision that was made last week by the Maralinga elders on a clean-up option for the atomic test site at Maralinga? It has been reported that the elders have chosen a \$93 million clean-up option provided that their compensation proposals are met. Reports state that this option allows for the fencing of 300 square kilometres of land stretching north-west from the Taranaki site. The elders are insisting that the Maralinga people be compensated for the risk and disadvantage of living around the contaminated land and for the loss of its use and enjoyment.

**The Hon. M.D. RANN:** I thank the honourable member for his continued interest in the Maralinga issue. Yes, the Maralinga people have now announced their decision about which clean-up option they prefer, and I want to applaud the Maralinga Tjarutja people for their patience and responsibility in their approach to this matter. They have taken a very realistic and sensible view about the financial, environmental and scientific difficulties involved in a total clean-up of an area contaminated by plutonium and other radioactive materials.

A meeting of Maralinga elders on Thursday decided that an option which combined a partial clean-up with the secure fencing off of other, more seriously contaminated areas was the best solution. They recognised that to clean totally the whole 500 square kilometres of contaminated land by removing and cleaning the topsoil and replanting the vegetation could create an environmental disaster in itself, let alone the massive and, in my view, unsustainable expenditure of some \$650 million that would have been incurred. That is quite clearly not a sensible option and I applaud the Maralinga Tjarutja people for not rushing in with some

kind of ambit claim on the Federal Government's various clean-up options. That is why they have decided to accept an option that combines a partial clean-up with secure fencing of contaminated areas.

However, I believe that the Maralinga Tjarutja people are quite right in insisting that the Maralinga people must receive further compensation. They have to endure the risk and disadvantage of living around contaminated land, and the loss of the use and enjoyment of that land. They also have to ensure that their descendants are for hundreds of thousands of years made aware of the dangers of contamination. The State's Aboriginal citizens were culturally, spiritually and socially devastated by the events of the 1950s, yet the British Government will still not acknowledge its moral responsibility, let alone the clear legal responsibility determined by the McClelland Royal Commission in 1985. I have to say that in late December the Federal Minister for Aboriginal Affairs, Robert Tickner, for whom I have the highest regard, joined me on a visit to Maralinga to meet the people there. It is interesting that the day before that inspection the British High Commission issued a statement absolving itself of any responsibility. The British claim that previous efforts to clean up the area in 1967 and 1979 somehow clear any responsibility from them in the future in terms of either a clean-up or compensation.

In fact, the 1967 attempt at clean-up, code named 'Operation Brumby', made the situation far worse, because the British actually ploughed plutonium back into the topsoil, and so clearly I think we must ensure that the British Government is not allowed to renege on its responsibilities. Through compensation, the Maralinga Tjarutja people will be able to begin to address the injustices suffered by those people who, through ignorance, incompetence and cynicism, were removed from Maralinga to areas alien to their tradition and culture.

### RURAL ECONOMY

**Mr MEIER (Goyder):** My question is directed to the Minister of Agriculture. What submissions has the State Government made to the Federal Government in relation to today's industry statement? In particular, because of the present rural crisis, has the Government made specific calls for aid to the farming sector, the small business sector and the rural economy as a whole, in addition to the State Parliament's call last week for a minimum wheat price scheme?

**The Hon. LYNN ARNOLD:** I guess that we do not have enough time left in Question Time to detail all the approaches and views that have been expressed to the Federal Government by the State Government on various issues affecting the economy. I might say that there have been many submissions and indeed some public advice just a couple of weeks ago about the meeting that the Premier and I had with Senator Button on the automotive industry in particular. Many other such meetings have been taking place but, given that the member has referred to me as the Minister of Agriculture and is therefore presumably looking at that one area in particular, I can say again that there have been many contacts with the Federal Government on the various areas of the rural economy.

Indeed, following last Thursday's resolution in this place on the guaranteed minimum price for wheat, that resolution was forwarded by the Premier to the Prime Minister—I think it would have been on that same afternoon—and the following Monday morning I was in telephone contact with John Kerin to discuss the submission he was taking to the

Federal Cabinet yesterday and to exchange our views on various aspects of that submission.

In addition, I think on 7 February this year I conveyed the views of this Parliament—in fact, there had been another resolution on the matter of the floor price for wool—at a meeting of Ministers chaired by John Kerin, at which stage it became quite clear that there would be a move to scrap the floor price. I conveyed the view of this Parliament very strongly on that occasion. I have had subsequent discussions with John Kerin, and I am due to have a further discussion next week, in addition to other discussions that will take place in April.

The Federal Minister has indicated that he wants to have discussions with State Ministers on rural assistance and the changes that need to be made. The view I will express to the Minister next week is that we need to hurry that process on, as we need to do it earlier than April. In the same context, I have previously advised various representatives of the farming community of the fact that we are in constant contact with the Federal Government about rural assistance measures, in particular, two farmers representing a large group of farmers on Kangaroo Island who came to see me with their proposal for what they think should happen with rural assistance in this State. That matter, which has been referred separately to the State Ministerial Advisory Committee on Rural Assistance and which will be dealt with by that committee at its meeting tomorrow, will be the subject of further discussions between me and the Federal Government and other State Ministers, because the sorts of changes that they are proposing are very substantive ones which would clearly lie within the Federal arena of assistance and that is, of course, the point I made to those farmers when they came to see me.

I could take up the rest of Question Time—but that would not be fair to other members who want to ask questions—by listing the many contacts made in writing, by letter, detailed submission, telephone contact, face-to-face meetings with the Federal Minister of Agriculture and other Ministers of the Government responsible for general economic matters, or by any other Ministers or the Premier, in particular, with respect to the Federal Government. If the honourable member has a particular issue in mind that has not been dealt with in my answer, I suggest that he contact me in writing and I will give him chapter and verse on just what we have done.

### BLUESTONE COTTAGE

**Mr ATKINSON (Spence):** Will the Minister for Environment and Planning advise the House of the use her department intends to make of the bluestone cottage situated between the Adelaide Gaol and the Torrens River and of the triangle of land between the gaol and the railway tracks which was formerly a vegetable garden? Those of us who travel to the city by rail sometimes find ourselves stalled between the Torrens bridge and the old Adelaide Gaol. I hasten to advise the Minister of Transport that this has happened far less often since the installation of his excellent signalling system.

*Members interjecting:*

**The SPEAKER:** I draw the honourable member's attention to the Standing Orders in relation to the asking and explaining of questions.

**Mr ATKINSON:** During these interludes, we passengers have often turned our attention to the future of the dwellings by the gaol and the formerly productive land between the tracks which is now overgrown with weeds.



**The Hon. S.M. LENEHAN:** I am aware of the honourable member's concern for the ongoing preservation of this bluestone cottage and its productive use, which is something that we as a community can look to achieving. However, when I explain to the honourable member what has transpired since the closure of the Adelaide Gaol he might understand my dilemma. The gaol and the surrounding area is being considered at the moment by an inter-departmental committee consisting of representatives from the Departments of Environment and Planning, Correctional Services, Arts and Cultural Heritage, SACON and Tourism SA, the Adelaide City Council and the Adelaide Gaol Preservation Society.

*Members interjecting:*

**The Hon. S.M. LENEHAN:** I think the Department of Agriculture is the only department that is not represented on this committee. Notwithstanding this, one would have to acknowledge that the committee comprises a great deal of expertise and, quite rightly, people concerned with recommending to me what the future of the gaol and its surrounding areas should be.

I understand that the committee will be reporting to me by the end of March, and I can tell the House that I am eagerly awaiting that report. Indeed, it is something that I have been seeking for some time. One issue that is being considered by the committee is the possible return to the parklands of the areas presently managed as part of the gaol complex. Indeed, the bluestone cottage and the old vegetable garden to which the honourable member alluded are areas that will be examined as part of such a proposal. Developing a comprehensive plan for the future use of the gaol is, as I am sure all members would acknowledge, a fairly complex and demanding task, because we will be looking not only at the surrounding land and areas and the bluestone cottage there but also at the gaol complex area, where there are some very old and historic buildings.

In fact, I think it has one of the oldest buildings in Adelaide and, of course, there is the new extension, which does not necessarily lend itself to a great many other uses because of the way in which it was built. I am told that generally the overall proposals have been agreed upon. A final decision on the use of the old bluestone cottage and the vegetable garden cannot be taken right at this moment, I am told, but I look forward to being able to give the honourable member a much more comprehensive and definitive answer at the end of March or early April.

## ENVIRONMENT

**Mr BRINDAL (Hayward):** How does the Minister for Environment and Planning justify her claim that South Australia has 'no major environmental problems'? The Minister made this statement in the first issue of the taxpayer-funded newsletter of the Government Management Board. It is a claim that has angered a wide range of groups in the community, which have put to me that it shows that the Minister is either blind or deliberately ignoring the following major problems—

**The SPEAKER:** Order! The honourable member is starting to comment.

**Mr BRINDAL:** I will just explain the problems, then, Sir. First, there is the matter of rising watertables through the State, with the resultant salinisation of soils. There are rabbit plagues and populations of wild goats and pigs destroying the native habitat of animals. There is the problem of toxic algal bloom in Lake Alexandrina and in other parts of the Murray River, making the water unfit for

human or stock consumption. There is also toxic algal bloom in metropolitan reservoirs. Toxic algal bloom in the Port River is preventing the harvest of shellfish for most of the year and it is resulting in regular kills of tens of thousands of fish. The mussels in West Lakes are unfit for human consumption. Also, 25 per cent of the seagrasses between Brighton and Outer Harbor have been lost through sewage discharges to the sea. Each year, Bolivar sewage treatment works discharges to sea polluted water equivalent to the entire volume of Mount Bold reservoir. There are also the tables that the Minister herself presented to the House today.

*Members interjecting:*

**The SPEAKER:** Order! The honourable Minister.

**The Hon. S.M. LENEHAN:** Thank you, Mr Speaker. I thank the honourable member for his question. As he is aware, the subject of the environment is something that is very dear to my heart, and I will be delighted to provide him with a very thorough and detailed answer. First, I am disappointed that the honourable member does not fully understand what I meant, and what I have been reported as saying, in terms of our having no major environmental problems. Those words were used by the Federal Minister for the Environment on a recent visit here, when she had an opportunity to look at the environment of Adelaide. One would have to say, when comparing the quality of life and the environment of Adelaide with those of other cities in this country, that we do not have the major environmental problems that are facing other cities not only in this country but right around the world. I am pleased to be able to correct the honourable member and indicate that I did not say that we do not have any environmental problems—because of course we do. I said there are no major—

*Members interjecting:*

**The SPEAKER:** Order!

*Mr Brindal interjecting:*

**The SPEAKER:** Order! The member for Hayward is out of order.

**The Hon. S.M. LENEHAN:** I would be delighted to answer the points raised, one by one, but I am sure that you, Sir, would not feel that that was appropriate at this time. However, it is interesting that members seek to attack South Australia through me in terms of our environment, and in these circumstances we need to make a few things clear on the record.

I would be delighted to put on the record a number of achievements which we have made and because of which we are now the envy of other States. I am prepared to acknowledge the contribution of members opposite. Indeed, one of my predecessors looked at the secondary treatment of our sewage. We are now moving to a tertiary stage when other States such as New South Wales are still pumping untreated sewage into their marine environment. What we have done in respect of the preservation of our native vegetation is second to none in this country. We are also leading the way throughout the world in terms of retention of vegetation. They are two examples. I could go on and talk about air quality, the preservation of our arid lands through our pastoral legislation or about the whole area that we are looking at in terms of controlling noise pollution or in the prevention of backyard burning.

I also refer to the beverage container legislation, for which I do not personally claim credit. It has been a bipartisan initiative supported by all in this Chamber. In South Australia we have a record of being prepared to take on and attack the hard issues in the environment, and that record is second to none. I am not suggesting that we rest on our laurels. Indeed, we have problems of dry land salinity and



soil degradation. As the honourable member knows and has acknowledged publicly, I have done more than I could have been expected to do in attacking these problems. There are problems with rabbits. I do not honestly think that anyone would suggest—

*Members interjecting:*

**The Hon. S.M. LENEHAN:** Yes, on the other side of the Chamber. I do not believe that I can single-handedly be blamed for the rabbit problem in this country, notwithstanding that many people think that I am a magician in the way that I get things sorted out and solved. I can pull the odd rabbit out of a hat. I do not think that the honourable member is seriously suggesting that I am single-handedly responsible for totally addressing the rabbit problem or the problem of feral animals generally. As the Minister responsible for animal welfare, I have moved to invite—

*Members interjecting:*

**The Hon. S.M. LENEHAN:** Members opposite do not want to hear this, because the record is so incredibly good.

*Members interjecting:*

**The SPEAKER:** Order! The Chair is having great difficulty hearing the answer.

**The Hon. S.M. LENEHAN:** They do not like good news, Mr Speaker. I have personally written to every Minister responsible for animal welfare in this country (including the Federal Minister) inviting them to the first national conference on animal welfare at which a number of issues will be addressed relating not only to the question and problem of feral cats but also to the issue of tail docking and the like. For the first time in a national forum we will be able to put on the national agenda some of the issues that the honourable member has raised. I am sure that the honourable member will be only too pleased to welcome that initiative and give it the credit it deserves. I will be pleased to provide the honourable member with a list of my achievements in the time that I have been Minister for Environment and Planning, Water Resources and Lands, and I thank him for his question.

### GRAFFITI

**Mr De LAINE (Price):** Will the Minister of Transport look at employing two painters to continually paint over graffiti on all STA railway property? This method has been adopted by the Western Australian Government and is having a dramatic effect on the incidence of graffiti around Perth. A lot of graffiti artists appear to give up after having their work painted over several times.

**The Hon. FRANK BLEVINS:** I thank the honourable member for his question. I would be pleased to accede to the honourable member's request and employ two painters full time on the basis that they would make an impression on the problem. However, currently we employ six painters full time on this problem and periodically we employ up to a dozen on a casual basis to assist. That is the scale of the problem. It may well be that the vandals in this State (I will not call them 'graffiti artists') are more persistent or a harder breed than in the west but, even with the large number of painters we employ working full time on this problem alone, it is impossible to keep the system free of graffiti. We have a program of regular clean-ups. We are trying to target individual train lines to ensure that all carriages on those lines and the stations are clean. We have had the experience of our painters travelling on the train, getting off at a station, painting it and then moving on again on the train. When they come back, possibly only an hour later, the station has again been vandalised.

The problem does not have an easy answer. The STA is re-thinking its strategy on graffiti as the strategy to date has not been totally successful, even with the large amount of resources put into addressing the problem. We are looking at a program called 'adopt a station' to try to get local communities to assist in the problem. We have to maintain the rolling stock ourselves, but we will ascertain whether communities can assist with stations that often, within a matter of hours, are vandalised after being completely repainted.

I am advised by those who are supposed to know these things—and perhaps the member for Adelaide can assist me here—that young people tend to have fads and that this graffiti is a fad and it will pass, the same as the hula hoop and a few others. I hope that is correct and that the psychologists who tell us these things from time to time—mainly things we want to hear and we believe them when we want to—are correct. I hope it is a phase and that it will pass, because it is almost impossible at any cost to keep up with these people.

It does make some parts of our system look really dreadful, and I think it makes us all feel ashamed of our city when we see this graffiti around us. It certainly does me. Fortunately, in Whyalla the problem is nowhere near the same extent as it is in Adelaide. If as the member for Price suggested I had to employ only two painters I would be absolutely delighted. In fact, I employ six permanents, and a lot more on a casual basis. I think the 'adopt a station' program is something that is worth trying. How successful it will be, time will tell, but we certainly have to try something different.

### GRAND PRIX OFFICE

**Mr MATTHEW (Bright):** Has the Premier been made aware of moves by the Grand Prix office to become the Australian agents for an American company to distribute point of sale computer terminals and software to the detriment of South Australian companies already engaged in this field, and does he endorse such moves? I have been approached by a representative of an Adelaide company which was involved in a bid to provide a PC based point of sale system for the new Adelaide Entertainment Centre. The company representative evaluated the needs of the Entertainment Centre and provided advice to Dr Bernie Lindner, Project Director, who works from the Grand Prix office. The company advised details of some 40 terminals, a file server and computer software that would be needed. The total cost was estimated at between \$200 000 and \$250 000.

I am further informed that this local company was shocked to be told by Dr Lindner that the Entertainment Centre has been able to obtain American equipment, similar to that specified, for under \$100 000. The Adelaide company asked Dr Lindner for the name of the agent supplying the equipment and was told:

That wouldn't be commercially good for us because they don't have an agent in Australia and we're looking at taking it on.

The Adelaide company believes that a deal at below equipment cost has been done in a bid to squeeze them out and allow the Grand Prix Board to sell to the Australian market on the basis that its equipment is in the Entertainment Centre.

**The Hon. J.C. BANNON:** I am not aware of the matter that has been raised by the honourable member. I will certainly request a report from the manager of the Entertainment Centre. The honourable member would under-

stand, of course, that in establishing that operation there has been considerable criticism—misplaced, I would suggest—in terms of cost in relation to both the capital and recurrent operations. I refer the honourable member to a statement made by the Hon. Mr Lucas in another place. Mr Lucas, who happens to be a member of the member for Bright's Party, was virulent in his criticism of what he said were cost overruns and major recurrent obligations being entered into by the Entertainment Centre. I imagine from the honourable member's question that he disowns those comments, because he would prefer the Entertainment Centre to source things locally, even if that did mean a considerable cost penalty. That was certainly the tenor of his question.

I do not think it will help South Australian manufacturers if that is the case. If, for instance, there is a 50 or 100 per cent difference in the cost of particular equipment, quite clearly the Entertainment Centre would be irresponsible to pay that sort of premium—quite clearly, irresponsible—and the Hon. Mr Lucas would probably be issuing another dozen press releases, attacking the management of the Entertainment Centre for their profligate waste of public funds. So, I suspect a little internal sorting out might be useful, before the honourable member goes in too hard on this issue.

However, to get back to the nub of the question: quite clearly, any enterprise like the Entertainment Centre should aim to ensure that as much as possible it sources locally and uses local expertise. That is certainly the brief it carries, but obviously not to the extent that it becomes totally uncompetitive. I will investigate the circumstances as outlined by the honourable member.

#### SITTINGS AND BUSINESS

**The Hon. D.J. HOPGOOD (Deputy Premier):** I move:

That the time allotted for completion of the following Bills:

Royal Commissions (Summonses and Publication of Evidence) Amendment,

State Bank of South Australia (Investigations) Amendment and

Supply Bill

be until 6 p.m. on Thursday.

Motion carried.

#### WATERWORKS ACT AMENDMENT BILL

Returned from the Legislative Council with amendments.

#### CRIMINAL LAW CONSOLIDATION (SELF DEFENCE) AMENDMENT BILL

**The Hon. G.J. CRAFTER (Minister of Education)** obtained leave and introduced a Bill for an Act to amend the Criminal Law Consolidation Act 1935. Read a first time.

**The Hon. G.J. CRAFTER:** I move:

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

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

#### Explanation of Bill

The purpose of this Bill is to implement the recommendations of the Parliamentary Select Committee on Self-defence and to make associated changes to the law.

#### BACKGROUND

Public controversy surrounding the law of self-defence and defence of property in situations in which, for example, an occupier of property has encountered an intruder on that property and used force against the intruder has been common for many years. The reason for this is that there are a number of persons in the community who believe that the law is harsher in its application to those who forcibly resist, for example, a burglary or attempted burglary than on the burglar himself or herself.

In late 1989, these concerns began to surface prominently in the public media. Allegations were made that there had been a number of recent cases in which 'victims using what they regarded as reasonable means to protect themselves have ended up on the wrong side of the law and been treated as the criminal rather than the victim'. Prompted by these concerns, a public petition containing tens of thousands of signatures was circulated and eventually presented to Parliament.

The Government recognised that the legal issues extended beyond the complexities of the common law on self-defence and defence of property. They also included the statutory powers and offences in relation to trespassers contained in the Summary Offences Act and the law in relation to the power of the private citizen to effect an arrest. The issues are wide ranging, complex, emotive, and of some (albeit unquantifiable) public concern.

#### THE PARLIAMENTARY SELECT COMMITTEE

In July 1990 Parliament approved the setting up of a Parliamentary Select Committee on Self-Defence and related issues. The committee's terms of reference asked it to inquire into and report on the adequacy of the laws and rights of citizens in the area of self-defence and defence of property, and to make recommendations for the reform of the law where that course was considered necessary.

It was intended that the process would have the following additional benefits:

- providing an official forum for those citizens genuinely confused and afraid about their legal position, and the dispassionate proposal and discussion of defensible possible options for reform;
- providing a means for the dissemination of accurate information and informed opinion on the legal and social issues involved;
- providing a means for the investigation and consideration of those cases in which it was alleged that a householder genuinely engaged in defending his property had been treated harshly by the criminal justice system.

The select committee presented its final report to Parliament on 12 December 1990. That report contained a number of recommendations, three of which were fundamental to the basic core of the law in relation to self-defence and defence of property. Those three recommendations were:

- that the law in relation to self-defence and defence of property be codified and placed in the Criminal Law Consolidation Act;
- that the justification for the use of force by a person acting in self-defence or defence of property be assessed on the basis of the facts as the person genuinely believed them to be rather than, as now under common law, as the person reasonably believed them to be; and
- that where a person acting in self-defence causes the death of another, and would under current common law be guilty of murder because the force that he or she used was more than was reasonable in the circumstances, that person should be guilty of manslaughter only if he or she genuinely believed that the force used was reasonable in the circumstances.

**THE BILL**

The select committee draft Bill was circulated to various interested bodies for comment following the release of the report. As a consequence of further submissions, some modifications have been made to the select committee's draft Bill.

The select committee did not expressly deal with the situation in which the person using force is engaged in a public duty, for example, the arrest of offenders. The Commissioner of Police has expressed some concern partly to the effect that not to include such situations in the codification could cause complications, because the common law would continue to cover such cases. To avoid this potential disuniformity, persons under a public duty to use force have been included, necessitating other consequential changes to the committee's draft Bill.

The proposed reform dealing with intoxication is to be referred to the imminent meeting between the Commonwealth and the States. Following recommendations made by the Gibbs Committee of Review into Commonwealth Criminal Law, discussions are being held with a view to obtaining Commonwealth-State consensus on the general principles of the criminal law—including those relating to the intoxicated offender. The select committee itself in its report considered that this aspect of the draft Bill may need further consideration because of its proposed application to the whole of the criminal law. This matter will be given a high priority in the Commonwealth-State discussions this year.

