HOUSE OF ASSEMBLY

Tuesday 24 August 1993

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

GARBAGE RECYCLING TRANSFER CENTRE

A petition signed by 449 residents of South Australia requesting that the House urge the Government to oppose the establishment of the proposed waste and garbage transfer centre at Royal Park was presented by Mr Hamilton.

Petition received.

OPEN SPACE

A petition signed by 2 433 residents of South Australia requesting that the House urge the Government to retain the Brighton Glenelg Community Centre and encourage a study of open space needs by the City Councils of Brighton and Glenelg was presented by Mr Oswald.

Petition received.

WINE TAX

The Hon. LYNN ARNOLD (Premier): I seek leave to make a ministerial statement.

Leave granted.

The Hon. LYNN ARNOLD: Last week I announced that I would be convening a special meeting of the Wine Industry Forum to discuss with industry representatives how best the State Government could work with the wine industry in fighting the Federal Government's tax increases on wine. I wish now to report to the House on the outcome of that meeting and the action which the State Government will be taking.

On Monday morning, the Minister of Business and Regional Development, the Minister of Primary Industries and I met with 13 representatives from the wine industry. At this meeting, industry representatives provided an overview of the impact of the tax increase on their sales, profitability, future investment decisions and export growth. A range of proposals and action plans were also discussed. A subsequent meeting was convened this morning to finalise the action being taken by the wine industry and the State Government. The grape growers and winemakers formally announced today the establishment of a 'fighting fund' aimed at raising $1 million to increase the awareness of the community and the Federal Government of the impact of this tax increase on their industry. The ultimate aim of this exercise is to have the decision to increase the tax reversed.

The State Government will run a parallel campaign to that of the wine industry, and today I have announced an extensive range of measures which the Government will be taking. First and foremost, the Government will be providing $250 000 funding for initial research on the impact of the tax on all sectors of the industry. The Government will also undertake a more detailed analysis on the longer term impact, particularly on the export competitiveness of the industry. This will include:

· Funding a study by the South Australian Centre for Economic Studies to report on the impact of the price increases on the demand for domestic wine. This study was commissioned by the wine industry and has already begun.

· An examination of the impact that increased prices and reduced sales in the domestic market will have on the ability of the wine industry to export.

· Determine the impact on grape growers with respect to their investment and planting decisions for this year and next.

I will also be writing to the Premiers of the other main wine producing States calling on them to undertake similar work, which would highlight the impact of this increased tax on the Australian industry, not just the industry in South Australia. As members would be aware, the Commonwealth Government has established a regional development task force to carefully consider the impact of Commonwealth policies on regional economies. In this regard the Minister of Business and Regional Development has written to Bill Kelty, the Chair of the task force on regional development, calling on him to convene urgent hearings to look at the impact of the Federal Government's tax increases on the South Australian wine industry.

Representations have also been made to the Federal Minister for Industry, Technology and Regional Development and the Federal Minister for Trade inviting them to meet with wine industry representatives in South Australia. Once the State Government and the wine industry have put together a compelling case, I intend leading a joint State delegation to the Prime Minister and the Treasurer.

An honourable member interjecting:

The SPEAKER: Order! The Leader is out of order.

The Hon. Dean Brown interjecting:

The SPEAKER: The Leader is out of order again.

PAPERS TABLED

The following papers were laid on the table:

By the Minister of Housing, Urban Development and Local Government Relations (Hon. G.J. Crafter)—

Regulations under the following Acts—
- Classification of Theatrical Performances— Classification Fee—Restricted
- Criminal Injuries Compensation—Commencement
- Real Property—Transfer of Allotments
- District Council of Millicent—By-law No. 2—Moveable Signs

By the Minister of Education, Employment and Training for the Minister of Environment and Land Management (Hon. M.K. Mayes)—

- Liquor Licensing Act—Regulations—Exemption of Therapeutic Goods

By the Minister of Education, Employment and Training for the Minister of Emergency Services (Hon. M.K. Mayes)—

- Police Act—Regulations—Police Aides.

QUESTION TIME

The SPEAKER: In the absence of the Minister of Environment and Land Management, the Minister of Education, Employment and Training will take questions on issues relating to the environment and Aboriginal affairs and questions relating to emergency services will be handled by the Minister of Public Infrastructure.

FEDERAL BUDGET

The Hon. DEAN BROWN (Leader of the Opposition): Is the Premier refusing to call a meeting of South Australian

Labor members of the Federal Parliament to urge them to oppose the increase in the Federal petrol tax because his Government is equally guilty of using the petrol pump as a tax collector? At the weekend I asked the Premier to call a meeting of his Federal colleagues and to urge them to join the Liberal Party in opposing the increase in petrol tax, the wine tax—to which he has just referred—and other wholesale taxes that are contained in the Federal budget. The Premier has refused to do so. He has said the following about petrol taxes:

> The family with young children and one income struggling to get established pays as much tax on every litre of petrol as does the company director and his family living on many times the take-home pay of the former.

An honourable member interjecting:

The SPEAKER: Order!

The Hon. DEAN BROWN: Under this Labor Government, Adelaide motorists and are now paying up to 8.95¢ a litre for super grade petrol here in South Australia compared with 1.5¢ a litre in tax when this Government came to office. This is the highest level of State petrol tax of that in any State in Australia. Under this Labor Government, State revenue from the petrol tax has increased from less than $24 million a year—

The SPEAKER: Order! The Leader is now starting to debate the question. He can only explain the question.

The Hon. DEAN BROWN: I am pointing out that when this Government came to office it was collecting less than $24 million a year in fuel tax—

The SPEAKER: The Leader has said that.

The Hon. DEAN BROWN: It is now collecting $130 million a year in State fuel tax.

The Hon. LYNN ARNOLD: Is this the same Leader who was a Minister of a Government that put up electricity charges by 50 per cent?

Members interjecting:

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

The Hon. LYNN ARNOLD: At the time he was a member of that Cabinet. Is this the same person who was quite happy to do that without any concern about the impact that had on ordinary South Australians and business in this State? He was quite prepared to do that.

Mr S.J. Baker interjecting:

The Hon. LYNN ARNOLD: Well, I will tell the Deputy Leader something about the petrol, because it is interesting how much is ignored by the Leader in the actual facts about petrol tax in this State. He chose yet again to overlook the fact that this State Government is the only one to have a tiered system, a zoned system, of petrol tax.

Members interjecting:

The Hon. LYNN ARNOLD: You laugh at that, but they are the facts.

Members interjecting:

The SPEAKER: Order!

The Hon. LYNN ARNOLD: It is a zoned system that looks after those in regional areas, in the country areas of South Australia, and indeed the tax rate that applies in the country areas of South Australia in zone 3 is about 4½¢ a litre—the lowest for any State in Australia bar one. The cynicism of the Leader shows through in the way he asked that question and refuses to acknowledge the facts that are there. The fact is that 4½¢ is the second lowest tax rate for country petrol users in this country, and that is a fact that cannot be ignored.

Members interjecting:

The SPEAKER: Order! The Deputy Leader is out of order.

The Hon. LYNN ARNOLD: That has been done because we recognise the impost of petrol costs on country users who have enormous distances to travel, and I would have thought that would be a point of concern to members opposite. Let us look at some other points on this matter as well. First, the most recent increase in petrol tax at the State level took place in the 1992-93 budget, and that was all dedicated to local government. This has been as a result of significant discussions with local government to give it greater security of funding arrangements, so that has not been something that has come into State Government coffers to benefit them: that is something that assists local government. I ask members opposite to go to their local governments in the various parts of the State and ask them what they think of that particular arrangement—what they think of the benefit of that budgeted arrangement that took place last year.

If you take out that element of the tax as well, you suddenly find the figures start coming down quite enormously as to what is the net take from the petrol price that State revenues get. The situation is that the actual percentage of the petrol price at the bowser that comes to the State Government coffers is a very small percentage compared with what happens at the Federal Government level. The point I have been making is that the already large figure that the Federal Government takes from the petrol tax price in Federal taxes is going to be increased enormously—as has been said, it is about 10¢ a litre for leaded petrol by February 1995—and I have said that that is a figure that is simply not supportable; that that figure is going to hurt ordinary Australians; and that that figure is going to see most of the tax cuts that will be coming in November taken away from many Australians on average incomes.

That is something that I cannot support. It certainly has an effect in outer urban areas, such as my own area and various areas in the southern suburbs and the like. I am well aware of the concern about those particular matters. The Leader is saying simply that the State Government should not have any petrol tax at all. He is saying that the State Government should not be in the area of taxing petrol. Ideally, it would be good not to have to be in that area, but the point I am making is that, when we have had to apply petrol taxes, we have done that fairly, at a percentage rate that is much less than what has been announced by the Federal Government and recognising the greater usage of cars by country users, and I think that those arguments do justify the position that we are taking in opposing the Federal Government increases while maintaining the position that we have had here in South Australia.

Members interjecting:

The SPEAKER: Order!

PAYROLL TAX

The Hon. J.P. TRAINER (Walsh): My question is directed to the Treasurer. Has the payroll tax scheme aimed at providing rebates for increased employment announced in last year's State budget been well received, and has it been effective?

The Hon. FRANK BLEVINS: I thank the member for Walsh for his question. The short answer is 'Yes.' The scheme has been very well received, and it has been quite effective. The position until a couple of days ago is that approximately 500 applications have been received. Of the applications that have been processed—about 440—the

rebates have amounted to $3.28 million, and that is the equivalent of 1 931 jobs. So, it has been a highly successful scheme indeed.

I believe that the scheme could be more successful, because certain employers have not applied for the rebate and, as the rebate is $1 700 per employee, it is a very significant sum. We have no means of knowing who they are, and that is the purpose of the publicity today—

The Hon. Dean Brown interjecting:

The SPEAKER: Order!

The Hon. FRANK BLEVINS: The purpose is to encourage employers, and I hope that members opposite will—within their constituencies, in their newsletters, and so on, and with their contacts with employers—encourage employers to apply. It may well be that not all employers will be eligible, but please apply. In our State Taxation Department, we have officers who will assess very quickly if people are eligible and notify them accordingly. Employers have until 30 September 1993 to lodge their applications, and I hope that more employers will take up the offer. It is a significant amount of money, as I have said.

The rebate was introduced in the last budget, despite the fact that again South Australia has the second lowest level of payroll tax in the whole of Australia. In fact, perhaps one of the reasons why we have not had as high a take up as I would have expected is that only about 8 per cent of employers in this State pay payroll tax at all. I understand that 92 per cent of employers are totally exempt, so it is very difficult to give a rebate to 92 per cent of employers who do not pay in the first place.

I conclude by pointing out that the marginal rate of payroll tax in South Australia at the moment is 6.1 per cent, which is well below the 7 per cent imposed in Victoria, New South Wales and Tasmania.

PETROL TAX

Mr S.J. BAKER (Deputy Leader of the Opposition): My question is directed to the Premier. Last financial year, did the Government increase petrol tax by 3¢ a litre more for Adelaide motorists under false pretences? If not, will he say how much of the additional revenue was provided directly to local government?

The Hon. LYNN ARNOLD: I take it that the Deputy Leader's question is also directed at the zone 2 and zone 3 areas of petrol tax, the areas that see South Australia having the lowest rate of petrol tax in country areas. Yet again we see the absolute cynicism of Opposition members, who are not prepared to give credit where credit is due. Who would argue against the system? This being the only State in Australia that has this tiered system looking after country motorists, one would at least think that the question would have been framed to take in all of that. But, no, members opposite have to be so snide and so twisted in their political obsessions on this matter that they will not even give credit where credit is due.

We have had significant discussions with local government—discussions in which my colleague the Minister of Housing, Urban Development and Local Government Relations has been involved—resulting in the memorandum of understanding between local government and the State Government that has been oversighting the transfer of funds to local government. I would be quite happy—I do not know the figures off the top of my head—to get information as to the financial benefit that local government will receive out of the memorandum of understanding and the petrol tax arrangements and make that information available to the House.

Members interjecting:

The SPEAKER: Order! The Deputy Leader is out of order.

DISABILITY FUNDS

Mr ATKINSON (Spence): My question is directed to the Minister of Health, Family and Community Services. Can the Minister outline how the new Commonwealth-State disability funds for 1993-94 will benefit people with disabilities in South Australia?

The Hon. M.J. EVANS: Certainly. In June 1993 the Commonwealth Minister for Disability, Brian Howe, and the State Government signed the Commonwealth-State Disability Agreement (CSDA) which guarantees for the State substantial additional funding in the disability area. The sum of $1.74 million was provided at the time of the signing, which was immediately before the end of the last financial year, and $2.7 million of recurrent funding will be available this financial year. There are quite a few details in relation to how that money will be spent, but quite clearly the House would not appreciate the opportunity being taken to do that here, and other more appropriate forums exist for me to provide that detail.

I think the House would want to know that that $1.74 million is being allocated right across the disability field, and I include in that people with an intellectual disability, the increasing services available in accommodation support, non-vocational day options, development work, and intensive intervention and crisis intervention for the most vulnerable clients. Physical disability areas will benefit from self-management courses for people with arthritis, updating of the Independent Living Centre's information systems, development of information skills for people with traumatic brain injury and communication aids for people with physical disabilities.

People with sensory disabilities will receive funding for communication aids, braille training, training in the use of specialist communication techniques and information for people of a non-English speaking background.

Other funding is being provided from the money this year and that of course will also extend right across the field, including assistance for people with autism who do not have a diagnosed intellectual disability but who have urgent needs for community support and respite and who will be assisted substantially, as will be young people who are not at school but who have challenging behaviours and otherwise do not have intellectual or psychiatric disabilities. I believe that this additional funding comes at a critical time and demonstrates the Government's commitment to one of the most vulnerable groups in our community.

RIVERLAND ENTERPRISE ZONE

Mr D.S. BAKER (Victoria): My question is directed to the Premier. Following the Premier's ministerial statement today, is the Government prepared to establish an enterprise zone in the Riverland in view of the particularly severe impact the wine tax increase will have on that region? A survey of the wine industry reveals that sales—

The SPEAKER: Order! There is a point of order. The honourable member will resume his seat.

The Hon. M.D. RANN: Mr Speaker, I rise on a point of order. The member for Goyder has a motion before the House on this matter.

The SPEAKER: There is a notice of motion. Will the Minister say to which motion he is referring?

Mr MEIER: Mr Speaker, if I can clarify the position for the House, I have a notice of motion before the House but it says nothing about the Riverland as an enterprise zone and—

The SPEAKER: Order! The member for Goyder will resume his seat. I assume the Minister refers to Notices of Motion: Other Motions No. 15: I do not uphold the point of order. There is nothing in it referring to the wine industry as such, and I therefore allow the question.

Mr D.S. BAKER: Thank you, Mr Speaker. Perhaps he has it confused with tourism.

The SPEAKER: Order!

Mr D.S. BAKER: A survey of the wine industry reveals that sales of cask wine are likely to be particularly hard hit by the 55 per cent increase in the wine tax. The Riverland region, which provides the bulk of cask wine grape production, will be the area most affected. Mr Bruce Kemp, General Manager of Penfolds, Australia's largest winemaker, has indicated that company expansion plans worth $100 million may be cut by up to $40 million because of the Federal budget, with most of this impact coming to South Australia and the Riverland in particular.

The Hon. LYNN ARNOLD: I am interested to note that the member for Goyder indicates that his motion says nothing about the Riverland; so he has no interest in the Riverland. However, coming to the member for Victoria's question, the statement I gave today was the result of discussions I had with the industry. I indicated last week that I wanted to talk with the industry and find out what it felt we, as a State Government, could best do to assist it in ensuring that this tax increase does not take place and that there is adequate support for the industry.

Members interjecting:

The SPEAKER: Order!

The Hon. LYNN ARNOLD: The industry acknowledges what the State Government has done: it acknowledges that we put in $1.5 million in the 1992-93 financial year to assist with wine exports, and it acknowledges the leading work that we have done over the years to promote wine exports from this State. The industry knows that, if it wants to argue any case on any of these matters, it only has to come back and I have promised that we will look at realistic support for realistic propositions. I might say that the wine industry itself has not come up with the idea of enterprise zones for the Riverland. One of the reasons is that enterprise zones are intended to attract new industries to the State, things that are net additions to the State, and the industry wants a general increase in our export of wine from all regions of the State and not just one region or another.

It wants to see all regions benefiting from that and we want to work with the industry on that. While we gave $1.5 million last year, I have indicated that we will look favourably on an argued case for a further increase in export promotion funds from the State Government, and I am certain that we will have those discussions. This is said by me as Premier of a Government that has done a number of things over the years for the wine industry.

With regard to the tax on cellar door sales, when they objected and said that it was hurting one aspect of their industry, an aspect that had a tourism benefit, this Government did something about it and removed that tax. When there was the increase in last year's budget with respect to liquor licence fees and representations were made to us that it was hurting the hospitality industry and the liquor industry in this State, we reduced that again. In the April statement we reduced it to 11 per cent—the only Government in history to lower a tax on alcohol. Those are the signs that support this Government's contention that we help the industry in constructive and realistic ways. We are prepared to listen to the industry for constructive ideas and we will continue to do so and work with it to promote this very important South Australian industry.

LAND SPEED RECORD

Mr HERON (Peake): Can the Minister of Tourism provide the House with details of the world land speed record being conducted in South Australia shortly after the Grand Prix?

The Hon. M.D. RANN: I am delighted to inform this House that in early November Rosco McGlashan will drive a jet turbine powered vehicle on Lake Gairdner in a challenge for the title of fastest person on land and the land speed record. They have chosen Lake Gairdner because of the need for a flat course of at least 20 kilometres in length, 1.5 kilometres in width, and with a 9 kilometre run-off at each end. It is a wonderful chance, along with the Grand Prix and the world cycling event that is being held in our wineries, to make South Australia again the focus of world attention.

Members opposite are again trying to knock these events and events that we are trying to pursue and promote in South Australia. The Australian land speed record was set by Donald Campbell in the Bluebird in 1964 at 647 kilometres per hour, and the world record was set again in 1983 at 1019 kilometres per hour. It is claimed that Rosco in his 'Aussie Invader 2' can go faster.

The record speed is the average attained over two runs over a specified distance of one kilometre or one mile. These two runs must be in opposite directions. At the speed required to break the record the vehicle will be in the timing trap for just 3.5 seconds. The vehicle is slowed down by deploying a high speed parachute which will reduce the vehicle's speed to about 400 kilometres per hour within a matter of six seconds, by which time the vehicle would have travelled five kilometres. At this speed another parachute will bring the vehicle to a standstill within one kilometre.

Currently this event is closed to the public. However, the SA Events Group is currently negotiating, at my direction, the provision of facilities to allow members of the public to view this spectacular event. This will, of course, require the provision of facilities, security and crowd control. We have the Grand Prix, a world event, the world winery tour by Tour de France cyclists, and now we have the world land speed record. Just as members opposite opposed the submarine project by whingeing in this House and just as they tried to white-ant the Grand Prix, here they go again. You will be run over—

Members interjecting:

The SPEAKER: Order! The House will come to order and we will continue with Question Time.

BUSINESS FRANCHISE TAX

The Hon. JENNIFER CASHMORE (Coles): Will the Premier confirm that legal representatives of the State Governments met recently in Melbourne to discuss an

imminent High Court judgment on the constitutional validity of business franchise taxation levied by the States; and will he reveal what contingency action South Australia has considered in the event that the High Court rules that this form of taxation, which yields $304 million, or almost 20 per cent of the State's total taxation revenue, is unconstitutional?

The Hon. LYNN ARNOLD: I cannot confirm whether there was a meeting in Melbourne a few days ago, though that may well be the case. I know that meetings have been taking place between the States. Jeff Kennett and I have also had discussions on this matter. The matter has also been discussed at the Special Premiers Conference. The member for Coles asked what contingency plans are being made in the event of the case going the wrong way from the interests of the States. The contingency plan, as outlined by the Federal Government to the Special Premiers Conference, and accepted by all States present at that conference, is that they will introduce the necessary legislation to protect the States' revenue base that would be threatened by a contrary judgment from the court. That gives us the assurance that we need. Clearly, it would be of major concern to us if we lost that revenue base, but an assurance has been given to all States in Australia by the Federal Government.

QUEEN ELIZABETH HOSPITAL

Mr HAMILTON (Albert Park): Can the Minister of Health, Family and Community Services outline to the House the current situation with the booking list for those people who have been waiting the longest for elective surgery at the Queen Elizabeth Hospital and say what action is being taken to reduce waiting times? The Minister will recall that during the last sitting I raised this question of waiting lists at the Queen Elizabeth Hospital. Again, by way of correspondence during the recess, I raised this question with the Minister and he now understands my concerns about waiting lists that currently apply at that hospital.

The Hon. M.J. EVANS: I am well aware of the honourable member's concern and I am prepared to respond to it because the story is worth telling to the House. Comparing December 1992 figures with the latest available, June 1993, the total number of people waiting over 12 months for elective surgery at the QEH has been reduced by 42. Of course, the individual specialties have to be analysed separately to see the effect there. Indeed, over the past 12 months, in relation to the longest waiting periods, there has been a slight increase in plastics, ENT and general surgery of three, six and three respectively, but with vascular, urology and orthopaedics there has been a substantial decrease of 9, 25 and 14. These measures are being taken to treat those people who have been waiting the longest on the elective surgery booking list.

Under stage 3 of the two-year Commonwealth Hospital Access Program, which is worth $6 million to this State over that period, the Health Commission is currently examining how best to provide operations which are on top of those that are the normal workload of hospitals. Parliament will be well aware that stages 1 and 2 of the Hospital Access Program have already made a substantial difference to the longest booking list patients in our hospitals. In relation to stage 3, I have asked the Health Commission to report to me over the next few weeks on what extra operations can be performed and at which hospitals.

POLL, MRS SUZANNE

Mrs KOTZ (Newland): I direct my question to the Premier. Did the Minister of Tourism consult him before making a public statement yesterday calling for a substantial reward in the Suzanne Poll murder case and, if not, will he reprimand the Minister of Tourism for breaching requirements on the collective responsibility of Cabinet—

Members interjecting:

The SPEAKER: Order!

Mrs KOTZ: —as well as jeopardising police investigations?

Members interjecting:

The SPEAKER: Order! The Minister is out of order and the member for Spence is out of order.

Mrs KOTZ: It would be nice to be taken seriously, especially by the Minister.

The SPEAKER: Order! The member for Newland will direct her remarks through the Chair.

Mrs KOTZ: The Cabinet handbook issued under the Premier's signature earlier this year states:

> It is inappropriate for Ministers to accept invitations to speak or to make comment publicly on matters outside their portfolio area without the prior approval of the Premier.

Members interjecting:

The SPEAKER: Order! The Premier will resume his seat. If the member for Albert Park carries on, he will be outside the Chamber. Both sides will come to order.

The Hon. LYNN ARNOLD: The Cabinet handbook is not a handbook to disfranchise members from representing those people who elect them to this Parliament. People are elected to represent various areas of the State in constituencies in the lower House and the whole State in the upper House. They do so on behalf of the people who elect them, and nothing in the Cabinet handbook in anyway derogates from that obligation. A suggestion that somehow or other Ministers of the Crown lose the right to make representations on behalf of people in their area, I think, is outrageous. It is contrary to the very spirit of Westminster Government and it is certainly contrary to the spirit of the Cabinet handbook.

I want to make it known that before I became Premier, as Minister of Ethnic Affairs, as I then was, I received many representations from the Italian community concerning the disappearance of the Italian woman tourist in Coober Pedy. The Italian community wanted consideration to be given to the offering of a reward. I made representations to the then Minister of Emergency Services asking whether he would consider this matter. Somehow or other, apparently, I should not have done that, either. Apparently that was the wrong thing to do; according to the Opposition, I should not have made representations about that. I reject that assertion. I did have the right to make those representations.

When representations are made by any member of Parliament, they are considered in a proper way. The proper way is that the police give advice as to how they see their inquiries progressing and indicate whether they believe a reward will be useful in terms of assisting their inquiries; they make a recommendation to the Minister; and the Minister then makes a recommendation to Cabinet.

The member asked whether or not the Minister had consulted with me. The more appropriate course was for him to consult with the Minister of Emergency Services, which he did. If the police, on consideration of this matter, advise the Minister that a reward should be offered, that will be taken to Cabinet. The track record is that, every time they

have come forward with a recommendation that a reward be offered, that has occurred. So we listen very carefully to what the police say as to how useful it would be in terms of their own investigations.

There is one other point the member for Newland made. She said that the Minister's actions were jeopardising police investigations. Is she saying that making representations for a reward to be offered jeopardises police investigations? Is she saying that, every time the police have recommended to the Minister and then to Cabinet that there should be a reward in a certain instance, that has jeopardised investigations? What is she trying to say in terms of the relationship between the offering of a reward and that action assisting the police with their investigations? Does that mean that no one in the public can ever call for a reward because somehow this might jeopardise police investigations? It is an absolute *non sequitur* and clearly an indication of how little grasp the member for Newland has on the issues involved here.

EXPORTS

Mr HOLLOWAY (Mitchell): Will the Premier advise the House whether he has received any new information on the level of exports from South Australia?

The Hon. LYNN ARNOLD: I have been keeping the House informed of progress on export figures in South Australia. We have had some very good figures. Indeed, I would have hoped that this question would not be necessary today because people would already know the information. They should have opened their daily *Advertiser* and seen these figures—

Members interjecting:

The Hon. LYNN ARNOLD: Maybe not on the front page, but they certainly should have seen them somewhere in the *Advertiser*. If that had been the case, it would not have been necessary for a question to be asked in this place because the member for Mitchell would already know the good news. People in South Australia looking for news from their newspapers around this country would have had to go to the *Melbourne Age* to find out the good news about South Australia's exports—and it is very good news indeed. The *Melbourne Age* was the newspaper that quite unashamedly and without fear reported the good news of South Australian exports over the period 1991 to 1993, and it is a very significant figure. Obviously the *Age* has a campaign, 'Let's promote South Australia', quite unlike the *Advertiser*, which chose to ignore these good figures.

Because of its failure to do so, I will advise members of the figures. The figures from the Bureau of Statistics indicate that Victoria was the lead State in that two year period—I give credit for that—with a 25.4 per cent increase in their exports over that period. The figure for South Australia—

The Hon. Frank Blevins interjecting:

The Hon. LYNN ARNOLD: The Deputy Premier is quite correct: Victoria was just the leader. The figure for South Australia is 24.7 per cent, breathing down the neck of the figures of the Victorian improvement over the past two years. Number three was Western Australia at 18 per cent; Tasmania, 13.5 per cent; and New South Wales 10.3 per cent. It then states:

> . . . and the glamour State of Queensland, just 9.9 per cent.

South Australia's figure is excellent. The member for Mitchell is to be congratulated for wanting to share the news with this place and hopefully with South Australia. The *Age* likes to share the news; it is a pity the *Advertiser* chooses to ignore good news like this.

BROADCASTING LICENCE

Mr OSWALD (Morphett): What information can the Minister of Recreation and Sport give the House concerning reports that Adelaide radio station 5AA is to be granted a narrowcast licence in a matter of weeks to broadcast virtually continuous racing, and if these reports are accurate what details can he give on how the applications for the licences were called? While the broadcasting of continuous racing on a designated station might be a boon for the racing industry, doubts have been raised as to whether applications for a narrowcast licence have yet been called by the licensing authority, contrary to reports from 5AA that it is to receive a licence in a matter of weeks.

The Hon. G.J. CRAFTER: I am pleased to advise that the TAB has applied for a narrowcast licence. I believe similar applications have been made by two other States. I will certainly obtain the necessary information about when applications were called. I understand that some 600 applications for general licences of one form or another were received around Australia, but only three were received for narrowcast licences, each from TAB stations.

I can say that there is a deficiency in our ability to broadcast races to the remote areas of South Australia, and indeed some 10 per cent of the population do not receive race broadcasts. With the introduction of a narrowcast station those residents of South Australia will be able to listen to races, to punt on races and generally assist the racing industry and participate in it.

That was the situation when the ABC broadcast races in this State and indeed around Australia, but I understand that that was discontinued more than a decade ago, and since that time there has been this deficiency in the penetration of race broadcasts. So it is the intention of the TAB to provide this service to racegoers and people interested in this industry throughout South Australia. That will mean that there will be a specialist racing station and, as a result, 5AA will no longer have a conflict with respect to its programming.

I understand that the Opposition has received representations from vested interests in the broadcasting industry. I have been reliably informed that there are concerns amongst commercial competitors with the TAB whose sole aim is to destroy the effectiveness of the TAB radio station for purely personal profit motives. If the Opposition is raising this matter for that purpose, all I can say is, 'Shame on the Opposition'.

The radio station that the TAB owns is providing a very steady income to the TAB. Its ratings have been exceptionally good compared with other similar stations around Australia, and it has provided the platform where the new narrowcast station application could be made. I am not aware of the precise details of how applications were called, but I will be pleased to obtain those for the honourable member.

ENTERPRISE BARGAINING

Mr FERGUSON (Henley Beach): I direct my question to the Minister of Labour Relations and Occupational Health and Safety. How will public sector employees and the services they provide be affected if the public sector unions and the Government cannot reach an agreement on enterprise bargaining prior to the next State election?

The Hon. R.J. GREGORY: I thank the honourable member for his question.

Members interjecting:

The SPEAKER: Order!

The Hon. R.J. GREGORY: One can only construe that the offer we have made to the United Trades and Labor Council, acting on behalf of all the unions with members employed by the State Government, is one that will enable the Public Service to be improved—to be more effective and more efficient. We are ensuring that there will be no retrenchments; we are ensuring that separations will be of a voluntary nature only; we are ensuring that the award systems and all the benefits that go with those awards will be retained; and we are ensuring that existing award conditions and wages are a minimum and that pay increases are based on productivity.

One can only construe that the Liberal Opposition is not fair dinkum about trying to win the next election because it has not been able to come forward with a policy on this matter. It has been asked but has not bothered to respond. One can only extrapolate on the statements made in the past.

An honourable member interjecting:

The Hon. R.J. GREGORY: The Leader of the Opposition has said that he would reduce the Public Service by 25 per cent, then it was 15 per cent—

Mr Brindal interjecting:

The Hon. R.J. GREGORY: And now we have the member for Hayward saying that he has not said it. Perhaps the honourable member has been reading Joe Stalin's memoirs about how he would change history all the time when it suited him. Perhaps he ought to appreciate that these things are taken down and are on the public record. The Opposition has not been able to specify the minimum conditions and it has not been able to say whether or not it will have a no-retrenchment policy. One can only determine what it will do based on the actions of other Liberal Governments in this State where they have taken the stick to public servants.

One only has to read today's *Financial Review* to realise that in two to three months all the cuts in the Victorian Public Service will be in the education and hospital sectors. That is a Government that told its electors, 'Don't worry about it; things will be all right when we are elected. Things will be okay.' But they were not. That Government has got into workers; it has got into public servants in a very big way. We have had a period of silence. There is no policy, no enunciation: the Liberal Party is just keeping quiet, hoping it can remain invisible in this area, be silent and not state what its policy is.

WORKCOVER

Mr INGERSON (Bragg): What steps will the Minister of Labour Relations and Occupational Health and Safety take to restructure the WorkCover Board in light of the two breaches of confidentiality by two board members in the past week, and what other steps is he taking to ensure that the required code of ethics is observed by the board members?

The Hon. R.J. GREGORY: I thank the member for Bragg for his question. The steps that the Minister is taking involve the concept of natural justice. It is contrary to the steps enunciated by the member for Bragg, because the honourable member said in his first press statement on this that they—particularly Kevin Purse—ought to be removed.

Mr Ingerson interjecting:

The SPEAKER: A breach of the Standing Orders could mean 'Out', too, for the member for Bragg.

The Hon. R.J. GREGORY: There has been no thought, first, of inquiring whether there has been a breach of the Act; secondly, of inquiring what has been the breach of their code of ethics, if any; and, thirdly, if there were found to be any breaches, to offer the persons accused an explanation. At least we have in our society a concept of natural justice: when people are accused of something, they can then be asked to answer the allegations. It is not a matter of hanging them and then finding out later out why we have hung them. That is precisely what the member for Bragg said.

I do not think there is any need to change the Act or the composition of the board. However, I do think there is a need—and this is being addressed at the moment—for the allegations in respect of these two people to be investigated properly. If there are found to be any deficiencies in their behaviour, those two people should be asked to respond and then after they have responded the appropriate action could be taken—and that is undertaking a course in line with natural justice, which the member for Bragg wanted to deny through pure class hatred.

GRAND PRIX

The Hon. J.C. BANNON (Ross Smith): Has the Minister of Tourism received a response from the Federal Government regarding tobacco advertising at the Grand Prix? A submission was presented seeking exemption from the provisions of the Commonwealth Tobacco Advertising Prohibition Act recently. Ticket sales for the Grand Prix have been launched today and the question has been raised by a number of those present.

The Hon. M.D. RANN: Members opposite said that this is a Dorothy Dixer. It is obviously a lot better and a lot more sensible than a 'Dorothy Kotzer'. It is very appropriate that the member for Ross Smith should raise this issue of the Grand Prix, because without his actions this State would not have secured the Grand Prix and would not have been able to stage it eight times in a row.

Today the Premier launched the ticket sales for this year's Australian Formula One Grand Prix and it promises to be the best yet. I urge members opposite to get behind the Grand Prix and to show some support for a change. Unquestionably, this event is South Australia's and Australia's largest and most successful international sporting and entertainment event. This event is broadcast to 518 million viewers—that was last year's total—in 102 countries. This year's Grand Prix will be the biggest and the best yet with a record number of events making up the four-day Grand Prix carnival.

All this has been achieved without having to raise ticket prices and, as announced today, giving children the opportunity to experience the excitement of the Grand Prix free of charge. Earlier this year I spoke with the Chairman of the Grand Prix Board, Ian Cox, and the Executive Director, Mal Hemmerling, and made the suggestion that we think of ways in which we could involve families by perhaps making it free for children who were accompanied by adults. I am delighted to hear that Fasta Pasta has taken up sponsorship of this very important initiative.

The honourable member mentioned our bid for an exemption from the Federal tobacco legislation. Two weeks ago I informed this House that I had asked the Federal Minister for Health, Graham Richardson, for an exemption for the Australian Formula One Grand Prix from the Tobacco

Advertising Prohibition Act. The Premier was able to announce today at the ticket launch that the Federal Minister has this morning notified me that he has granted an exemption for this year's event. I am certainly delighted that the Federal Minister for Health has responded so quickly to my request. He highlighted in his letter—

Members interjecting:

The Hon. M.D. RANN: Isn't it amazing to see—

Members interjecting:

The Hon. M.D. RANN: Here they go again. The Liberals do not like the Grand Prix. They white-ant it and attack the submarine project. Here they go again.

Members interjecting:

The Hon. M.D. RANN: They will all be queuing for free tickets to go, I am sure. I was very pleased that the Federal Minister for Health—

Members interjecting:

The SPEAKER: Order! The Minister will resume his seat. The House will come to order. The member for Davenport.

Mr S.G. EVANS: I rise on a point of order, Mr Speaker. The Minister is obviously debating the question.

The SPEAKER: I uphold the point of order. The Minister will stick to the script and draw his response to a close as quickly as possible.

The Hon. M.D. RANN: I am very pleased that the Federal Minister for Health has responded so promptly to my request. He highlighted in his letter that he was satisfied that this event is of international significance and that without this exemption we risk losing this event to other countries. That is the nub of this. I can tell this House that there are many countries that are queuing up to take our event away from us. Mal Hemmerling and I have already started negotiations to ensure that the event stays in South Australia well beyond the turn of the century because there are economic benefits to our State. Members opposite will be invited to attend, as long as they are accompanied by an adult.

NAPIER DISTRICT

The Hon. H. ALLISON (Mount Gambier): My question is directed to the Premier. Have the Minister of Primary Industries, as a candidate for Napier, and Annette Hurley, as the endorsed Labor candidate for Napier, been offered equal access to the electorate office of Napier? I note that this morning's *Advertiser* reports that the member for Napier will, with permission of the House—

Members interjecting:

The SPEAKER: Order!

The Hon. H. ALLISON: —be away for the next six weeks. The *Advertiser* also reported that, when it rang the Napier electorate office for information about the honourable member's itinerary, Miss Annette Hurley, the ALP candidate for Napier, allegedly responded to the call.

Members interjecting:

The SPEAKER: Order! We all want to hear the answer to the question.

The Hon. LYNN ARNOLD:I do not know why either of the people referred to would need access to the Napier electorate office. The Minister of Primary Industries has an electorate office of his own, and Annette Hurley already has a campaign office in the electorate of Napier that is separately paid for.

LEARNING DIFFICULTIES

Mrs HUTCHISON (Stuart): Can the Minister of Employment Education and Training inform the House of any programs provided by the Government for the provision of assistance to children with learning difficulties? The Liberal Party policy document Making a Change for the Better claims that a Liberal Government will provide assistance for children with learning difficulties, and this appears to mimic the Government's policies.

The Hon. S.M. LENEHAN: I thank the honourable member for her question. From reading the Liberal Party's policy document Making a Change for the Better, it would certainly seem that it is copying the Government's policies. However, given the Leader's promise to cut education funding by between 15 and 25 per cent, I would question that anything in that policy document is more than rhetoric. However, I can assure the honourable member and the House that the Government's policies certainly do contain substance, and indeed we are providing assistance for students who have learning difficulties. The Government is committed to providing positive outcome for students and indeed, within the broad curriculum which is offered by schools, schools are encouraged to make their own choices from a range of programs which best suit the needs of students within their own schools.

I would like to briefly explain to the House what these particular programs are. The learning programs include the Learning Assistance Program, which involves one-on-one assistance for students; there is the Peer Tutoring System; and there are also the learning centres, which are providing support centres for students to catch up. I have also funded a couple of pilot programs into the reading recovery schemes that are offered to students, and there are the negotiated learning outcomes which require work to be completed according to an individual student's progress.

Schools also provide training and development in a variety of ways to focus on the inclusive nature of managing a group of students with a wide range of capacities to learn. Teachers are also being encouraged to have flexible and diverse methodologies within their classrooms to be able to provide for learning difficulties for students who require it. However, as I said earlier, the Liberal Party's policy certainly does mimic the Government's policy, but with the commitment to a 15 to 25 per cent cut in education, that is a very hollow commitment indeed.

PORT LINCOLN SEWAGE TREATMENT WORKS

Mr BLACKER (Flinders): Will the Minister of Public Infrastructure advise the House of the state of construction of the Port Lincoln sewage treatment works, and when is it expected that the project will be commissioned? Members will be aware of the importance of the project to the marine environment as well as to the general health standards of the people of Port Lincoln. My constituents are anxious to ensure that every possible point source pollution outfall is effectively treated to protect the marine environment and the public. Hence my question.

The Hon. J.H.C. KLUNDER: I thank the honourable member for his question. Port Lincoln is indeed the last remaining site in South Australia where sewage is directly discharged into the ocean. I understand that on 11 May 1992 Cabinet approved the construction of the sewage treatment works at Port Lincoln at an estimated total cost of $6.1

million. The design of that work has been done, and it is similar to the Finger Point scheme in the South-East. It will have the capacity to accept waste water from the expected population growth over the next 30 years. The new plant will provide secondary treatment for the sewage and will also remove most of the nitrogen and half of the phosphorus before the effluent is discharged into the sea through the existing outfall some 500 metres offshore.

I understand also that the design will enable recycling of treated effluent by organisations interested in using some of the reclaimed water on land. Two major contracts have been let for the construction of the works. The civil works contract was let in February this year to Bardavcol Pty Ltd, an Adelaide based civil contractor. I understand that the contract is progressing well and is expected to finish slightly ahead of the scheduled date of January 1994. The mechanical and electrical contract was let in February this year to O'Donnell Griffin. The contractor has been designing the mechanical and electoral components. While manufacture has commenced, the contractor is not due on site for equipment installation until December of this year.

The current contract completion date is 8 April 1994, but contractually allowable extensions will probably extend the completion date into May. I understand that the commissioning will then be programmed to be undertaken during June. It will take several months before it is fully established and the effluent qualities reach the appropriate design standards for discharge into the ocean.

HOUSING TRUST TENANTS

Mr De LAINE (Price): My question is directed to the Minister of Housing, Urban Development and Local Government Relations. What progress has been made with the establishment of tenant participation bodies in South Australia and, in particular, in areas of high Housing Trust dwelling densities?

The Hon. G.J. CRAFTER: I thank the honourable member for his interest in the work of the Housing Trust in this area. The policies and programs relating to tenant participation began by the trust in the 1980s as a way of improving communication between tenants and their landlord. The outcome of the initiative has been a marked improvement in the level of understanding of the needs of tenants by Housing Trust staff and indeed by policy makers in this area. Today there are more than 100 tenant groups operating around the State doing everything from providing friendship and support to other tenants to supervising maintenance programs and undertaking projects to improve their local environment.

Indeed, earlier last month a group of Mount Barker residents got together and decided to do something to make their local park a more pleasant environment for themselves and their children. The enthusiasm of the group was such that soon the local council was offering to prepare the site for tree planting, and the Housing Trust was offering to pay for those trees. So, on a cold wintry morning in July tenants put on their warm clothing and planted more than 100 trees in that area known as Weld Park.

At a broader level, the Government has also supported tenant input into Government decision making. For example, each of the 12 regions of the Housing Trust has a regional advisory board made up of tenant representatives. These groups meet regularly with the local regional manager to discuss matters of local interest and concern. In addition, the regional advisory boards collectively make up the Trust Tenants Advisory Council, which advises the Government on housing matters as part of the Housing Advisory Council. In recent months the council has raised numerous housing issues with me, including input into the Housing Trust redevelopment policy, the tenant transfer policy and tenant debt issues.

I think that the Government's commitment to listen to and work closely with public housing tenants, bearing in mind that the trust has some 63 000 rental properties in this State, is demonstrated through the tenant participation program. I only hope that those on the other side of the House will make their intentions clear soon with respect to their policies with regard to public housing so that at the next election public tenants can make an informed choice on this matter.

The SPEAKER: I call on the honourable member for Custance. I would ask both the questioner and the questionee to be as brief as possible.

RURAL COUNSELLING

Mr VENNING (Custance): Will the Minister of Primary Industries give an assurance that the Government will continue to provide funding for rural counselling services; and, if so, to what extent will the Government provide financial support? There are fears in the State Association of Rural Counselling Services that Government funding for this valuable service will be curtailed. Any shortfall in funding for the State's 15 rural counselling groups would place the entire service in jeopardy at a time when there is a growing demand for services to farm and country families in crisis.

The Hon. T.R. GROOM: The Government already provides something like $200 000 a year for rural counselling services and there was an increase announced in the Federal budget.

ADDRESS IN REPLY

The SPEAKER: I have to inform the House that Her Excellency the Governor will be prepared to receive the House for the purpose of presenting the Address in Reply at 3.15 p.m. today. I ask the mover and seconder of the Address in Reply and any other member to accompany me to Government House to present the Address.

[Sitting suspended from 3.09 to 3.48 p.m.]

The SPEAKER: I have to inform the House that, accompanied by the mover and the seconder of the Address in Reply to the Governor's opening speech and by other members, I proceeded to Government House and there presented to Her Excellency the Address adopted by the House on 10 August, to which Her Excellency was pleased to make the following reply:

To the honourable Speaker and members of the House of Assembly, I thank you for the Address in Reply to the speech with which I opened the fifth session of the Forty-seventh Parliament. I am confident that you will give your best consideration to all matters placed before you. I pray for God's blessing upon your deliberations.

GRIEVANCE DEBATE

The SPEAKER: The proposal before the Chair is that the House note grievances.

Mrs KOTZ (Newland): I first refer to a question that I asked the Premier today, and his answer to that question, which called for a reprimand to be issued to the Minister of Tourism for choosing to publicly call for a reward. The Premier denied that police investigations could be jeopardised because of his Minister's action. Well, it cannot be denied that the Minister has interfered in the direction of a major police investigation, notwithstanding—

Members interjecting:

The SPEAKER: Order!

Mrs KOTZ: We know that Government members have difficulty in interpreting the English language, but it would be nice if they could listen for just a moment and perhaps check their dictionary. I referred to interference in the direction of a major police investigation, and that is so, notwithstanding that this shocking crime occurred in the Minister's electorate. It is a longstanding practice—

The Hon. M.D. Rann: You are soft on law and order. When do you get behind the police?

Mrs KOTZ: You are not only—

The ACTING SPEAKER (Mrs Hutchison): Order! The member for Newland has the call.

Members interjecting:

The ACTING SPEAKER: Order!

Members interjecting:

The ACTING SPEAKER: Order! The member for Albert Park will cease interjecting.

Mrs KOTZ: He will have to learn to fabricate his interjections just slightly better than he is doing at present. It is a longstanding practice that any public statements by the Government about rewards are the prerogative of the police to initiate. This practice has been followed because public speculation by a member of Cabinet about a reward can jeopardise police inquiries by deterring potential informants from coming forward until a reward is offered.