In summary, this Bill implements the core recommendations of the select committee's report. The framing of the terms of the Bill has proved to be a most difficult and complex task. One test of the adequacy of the criminal law is whether the community itself understands the law. Codification in this area of self-defence will significantly allay community concerns about individual rights and by virtue of codification make the law more accessible and comprehensible to the community. I commend this Bill to the House.

Clause 1 is formal.

Clause 2 provides for a new section relating to the law of self-defence. It is proposed that it will not be an offence for a person to use force against another if that person has a genuine belief that the force is reasonably necessary to defend himself, herself or another. Furthermore, a similar provision will apply in relation to the defence of property, the prevention of a criminal trespass, or the exercise of a power of arrest, provided that the person does not intentionally or recklessly inflict death or grievous bodily harm. The defence will not apply if the person acts on the basis of a grossly unreasonable belief with reckless indifference to whether it is true or false, but a 'qualified' defence will apply if the person, while so acting, genuinely believed that the action was reasonably necessary to secure the defence of himself, herself or another. 'Self-defence' will be taken to include action to prevent or terminate an unlawful arrest but will not be taken to include an act that amounts to resisting another who is known to be acting in pursuance of a lawful authority.

Mr INGERSON secured the adjournment of the debate.

**ROYAL COMMISSIONS (SUMMONSES AND  
PUBLICATION OF EVIDENCE) AMENDMENT BILL**

Adjourned debate on second reading.  
(Continued from 5 March. Page 3218.)

**Mr S.J. BAKER (Deputy Leader of the Opposition):** The Opposition supports the amendments under this Bill. However, it would be remiss of us if we did not express our extreme dissatisfaction with the way in which the Government has promulgated the rules surrounding the royal commission. When we are addressing a Bill such as this it is important to realise that if modern technology had not taken records further than they were taken 10 years ago we would probably not be considering this Bill. Also, it is important to recognise that the capacity of the commission to take evidence other than in South Australia would require an interstate warrant. That is the other reason the Bill is before us. Normally we would not require a Bill because the Royal Commissions Act has been on the statutes since 1917 and has been updated over the past 73 years.

Royal commissions are used less than in the past. It is notable that, when it is approved, this will be the 98th royal commission in South Australia. It is interesting that the first royal commission in 1889 dealt with the establishment of the State Bank. We are seeing, if you like, history revisited.

The terms of reference of the royal commission that was appointed on 24 September 1888 were: to consider the desirability of establishing a State Bank and royal mint; and to report together with minutes of proceedings, evidence, synopses and appendices. A large amount of evidence was taken, including some from overseas, the royal commission coming to the conclusion that a branch of the royal mint in South Australia was not justified. I am pleased about that, because the printing of our own money would have been a bit of a waste.

The question of establishing a State Bank had so wide a scope and involved such exceedingly grave issues that the royal commission felt unable to recommend its immediate establishment. It found that there was no example or experience such as might be supposed to be afforded by the existence of a State Bank in full development under conditions precisely similar to those in South Australia.

During the course of the inquiry the royal commission came to the conclusion that certain financial reforms were necessary. It recommended, among other measures, a more favourable agreement between the Government and the contracting banks, the use of the State's own financial business through the Public Treasury and the issue of Treasury notes. It is good to keep things in perspective, and it was in 1889 that the royal commission reported on the advisability of the establishment of a State Bank.

Royal commissions have generally been used to cover matters of import. If we go back to the 1880s, and perhaps to the period of the Second World War, we find that royal commissions were a much used device for establishing a point of view in a number of subject areas, and those areas were mainly economic. The reasons are self-evident: in those days the Public Service as such did not exist to the extent it does today, thus there was a considerable lack of expertise in the public sector; and, secondly, this Parliament was much smaller and was not endowed with a wide range of skills that were necessary to form objective decisions on some of the important issues.

In the earlier days royal commissions investigated such things as railways and waterworks. In the late 1880s and early 1900s many royal commissions dealt with the infrastructure. Between 1889 and 1899 there were 14 royal commissions, mainly of an infrastructure nature; between 1900 and 1909 there were 15; between 1910 and 1919 there were 24; between 1920 and 1929 there were 20; and between 1930 and 1939 there were nine. Because of the war, between 1940 and 1949 there was only one royal commission. During the

period of the Playford Government there was not seen to be the need for too many royal commissions, and between 1950 and 1959 there were only three. Between 1960 and 1969 there was one, between 1970 and 1979 there were eight and between 1980 and 1989 there were two. If my mathematics are correct, there have been 97 royal commissions in the history of this State.

It is reasonable to assume that most people in South Australia believe royal commissions to be a very important device for getting at the truth. Whilst our early royal commissions would have been established out of necessity to bring together the amount of expertise that was necessary to form opinions on matters of economic significance, I do not believe that that is the way people view them today. Today they are seen as a strategic weapon for determining the truth.

The last royal commission in South Australia was in 1984, and that dealt with the conviction of Edward Charles Splatt. In 1979 a royal commission looked into the non-medical use of drugs, and members would well remember the report that was produced at that stage. In 1981 we had a royal commission into allegations in the prisons; in 1978 there was a royal commission into the dismissal of the then Police Commissioner, Harold Hubert Salisbury; and in 1977-78 we had a royal commission on shop trading hours and ancillary matters.

We have had a variety of royal commissions over the past 100 years. Of all those royal commissions, none has been more important than the one before us today. This royal commission into the State Bank is one of the key investigations that has to take place in this State. Not one of the previous royal commissions would have dealt with a problem of the magnitude of the one we are faced with today. Nowhere would we have seen an investigation into the loss of \$1 billion or more; nowhere in all the royal commissions that this State has dealt with since 1889 could we see such a significant sum involved; nowhere in that 100 years of royal commissions have we seen items of such significance in economic terms as the State Bank losses.

There is no doubt whatsoever that the \$1 billion loss, on top of the present economic recession, has dealt an awful blow not only to the economy of South Australia but also to the confidence of the people of South Australia and those who would wish to invest in this State. The people of South Australia no longer have faith in this Government or its instrumentalities. The only way to restore that faith is to have a royal commission which can cover the length and breadth of all the circumstances surrounding the \$1 billion disaster so that, at the end of the day, everybody can be convinced not only that those responsible have been brought to justice but also that the same thing will never happen again.

What we have before us is an enabling piece of legislation and the Opposition supports it because, as I said, it updates the Act in terms of the treatment of records and the capacity of the commission to ask people from places other than South Australia to appear before the commission. However, the extent to which that is possible will be canvassed during Committee.

I would like to address the issues that I see as important to the royal commission. I believe it is absolutely vital that the royal commission come down with a set of findings that will be clear and unequivocal as to why the debacle—the financial disaster—happened; who were involved; what measures will be taken against those who were involved; and what further steps should be taken to ensure that this never happens again. Unless the royal commission does all those things, it will be a failure and we may need some

other instrument. I would hate to think that this State will spend a very large sum of money if the royal commission will not do its job.

I have grave fears about the capacity of this royal commission to perform in a way that I believe everybody on this side of the House and the vast majority of South Australians would wish. I will cite the terms of reference of the royal commission in their original form so that people are aware of the limitations under which this royal commission is operating. The document stated:

I, the Governor, with the advice and consent of the Executive Council, do hereby appoint you to be a royal commission to inquire into and report upon the matters set out in the following terms of reference.

In these terms of reference:

'the Act' means the State Bank of South Australia Act 1983;

'the bank' means the State Bank of South Australia constituted by the Act;

'the Government' means the Government of the State of South Australia and includes, unless the context otherwise requires, a Minister of the Government and the officers of the Government and all public employees within the meaning of the Government Management and Employment Act 1985;

'operations' of the bank or bank group has the same meaning as in section 25 of the Act as amended from time to time;

'subsidiary' has the same meaning as in the Corporations Law (assuming for the purposes of this definition that the bank were not an instrumentality of the Crown and holding its property for and on behalf of the Crown);

'the State Bank Group' means the bank and its subsidiaries.

These are very important definitions, because they describe the scope of, and the instrumentalities that can be taken into account by, the commission. The requirements are:

1. Having regard to the financial position of the State Bank and the State Bank Group as reported by the bank and the Treasurer in public statements on 10 February 1991 and in a ministerial statement by the Treasurer on 12 February 1991, the relationship between the bank and the Government, and without limiting the generality of the foregoing.

- (a) any proposals made by the Treasurer pursuant to section 15 (4) of the Act;
- (b) any other proposals, recommendations or suggestions made by the Government to the bank relating to the affairs of the bank or of the State Bank Group;
- (c) the reporting arrangements which existed between the bank and the Government and the information given by the bank to the Government pursuant to those arrangements relating to the affairs of the bank and of the State Bank Group;
- (d) the nature and extent of the communication between the bank and the State Bank Group on the one hand and the Government on the other;
- (e) in particular:

- (i) the communication between the bank and the State Bank Group on the one hand and the Government on the other hand relating to the financial position of the bank and the State Bank Group, the investments, loans, advances or accommodation made or proposed to be made by the bank and the State Bank Group, and generally as to the administration of the affairs of the bank and the State Bank Group in relation to those matters;
- (ii) whether there was any and, if so, what inadequacy in the nature and extent of the communication between the bank and the State Bank Group on the one hand and the Government on the other hand.

2. The appropriation relationship and appropriate reporting arrangements as between the Government on the one hand and the bank and the State Bank Group on the other hand in the light of the guarantee contained in section 21 (1) of the Act and in the light of the nature and extent of the rights and powers given to the Treasurer by the Act. In the light of that and of the other matters to be inquired into, whether any changes should be made to the Act.

3. You are to receive and consider any report by the Auditor-General made pursuant to section 25 of the Act and relevant to the matters set out in these terms of reference, and in the light of such report and such further material as you consider it appropriate to receive, whether before or after receipt of the Auditor-General's report, to inquire into and report on:

- (a) whether the board of the bank exercised proper supervision and control over the Chief Executive Officer of the bank, and whether the Act should be amended in any relevant respect;
- (b) whether the board exercised proper supervision and control over the operations of the bank and the bank group and whether the Act should be amended in any relevant respect;
- (c) in relation to the matters the subject of the report of the Auditor-General, whether the board properly discharged its functions and its responsibilities under the Act, and whether the Act should be amended in any relevant respect.

There are a number of other provisions, but these are the keys to the whole report. If anybody takes the time to absorb these terms of reference, particularly the later ones relating to the Auditor-General, they will be struck by their incongruity. Here we have a royal commission which has vast powers, which has the capacity to require detailed and accurate information—with all the powers that a royal commission has—but which in fact it will not do the major investigation of this absolutely critical and vital issue.

To my way of thinking, and unless I can be persuaded otherwise, what we have here is a coverup and an effort to ensure that the Premier and Treasurer of this State wears no blame for the problems he has created by his own lack of attention to detail. It may well be that, if the commission has to inquire into some of the relationships that existed over the past two years between the Treasurer, the managing director and perhaps even the board, we might even be able to go further in terms of the lack of the capacity of the Premier. We do not know the answers to many of those questions and it is up to the royal commission not only to determine fault but also to put forward constructive propositions as to how the situation can be changed in order to prevent the same problems recurring.

I will consider briefly those terms of reference because, as I pointed out previously in debate in this House, there are grave deficiencies. For example, the State Bank Group means the bank and its subsidiaries and does not include a number of companies that should otherwise be included. Those are related companies; they are not subsidiaries, because they are not wholly owned by or have a major shareholding on behalf of the State Bank or a member of its group. So there are a number of companies that will escape the net of the royal commission and, indeed, will obviously escape the net of the Auditor-General. So, we are unhappy with the definitions in the terms of reference of the royal commission. We are also unhappy about the lack of discrimination that is highlighted in these terms of reference relating to the communications that took place and the detail that was provided, in a direct or an indirect fashion, by and to the Premier of the day.

This issue will be debated very extensively during the passage of the State Bank measure, but we cannot believe that, with so many signals being sent up and, as it were, with so many bushfires being lit over the past two years, the Premier kept saying there was not a problem. We cannot believe that anyone could be quite as dense as the Premier would suggest. We cannot believe that there were not people competent within the Treasury or the State Bank who did not tell the Government of the day (in particular, the Premier) that some problems were looming with the State Bank and that unless they were grappled with they would cause enormous long-term damage. We cannot believe that it was not until September 1990 that the Premier first perceived that there was a long-term problem or a problem of some proportion being created within our bank.

I say 'our bank': a bank that has served us well for so many years. In the space of the past two or three years one suspects that all the previous contributions to the State

Bank's coffers have been wiped out by one period of injudicious management. So, it is absolutely vital that the truth prevail. We cannot condone slipshod management; we cannot condone a Premier who has not taken the responsibility that everyone on this side of the House believes was required of him in his position as Treasurer of this State.

The matter of whether or not the royal commission should have been proceeded with is an interesting one. The Premier stated in his contribution to this House that he announced on 12 February that the royal commission had been set up. People would well remember when the Premier held his conference on Sunday 10 February that he provided the information that an internal investigation to be headed by the Auditor-General had been established. The Premier refused a call for a royal commission, something which obviously was at the forefront of the initiative being taken by the State Opposition. He refused on the 10th and on the 11th, but on the 12th somehow he changed his mind. I think his mind may well have been changed by people of independent persuasion within this House, and I congratulate those people for taking that independent stance. However, I may be a little more critical of their stance in terms of the way in which the investigations have been divided up between the royal commission and the State Bank when I deal with the State Bank Bill, but at least we will have the opportunity to examine some of the important questions, the most important one being whether the royal commission will have the full capacity to reach the heart of the matter.

The Liberal Opposition had its act together. Not only did we signal that we wanted a royal commission because of the immensity, the breadth and the profound implications of the State Bank crash, but we wanted the investigations to be of a fully professional and all-consuming nature.

I will now refer to the terms of reference perceived by the Opposition. They are not far different from those of the Government. In total, the Government intends to cover most of the areas that the Opposition would like to have covered. However, it is the division of labour that is causing the Opposition some consternation, not the fact that items we have listed have not been covered. I suspect that the fact that eventually we made our submission public after a long period of silence from the Government may have galvanised it into ensuring that parts of our proposals were contained within the ultimate terms of reference.

The Opposition is adamant that the Treasurer, as the final decision maker and the person ultimately responsible, should feature very strongly. Our first term of reference is to ask the royal commission to report on what matters and events caused or contributed toward the present financial position of the State Bank Group as reported by the bank and the Treasurer in a public statement on 10 February 1991 and in a ministerial statement by the Treasurer on 12 February 1991.

We did not abandon the investigation of communications: we said we wanted to know how it could have happened. Without the in-depth inquiry envisaged for the royal commission, we do not believe that it is possible for justice to be seen to be done under these circumstances. We will move a number of amendments to the State Bank Bill in order to give it more thrust and to ensure that the off balance sheet companies are covered fully, but at the end of the day we are really fiddling around the edges because it is our belief that the royal commission must provide the ultimate determination of the matters that have come under the province of the Auditor-General.

So, we will continue to fight and to ask that the royal commission's terms of reference be extended. As you would

appreciate, Mr Speaker, it is the Opposition's intention to make a submission to the royal commission on this exact point. We believe that it may be in the interests of the royal commission, if it wishes to come to a conclusion that is satisfactory to the Parliament and to the people of South Australia, that our concerns and demands be incorporated in terms of reference that may or may not need to be extended. If the commission assures us that our concerns will be met under its terms of reference—and I do not believe that this will be the case under the present terms of reference—we will be very pleased. If we do not receive the assurance that the terms of reference will encompass all these matters that we believe need to be investigated by the commission, we will press, and continue to press, for the terms of reference to be widened. The Premier has already given us an assurance that if the royal commission asks for an extension he will consider any such recommendation.

The other item that I wish to canvass relates to the matter of corruption. Corruption can take various forms. There can be corruption by being in power for too long and not caring or there can be corruption associated with deals that normally would not be condoned, or there can be corruption that is far more serious. The last thing that we would accuse the Government of being involved in is corruption of the last mentioned form, that is, involving the exchange of money or favours. It is apparent that the very least we could accuse the Government of is the corruption of power—corruption in terms of the extent to which it has taken on its responsibilities in a way that is appropriate for the management of this State.

It is obvious to any person who has been in Parliament for the past eight years that the capacity of this Government to perform has deteriorated markedly. We may have had grave difficulties with the way in which the Government operated early in its term of office. There may have been some moments when we criticised heavily the extent to which the Government increased taxes and charges; there were times when we were very critical about the way that they were proceeding, on a number of fronts. But the fact of life is that at least the Government had a bit of get up and go. That was quite different from the way in which we have seen the Government operate in the past four years. Whether the Premier is just too tired, and perhaps should resign, or whether it is a fact that he really could not care less any more, I do not know. However, I can assure the House that, unless his performance improves, we will have continuing disasters like those we have seen with the State Bank and with the Timber Corporation—and in a number of other areas, with Marineland, Jubilee Point and the Mount Lofty cable cars.

There are all these developments and investments that have gone horribly wrong due to a lack of diligence on the part of the Premier of this State. That is one of the areas that the royal commission really has to come to grips with. What sort of corruption was involved? On what level and to what extent did the Premier apply himself to this matter, which has now turned out to be one of the most serious financial situations in this State's history?

**THE DEPUTY SPEAKER:** Order! The honourable member must be careful, of course, not to trespass on those matters that will actually be the subject of the royal commission.

**MR S.J. BAKER:** Thank you, Sir. I make this point very seriously, because, in looking at the terms of reference of the royal commission, one sees that the royal commission cannot form judgments on matters that I think are very important. Indeed, all members on this side believe that they are very important. That is the great shame in relation

to the terms of reference and their limitations. However, those matters will be pursued in the forthcoming year. By placing a time frame on the investigations, at least we know that the inquiries will report over an appropriate time and that they will not wander on as some inquiries have tended to do.

I would like to think that the royal commission will show some of the diligence that we saw in relation to the Fitzgerald inquiry. I hope that we see matters involving injudicious management brought to the same level of public scrutiny as occurred with the Fitzgerald inquiry and the Costigan royal commission, which fearlessly pursued their terms of reference and which, I believe, did a great justice to the people of Australia in the process. We hope that, under the tutelage of Mr Justice Jacobs, former judge of the Supreme Court, this royal commission can be equally diligent and revealing in the way that it reports on the events that have surrounded the disaster that is now upon us today. I commend the Bill to the House. However, the terms of reference applying to the royal commission are not supported by the Opposition in their current form.

**THE HON. JENNIFER CASHMORE (Coles):** The lead speaker for the Opposition, the Deputy Leader of the Opposition, has indicated the Opposition's support for the Bill and he has outlined, at the same time, our strong reservations about the terms of reference of the royal commission. Indeed, he has indicated that the Opposition deplores the need for a royal commission as a result of the Government's negligence and mismanagement of the affairs of the State Bank. The Minister's second reading explanation is interesting in respect of its summary of the purposes of the Bill, which empowers the commission to make orders. Those orders can prohibit the attendance of specified persons at the proceedings. They can prohibit the publication of specified evidence, and they can prohibit the identification of a witness before the commission or a person alluded to in evidence.

On the one hand, we have a royal commission established in order to try to get to the truth of the matters that have cost South Australians \$1 billion, much financial trauma in addition to that precise sum and much added cost in the form of the interest repayments that will be in excess of \$1 million per annum for we know not how many years to come. On the other hand, we have the Royal Commissions (Summonses and Publication of Evidence) Amendment Bill in order to make provision for aspects of the truth to be suppressed.

That is a conflict to start with. Whilst we all accept that protection must be given to witnesses and that there is an obligation on the Government to ensure the continued operation of the bank in circumstances that do not further diminish public confidence, I put it to the House that, unless this royal commission and its term of reference are sufficient to get to the truth, to expose the truth and to expose those who are responsible for the present situation, public confidence in the bank can never be restored. In the Minister of Education's ministerial statement to the House last week forecasting the contents of the Bill (and the Minister of Education, on behalf of the Attorney-General in the other place, subsequently introduced the Bill to the House) he said:

Individual and corporate confidence in the bank may be undermined by a prolonged investigation and one which may require their affairs to be disclosed in a relatively public manner.

The confidence of people will never be restored unless we can get to the truth of the matter, and the way in which the Government has confined the terms of reference of the royal commission and put the real substance of many mat-



ters, which are at the root of this problem, into the terms of reference of the Auditor-General, who will be conducting his inquiry in secret, gives rise to doubt, in my mind at least, as to the chances of the royal commission inquiry coming up with results that will be even halfway satisfactory in terms of public confidence in the bank.

I refer particularly to the terms of reference that the Minister outlined in summary last week (rather than going through the terms in fine detail). He talked about the commission examining the relationship and reporting arrangements between the Government and the State Bank Group. On the surface at least, that appears to be relatively innocuous, and I think we can forecast here and now that the royal commission will find that the reporting arrangements between the Government and the bank group were inadequate. They must have been inadequate. If they were not inadequate, it is abundantly clear that the Premier has withheld the truth from the House, not once but on numerous occasions over a sustained period.

**The DEPUTY SPEAKER:** The honourable member should refrain from predetermining the results of the commission's inquiries.

**The Hon. JENNIFER CASHMORE:** Certainly, Mr Deputy Speaker. I am postulating a hypothetical situation as to what may be assumed, if we are looking at the first term of reference of the royal commission. Further terms of reference are as follows:

- what the appropriate relationship and reporting arrangements should be between the Government and the bank in view of the Government guarantee contained in the State Bank Act;

- the nature, extent and adequacy of communications between the Government and the bank;

- whether the board exercised proper supervision and control over the Chief Executive Officer, operations of the bank and the bank group and whether the Act should be amended in any relevant respect;

- whether the board properly discharged its function under the Act and whether the Act should be amended in any relevant aspect;

- whether any matter should be subject to further investigation or the instituting of civil or criminal proceedings.

Those terms of reference are very convenient for the Government. They tend to look primarily to the future, as far as putting into practice the lessons that have been learnt from the past. They are not framed in order to get at the root of who was responsible and how. Those terms of reference are essentially part of the terms of reference of the Auditor-General's inquiry and he in turn will examine the events and matters which caused the bank's financial difficulties and the processes which led to the bank entering into transactions which resulted in material losses or the bank holding significant assets which are now non-performing. In short, the first two terms of reference of the Auditor-General's inquiry get to the root of the matter, namely, what led to the bank's monumental losses. It is our position that those terms of reference should have been transferred to the royal commission. I will explain why we believe they should have been so transferred.

The royal commission has the powers of a court to call witnesses and cross-examine them. The Auditor-General does not have those powers, and it is only in terms of cross-examination in a public fashion that the public can be satisfied as to who really can be held responsible, and in particular whether the Premier exercised the ministerial control inherent in the Westminster system, notwithstanding the commercial charter of the bank. That really is the fundamental question that all South Australians want addressed. It is not possible, as I look at the terms of reference of the royal commission, to include such matters as have been raised in this House in terms of witnesses giving evidence on matters involving cases where justice

has either been denied or delayed or whether all avenues of justice have been exhausted in terms of those who have suffered as a result of State Bank losses.

I would like to have seen terms of reference that enabled the employees of, for example, Health and Life Care Ltd to give evidence to the royal commission, and I hope that they will be able to, with respect to the way that the State Bank in the first instance approved a loan to a company that was within a few months to be insolvent and a company that never should have been propped up in the first place. Had that loan not been approved, numerous staff employees of that company would never have invested—in the case of some, their life savings and, in the case of others, a very substantial proportion—their assets in a company which they believed was secure simply because the State Bank had lent to it. These are the kinds of questions that must be asked and answered in open court if South Australians are to have their confidence restored in the State Bank.

Questions of conflict of interest, which are critical to the restoration of confidence in the bank, have been excluded from the terms of reference of the royal commission and placed within the purview of the Auditor-General's terms of reference. The 20 February issue of *Australian Business* put the matter in a nutshell when, in an article by Terry Maher and other staff, it was stated:

The only surprise in State Bank of South Australia's (SBSA) \$1 billion blowout in shareholders' funds is that it has taken so long to surface in all its grisly horror.

This financial and fiduciary disaster has been waiting to happen ever since the share markets went into freefall on 20 October 1987. On that day the face value of the assets backing the injudicious lending practices of institutions such as SBSA during the entrepreneurial '80s were blown asunder by the harsh winds of reality.

That is not the wisdom of hindsight on the part of *Australian Business*. *Australian Business* and *Australian Business Review Weekly* were making those statements two years ago, so the Premier and his Ministers should accuse no-one of hindsight in predicting this disaster with the State Bank. The warnings were given and given again not only in this House but in the financial press and also as talk around town. If anyone is privy to talk around this town it is the Premier and his Ministers and certainly the former Managing Director of the State Bank, as he was seen at practically every function held in Adelaide during his time as Managing Director. *Australian Business* goes on:

The questions that arise are how long South Australian Treasurer and Premier John Bannon and SBSA Chairman David Simmons and group Managing Director Tim Marcus Clark were aware of the deterioration in values, and whether the facts were hidden from South Australian taxpayers and the Reserve Bank.

Earlier in that issue's editorial Mr Trevor Sykes, Editor-in-Chief, maintains that in the past financial year the bank should have reported a whopping loss. He goes on to ask why it took so long for the bank to discover how bad its loans were. He reports the Chairman of the bank as saying the bank would have lost \$412 million in the December half and states that that indicated that up to \$600 million ought to have been recognised as lost before then.

In its annual report to the year 30 June 1990 the SBSA showed net assets of \$1.3 billion, giving it a capital adequacy ratio of 9.1 per cent, which is well above the Reserve Bank's 8 per cent requirement. As I have stated in this place previously, the value of the bank's assets is only to be judged on the value of those assets under times of economic stress. It is quite clear that we were in times of extreme economic stress, yet the bank's assets were not revalued to take account of that. Mr Sykes continues:

The SBSA also reported an after-tax profit of \$24.1 million, but this was regarded dubiously as it included a \$24.5 million tax



credit. Analysts pointed out that the bank had really made a small loss. In truth, the bank should have reported a whopping loss.

That critical factor is not covered in the terms of reference of the royal commission established by the Government. As well as the nature, extent and adequacy of the communications between the Government and the bank we should be asking about the nature, extent and adequacy of the bank's loan assessment procedures and the manner in which its accounts were presented to the public. However, that is not there and will not be part of the royal commission. I submit that on those grounds the commission is inadequate.

I refer again to the Minister's statement to the House outlining the terms of reference of the royal commission and the Government's intention to introduce this legislation. The Minister stated that Mr Sabatini of J.P. Morgan advised that there are significant risks to the ongoing operations of the bank in holding a full public royal commission into the bank's operations. He also stated that Mr Nobby Clark, the new Chairman of the State Bank, had expressed his concerns at the impact of the royal commission. I point out that the goals of bankers are very different, as they must be, from the goals of legislators or representatives.

The role of the Opposition is to determine how this all happened, why the Premier allowed it to happen and how implicated the Premier is in the fact that it did happen. Until those questions are answered the cold rage that is governing people out in the community will continue to operate. It will continue to choke with anger people whose small businesses have gone down the drain and who have to be accountable for that. They cannot take \$1 million in salary payments and superannuation and other benefits and just walk off in comfort to another State. They cannot remain in their jobs, as the Premier is doing, taking his salary, exercising his power and continuing to fulfil his role. These people are angry: they have gone bankrupt, and they want to know the reasons why. They want someone to be answerable and they want someone to be held accountable. Many of them feel that the way this royal commission's terms of reference have been established means the whole truth, as it should be known, can never be known, because the Government, in its alleged concern not to jeopardise the operations of the bank, is giving quite undue weight to its real political concern not to jeopardise the future of the Government.

I have very grave doubts about the royal commission's terms of reference. I regret very much that the Government did not see fit to adopt the Opposition's suggestion that there should be three commissioners: one with judicial experience, one with financial experience and one with banking experience. I believe that had that occurred, and had those commissioners been drawn from interstate, an entirely different perspective of the affair would have been more readily possible, and that perspective would have been likely to throw a far more penetrating spotlight on where the responsibility for this whole debacle lies. The actual provisions of the Bill are obviously necessary, and the Opposition supports it, but I again take the opportunity to condemn the Government for its deliberate narrowing of the terms of reference of the royal commission.

**The SPEAKER:** Before calling on the next speaker, I would like to inform the House that there are certain rules with respect to this type of debate. Any reference to the operation of the royal commission, or anything that presumes an action of the royal commission, may be considered out of order. Before calling on the member for Murray-Mallee, I draw the attention of the House to that matter.

**Mr LEWIS (Murray-Mallee):** The sensitivity and the softness with which you made those remarks, Mr Speaker,

made it difficult for me to hear what you were saying. That is not meant as any disrespect to you, Sir, and I am sure that, if my remarks transgress the boundaries you have just defined, I will have it sharply drawn to my attention. I mean no impertinence by implying that you should do that. First of all, before specifically addressing the substance of this measure, I wish to draw the attention of the House to the basis, in antiquity, for royal commissions as opposed to other commissions of inquiry.

From a cursory glance at the volumes available in our library, I am unable to find any precise statement of when the first commission from royal decree was established, or its purpose, though they clearly go back in Westminster well over two centuries. I am not sure how the term 'royal commission' first came into existence. What we know of it from recent history is that it provides us with the means of making thorough inquiries into a subject of public concern.

Let me read from *A Dictionary of Politics*, published, in about 1970, by Walter Laqueur. With respect to a royal commission, it states:

A special committee of investigation appointed by the Crown on the initiative of Parliament. It is intended to be non-partisan—members may include MPs, Government officials or private individuals—and is appointed to gather evidence both from experts and from the general public. A royal commission can have several purposes: it may provide background information for major reforms and it may also be a result of public pressure on a controversial issue and a means of postponing a decision. It provides a substitute for specialist parliamentary committees and differs from an ordinary commission of inquiry—

and this, I think, is the important thing—

in that it enjoys more prestige and its inquiries may last several years.

As an aside, I hope this one certainly does not. It continues:

The royal commission may make legislative proposals but the Government has no obligation to accept them.

Notwithstanding that view from *A Dictionary of Politics*, the *Macmillan Dictionary of Australian Politics*, second edition, by Dean Jaensch and Max Teichmann, states:

In general, a commission is a command or an instruction to perform certain duties. Hence Parliaments in Australia regularly commission inquiries into various subjects or commission actions to be carried out.

As far as royal commissions go, we find further in the text:

On some occasions, especially on major political issues, the Government may establish a royal commission. Such a group of people have wide powers of inquiry and have the power to subpoena witnesses. Two such recent commissions were the Royal Commission into Australian Government Administration and the Royal Commission into Human Relations. The reports and recommendations of both constituted no less than five volumes.

At the time of publication of this book—in 1979, and it was republished in 1984—the remark was made:

Other royal commissions in process in 1983 promise to exceed this report length ten-fold, and they are already having greater political impact. The Hope royal commission into the Combe-Ivanov affair, the Stewart royal commission, the Costigan royal commission which began with a focus on the Ship Painters and Dockers Union and discovered the 'bottom of the harbour'—

I wonder what we will discover with the royal commission currently about to begin in South Australia—

and other commissions, Federal and State, have kept politics on the front pages almost every day. One point should be emphasised—a royal commission reports to Parliament, and hence it is the Government which decides what, if any, action will be taken.

Having made those remarks—and I was disappointed that I was not able to get a more explicit statement about the way in which a royal commission evolved from the day on which it was first established in history—I am compelled to comment that in general these days royal commissions are still commissions which have more power than any other. A royal commission gives us in our social policy decision-making process powers of inquiry to determine

exactly what has happened and why; and in the process it analyses what changes may be made to avoid any undesirable events or processes which were discovered. Such recommendations, as has been pointed out by authorities greater than I in the volumes to which I have referred, are not necessarily accepted by the Government of the day.

I hope that any such recommendations as may arise from the commission about to begin work in South Australia are not ignored. It needs to be remembered that at the time these inquiries were first established and indeed used in this country, their commissions would only have needed to extend to the limits of the State borders or, after Federation, where they involved matters relevant to the interests of the nation, to national borders.

*Members interjecting:*

**The SPEAKER:** Order! There is far too much noise in the Chamber. The honourable member.

**Mr LEWIS:** Therefore, it was never necessary for Parliaments or Governments in establishing royal commissions to contemplate extending their capacity to obtain information and interview citizens beyond the realms of their jurisdiction. Modern technology—rapid transportation and communications systems as part of that phenomena—now make it necessary, and not only necessary but imperative, that we do so. It has gone well past the point of being desirable to that of being necessary and imperative.

Therefore, it is appropriate for us all to give this legislation speedy passage through this House and the Parliament. The Bill will provide us with the additional range of access for our royal commission in its attempt to discover the thing that we have set out for it to discover, to analyse those events which have taken place and which we have decided it ought to analyse, and to recommend, having done that work, what might be done in future to avoid any unfortunate and undesirable consequences that might have arisen from those circumstances, events and actions.

It is a pity that the overall inquiry of the commission cannot be adequate to satisfy those aspects of the whole circumstances that clearly do need careful analysis in the public domain. It is a pity that the alternative available to us will not be in the public domain, because by some measure that will mean that the public will not know the full truth. In so far as the recently issued terms of reference given to the commission to examine the State Bank question go, I am sure that inquiries will be complete and thorough, competent and relevant. That is not in question. What is in question is why the Government has refused to extend them to the point which those of us sitting on this side of the Chamber regard as appropriate.

In consequence of that refusal, the people of South Australia will be the poorer from the exercise, since more information than will otherwise be disclosed could have been disclosed. Turning slightly from that question to perhaps analyse the reasons for it, one is compelled to place on record one's belief that the Government is attempting to pursue the maxim that you should not ask a question—and that means in this instance that you should not give a commission terms of reference—to which you do not already have the answer. But all Governments do that if they can get away with it, and it is to be deplored. One can only, and indeed I can only, come to the conclusion that the Government has a lot to hide—not just something, not just a few things, but a great deal—since so much of what could have been examined for the benefit of the public cannot be examined unless the terms of reference are to be extended.

In so far as being able to procure information, examine witnesses and require people to attend from outside South Australia is being facilitated by this Bill, we must support

it. We could not otherwise have anything like a reasonable assessment of what has occurred without doing so. It is to be expected now that other Parliaments in this nation will follow suit and extend, if they have not already done so, the powers of royal commissions established under their statutes to obtain such information from outside the geographic domain of their responsibility.

If the Government has, as I suspect, chosen to restrict in other ways through the terms of reference the ambit of the inquiry of the commission just recently determined and established, it is a sad day for South Australia, because we will not be able to root out any source of problems that has existed in the past and caused the problems identified, and we will not be able, in consequence of identifying problems, to devise means of ensuring that they cannot arise in the future. As my Deputy Leader said when speaking for the Opposition on this question, corruption need not necessarily mean individuals or a body corporate receiving payment for something that they or it had no right to obtain. Corruption can take on many forms, and it only needs to be a diversion of public interest and public money, for instance to purposes other than those purposes for which it was intended to be used, for it to be valid to say that corruption has been part of that process, if not at its base.

**The Hon. B.C. EASTICK (Light):** I support the Bill. I believe that I am the only member of this Parliament who has had a royal commission taken against them and who has been in a situation not dissimilar to that in which the Premier currently finds himself. I was very much on the periphery, as the Premier would hope he will be, although one would suspect that he is much more involved because he was the Minister in charge.

It is extremely important in terms of the Royal Commissions Act and the powers given to the royal commission that it is able to take such actions as can get to the truth, but more particularly the whole truth. If in passing this Bill we will allow it to get to the whole truth by taking some evidence confidentially, that is reasonable.

I make the point that, in regard to the royal commission in which I was directly or indirectly involved myself—whichever way members want to take it—we had a Government that was so sure that it was right that it intended to take the then Leader of the Opposition apart by calling a royal commission and getting a result that would be to the regret of the Leader of the Opposition. In actual fact, it worked out that the public servant involved had misled not only his Minister but also the whole of the Cabinet, because it was the whole of the Cabinet that made the decision to hold the royal commission. The royal commission, having found that the public servant had misled his Minister and the Cabinet, was then constrained to take the matter further and find out the whole truth.

The royal commission was able to find that there had been misconduct on the part of the public servant, and was able to take evidence on a number of other matters, but it was constrained by the very narrow terms of reference that had been given to it by the Government. Whilst the public servant did not get off scot-free, all the facts which he could have made available and which could have advantaged the Government, no matter which Party was in charge, as to the manner in which such sensitive matters as inside knowledge need to be carefully monitored and extremely carefully used by Ministers or public servants, were not made known to the royal commission because the terms were narrow. It is all very well to turn around and say, 'but we have said that the Royal Commissioner can seek to have the terms extended to follow up information that is not otherwise

available or cannot be fussed out by virtue of any narrowness of the terms of reference.'

Like the Government, the Royal Commissioner in the case to which I have adverted—and this is no reflection upon the Royal Commissioner—might well have imagined that the whole thing was not of great consequence. The purpose for which it was designed was torpedoed by the Government's own lack of savvy when it looked into the matters before looking into the royal commission. It might have been believed that there was no need to get to the whole of the truth.

So, I most certainly support the Bill before us, albeit recognising that it will take away from the public view some quite vital issues. I would be very concerned, however, if in the end the report that is brought down by the Royal Commissioner does not contain any clear indication of the impact and the import of the information that is obtained in confidence, not by naming names and not necessarily by suggesting that action be taken to take any individual to the courts or to censure them in some other way because of the nature of that confidentiality, but I would like to believe that the Royal Commissioner's report will give full credence to the information which was obtained *in camera*, so to speak, and which has an impact upon the results of the royal commission.

I suggest that at this stage there is no great value in seeking to put forward amendments to ensure that certain evidence does become available. I have great regard for the person or persons who have been made the royal commissioners in the current case and I would most certainly expect them to go back to Government as a matter of course and to seek an extension of their terms if there were an iota of a question in their minds as to their ability to function on the terms laid down by the Government.

The calling of a royal commission is a very serious business; it is not one that should be hampered, watered down, or diluted in any way whatsoever by a Government running cold or by a Minister's failing to heed a request that could be made by a Royal Commissioner. I would like to believe that in the passing of this measure this afternoon we are setting worthwhile and necessary qualifications on this occasion, and that the message that goes to the royal commissioners from this Parliament is very clear: that there is a job to be done; it needs to be done without any favour to any man or woman; and it is a job that requires a major statement at its end so that the State of South Australia never again finds itself in the parlous circumstances that exist at the present moment.

**The Hon. G.J. CRAFTER (Minister of Education):** I thank the Opposition members who have participated in this debate and for their indication of support for this important measure that is before the House. I note that the Deputy Leader of the Opposition has foreshadowed amendments to a related measure, which we will consider following the passage of this measure. I comment only briefly on the matters that have been raised, as there is no intention (as I have read the contributions to this debate) on the part of the Opposition as to the matters under the Bill. The Opposition has once again chosen to create an argument—indeed, a fictitious argument, in the view of the Government—that the terms of reference are inadequate and that the Government is attempting to 'cover up' (to use the words of the Opposition) matters relating to this royal commission and to exclude the inquiries that have been established from getting at the truth.

In fact, nothing is further from the truth and, in the debates that have taken place in recent weeks in this place,

those matters have been fully answered. Indeed, with respect to the matter of off balance sheet companies, which was raised again this afternoon, I refer to the comments I made in the debate in this place last week. I indicated to the House that I believed the Opposition has simply chosen to ignore the facts of this matter. In fact, the measures that we have before us put beyond doubt the ability of these inquiries to encompass off balance sheet companies and entities into the purview of the investigations that have been asked of the Royal Commissioner and of the Auditor-General. As I said in the statement that I gave to the House last week:

An investigation pursuant to section 25 is into such matters as are determined by the Governor relating to the operations and financial position of the bank group. Although the term 'operations of the bank group' would encompass a very wide range of matters relevant to the investigation, questions of legal interpretation might arise as to the scope of the investigation. In that event, it is intended that there be power available to make a regulation spelling out the operations of a particular company, entity, trust arrangement or any other arrangement, form part of the operations of the bank group. This measure will ensure that, in the event of a doubt arising, arrangements or entities not included on any of the bank group's balance sheets can nonetheless be included in the investigation.

I went on to say with respect to the royal commission:

... the operations of the bank are defined by reference to the definition contained in the State Bank Act. The royal commission will therefore have the power to examine off balance sheet companies to the extent necessary under its terms of reference.

I refer to my comments on 5 March in my statement to the House, to the undertaking that the Government had given which, I noted, the member for Light casually dismissed a moment ago. I repeat: the undertaking that the Government gave. The Government will, of course, be receptive to any recommendations if, during the course of his inquiries, the Commissioner forms the view that the terms of reference should be expanded or otherwise changed. Further, in relation to the matter of secrecy raised by the most recent Opposition speaker in this debate, I quote again from my statement of 5 March:

While the investigation of the Auditor-General will be undertaken in private, the Government intends to release the recommendations, findings and any other material which is not considered confidential to the bank or its customers. Interim reports are expected from the Auditor-General as soon as six months.

One should relate that statement to the terms of reference of the Royal Commissioner, No. 3 of which states, in part:

... in the light of such report—

that is, a report of the Auditor-General—

and such further material as you consider it appropriate to receive, whether before or after receipt of the Auditor-General's report—

So, clearly there is a built-in relationship between these two inquiries—that of the Royal Commissioner and that of the Auditor-General—that is clearly defined in the terms of reference. In the instructions to the Royal Commissioner, term of reference No. 5 states:

You may seek information, including relevant documents and records at any time from the Auditor-General, prior to the receipt of his report, relating to the matters falling within these terms of reference and, may seek and receive an interim report from him on any such matter.

Clearly, that dual inquiry and the relationship that has been established for it—and, indeed, the flexibility that is built into the terms of reference and the instructions to both the Auditor-General and the Royal Commissioner—allow for the most thorough of inquiries, avoid duplication and, most importantly, maintain customer confidentiality and the appropriate proprieties with respect to ongoing operations of the State Bank.

In its contributions, the Opposition has, once again, simply set aside—and, I would argue, recklessly—consideration

of the ongoing operations of the bank. It has not given weight to statements by such people as the new Chairman of the bank (Mr Clark) or the consultants that were brought in to investigate the bank's operations (J.P. Morgan). Both of those eminent authorities have given very stern warnings to the Government about the nature of the inquiries that we have embraced and warned us that these inquiries could have disastrous effects on the ongoing viability of the bank if they are not dealt with in a sensitive and responsible manner. The Opposition's blase attitude toward the formulation of the terms of reference of the royal commission and, indeed, its simplistic approach of wanting to amalgamate the functions, in large part, of the Auditor-General and the Royal Commissioner would simply, in the view of the Government and I think of all reasonable and informed observers, be an irresponsible course of action.

It is for that reason that this measure and the following State Bank measure are before us, so that there will be an effective inquiry into the operations of the bank so that we may learn from what has happened and correct our legislation, our administrative structures, our reporting mechanisms and our accountability to this place and to the general community for the operations of this important financial institution. The Government wants to see that done in a most effective and responsible way and it believes that this measure before us is the most responsible way of achieving those stated aims.

Bill read a second time.

In Committee.

Clauses 1 to 4 passed.

Clause 5—'Issuing of summons or warrant by magistrate.'

**Mr S.J. BAKER:** Concern has been expressed about the capacity of the royal commission to delve into matters and to require answers from interstate and overseas. Given that this measure attempts to link this matter with the Commonwealth Service and Execution of Processes Act, will the Minister outline the extent to which the royal commission will be able to call witnesses to this State or to go interstate to interview such witnesses with the full powers of a royal commission? Secondly, will the Minister provide information as to how the royal commission would operate in places such as New Zealand and New York?

**The Hon. G.J. CRAFTER:** The application of the Commonwealth Service and Execution of Processes Act was explained in the previous debate. Provision has been included to allow the royal commission to seek a summons from a magistrate requiring the attendance of a person or persons before the royal commission to answer questions, produce documents or do both. The royal commission will also be authorised to seek a warrant from a magistrate directing authorised persons to apprehend any person failing to comply with a summons—and penalties for that offence are provided in the measure before us.

This measure reinforces also existing royal commission powers by enabling the provisions of the Commonwealth Service and Execution of Processes Act to be relied upon to enforce attendance of witnesses located interstate. So, on the advice available to us, it is very clear that the royal commission has the authority to require persons resident in other States or Territories to appear before it or to produce documents and other evidence required by the royal commission.

With respect to the calling of witnesses from overseas, the cooperation of the Federal Government is required as this matter lies within the powers of the Federal Government, and obviously that cooperation will be forthcoming. It also relies upon the cooperation of the authorities in the country whence that person is required to attend. For exam-

ple, if the person concerned was domiciled in New Zealand and all the information that needed to be covered was in that country, that would require the cooperation of the authorities of that country. Obviously, one would expect that in a country such as New Zealand there would not be any difficulty in obtaining the support and degree of cooperation necessary to see that justice is done in those circumstances.

**Mr S.J. BAKER:** The Minister said that it is only a matter of issuing a warrant. Provided the royal commission swore out an affidavit, could the commission ask any person on Australian soil to present themselves before the commission or is there an element of discrimination in relation to what is or is not accepted? When we are dealing with witnesses interstate, does it purely take the fact that there has been a royal commission set up and an affidavit sworn by a responsible person of that commission to give sufficient weight to allow the service and due process of a warrant, or can some element of discrimination be used in jurisdictions outside this State?