Mr Atkinson: Who says this?

Mrs KOTZ: I am glad you asked that, because police statements reported this morning indicated just that.

The Hon. M.D. Rann interjecting:

The ACTING SPEAKER: Order! The Minister is out of order.

Mrs KOTZ: The invitation the Minister is offering to the police sources can quite probably be arranged. The police sources that were reported this morning indicated just those concerns. Surely it is in the public interest, in the case of such horrific crimes, that the Minister act responsibly to support police procedures rather than hinder professional investigations. This is a most serious matter, and if the Minister had chosen to act in a responsible manner a call for a reward on this matter would most definitely have received Opposition support.

I now raise a matter of concern that I wish to draw to the attention of the Minister of Education. In recent years it has been Government policy to integrate disabled children into the public school system—

Members interjecting:

The DEPUTY SPEAKER: Order!

Mrs KOTZ: —and that policy has been accepted in principle across the board. I recently received a letter from a school council chairman, acting on behalf of his school, the school community and school council itself, expressing concern at the extra demands placed on schools where children with severe disabilities are being integrated. The school council and school committee agree with the principles of equity and social justice, that all children where possible have a right to be educated at a local school and integrated into the mainstream system instead of always being separated into special schools.

Unfortunately, it seems that the resources that were promised by this Minister and this Government to support and back up the integration of these children into schools has not been received. This has caused severe disadvantage not only to the children to be integrated into the system (the disabled children) but also to the students within the school, to the staff and to parents. The counsellor has stated that it seems to be illogical for a severely intellectually and physically disabled student to be placed in a mainstream class with little or no extra school services officer time, or no adjustment to the size of the class, and expect a classroom teacher to give appropriate attention to all students in the class. At present, this school—

The DEPUTY SPEAKER: Order! The honourable member's time has expired. The honourable member for Briggs.

The Hon. M.D. RANN (Minister of Business and Regional Development): I am very pleased to be able to respond to what the honourable member has said, because I have been totally misrepresented. Today I was attacked—

Members interjecting:

The DEPUTY SPEAKER: Order! I call the member for Hayward to order.

The Hon. M.D. RANN: —for doing my job as the member for the Salisbury area, in my electorate, and I would—

Members interjecting:

The DEPUTY SPEAKER: Order!

The Hon. M.D. RANN: —never apologise for representing my electors. Members would be aware that I proposed to the police 18 months ago the establishment of a Business Watch zone in the central Salisbury business district. I want now to read from the actual letter that I wrote to the Minister of Emergency Services (Kym Mayes) last week. It states:

> Dear Kym, In April of this year Mrs Suzanne Poll was brutally murdered in the business heart of my Salisbury electorate. Mrs Poll was a respected member of our community and all Salisbury residents were shocked by this tragedy. I have rarely witnessed such a genuine outpouring of community grief and concern.
>
> There has been a strong view expressed to me locally that a reward should be posted for Mrs Poll's murder, and I share this view. I am aware that substantial rewards have been posted in relation to the disappearance of several women from Coober Pedy. I would suggest a major reward be posted for information leading to the arrest and conviction of Mrs Poll's killer. Hopefully, the posting of a substantial reward will flush out further information that will assist the police in their investigations.
>
> I would appreciate it if you would raise my proposal for a reward with the Police Commissioner. I would also be grateful if you would convey to Mr Hunt my appreciation of the excellent community liaison work being undertaken by the Para Hills police. Their support for my Business Watch proposal for the Salisbury central business district has been of great assistance. I look forward to your reply.

I certainly discussed this matter with the Minister of Emergency Services. The simple fact is that I have a duty to represent my electorate. There has been enormous community disquiet about this issue since the killing occurred in late April, and it is my duty to represent the people of Salisbury in this Parliament and I will continue to do so.

What is more, today my office contacted Mrs Poll's mother, Barbara Ryles, and Mrs Poll's sister, Barbara Taylor, who strongly support this move for a reward. I would suggest that the honourable member, instead of coming out against a reward, instead of trying to limit my role as a member of

Parliament representing my electorate, might have come over and asked for the background of this issue first.

The honourable member might not be in touch with her electorate, but I am. The simple fact is—I repeat—I came out a few weeks ago following a community survey of 200 residents in Salisbury and revealed to this House a number of things that people were feeling. It is all right for members opposite in the eastern suburbs with their BMWs, but I invite them to come out to Salisbury and tell the people of Salisbury and tell my electorate why I should not be advocating their concerns in this House.

Members interjecting:

The DEPUTY SPEAKER: Order!

The Hon. M.D. RANN: I invite the honourable member to come out to my electorate and tell people why I am wrong in suggesting that we get behind the police—

Members interjecting:

The DEPUTY SPEAKER: Order!

The Hon. M.D. RANN: —in order to get more information to solve—

Members interjecting:

The DEPUTY SPEAKER: Order!

The Hon. M.D. RANN: —this terrible and tragic murder.

Members interjecting:

The DEPUTY SPEAKER: Order! If I have to speak to the member for Hayward again, I will take action. I have spoken to him now half a dozen times and it is most inappropriate that someone should be sitting in their seat shouting their head off trying to drown out the speaker. The Minister.

The Hon. M.D. RANN: Thank you, Sir. I am proud of my relationship with my electorate, with the Neighbourhood Watch committees in my electorate and with the Business Watch and School Watch people, and I am very proud of my strong relationship with the Para Hills police, who know that they have a strong supporter in this House in terms of my role as the member of Parliament representing the Salisbury area. That will continue whatever the member for Newland says. The simple fact is that she should check with the relatives of the people concerned and with local people before she mouths off in this House and makes a complete buffoon of herself. The Liberal Party criticises me, I know, for criticising the judges for being lenient in their sentences—that is tough: I will not apologise for saying what I think in this House because that is my job and that is what I was elected to do.

Mr BRINDAL: Mr Deputy Speaker, I rise on a point of order. I believe you spoke to me once. If you spoke to me more than once, I am unaware of it. I am also unaware of the fact that you cautioned me—

The DEPUTY SPEAKER: Order!

Mr BRINDAL: —and I believe that that is required.

The DEPUTY SPEAKER: Order! The honourable member will resume his seat. I would ask the honourable member to consult Standing Orders, which provide that, if members have a point of order, they must take that point of order there and then and not at a later stage. To clarify the situation I point out that I was shouting from the Chair at the top of my voice and I called the honourable member at least half a dozen times. If the honourable member wishes to check the matter on the tape, it is available to him. I was close to taking action, because it has been a long time since I have seen such bad behaviour by anyone in this House. I suggest that the honourable member behave himself for the rest of the day, because otherwise I am prepared to take action.

Mr MEIER: Mr Deputy Speaker, I rise on a point of order. I feel it was only showing respect to the member who was speaking in the five-minute grievance debate if the member for Hayward did not take the point of order directly at that time.

The DEPUTY SPEAKER: There is no point of order. The honourable member will resume his seat. There is no point of order. If the honourable member wishes to have Standing Orders changed in order to accommodate the proposition he is putting, he should take his proposition to the Standing Orders Committee and have the Standing Orders changed immediately. It is my view, and I have expressed this view to the House previously, that where a member has been unduly interrupted by interjections the Chair should have the power to extend the time available to that member. That is a matter that I will be taking to the Standing Orders Committee. The member for Eyre.

Mr GUNN (Eyre): I am pleased to participate in this debate. It was interesting to listen to the member for Briggs. If he is so concerned about his constituents, he should have taken action to protect them from the ravages of the State Bank. He sat idly by as a member of Cabinet and a member of this House, and his share of the debt is $130 million. Each of their share amounts to $130 million. They are $130 million members. Each of them did absolutely nothing about it. The Minister of Business and Regional Development sat there and let the people of this State down. If he, along with his colleagues, had not created the present situation and mortgaged the future of his constituents' children and their grandchildren, there would have been plenty of money for those urgent public works that are required and for other facilities such as better police surveillance in his electorate. But, no, the good news member did not want to know about it, and he did nothing.

However, the matter I want to raise today concerns one of the candidates putting himself forward for the new electorate of Frome. It is interesting that we have a gentleman going around trying to be all things to all people. This born again socialist obviously has had a vision: I do not know whether or not he was like St Paul on the road to Damascus, but he obviously had his vision between Clare and Port Pirie when he was commuting between those two areas. I do not know whether this candidate was dazzled by the bonnet of his car; I do not know what sort of car he has, although I understand he knows something about BMWs, but that is beside the point. A letter circulating in what is currently my district contains a number of interesting statements, although there is no reference in it to the economic situation that this Government has imposed on the people of this State. This person's letter states:

> Frome is a new seat and needs a local voice to put the case for better services and more jobs.

What has the member for Stuart been doing? Obviously, this person is saying that she has not been doing her job. He says that Frome is a new seat, but half the Port Pirie area, where I understand this gentleman works, is presently in the District of Stuart. I can tell this gentleman that Frome will have a new member and it will be Mr Kerin. I can tell him also that the people of South Australia will have a new Government and those matters that this Government has neglected will be attended to.

The people of this State are to have a new start, a new Premier and a Government with a new vision. It will be financially responsible and it will open up South Australia for business. There will be more jobs in Port Pirie and better

opportunities for the business community. We will not need the nonsense that he puts in his letter. He says that he is a strong supporter of small business because that is where the jobs are for our young people. Some 35 per cent of young people in this State cannot get a job. What has the Labor Government done about it? What answers has he received from the member for Briggs or from the Premier?

Mr Venning interjecting:

Mr GUNN: I am coming to that. What is it going to do in relation to the amalgamation of the depots? How many depots of the E&WS and ETSA will there be in Frome? What will happen at Gladstone, Jamestown—

Mr Venning: Crystal Brook.

Mr GUNN: —Crystal Brook and Peterborough? What will they do with the hospitals? How many will he close? They have already tried. They have a number on the hit list. What about primary producer registrations? Will he support them when the Labor Party tries to remove them again? There is nothing in this letter about those things. This is an 'all things for all people' approach. It is a slick attempt to try to distance himself from the Labor Party, but he will not get away with it. We want answers to the questions that I have been posing.

What about the lack of road funding? How many kilometres of new bitumen have been put in the new electorate of Frome in the past 12 months, two years or three years? I would like Mr Aughey to find out. What will he do in relation to the amalgamation of the pest plant boards and the soil conservation boards? Where does he stand on that issue? There is nothing in this letter about that. There is veiled criticism of the member for Stuart, but nothing about the real issues. What about exempting stamp duty when families want to transfer rural property? There is nothing. For years that matter has been brought to the Government's attention, but nothing has happened. It will only happen—

The SPEAKER: Order! The honourable member's time has expired. The member for Albert Park.

Mr HAMILTON (Albert Park): South Australia is out of step with the rest of Australia in terms of Real Property Act documents. Since 1982 and since becoming a justice of the peace numerous people have come to my electorate office wanting me to witness land transfer documents. Everyone in this House who is a justice of the peace will be aware that, unless that person is well known to you, and/or you can get someone else to witness their signature and fill out the long form of proof, you would be absolutely stupid to sign that document. The reason is that in certain circumstances you can be sued for filling out that long form of proof if the property is disposed of. I am informed by a barrister that the JP who witnesses that the person is well known, and so on, could be in big trouble. Indeed, several years ago there was a Supreme Court case in respect of this area.

Why do I raise this again? Since 1982, under Liberal and Labor Governments, I have campaigned to have the short form of proof removed from real property documents. If it is good enough for Queensland, New South Wales, Victoria and Western Australia, why the hell is it not good enough for South Australia?

The SPEAKER: Order! I ask the honourable member to be a little more careful with his language.

Mr HAMILTON: Yes, Sir. I have taken up this matter time and again. It is frustrating for justices of the peace, particularly members of Parliament whose constituents come into the office. They do not know you from a bar of soap. They could come from Andamooka, Cocky's Crossing in Western Australia or wherever, yet they cannot get anyone to witness a land transfer document. What do they do? They get angry and frustrated and they storm out of the electorate office, even though members on both sides of Parliament, I suggest, go to extreme lengths to explain why we cannot jeopardise our own positions as justices of the peace. On top of that, we could be sued in the Supreme Court.

The response that I received from the Attorney-General indicates that a number of solutions have been considered, including the removal of the 'well known' clause and an extension of the categories of persons listed as authorised witnesses under section 267. The Government had intended to move amendments to deal with this matter during the last session of Parliament. However, the Law Society and the Land Brokers Society made further representations on the basis that the proposed amendments could lead to an increase in fraud or forgery. As a result of discussions at that time, the Law Society and the Land Brokers Society undertook to prepare a joint submission to the Government on their preferred form of amendment. The Attorney-General, in his response, said:

> It is hoped that in consultation with interest groups a solution will be arrived at which will remove some of the present difficulties faced by members of the public while at the same time guarding against an increase in fraud or forgery.

That is signed by the Attorney-General. Why do we have to wait so long? Why, if it applies in other States, can we not have it here? Is there a large amount of forgery going on in other States? I intend to pursue this question, but it is frustrating. I am considering asking the Attorney-General to withdraw my warrant as a justice of the peace. It is a voluntary position, and I do not mind giving my time voluntarily, but because of the frustration that has manifested itself over 14 years it comes to the stage where people ask whether it is worth while. I am intensely annoyed that the matter has not been resolved. I believe that any JP worth his or her salt would concur with what I have said. I notice you, Sir, and my colleagues opposite nod agreement. The matter should be brought to a head quickly. If someone from interstate or the top of Queensland comes down here and buys a property in my electorate and they want me to sign the papers, I cannot sign them in all honesty. So where do they go? They become frustrated and annoyed, quite properly so. I hope that the matter is resolved quickly.

The Hon. JENNIFER CASHMORE (Coles): Six months ago I placed a series of questions on notice to the Minister of State Services about judges' cars and the number of cars which have been involved in accidents and whether those accidents had been reported. I have now received answers to those questions in the form of a statistical table, and I seek leave to incorporate that table in *Hansard*.

The SPEAKER: Is it purely statistical?

The Hon. JENNIFER CASHMORE: It is indeed, Mr Speaker.

Leave granted.

HOW MUCH DID THE RESULTING DAMAGE COST?	WHO PAID FOR THE COSTS RESULTING FROM THE ACCIDENT?	AT WHAT LOCATION DID THE ACCIDENT OCCUR?	WHO WAS THE DRIVER OF THE CAR AND WHAT WAS THE RELATIONSHIP OF THE DRIVER TO THE JUDGE TO WHOM THE CAR WAS PROVIDED?
$200	Insurance Co. (other party responsible)	Cnr Portrush & Queen Street, Norwood	Judge Russell
$4,755.25	State Fleet	South Road, Darlington	Elizabeth Mollie Lowrie (Spouse)
$600	State Fleet	Fitzroy Terrace, Fitzroy (hit by unknown vehicle)	Judge Kelly
$212.33	Courts Department	Bloomsbury Street, Goodwood (vehicle vandalised)	Judge Hume
$282	Courts Department	Tapson Crescent, Panorama (occurred within a property)	Justice Cox
$2,352	State Fleet	North Terrace, Adelaide	Justice Mullighan
$393.75	Courts Department	Glen Osmond Road, Parkside (damaged when parked vehicle opposite door —not at fault)	Judge Boylan
$958.70	Insurance Co. (other party responsible)	King William Street, Adelaide	Judge Kelly
$250	Insurance Co. (other party responsible)	Greenhill Road, Glen Osmond	Judge Rogerson
$398	Courts Department	Burnside Village Car Park	Judge Russell
$476.55	State Fleet	Either Judges Car Park, Supreme Court, or, Erindale Shopping Centre (unknown how damage was sustained to vehicle)	Judge Burchall
$479.50	State Fleet	King William Road, Hyde Park	Justice Stanley
		Medical Centre, cnr Anzac Highway & Morphett Road (scratches)	B.N. Stanley (Spouse)
$250.32	Courts Department	Young Street, Unley (vehicle vandalised)	Judge Bowen-Pain
$476.00	State Fleet	Unknown	Judge Bright
$1,228.43	State Fleet	Cnr Park Terrace & O'Connell Street, Prospect	C.W. Bright (Son)
$2,531.60	State Fleet	King William Street, Adelaide	Judge Lewis
$130.20	Courts Department	Mt. Gambier Car Park	Justice DeBelle
$1,559.90	State Fleet	Rear Area, Arts Theatre (vehicle vandalised)	Judge Noblett
$159.50	State Fleet	King William Road, Unley	Justice Legoe
$2,258.91	State Fleet	Restaurant, McLaren Vale	Judge Noblett
$618.00	State Fleet	Private Property	Justice Perry
$450.00	State Fleet	Carrington Street	Justice Matheson
$5,188.00 Damage to property unknown to date	State Fleet	near Clayton between Goolwa and Milang	Justice Perry

The Hon. JENNIFER CASHMORE: When members read the table they will see that a large sum of money has been expended on repairs to judges' cars following accidents. For example, the total of costs as a result of accidents is $26 208.94. That is for 24 accidents in a period of nine months from 1 July 1992 to 13 July 1993. Some 24 accidents have occurred to vehicles supplied to members of the judiciary. Of these, three incidents relate to acts of vandalism, which are recorded as accidents on State Fleet records. In addition, three of those accidents were not the fault of the

driver of the car and were covered by insurance. When we deduct the accidents covered by insurance—$1 408—and the cost of accidents resulting from vandalism—$2 286—together with $675 being the cost of accidents incurred while the judges' cars were parked in car parks, we are left with $21 838.42, which is the cost of 16 accidents involving judges' cars.

I note that there seems to be a disproportionate representation of Supreme Court judges in those accident figures. I also note, from an *Advertiser* report of 8 July 1992, that the Remuneration Tribunal added 75 judges, magistrates and commissioners to the list of 14 Supreme Court judges, the Industrial Commission President and the Senior District Court Judge who were allocated cars last year. I also note that the tribunal was asked to extend, in accordance with the agreement between the judiciary and the Government, the existing provisions in respect of motor vehicles. So, the provision of motor vehicles is relatively new. I suggest that the level of accidents would startle most South Australians, as would the cost arising out of those accidents.

I cannot help but wonder aloud whether it might not be a reasonably fair thing that judges—in the same way as ordinary citizens—pay an excess to cover some proportion of the repairs costs for those vehicles. Let us acknowledge that $21 838.42 for 16 accidents in the space of nine months is a pretty steep bill for taxpayers to pay when they are already paying a salary in excess of $140 000 for each Supreme Court judge and $120 000 plus for each Industrial and District Court judge.

Mr Such interjecting:

The Hon. JENNIFER CASHMORE: And the judges, as my colleague notes, do not pay superannuation. Those who read the table will note that some of the costlier accidents were incurred by a member of a judge's family who was at the wheel when the accident occurred. One accident involving a Supreme Court judge cost $5 188, which was met by State Fleet. The table comments, as follows:

> Damage to property as a result of that accident is unknown at this date.

I raise this issue simply because I think it is a matter of public interest. I think taxpayers are entitled to know what costs are incurred in their name, and I submit that those who have adverted to the possible need for L plates and P plates might have done so with more than tongue in cheek.

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

Mrs HUTCHISON (Stuart): Last week and again today I asked the Minister of Education, Employment and Training two questions dealing with two subjects which I consider to be interlinked. The first question related to literacy, and the second dealt with specific learning difficulties. I have found during my time in this House, and indeed prior to becoming a member, that there is a vast problem in respect of literacy. This is particularly so in country areas, but I am sure the problem applies to the city as well. In fact, following the deliberations of the Select Committee on Juvenile Justice, I know that it does. I know that in my own area there are a number of problems which are linked with specific learning difficulties. A recent television program dealt with the fact that the level of adult illiteracy was indeed a problem. I know that the member for Henley Beach has spoken long and hard on this subject.

I am pleased to find that the Government is doing quite a bit of work with regard to both of these subjects, and I am pleased also to find that considerable work is to be done with regard to literacy in Aboriginal schools because, as you would be aware, Sir, I have a fairly high Aboriginal population in my electorate. There are some specific difficulties with regard to literacy, and they must be identified at an early age. If a child has a particular learning problem, it will not improve unless it is identified. As everybody knows, the educational building blocks must be very stable at the base otherwise they will collapse as children move further into their education.

With respect to the matter of specific learning difficulties, the Minister indicated in her answer that there were a number of support programs for those people with specific learning difficulties. The one-on-one program is one of the best programs available. In fact, I know that with guidance counselling there is a great need for more people to be attracted to country areas to assist in counselling students who are having difficulties and to establish a learning program for them. Whether that is through one-on-one assistance or through peer tutoring, which involves an older student teaching a younger student, or whether it is in the learning centres, which provide support for students to catch up, there is a very real need for us to continue to work very diligently on this problem.

I know that in the Aboriginal schools they are trying to improve the learning ability of Aboriginal children. I really believe that this must occur at kindergarten level because support for children within the home is a difficult area for Aboriginal students. It may well be that we need to look at specific programs for the parents so that at least they can talk to their children and understand what they are trying to tell them. If that is the case, it will provide learning assistance when their children go to school.

When I visited Alice Springs earlier this year I noticed that the problem is being attacked in that way in the belief that, if they do it from that end (teaching the parents) and tie that in with the children starting at kindergarten, they may be able to address the problem. I am not quite sure what is being done with respect to adult literacy here, particularly in the Aboriginal area, but I will certainly follow that up with the Minister of Aboriginal Affairs.

I am pleased about the Government's programs with respect to both literacy and specific learning difficulties. However, we must make sure that we put more guidance councillors in country areas to assess these children. Any delay in assessment will obviously delay the programs that can be made up for children who have a specific learning difficulty. If it is not done as swiftly as possible, they get further behind. In fact, I am disturbed to learn that most Aboriginal children are at least five years behind in many of those programs compared to their white counterparts. A lot of work needs to be done. I do applaud what has already been done and would urge that we put more effort into guidance counselling, particularly in our areas—

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

STATUTES AMENDMENT (ABOLITION OF COMPULSORY RETIREMENT) BILL

Second reading.

The Hon. FRANK BLEVINS (Treasurer): 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.

This Bill seeks to amend various State Acts to remove references to compulsory retiring ages in accordance with the Report of the Working Party Reviewing Age Provisions in State Acts and Regulations.

The Working Party identified a number of provisions in Acts where age is used as the basis for retirement. Some provisions deal with the strict employment relationship while others relate to membership of Boards etc.

It should be noted that even with these amendments a number of people will still be subject to compulsory retirement ages in South Australia. Persons employed under Commonwealth Acts or pursuant to a Commonwealth award may continue to be subject to compulsory retirement provisions.

In addition, in accordance with the recommendations of the Working Party, compulsory retirement ages will be retained for Judges and Masters appointed under the Supreme Court Act and District Court Act; Magistrates employed under the Magistrates Act and the President, Deputy Presidents and Industrial Commissioners employed under the Industrial Relations Act. This is warranted on the basis that the mandatory retirement age is fundamentally linked to the principle that the judicial system must be, and must be seen to be, completely independent from the executive arm of government and the political process.

With respect to the positions of Valuer-General, Solicitor-General, Auditor-General, Electoral Commissioner, Deputy Electoral Commissioner and Ombudsman, the Working Party has recommended a review as to whether or not it continues to be appropriate to impose a compulsory retirement age.

In reaching this decision, the Working Party took into consideration the fact that similar principles apply to these positions as to the judiciary regarding the requirement of independence from control by the executive. In particular, this is reflected in the procedures for removal from office which contain similar characteristics to that of the judiciary.

The Working Party recommended that the Police Act 1952 be amended to remove the retiring ages for the Commissioner, Deputy Commissioner and police officers. The Police Department and Police Association opposed this recommendation for various reasons, all of which are contained in the Report. The Working Party's argument with respect to police officers generally may be accepted, but it is considered that special considerations apply to the Commissioner and Deputy Commissioner. It is arguable that their positions correspond to that of Solicitor-General etc. as discussed above. Therefore, it is not proposed to deal with these positions at this time but to include them in any subsequent review of statutory office holders.

During the last Parliamentary Session, an amendment to the Equal Opportunity Act 1984 was passed to extend the sunset period within which compulsory retirement is allowed to remain as an exemption to the general provisions prohibiting discrimination on the basis of age. The sunset period was extended until 31 December 1993. The extension was made so as to allow for legislation dealing with the public sector employees to be amended so that the abolition of compulsory retirement for public sector employees occurs at the same time as for private sector employees.

In order that the issue of compulsory retirement is resolved well in advance of 31 December 1993, it is preferable to deal with these issues separately so that the compulsory retirement amendments are passed at the beginning of the Parliamentary Session. Amendments arising from the remainder of the Report can be dealt with later in the Session.

I commend the Bill to Honourable Members.

Explanation of Clauses

PART 1

PRELIMINARY

Clause 1: Short title

This clause is formal.

Clause 2: Commencement

This clause provides that the measure comes into operation on 1 January 1994.

Clause 3: Interpretation

This clause is the standard interpretation provision used in statutes amendment legislation.

PART 2

AMENDMENT OF ADELAIDE FESTIVAL CENTRE TRUST ACT 1971

Clause 4: Amendment of s. 6—Composition of the Trust

This clause amends section 6 of the principal Act so that a trustee of the Adelaide Festival Centre Trust may be appointed for a term that continues after the trustee has reached the age of 70 years.

PART 3

AMENDMENT OF CONSTRUCTION INDUSTRY LONG SERVICE LEAVE ACT 1987

Clause 5: Amendment of s. 17—Cessation of employment

This clause amends section 17 of the principal Act so that there is no prescribed retiring age for a construction worker.

PART 4

AMENDMENT OF COOPERATIVES ACT 1983

Clause 6: Amendment of s. 29—Certain persons not to manage cooperatives

This clause amends section 29 of the principal Act so that a person who has reached the age of 72 years may be appointed as a director of a registered cooperative.

PART 5

AMENDMENT OF CORRECTIONAL SERVICES ACT 1982

Clause 7: Amendment of s. 55—Continuation of the Parole Board

This clause amends section 55 of the principal Act so that a retired Supreme Court or District Court judge of or over the age of 70 years may be appointed as a member of the Parole Board of South Australia.

PART 6

AMENDMENT OF DENTISTS ACT 1984

Clause 8: Amendment of s. 6—Membership of the Board

Clause 9: Amendment of s. 23—Membership of the Tribunal

Clause 10: Amendment of s. 29—The Clinical Dental Technicians Registration Committee

These clauses amend the principal Act so that the office of a member of the Dental Board of South Australia, the Dental Professional Conduct Tribunal or the Clinical Dental Technicians Registration Committee does not become vacant when the member reaches 70 years of age.

PART 7

AMENDMENT OF EDUCATION ACT 1972

Clause 11: Amendment of s. 25—Retiring Age

This clause amends section 25 of the principal Act so that an officer of the teaching service is not required to retire on reaching 65 years of age.

PART 8

AMENDMENT OF EQUAL OPPORTUNITY ACT 1984

Clause 12: Amendment of s. 85f—Exemptions

This clause amends section 85f of the principal Act to render void and of no effect any provision in a State award or industrial agreement that—

- imposes, or requires or authorises an employer to impose, a compulsory retiring age in respect of employment of any kind; or
- requires or authorises an employer to terminate a person's employment on the basis of the person's age.

PART 9

AMENDMENT OF GOVERNMENT MANAGEMENT AND EMPLOYMENT ACT 1985

Clause 13: Amendment of s. 63—Retirement from the Public Service

This clause amends section 63 of the principal Act so that a Public Service employee is not required to retire on reaching 65 years of age.

PART 10

AMENDMENT OF INSTITUTE OF MEDICAL AND VETERINARY SCIENCE ACT 1982

Clause 14: Amendment of s. 7—The CouncilThis clause amends section 7 of the principal Act so that a person of or above 70 years of age is eligible for appointment or re-appointment as a member of the council of the Institute of Medical and Veterinary Science.

Clause 15: Amendment of s. 10—Removal from and vacancies in office

This clause amends section 10 of the principal Act so that the office of an elected member of the council does not become vacant when the member reaches 70 years of age.

PART 11
AMENDMENT OF MEDICAL PRACTITIONERS ACT 1983

Clause 16: Amendment of s. 7—Membership of the Board

This clause amends section 7 of the principal Act so that a person of or above 65 years of age is eligible for appointment or re-appointment as a member of the Medical Board of South Australia.

Clause 17: Amendment of s. 24a—Removal of appointed member from office, vacancies, etc.

This clause amends section 10 of the principal Act so that the office of an appointed member of the Board does not become vacant when the member reaches 65 years of age.

PART 12
AMENDMENT OF NURSES ACT 1984

Clause 18: Amendment of s. 6—Membership of the Board

This clause amends section 6 of the principal Act so that the office of a member of the Nurses Board does not become vacant when the member reaches 65 years of age.

PART 13
AMENDMENT OF OPTOMETRISTS ACT 1920

Clause 19: Amendment of s. 5—Members of the board

Clause 20: Amendment of s. 10—The Optical Dispensers Registration Committee

These clauses amend the principal Act so that the office of a member of the Optometrists Board or the Optical Dispensers Registration Committee does not become vacant when the member reaches 65 years of age.

PART 14
AMENDMENT OF PARLIAMENT (JOINT SERVICES) ACT 1985

Clause 21: Amendment of s. 14—Retirement

This clause amends section 14 of the principal Act so that an officer is not required to retire from the joint parliamentary service when he or she reaches the age of 65 years.

PART 15
AMENDMENT OF POLICE ACT 1952

Clause 22: Repeal of s. 11aa

This clause repeals section 11aa of the principal Act so that a member of the police force is not required to retire on 30 June next after the member reaches 60 years of age.

Clause 23: Amendment of s. 19—Resigning without leave

This clause amends section 19 of the principal Act to remove the reference to 'the retiring age prescribed by law'.

PART 16
AMENDMENT OF POLICE (COMPLAINTS AND DISCIPLINARY PROCEEDINGS) ACT 1985

Clause 24: Amendment of s. 7—Term of office

This clause repeals section 7 of the principal Act and substitutes a new provision so that a person appointed to constitute the Police Complaints Authority may be appointed for a term expiring after the person reaches 65 years of age and so that a person of or above that age may be appointed or reappointed to be the Authority. The new section provides for an initial term of appointment of seven years, with a minimum term of reappointment of three years and a maximum term of seven years.

PART 17
AMENDMENT OF SOUTH AUSTRALIAN HEALTH COMMISSION ACT 1976

Clause 25: Amendment of s. 11—Removal from, and vacation of, office

This clause amends section 11 of the principal Act so that the office of a member of the South Australian Health Commission does not become vacant when the member reaches 65 years of age in the case of a full-time member, or 68 years of age in the case of a part-time member.

PART 18
AMENDMENT OF STARR—BOWKETT SOCIETIES ACT 1975

Clause 26: Repeal of s. 52

This clause repeals section 52 of the principal Act which prevents a person of or above the age of 72 years from being appointed as a director of a society and provides for the office of a director to become vacant when the director reaches the age of 72 years.

PART 19
AMENDMENT OF SUPREME COURT ACT 1935

Clause 27: Repeal of s. 13b

This clause repeals section 13b of the principal Act which is a spent provision.

PART 20
AMENDMENT OF TECHNICAL AND FURTHER EDUCATION ACT 1975

Clause 28: Amendment of s. 25—Retiring age

This clause amends section 25 of the principal Act so that an officer under the Act is not required to retire on reaching 65 years of age.

PART 21
AMENDMENT OF VETERINARY SURGEONS ACT 1985

Clause 29: Amendment of s. 6—Members of the Board

This clause amends section 6 of the principal Act so that the office of a member of the Veterinary Surgeons Board does not become vacant when the member reaches 65 years of age.

Mr S.J. BAKER secured the adjournment of the debate.

STATE BANK OF SOUTH AUSTRALIA (PREPARATION FOR RESTRUCTURING) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 11 August. Page 203.)

Mr S.J. BAKER (Deputy Leader of the Opposition): The Opposition supports the proposition before the House. In reflecting on what has transpired over the past three years and the drama that has unfolded in relation to the State Bank, it is probably fruitful just to reflect on it for a moment but not let it dominate the debate. In this Bill we are dealing with the mechanisms for allowing the officers and the Government to get the bank to a fit state for corporatisation; making it lean, clean and efficient with the ultimate intention of being able to put the bank on the market for sale, whether that be by share issue or by sale to a trade buyer.

We cannot go past this Bill and deal with just the elements of it without saying that 3 150 000 reasons must be pretty compelling to the population of South Australia in determining their votes. There is no doubt that the unfortunate nature of the collapse had an impact not only on all South Australians, State finances and State services but also, very importantly, on confidence in this State. We find daily examples of the price that this State is paying, whether it be in the ratings of international ratings agencies as far as our finances are concerned, whether it be in the quality of the services being delivered, or whether it be in the rapid amalgamation of various departments into conglomerates in some sense to demonstrate some savings to overcome revenue shortfalls—we are seeing it everywhere. The State Bank pervades this State and, of course, that is highly regrettable.

It is also important that those people responsible pay the ultimate price. We have dealt with that issue on a number of occasions. I refer not just to the officers and the directors of the bank but also, of course, to all the Government Ministers who are up to their necks in the whole affair. The Government intends that this Bill will ensure that all persons other than State Bank employees involved in rationalising the bank's operations and preparing it for corporatisation and ultimate sale shall be given access to relevant information. The board and employees must comply with the requests for information from those charged with the responsibility and must cooperate with outside officers and the Government in their endeavours to ready the bank for sale.

In other words, everyone has to work together. If people are coming from outside under instruction from the Government, they have to work with the existing bank employees, the directors and the managers of the bank's various sections

to ensure that everyone is heading in the right direction. The job of bringing the State Bank up to a standard that can be recognised as, as I said, a lean and efficient organisation that is not dogged by bad and doubtful debts is one that we would wish to go as smoothly and as quickly as possible.

The legislation provides that any of the contractors, employees of the Public Service or lawyers who are brought in to assist in the exercise shall be subject to the strict confidentiality provisions that apply, and serious penalties will be imposed if they do not comply. The Opposition does not have great difficulty with the Bill in that we would have to be doing the same thing ourselves. It has been argued that the indemnity that prevails over the State Bank and the Government Asset Management Division should be sufficient to ensure that the change of focus and the need to bring the State Bank up to corporate status would be manageable under the Treasurer's imprimatur as laid down in the indemnity. Legal advice has suggested that this is not sufficient and that there have to be extra provisions in the legislation to ensure that the transition is smooth and constructive. We have relied on the advice of the Government's legal advisers in this regard.

The bank obviously has a number of challenges to meet, although one must observe that, if we look at the assets the bank holds now in comparison with what it held previously, we can see that it is very much just a housing bank. I will refer tomorrow in a private member's motion to the way corporate clients are being crucified by this bank. It would appear that the Government has no interest in maintaining its corporate client base and one must seriously question whether the State Bank will be worth the sort of money that we need given the way the State Bank has treated its clientele.

For example, leaving aside the issue of those people who have had difficulty repaying loans and who have been subject to a number of notices from the bank, the fact is that good clients have been treated abysmally. A good friend of mine who had an impeccable record with the bank and whose assets were sufficient to cover his loan—which was not large—received a notice in the mail about a month ago saying, 'We have reassessed your loan. The reassessment was due on 1 January. We have brought it through to 1 October this year (which is quite illegal, I might add, but this man does not want to contest it; he will seek alternative finance). We believe that your risk assessment is not quite sufficient so we have upgraded the penalty you are paying on your interest to 2.5 per cent.'

This long and valued client of the bank received this letter in the mail and he can like it or lump it. He has talked to another financial institution, which is more than happy to accept the risk, which is negligible, and he is transferring his finances to that bank at a rate of interest 2 per cent cheaper than the State Bank wishes to charge. This is just one example where the operations of the bank really do need a lot of scrutiny.

It is all very well for the Government to bring in this Bill in and say, 'These are the things we need. Everyone has to cooperate.' But if management decisions are being taken by individuals who do not have the capacity or who have been given wrong instructions, the quality of the State Bank we will ultimately sell will be much diminished. From the feedback that I have had from a number of people, I believe that more and more people will shy away from the State Bank because of the treatment they have received post the collapse of the bank.

We all believe that clients should be treated on their merits and that the State Bank should not be ripping off people because its wants to make up for some of the losses it has incurred. It should operate in a commercial environment. It is a very hectic environment where only small percentage interest differences will make a whole lot of difference in terms of the attraction of that bank to its potential clients. If the bank continues to do the sorts of things it has done with that acquaintance of mine, I can understand that more and more businesses, in particular, will not bank with the State Bank.

It is absolutely vital for a State Bank, if it is eventually to achieve a reasonably fair price, that it be a well-balanced organisation and that all the resources not be placed into the housing area, even though that has been one area that has been a very strong money earner for the bank over these difficult times. We know that defaults in housing have been limited and, in comparison with corporate failures, the difference is quite stark. However, we cannot lump people all in the same group and say, 'We are going to treat all of you as potentially bad clients.' That appears to be exactly what the State Bank has done. I will refer to that matter tomorrow. There are a number of other cases that I wish to draw to the attention of the House where I believe the State Bank is acting quite unconscionably.

Whilst the Opposition supports the Bill in principle because it is needed to facilitate the corporatisation of the bank, I would like to draw the Government's attention to the fact that I think it has some very second-rate operators in the bank. I do not believe, and most other bankers around town do not believe, that the Government has the right personnel in the bank. I do not believe that we have the people who will set new directions. Perhaps there is a belief that those people should hang around until the bank is corporatised and sold, that they should be given their pay-outs and that, therefore, there is not a outstanding need for change at this moment. I believe that, if the bank is to repair its tarnished reputation and recover some of the money it has lost, we need the best operation possible and the most attractive bank that we can have here in South Australia. The real challenge is to make it so good that people will come to its door and say, 'You have a future, irrespective of whether you are to be swallowed up by a trade sale or whether you go out into the market place and offer yourself out there.' It is important that we have the best bank possible. I know that when I go to my local State Bank the customer service is impeccable and I do not have a difficulty: in fact, the staff there are very warm and welcoming. The problem does not lie with the staff out in the branches: it lies with the personnel at the top of the State Bank. I will not number them and name them here, but everybody is aware that we do not have the best people making management decisions that we should have in the bank.

So, the issue of how we should move towards corporatisation is an important one. The Bill itself is not important to my mind, because I believe that we could have done it under the indemnity. However, with a degree of conservatism we are going along this route. I believe that there are a number of issues in relation to the future of the State Bank that need to be canvassed at this time, because some of the mechanisms for change are already being put in place. The second reading explanation assures us that a Bill regarding corporatisation will be introduced in the Autumn session. One would assume that would be under a Liberal Government rather than a

Labor Government. However, I would like to express some points of view on the process now.

Accompanying the Bill was a statement entitled 'State Bank Corporatisation Sale'. I thank the Treasurer for providing me and the House with information on the options that could be exercised in the near future in relation to how we ultimately sell the bank. In looking at that paper, I questioned the preferred option, but I have had conflicting advice on this matter. Some banking and finance people have said, 'We believe that the Government's preferred option is the appropriate way to proceed', but others have said, 'There has got to be a better way, and that is to use the existing State Bank, cleanse it to the extent necessary, exercise due diligence and then sell it off in its cleanest form, operating on your other assets which are perhaps of not such a high quality as those in the bank.'

I have another point of view. Regarding the Bank of New Zealand, I note that an offer was made for the good bank but ultimately it meant the sale of the bad bank, or those assets which had been depreciated, which were worth somewhat less than their original value, because of downturns in property markets and failure of businesses to perform. I do not have enough intimate information about the bank to make those judgments, but surely one of the things that the committee that is involved in putting this together must look at is the extent to which we can quit the doubtfuls at the same time as we quit the assets which are deemed to be 100 per cent recoverable. So, there is another option that we should consider, and I would point to the New Zealand situation.

Whilst the Government believes at this stage that its best option is to set up two new entities, I understand that that is not set in concrete. I understand that it is still subject to further discussions, negotiations and advice from people perhaps with greater experience than any of us in this House and indeed anybody within Government. However, at face value my preferred option would be to operate on the existing entity. According to the explanation that was provided by the Treasurer, the major sticking point to that option appears to be how we deal with tax losses.

We noted, when the Premier agreed to sell the bank, that it was on the basis of three important conditions, one being that the bank would be sold. The second important condition was that, for $647 million, all tax losses would be excised, that there would be no capacity for anyone, either the Government or any new entity taking over the State Bank, to be able to claim from the Australian Taxation Office. The third condition, of course, was that if we did not sell the bank we would have to repay the money and, just as importantly, start paying tax on the bank's profits from 1 July 1994. I do not have enough legal advice to know how the cleansing of the good bank to the extent necessary would conflict with the requirement that tax losses cannot be handed over to a purchasing entity, whether it be by direct sale into the market place or by share offerings. So I am a little bit mesmerised: it has not been explained, and I am sure that someone will do so after my second reading contribution.

I point out that, under the options we are considering, the State Government will be subject to further massive loans. If the State Bank is floated or sold, there is currently about a $2.7 billion deficiency—an IOU from the bad bank. The bad bank has the assets. We also have a note on the indemnities—$850 million owing to the State Bank. So, if we look at the IOUs, we can speculate at the time of sale that the State Bank has to go out and borrow $2 billion or $3 billion to satisfy the asset shortfall. I believe that we would wish to avoid that situation at all costs. I would also ask whether or not it is possible under the Loan Council guidelines or whether the Federal Treasurer would have to give some dispensation under the circumstances.

I believe that, in terms of the bad bank, an asset is worth what people are willing to pay for it and, if people have expert advice that the assets in the bad bank are worth more than the Government's assessment, it is possible to dispose of the bad bank assets and the good bank assets at the same time. Again there is the problem of tax losses, but I am sure that they can be excised by some form of agreement. Again, I have no legal advice on that matter. So there are a number of hurdles that have to be overcome in the next six to nine months when we are getting this bank ready for sale via the corporatisation road.

There are a number of other aspects of the bank, and I put them on notice only because I am sure that the bank is currently reviewing them. We know, for example, that the strength of the State Bank happens to be its housing portfolio. We also know that, under the existing conditions, you cannot transfer title. So, if a new entity is created, I do not know how that will be handled in a legal and practical situation. There is a strict contractual arrangement between the borrower and the State Bank and, according to the information I have received, it cannot be assigned.

I am sure that that matter is under consideration. Also, I am not sure how we will deal with the liabilities of the bank. We know that there are so many billion dollars worth—and I will have to look in the State Bank report—of fixed term loans outstanding. They are subject to the State Government guarantee. They have to be worked out over time, or people will have to be given the option to quit those term loans at the time of sale. There are difficulties, and they are challenges, but they have to be met. I am not sure from the descriptions provided in this 'State Bank: Corporatisation or Sale' report how they are being addressed. I am sure they are being addressed, but I would like some information on how they are being addressed.

I would appreciate some advice from the Government on a number of items at some time in the near future so that I can feel comfortable that the route we are taking fits in with what I want to see as the best outcome for South Australia. The question has also been asked about the need for due diligence, given that we have already gone through Morgan's and a due diligence statement. The questions have been asked: how much will this one cost; how long will it take; and why can it not be a reasonably cheap and easy exercise, given that much of the information is already at our disposal? But I do appreciate the fact that if we are going to market the bank the potential purchaser would wish to know what the up-to-date situation is. I would like to know how much it will cost and what the total cost of the whole process will be to the taxpayers.

In dealing with the State Bank, I believe a range of other issues are important, but not necessarily appropriate for this debate and may more fruitfully be pursued when we come to the corporatisation Bill later in the session. Those issues will develop in due course, and I presume that with a change of Government we will get a briefing that will tell us what the preference is, and ultimately the Government will have to make the decision. I hope to be the person making that decision in conjunction with the Cabinet of the day.

I would like to mention the extent to which the State Bank is being manipulated. I am dissatisfied not only with some of the corporate decisions being made but also with some of the

Government's financing arrangements. We have heard on good authority, for example, that the bank will make somewhere between $100 million and $110 million profit. We have also heard on good authority that perhaps $90 million of that will come from a reasonable trading year and that another sum of money will come from an asset revaluation. That perhaps should be looked at in terms of the reserves of the bank rather than on-stream profit, but that might conflict with current accounting standards.

We have also been given information on good authority that $160 million has been taken out of the bank. We do not know where it will finish or whether it will be used to offset the liabilities that currently exist, remembering that in the 'Meeting the Challenge' statement the Premier said that the $450 million owing under the indemnity would have to be paid by 30 June. We do not know what the outcome of that is, nor do we know the outcome of the $400 million already owing in the system. So, if the $160 million is brought back into the budget, Government members will hear my voice along the length and breadth of North Terrace.