**The Hon. G.J. CRAFTER:** No, the law is well settled in this area. It is not simply a matter of going to the Melbourne Cricket Ground and summoning a certain class of people to appear before the Royal Commissioner—it must be based on some criteria. The measure before us provides for the magistrate to be satisfied that there are reasonable grounds to believe, etc. So, that lies within the discretion of the magistrate as, of course, do other such warrants that need to be applied in other areas of the law.

**Mr S.J. BAKER:** I presume that the royal commission cannot, for example, demand of a New Zealand national on New Zealand soil the providing of evidence, but can the royal commission through its relationship with the Federal Government, and its relationship with the New Zealand Government, obtain some form of documentation on matters pertaining to the issues that we have before us, namely, the very large investments in New Zealand in bankrupt enterprises?

**The Hon. G.J. CRAFTER:** Each matter of this type needs to be considered on the nature of the evidence that is being sought and on the circumstances in which it is being sought. As I have said, it depends on the cooperation of the authorities in another country and on the law that is established in that other country. However, as I said earlier, I would think that an inquiry of this type would receive very readily the full cooperation of a Government of a country like New Zealand.

Clause passed.

Clause 6—'Orders in relation to evidence, etc.'

**Mr S.J. BAKER:** Members would appreciate that the restriction on a royal commission under section 16a was first introduced in Bill No. 80 of 1980. Section 16a provides a capacity for the commission to determine what matters should be restricted and what matters should not be restricted. I shall read the provisions of section 16a into *Hansard*, because I believe they are important:

(1) Where the commission considers it desirable to exercise powers conferred by this section in the public interest, or in order to prevent undue prejudice or undue hardship to any person, it may, by order—

- (a) direct that any persons specified (by name or otherwise) absent themselves from the place in which the commission is conducting its inquiry during the whole or a specified part of the proceedings;
- (b) forbid the publication of specified evidence, or of any account or report of specified evidence, either absolutely or subject to conditions determined by the commission;

or

- (c) forbid the publication of the name of—
  - (i) a witness before the commission;

or  
(ii) a person alluded to in the course of the inquiry, and of any other material tending to identify any such witness or person.

(2) The commission may vary or revoke an order under this section.

(3) A person who contravenes, or fails to comply with, an order under this section shall be guilty of an offence and liable to a penalty not exceeding two thousand dollars or imprisonment for six months.

Further, subsection (4)—which is the one we are removing and the critical part, provides:

This section applies only in relation to the Royal Commission to inquire into and report upon allegations in relation to prisons under the charge, care and direction of the Director of the Department of Correctional Services and certain related matters.

So, that provision in the 1980 legislation applied to one royal commission, and one royal commission only—the royal commission into prisons. For the other 96 royal commissions, as far as I am aware this provision has never applied. Can the Minister confirm or otherwise this proposition?

**The Hon. G.J. CRAFTER:** Unfortunately, I do not have the information with respect to the other 96 royal commissions and do not know whether any special arrangements were arrived at with respect to those—although I am aware of the circumstances in respect of the royal commission to which the honourable member refers. I can say, however, that this provision is not dissimilar to a provision that applies in all the courts, every day of the week. This relates to comments that I made earlier in this debate about the need for confidentiality. Indeed, all members should note the undertakings that have been given with respect to the reporting processes. The matter of publication of information, to which I referred earlier as well, should also be put into its proper context. It may be appropriate for the royal commission to go *in camera* or to exercise these powers in certain circumstances, as that is part of the process that applies. Of course, there are the ultimate reporting responsibilities which ensure full public disclosure of all the relevant information with respect to the conclusions that the royal commission brings down.

**Mr S.J. BAKER:** It seems as though it has been good enough for 96 other royal commissions (and this includes the more recent ones) to have no restraint on the way that they operated, while now we have another restraint on the way that the Auditor-General can operate, in terms of the amount of material that can be published, and we also have a restraint on the royal commission in the way that it can operate. In relation to the Opposition's claim of it looking awfully like a cover-up, I remind the Minister that, because of the way the jobs have been dealt out between the royal commission and the Auditor-General, there is a grave fear on the part of the Opposition, and I suspect on the part of anyone with any understanding of what is going on, that indeed the truth will never come out in this inquiry.

The royal commission obviously needs some form of discrimination—although, as I say, it has not been necessary for most of the royal commissions we have had previously in this State. If it was good enough for them, why is that not good enough for us now? One can sustain the argument in relation to prisons, because of the potential for abuse within the prison system in relation to a person giving evidence before a royal commission that would reflect on their fellow human beings in the prison system or on the warders in that system, or indeed on the administrators. I can understand that there could be huge problems with bastardisation of anybody within the system.

In this case, however, there is an overwhelming need to have matters brought to the surface. The Auditor-General is allowed to make public only certain matters; in fact, he

has to refer his contribution, if you like, to the royal commission. It is perhaps likely that the public may not get much out of this whole royal commission, and this is a concern. It may well be appropriate for the royal commission to undertake certain investigations, which do not require witnesses, behind closed doors; but once we get into the public arena and the hearings, I believe that they should be open, the public should be free to visit and they should be freely reported on.

I do not hold to the view that the hearing of evidence of witnesses before the royal commission could cause a run on the bank. If anything, it may well strengthen the feeling of people that something positive and constructive is being done and that those responsible are being brought to justice. With these present proposals, we run the risk of hiding too much and revealing too little and of reaching a point where no-one will have confidence in the royal commission's report, because it will be perceived to be a synthesised set of thoughts and recommendations that bear relevance only to the ultimate product and not to the circumstances and to the major players.

I think that the Government is using this as a device to absolve itself of blame. The Minister may say that I am making a political point, but I point out strenuously that, if it has been appropriate for all those previous royal commissions to operate without a secrecy provision, why should not the current royal commission operate similarly? If it wishes to conduct further investigations outside and away from the camera, it has all the opportunities to do so. It need not report on those matters. It is not required to. However, if it is interviewing witnesses, given that this is a matter that needs public airing and satisfaction, I would stress, as I have stressed previously, it is important that the inquiry be as open as humanly possible. This provision does not allow that.

**The Hon. G.J. CRAFTER:** What the honourable member says is simply nonsense. The true intentions of the Opposition in arguing in the way in which it does were revealed in debate last week when the member for Bragg, with respect to the terms of reference given to the Auditor-General being transferred to the royal commission, said:

What we are really saying is just one thing, that is, that some of the Auditor-General's terms of reference should be transferred into the public arena.

That clearly is the intention of the Opposition. Quite clearly it is not concerned with the ongoing well being of the bank or with client confidentiality with respect to the operations of the bank. Indeed, one can draw the conclusion that the future well-being of the bank does not rate as a high priority, despite the rhetoric we have heard this afternoon from some members in their contribution to this debate. Simply, that is a reckless attitude for the Opposition to adopt. It may be of short term political gain, particularly when clothed with the argument that this amounts to a cover up or some other devious intention. To advance that argument simply casts aspersions on the Royal Commissioner and the Auditor-General as they have the fullest power and authority to embark on possibly the broadest inquiry ever undertaken in this State.

If one can justify this power of a royal commission to operate *in camera* in certain circumstances—for example, with respect to the protection of the rights of prisoners—we ought to be able to apply it in this circumstance to something that relates to the well-being of the heart of the economy of this State, the jobs of tens of thousands of people, the viability of many valuable institutions and business organisations and the well-being of many people affected indirectly by economic activity in this State. I would not have thought that there was much difficulty in transferring

that argument, as the honourable member said, to the House. The honourable member could certainly justify it with respect to the royal commission into prisons in this State, so it can also be argued that it is equally applicable to a royal commission of this importance.

**Mr S.J. BAKER:** The Opposition did not create this problem for the State: it is directly the responsibility of the Government, which has mismanaged the State for the past eight or more years. It is not good enough to say that by opening up this matter it will reflect on the bank and affect the economy or that it is the responsibility of the Opposition, as that is patently incorrect. If the Minister wishes to have the bank cleared, to have aired all those matters that would cause concern to people, I suspect that we need the hearing to be as open as possible. The point has been made time and again that the more that happens behind closed doors the less people are satisfied with the ultimate result. I have made the point before and do not need to make it again.

Clause passed.

Clause 7 and title passed.

Bill read a third time and passed.

#### STATE BANK OF SOUTH AUSTRALIA (INVESTIGATIONS) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 5 March. Page 3219.)

**Mr S.J. BAKER (Deputy Leader of the Opposition):** It is appropriate for the Opposition to support this Bill with the amendments placed on file. We will use this opportunity to detail a few of the events that have unfolded over the past two years. With the Royal Commissions Bill we restricted ourselves to the terms of reference, but here it is absolutely vital that the Auditor-General, who will be examining the books and determining how well the State Bank has conducted its affairs, is well aware of the feelings of Parliament with respect to the way that those investigations are undertaken. That is no reflection on the Auditor-General, as I believe him to be a very capable person.

I have previously expressed reservations about the extent to which the Auditor-General can range over the same breadth of activity as the royal commission and require answers in the same vein as the royal commission. It is appropriate in the debate on the State Bank provisions, which widen the breadth of the investigation, to ensure that the Auditor-General can pursue matters associated with the group, that we concentrate our mind on what it means to lose \$1 billion. It starts to roll off the tongue and after a while people become quite blasé about the fact that the bank has lost \$1 billion. It brings with it huge ramifications.

Earlier today we discussed clean water and the fact that we have difficulties with our water supply. Tests conducted by a national authority reveal that we have the worst drinking water in Australia. The Minister of Water Resources refutes the fact that we have a problem and maintains that everything is in order. She says that there is not a major problem. However, one of her officers states that it will cost \$400 million to fix up the infrastructure. Another officer states that we will have to close one of our reservoirs as it is beyond repair. We know what \$1 billion could have done for our water supply. We could have provided South Australia with clean water for the next 50 years—in fact, we could have done it twice. With \$1 billion we could have provided clean water for the majority of South Australians, particularly those living in the Adelaide area or major towns,

for many years to come. That would have been a worthwhile objective, but we do not have that \$1 billion.

Alternatively, we could have bought or constructed 12 000 houses. The Housing Trust could have put together 12 000 or more houses, depending on where they were built, for the population at large. The 45 000 or 48 000 people on the Housing Trust waiting list would have been overjoyed at the prospect of having a house in which to live rather than the back seat of a car or a caravan. We could have fixed up our rail system so that it was fast and efficient, and that would have cost only a small proportion of that \$1 billion. If our passenger trains operated in the metropolitan area as they do in many countries around the world, with capital infrastructure that would entice people to use the railways, the ongoing cost of maintenance would not have been the huge drain it is currently. The high capital cost could have been easily met with \$1 billion, and the ongoing costs would have been reduced dramatically.

So, a billion dollars would have been more than handy for our transport system. Just think what a boost it would have given to our employers and employees around this State. If we look at items such as payroll tax, FID, land tax and a number of other taxes being paid by businesses in this State, we know that we could have probably given a two-year tax-free haven to those people who are suffering. Just think what an impact that could have had. Just think what it could have done for South Australia: a \$1 billion windfall for the employing population of South Australia, rather than the prospect of a huge increase in taxes and charges over the forthcoming years to make up the costs required to service that increased debt.

Let us reflect for a while on what it would have meant for those people who are now unemployed. We have joined the 9.3 per cent unemployment band; the next figure will be of the order of 10 per cent; and it will continue to go higher from there. What about the people who wanted a job in this State and who would have received the opportunity because the cost in this State would have been far less than it is interstate—and it may be far less than it is overseas—if we had been able to give a windfall gain to the employing population of this State? Just think of the rural population and what it could have done with \$1 billion. We could have eased some of the cost burdens it faces today.

**Mr Blacker:** We could have paid off the whole rural debt.

**Mr S.J. BAKER:** Indeed, as the member for Flinders said, we could have paid off the whole rural debt and we could have had a rural community facing the future with a great deal of capacity to perform, unlike the problems they are facing today. It does not matter what field of endeavour we look at: what would \$1 billion have done to the enterprises and the people concerned, whether it be in the welfare sector, the producing sector or the building of motor cars? Think of the tax incentives that we could have given to make the motor vehicle industry more competitive with interstate and overseas. Also, we could have had quite a dramatic impact on people such as small business operators and their ability to perform and export overseas. However, we do not have that capacity, because the State Bank and the Treasurer of this State have seen fit to throw away at least \$970 million.

What about the future plans for this State? The Premier has made a great deal of effort—sometimes approaching rhetoric, but at least he made the right signals—to attract investment to this State. He has placed a great deal of store on items such as the Commonwealth Games and the MFP. What happens if the capacity of this State to provide infrastructure for those two very significant items is reduced



because there is not enough money to go around as a result of the servicing of a \$1 billion debt? What will the Premier say then about his leadership of this State? How the heck could he have let this happen when there is so much at stake in South Australia and he did not even bother to check? To my mind what we have seen is, at the very least—and the least charge we can aim at the Premier—a pitiful performance and a complete lack of determination to fulfil the obligations of his position.

I will remind the House, because we are dealing with the State Bank Act, that the Premier had adequate opportunity to intervene under the Act. Members would know that section 15 of the Act gives the Premier the right to put a proposal to the bank. It would be a very strange bank indeed if it refused to take notice of any propositions from the Premier.

**The DEPUTY SPEAKER:** Order! I remind the Deputy Leader that he must take notice of Standing Orders in relation to the matters that are before the royal commission.

**Mr S.J. BAKER:** Thank you, Sir. I was actually dealing with the State Bank.

**The DEPUTY SPEAKER:** It was the royal commission, as I understand it.

**Mr S.J. BAKER:** I think it is important that the capacity of the bank and the calling of the Auditor-General, as a result of indiscretions or the lack of good management, need to be fully canvassed in this debate. I remind the House of the responsibilities of the Treasurer in this State as the person ultimately responsible for financial matters, not only in the way in which taxes are laid down but, of course, as the person responsible for the way in which revenue is gathered. Of course, over the years the State Bank has been a significant contributor of revenue to the Government coffers. We may well decry the fact that it has not been a better contributor but, nevertheless, its contributions were important. For example, I note that Marcus Clark, the former Managing Director of the bank, made the point that the bank should obtain a return on equity of the order of 15 per cent—in fact, he said a minimum of 1 per cent on all applied funds.

The State Bank never met that target. However, in terms of what it contributed to the budget, it was important. The budget input for 1984-85 was \$7.4 million; in 1985-86 it was \$19.1 million; in 1986-87 it was \$40.1 million; in 1987-88 it was \$38.8 million; in 1988-89 it was \$41.1 million; in 1989-90 it was \$17.1 million; and, of course, it is zero this financial year. In fact, we have a negative return this year because \$970 million has been pumped into the bank. I seek leave to have a table of the State Bank's performance inserted in *Hansard* without my reading it.

**The DEPUTY SPEAKER:** Is it purely statistical?

**Mr S.J. BAKER:** Yes, Sir.

Leave granted.

*SBSA Profit of \$970 m Loss*

A	B	C	D	E
Financial Year \$ m	Taxpayers' Capital \$ m	Pre-Tax Profit \$ m	Distribution \$ m	Budget \$ m
1984-85	208.2	37	18.4	7.4
1985-86	298.6	41	22	19.1
1986-87	586.1	52.1	31.3	40.1
1987-88	869.5	69.5	46	38.8
1988-89	884.3	97	88.1	41.1
1989-90	919.7	(-0.4)	24.1	17.1
Sub total:		296.2	229.9	163.9

**Mr S.J. BAKER:** Over the past six years the State Bank has directly contributed to the budget and the health and well-being of South Australians to the tune of \$163.9 mil-

lion. That is a far cry from the \$970 million which is needed to bail it out. I suspect that, if we went right back through the records in respect of total direct contributions to the State Government over the lifetime of the bank, we would not even reach \$970 million. Putting this into perspective in terms of the total contribution of the State Bank—that is, the profit paid into the State coffers—and leaving aside the other taxes which are paid *pro forma* to the Treasury, because that is not an issue, the damage that has been wrought in the space of three years has almost wiped out the total contribution of the bank over its long and previously healthy lifetime. That must be of serious concern to everybody and not just those people directly associated with the bank.

A number of old State Bank or Savings Bank people, who had a great deal of pride in the bank, have contacted me to express their horror at the events that have unfolded. They also said that whatever happens, with all the nurturing and effort that they put into the bank, they want those responsible to pay the price because they have damaged the reputation of the bank beyond repair. How could it have happened? The member for Coles has raised questions on a number of occasions. We raised questions of a very general nature in the Estimates Committees over the past two years or so.

We were always aware that if a matter was raised about the State Bank the Premier would resort to ridicule or would in some way suggest that we were trying to upset the operations of the State Bank for political purposes. Even when those questions were of a neutral nature, we had the Premier of this State accusing the Opposition of somehow placing the bank's future at risk.

If he had listened we would perhaps have seen a different outcome. I remind members of what we said, and I go back over the past 12 months. Last year on 14 February we asked a question about the State Bank's exposure to Equiticorp and the National Safety Council. Eventually it was revealed that the exposure to both those organisations was considerable. Somewhere in the back of the Premier's mind should have been the question: 'There are two exposures that have affected the State Bank. A lot of other bankruptcies are taking place in Australia. To what extent is the State Bank being affected by events other than the ones that prevail here in this State, perhaps more so events interstate than overseas?'

Why did not the Premier say, 'I would like some independent advice on this matter.' On 20 February the Premier revealed that there were exposures of \$275 million of bank funds to five other groups besides the National Safety Council and Equiticorp, and there were questions about inadequate provisions. On 27 February last year we asked about the estimates of bad debts and their impact on the budget. If members recall correctly, we found that from a starting base of about \$5 million for bad debts the total started to escalate. Someone within Treasury, or the Premier's Department, or the Premier himself, must have said, 'If I draw a curve through these observations, surely we will be in grave difficulties if this trend continues.'

Why was that not done? Why did not the Premier insist that it was done? Or, was the Premier told of the problems that were emerging and refused to accept that action had to be taken? On 28 March last year we asked about the role of the State Bank in the Remm development. It was obvious to us at that time that it had the potential to be a large loser. On a number of occasions our questions revolved around whether there was a blank cheque on Remm, and who was the holder of that blank cheque. We knew that the State Bank was the holder of the blank cheque because we



had been informed of that. But, in response the Premier again regaled us and said, 'It is one of the great developments of this State. You would expect us to support local enterprise.' I suppose that the bottom line was that the Premier said, 'Don't worry about the costs, they will all be looked after.'

On 3 April the Government's capacity to understand the full extent of the Remm investment and its ramifications for the bank was again questioned. We asked the Premier what action he was taking to avoid difficulty to the State Bank as a result of the Remm project. On 7 August we asked about the provisions for bad and doubtful debts. Then there was the start of the serious matters that had begun to emerge. Still the Premier refused to consider that there was a problem. In the Beneficial Finance situation, the original estimate of the shortage in provisions was about \$200 million, and we saw the resignation of Messrs Baker and Reichert.

Again the Premier said that it was all right; it was not a problem. He said, 'We don't really need to know and, if we do know, it might cause more difficulties, so we won't take the action that is necessary.' On 8 August we asked whether all the major loans of Beneficial Finance had been approved by the board and whether the Premier had requested details on the extent of the group's involvement in property dealings in other States. One would have thought that the Premier would have started to say, 'I smell a rat. I believe that the State Bank Group has some problems that need to be sorted out.' But not our Premier: he did not suggest that at all. He did not get an independent investigator. He did not seek independent advice. He continued on the same path that he had been following for some time.

On 9 August we asked, 'Will the Government continue to run down the reserves of the bank in determining the bank's contribution to general revenue?' This was part of the budget situation; we knew that the State Bank was paying in more than it could afford, because there was no provision for reserves. All its so-called profit, which we now know was really a loss, was being eaten up by a contribution to sustain the budget. We knew—and this is not in retrospect—that the capacity of the State Bank to perform was being reduced by the requirement of the Treasurer that it provide funds to prop up the infamous 1989-90 budget. Members will recall that that budget involved real increases in expenditure of about 3 per cent. It flew against the conventional wisdom of the need to tighten belts. It was a big spending budget, a budget that used up all the reserves that were available through SAFA, and a budget that was there to prop up the largesse of the 1989 election. At that time the State Bank was called upon to make its due contribution, which it could not afford.

On 14 August we asked for the details of the State Bank's contribution to the 1989 budget and the total group's provisions for bad and doubtful debts. We expressed an interest in the comments made by the State Bank Group's Chairman relating to the financial performance of Beneficial Finance and unsecured property exposures. We also expressed an interest in the proportion of the Beneficial Finance exposure to unsecured property and tourism developments in other States and overseas. We questioned whether the provisions were adequate.

All those questions were appropriate and very much to the point. They were all designed to say to the Premier, 'If you have not done something now you should be doing so in a big hurry.' Yet, it still took until September to galvanise the Premier into action. On 15 August we questioned the involvement in the East End site and the extent of exposure of Beneficial Finance to that proposition. We asked why

Treasury was hiding behind the fact that Beneficial Finance was a publicly listed company, which somehow absolved Treasury, the Premier and the State Bank Chairman from reporting on the performance of Beneficial Finance. As members will recall, we were not getting too many answers at that time.

Again we asked on 15 August about the exposure of the group to property deals. On 16 August we asked whether the State Bank should be providing a 15 per cent return on taxpayers' capital, the target that was set by Marcus Clark being 15 per cent on capital and 1 per cent on applied funds. On 21 August we asked about the purpose of the establishment of the infamous Kabani Pty Ltd, and this is when the situation regarding off balance sheet companies started to filter through to the consciousness of Parliament and the newspapers. But again, the Premier saw nothing wrong with the proposition. On 23 August we asked about the bank's non-accrual loans of \$635.2 million, the amount that was known at that point, but of course that sum falls far short of the amount we are now talking about—\$2.5 billion. We asked the Premier what was being done about the \$635.2 million—again, we got no adequate response; again, it did not enter the consciousness of the Premier that there was a problem with the State Bank. We asked him whether he was satisfied that the bank's provisions to cover bad and doubtful debts were adequate under the circumstances. Again, we got either no answers or the answer, 'Yes, there is no problem.' That was the response we got from the Premier on 23 August.

We asked the Premier which major projects were in difficulty and had caused the State Bank's bad and doubtful debts to rise from \$71.3 million to \$218.4 million, and the Premier intended to report. I am not sure that we actually got that response. We asked questions about the arrangements between the State Bank and its subsidiaries, particularly Ayers Finnis. On 4 September we asked about the Reserve Bank supervision of the State Bank's affairs. We heard subsequently that in fact the Reserve Bank did know a little about it and that even in little old Canberra, where people deal only with the financial returns faxed down the line or put through the post, the Reserve Bank looked at the funds and the huge growth in assets and liabilities and said, 'I think State Bank has a problem.' I would think that the State Bank itself, and at least 20 people in the State, would have realised that the State Bank had a problem long before the Reserve Bank, mulling through the figures, came to the same conclusion.

On 6 September we asked questions about the dispute between the State Bank and SGIC, resulting in the State Bank's house and contents insurance business being transferred to Queensland. Whilst it might not reflect on the current debate about the \$1 billion loss, it was just another interesting aspect to an unfolding drama about the way the State Bank was operating its affairs because, again, I do not believe we got satisfactory answers. I know and everybody else associated with it knows that the reason the State Bank moved its insurance business to Queensland was that SGIC would not play ball on another matter and, of course, both institutions are now in deep strife.

On 11 September in the Estimates Committees we asked questions, and that was when, according to his press statements, the Premier finally realised there was a problem. We asked questions such as whether the Treasurer had made any proposals to the bank board under section 15 (4) of the State Bank Act, and of course the Premier had not made any proposals, because everything was working extremely well, according to him. We asked questions about the proportion of the State Bank Group's total loans involved in

property investments in other States, and we still have not received the answers. We asked for details of the South Australian Government Financing Authority capital and loans to the bank and the extent to which the bank's asset base was shored up by those contributions. We asked questions about the anticipated return to the public capital invested in the bank—the people's bank, the people's capital. The Premier could not provide a response.

We asked another question about the extent to which Kabani was being used as a means of escaping public scrutiny by way of its off balance sheet operations. On 10 October we asked the Premier whether he supported Marcus Clark's view that Keating wanted the Federal Government to take over all State banks through the Commonwealth Bank. The situation must have been more than obvious to the Premier, although he kept saying there was not a problem. Right through 1990, the Premier kept saying there was not a problem, and it was only late in the period, in December, that arrangements were made for an independent scrutiny. I would have expected the Premier to stand up for the bank; he would certainly not want a run on the bank or to depreciate the standing of the bank in any way. But I would have thought that with all the questioning that had gone on the Premier would say, 'Hang on, enough is enough. All the financial institutions are suffering problems. Why is the State Bank not in there with them and, if it is in there with them, are we better or worse off than anyone else?' Again, he did not ask those questions.

On 8 November we asked about remuneration packages for Beneficial executives. How could the Premier of this State allow an executive of Beneficial Finance, a company that was on a losing streak for a period of 18 months to two years, to receive \$500 000 a year plus all the other benefits that went with that job? How can major executives in the State be rewarded for bad management? How can any Treasurer allow people to benefit who are tearing this State apart through their mismanagement? Yet, the Premier said, 'Everything is all right; it is according to the strictures of private business.' Even that was untrue.

On 13 November we asked about the remuneration packages of the executives of the State Bank Group. The fact is that the major institutions other than the State Bank publish their remunerations so they are there for everyone to see, but our State Bank does not do so and, indeed, we did not have the answers on that matter before Christmas. We did not know the Premier could not answer that question.

On 14 November we asked about the bonuses that had been paid. On 22 November we asked about the current level of non-accrual loans in the State Bank and whether the Treasurer had made any proposals to the State Bank board to improve administration of the bank's affairs. It was a very timely question, because the Premier again expressed his complete confidence in the Managing Director and the board. On 4 December we asked whether the Premier gave approval to the State Bank's acquisition of the New Zealand United Building Society and Southstate; he could not answer—could not remember. On the same day, we asked about the use of Kabani to bypass terms of the Beneficial Finance 1985 trust deed. It was totally illegal, but the Premier could not answer. We asked another question about why Kabani was the proprietor of the State Bank Centre, but the Premier did not know.

We asked again how many off balance sheet companies Beneficial Finance had, and finally we asked the Premier whether State Bank Group had 58 off balance sheet companies. Again, the Premier, probably coming to the realisation that he had a huge problem on his hands, did not want to know about it; he wanted to hide and take no action

except the private little communications he had with one or two individuals. Indeed, we saw no action like the calling in of independent investigators or financial analysts to look over the bank's affairs until January.

On 5 December we asked why the Treasurer was failing to answer questions about the bypassing of Beneficial Finance's 1985 trust deed. We asked whether Kabani was in a guarantor situation for large loans. We asked about the foreign currency liabilities of the State Bank and we asked about the increase in certificates of deposit liabilities. We asked whether, in view of the emerging problems, there were any plans to close country branches. Again, that was another occasion when we felt that the Treasurer should have increased the urgency of the requirement that an independent scrutiny of the bank's affairs take place.

On 6 December we asked what were the State Bank's likely losses for that year. We also asked the Premier to confirm whether he would again condone the operation of off balance sheet companies. We asked the Premier to give an assurance that those companies were not being used to avoid taxation—of course, we know that they were—and we asked questions about what proportion of the bank's non-housing loans were outside South Australia. We are still waiting for some of those answers.

Again, on 6 December, we asked how the bank was able to revalue property by 86 per cent in the previous year when real estate prices had slumped and when it was a fact that there had been an increase in the assets of the bank. Of course, we found that a fiddle was going on in New Zealand at the time and that there were some artificial improvements in the capital value to somehow justify the extraordinary investment in the New Zealand operations.

We had an interesting dilemma when the Managing Director of the bank came out all guns blazing against the Opposition. I think he was suggesting that some breach of confidentiality had taken place. Of course, that is the worst thing he ever did because what came out in the public arena as a result of that little outburst, that little heaviness with the boots applied by Marcus Clark, was the fact that he is one of the greatest charlatans of this era.

We attempted to get the Premier to be more forthcoming on the matter of the unanswered questions about the operations of Ayers Finnis. On 11 December we questioned the motives of the bank in the way that it was operating. We again asked about Beneficial Finance's trust deed and Southstate where all the losses from Beneficial Finance were being heaped onto the State Bank. Again we asked the question about the beneficiaries of the 58 off balance sheet entities. We had a point of view that as a public company—not even a public company, a company that is vested in the taxpayers and the Government of South Australia—there should never be any need to hide the truth and to hide behind artificial conveniences such as off balance sheet companies. The Premier must have at least got the feeling that there was some substance to the matters being raised by the Opposition.

On 12 December we asked why Beneficial Finance sought NSC permission to reduce its reporting. As members would recall, the level of reporting by Beneficial Finance decreased quite dramatically as a result of its obtaining permission from the National Securities Commission. We asked a question about the connection of Pegasus with the State Bank Group and, in particular, Beneficial Finance.

On 13 December we asked the Treasurer whether he had been informed of the Baker-Reichert leak to Pegasus and whether the Treasurer had been briefed on the group's exposure to Pegasus. We also asked when and why Beneficial Finance executives joined the Pegasus board and

whether bank funds were at risk in Pegasus. We asked whether bank executives had used group off balance sheet companies for personal advantage and whether the Auditor-General would inquire into the group's affairs. We asked why the bank attempted to deceive the public over statements on the resignation of John Baker and we asked the question again: does the bank board and Marcus Clark enjoy the Treasurer's full confidence? At that stage, the Treasurer was starting to waiver. On the last sitting day of Parliament we asked for the remuneration details of senior bank officials and whether the Treasurer would make them public. Our final question for 1990 related to the Myer-Remm project and its exposure.

That is part of the picture that I believe it is essential to put on the record because it displays quite clearly the Opposition's resolve in what was always a very constructive and objective effort to bring to the attention of this Government the problems which we believed were emerging and of which any competent Treasurer should have been aware. Importantly, the matters that have been canvassed here today were an unfolding of events occurring in this State. It is not as though we were the first State to experience difficulties. The Western Australian and Victorian experiences had already been brought to public attention. We were not operating on fallow ground; the ground had been well traversed previously. It was quite evident that financial institutions that did not apply proper controls over their lending procedures were in grave difficulty.

We saw the socialist experiment in Western Australia and Victoria: the way in which money was thrown around in the belief that the socialist enterprise could provide as much capital to Government as could a normal private enterprise system. We saw the misguided nature of dealings in States such as Victoria and Western Australia, and under the previous regime in New South Wales. We had adequate evidence of where the system had gone wrong. We did not need any of those questions by the Opposition to awaken the Government to the problems that could have been created if proper control had not been provided or imposed. Yet, despite the fact that history had already taught a lesson, which we thought had been a strong and comprehensive one, we saw the Premier of this State day after day, week after week and month after month denying that there was a problem and, in fact, shoring up the position of those people who were doing inordinate damage to this State.

So, it is not good enough for the Premier to say when we are dealing with the royal commission, 'We want all these things hidden' or 'We want people to do this job and we have to be very careful.' Why was not the Premier more careful about the way in which he undertook his responsibilities? We are going to be very careful. We do not want the State Bank to be damaged any more than it has been today but, whatever we do with this royal commission and with the Auditor-General's scrutiny of the bank's affairs, we have to ensure that the truth, the whole truth and nothing but the truth comes to bear at the end of the day. To do anything less would damage the future of the bank, such as it is.

We know that the bank will never have the capacity that it once had, but it must be given the opportunity to trade itself out of the current mess it is in. Someone asked whether we would privatise the bank. How could we privatise the bank? How could we possibly even think about privatising a bank that will not recoup the money that has been invested in it? Certainly, today, we would not find a willing buyer for the bank on the open market, even if we thought it was feasible—and it simply is not feasible.

There are not any short-term easy 'fix it' solutions. We are stuck with our State Bank. We have to make it work to its most effective capacity. That is our responsibility, and the responsibility of the Government. It is the responsibility of the Opposition to ensure that this happens. We will ensure that it happens only if all the matters that I have canvassed here today are thrown into the open air for people to look at so that they can believe that changes have taken place and will take place in areas where they have been deficient in the past.

Because the State Bank legislation does deal with the matter of the Auditor-General's scrutiny of the bank's affairs, it is important to understand that the Auditor-General becomes a very powerful person indeed. The responsibilities of the Auditor-General revolve around reporting on all the various aspects associated with the loans that have taken place and the massive increase in non-accrual loans—indeed, the ultimate bad debt associated with the bank and its group.

I have expressed reservations about the capacity of the Auditor-General to report and investigate at what I believe is the appropriate level the matter of involvement of the Premier and Ministers of the Government. I have expressed previously, and again in this debate today, my reservations about the capacity of the Auditor-General to ask questions of people and get the answers in the way that a royal commission can. I do not believe that an Auditor-General has the same level of power as a royal commission has, despite the legislation we are considering this evening. An Auditor-General cannot do the job that a royal commission can do.

That is why the Opposition has tried to insist that certain powers vested with the Auditor-General under his terms of reference be transferred into the ambit of the royal commission, so they can be adequately dealt with there. The powers of requirement of a royal commission are far greater than is the case with the Auditor-General. In Committee, I shall ask a number of questions in relation to matters that the Auditor-General can canvass in the wider world, and not just among those groups of individuals and enterprises that have a direct relationship with the State Bank. Indeed, if the Auditor-General is incapable of investigating matters to the extent that I believe is necessary (and I believe he is), we need to increase the powers of the royal commission.

Whilst I have strong reservations about the terms of reference and the division of responsibility between the two investigations, I have no hesitation in endorsing the qualities and skills of our current Auditor-General and his capacity to get to the truth of the matter, within the range of the material with which he is allowed to operate. However, it is matters at the edge of that material, and the relationships which were formed, the deals which were done behind closed doors, that I do not believe the Auditor-General will have the capacity to investigate. This concerns me a great deal. In supporting the Bill, I indicate that I shall move some amendments in Committee to improve its capacity. Also in Committee I shall be emphasising the point that, unless we do get justice and unless we get to the truth through this investigation, we will have lost a great deal and have gained very little from the exercise.

**Mr SUCH (Fisher):** In the short time that I have available to me, I shall refer to a couple of aspects of the State Bank. We know that what has happened to the bank is a tragedy for the community. It is also a tragedy for the staff of the bank. Referring to the staff of the bank in particular, there are about 3 500 bank employees working in some 200 branches. It is these fine, hardworking and dedicated staff

members who have borne the brunt of what has happened to the bank. They were not responsible for the actions of a few people at the top, but it is they who have copped it as a result of the activities of a small minority. The employees of the bank have been subjected to a considerable amount of stirring, some friendly and some not so friendly. Fortunately, most of the customers of the bank have been very supportive of the staff, and I commend the public for that. As I indicated before, in no way are the ordinary employees of the bank responsible and they should not be made to feel guilty for what has happened to the bank. They deserve our support. I am certainly willing to put on the public record my support for their efforts, both in the past and at present—and also their efforts in the future.

My concern is that many of the employees of the bank, through no fault of their own, may well lose their jobs as a consequence of what has happened to the bank. I refer to a recent article on the front page of the *Advertiser*, highlighting the plight of the trainees engaged by the bank. In this article by John Kerin in the *Advertiser* of 19 February, he highlighted the dilemma facing one such trainee, Damien Warren—who happens to be a constituent of mine—and the trauma experienced by that lad who had set his heart on becoming an employee of the bank. His late father had been the manager of a country branch of the bank prior to his untimely death in 1983. Damien is just one of the trainees who had set their heart on becoming an employee of the State Bank and, as the article headline suggested, he was 'left with his dream in tatters'. He is just one of the casualties from what has happened to the State Bank. The other trainees have met a similar fate. They have been denied the opportunity to work for the bank. In Damien's case, his family had been associated with the bank for many years.

I again raise the point publicly that I believe that there should be an elected staff representative on the board of the bank. This would indicate a vote of confidence in the staff. They have expertise in banking, and a staff member would be ever watchful in ensuring that the bank was doing the right thing. I am still keen to see that happen. This has occurred in other States. I understand that in New South Wales, where its State Bank is operating very successfully, they already have that provision.

I believe that the former chief executive of the bank, Tim Marcus Clark, last year rejected the concept of an elected staff representative on the board. One can ponder what might have been the consequences had there been an elected staff representative on the board of the bank. I strongly support the idea and I hope that in due course the Government will seek to amend the representation on the board to include an elected staff member, who could sit on the board of the bank and serve the interests not only of the bank but also those of the State.

I would like to comment now on the climate and factors which helped get the State Bank into its present difficulties. I believe the State Bank got into difficulties because of the climate created by the State Government. I have entitled what happened 'The State Bank, John Bannon and company and the seven deadly sins of Labor administration'. I believe the seven deadly sins created and contributed, both directly and indirectly, to the downfall of the State Bank. They are also present in the administration of many other Government activities but, in this context, I am focusing on the State Bank.

The first deadly sin is the idea that anyone can do anything, that you do not need expertise—in this case banking—and you do not need much in the way of qualifications. It is a principle that has been applied by this Government

in other areas of administration as well, and I believe to the detriment of the State. It is an abuse, a mis-application of the so-called equal opportunity principle. It has become a disease, widespread throughout State Government administration.

The second sin is what I would call the project cult mentality. It is a variation of the cargo cult, where you look for projects and ventures that will save you and enrich you. We have developed what I believe is a form of 'projectitis', and we can list many examples, some related to the bank but others not. Among them are the Timber Corporation and Marineland, but I could highlight quite a few similar ventures. I believe it has become somewhat of a disease in our society whereby we look for the 'quick fix' venture that comes out of the sky to save us from our economic woes. I am not against ventures, but they must be soundly based and well-managed for the community to benefit from them.

The third deadly sin is what I would call worshipping the high-flier. The emphasis has been upon the trendy, the yuppie, the person who can sprout the American-type jargon of management, talk pseudo-psychology and so on. Unfortunately, the high-fliers do not necessarily have their feet on the ground. They tend to ignore old, traditional values and, as a consequence, we see the downfall of many fine institutions—not only the State Bank but others. The high-fliers tend to ignore their own staff. They mouth the principles of worker participation and involvement, but they inevitably ignore the considerations and the views of their own staff. They tend to be anti or non-democratic.

The fourth sin is what I would call disregarding the past. It assumes that all things are new and that history should be ignored: the lessons of the past are ignored, and so is experience. The values of public service, commitment to the community, doing things without necessarily receiving immediate financial reward tend to be downplayed or downgraded.

The fifth sin is an over-zealous application of confidentiality. We can all appreciate that in banking circles there is a need for confidentiality. No-one would deny that. However, what we have seen in the case of the State Bank and other Government organisations is quite contrary to the Government's often repeated claim that it follows the principle of open government. We have seen this mushroom principle developed into an art form. The public is kept in the dark and, if one believes him, the Premier was also kept in the dark, but I guess time will tell whether or not that was the case. Confidentiality, as the fifth sin, was overdone.

The sixth sin is the view that mateship is an overriding principle. We have all been aware for a long time of the old boys' network, and now in State Government circles and Commonwealth Government circles we have plenty of examples of a girls' network. However, I believe in the case of the bank—and time will demonstrate this—the notion of mateship was taken to a new level. Without wishing to comment on what the royal commission may discover, I suspect there will be much discussion about loans to mates. Mateship is a great principle, a great concept, but it can be abused and taken to an extreme.

The seventh deadly sin, which is the one that has often attracted the public interest, is the extent to which people are overpaid. The salary packages, the cars, the perks, the houses that have gone to these so-called high-fliers, in my view, are not justified. It is strange that a Government which purports to represent social justice should condone and encourage this sort of behaviour. In my view it is the seventh deadly sin. Not only has it afflicted the State Bank but it also afflicts many other organisations. There is little consideration for the needs of the ordinary person, and the

need for community and public service has been ignored or downgraded.

In conclusion, those seven deadly sins have spread throughout the State Government's areas of administration, its agencies and departments. We are all the losers, not only the community generally, but in this case—as I indicated at the start—the staff of the bank itself. I reiterate what I said at the start, that my great concern is not only for the community in terms of what has happened to the State Bank but also the staff of the State Bank. I would like to assure them that, on behalf of the members of Parliament, we have great respect for the work they have done, are doing and will do in the future, and I, along with my colleagues, would like to see the State Bank go on and get back to its high position within the community, maintain its standing and continue its task of serving the community of South Australia.

I believe that political point scoring is not appropriate when we are talking about an organisation like the bank. I believe the Opposition has been quite discerning and discreet in raising these matters, which it has done in the public interest. I believe that in the long term the community of South Australia will appreciate the Opposition's efforts in raising a whole host of matters in respect of this issue.

*[Sitting suspended from 6 to 7.30 p.m.]*

**Mr INGERSON (Bragg):** The sorry State Bank saga is, I believe, the end of the socialist dream. Unfortunately the State has seen a whole series of fiascos over the past 12 months, culminating in the need for the State Treasurer, through the South Australian Government Financing Authority, to put into the State Bank Group the sum of \$970 million. I find it scandalous that I should be standing here this evening talking about a problem that I believe the Premier and the Bannon Government has known about for a long time.

I am quite sure that the reports of both the royal commission and the Auditor-General on this fiasco will show my belief to be very accurate and very true. It is a pity that we have to stand here talking about reasons why we should give the Auditor-General extra powers, and why we should have to set up a royal commission to look at this whole area. I am involved in a select committee on WorkCover, which has a publicly announced unfunded liability of the order of \$200 million and which is part of this whole maze of fiascos that have developed as a result of Government action over the past three to five years.

So, between those two areas—the State Bank where some \$970 million of taxpayers' money has now been put in to keep it afloat and the unfunded liability of approximately \$200 million for WorkCover—one can see that the management of what should be traditionally private sector enterprises has been very poor by this socialist Bannon Government. I notice that a member opposite is laughing at that, but I say that very sincerely. I believe that this whole concept of the Government's being able to do things better than the private sector has resulted in the problem that we have with the State Bank, WorkCover, the Timber Corporation and the STA—in fact which ever statutory authority that one looks at.

When I was the shadow Minister of Transport I was staggered at the waste, the lack of control and the use of dollars in a way that should not occur. I am not saying that the Government should not be involved in the STA or in any transport system. What the Government should be doing is making sure that the delivery of that system is

economic, and that it is delivered by people who know what they are doing, know how to do it and know how to do it in the most economical way.

I think that the saga of the State Bank is the end of the socialist dream. It has occurred because individuals have not accepted the responsibility that I believe they should have accepted; they have not heeded the warnings given to this Parliament, the Premier and the Government continuously over the past two years, after continuous prodding and questioning with respect to what was really going on. What concerns me most of all is that, if the Opposition was aware of these factors and was able to hear from the public what was going on, the Government, its Ministers and all the backbenchers would have heard the same story.

The Opposition is not unique in hearing what has been going on. In every bar in any club or at any social facility, anywhere that one went in the past two years, if it was not the first point that was discussed the second point was, 'Have you heard about what is going on at the State Bank?' I believe that any member from the other side—including the Premier—who did not hear that is guilty of that sin if no other—the fact that they knew about it and did nothing about it. I hope that the royal commission and the Auditor-General pick up that issue.

This Bill is of concern because it does not appear to adequately cover off balance sheet companies, the issue that started this whole exercise for the Opposition, and I refer to Equiticorp in New Zealand, Kabani and other off balance sheet companies which were brought to the attention of Parliament. There is no question that the Bill covers subsidiaries, but an off balance sheet company could possibly escape the net. I do not believe that that is the intention of the Government. Perhaps when the Minister replies he can clarify whether off balance sheet companies are covered by definition and, if they are not, we will move to make sure that they are.

This whole area needs to be publicly exposed so that at the end of the day, when these two investigations are finished, everyone will be happy with the result—and when I say 'happy' I mean happy in the sense that at least the investigation has been done properly, because the political ramifications of the end point is a different story. I am concerned that the requirement to appear before the Auditor-General is not adequately covered, and that he will not have the ability to get to all the people not only in the off balance sheet companies but also in many other areas.

I am also concerned about the fact that the Auditor-General's reporting will be in a very confined way. I believe that the Auditor-General's investigation should be far more public. I know that the Government has said in the second reading explanation that it is important to protect the rights of those who deal with the bank. I accept that, but we are not talking only about the rights of those who deal with the bank; we are also talking about the rights of the taxpayers who, in recent months, have put up \$970 million. Taxpayers in this State from now on will be paying of the order of \$160 million extra in taxation every year to pay the interest alone on that \$970 million investment. I am concerned that in this investigation we make sure that—

**Mrs KOTZ:** Mr Deputy Speaker, I draw your attention to the state of the House.

*A quorum having been formed:*

**Mr INGERSON:** As I was saying previously, I believe that the public comment on the role and the investigation of the Auditor-General should be extended so that all the issues the Auditor-General investigates are made public and so that any errors of direction by management, any general errors in the whole banking structure, any collusion or

corruption, or anything that may be exposed is made public. I do not believe that as it currently stands the Bill will enable the public to hear all the information, which I believe people are entitled to hear. There is the point that, if the Auditor-General brings people before him in his investigation, there may be a difficulty with defamation and self incrimination. Neither of those issues is adequately covered by the Bill, and I think they ought to be.