It may well be that the $160 million will be used to offset any depreciation in the asset value of the bad bank. We have heard already, by some strange source—and I do not know how the Government leaks these things, but it seems to—that the asset valuation on Remm Myer will come down from $290 million to $205 million, so immediately the asset base of the bad bank, the GAMD, will be $85 million less, and a similar provision will have to be made for most of the properties that currently reside within the bad bank. We can assume that there will be another write-off of at least $200 million.

If the $160 million is being transferred across as an offset, I will not get overly excited. However, if the $160 million is being used to fortify the budget during an election year, I believe that the people of South Australia, if they can understand what happens in State finances—hopefully the media will help us—will be outraged. They should also be outraged that the Treasurer of this State, after he released the Neimeyer statements for 30 June 1993, said, 'We've done very well. We've actually made a surplus of $12 million.' The Treasurer speaks with a forked tongue, because we know that under the borrowings the budget was $327 million in the red, with the full borrowing taken up; and $315 million in the red, when we consider the cash in and the cash out.

The only reason that it fell under the borrowing limit prescribed in the previous budget was that they ripped out $22 million from the State Bank which had not been budgeted for. So, I am getting a little tired of the way in which the Government and the Treasurer are manipulating the finances of this State, painting pictures which are quite untrue and false in order to fudge a very grim situation facing South Australia. I can well remember that in 1989 not only did we learn afterwards about the Premier's interceding in elections and making sweetheart deals with the bank to keep down interest rates: we learnt also of the extent to which all excess revenue was brought on stream to fund a budget which was inflationary, increasing employment at the time the bank was going sour, when our finances from Canberra were at risk.

What the Government did in 1989 was totally unconscionable, and I do not want to see that repeated in this budget. I do not want an easy, soft budget: I want to see a fair budget and one that demonstrates exactly where the Government is today, not one that is fudged through the manipulation of State Bank finances, with ins and outs and asset changes to create a deliberately false picture.

I have not dealt in great detail with the damage occasioned to the State Bank, because everybody would be well aware of it. A number of other issues pertinent to the State Bank need to be answered, and I hope that the Treasurer will answer those questions at some stage. However, the Opposition supports the Bill in principle, on the advice of persons more legally qualified than ourselves, as being necessary to take the bank that one step further.

Mr BLACKER (Flinders): I oppose the Bill, and I have stated in this House previously that I am opposed to the sale of the State Bank, for which this Bill, as an enabling measure, seeks to provide. It is therefore appropriate that I should voice my opposition at this time. I see no reason why we should throw the baby out with the bath water. The very principle on which the State Bank operated was excellent, and it has served our State well for a long time—first, under its original charter as the Savings Bank and then as the State Bank—going back 100 years or more. That is the tragedy of the situation. The State Bank, as we know it today, is less than 10 years old. It was formed through the amalgamation of the Savings Bank of South Australia and the State Bank of South Australia, and this new bank was instituted by legislation introduced in November 1983. The principles upon which the legislative framework for the new bank was 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.

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 was with these guidelines in 1983 that the Parliament unanimously supported the establishment of the State Bank. Of course, the bank's history goes back much further than that. The former Savings Bank of South Australia was established in 1848 with great visions and expectations by the Parliament of the day and, with the will of those involved, a very secure and sound organisation was developed, one which served our State and country well. In the book *Our Century: A history of the first 100 years of the Savings Bank of South Australia* released in 1948, the following quotation appears:

The hospital is the great Samaritan, the school is the great teacher, the church is the great temple and the library is the great book. Can we not find a place in this 'hall of fame' for the Savings Bank—and shall it not be the great treasure house?

That quotation was taken from *The Savings Bank and its practical work*, by William Kniffen, Jnr, a book which provides interesting reading and which I commend to all members and anyone else interested in the great work done by that institution. Unfortunately, all the fine work carried out has been blown apart by the irresponsible actions of a few. The State Bank commenced business in 1896 pursuant to the State Advances Act of that time. That Act directed that advances were to be made on first mortgage to farmers, other primary producers and local government authorities. The State Bank Act 1925 repealed the State Advances Act and the

scope of the bank was enlarged by making provision for loans on overdraft and all business of general banking. However, the major aim of the bank was finance for farmers. In the second reading speech on the State Bank Bill on 20 August 1925 the then Treasurer, the Hon. J. Gunn, stated:

> There is no doubt the time is ripe for the establishment of an institution which will make the granting of credits to farmers its primary concern. The interests of the community demand that our primary producers should be given every encouragement to make a success of their undertaking. If private banking institutions will not give primary producers adequate credit facilities, then the Government should devise another means whereby this end should be obtained.

That statement shows the vision of the people who took to heart the development of South Australia at that time. Just prior to its amalgamation with the Savings Bank in 1983, the bank administered the following Acts: Advances to Settlers Act 1930, Loans to Producers Act 1927, Loans for Fencing and Water Piping Act 1938 and the Students Hostels (Advances) Act 1961. The bank did not operate branches or agencies outside the State at that stage. When the time came for the merger of the Savings Bank and the State Bank, it was supported by every member of Parliament. In fact, the establishment of the new bank was proposed by the then Leader of the Opposition, Mr Olsen, in his Address in Reply speech on 22 March 1983, and this measure was supported by all members of Parliament. In 1981 the Committee of Inquiry into the Australian Financial System, often referred to as the Campbell committee, stated:

> Public ownership as a method of intervention has most relevance where the aim is to promote effective competition, discourage monopolistic practices in financial markets, or fill 'gaps' which would not be filled by private enterprise.

However, the committee considered such intervention to be a device of last resort that should not be taken unless other measures have been taken including:

1. Removal of unnecessary restrictions on entry of financial institutions into the market.
2. Removal of controls that unnecessarily restrict competition and diversification.
3. Appropriate action through trade practices legislation.

It is interesting to note that the Campbell committee recommended substantial deregulation of the financial markets. This approach was taken by the then Hawke Government with obvious mixed results. The results seem to have been seen generally as positive in a report by the House of Representatives Standing Committee on Finance and Public Administration 'A pocketful of change' in 1991. This report (known as the Martin report, after its Chairman, Stephen Martin) also comes out against the State ownership of banks. However, as the Campbell report noted, the Government owned banks performed useful social roles, providing a safe credit rating and competition for other banks that could be a check on the exploitation by a private bank of a dominant market position.

Nevertheless, the committee felt that the deregulation would cease to be a justification for Government-owned banks because of the competition it would bring. Whether or not sufficient competition has emerged from deregulation to negate the benefits of a State-owned or controlled bank is now a moot point. I believe that deregulation was one of the biggest problems facing Australia. The Martin committee noted that deregulation of the financial system in Australia during the 1980s has led to a significantly more competitive environment within the banking industry. However, it notes that the level of concentration of banks has remained high but still denies there is a place for State-owned banks. It could be argued—because of the concentration of powerful banks due to amalgamation, the absence of many foreign banks in the industry and the need for major improvement in the relationships between banks and their customers—that there is still a need for State-owned banks. The case for and against the sale of the State Bank has been documented on a number of occasions in the *Advertiser*. This really brings us to where we are at this point.

We had a new bank inaugurated in 1984, set up with the full support of the Parliament, set up with the vision that it was to continue with the support of the people of South Australia. The bank was to operate in a commercial way with some returns coming into State Treasury. A board was established and administration put in place. Having done that and having seen the speculative approach by those administrators, we have seen disaster of untold proportions.

If on one day since the bank's establishment an employee had taken a $100 bill and set alight to it allowing 10 seconds for each one of those bills to burn, they would still not have lost in subsequent years up until today the amount of money—$3.15 billion—that has been lost. The sum of $3.15 billion is equivalent to $1 million a day for 3 150 days: in other words, $1 million a day for almost nine years.

It seems to be that those who are promoting the idea of selling the bank are merely doing so based on the philosophy that, if it is no longer owned by the State, there cannot be another disaster. If the new owners of the bank get into trouble, it will be those new owners who will bear the pain and not the taxpayers. There is no doubt that the State Bank got into trouble because it did not have the appropriate competent board and senior management, and it is my view that we should fix that problem now rather than throwing the baby out with the bath water.

Why not simply ensure that board and management are suitable? This would require the Government to be much more careful in its choice of board members and also to adopt an active policy of supervision. Whereas in the case of a bank with hundreds or maybe thousands of shareholders those shareholders are continually applying scrutiny to the board, in this case the Government appointed board has really only been responsible to the Government, which was unable to keep tabs on the board and so it went rampant. Another argument for selling the bank applies to all Government owned business enterprises, and that is that ownership confers on Government the ability to influence the enterprise to produce political ends for which the Government is often not accountable.

Former Premier John Bannon's involvement in the setting of interest rates by the State Bank prior to the last election is a good example of this. A more complicated example would be the Government 'influencing' the institution to give preferential treatment to one particular group of customers; that is, lower electricity tariffs for pensioners. Whilst such an act is not intrinsically wrong, it involves benefits being conferred and costs being imposed which are not usually quantified, let alone disclosed.

The final argument for selling the bank is the reverse of 'the bank is too good an investment to sell' argument. If a Government-owned business enterprise is profitable, all the profits accrue to the State, including what would otherwise go to the Commonwealth as company tax. But if the Commonwealth is prepared to pay an amount that substantially exceeds the notional tax that would accrue to the State Government and the sale price is the market price reflecting

what it is worth, why keep it? This seems to be the strongest argument being presented by the Government. The $600 million from the Commonwealth is the best deal South Australia, in some people's minds, has been offered since it sold the railways to the Whitlam Government in the 1970s.

Let us look at the other side and the case against it. Some Australian banks and building societies collapsed after a speculative boom a century ago. Governments at that time did not respond by selling their public banks, nor should we at this point. Rather than sell their public banks, Governments of the 1980s began regulating the private banks properly. That allowed them to give safe service through most of the twentieth century. Dismantling that necessary regime, in the imprudent financial deregulation of the 1980s, has been a main cause of the present public and private banking disasters.

We should respond to the disasters by mending the mistake that has caused them. It can only compound the mistake to sell the remaining public banks into an inadequately regulated private banking sector whose directors are free to repeat the disasters any time they get such a whim. Some commercial banks flourished in colonial times but, until recently, savings banks generally have had to be public. They exist to accept the working population's savings, mind their money between pay days, and lend their funds back to them or to Government to finance public works. They do the most for housing, farming, small business and public services if their benefits go to their customers rather than being diverted to profit seeking shareholders.

Public banks can be a useful agent of Government, as private banks often cannot. In depressions they can be more forbearing than private banks can afford to be. They can be financed to deliver public subsidies and rescue packages to hard hit farmers and home buyers without conflicts of interest with the legitimate rights of bank shareholders. Since the 1950s the Commonwealth has used State Banks and non-profit building societies to lend Commonwealth housing funds on special terms to low-income home buyers, with benefits to private builders as well as hard-up households. The State Bank and the building societies have cooperated closely with the Housing Trust in financing sales to its tenants, housing cooperatives and other useful programs.

The mismanagement of Australian State Banks during the past 10 years is an aberration which we need not repeat. Bad as it was, the Commonwealth's part in it should not be underrated. Having deregulated the banks, the Hawke Government proceeded to squeeze the States' resources, especially their capital resources, for public infrastructure and service investment. Improvident Commonwealth policies forced improvident State policies. Besides selling any saleable assets, they encouraged their State Banks to shift the focus from servicing the States' farmers and home buyers and public works to seeking profits for the State budgets at appalling costs.

The Commonwealth's response to the disasters is unrepentant. It ought to rebuild the financial system and help the States to rebuild viable public banks to do the necessary services which private banks cannot be expected to do and which public banks have done for a century or more. But the Prime Minister, Mr Keating, is doing the opposite on both counts. He defends and continues the deregulation of the private banks, and he does his best to force the sale of the remaining public banks.

Our State Government can and should refuse to sell. It should keep its bank, reform it ruthlessly and impose on it the prudential regulations which it needs. If the Government insists on selling, the question then becomes how much and how the sale should take place. Should it take place in an orderly manner or should it have a hasty garage sale? It should also be remembered that what will be sold will be the good bank. The bad bank and its $3.15 billion of losses on loans will stay with the State Treasury and the taxpayers, no matter what happens to the good bank, and selling the bank is a big and complex project which is fraught with potential dangers.

Already a potential expert, Baring Brother Burrows, was supposed to deliver its recommendations on valuations and options by the end of February. I believe this has since come in, but, in seeking a valuation, it automatically indicates that the bank will be sold. Then look at the range of scenarios. The Federal Government has come up with a $600 million package, and that makes it very much a line ball: will we sell, won't we sell; is there an advantage, isn't there an advantage?

Who is likely to be the best contender in purchasing the bank? The State Bank may be worth more to a bank with no operations in Australia than to one of the big four: the Commonwealth, National, ANZ and Westpac. One of the big four would have to merge the State Bank into its own South Australian operations with consequent rationalisation of branch network and staff members. This would be expensive and would prove difficult to handle. On the other hand, a foreign bank with no operations would not be able to unleash the same sort of savings in overheads as would a local buyer, but it would have to be prepared to pay a heavy premium over book value for the rare opportunity of securing a significant and solid slice of the important regional market, together with an established infrastructure.

When we think back just a few years how hard the local banks fought to retain their market share, then any foreign bank might have to pay a solid premium. For example, when the National Australia Bank bought into the United Kingdom market in 1987, it had to pay $1 billion, or 15 times earnings, for three banks making about $65 million a year. Three years later the same bank paid $2 billion, or 18 times earnings, for a fourth United Kingdom bank, which made $113 million before tax. The price was twice the Yorkshire Bank's net worth.

Clearly, the standard method of valuing a company by multiplying its profits by 10 flies out the window when buying a stake in the new market. Using earnings multiples of 15 and assuming the State Bank can double its interim profit and report a pre-tax profit of $85 million for the full year indicates that the bank could be worth at least $1.28 billion. This is 25 per cent higher than the off-the-cuff estimate of $1 billion made by the former State Bank Chairman, Mr Nobby Clark, who may have been looking at the State Bank through the eyes of a local banker and not a foreigner looking at a new market. Using the 18 times earnings multiple the National Australia Bank used to buy the Yorkshire Bank indicates that the State Bank could be worth about $1.5 billion.

No doubt there will be time on another occasion to add a little more to that. However, I must again express my concern and oppose what is happening at the moment. I do so with the support of a considerable number of constituents who have circulated a petition opposing the sale of the State Bank because they believe that the bank, as it was meant to be and as this House meant it to be, was serving a very useful and productive role within the State. It is not the bank that is at

fault; it is those few administrators who fouled it up, and they should be brought to heel for it.

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

Mr BECKER (Hanson): This is another sad day in the saga of the State Bank of South Australia. As I look at this legislation I get the impression that we are tip-toeing very lightly through corporate law requirements to deal with the disposal of that bank. That is about the only way we can sum up the whole thing. The Minister, in his second reading explanation, said:

> This Bill makes a number of technical amendments which will ensure that the preparation for the corporatisation and ultimate sale of the State Bank proceeds expeditiously. In April, the Government established a high level steering committee to progress the corporatisation and sale process.

We have been going since April. The bank officially got into trouble in February 1991, and it has taken all this time to get around to deciding what is to happen to the State Bank of South Australia. We well know the promises that were made during the Federal election campaign. The State was to receive some $624 million, or whatever it was, if it disposed of the bank, and that would be the end of the sorry saga. It is not that easy. During an election campaign promises are made, money is thrown around willy-nilly and then, as we have found, the Federal Government had to honour some of those promises. That is when the real rot set in. That is when the rot really set in for Australia as well as this State. The Minister states:

> The steering committee has now completed its initial work, focussing on the steps necessary for corporatisation. Much of this work is of a technical nature. It is also inevitably preliminary in its conclusions.

That is why I say it is a corporate minefield. On the surface it appears to be a very technical piece of legislation, making it difficult to assess and to come down with any real judgment as to what is happening and whether it is in the best interests of the State; whether it is in the best interests of taxpayers; and whether it is in the best interests of the depositors of that bank and the borrowers. As we know, almost $2 billion of borrowings are for housing loans. That is the crucial part in the role of the State Bank of South Australia. We must never do anything that will jeopardise borrowings by South Australians for housing purposes. The Minister continues:

> However, it seems likely that corporatisation will need to be by transfer of the continuing parts of the bank into a new entity to be corporatised by 1 July 1994, with continuation of the existing statutory authority.

What really has happened is that we have been told by the Government that there is now a good bank and a bad bank, and that the good bank has been cleaned out of all the terrible loans, the unfortunate loans, even though there are still about $600 million worth of possibly bad or doubtful debts. In other words, loans where there has been some default but at this stage they are probably not a great risk. And then the really bad loans, the struggling loans, where the bank could lose large sums of money are in the bad bank.

That has never been organised legally. In other words, my assessment of the State Bank is that there is no such thing as a good bank and a bad bank—it is all one bank. It is just an accounting figure or a book-keeping figure. Somebody has said, 'Right, we will take all those loans out of that section of the bank and we will put them into the bad bank.' You cannot do it. It has been the greatest hoax of all time. You cannot take bank accounts from the right-hand side and put them on the left-hand side because the bad accounts must still operate. You still charge the bad accounts interest even though you place them in a suspense account—that is what happened in my day.

Since deregulation of banking, Ned Kelly would be a wonderful director of any of the Australian banks given the way they have organised their affairs. It is sad that the Australian banking system has ended up like this, and particularly the State Bank of South Australia. The Savings Bank of South Australia has a long and proud history. It played a very strong part in the development of South Australia, be it in the residential housing loan sector or long-term rural finance. We are going to lose it.

I hate to see us lose it, and I hate to think that it could fall into foreign ownership. The Premier is already on record as saying that he does not care who buys it, even if it goes into foreign ownership. I have news for the Government: the people are not too happy with the thought of their housing loans being held by a foreign bank. That is another story. That is a long way down the saga of the corporatisation of this bank. The real issue is how you prepare the bank for sale, and I suppose that is what this legislation is all about because the Minister goes on to say:

> The corporatisation process will involve a major 'due diligence' type of exercise on behalf of the Government, including a detailed assessment of individual assets [which in itself can be a huge task]. This is to identify any assets which cannot be transferred to the new company, to assess transfer values and generally to ensure that the value and quality of the businesses corporatised for ultimate sale is thoroughly investigated.

That is okay. In other words, the Government is trying to get the absolute maximum benefit out of it. It is trying to have its cake and eat it too, but at the same time it is a matter of whether it might be best to sell the whole lot: lock, stock and barrel, bad debts as well as good debts, and so on. The assessment has been made as to what are possibly and potentially the bad debts of the bank but, as I said, those bad accounts have to keep trading.

I could never understand why the bank lent such huge sums of money to companies that controlled assets within the Adelaide Steamship Group. Woolworths, for example, was part of that group, yet Woolworths never banked with the State Bank. There would have been a tremendous cash flow, a tremendous turnover, but all we got out of it was the loans—we never got any of the buy bit business. We never got any of the business with turnover associated with it.

The Adelaide Steamship Company did extremely well out of the privatisation of Woolworths, but it always seemed to me a pity that it did not have the operating accounts. I have always been critical of the fact that Government departments did not bank with the State Bank. Marcus Clark said, 'We don't want all that business with its associated huge turnover, huge volume of cheques and so on. There is nothing in it.' I have news for Marcus Clark: there is always something in it because, if you have a huge turnover, you have a cash flow. That is what it has all been about: cash flow. That is the problem the State has had and will continue to have for some time. We need this cash flow and a turnover of funds to help us on our way.

I only hope that this legislation is preparing the way for a solid disposal of the bank. I am yet to be entirely convinced as to the significance of the date that the legislation will commence—1 January 1993—and that corporatisation or the new company should start on 1 July 1994. I do not know

whether the dates mean anything in that respect. If you have something for sale you sell it; you put it up and you certainly have to do an assessment of what it is worth. That should have been done a long time ago—back in 1991. Even before then we should have known what the whole thing was worth.

As the member for Mitcham has said, we are told the good bank—the part of the bank excluding all the horrible bits—should return a profit of about $100 million. I suppose if you took the ruthless Stock Exchange assessment you would probably say, 'Well, it's worth $1 000 million.' However, there are also the losses on the other side, and they could amount to somewhere in the vicinity of $160 million, which has come down dramatically on the bad bank, depending on the disposal of assets. There are a lot of hidden factors in that. The loss could be $60 million, but there is a reasonable value of the bank in there.

If we are going to corporatise it, why not let the people of South Australia have a chance to buy some shares? Why not put up some shares and let us get on with it. The most important thing to remember is that the bank has already dropped about a third in size. According to the Australian Banking Statistics supplied by the Reserve Bank, as at the end of March 1993 the State Bank's assets were $14 133 million and the liabilities were $13 996 million. Of the assets, $724 million were in foreign currency assets, yet there were liabilities or loans of foreign currency amounting to $3 947 million.

Thereby lies part of the story: the bank did borrow heavily overseas and still had this huge deficit of some $3 200 million in foreign currency liabilities. It is a terrible shame to think that a lot of our money was going to overseas banks, some of which were located in the greatest tax havens in the world. Everyone knows that the money in those tax havens is ill-gotten anyway. It is a shame see that a huge percentage of our funds was going off-shore in that respect. I was hoping that that liability could be cleaned up as quickly as possible.

Down-sizing the bank is not easy, because one has to get back to the core business and there may be difficulties, but there may well be advantages for an overseas investor. There may well be advantages for local investors—trust funds or local companies through the insurance companies—to invest in a bank. On the other hand, I still like to think that, if we brought in some pretty prudent managers—and I have little doubt at this stage about the capacity of the current board—the bank might (and it is a very small might) eventually trade out of its current situation. If it took 15 years to trade out, I think that would be a fair sort of risk. It may not be satisfactory to everyone but at the end of 15 years we would have our own bank back rather than losing it and having nothing at all. It is interesting to note that in its annual report for the financial year ended 30 June 1992 (page 27) the Reserve Bank states:

> The Reserve Bank has no statutory authority over State banks and its prudential supervision of them has been based on voluntary undertakings from the banks concerned. During the past year the bank has moved to a more satisfactory basis by entering into formal agreements with the South Australian and Western Australian Governments for the supervision of the State Bank of South Australia and the R&I Bank of Western Australia, respectively. These agreements provide for the bank to exercise powers similar to those it has in relation to Banking Act banks, except for powers to take control of the banks and manage them in the interest of depositors; the liabilities of State banks are fully guaranteed by the Governments which own them. The agreements also provide for direct communication between the bank and the relevant Governments. The New South Wales Government is to introduce legislation which will bring the State Bank of New South Wales under the Banking Act and, thereby, fully and formally under the Reserve Bank's supervision.

I was hoping that with the opportunity of this legislation we would have done the same thing. I would like to know from the Treasurer what arrangements he has with the Federal Treasurer and the Federal Government and why we are not moving to divorce the Government guarantee and have that transferred to the Reserve Bank.

That would help us as a State and it would not harm the bank in any way, shape or form. It may assist the State in its borrowing of funds through the South Australian Government Financing Authority or in any other requirements the State may have. However, there is nothing wrong with treating the State Bank of South Australia—currently owned by the Government—as what we call a 'Federal Banking Act bank'. The depositors and the borrowers would still be protected by the Reserve Bank. The shareholder funds would not be protected, but that is what happens now with all banks in Australia: the Reserve Bank does not guarantee that; that is not its role. I would like to know why, even at this stage in this legislation, that is not proposed. That would be one way in which we could have assisted any future sale, if there is to be an outright sale. We should have taken that opportunity. So, as technical as it is, we will try in Committee to get some explanations from the Treasurer about the various clauses, what they mean and what they are leading to.

I thought the second reading explanation was deficient in many ways in terms of spelling out more clearly exactly what the Government has in mind about what is happening, why it will take such a long and drawn out process and why the Government has not moved more expeditiously to clean up this whole sorry saga.

Mr LEWIS (Murray-Mallee): My concerns about this measure are somewhat similar to those that have been mentioned in part by other speakers, particularly the member for Flinders and more recently the member for Hanson: entirely separate from each other though they might have appeared to be, they nonetheless underline the two main areas of anxiety which I have about the proposed legislation and what it implies about the direction in which the Government believes the bank should be taken in the public domain.

We all know that, as the members speaking before me have pointed out, the Government has chosen, for the sake of explaining to the public, to identify the bank in two parts: the 'good bank', meaning the retail banking operations and lending, which have not been be unprofitable and which largely contain loans that are still performing and have been performing all along; and those other accounts of the bank which contain the non-performing loans which were made imprudently by the management of the day.

Many of those assets were created by the bank even though there was not sufficient real property or even demonstrated capacity to service the loans in the longer term. An inadequate view of history was taken in determining whether or not those loans were viable at the time they were approved. An inadequate assessment was therefore made to determine the rate at which repayment could be sustained in the event of cyclical factors turning downward, as they inevitably do. The management of the bank should and could have anticipated this but did not anticipate it. That is recent history, but it explains why we are in the current mess with respect to the bank.

In no small measure the bank got itself into difficulties by using the provisions within its Act to enable it to lend money

outside South Australia, in spite of my raising concerns about those provisions when we debated the legislation. The Government assured me—and many of my colleagues, I must say, also told me—that I was mistaken: I was told that the bank did not need to stick to its knitting after the merger of the two banks. It could simply go where it pleased and do as it liked with the guarantee provided to it by the taxpayers of South Australia in the statute. That was unfortunate. It is also a relevant part of its history.

Subsequently there were instances in which loans were made outside South Australia which were in no way connected to the improvement of the South Australian economy. Indeed, it could well be argued that if those businesses interstate became successful it would be at the expense of competing enterprises here within South Australian and jobs would be lost from South Australia in the process. To my mind that was grossly irresponsible. I would use other more colourful adjectives if parliamentary Standing Orders would permit me to describe it in more serious terms than that.

It was grossly irresponsible both of the Government of the day to allow the board to permit the managers to do it and of the managers themselves to con the board in the way they did. It was equally irresponsible to pay the sods—that is the managers—on the amount of business they wrote, business in terms of the value of the loans. Commissions paid on that basis invited corruption and abuse of the taxpayers' guarantee, and we got it. However, I do not see the need for us to now put on conservative banking blinkers and adopt the sort of approach that would have been appropriate in the 1940s. We did not have electronic calculators or fax machines in the 1940s. In the 1940s and 1950s we did not have the understanding we now have of financial markets. We did all calculations manually and it took a long time.

The kind of practice now being imposed is an overreaction and conservative. It is unnecessarily hidebound and blinkered. What we could be doing is looking at each of those so-called assets of the bad bank—the non-performing loans, the accounts that are failing to perform—and determining whether or not there is a capacity, if they were properly managed, to have them perform. It is not necessary for us simply to do as is being done at present with a number of South Australian accounts, and maybe other Australian accounts, involving small businesses, be they rural, including rural production, or urban service industries.

What the bank has done is identified delinquent accounts, failed to examine closely the reasons for that delinquency and loaded up the interest rate being charged on those loans as penalties, saying that the accounts are of greater risk to the core bank assets and therefore, if they are to survive, they must pay a higher interest rate penalty because they are apparently riskier. Loading them up with those interest rates, particularly on rural production, is one way of ensuring that they fail. If you were indeed to eliminate the cost of interest on an accruing basis on many of those loans, or more realistically establish it at a rate more commensurate with the value of the asset underwriting it, and if you gave the proprietors of the businesses to whom the loans were made a greater measure of flexibility and some additional advice and help in the management of their business, they would not have become so delinquent as now to require foreclosure, which is the ultimate ignominy for the people involved, and loss to the bank—which means in fact the loss of the taxpayers of South Australia.

Even now it would be possible for us to take a more realistic and sensible view and examine those accounts where small business is involved—or any business, for that matter—in order to discover whether we could not minimise the loss to the South Australian taxpayers by exploring the feasibility of taking the line as equity until such time as the enterprise proves profitable or fails to perform. The bank does not have the staff to do that at the moment. There may be staff in the bank in terms of numbers, but not properly qualified. The sorts of qualifications such people need are an MBA, with a clear understanding of economics and financial management, as well as sociology.

Those many non-performing loans could be turned around, using a new approach of counselling in the first instance, undertaken by people with such qualifications employed on a contractual basis. They could be paid minimal retainers with a percentage according to the success in recovering the position from each account. I know the Treasurer is not really interested in this: he has the numbers to ram this measure through this House. He can ignore me, and so can other members, but my suggestions are nonetheless a more realistic way of proceeding.

It is not necessary for us to approach the problem in the way we have been approaching it and in the way in which I believe this legislation infers we are to approach it. We really are all mushrooms in this Chamber, according to the Treasurer. I suspect that there are a couple of Cabinet Ministers and maybe one or two other members, such as the member for Henley Beach, on the Government benches who have some insight into what is really happening, but the rest of the Government members do not know, could not understand and do not care. Therefore, they have not examined the extent to which the sorts of options I am suggesting could be effective.

If my proposal were to fail, the transfer of the lands and/or other real property assets to some other party in a private treaty sale arrangement could be undertaken. I have pointed out, and I would invite the House to remember, that the people who are in this predicament (that is, those who have been lent the money) are working and are no less staff, as it were, than the people who are actually on the payroll of the bank because, if they were properly inspired and recruited to pick up the cudgels and go on with the enterprises in which they are working, with the sort of expert advice I am suggesting and the encouragement they could get with proper counselling in that regard, they could reduce the level of the debt, which will otherwise have to be met by the State's taxpayers. We can reduce that liability to a much lower level than is otherwise the case. We should not be saying, 'Right, we will draw a red line across that lot; kick them off, sell the land and recover as much as we can.'

That is what is going on out there in the big paddock. That is what is going on out there in Twinkleland of the urban areas of South Australia. That is the way those businesses are being treated by the managers of the bad bank. They do not have any care for the people with whom they are dealing and they do not really have any insight into the subject areas I am speaking about across the board. They may be experts in bead counting and financial law but they do not know too much about business management, and they know literally, in the common vernacular, stuff all about sociology. That is where it comes unstuck.

The SPEAKER: Order! There is no need to use those sorts of terms in this House in debate.

Mr LEWIS: If those people were encouraged to feel again a commitment to doing something in the businesses in which they are engaged, and if they were given a business plan with assistance by the person who, I have suggested,

could be employed on contract by the bank to manage several of these accounts—paid on performance and not working explicit hours from 9 to 5, but working when it suited them, as any consultant does in a law firm or a firm of accountants—it could substantially reduce the bad debts and the non-performing loans. And the South Australian economy would be the better for it: it would relieve the burden of the taxpayers, and it would also enable the owners to recover their dignity and continue in the communities in which they live, regardless of where that is, in the way in which the member for Flinders mentioned.

When I look at this legislation, I worry that there will still be a problem with the statutory guarantees across the board, that is, of the bad and non-performing loans that we have. After this legislation has been enacted, they will still be there. The Government will still have to own them. That means that the taxpayers of South Australia will still have to cop it. They will have to stay in that position regardless of what we do in this place until they have been run-off, even after we meet whatever commitments have been given to the Commonwealth in that sleazy pre-election deal that was done between the Prime Minister and the Premier—and I am talking about the election of 13 March.

An honourable member interjecting:

Mr LEWIS: It was. We know that the apparent size of the bank is somewhere around $16 billion, and that includes everything—the group asset management division, the non-performing loans, etc. These bad bank accounts that I have already mentioned have been created in no small measure by the bank's own imprudence. There are non-performing bad debts, but many others could otherwise be turned around and brought back into an expanded economy in South Australia for the benefit of the taxpayers as well as the former proprietors of those businesses. They may even recover to the point where they can take over complete ownership. Otherwise, if they cannot, they could be sold off in the form I have suggested by private treaty arrangements.

I do not know why we need this type of legislation at this time if we had thought more carefully about all options. I believe there has been an over-reaction on the part of the Government, and the people it put in to manage the bank, within this narrow, conservative framework of 40 years ago.

Mr Becker interjecting:

Mr LEWIS: The good bank and bad bank approach to the analysis is unlawful, as the member for Hanson has said. It is not only unlawful but inappropriate. I am not satisfied that we are taking the right direction, yet I fear that nothing I say here will be taken seriously, the same as we experienced in the 1983 debate. Seemingly, we have decided that we should open the veins and let the blood. It is a pity that we have not taken the trouble to be honest with the people of South Australia, do a complete analysis and lay it out on the table in the preparation of a prospectus, acknowledge the truth of the situation, and then finally float shares in South Australia with that full public disclosure.

I am quite sure that the people of South Australia are not as unintelligent, inane and stupid as the current Government and the managers or other policy advisers to the Government believe them to be. I believe there is ample illustration of their good sense and insight in two instances, the first being the successful float of Peter Lehmann's Wines in recent times. In spite of the difficulties of the McLeod group, it was possible, by making full disclosure of what could eventually be the case with that company, to get the public to support it to the point where it is over-subscribed. Secondly, I refer to the Woolworths float that was over-subscribed. The people of South Australia, indeed the people of this country at large, are not so stupid as to be incapable of understanding the truth.

If in its present form the bank were to retain its tax losses, it would be more attractive and realise a greater benefit to the taxpayers of South Australia than the $600 million we will get at present to write them off, because that is the bottom line if we go down the path where I think this legislation is taking us. Will we get $600 million and more from an alternative course of action by reducing those bad debts and non-performing loans, getting them to perform and pay their way out, as well as making a public float with full disclosure of what is really bad, what is recoverable, and what is good; or do we take the simple option and write off those tax losses, tell the Commonwealth that no-one will ever claim them against the Commonwealth and accept $600 million in return for them? I know which one I would opt for.

It is a lack of insight, commitment and will, on the part of the Government itself and the people advising it, that will mean that the taxpayers of South Australia will be worse off than they would otherwise have been if the challenge had been thrown down to some bright young graduates with MBAs and an understanding of agriculture, and then to the people of South Australia to pick up the equity float whenever it was made here.

The Hon. FRANK BLEVINS (Treasurer): I thank all members opposite who have spoken, in particular the Deputy Leader, who has supported the Bill on behalf of the Opposition. I note the remarks of the member for Flinders, who has opposed the Bill. I will restrict my remarks to the Bill itself and the comments made in relation to the Bill, rather than canvassing the whole issue. This Bill is a very small but not unimportant measure which makes a couple of more or less technical amendments to the State Bank Act, purely to allow the task force on corporatising the bank to go about its business to get information from the bank—with the full cooperation of the bank, I may add—and to put beyond doubt the fact that that is a lawful operation.

An argument has been advanced that this legislation is not necessary, that the perceived difficulties could be avoided in other ways, but it seems to me that it is much cleaner to come to the Parliament, explain what you want and have the Parliament agree or otherwise. I am pleased that the Opposition agrees with us.

If members read the last paragraph of the second reading explanation, they will see that it states very clearly that these amendments deal purely with matters of machinery. They do not provide for either corporatisation or sale of the bank. These matters will be subject to subsequent consideration by Parliament, and I think that it is at that time that we ought to have the debate on the merits or otherwise of the sale or disposal of the bank, not on this Bill. However, I believe I should respond to a couple of comments that were made, even though they strayed somewhat, albeit not very far, from the Bill.

The Deputy Leader made some comments about the bank crucifying its customers. I reject that. Commonsense alone tells us that there is not much point in the bank crucifying customers. The bank wants money out of customers and does not want to crucify them. There is no point in that.

There has been some criticism of the group asset management division and the way it is handling the non-performing loans and dealing with its particular clientele. All I can say is that whenever members opposite have brought this to my

attention I have always said to them that, if they get a clearance from the customer or client concerned, I would be happy to have these debates out in the open so that Parliament, if necessary, and the public can determine whether or not the bank is acting in a fair manner. On every occasion the Opposition has not followed the matter through because whatever information has properly been available to the Opposition, I think, has satisfied it that the bank has bent over backwards to see that people are treated fairly.

There has been some criticism of the management of the bank and I think that that is unfortunate. However, on Thursday this week the annual report of the bank will be tabled in this House. I suppose that the bank has a report card every year and it will be open for examination by Parliament, through the Estimates Committees, but I have no doubt that the management and board of the bank and—in all modesty—the Treasurer, who has the ministerial portfolio for the bank, will be able to take a great deal of pleasure and pride in the annual report.

I refute entirely the comments made that the bank's management is not professional: it is totally professional. It has been suggested that the management's actions are damaging the bank. Again, Thursday will see how well the bank is doing, but I can now flag to the House that the price for the bank—if it is eventually sold—is going up every day.

Mr Becker: By much?

The Hon. FRANK BLEVINS: Very significantly. The member for Flinders opposes the measure. Again, I can only say to the honourable member that this is not a Bill to sell the bank: it is merely a Bill to enable the task force to go about its business completely assured that the transfer of information takes place in a way that is completely legal and that it does not result, particularly for private sector lawyers who are assisting us, in any fears that there may be breaches of the confidentiality provisions of the State Bank Act.

It is a cautious and conservative approach. Being who I am, I always like that approach, as members would be aware. Because the Bill is such a small though not unimportant Bill, with such a narrow focus, it would mean straying outside Standing Orders to have any kind of vigorous debate on the Bill. Therefore, I would decline to do that but I look forward in the autumn session to debating the merits or otherwise—

Members interjecting:

The SPEAKER: Order!

The Hon. FRANK BLEVINS: That is what Mr Hewson said. That is the appropriate time to have a more broad-ranging debate. I would just point out that even at the end of the process, assuming that the ensuing Bill goes through Parliament to corporatise the operation, it does not mean that the bank will be sold. It permits, properly in my view, the bank to be a corporate entity whether or not it is sold. I am not one at all who is a strong supporter of selling the bank. It would have to be at absolutely top dollar or the budget would not be able to afford it. I commend the Bill to the House.

Question—That the Bill be read a second time—declared carried.

Mr BLACKER: Divide!

While the division was being held:

The SPEAKER: Order! There being only one member on the side of the Noes, I declare that the Ayes have it.

Second reading carried.

[Sitting suspended from 6.2 to 7.30 p.m.]

In Committee.

Clause 1 passed.

Clause 2—'Commencement.'

Mr S.J. BAKER: I note that the start-up date is 1 January 1993. I understand that it may have been with some degree of conservatism that this date has been put in place. The steering committee was not under way until April 1993. Can the Committee be informed why there is a retrospective dating of this Bill?

The Hon. FRANK BLEVINS: The Deputy Leader is right. As an ultra-conservative person—I think that applies to both of us—it was deemed prudent (the elegant term that is always used is 'an abundance of caution') to ensure the work that has been done to date and, should anybody wish to challenge the information that has flowed so far, then this Bill, when enacted, will put the issue beyond doubt.

Mr S.J. BAKER: I have a second question on the same point. I understand, having had a briefing on the matter, that this is the consistent reason given to us, but there is some concern that this back dating may have consequences of which we are unaware. I should like an assurance that this is not designed to cover any indiscretions that may have taken place between the start-up of the steering committee and the presentation of the Bill.

The Hon. FRANK BLEVINS: The Deputy Leader said he hopes that it does not cover things of which we are unaware. If we are unaware of them, I am not quite sure how we can cover them up. I can assure the Deputy Leader that there are no hidden motives; it relates only to the authorised project. There is absolutely nothing to cover up. I made available a report on the work that has been done to date by the steering committee. It is an open project to the extent that it is proper for the bank's affairs to be in the open. In particular, any information as regards clients ought to be in the hands of authorised officers. To my knowledge and belief, absolutely nothing has been hidden.

Clause passed.

Clause 3—'Insertion of Part VI.'

Mr S.J. BAKER: This clause deals with definitions, but it is appropriate to ask how much has been spent to date in this process involving the steering committee and any other people who have been taken on board, and how much is expected to be spent by the Government to take the bank through to 1 July 1994, at which time it is proposed to be in some shape to be sold?

The Hon. FRANK BLEVINS: I am advised that it is a relatively small amount—a few hundred thousand dollars. I suppose it depends on one's perspective of what is a small amount, but that is my advice. It will be many times that by the end of this process. It could be as high as $15 million.

Mr S.J. BAKER: I take it that the estimated cost of preparing the bank for sale is of the order of $15 million?

The Hon. FRANK BLEVINS: That is what we have estimated to date. That is to the end of the 1994 financial year.

Mr S.J. BAKER: My other question relates to the definition of 'subsidiary'. Without going back to the Commonwealth statutes to determine what the Corporations Law lays down, one presumes that the definition of a 'subsidiary', as shown in this Bill, forms an umbrella over all the State Bank's subsidiaries. So that any work being done will in fact encompass everything with which the bank has been feasibly associated and over which it has control?

The Hon. FRANK BLEVINS: That is certainly the intention and it is in line with the definition of 'subsidiary' in the Royal Commissions Act.

Mr BECKER: The information I seek relates to the $15 million. What could you spend $15 million on and how many persons would be involved?

The Hon. FRANK BLEVINS: That is likely to be the figure that is in the budget for it. I think the budget Estimates Committee is probably a better place to flush out all that information.

Mr BECKER: I am not going to be wiped off like this. We are in Committee now, dealing with the legislation. I do not care what is in the budget, the budget Estimates Committees or anything else. I am concerned about what is happening now and I have asked a fair and reasonable question and I would like an answer, please. If the Committee does not get the answer we do not proceed with the Bill.

The Hon. FRANK BLEVINS: I am trying to be kind to the Committee. What we are talking about is what has been spent to date, which is a few hundred thousand dollars. Time permitting, certainly before it gets to the other place, I can get the honourable member some details on that. As to the estimates for the 1993-94 financial year I would be well prepared to give the honourable member details chapter and verse; but it is speculation about the future. I can with certainty give you what has been spent to date.

Mr BECKER: I do not believe it. We are looking at legislation which is so important to the future of the State. We are looking at something that has occurred that should never have occurred. Anyway, it is there.

The Hon. H. Allison interjecting:

Mr BECKER: As the member for Mount Gambier says, it is the biggest loss in the political history of South Australia, and in the corporate history of Australia. We could go on all night just on that side of it. However, the point is that we are considering legislation to prepare a program for the eventual disposal of the bank. I do not believe and I cannot accept that it will cost some $15 million. I would like to know what that $15 million is about. Is it solicitors' fees? Is it accounting fees? I just cannot imagine what we can spend $15 million on in 12 months. That is a hell of a lot of housing, it is a lot of welfare housing, it is a lot of jobs for young people. I could go on all night as to what this $15 million is all about, and there are other parts of this clause as well in relation to subsidiary. We have a definition of 'subsidiary'. How far does that go? I believe that at one stage there were 556 companies in the State Bank Group. How many are there now? There are a whole lot of questions I could raise on this issue, but really I want the explanation for the $15 million, and I would also like to know how many companies are still tied up in the group.

The Hon. FRANK BLEVINS: Didn't the member for Hanson listen to his Deputy Leader? He has already asked that question. The definition of 'subsidiary' covers all the subsidiaries of the bank.

Mr Becker: Are there still 556? How many companies are there? There were hundreds.

The Hon. FRANK BLEVINS: So? I would have thought 'all' covered any number from more than one up to as many as you like. They are all covered.

Mr BECKER: I want to know the number, and I want to know the break-up of the $15 million.

The Hon. FRANK BLEVINS: I will very happily get the information, but the annual report of the bank will be delivered on Thursday. If there are any questions on that, they will be examined during the Estimates Committees. The honourable member will have ample opportunity to ask all those questions, and answers will be given in full, as they always have been.

Mr Becker interjecting:

The ACTING CHAIRMAN: Order!

Mr D.S. Baker interjecting:

The Hon. FRANK BLEVINS: The member for Victoria will have an opportunity during the Estimates Committees to ask those questions through me, and to ask the management of the bank directly.

Mr D.S. Baker: I did that before.

The Hon. FRANK BLEVINS: What thanks did you get for it? Not a great deal. But you may be able to redeem yourself during the Estimates Committees with a series of penetrating questions. I can assure the Committee that, if the member for Victoria wants the individual names of those subsidiaries, and/or the directors and so on, I will read them out for him at that time. All the information is available in the proper place and at the proper time.

Clause passed.

Title passed.

The Hon. FRANK BLEVINS (Treasurer): I move:

That this Bill be now read a third time.

Mr BECKER (Hanson): The Bill comes out of Committee without any alteration or amendment, but it was extremely difficult for the Committee to obtain information from the Minister. The point that annoys me is that clause 3 was so wide, so long and so broad that there was no opportunity to gain the information to which we are entitled. The second reading explanation was unsatisfactory and, really, the whole issue of dealing with something as important as this to the future of South Australia, to the cost of the taxpayers of this State, should have been given a lot more consideration. I am quite annoyed to think that on several occasions we have dealt with legislation in relation to the State Bank and it has not been given the consideration that it should have been in years gone by—and we can go right back to 1983. At the moment the situation is crucial, it is critical, and we have not had the opportunity to thoroughly examine the legislation and obtain the information to which we are entitled. I am quite annoyed that we give bipartisan support to the legislation, yet we are left hanging as to what the fine tuning is all about.

Mr BLACKER (Flinders): I, too, express my opposition to the Bill at this third reading stage. We have seen the start of a sequence that will take place. There is no doubt that this is the first stage in the sale of the State Bank, or the intended sale of the State Bank—I should perhaps word it that way—and for that reason I oppose the third reading.