The role of Beneficial Finance in this whole exercise is also a matter of significant concern. Whilst I have talked briefly about the State Bank, I hope that the investigation will clearly show the very significant role that Beneficial Finance has played in the light of the failures which have been adequately put before this House and about which the Premier has been questioned, and we have had absolutely no answers to those questions. Having made that statement, I do not say that Beneficial Finance has not made an excellent contribution to the State, because it has; however, it is important that all those negatives are also put clearly before this place.

Finally, I am concerned that the report of the Auditor-General will be presented to the Governor and subsequently the Government and not to this Parliament. It will be such an important inquiry and such an important report that the Parliament of South Australia should at least see what the final report is all about.

**Mr MATTHEW (Bright):** As members are aware, this is one of two Bills following the Government's reluctant establishment of the royal commission and providing for a substantial part of the inquiry into the State Bank Group to be undertaken by the Auditor-General. A number of clauses in the Bill certainly warrant close scrutiny in Committee. Before looking at those, I think it is appropriate for us to examine some of the events that have led to the introduction of this Bill before the House. The State Bank's problems have been widely known for some time except, it would seem, to the Treasurer. In 1990, on 29 different occasions the Opposition asked the Government some 69 questions about the State Bank. However, in his usual manner, as the heat got too much, the Premier ducked, dodged and weaved, and later attempted to slam the Opposition for its line of questioning but, not to be deterred, we continued and today we stand vindicated. Regrettably, however, there is not much joy in being able to say, 'We told you so' when we look at the costs, which are so high—\$970 million of taxpayers' money to bail out the State Bank.

I think it is important that we remember that this is the end result of a number of actions on the part of the Treasurer. I would like to expand briefly on those. For six years the Premier as Treasurer has constantly claimed credit for the merger of the State Bank and the Savings Bank and the operations of the merged bank. He has also made public statements claiming that the operation of the merged bank is a direct result of the implementation of ALP economic policy that was promised before the 1982 State election. The Premier as Treasurer introduced the merger legislation himself; he also appointed the board. The Premier claimed credit for the State Bank's successes, so it is quite right, as I am sure all members in this Chamber would accept, that he must take responsibility for the bank's failures.

The Premier must have known of the State Bank's problems and is therefore culpable. If he did not, as well as being culpable, he is incompetent. The Premier admitted in this House on 18 February that he was told shortly before the August State budget that the State Bank would not be making an estimated \$60 million contribution to the budget. He said:

We did not know until the end of January the absolute dimension of the problem which we are dealing with now.

Since 1984 the State Bank's total contribution to the budget of this State has been \$164 million. When compared with the taxpayer's capital in the form of \$920 million and now an indemnity bailout of payments of \$970 million, the Government has sunk a net \$1.726 billion of taxpayers' money into the State Bank for almost no return. As a result, we have seen increases in a myriad of State taxes and charges in this State, not the least of which has been the increase in the financial institutions duty from .04 per cent up to .1 per cent, no doubt in a bid to generate extra revenue to help cover the shortfall created by the State Bank. There is no doubt that there will have to be many more increases to cover that shortfall that has been created. At the end of the day we all know who will have to foot the bill; it will have to be the South Australian taxpayer.

I would like to refer briefly to a comment that was made in the *Advertiser* of Tuesday 12 February 1991, where political reporter Rex Jory writes:

The Premier, Mr Bannon, said yesterday: 'You will never hear me ruling out tax increases but you won't hear me, in this instance yet, ruling them in either. I think the important thing is tax is a last resort. We've got to find other ways, if we can, to finance this.'

We certainly do have to find other ways to finance this but, looking at the State Government's tax record, I do not think there is much hope for South Australians other than to put their hand into their pocket yet again and continue to fork out to pay for this Government's mistakes.

The signs have been there for some time. In financial circles it is well known that the State Bank had become one of the biggest borrowers in the short-term money market. It also borrowed heavily on foreign currencies as it sought to fund its burgeoning balance sheet in the last half of 1990. The bank became such a heavy borrower in the professional market through certificates of deposit that, I am advised, some market players are believed to have raised concerns with the Reserve Bank.

It is interesting to look at the Reserve Bank figures for November 1990, which showed that the State Bank borrowed \$2.8 billion on the professional market through certificates of deposit. This represented almost 37 per cent of the bank's total Australian dollar denominated liabilities and represented 10 per cent of Australian banking certificates of deposit liabilities outstanding. The size of these liabilities was exceeded only by the State Bank of Victoria and is easily surpassed by certificates of deposit on issue at the time by the bigger banks.

Looking at those bigger banks individually, I note that Westpac had \$2.5 billion on issue; ANZ had \$2.2 billion; the National Australia Bank had \$1.1 billion and the Commonwealth Bank had \$780 million. This banking disaster has cast South Australia in a disgracefully poor light. The media have widely reported nationally the fact that the provisions for doubtful debts would have left the bank with \$412.4 million for the six months to December 1990, had the Government not stepped in with a taxpayer-funded rescue package of \$970 million.

**Mrs KOTZ:** Mr Speaker, I draw your attention to the state of the House.

*A quorum having been formed:*

**Mr MATTHEW:** It is disappointing indeed that it has been necessary for quorums to be called so constantly through this debate. It is a sad reflection of the attitude that this Government has towards this most serious issue. It cannot even maintain the numbers in the House. Members cannot sit here and listen or contribute to this debate. What an absolute disgrace! The disgrace is even greater when we look



at the State Bank's non-performing loans which almost trebled to \$1.9 billion in the six months to December 1990. On 25 February 1991 the inevitable happened: Australian Ratings announced the decision to downgrade the South Australian Government's long-term credit rating from triple A to AA+. This is a sad reflection of the Government's mismanagement of our economy in South Australia. At this point I would like to reflect on the words of the Premier himself on 10 October 1990 when, in answer to a question from my colleague the member for Morphett, he stated:

Without the existence of a vibrant banking institution headquartered in a regional economy, we would be very seriously disadvantaged.

The Premier further stated:

... the presence of the State Bank here in South Australia is absolutely fundamental to our long-term prosperity and confidence. A lot of things are happening here in South Australia because we have that institution, not because that institution is writing all the business but because its presence here contributes greatly to the competitive impetus.

The very existence of that bank's headquarters in South Australia is now under threat and we have been disadvantaged. The downgrading of our credit rating will make it more expensive for Government institutions to borrow money and, with the downgrading of such institutions as ETSA, SAFA, SGIC and the local government lending authority, we face the real prospect of added costs to the South Australian taxpayer.

The Premier's lack of action has been an enormous factor in the decreasing confidence in this State's economy. South Australia's job to attract investment will now be made even tougher in the years that lie ahead of us. The Premier is responsible and in my view should have stepped aside for the period of the royal commission but, as he has not had the decency to do so, South Australians are now lumbered with a lame duck Premier until the commission's findings are released. In the meantime it will be interesting to watch and see what happens as political hopefuls in the ALP squabble and plot amongst themselves for the top job.

**The SPEAKER:** Order! The honourable member must realise that his comments must be relevant to the legislation that we are debating. I do not know what squabbles within any group have to do with the legislation.

**Mr MATTHEW:** In the meantime the Auditor-General's investigations and the royal commission will give plenty of impetus to those events. Financial holes this big certainly are not dug overnight. When the United States investment bank adviser, J.P. Morgan, was called in a month ago, it found evidence of non-accrual loans that could total as much as \$2.5 billion. If this advice is correct, something like 16 per cent of the bank's leading portfolio is in trouble.

**Mr HAMILTON:** On a point of order, Mr Speaker, is it appropriate for the honourable member to be reading from what is obviously a prepared speech, which he has on top of his portfolio? Is this not contrary to Standing Orders?

**The SPEAKER:** Order! The Chair is not in a position to make a judgment on whether or not the honourable member is reading from a prepared speech. However, as the honourable member is well aware, it is not out of order to refer to copious notes and the Chair can only assume that that is what the honourable member is doing.

**Mr HAMILTON:** On a point of order, Sir, whilst I do not reflect on you, I ask you to observe the manner in which the honourable member is referring to what he has in front of him.

**The SPEAKER:** Order! I tend to think that the honourable member is reflecting on the Chair.

*Mr Ingerson interjecting:*

**The SPEAKER:** Order! The member for Bragg is out of order. The Chair will observe the honourable member. However, there are limits to the amount of observation I can make. I will observe the honourable member to ascertain whether, in the judgment of the Chair, the speech is being read or reference is being made to copious notes.

**Mr MATTHEW:** It would seem that some of my statements have struck a raw nerve. The vast majority of non-performing loans are in the commercial property market, and the State Bank list is an interesting one indeed. Heading that list, of course, is the Remm group. The State Bank, as members opposite would be aware, managed a syndicate that provided Remm with \$550 million to build the Myer Centre in Rundle Mall. The centre is now nine months behind the scheduled opening date and, once completed, will have an estimated value of \$570 million. However, that value is now very much theoretical. Finding a buyer at that price during a recession will be almost impossible.

As a comparison, it is interesting to look at the example of the Brisbane Myer Centre, which is now the major asset of the troubled company Interchase Limited. That property was initially valued in the company's prospectus at \$470 million. The same property was later revalued at \$495 million on 30 June 1988 with the property boom at its apex. However, as the property crash developed, the value of the building almost halved to \$250 million. It is interesting to note that Interchase is now controlled by the South Australian Superannuation Investment Trust. The State Bank's exposure to Remm in the Adelaide project is believed to be in the vicinity of \$300 million.

Another property to which the bank has exposure is the well-documented property at 333 Collins Street, Melbourne. This building is the recently developed Collins Exchange project at a cost of some \$610 million. It is understood that the State Bank's exposure to this project is some \$50 million. Of course, members would also be aware that SGIC in this State has a put option on that building to the tune of \$550 million.

**The SPEAKER:** Order! I draw again to the honourable member's attention that under Standing Orders his comments should be relevant to the Bill before the House. I ask him to keep that in mind.

**Mr MATTHEW:** With respect, Sir, I believe it is relevant. I was drawing comparisons between the bank's lending portfolio—

**The SPEAKER:** Order! In the view of the Chair the honourable member was wandering from the debate, and I ask him to contain his remarks to the subject of the Bill.

**Mr MATTHEW:** Another interesting investment has been the NSCA—spare parts company. Early last year the State Bank paid Rothschild Australia some \$16 million for its security over non-existent containers of the National Safety Council of Australia. Some members may be aware that the matter went to the Supreme Court and the State Bank was awarded \$8 million in security over aircraft spare parts.

Another case is Interwest. An Interwest group, as some members would be aware, plans to build a \$350 million hotel on the site of the old Paladium building in Melbourne's Bourke Street. Beneficial Finance advanced \$51 million for the project in October 1987 for the purchase of the site and what amounted to the construction of a large hole. Unfortunately, Interwest went into receivership last year leaving Beneficial, as a subsidiary of the State Bank, as mortgagee in possession of a large hole in the ground.

**The Hon. G.J. CRAFTER:** On a point of order, Sir, I refer to your ruling of a moment ago with respect to the contents of the honourable member's contribution and,



indeed, its relevance to the matter before us this evening and also to matters the subject of the royal commission.

**The SPEAKER:** I uphold the point of order. I have raised the matter a couple of times with the member for Bright. The Standing Orders are very clear. Although the matters being raised obviously will have great significance in the investigation into the bank, that is not the subject of debate tonight. I ask the honourable member again to contain his remarks to the Bill before the House.

**Mr MATTHEW:** With respect, Sir, we are dealing with a Bill that pertains to the powers of the Auditor-General and I am trying to make the point that the Auditor-General needs to investigate some of these things in detail. I believe that they are relevant.

**The SPEAKER:** The Chair takes the honourable member's point. However, the place to put that matter forward is before the Auditor-General, not the Parliament. The Parliament is here to debate the Bill as it is presented to the House. The honourable member for Bright.

**Mr MATTHEW:** I will conclude by listing the companies that are associated with this problem.

**The Hon. G.J. CRAFTER:** Mr Speaker, this is very close to defying your ruling and debating it from the floor of the House.

**The SPEAKER:** I take the point of order, and I advise the honourable member not to read out the companies on that list but to contain his debate within the Bill as presented.

**Mr MATTHEW:** Nonetheless, many of these exposures should have been recognised as a problem a long time ago. South Australians have been left in a state of shock by the enormity of the problem, and I believe that the Opposition has responsibly brought the problem to public notice. We now look forward to the bank gaining strength and, once again, providing for South Australia. It is interesting to look at the national movement on the part of most banks in this country towards the safety of bricks and mortar. I seek leave to have inserted in *Hansard* a purely statistical table detailing the banks' share of the national mortgage market.

Leave granted.

#### HOW THE BANKS SHARE THE MORTGAGE MARKET

	Nov. 1990	Nov. 1989	Nov. 1988	Nov. 1987	Nov. 1986
	\$	\$	\$	\$	\$
Commonwealth Bank	12.7 bn	10.7 bn	9.78 bn	8.27 bn	7.33 bn
Westpac	10.8 bn	10.9 bn	7.41 bn	5.58 bn	4.32 bn
National Australia Bank	6.9 bn	5.88 bn	4.94 bn	4.13 bn	3.76 bn
State Bank of Victoria	5.70 bn	5.65 bn	4.45 bn	5.21 bn	4.5 bn
ANZ Bank	5.6 bn	5.15 bn	5.6 bn	3.71 bn	2.96 bn
Advance Bank	1.90 bn	1.96 bn	2.28 bn	1.61 bn	1.5 bn
State Bank of New South Wales	1.7 bn	1.38 bn	NA	NA	NA
State Bank of South Australia	1.54 bn	1.51 bn	2.07 bn	1.87 bn	1.7 bn
National Mutual Royal Bank	1.49 bn	1.54 bn	1.46 bn	1.56 bn	386 m
Citibank	1.23 bn	1.72 bn	1.19 bn	544 m	365 m
Rural & Industry Bank, Western Australia	1.14 bn	1.14 bn	966 m	634 m	505 m
Bank of Melbourne	1.10 bn	1.18 bn	†	†	†
Challenge Bank	916 m	1.07 bn	1.79 bn	1.4 bn	†
Metway Bank	884 m	873 m	994 m	†	†
Canberra Advance Bank	446 m	273 m	316 m	239 m	224 m

† Operating as building society; NA—Not Available.

Source: AUSTRALIAN BUREAU OF STATISTICS

**Mr MATTHEW:** That table lists the main banks in the country and their share of the mortgage market from the years 1986 to 1990. It is interesting to note that there has been a definite trend by banks, such as the Commonwealth, Westpac and the National, towards lending for bricks and mortar for home mortgages. It is of further interest to note that the State Bank has gone against that national trend in that its share of the mortgage market has steadily dropped. In 1986 it was \$1.7 billion, in 1988 it had increased to \$2.07 billion, but as at November 1990 it had dropped right back to \$1.54 billion.

There might be a fairly interesting message in those figures. South Australians have looked to their bank to support their local home building and businesses—not to invest in the Eastern States and New Zealand. That sort of investment should be left to the commercial banks; it is not the role of the State Bank as the people in this State would like to see it. With those remarks I support this Bill.

**Mr BLACKER (Flinders):** I support the Bill, but in so doing I must comment that this is probably one of the most tragic Bills to come before this House. It is tragic from the point of view that the State Bank is a financial institution that has been able to hold its head high. It has been a pillar of strength in the financial circles of our State and, until recently, it has been held up as a model for the State's

banking system. So, it is with a great deal of regret that this House must debate this issue on this occasion.

This Bill is complementary to the Royal Commissions Bill. It will enable the Auditor-General to inquire into specific matters relating to the operations and the financial position of the State Bank and, to that end, I think we all agree that we need such an inquiry. I understand the Government's position of having two inquiries at the same time. On the surface it could be considered that the royal commission with its very broad terms of reference would be the ideal way to go, but there is a very urgent and desirable need to maintain confidentiality, yet at the same time being able to inquire into those matters that may be relevant to the issues of the day.

The magnitude of this issue needs to be put into some perspective. We have a situation where the Government has underwritten an amount of \$970 million—or almost \$1 billion, a figure that seems to roll off people's tongues. However, we must take into account that that figure is almost equivalent to the entire South Australian health bill, which really means that expenditure on the running of every one of this State's hospitals and on the conduct of its health services has effectively been thrown out the window. It means that the Government will have to find that amount of money to be able to prop up such services. We have about 17.4 million sheep in this State, and if we gave them a value of \$5 a head—which would be an overvalue in the

current situation—that amount of \$970 million would be more than ten times the value of our entire sheep flock.

**Mr Groom:** One sheep, one value.

**Mr BLACKER:** The member for Hartley makes a reference about one sheep, one value, and I take the point that he is doing so with tongue in cheek. However, I am trying to point out that the large sum of money that we are talking about in Statewide terms is massive. When one considers that the sum is more than the entire value of the sheep population of South Australia or the health budget of this State, we have very big problems. What worries me more than this is that so many people out there in the country on farms and in small businesses—and in larger businesses as well—will suffer because of the financial mismanagement of the bank.

The State Bank has been goaded into some of its problems by competition with other banks and particularly following the deregulation of the banking system when all traditional banks were effectively handing out money to any client who wanted it. They did so to attempt to prevent outside banks from coming into their area, and the State Bank got caught up in that process as well. The State Bank was only too willing to hand out money and to participate in that system to prevent new banks from coming in.

I understand that about 17 new banks came to Australia, but not one came to Eyre Peninsula. So, the traditional banks made it impossible for other banks to get in; they over-lent and created a false sense of security. At the same time, Governments, financial institutions and every adviser that we could name advocated 'Get big or get out'. There had to be an economy of scale. All that advice has led the small business and farming communities up the garden path.

So, in order to unravel these problems we have to use legislation such as this, to give the Auditor-General very wide and sweeping powers enabling him to investigate all the things that went wrong. I only hope that the Bill will provide sufficient powers to enable the Auditor-General to make the detailed investigations and inquiries that this House expects of him. I note the Government's intention that the Auditor-General's inquiry and the royal commission be integrated as much as possible. We all applaud that intention and understand the reasons for the two inquiries being run in tandem. I am pleased that the Government expects that confidence in the Auditor-General's investigation will be maintained—and I suppose that is what we are talking about. Further reference is made to that in the process of reporting by the Auditor-General in relation to the royal commission, as well as the Auditor-General's inquiry itself, and again confidentiality is the key word.

The other thing that I note from the Minister's second reading explanation is the proposal to authorise the Auditor-General to seek a summons from a magistrate requiring the attendance of persons before the Auditor-General and to answer questions and produce documents. I totally agree that those powers have to be sweeping, so that if ever something might appear to be possibly hidden in connection with an off balance sheet company or in relation to some other member of the bank group, the Auditor-General will have the power to be able to research that and, more particularly, summons the persons who may be involved.

Although the Government has used the term 'the financial position of the operations of the bank group shall be investigated', I wonder whether every one of those off balance sheet companies will be similarly affected. I certainly trust that it is the intention of the Government that that should be the case. Mention was made of amending the legislation to enable computer storage data to be included. Nowadays,

we take that almost for granted; however, it was not written into the original legislation and, therefore, this amendment needs to be made. It puts this in its appropriate format, to ensure that the Auditor-General has those powers.

Some very disturbing facts have come to my attention recently in relation to the State Bank and the banking institution in general. I shall use other avenues to further explain some of the examples that have come to my attention. So far, three serious cases have been put to me concerning three different major banks. It is therefore difficult at this time to talk generally about the problems in banking, other than to say that, when the banks started creating a very large difference between borrowing and lending interest rates, something had to be wrong.

At a meeting of the Eyre Peninsula Local Government Association 10 days or so ago at Port Augusta, it was pointed out that the reason for that is that the banks have not been raising enough money through depositors depositing funds with the banks and that therefore they have been going off-shore and finding other means of corporate finance, in order to raise money that they can lend out to borrowers. This has meant that the difference between the interest rate paid to borrowers and the interest rate that lenders are charged has widened from 1.5 per cent to 6 per cent, and sometimes 7 per cent and more. Of course, that has the ongoing effect of diminishing people's assets, because the massive interest rates have been artificially inflated.

I believe I will be able to relate to the House quite deliberate examples of asset stripping, involving banks together with other agents. I refer here to promotion firms or advertising firms that have been working with banks, effectively to strip the assets of clients. This is a very serious allegation to make, and it needs to be thoroughly investigated. I trust that the Auditor-General will be able to follow up these sorts of leads—if in fact they come into the right category. After all, it is these sorts of aspects that have created the downfall, and they may well create further downfalls of many clients throughout the State. In turn, this means that the State Bank and maybe other banks (we do not know) could have been caught up in the same sort of situation.

I do not wish to pursue the matter much further, other than to say that it is my very great regret that we should be here debating this Bill, concerning the investigation of a financial institution that we all believed was a pillar of strength, an institution of this State that we once held up high as being an example for other States to follow. I support the Bill.

**Mr LEWIS (Murray-Mallee):** It is not my purpose to detain the House for longer than is necessary. I make plain on this occasion that what has happened requiring the legislation before us at present should never have happened. It was never envisaged that such a thing could happen at the time when this House debated legislation establishing the State Bank on 17 November 1983. Specifically, this Bill provides for ways whereby, through the work of the Auditor-General, it will be possible to discover, in some part, what has happened. It gives the appropriate powers and also definitions of terminology relevant to that purpose.

First, let us look at the principal Act, which will be amended by this legislation, if passed. The Opposition, of course, has stated its view that it should pass; there is no reason therefore why it will not. I refer to what the Premier and Treasurer said in November 1983 in his second reading explanation on the State Bank of South Australia Bill—the same man who has occupied the position to this day:

The principles on which the legislative framework for the new bank is based are:

1. That the bank should conduct its affairs with a view to promoting the balanced development of the State's economy and the maximum advantage of the people of South Australia. Bearing in mind the traditional emphasis on housing, the bank shall also pay due regard to the importance, both to the State's economy and to the people of the State, of the availability of housing loans.

2. That the bank should operate in accordance with accepted principles of financial management.

3. That the bank should operate in conditions as comparable as practicable with those in which its private sector counterparts operate.

In other words, the principles of operation within the framework described in 1 and 2 shall be the same as other banks. Further:

4. That the bank should be able to become an active, innovative and effective participant in the South Australian economy and financial markets, with the flexibility to adjust to the changes which are a feature of these markets.

It does not say anything about the markets into which the bank has ventured and lost millions of dollars—indeed, it is more than millions, as we now know it to be over \$1 billion. The Premier and Treasurer continued:

The first two of these principles appear specifically in clause 15... It [the bank] will also be required to pay a dividend based upon the kinds of considerations which would normally determine the declaration of a dividend by a private sector organisation. However, the Bill provides that the dividend shall be set by the Government upon recommendation of the board of the bank.

Well, up until a short while ago, like two years ago, that seemed to be working and possible. Further on he said:

The powers are wide in relation to financial transactions, as the Government is determined that—

and this is the relevant point of the sentence—

the bank should have the flexibility necessary to operate effectively in a rapidly changing financial environment. It also wishes to ensure that the bank is able to play a leading role in strengthening South Australia's financial base.

Mr Speaker, where the hell in all that was the provision for the bank, its board or the Premier to allow the—

**The SPEAKER:** Order! Although it is not unparliamentary, I have noticed lately some use of relatively strong language. I ask members to take care in relation to what they say, for the prestige of the Chamber. The honourable member for Murray-Mallee.

**Mr LEWIS:** Thank you, Mr Speaker. I understand the sensitivity with which my remarks may fall on the ears of other members, and yourself in particular, but the sensitivity to my constituents, who now find themselves deserted by this bank, gives them even greater justification than me for the use of strong terminology. What I have to deal with coming from my constituents is not just strong terminology but a tirade directed at me as a member of this place, as part of this place, which, as they see it, failed in its duty to call the Government to account in time to prevent the disaster that we now have on our hands.

Forgive me, Sir, but it is for that reason that I feel as strongly as I do. If time permitted me, I would have brought in a list of events and incidents which put a human face on this tragedy, where people are now dispossessed of their farms because the bank needs the money; dispossessed not because the bank is selling them up—they have had their farms on the market for months and there is no bid, no offer—but because the bank will not allow them to seek finance from any other quarter to continue their business as farmers and to manage their lands as required in law to control the vermin and pest plants. Nor will the bank do anything to allow them to obtain a living source of funds from any other area. It is with that at the back of me that I stand here to tell other members of how this debacle has affected my constituents, and I am sure many others throughout the State.

It was never envisaged that the bank should get involved in these expeditions of high finance and entrepreneurial merchant adventuring. There was never any provision in the original legislation and never any suggestion that the bank ought to have been involved in it. I trust that the Bill before us tonight, in company with other measures we considered earlier, enables the full discovery of why that happened and who was responsible for it happening, and discloses it to the public so that the public at least can know why they are required to suffer: because we, collectively, in this place, did not require the Government to call the bank's board and the bank's executive officers to account for the actions they were taking.

In his second reading explanation of 17 November 1983, the Premier said:

Clause 15 makes it clear that consultation is expected between the Government and the bank...

The Premier said that. Yet in response to questions asked of him over the past two years we have heard him deny that he ever understood that responsibility or was ever required to exercise it. However, he said that in 1983 when he introduced the legislation. He concluded that sentence by saying:

... between the Government and the bank on matters of mutual concern.

If what has happened is not of mutual concern, I am something other than the person I am, but I will not go into that. He continued:

Consultation may be initiated by either party—

members need to be alert to that point—

and there is no provision for either party to coerce the other into accepting a particular course of action. However, the bank is required—

and I underline the word 'required'—

to give serious consideration to any proposals the Government may put to it and to report formally on such proposals if asked to do so.

It has not, therefore, been good enough for the Premier, over the time that he has been asked about what has been going on in the bank, to simply say he did not know, he was not aware and he did not believe he had the power to initiate an inquiry. That power is there, and he put it there. They are his own words that I have quoted to the House. In his second reading explanation to establish this bank the Premier also said:

Clause 14 invests the board with full power to transact any business on behalf of the bank.

He then said:

Clause 15 deals with the policies that are to be implemented by the board. The board is required to act with a view to promoting the balanced development of the economy of the State and the maximum advantage to the people of the State. The board is required to give proper recognition to the importance and the availability of housing loans both to the economy and to the people of the State. It is required to administer the bank's affairs in accordance with accepted principles of financial management and with a view to making a profit.

They are the Premier's words. Where has it all gone? What has happened? Why do we stand here debating this measure this evening? If only the Premier of the day had stuck to his responsibilities and what he said were the responsibilities of other people who, under the terms of the legislation, as envisaged, would be given those responsibilities. If the bank had stuck to its knitting we would not be in the trouble we are now. There was no requirement, no provision, and no excuse for the bank, as a merchant adventurer, venturing into the deals that it has become involved in and lost money on—deals that require us to spend further public moneys to investigate how it was done, who did it, why they did it, who is accountable for the decisions that enabled it to be

done, and why in the process of all that nobody, but nobody, bothered to check it out.

The provisions of the original legislation establish this notion of accountability. We see the laziness of the Premier and Treasurer, who spends his time setting perceptions about how flash he is and how good he is at being a good PR man, rather than getting on with the job of properly administering the affairs of State. The legislation requires the Premier to do it. More than anything else, that is the thing that galls me when I try to respond to the people who have had their homes taken from them, who now have to live on farms that they cannot do anything with and suffer the odium in the community in which they live for being unable to do that through no fault of their own. However, that is another matter and it is an argument for another day, that the Federal Treasurer destroyed this country's economy and in no small measure made this bank of ours suffer what it has. It had no need to be involved. The bank took risks it was never intended to take and became involved in ventures in which it should not have been meddling. If the Federal Treasurer had properly managed the nation's economy, perhaps those adventures might have paid off. They have not.

The lesson from all this is: if this place passes legislation which explicitly states what organs of Government, whether public servants, their departments or quangos, are required to do, the Government of the day has to be made accountable for ensuring that the letter of the legislation is carried out, rather than us as members having to address it through inquisition in the fashion that we now attempt. It is tragic to see the way in which the irresponsible actions of people, from the Treasurer down, have been brought down and wrought on the lives of so many South Australians today, and it is tragic that the capacity of the State's economy to expand, as it should be able to expand from this point forward, is now thwarted by the necessity to pick up the bad debts that are hanging around our necks, not just like any albatross, but a dead one. It is about time that we as a Parliament learned who was responsible and why, and this legislation speeds us on that course. Praise the Lord and pass the ammunition!

**The Hon. JENNIFER CASHMORE (Coles):** This is an extremely frustrating Bill for me to debate, in any event, because it comes so late. It is nearly a year since I spoke on suggested amendments to the State Bank Act, which would have appointed the Auditor-General as the auditor of the bank. Without in any way pre-empting the findings of the royal commission, I would be surprised if that were not one of the recommendations which comes from it. The Bill before us is designed to ensure that the Governor can appoint the Auditor-General to investigate such matters relating to the operations and financial position of the bank or the bank group as are determined by the Governor, and have been determined by the Governor, in respect of the terms of reference for the Auditor-General.

It provides for the results of the investigation to be reported to the Governor. It is my belief that, despite the Premier's assurance that that report also will be made to the Parliament, the Bill should require that to occur. That does not happen at the moment.

The present State Bank Act was enacted with the support of this House, giving a commercial charter to the bank. But, it was enacted in a regulated banking environment. I suggest that at the time of deregulation of the banking system in this country this Parliament, notably this Government, should have recognised that a bank that enjoyed and was sustained by a Government guarantee needed to examine

its statutory basis because of the change in the regulatory environment in which it was to operate.

There can be no doubt that when the State Bank Act went through this Parliament no-one could have foreseen that it would be operating in a deregulated environment. Had that been the case, I have no doubt that Parliament would have required a much greater degree of accountability to the Treasurer, and that may have avoided at least some of the damage that has resulted from the Premier's continually claiming that he is at arm's length, had no responsibility, would not and indeed should not intervene.

I point out yet again that, while the State Bank was going about its financial adventuring, its huge risk-taking, its market-driven policies which ignored the prudential guidelines which had governed its predecessor for decades, the Premier at the same time was publicly endorsing this policy and in fact reinforcing the policy as a result of his own policies. It is worth recalling some of the Premier's own words in 1983 when he said that the previous Liberal Government had created a terrible vacuum. In fact the Premier was reported as follows:

... bungled the Bank of Adelaide activity and the resultant drying up of investment. It is a very strong lesson to us all. We must ensure that we have the headquarters of financial institutions here and in particular a strong State Bank, and we must support them to the hilt otherwise—

and I ask members to listen to these prophetic words—

South Australia will be in big economic trouble.

I know that we have never been in bigger economic trouble than we are in now. The best parallel is the 1890s, almost exactly 100 years ago, when the Savings Bank of South Australia crashed. Had it not been for the Government guarantee that the taxpayers are financing, the same would be occurring now. In 1983 the Premier said:

The takeover of the Bank of Adelaide by the ANZ in November 1980 led to a loss of business confidence and a perception that South Australians could not control their own businesses.

I wonder what the perception is now. If people thought then that we could not control our own businesses, I would suggest that the perception of people not only in this State but interstate and certainly overseas is that this Government has no capacity whatsoever to control its own businesses. That has been demonstrated beyond doubt as a result of the mismanagement of the State Bank, and I believe of other State Government financial institutions which have yet to be scrutinised in order to reveal fully the parallels between what has happened at the State Bank and what is happening in other State Government financial institutions.

I hope that the Premier's words—that if we did not back the State Bank to the hilt there would be a perception that South Australians could not control their own businesses, and that we had to back the State Bank to the hilt otherwise South Australia would be in big economic trouble—come back to haunt him. Well, the Government backed the bank to the hilt and we are in big economic trouble, and as far as I am concerned the primary responsibility for that lies at the feet of the Treasurer.

I address myself further to the Bill which requires, under new section 25(3), the investigator to comply with any directions of the Governor published in the *Government Gazette*. Those directions may relate to the manner in which the investigation is to be conducted and the manner in which the results are to be reported and the person or body to whom the report is to be presented. Section 24 of the State Bank Act protects an auditor of the bank from incurring any liability and defamation for any statement made by him in the course of his duties as auditor. I see nothing in the Bill as it stands to protect the investigator in the same way as the present auditor is protected. I hope that

that deficiency is remedied before the Bill passes. Section 24 (5) of the principal Act provides:

In the course of formulating their report, the auditors shall form an opinion as to—

- (a) whether there is any defect or irregularity in the accounts or any omission to deal adequately with a matter without regard to which a true and fair view of the matters to which the accounts relate would not be obtained.

Speaking on an earlier Bill this afternoon I referred to the fact that last year's annual report of the State Bank should really have disclosed substantial losses rather than what it did, which was to report an after-tax profit of \$24.1 million, which included a \$24.5 million tax credit. I hope that the Auditor-General's investigation of the bank's losses will also cover the auditing of those losses, because an auditor would normally be expected to pick up, in the presentation of accounts, whether a loss or a profit should have been reported.

It would have been not so much an early warning because most of the damage had been done by July last year, but it would have represented a little more warning for the State if we had known then that there were serious losses which should have been revealed in the State Bank's annual report of last year. New section 25 (5) allows a magistrate on application by the investigator to issue a summons requiring a person to appear and answer questions or produce books, documents or records and, if that is not complied with, issue a warrant for the apprehension of the person to whom the summons is directed. The person who fails without reasonable excuse to obey the summons is guilty of an offence and liable to a maximum fine of \$5 000 or three months imprisonment.

Well, we can see that that is a necessary requirement to ensure that the Auditor-General has the powers to perform what, in the opinion of the Opposition, should be the role of the royal commission in this investigation, and that is to call witnesses. What we regret, of course, is that those witnesses cannot be cross-examined by the Auditor-General in the way that would be done with the royal commission.

In referring again to the need for this inquiry, the need to amend the State Bank Act and the need to amend the Royal Commissions Act, I feel bound to repeat, even though the Government cannot enjoy hearing it again and again, that the Premier should have been warned by the fact that in 1989 the bank lent to companies 10 times the 1984 level. In addition, the bank's foreign liabilities in 1989 exceeded \$3 billion. That as a proportion of its total assets was an increase from 9.4 per cent to 18.2 per cent; in other words, the foreign liabilities were doubled in the space of a year. It strains credulity to believe that the Premier could think that that was okay. He had his Treasury officers to advise him and I doubt that any Treasurer could have overlooked that enormous expansion of risk, which the State Bank was undertaking, in an institution that was guaranteed by the Government. The Premier must have had misgivings, and he must surely have asked questions. If he did not, I believe he was not only incompetent but also culpably negligent.

Referring again to that 18.2 per cent figure of foreign liabilities as a proportion of total assets, I note that sum of \$3 billion compared with the New South Wales State Bank's foreign liabilities of only \$763 million; it compared with \$1.6 billion for Victoria and \$1 billion for Western Australia. In other words, the total foreign liabilities of the State Bank were three times as great as those of other State banks in this country that are considerably bigger than the State Bank of South Australia.

All these things should be put on the record to ensure that no-one in this House can be in any doubt whatsoever

that the information was there without a doubt to tell the Premier that the bank had seriously overstretched itself, and it was doing so in a climate in which there had been a major share market crash and the value of property had plummeted. That meant that the bank's assets should have been revalued downwards two years ago following that share market crash and, had that been done and had the reins been tightened then, we would not be facing this horrible demand on the pocket of the taxpayers of South Australia.

The Bill also provides a definition of 'operations', which enables the Auditor-General to deal with off balance sheet companies. Certainly, it would be a serious shortcoming if the Auditor-General could not, under the present State Bank Act, conduct his investigation into these off balance sheet companies, because they represent an iceberg the tip of which has only barely, I believe, been revealed to the public of South Australia. It is essential that the full nature and extent of the bank's adventuring with off balance sheet companies be exposed to public gaze and that the Premier accept his responsibilities for what happened in that regard.

The nature of the Auditor-General's general powers of inquiry are such that they are to be conducted in private and—

**The Hon. E.R. Goldsworthy:** That is not quite what it ought to be.

**The Hon. JENNIFER CASHMORE:** As my colleague the member for Kavel says—

**The Hon. E.R. Goldsworthy:** They should be laid out for the public and shareholders—

**The SPEAKER:** Order! The member for Kavel is not in his seat and he is interjecting.

**The Hon. JENNIFER CASHMORE:** Mr Speaker, I am not suggesting that the Auditor-General's inquiries should be held in public; I am suggesting that some of the terms of reference that have been given to the Auditor-General would have been examined and investigated more appropriately by the royal commission. In short, while the Opposition supports the Bill, we can only deplore the reasons why it has been introduced and we can only repeat yet again that, if the Premier had had his eyes half open, he could have spared South Australia immense trauma and suffering. Let no-one be in any doubt that the economic suffering out there is real; it is associated with terrible social suffering and, I believe, with political consequences that are causing a serious loss of faith in this State's institutions, both parliamentary and statutory.

**Mr OSWALD (Morphett):** This Bill allows the Auditor-General to investigate the bank and report back to the Government. I note with interest the comments of the member for Coles and her concern that the report at this stage rests with the Government and not with Parliament. I share that concern and I trust that is not how it will end up at the end of the day. Tonight we are talking about a State Bank with a Government guarantee—a guarantee that means that, if something goes wrong with the bank and it has a loss, the taxpayer has to step in and bail out the bank. We are not talking about Westpac or ANZ or any other of the large commercial banks in which the taxpayer is not involved and where the shareholders have to step in to bail out: we are talking about a State Bank that has to rely on the taxpayer to bail it out.

I would have thought that, under those circumstances, if the State Bank has the taxpayer to bail it out, the Treasurer as the representative of the shareholders would keep a very close watch on that bank. It has been very clear that, at least over the past two years that we have been able to trace, the Treasurer has not given much attention to the

position of the State Bank as regards its business transactions. The question being asked in the public arena is why the Government did not keep a check on the business of the bank. It is a very real question and is something that will be addressed by the royal commission.

During the late 1980s, there was a recklessly high exposure of funds to the depressed property and corporate lending sectors in the Eastern States and New Zealand: there was also a very aggressive wholesale lending policy throughout the whole of the sustained bull market of the late 1980s, and anyone who only casually read the *Financial Review* would have picked that up. At the same time, the bank's results for 1989 revealed a technical after-tax profit of only \$24.1 million, after normal items of \$10.7 million and a tax credit of \$2.5 million was taken into account. Yet, the Premier claims he did not know what was going on, and certainly he wants us to understand that no warning bells were starting to ring even at that early stage.

I would have thought that, from the day these loss figures were announced and we realised that the bank had a debt exposure interstate and in New Zealand, the Premier would start to ask those pertinent questions at his monthly meetings. If he did not ask those questions, he is culpable; if he did ask those questions and did nothing about it, he is doubly culpable and should be taken to task for it. The evidence indicates strongly that the Premier was first warned as early as 1988, despite his denials to the contrary. An article in the *News* of 19 February this year under the heading 'Bannon warned in 1988' states, in part:

Premier John Bannon today said he could not recall being warned by a Treasury official in 1988 about potential problems within the bank. Mr Bannon was commenting on an article in the *Financial Review* which claimed Treasury officials—after an investigation in late 1988—had alerted Mr Bannon to the potential problems.

The report said Treasury sources claimed Mr Bannon asked the bank's Chairman Tim Marcus Clark if there were any problems at one of the pair's monthly meetings. It claimed Mr Clark had assured Mr Bannon everything was 'hunky-dory', according to one Treasury official.

Mr Bannon told the *News* today he could not remember a Treasury official raising concerns with him. But he said it was normal procedure to refer any concerns to Mr Clark and have him report back.

I do not doubt that it was normal procedure to refer concerns to Mr Clark and ask him to report back, but it seems that either the Premier had blind faith in the manager of the bank and accepted everything that he said on face value or he had absolutely no knowledge whatsoever of what was happening out there in the real world in professional banking. The warning bells were ringing, major banks were experiencing extreme difficulties with debt exposures, there had been a downturn and the bullish market had started to collapse, yet the Premier was not asking questions or, if he was and the Manager was giving him replies, he was not following up these replies. It has become patently obvious that from 1988 to 1989 and into 1990 the debt exposure was building up and the Premier was not asking questions.

**The SPEAKER:** Order! I draw the honourable member's attention again to the subject of his contribution. He is really touching upon a previous Bill, the Royal Commissions Bill. The Bill before us now sets out procedures relating to the appointment of a person to investigate the State Bank and the conduct of that investigation. I ask the honourable member to build up a case, but to keep his comments within that arena.

**Mr OSWALD:** I had not intended to speak for long on this subject and I have probably made most of the points I wanted to make. I understand that this Bill is about allowing the Auditor-General to step in and investigate. I was endeavouring to outline that the Premier in his capacity

as Treasurer has done very little investigating. Indeed, it would appear that no investigation has taken place and we will be looking to the report of the Auditor-General. I hope that the questions we have are relayed back to the Parliament.

It was interesting that, when the major banks were in extreme trouble and the four major banks were preparing to write off \$1 billion worth of debt, the economists of the State Bank were also expressing grave concerns about what was happening in the financial markets. I am sure that they started some sort of internal review.

In closing, I support the Bill but express concern that it would be a disservice to the people of this State if the report brought down by the Auditor-General was not brought to the attention of all people in this State. There is great concern in the public arena as to the Government's involvement in this issue. I am pleased that the royal commission will go ahead. I am not sure that we need both inquiries—I would have been happy with the royal commission. The Government has chosen a double course. We all know the types of questions that are asked, and the investigative analysis that takes place in a royal commission is far more reaching than in an Auditor-General's inquiry. Nevertheless, the Government is taking this course and the Opposition supports the Bill.

**The Hon. G.J. CRAFTER (Minister of Education):** I will not detain the House long in replying to those members opposite who have contributed to this debate, as most contributions have been of a more general nature and have not addressed specific matters with respect to the Bill. Indeed, many ventured far and wide—well beyond the measure before us. It was disappointing to hear the rhetoric we have heard this evening and some of the venom that has been injected into the debate, directed particularly towards the Premier, with many unsubstantiated statements being made. Indeed, the contribution of the member for Coles was a masterpiece of exaggeration and innuendo, and that does not help the task that the Government has accepted.

The Government, in particular the Treasurer, should be receiving the support and gratitude of this place for the actions that have been taken to secure the bank in the way in which we have to ensure that it now has sound leadership. In the investigations conducted prior to Christmas and since that time into the well-being of the bank and the action that has been taken to cause these inquiries to come about we have received no help from members opposite. Indeed, they played a destructive role in this debate with respect to maintaining public confidence in this institution and displaying a bipartisan approach to securing the ongoing viability of the bank. Instead, we hear derogatory contributions from members opposite with respect to the standing of the bank in the national scene and indeed regarding the standing of our State. It is disappointing that members are so willing to slip into that style of debate for short-term political gain.

The measure before us tonight is a relatively well known and well explained sequence of amendments to the State Bank Act to allow for the effective investigations that we are asking the Auditor-General to carry out pursuant to section 25 of the State Bank Act and, indeed, the proposal to give fresh instructions to the Auditor-General and to link his inquiry closely with the royal commission so that there can be two prongs to this inquiry—a very thorough analysis of what has occurred within the State Bank and its relationship to Government, and to ensure that at the same time those inquiries do not destabilise the operations of the bank.



I have referred in other debates today, this evening and earlier in this place to advice that the Government has received from J.P. Morgan and the new Chairman of the bank with respect to the likely effects to the well-being of the bank if we were to take the course of action being urged upon us by the Opposition. The Government cannot allow the political dimension of the arguments advanced by members opposite to dominate in this matter. I reiterate the words that I quoted the other day of Mr Sabatini of J.P. Morgan who said that there are significant risks for the ongoing operations of the bank in holding a full public royal commission into the bank's operations.

Because of the nature of royal commissions and their adversary dimension, I believe it would simply not be possible to retain the confidence of the bank's customers in its ongoing operations, at the same time putting sensitive commercial material and other matters into the public domain. That does not seem to concern members opposite, but it certainly does concern the Government. Mr Nobby Clark, the new Chairman of the State Bank Board, in an interview on 28 February, said:

The important thing is that we have an ongoing business to conduct and one would hope the requirements of the commission are such that it recognises that we have an entity that's based on confidence and worked through people.

He went on to say:

We'd like to think nothing would happen in that commission that would be detrimental to the confidence or psychology of the customer base in South Australia on the one hand and on the other that there's not too much of a morale problem for the people of the bank nor indeed that we have a lot of officers embroiled in the gathering of data or provision of information or which they will have to provide of course if it comes to pass but one would hope there is no great detriment to the operations remaining.

It is very clear indeed that that position will be very much at risk if the Opposition has its way. Nothing could be clearer than the statements made by members opposite who have contributed to this debate tonight, because they are solely and simply advancing a political agenda. It is a destructive course of action upon which they have embarked, one that has very little regard for the ongoing well-being of the bank.