The Hon. FRANK BLEVINS (Treasurer): I resent the remarks that have been made by the member for Hanson. If the member for Hanson found clause 3 of the Bill lengthy and difficult, he should have done some preparation and not just walked in, picked up the Bill, had difficulty understanding it and done nothing about it. There has been no restriction at all by the Government or any agreement with the Deputy Leader to restrict debate on this Bill. If the member for Hanson had wanted to debate this Bill all night and if he had some questions prepared that he wanted answering then that could have been done.

It is quite clear that the honourable member had done absolutely no homework, did not have a clue what the Bill

was about and had not even read the second reading explanation. It is stated very clearly in the second reading explanation that this is not a Bill to corporatise or sell the bank. The minimum the honourable member ought to have done is read the second reading explanation. If the honourable member could not do that and then debate the Bill sensibly, that is his problem. He should not lay it on the Parliament; there was no restriction placed by the Parliament on your doing it properly.

Mr Becker: I object to that.

The SPEAKER: Is the honourable member taking a point of order?

Mr BECKER: Yes.

The SPEAKER: What is the point of order?

Mr BECKER: I wish to inform the House that I have read the Bill.

The SPEAKER: Order!

Mr BECKER: I object to the remarks.

The SPEAKER: Order! There is no point of order raised by the member for Hanson.

Mr Becker interjecting:

The SPEAKER: Does the member for Hanson have some problem with the ruling?

Mr BECKER: Yes, Mr Speaker, perhaps I should—

The SPEAKER: If the honourable member wishes to raise a point of order he should be specific, quote the point and not generalise and not debate the issue. If you have a point of order, make it.

Mr BECKER: I should have sought leave to make a personal explanation.

The SPEAKER: If the member wishes to do so—

Mr BECKER: I seek leave to make a personal explanation.

The SPEAKER: Not at this stage. At the end of the debate I will call on the honourable member.

Bill read a third time and passed.

TREASURER'S REMARKS

Mr BECKER (Hanson): I seek leave to make a personal explanation.

Leave granted.

Mr BECKER: I refute any allegations made by the Treasurer that I had not read the second reading explanation or studied the Bill. I have very clear evidence here that I have had the documentation for about a week. There are quite a lot of notes and comments made on the whole thing—some of them probably not printable. But I understand what is going on. I am a very suspicious person by nature, because I feel I have been let down by the Government.

The SPEAKER: Order! The honourable member is debating the issue.

Mr BECKER: I know.

The SPEAKER: You do know? Then the honourable member knows he is breaching the Standing Orders.

EMPLOYMENT AGENTS REGISTRATION BILL

Returned from the Legislative Council with the following amendments:

No. 1. Page 13, lines 6 to 8 (Clause 20)—Leave out paragraphs (c) and (d) and insert new paragraphs as follows:

(c) whether the Workers Rehabilitation and Compensation Act 1986 will apply in relation to the person and details of any other insurance arrangements that will apply in respect of the employment (including who will be responsible for the payment of any premium); and

(d) the arrangements (if any) that will apply for the payment of income tax; and

(e) the name of any award that applies in relation to the employment; and

(f) details of any occupational superannuation to which the person will be entitled; and

(g) details of any entitlements to paid leave that will accrue during the employment; and

(h) details of any expenses (or kinds of expenses) which will be reimbursed or otherwise paid for by the employer.

No. 2. Page 16 (clause 23)—After line 6 insert new subclause as follows:

(6) an inspector or a person assisting an inspector who—

(a) addresses offensive language to any other person; or

(b) without lawful authority hinders or obstructs or threatens to use force in relation to any other person,

is guilty of an offence.

Penalty: Division 6 fine.

Consideration in Committee.

The Hon. R.J. GREGORY: I move:

That the Legislative Council's amendments be agreed to.

This Bill was subject to debate prior to the parliamentary recess and it has been debated in the Upper House. The Council has sent to us two amendments that the Government wishes to incorporate in the Bill. The first amendment, which includes a number of matters, will strengthen the Bill. I do not believe the second amendment, which addresses the use of offensive language, is necessary, but I understand that there are some people who think that Government employees are offensive. I do not believe that. We will accept the amendments because, if the people being investigated are offensive towards inspectors, they can also be charged. People who are approached by inspectors must understand that, if they inhibit them in any way while they are carrying out their duties, they can face prosecution.

Mr INGERSON: On behalf of the Opposition, I agree.

Motion carried.

FISHERIES (RESEARCH AND DEVELOPMENT FUND) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 11 August. Page 204.)

Mr D.S. BAKER (Victoria): This amendment is dramatically opposed by the fishermen. They have agreed to become involved in the user pays system, but they have no say in the services provided or the efficiency of the services provided. The second reading explanation states:

. . . Treasury suggested that it would be better to have uniformity in the method of funding operations, preferably through the use of the R&D fund to meet costs of not only research requirements but also costs of administration and enforcement incurred by the department. . .

Of course Treasury has said that. That is violently opposed by the commercial and recreational fishermen because, if this Bill passes, the defraying of administration and enforcement costs will come from the R&D fund, and that is totally against the rationale behind the setting up of the R&D fund, and it is totally against what research and development is all about. The Fisheries Department is not noted for being terribly efficient or well managed, and this Bill will allow it to continue the sloppy practices of the past and have the fishermen pay for it. In 1992-93 the commercial fishermen agreed that in 10 years they would contribute 100 per cent of the recovery of costs of the management of the fishery. They did that on the understanding that they would have access to the costs and that they would be able to partake in the discussions as to the basis of those costs, and they did it on

the understanding that they would have some say in the application of research and development funds.

At present neither of those two things has happened. We have a scenario where their recoverable costs have been lumped together and handed out as a 'take it or leave it' type operation, and the fishermen, quite rightly, are very upset about that. In fact, in the past few days one fisherman said to me, 'We have been asked to pay $120 000 towards the fishing research library and it hasn't got any books in it'. That is the sort of nonsense that can go on when a badly run organisation like the Fisheries Department is allowed, under user pays, to bleed this money from the commercial and recreational fishing sectors.

That is why I am totally opposed to this amendment, and why, before this comes before the Parliament, there should be some guidelines set down as to exactly how we will split up the user-pays system. What costs will be allowed? What is the department tendering to provide, or saying it will provide? If it cannot provide that service at a reasonable cost, the fishermen should have the option to get the service provided by some other place. That is the only way we will get some efficiency into this department. I think that, of all the industries that I have dealt with since I have been in Parliament, most of the complaints come from that one fishing sector, which complains about the running of and the cost structures of that department. Of course, we are dealing with a considerable number of small, medium and large business people, whose livelihood depends on the decisions made by people within the department, and the decisions made are often in conflict with the good commercial practical management of their businesses.

So, I am totally opposed to this provision. It is very easy for the Treasury to say that it would be simpler for it to run, and to say, 'The fishermen are paying, so we will do it the simplest way.' The fishermen say in retort that it would be very easy for the Fisheries Department to itemise each cost that they are being asked to pay. They want each cost analysed to see whether that service is being delivered in the most efficient manner, whether costs cannot be pruned, or whether the service cannot be delivered by another entity. Before I would agree to any of these matters passing this House, I would want to see that happen, as the fishermen are demanding. Of course, once again they can ask and demand whatever they like, but they are ridden over roughshod by the Minister and his department. Never have I seen a group of people whose views have been listened to less by a department and its Minister.

I note on page 2 of the report that verbal advice received from the Crown Solicitor's Office has indicated there is no specific authority under section 32 of the Act to provide for money held in the R & D fund to be dispersed to SAFIC. Fancy bringing something into this House on verbal advice from the Crown Solicitor's office.

Mr Ferguson: It's not worth the paper it is written on.

Mr D.S. BAKER: It was not even written on paper. That is why it is so bad. At times I have been critical of the Crown Solicitor's Office, but for a Minister to come into this House, with a major amendment affecting the fishing industry and how it is conducted in this State, on the verbal advice of the Crown Solicitor smacks of contempt of this Parliament. So, I am opposed to this measure. I think that it is an insult to the commercial and recreational fishermen of South Australia. It may be very easy for the Minister and the department to hide these costs under the guise of the research and development fund, but I do not think that the fishermen should be subjected to that.

Mr BLACKER (Flinders): I, too, oppose the Bill. One of the concerns relating to this Bill is epitomised by what has been going on with the West Beach proposal, and the amount of money that has been spent there for very little perceived benefit to accrue to the industry as a result. What started off to be a relatively modest research facility has blown out of all proportion, and that cost has just now been handballed straight back to the fishing industry.

Mr D.S. Baker: $18.9 million.

Mr BLACKER: I think it started off at $2 million and is now over $18 million—and the costs of that blow-out, regardless of the results, have been thrown back to the industry. This is why the industry is so upset. It does not mind paying a fair amount if research work is being done correctly and it is getting some benefit from it, but it is quite clear from the West Beach operation that there are sections of the fishing industry that are being asked to pay a proportion of their licence fees, which is allocated to the West Beach proposal, and as such it means that they are paying but not receiving.

That project at West Beach did not have the support of the fishing industry at the time. The West Beach site was strongly opposed. I think we all know and understand that the conversion of the Marineland complex to a fishing research facility was a bail-out by the Government under the guise of a fisheries research centre. It was proposed not as a specialist research centre but at the whim of a few individuals and at the expense of the fishing industry.

We see many such examples in relation to this legislation, and to ask the fishing industry to have money taken out of research and development and put into general administration is just to add ire to the whole exercise. I cannot support it because there has been a lack of will on behalf of the department and the Government to demonstrate that they are there in the best interests of the fishing industry. Members of the fishing industry now believe that they are obliged to pay for a political football for which they will get very little or no benefit at all. It is for that reason that I oppose the second reading of this Bill.

I support many of the comments made by the member for Victoria. Those points are set out in the second reading explanation and are subject to question. I note by way of defence that the second reading explanation refers to the fact that the principle is used to pay money to SAFIC but, when one reads the remainder of the paragraph, one can see that that allocation that goes back to SAFIC is the direct result of an increase in licence fee at that time. So the use of the licence fee as a collection of funds for SAFIC was an agreement between the fishing industry and the Government of the day, and the increase in the fee was the proportion that went directly back to SAFIC. It became purely a mechanism by which to collect the fees from the membership of the fishing industry. It is wrong to infer that the pay back to SAFIC is already setting a precedent for the overtone of this Bill, because it is not the situation as it applies. I oppose the second reading.

The Hon. H. ALLISON (Mount Gambier): I join the shadow Minister of Fisheries (the member for Victoria) and the member for Flinders in expressing to the House the opposition of my South-East professional fishermen to this legislation. The professional fishermen of South Australia

have already reluctantly agreed to contribute to research and development, and they have recognised the potential for good to the industry. They are also offering their own time and their boats and contributing some expenses in cooperative research with the department by making available their boats and their own time.

When one considers the violence of the seas, particularly the seas in the South-East which are right in the track of the westerly wind system in winter, that is no small contribution that the fishermen make, given that they are able to meet it because of the risks involved. I am not sure about the extent of the research that can be conducted in the South-East when I call to mind the fact that a former Minister of Marine and Harbors and Deputy Premier, Des Corcoran, had a team from Flinders University in the South-East, at Finger Point, trying to conduct research on tide flow—the movement of the coastal waters adjacent to Finger Point—to determine just how long it would take before the vigorous winter waters would dissipate the effluent emerging from the Finger Point sewerage system.

I recall that the Flinders University team had great difficulty, as did Victorian researchers who were in the area at the same time, simply keeping their floats in the water and on location; many of them were lost. Skindiving was virtually impossible. Research on the reefs was declared impossible, and the extent to which this research and development will benefit the cray fishermen in the Lower South-East is questionable.

I also draw the attention of the House to the fact that we have already had very substantial comment from Professor Parzival Copes (the Canadian fisheries expert) who was twice brought to South Australia and who wrote a very complicated report; I say 'complicated' in the sense that it was as much jargon as plain English but, once it was translated, quite a lot of intelligible material came out of it. One of the things he said was that we might have been over-protecting the female lobsters off our southern coast reefs. That was just one of the things that he said.

Another thing which springs to mind is that the Director of Fisheries himself, a former researcher in the South-East, is on record as saying, when I put forward the proposition, that he could not see it would be possible for seeding of lobster fry to take place on the reefs of the South-East, although I understand it is done in other parts of the world. He did not see that it was possible because there were about eight or nine larval stages of the southern rock lobster and he said it was very difficult to follow the manner in which the eggs were laid, the way in which they settled, and then the way in which they may migrate into the deep and back again onto the reefs. That may well be but, if the Director himself was pouring icy cold salt water onto a proposition that I put forward several years ago, I find it difficult to imagine that his personal philosophy would have changed to the extent that he is now anxious to see a great deal of research conducted on behalf of the southern rock lobster fishermen in my electorate; there is that element of doubt.

The real problem is that this Bill contains provisions for any or all of that research and development money to be committed, as it says in clause 2(e), to defraying the costs of administering and enforcing this Act. Not only that but the fishermen in the South-East see the location of the marine research laboratory adjacent to Adelaide as being in the wrong place. They would prefer to see the research being conducted in the South-East or at Port Lincoln where there is aquaculture as well as deep sea tuna and other fishing. Not only are they therefore somewhat reluctant to support a research and development centre which is in the wrong place as far as they are concerned (and the Liberal Party does take some responsibility for its location; the present Premier did not have much luck with Marineland, either, and the one was located there because of the other) but also they see the huge cost of that marine research laboratory in Adelaide as a potential charge against the research and development funds.

The best thing the Minister can do in responding to the second reading debate, I think, is to offer some reassurance to the fishermen who are contributing about $2 000 per annum research and development money that the money will actually be put back into research to benefit them—they are the professionals—and that it will not simply be used by the marine research and development laboratory for, say, other aspects of fishing research such as aquaculture. I do not hear any suggestion so far that the aquaculturalists—of whom there must be about 200 in the State registered with the department at least—contribute substantially towards research and development, yet surely in the longer term that is probably the area with the greatest potential. It is an untapped resource at present. I would like to hear what the Minister has to say and for the time being, on those grounds that I have just iterated to the House, I oppose the legislation on behalf of the South-East professional fishermen.

The Hon. T.R. GROOM (Minister of Primary Industries): These have been three most disappointing contributions by members who represent rural constituencies containing significant components of the fishing industry. With great respect, all those contributions were based on misconceptions and a lack of understanding about the change that is taking place in the industry. Things just do not stand still: time frames move. The way in which this industry is being managed into the future is substantially altered. We now have integrated management committees based upon industry and departmental representatives, and that was passed by this Parliament during the last session. By and large those committees are working extremely well.

The provisions of the Bill give greater flexibility to this industry. It puts greater responsibility on the industry for managing its own affairs. At present the legislation is deficient, and there is no question about that. If we look at the proposed amendments, the position is now to be express. One does not need written advice from the Crown Solicitor's Office to tell us that something is not express and is therefore open to question. We do not need a lengthy opinion to do that. When a question mark is raised and is not express in legislation, it is to be spelt out. Under the existing legislation we are simply confined to the purposes of carrying out research, exploration, works or operations of a kind referred to in the research and development section, section 31.

Therefore, we are confined in what we can do. We are dealing with commercial and recreational licence and registration fees. In just about every other Act licence fees are the traditional way in which we administer a department, by defraying part of the administrative costs. Under the existing Act, the legislation is confined and puts the position in a straitjacket by saying, 'You cannot use the commercial/recreational licence or registration fee money for any other purpose.' Time has moved on, because we are now dealing with management committees, and part of the component that is paid out of this fund is the SAFIC levy, which is also used to defray the costs of the management committee meetings.

A question mark has been raised whether there is lawful authorisation for the SAFIC levy actually to be paid. I believe it is quite legitimate, but implied. Because the question has been asked and because it is being argued—and members opposite know the difficulties with regard to the administration of this industry; they know the personalities involved and they know how difficult it is to harness and get consensus views—even though I think it is implicit, it is better to have it explicit so that there is no question.

The SAFIC fee is absolutely essential for the maintenance of this industry and the management committees themselves. The question then arises, if one can spend moneys on research and exploration only, what can the management committee do with the money that is passed its way? What can SAFIC do with the money that is passed its way? It would be almost like a tied payment. So, there are problems with regard to flexibility in making decisions in this industry. Of course, when these questions are raised we have to spell it out, and that is the purpose of the legislation.

The Fisheries Research and Development Corporation is established under the Commonwealth Act. There is a doubt with regard to our ability to make payments to that fund, which is absolutely vital to the industry, and we get a lot back from that Commonwealth fund, as members know. So, we have to spell it out, even though again it is implicit in the existing provision. However, because a question is raised and argued, we have to make it explicit. We cannot have these things open to question when one is administering an industry. Of course we have to spell it out because it is a vital component of industry funding that comes via the Commonwealth to our State, and we do make payments into that fund.

So, the prescribed fishing body in placitum (ii) is SAFIC, and it has been decided that it is best to express that in legislation so that the argument is off the agenda, even though I think it is already implicit for our purposes. However, the management committees and SAFIC want far greater flexibility in the way in which the SAFIC levy is utilised in future and in relation to the mix of research and enforcement—there is a link between research and enforcement, make no mistake about that—because some research is there to patch up our enforcement problems and the depletion of resource from the industry.

An honourable member interjecting:

The Hon. T.R. GROOM: Well, look, the honourable member knows that there is that problem in this industry, and there is a link. However, the industry wants the flexibility with regard to these matters. So, there should be no problem with placitum (i) or (ii), involving SAFIC and the Fisheries Research and Development Corporation payment. So there cannot be any argument about that. That is just plain, that is commonsense and sensible legislation.

There is a problem with the words 'in making any refund required or authorised by this Act', because of the way in which the licence fees are struck, involving, of course, the Government component, the SAFIC levy, and so on. When a licence holder parts with that money and, say, there is a death or a transfer of the licence, there are problems about a refund. Questions are asked as to whether we can give refunds from this fund. You should be able to do that without any question; it is equitable, on a *pro rata* basis. But there is doubt that refunds can be granted, and we are often met with requests from estates and from executors, in the chain that I described, to give refunds.

So, there cannot be any argument in relation to this matter. There cannot be any argument about the words 'in making any other payment required by any other provision of this Act. . . to be made from the fund.' What it really gets down to is that the Opposition wants to pinpoint the subsection that deals with defraying the costs of administering and enforcing this Act. I have already indicated that we have now delegated to industry-based bodies to make these decisions for us. Members opposite do not want to lose sight of the fact that we have an advantage in South Australia as a result of the way in which we have handled this industry. The management committees are working. Other States, such as Tasmania, do not have management committees, and the administration of their fisheries is still based on political whim.

What is now taking place in South Australia is that the industry is taking responsibility for its own decisions to avoid the political interference that perhaps is alleged to have taken place in past years or to avoid Ministers being put in the position of doing political favours, because that is not the way in which an industry should be administered. The proper way is to delegate authority to management committees, and that is what we have done. That is why it is necessary for those management committees to have the flexibility to do the variety of things that need to be done. So, it is not a question of whether you have a written or verbal opinion. You can see the deficiencies in the legislation: you do not need a lengthy opinion to determine that it is best to express these things and spell them out.

With regard to the costs of administration, the management committees by and large have an enormous say now in the way in which moneys are spent. SAFIC advises us as to what its needed component is. As I said, the management committees want to defray some of the SAFIC cost. It is being spent now on technically administrative matters, because SAFIC has to pay for its industry representatives to serve on these management committees. Of course, the Government pays its share from the Government levy, but of course one can see the problems that are attached to that. These uncertainties must end.

The West Beach Aquatic Research Centre is absolutely vital to this industry. It is properly located. There has been no blow-out in the budget, as has been alleged by members opposite. All the figures were from a mischievous press release which was issued and which was retracted by the author as being based on mistakes.

Mr Ferguson: Who was the author?

The Hon. T.R. GROOM: No, I won't go into that. But the fact of the matter is that everyone, including the Leader of the Opposition, went down to West Beach, stood out in front of the West Beach Aquatic Research Centre and said, 'There's been a massive blow-out from 1987: it was going to be only a few million dollars in 1987 and it has now blown out to this $18 million that they alleged.' The total cost of the project is $15.27 million, and it has not blown out. They got various stages mixed up. In any event, you are not building in 1987: you are building in 1993.

A lot of grandstanding was going on down at West Beach in relation to this matter. Do not make any mistake about this: the West Beach Aquatic Research Centre is vital to this industry, because at the end of this year when that research centre opens, combined with what we are doing at Waite and with the establishment of SARDI, South Australia will have the best research facilities underpinning primary industry of any other Australian State.

Research is the only way in which an industry can develop, prosper and compete on the international market, but

members opposite suggest that we should close down the West Beach research facility or that it should never have been built. In order to compete in the international marketplace and, indeed, in the domestic marketplace, industry needs strong research facilities.

Let us look at what members opposite are bagging. Stage 1 of the West Beach Aquatic Research Centre comprised laboratories and an aquarium room. It was commenced in 1987 and concluded in 1988 at a cost of $1.68 million. These are the blow-out figures that members opposite are talking about in 1993. The seawater intake facility was completed in 1990, on target, at a cost of $4.77 million, and it is now operating at a high level of efficiency and quality. Stage 2 of the project, which includes the main laboratory areas, has been set a budget of $8.827 million. Reports are made to me regularly, and it is on target. So, there is no blow-out whatsoever in that budget; it is completely on target. When it is opened at the end of this year it will be the best research facility for fisheries, and combined with the developments at Waite and SARDI we will have the best research facilities of any State in Australia and they will underpin this industry.

Mr D.S. Baker interjecting:

The Hon. T.R. GROOM: It is already operating at West Beach, and the member for Victoria knows this. It will be a very successful institution. So members opposite should not bag the West Beach research facility. It will be a vital component in ensuring that we have an efficient and profitable fishery industry in South Australia, one which can compete internationally and one which can deliver.

Of course, it will have to be paid for. We have an agreement with the commercial sector over 10 years that there will be full cost recovery, whereas we do not have that with the recreational fishery, which is heavily subsidised at present, as is the commercial fishery generally. Over a 10-year period the commercial fishery will gradually move to full cost recovery. Never mind allegations of administrative costs. These are commercial and recreational licence and registration fees and under just about every other Act those fees are properly expended on administration. The dispute over the West Beach Aquatic Research Centre arose because the industry did not want the administrative costs of that facility included in the Government's requirement regarding commercial licence fees. That was a legitimate position for the industry to take, but of course it will have to be paid for by someone. It will do the job and it will benefit this industry.