It is fascinating to hear the logic expressed by members, such as the member for Murray-Mallee, who spoke about the difficulties that his constituents face because of the downturn in the economy and the policies that have been embarked upon by the State Bank and by all other banks in this State. Similar comments were made by the member for Flinders. Yet, without the State Bank and its ongoing operations in this State, those very constituents would be in a much worse position than currently and, indeed, many more of their constituents would be facing very grave economic decisions affecting them, their families and the well-being of their districts.

It is simply not satisfactory for members opposite to preach about the morality of the activities of the State Bank Group and then not to mention organisations and corporate bodies, such as those led by the former President of the Liberal Party, Mr Elliott, that have been engaged in many and various activities not conducive to the well-being of this country. The member for Flinders said that he wants to raise serious allegations of asset stripping. Perhaps he ought to look a little closer to home and at some other corporate bodies in this country that have made an art form of asset stripping at great cost to the jobs of many thousands of Australians and with the destruction of very fine corporations that have served this country well for many years.

If the Opposition wants to start taking a moral stance on this issue, at least it should be fair and it should apply those

principles that it wants to uphold to other banking institutions and, indeed, other corporations across this country from which it should demand the same level of corporate propriety. With those remarks I commend this measure to the House.

Bill read a second time.

In Committee.

Clause 1 passed.

Progress reported; Committee to sit again.

## ADJOURNMENT

**The Hon. D.J. HOPGOOD (Deputy Premier):** I move:  
That the House do now adjourn.

**Mr QUIRKE (Playford):** Before I refer to the main substance of my address tonight, I would like to make a few comments about the passing from this world of one individual and the movement of another individual into a different area of activity. I am talking about a couple of principal characters from the Cleland Conservation Park who have made a great contribution to that park over the past 20 or so years. Many members would have read in the newspaper of the death of Bob Robins, who for many years was a symbol of the success of Cleland, both as an international tourist destination and also for many children who have grown up in South Australia with a much greater and more developed education about koalas and other wildlife than would have been the case had Bob not taken and played the role that he did play over the past two decades.

When he died at the age of 88, I think he had clearly demonstrated that his contribution to South Australia, to Cleland and to putting it on the map and making it a tourist destination was quite unparalleled. His passing should be mentioned in this House. He brought a great deal of enjoyment to many people in South Australia and we should all note with a degree of sadness his passing, but we should note also that the program that he instituted is continuing through national parks and wildlife personnel who are doing an excellent job.

The other person from Cleland whom I want to mention is the former proprietor of the kiosk, Joe Heptinstall, who went to Cleland in its very early days in 1967 and provided sterling service. In many respects he was one of the characters that have made the Cleland Conservation Park the pre-eminent park it is in South Australia.

Last week in this House we listened to a great deal of debate about establishing a floor price for wheat. In fact, the debate was in many respects a mirror of the debate that has been happening in most States and in Canberra on the basis of proposed schemes to help the rural sector. In the debate last week many speakers took the point that a minimum floor price of about \$150 to \$160 would be necessary to maintain the planting of a crop in many areas this year. In fact, I do not know what the case is for a price in South Australia, whether \$150 or \$160 is realistic, but my understanding is that on the current world export market we are realising about half that figure, or \$80, and that it would require a great deal of subsidy from Canberra to prop up the wheat industry. What the exact figure is or what will be the amount of the main wheat cheque that will come to growers, I do not pretend to know, but I do know that a lot of other areas in Australia have similar problems, and I will come to those in a moment.

I think it is appropriate now to take some time to consider what the Federal Government has done in this respect. The whole issue of supporting industry sectors in Australia has



definitely been put under the microscope in the past seven or eight years. The move today to, in effect, take car tariffs down to 15 per cent will mean that in South Australia we will be dealing with zero tariff protection by the year 2000. The reason it will be zero is quite simply this: in South Australia there is a cost premium, and that involves the shipment of raw materials to South Australia and, in most instances (not all, because there is a domestic market here), the further onward export of finished products either to the eastern seaboard or overseas.

The geographical location of South Australia, as a centre of manufacturing export, is of itself a cost factor. In many respects this has been counterbalanced by a regime in South Australia of lower costs, a better industrial dispute record than what has been the case in other States, and an underpinning by a tariff regime, which is now about to be changed. It is now time for many of the members who have made comments in here about the wheat and wool industries to understand that there are many other aspects to the question of protection. There are many other industries in South Australia that members opposite could refer to when talking about protection. Yet, one never hears about them. In fact, all we get are the rural socialists giving us the word about how we need a minimum price for wheat and about how we ought to fix up their constituencies. They do not care terribly much about what is happening in other areas of South Australia.

While I am disappointed at the Prime Minister's statement today in respect of tariffs, I am agast at the comments that were made by Mr McLachlan in Federal Parliament, that he hoped that the Federal Government would have the guts to keep cutting tariffs. He said that he would go down to absolute zero. In South Australia, that means that we would be not on a level playing field but actually six feet under. That has got to be made quite clear. The one thing that was missing from this statement made today was any detailed analysis of how the measure will affect regional areas such as South Australia. A broad brush approach to get rid of all tariffs by the year 2000 would affect us even more.

I know that the rural perspective has always been that tariffs ought to be gotten rid of and that cheap imported machinery should be brought in, in place of expensive domestic manufactured products, and that the farmer would be able to reduce his cost regime and, therefore, potentially increase his earnings. The converse of that, of course, is that manufacturing was originally brought in in Australia as a means of spreading the wealth of the country to the city. With protection, it was meant to be a balanced equation, where both rural and city industries would survive and would employ the overwhelming bulk of the Australian work force.

With this new regime that we are now developing, it is very hard to see how we can again erect some of the protection that may be necessary in a great number of manufacturing areas. The industries will probably disappear. We hope that the principal industries on which our wealth is underpinned in South Australia will continue. One of the great dilemmas that now faces industry in Australia, and in South Australia in particular, is the question of continued investment. I must say that it would be nice to hear from members opposite an acknowledgment of the fact that there are more problems in this world than just those that affect wheatgrowers. I am not making little of those problems, and I remind members that I voted last week for the proposal that was before the House, which was spoken to so eloquently by the Minister. However, a number of other areas also require some attention. It would be nice to

hear members opposite speak not only about some of their constituency problems but also about some of the problems in ours. I have never yet heard anyone opposite talk about single mums, for example.

**The SPEAKER:** Order! The honourable member's time has expired.

**Mr BRINDAL (Hayward):** I begin my contribution tonight by reading the words of a young elector who lives in Hayward, a third year science student at the University of Adelaide:

Dear Mr Brindal,

I am writing this letter in response to the recent development taking place on the land bounded by South Road, Sturt Road and Marion Road, known as 'Laffers Triangle'. The use of heavy earthmoving machinery to clear large areas of vegetation from the immediate area of Sturt Creek is nothing short of an ecological disaster. We are supposed to be in an age of 'environmental awareness' both locally and globally, yet the degradation continues.

Soil erosion is a problem which many people associate with the agricultural sector and hence is 'not their problem'; yet there are significant soil losses caused by careless developments within our city and suburbs that have a direct effect on the freshwater and marine ecosystems of the Adelaide region.

The flora and fauna of these systems is under increasing pressure as a result of mud and silt being emptied into gulf waters via numerous stormwater drains, choking diverse marine reef communities that rely on filter feeding and sufficiently clear water to allow light for photosynthesis to occur. These reefs provide the only habitat for several fish populations and other commercially exploitable marine organisms, such as abalone. If these habitats are destroyed it is not only the local jetty angler who will suffer. The seagrasses that grow in the sandy seabeds of the gulf are also under threat from careless land management, due to the increased turbidity of gulf waters.

Removal of this vegetation could have dramatic effects on the movement of sand bars which could, in all seriousness, block the gulf to major shipping. Seagrass populations also support many fish nurseries which are the source of some of the State's major fishing industries.

As you can see, the destruction of the Sturt Creek vegetation has far-reaching implications. The effects locally are equally devastating. I realise that the water quality of the creek has deteriorated in the past decade, with the 10 or so petrol stations washing their oil-based wastes into the catchment from South Road; yet the fact remains that the creek, prior to clearance, supported a diverse range of native species. I have been on many collecting excursions for the Adelaide University Zoology Department as part of my studies and I have recorded the many bird species which the creek supports.

The following list that I have compiled is by no means exhaustive: Adelaide rosella, crimson rosella, grass parrot, musk parrot, blue-winged kookaburra, grey-faced cuckoo shrike, galah, sulphur-crested cockatoo, little corella, rainbow lorikeet, crested pigeon, spotted turtledove, masked plover, dusky moorhen, black duck, wood duck (rare), white-faced heron, little pied cormorant, little black cormorant, little falcon, and grey falcon.

This is just one group of animals that will largely disappear from the area, simply because they have had their habitat destroyed; or the organisms upon which they subsist have disappeared.

The sheer quantity of topsoil that is presently exposed and hence vulnerable to the next heavy rain that occurs is staggering. The soil is very dry, loose and fine, comparable to the Mid North's 'bull dust'. As a consequence, wind erosion may also pose a serious problem. We have only too recently been shocked by the amount of dust and smoke in the atmosphere as a result of bushfires and exposed ploughed soil, yet we continue to 'fuel' the problem.

I am under the impression that a 'linear river park' is planned for the Sturt Creek, including a 'picturesque' grassed bank, similar to many of the country's artificial river systems (for example, the 'River' Torrens). That is the long-term plan, but have the developers taken into account the damage that will be done (and has already been done) before the soil can be stabilised? I think not.

The present pollution associated with the River Torrens should ring warning bells for any future plans that the E&WS Department has for this proposed development, so that mistakes are not repeated. Yet, frustratingly, we, the community, are not learning from our mistakes, being extremely slow to improve our management techniques.

As a concerned representative of the people of Hayward, I urge you to investigate the appalling lack of sensitivity that has been shown by the developers of this project.

Yours sincerely,

(Signed) Gillis Horner (3rd Yr B.Sc.).

I read that letter as the most eloquent statement of a number of my electors who have approached me because of what is happening in the environs of Technology Park. In the past couple of weeks some 60 mature trees in that area have been pulled down and the area largely cleared. I acknowledge that an attempt is being made to re-establish a Riverina environment and to show off what is possibly one of the most significant stands of river red gums on the Adelaide plain. However, I put to the House that in 1991 the way in which this has been done can at best be described as appalling.

As the author of the letter states: if you walk through that area now, there are large exposed banks of bare soil. From speaking to people associated with the project, it is their opinion that, if there is heavy rain this winter and floodwaters flow down the Sturt Creek, hundreds of tonnes of top soil will be lost, and will silt up the Patawalonga. So, we will have an erosion problem in the area of Technology Park, and we will have a silt problem in the area of the Patawalonga—and all because a project has not been properly thought through.

Native trees are important to South Australia. The stand of river red gums is a very fine one, but I see no reason for felling so many mature trees. They may be described by many as, and in fact are, an exotic species, yet they were significant to that area and they were important to the area, and I would like to place on record my horror that many of them have now gone. The area of Fairford, as it is known, in Laffers Triangle, is one of the oldest farmyards in this State. Its lease to William Trimmer dates from 1843 and, in fact, some of the trees that were cleared date from 1843. I believe that Fairford has been added to the heritage list of South Australia, and I believe that part of the environs have been added to the heritage list of the State of South Australia. I feel very sorry that some of those trees must have been just outside that heritage listing. I would particularly like to record the destruction of a fully bearing fig tree, of over 100 years of age, which probably dated from about the 1840s or 1850s, which is now there no more.

Members opposite can tut and make noises, but the clearing has not been done consistently. Poplars have been left, a very large mulberry tree has been left, and a number of pines have been left. So, it is not as if just native species have been left. I care about the environment. I do not want one of the last significant areas of Sturt Creek further degraded. I am appalled that any Government department could have taken such unenlightened steps in this day and age. I know that my electors, who have seen me in considerable numbers, are equally appalled, and have written to the Messenger Press and are quite prepared to stand up and be counted on this matter.

It might be of little consequence to some of the members sitting opposite, but I heard a member ask, 'Why don't you support us in the problems of our electorates?' It may well be true that perhaps we do not look at other members' electorates as much as we should, but this is a significant area, not only to the people of Hayward but to all the people in the district. It is part of an important and historic area of South Australia. That it should have been treated so badly and so poorly by people from whom we have the right to expect better is, I believe, of great consequence to this House and I am sorry members on the Government side treat it so lightly.

**Mrs HUTCHISON (Stuart):** I would like to speak on a system of education which, I feel, has been quite unique to South Australia. In his foreword to a book entitled *Bush Tracks and Radio Waves*, Mr Leo Vasilunas, Principal of the School of the Air, Port Augusta, states:

The open air access strategic plan created the Open Access College. Under this plan, the Port Augusta School of the Air will cease to be an autonomous R-7 school catering for remote and geographically isolated children. For 32 years, the school has provided an educational facility for children not able to access conventional modes of schooling. This brings the dawning of a new era.

He goes on to say:

As Principal of this school since August 1987, I have been privileged to meet many wonderful families and guvos—

or governesses in our terms—

who educate their own children in their own homes, sometimes under the most difficult and trying conditions. I have also had the honour to work with a group of dedicated and professional teachers. Together we have all contributed towards making this school a caring and committed educational institution.

He also says:

It seemed appropriate, that the 'end of an era' should be celebrated with a history book—a book describing pictorially, and in words, some of the fascinating and colourful history since the school's inception.

From that, the book, which as I said is called *Bush Tracks and Radio Waves*, came to fruition. The new premises for the School of the Air at the Port Augusta Primary School were ready for the first broadcast to go out on 6 August 1959. The official opening was performed on 9 October 1959 by Mr Jack Whitburn, who was the Superintendent of Primary Education, and other guests of honour were Dr George Simpson, Federal President of the Royal Flying Doctor Service, Mrs Hastwell, President of the South Australian Section of the Royal Flying Doctor Service, a Mr Graham Pitts and a Mr W. Martin.

On the actual commencement day, when the school first opened, a Miss Fitch, who was the Headmistress of the correspondence school at the time, said:

And what a wonderful day this is for all of us! The commencement of the Port Augusta School of the Air. It means, boys and girls, that not only have you a mother, and a special teacher of your own at the correspondence school in Adelaide but you will also have a special someone, 200 miles nearer, who is willing and wanting to help you do your lessons; to talk to you, to answer your questions, to tell you all sorts of interesting things, to invite you into her classroom where you'll have some classmates doing the same lessons with you, even though you are miles and miles apart.

And who must we thank for making this wonderful day possible? First, we must say a big, big thankyou to the Royal Flying Doctor Service which has made its radio network and the time available to the Education Department. We'd like Mr Pitts of the Port Augusta base to know just how grateful we feel, and to convey to the Royal Flying Doctor Service, on this special day, our thanks and appreciation. Listening to our first session is Miss Adelaide Meithke, an executive member of the Royal Flying Doctor Service and she, too, will be glad to pass on our message of gratitude.

Miss Fitch says a lot of thankyou in that commencement day ceremony, but the main thankyou that I would like to mention is perhaps the most important with regard to the School of the Air and the children who were involved in that. She said:

Now the third thankyou is an extra special one, little folk. I wonder if you can guess who deserves the biggest clap of all? I think you might be sitting close beside her. You, mothers! What wonderful people you are! You have our utmost admiration for the way you tackle this difficult task of teaching on top of all your other household duties. I do most sincerely hope that this new venture will mean a very definite lifting of some of that burden.

She goes on to get the children to thank the mothers who, in the outback, were a vital part of the very important School of the Air.

The workload that those people had to carry was very significant. They gave up their time willingly in the interests of having their children educated. Whilst these children did not have the same sort of education as children in the cities, they did have a very unique system of education. In fact, a little later on they came from the station properties to the centre in Port Augusta, and, after having talked for some time to people on the radio, were able to meet them personally.

I was privileged at one time to be able to speak to those children and the mothers on the air, and it is a rather interesting exercise to be able to do that. It is a bit difficult talking to people whom you cannot see, but the response from them is well worth the effort of doing so. The book continues:

Port Augusta [School of the Air] was not the first school of the air in South Australia. In 1956, the Anglican Bush Church Aid Society started its radio school, the second in Australia (after Alice Springs). It was so titled to distinguish it from the School of the Air, which was operated through the Royal Flying Doctor Service.

So, there has always been that interrelationship between the School of the Air and the Royal Flying Doctor Service. It continues:

Ceduna teachers seemed to do more home visiting than their Port Augusta counterparts, especially from 1961 onwards. Both David Ashton and John Penberthy participated in flying trips to far-flung outposts, and John also made a trip on the lighthouse tender ship to visit his island pupils.

It had a very interesting aspect to it with regard to all the travelling that took place. Incidentally, the teachers of the Port Augusta School of the Air, as it became more mobile, did take trips to the outback so that they could talk to the children in their own environment. Later, the Ceduna School of the Air disbanded. The book continues:

Two of the Ceduna teachers ... subsequently transferred to Alice Springs School of the Air; two others, Miss Eileen Byrne (later Mrs Browne) and John Fear transferred to Port Augusta School of the Air; and when the Ceduna school closed down in December 1967 most of its pupils transferred to Port Augusta.

Home supervisors were also a very important part of the School of the Air. The book continues:

In 'real' schools, parent involvement in education is much sought after [as we are all aware], and in some schools, at least, it is a valuable help for the teachers. In distance education, parent involvement has always been vital, as none but the smartest upper primary pupils could cope with the work without adult help.

As I said previously, mothers and other family members were regarded as a vital part of that schooling in being able to assist the teachers who were located in Port Augusta. It goes on:

The adult helper [in those situations] is broadly called a home supervisor, a term which includes supervising parents and employed supervisors. In most cases home supervisors are women—mothers and governesses, although there are a few notable exceptions: Kevin Masters and Kevin Parker are two fathers who have undertaken to do the bulk of the supervision for their daughters, and there have also been a few male members in the role of paid supervisor.

Supervising mothers [or the fathers], with their normal home duties to attend to as well, have sometimes found the going tough, and only their complete commitment and dedication has pulled them through; governesses [employed to specifically look after the children] have more time for lesson preparation and school work generally, but they have other problems, such as fitting in with the family, coping with discipline with varying degrees of parental support and home-sickness, to name a few.

Help and advice was always available to those supervisors from the Port Augusta school. I think that the School of the Air (which has actually finished and a new phase of open access education has begun) should be applauded by members in this House for what it has done over its 32 years of existence. We should take our hats off to all the outback mothers, governesses and fathers who have done such a good job in educating their children in sometimes very difficult circumstances. In fact, I would like to pay tribute to all those people involved in the Port Augusta School of the Air and in other schools of the air around Australia, but most particularly to the one in Port Augusta.

Motion carried.

At 9.36 p.m. the House adjourned until Wednesday 13 March at 2 p.m.

## HOUSE OF ASSEMBLY

Tuesday 12 March 1991

## QUESTIONS ON NOTICE

## E&amp;WS DEPARTMENT

484. **Mr BECKER (Hanson)** asked the Minister of Water Resources: How many electric motors and electric drills were ordered by the E&WS Department in each month of the year ended 31 December 1990, why was it necessary to order those numbers and how many were lost, stolen, or damaged in that year?

**The Hon. S.M. LENEHAN:** The reply is as follows:  
Electric Motors

A total of 58 electric motors were purchased during 1990. The motors were mainly for pumps, with a few purchases for use with air conditioners, exhaust fans and roller doors. There were no reports of electric motors lost or stolen. A figure cannot be supplied for damaged items.

Electric Drills

A total of 79 electric drills were purchased during 1990, with 65 of the purchases being replacements. There were 15 lost, four stolen and 46 damaged.

The 'lost' drills refer to items not accounted for during annual stocktakes. All discrepancies are thoroughly investigated prior to adjusting records. Part of the investigation includes a request to all locations within the department to check like items to ensure that the missing item/s have not been relocated in another area.

*Monthly Purchases*

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Electric Motors	4	1	19	1	3	4	6	3	2	3	8	4
Electric Drills	2	3	14	1	5	13	12	8	6	4	10	1

## GOVERNMENT VEHICLES

489. **Mr BECKER (Hanson)** asked the Minister of Transport:

1. To which public servant, by title and Government agency, is the vehicle registered UVV 541 attached and why are private number plates issued?

2. To where did the vehicle travel between 6 and 9 October 1990 and:

- how many litres of fuel were purchased on those days;
- what was the total cost of fuel purchased on those days;
- was the fuel purchased through service stations contracted under the Government fuel agreement and, if so, at what discount rate; and
- who paid for the total cost of fuel charged to the Government agency?

3. Is the driver of this vehicle permitted to use it interstate?

**The Hon. FRANK BLEVINS:** The replies are as follows:

1. The vehicle is allocated to the General Manager of the Parks Community Centre. Private plates were approved by the Board of Management of the centre as part of his conditions of employment, based on those of a Chief Executive Officer.

2. The vehicle was used for the General Manager's private purposes, as allowed for in his conditions of employment. A return trip to Wagga Wagga, New South Wales was made.

(a) 262.89 litres of fuel.

(b) \$218.79.

(c) Yes, the centre pays the State Supply contract price.

(d) All but \$20.04 was charged, using the centre's Mobil card and the account was paid by the centre. \$20.04 was paid in cash by Mr Mitchell and not claimed against the centre.

3. Yes. No restrictions on its use were made by the board. Effective from 1 January 1991, and in line with conditions now applicable to Chief Executive Officers, the General Manager is required to meet all cost of fuel during recreation leave.

## REFERENDUM

522. **Mr BECKER (Hanson)** asked the Minister of Education representing the Attorney-General:

1. How many persons did not vote at the 9 February referendum and—

(a) how many have been written to seeking an explanation for not voting and when were the letters written;

(b) what is the fine for not voting;

(c) what action is contemplated, and when, to enforce the penalties for not voting; and

(d) what is the estimated amount of non-voting fines to be collected and what are the estimated costs involved?

2. What was the cost of the referendum and how was this amount arrived at?

**The Hon. G. J. CRAFTER:** The replies are as follows:

1. Approximately 98 000 electors did not vote at the 9 February referendum.

(a) None has been written to seeking an explanation. That process will commence in approximately six weeks.

(b) The fine for not voting without a valid and sufficient reason is \$50. The expiation fee is \$10.

(c) Expiation notices will be sent to those electors whose reason for not voting is insufficient.

(d) There is no estimate for fines nor costs involved at this stage, and it is unlikely it will ever be presented accurately as court costs and fines are dealt with by the courts and extraction of such specific information would incur unjustifiable costs.

2. The cost of the referendum will not be known for some time, but it is not expected to exceed \$2.8 million.