With regard to the West Coast prawn fishery, the shadow Minister (the member for Victoria) said that the industry has no say in the services that are provided. That is nonsense, and the member for Flinders would know that that is not the case. The West Coast prawn fishery is a good example of the way in which integrated management works. The industry recommended that the prawn fishery be closed until February next year, because the resource was depleted, and it took responsibility for making the decision.

What did we as a Government do? We listened to the industry—the fishery was officially closed to enable it to recover—but more than that we are now looking at ways and means of ploughing $100 000 into that fishery for research in order to protect it and ensure that ultimately it prospers once again. The member for Mount Gambier and the member for Victoria love to appear regularly in the *Border Watch* in articles on this southern zone lobster issue. If the Opposition were in Government—and I hope that day never comes—the member for Victoria would do exactly the same as I did with regard to the southern zone rock lobster fishery, because the buck stops with the Minister where you no longer have the luxury of having a bob each way or of playing favourites—you have to take responsibility for this industry.

The honourable member knows deep down that the correct decision was made, as does the member for Mount Gambier, who made great capital on this in the South-East. They both know that the correct decision was made in February last year to close the southern zone rock lobster fishery one month early. As it was, the catch for the previous season of 1 650 tonnes was exceeded at the end of March when it increased to 1 724 tonnes. Had that fishery remained open during April, 1 900 tonnes would have been taken from it, plus the illegal take. Members opposite know—

Mr D.S. Baker interjecting:

The Hon. T.R. GROOM: Make no bones about it: on their own surveys of the industry, 5 per cent is not reported, and that is taken in a variety of ways. Our estimates are much higher.

Members interjecting:

The Hon. T.R. GROOM: Members opposite can laugh. When one is in the chair as Minister, one has to receive information from a variety of sources, and if it is reliable one acts on it. We could not allow the southern zone rock lobster—

Members interjecting:

The Hon. T.R. GROOM: If it had been fished through April, 1 900 tonnes, plus the amount not reported and taken in a variety of ways by a variety of people, would have been taken. We have to allow for that. Had we not taken decisive and firm action, the fishery—perhaps not this year, but next year—would have collapsed. That is happening in New Zealand and in Tasmania: they have had to close their rock lobster season one month early. The Liberal Government had to close it one month early. There was no management committee to help out. In California the rock lobster industry has collapsed, and also in South Africa. Of course, firm decisions and responsibilities have to be taken. That is why research, enforcement and administration go together, and that is needed for the management committees to function.

Further, with regard to the southern zone rock lobster, how else could we announce, as I did on 28 June, a $3.5 million research project to support this industry? A significant amount of that money is coming from the South Australian Research and Development Institute through the Fisheries Research and Development Fund and a certain amount is from the rock lobster industry, so we need a prosperous industry. How else can we put together a $3.5 million research plan to support this industry? Today we need that necessary flexibility to deliver the benefits. This industry does not stand still. For the three members opposite whose speeches I have heard this evening time has stood still but the industry has moved beyond them. The industry needs the flexibility to manage its affairs in the next time frame.

Bill read a second time.

In Committee.

Clause 1 passed.

Clause 2—'Research and Development Fund.'

Mr LEWIS: What does the Minister suppose will be the amount to be spent under paragraph (e) 'in defraying the costs of administering and enforcing this Act'?

The Hon. T.R. GROOM: Each management committee operating in the industry will determine its own costs and make recommendations accordingly.

Mr BLACKER: Could the Minister supply, either now or at some future time, a percentage of the breakdown of what

was expected within each licence fee within each industry? I was at a meeting of a specific fishery within the fishing industry where a breakdown was given of the licence fee for that fishery. A portion of that was made up—

The CHAIRMAN: Order! Members are out of order with their backs to the Chair. The member for Flinders.

Mr BLACKER: A portion of that was for moneys that were to go to the West Beach research facility. Could the Minister identify those figures either now or at some future time?

The Hon. T.R. GROOM: I will supply that and get it sent to the honourable member.

Mr LEWIS: I was dismayed at the Minister's cavalier indifference to the inquiry I just put to him. He wants the Committee to agree to legislation changing the manner in which funds will be spent. It is a quite fundamental change. It is the reason why the Opposition is opposed to the legislation. He wants to use the money that has been otherwise provided and collected for research purposes to administer and enforce the Fisheries Act, which means for the regulation of what goes on around the place; for the administration of what is done in head office; and to pay clerical staff. It has nothing to do with the development of a fishery or investigating what is going on in the fishery. That is the purpose for which the money was initially collected and put in the fund. He now wants to change that so that he can do the same as that so-and-so Minister of Transport we used to have.

We used to have a dedicated fund in the Highways Department. We were given assurances when that hypothecation was broken that it would not be used to collect general revenue, and lo and behold what has happened? We find that the amount being spent on roads from petrol tax has been pegged in figures, and in real dollar terms it has fallen away. In percentage terms, the fuel taxes and licence fees collected have fallen away to less than 20 per cent of the total collect, whereas the original Act was introduced to build roads. In this case the Minister wants us to agree to a legislative change without telling us of his intention as to how he will apply those funds in the department. I think that is outrageous, given the Government's record over the past 12 years that it has been in office; shortly to be concluded, I point out. If the Minister cannot answer that then I do not see that either you, Sir, or I, or any other member of this place ought to trust him and the Government. They are quite clearly on a fishing expedition to get what they can, to do what they like, without being accountable.

There are a couple of other things I want to say on this clause and there is another question I will put to the Minister. The question quite simply is: does he acknowledge that about 20 per cent of the money that is at present in the fund is allocated to aquaculture research, both in the freshwater and saltwater fisheries, and in a cross-species—crustaceans as well as vertebrates—and that the rest of the money is otherwise spent on the hunting activities in the industry rather than on the development of a commercial enterprise, which is much less risky and far more sustainable in the longer term, where there are fewer factors of variance and where there is a greater prospect of the development of reliable supplies for export markets in a wider range of species than we are able to trap in the wild, such as we do at present? If the amount of money that is being spent is only 20 per cent, why is it so low? Why is more money not being spent on the development of that industry, which could be worth a billion dollars to this State if only we had the wit and wisdom to get on with it? Why does the Minister not recognise that by the expenditure of that money he could develop production of marketable aquatic vegetation?

I am talking about both saltwater and freshwater species, sub-surface and surface species for which there is not any small niche market worth a few hundred thousand dollars a year but substantial international markets in the Asian and South-East Asian tiger economies which are growing very rapidly and which would seek that kind of produce from us, because we can guarantee it to be free of chemical and heavy metal pollution, whereas they cannot from within their own waters. The Japanese, for instance, would welcome the commercial production and supply of a number of saltwater as well as freshwater aquatic vegetables. If the Minister has no vision or no program for research into any of these areas why then does the Government pay lip service to the development of an aquaculture industry?

I suppose it is going to claim credit like it did here and in Canberra for the development of the wine industry that it had nothing to do with. The only thing it can do with the wine industry is butcher it, it seems to me, which it has effectively done. I would be pleased, too, if the Minister would be kind enough to incorporate in *Hansard* a table indicating over the past five years how much money has been spent to date from the Fisheries Research and Development Fund in each of the major segments. I am particularly interested to see how the amount expended on aquaculture farming research has changed, if at all, over the past five years. I am sure it has changed—indeed, I know it has increased, but the rate of increase is insufficient. The Government allocates none of its own revenue to the development of that industry—none, not a cent—yet it gets funds from the Commonwealth and from other sources. I believe those funds ought to be more properly applied, rather than increasing effort in existing fisheries, to the development and farming of those industries. So, having put those points before the Minister, I trust he is able to give me a little more substance in his answer and some greater assurance than he did in relation to my first question.

The Hon. T.R. GROOM: I am surprised at the honourable member's contribution, because he must be in a time vacuum. I am surprised at the member's lack of understanding about the changes that have taken place in this industry. First, dealing with matter raised by the member: the answer that I gave is correct. Each management committee will make recommendations to the department and to the Minister as to their research and development programs, and their administrative costs in implementing those programs. Obviously, the 1993-94 budget has already been fixed. So, if this legislation passes, consultation will take place with all of the management committees comprising this industry and they will advise on what their research and development programs are and the administration that is required for the running of the various programs. That is a commonsense, logical position that must be adopted, because the 1993-94 budget has already been fixed. It will be dependent on industry input and advice, but industry wants the flexibility.

Take those in the abalone industry. They have come to us with a proposition that they will fund, as an industry, some additional enforcement officers specifically dedicated for the abalone industry, and I am trying to work out with the industry at the present time ways and means of doing that, because of the level of poaching—the illegal take—that is going on in that industry, to both the long term and short term detriment of the industry. So I am working that out with industry at the present time. That is a good example of the way the industry wants to utilise its share of the take: it wants

some additional enforcement officers dedicated to this industry because it will protect the resource and probably lessen some of the research programs that might otherwise need to be implemented. But the industry will tell us.

So I am surprised that the member is saying that he could not understand when I said that each management committee will advise the department and the Minister as to what its needs are, because that has to follow. The 1993-94 budget will be brought down on Thursday and it has to follow. It requires the passage of this legislation before additional flexibility is introduced into the system. I am also surprised at the member's lack of understanding about the funding sources for aquaculture. It comes from a variety of sources. I will need to obtain the figures for the member specifically for this fund. I suspect it will probably be a bit lower than 20 per cent from this fund. It might be significantly lower, but the funding sources come from a variety of areas, such as the rural assistance scheme, because many farmers go to Kangaroo Island, as has the member for Flinders. The member for Flinders has been on extensive visits to Kangaroo Island and has looked at the diversification that has taken place and has taken a great interest.

Mr Blacker interjecting:

The Hon. T.R. GROOM: I know, with me, on some occasions, and we have seen to it that they are successful farm diversification ventures, and indeed they are. To get a better understanding of this industry, the member for Murray-Mallee ought to accompany the member for Flinders to Kangaroo Island where he can see for himself what is going on.

Mr Lewis interjecting:

The Hon. T.R. GROOM: Well, because the member is showing a complete lack of understanding about what is taking place in this industry. Of course, the primary producers are able to get rural assistance scheme funding as one source to enable the diversification to take place.

An honourable member interjecting:

The Hon. T.R. GROOM: One good turn deserves another. Another funding source is the South Australian Research and Development Institute with regard to support for aquaculture and, indeed, right across the board. Another source is the $5 million diversification fund that I established that is unique to this State. Aquaculture interests have made 29 applications and, of course, applications are open until 31 August.

An honourable member interjecting:

The Hon. T.R. GROOM: The industry wants to support it.

Mr Lewis interjecting:

The Hon. T.R. GROOM: One of the reasons why we reopened it related to a venture in the honourable member's electorate, and I think there will be some very good proposals emanating from the South-East in relation to aquaculture. Of course, a mariculture committee is being established by the fishing industry as well.

An honourable member interjecting:

The Hon. T.R. GROOM: That is a source of funding. I have already given $130 000 to the oyster industry on the West Coast for a quality assurance program, as the member for Flinders knows because it is directly related to his electoral interests on Eyre Peninsula. The industry is putting in $120 000, which gives a total of $250 000. As a result, the earnings for that industry will rise from about $2 million to $12 million a year in a very short period—as soon as that quality assurance program is up and running. The money will come from that $5 million diversification fund that I established earlier this year. It is unique to South Australia; no other Government has been able to do that, because we do manage our funds well in this portfolio. Make no mistake about that: it is due only to the good management of these funds over a period of time that I have been able to deliver that benefit to the industry.

Of course, the other source of funding is through the Commonwealth Act and the Fisheries Research Development Corporation. I am quite happy to provide the honourable member with those figures, but it will not give the complete picture and I am surprised at the honourable member's lack of understanding.

Mr D.S. BAKER: Clause 32(e) relates to defraying the costs of administration in the enforcement of this legislation. I am reliably informed that the West Beach Trust deed specifically provides that the only building that can be erected must have some education focus. That is why there is an aquarium and theatrette in the building, which cost a lot of money. I would like a guarantee from the Minister that the fishing industry will not be asked to meet that part of the cost because that extra expense happens to be under the West Beach Trust deed and is nothing to do with the fishermen. Of course, if the costs associated with the infamous building that has been put there had not blown out, an extra $2 million or $3 million would not have had to be spent.

The Hon. T.R. GROOM: Is the honourable member suggesting that if he had the responsibility he would close the West Beach aquatic research centre? There is no point in bagging it. It is a fact that it will benefit the industry; and it is there for the benefit of the industry. I will work out with the industry what needs to be offset by way of Government charges against the licence fees. I cannot give the honourable member any such guarantee because the whole complex underpins and benefits the industry.

Mr LEWIS: That answer astonishes me, too. It dodges the question just asked by the member for Victoria. If it is for educational purposes, it is not for research and the Minister of Education, Employment and Training—not the fishermen—should be meeting that. If the Minister cannot understand that, he ought to go back to primary school.

Mr D.S. Baker interjecting:

Mr LEWIS: It is the policy of the current Minister. I am more than ever disturbed about the implications of paragraph (e), notwithstanding the indifference the Minister showed to my first question on the matter and his failure to give any further details about it. I will leave that aside and let the record show that he dodged it. I simply draw the attention of the Committee to the fact that the Minister is saying that a 'management committee' will determine how to allocate the money.

The Hon. T.R. Groom: No, I didn't. I said that it will advise me.

Mr LEWIS: Well, it will advise the Minister. I trust the Minister will remember this: the management committee does not contain any representatives from nonexistent industries, and yet much of the potential aquaculture and mariculture production from this State is in industries that have not yet been established. How can the Minister say that the management committee, which contains advocates for all the different existing industries, will give one hoot about those nonexistent industries which will be worth more to this State's economy, when they are established, than the rest of the industry put together as it exists at present?

There is easily a billion dollars a year to be earned from aquaculture and mariculture in South Australia, and it will not take us any longer than from now to the end of the century to get it if we get our act together. If it was Singapore, Thailand or Taiwan, they would do it in less than five years. Vietnam is seeking information to do that, and we could be selling our technology to them. Someone will sell them the technology if we do not. Apart from that, we seem hell-bent on dithering and doing nothing to establish those industries which do not yet exist, and we have provided no mechanism whatever, either in these amendments or elsewhere, to allocate the funds. No advice will come to the Minister from any quarter, so he will have to think—perhaps for the first time in his life—independently and make that judgment. He will have to get some scientific advice which will enable him to assess which land around the coastline of South Australia and along the length of the Murray, and in other irrigation areas of the Mallee and the South-East, can be best set aside for all the diverse kinds of aquaculture that could be undertaken there and which species could be grown in each of those locations.

The other thing he could do, and this would benefit the South Australian economy and the huge number of unemployed here who could put their hand to doing something useful like this, is determine which species we could use to take organic matter out of waste water similar to the way the Chinese do already. That is, not only water that comes through the sewage and sullage of this State but also, and more particularly, stormwater. It is not so bad to put it out into the wetlands where it will look good, but it would be even better if it were to first go through fish ponds. This could be used in the first instance to produce trash fish which could be turned into fish meal as we already have a shortage of fish meal in this country, and indeed around the world. What is more, we can guarantee it to be acceptably free of heavy metal pollution.

It costs this country hundreds of millions of dollars a year to import a number of different fish products, and amongst them is the kind of product to which I am referring. We could be growing it here and providing people with real jobs and real prospects in life which they do not have at present. Under this clause, and given that the Minister said he will use the advice of the management committee, there is no advocate on the management committee for those non-existent industries. That is why I take the pain and the trouble to labour the point here tonight in the hope that somewhere someone will listen. It will certainly provide a diversity of production and income. It will have greater impact and will help regionalise the State's economy more than any other industry that we could establish between now and the turn of the century.

Clause passed.

Clause 3 and title passed.

The Hon. T.R. GROOM (Minister of Primary Industries): I move:

That this Bill be now read a third time.

The House divided on the third reading:

AYES (21)

Arnold, L. M. F.	Atkinson, M. J.
Bannon, J. C.	Blevins, F. T.
Crafter, G. J.	Evans, M. J.
De Laine, M. R.	Ferguson, D. M.
Gregory, R. J.	Groom, T. R. (teller)
Hamilton, K. C.	Heron, V. S.
Holloway, P.	Hopgood, D. J.

AYES (cont.)

Hutchison, C. F.	Klunder, J. H. C.
Lenehan, S. M.	McKee, C. D. T.
Quirke, J. A.	Rann, M. D.
Trainer, J. P.	

NOES (21)

Allison, H.	Armitage, M. H.
Arnold, P. B.	Baker, D. S. (teller)
Baker, S. J.	Becker, H.
Blacker, P. D.	Brindal, M. K.
Brown, D. C.	Cashmore, J. L.
Evans, S. G.	Gunn, G. M.
Ingerson, G. A.	Kotz, D. C.
Lewis, I. P.	Matthew, W. A.
Meier, E. J.	Olsen, J. W.
Such, R. B.	Venning, I. H.
Wotton, D. C.	

PAIRS

Hemmings, T. H.	Eastick, B. C.
Mayes, M. K.	Oswald, J. K. G.

The SPEAKER: Order! There being 21 Ayes and 21 Noes, the casting vote is the Chair's. I will make a short statement. As one who has had some interest in the fishing industry over the years—I have been quite involved—I must say that I am amazed that anyone would vote against anything to improve the fishing industry in this State. The research is necessary for a very vital industry, and I cannot understand anyone voting against it. The fisheries are on their knees in this State—and members vote against research. I cast my vote for the Ayes.

Members interjecting:

The SPEAKER: Order!

Third reading thus carried.

SOUTHERN POWER AND WATER BILL

Adjourned debate on second reading.

(Continued from 19 August. Page 385.)

The Hon. J.H.C. KLUNDER (Minister of Public Infrastructure): There have been a number of contributions by members to the Southern Power and Water Bill. Most of them on both sides of the House were thoughtful contributions. Where they were based on genuine fears and beliefs, I may not necessarily agree with those fears and beliefs, but I respect the people who made those contributions. Clearly, some members wanted to play the man rather than the ball, and I guess we have to get used to that.

I want to speak briefly about the list of efficiencies built into ETSA and E&WS over the past few years, partly to show the kinds of achievement that have been arrived at to date, and also to indicate that the likelihood of continuing to achieve those kinds of levels of success that we have had in the past is likely to involve a law of diminishing returns. Both the Electricity Trust and the Engineering and Water Supply Department have undergone significant achievements in both financial and non-financial performance.

In looking specifically at ETSA over the past five years, it is clear that average electricity prices have fallen over that period by about 20 per cent in real terms, and cross subsidies have been reduced with significant benefits to both industries and commerce. Labour productivity in units of electricity sold per employee has increased by over 60 per cent, mainly due to a 30 per cent reduction in employee numbers from about 5 900 to 4 200. Capital productivity is now in line with the

world's best practice, following recent plant closures and the deferral of major new generating plants.

In terms of financial performance, net indebtedness has reduced in real terms by 15 per cent. That has enabled commensurate increases in contribution which ETSA makes to the Government, and finds ETSA with the best financial structure in the Australian electricity supply industry.

In terms of environmental performance, due to the fact that we have recently closed the older, less efficient generating plant, and we use a fair amount of gas for existing generating capacity, carbon dioxide emissions per unit of electricity in South Australia are about 20 per cent less than the average for the Australian electricity supply industry. As members in this House are probably well aware, ETSA has rated consistently in the top three electricity utilities based on an independent survey of electricity customers. In the past two years, ETSA has rated first on customer perception relating to an efficient and well run business. To continue making those sorts of gains is clearly a very difficult thing to do.

We now turn to the E&WS. Again over the past five years the prices structure for residential water has been significantly restructured resulting in the abolition of the property component of rating, and excess charges in volumetric price for all consumers in 1993-94 were held in constant with the nominal levels applying in 1992-93. Labour productivity in the E&WS has increased through a 26 per cent reduction in staff levels over the five year period.

The financial performance in 1991-92 was significantly improved, and there was a turnaround of $42 million from the 1989-90 financial year to the 1991-92 financial year. Environmental performance has also improved through the construction of the Glenelg and Port Adelaide to Bolivar sludge main resulting in no further sludge disposal to sea. Customer service has continued to improve through the commission of water filtration plants which have improved water quality with commensurate reductions in customer complaints.

In both cases, immense improvements have been made over the years. It is unreasonable to expect that those kinds of gains could continue to be made in the future without using some other form to try to achieve those, which of course leads us to the merger. I am somewhat concerned, after listening to contributions of members opposite, that people do not properly understand what is being merged and what is not being merged. I want to spend some time on that, because the kind of comments that were made, such as no electricity travelling through the water mains and people being electrocuted in the bath, made so little sense that one wonders whether the people who are credited with having made those comments or who made them direct in here are fully cognisant of the facts that are before the Parliament. I want to deal briefly with that issue.

The Strategic Savings Potential document that I tabled in the House some time ago indicates (page 5.5) the areas into which one can divide the combined organisation. Those areas are listed as generation and transmission, head works and treatment, retail, distribution, operations support and corporate support. Of these, only generation and transmission and head works and treatment will virtually be left alone. The other four—retail, distribution, operations support and corporate support—will be the areas where, since there are similar services and facilities, a merger will take place. As I have said, there is no point in trying to combine generation and transmission (which deals with the generation and transmission of electricity) with the E&WS in any form because it is a separate and specialist function and will largely be left to generate and transmit. Similarly for head works and the treatment of water; these are specialist functions which should be carried out by specialists and which will not be considered as part of this merger.

That does not mean that in due course there will not be some savings from them, because the merged organisation will have a certain number of synergies, having been merged. The combination of abilities and skills that will come from the merger may well produce savings in those areas, but it is not intended to combine them with anything else. The specialist functions of generation and transmission and head works and treatment will be left much as they are now.

That makes nonsense of such statements—the Deputy Leader quoting the member for Hayward—as, 'We can look forward to being electrocuted in the bath.' I do not know that the Deputy Leader did the member for Hayward any real favour in making that statement in Parliament, because I am sure that the electors of Unley will be very interested in the quality of a person who makes statements of that nature.

A major thrust by the Liberal Party was its indication that savings could be achieved without the merging of the two organisations by legislation. I do need to deal with that in some detail. It is important to stress that we are dealing with a department and a statutory authority rather than with two departments. It is a great deal easier to combine either functions or parts of the entire lot of two departments—which are, after all, under direct ministerial control—than to combine a statutory authority and a department. By definition, a statutory authority will have legal constraints as to its operations. For instance, the ETSA Board is compelled to pursue the interests of ETSA above all else, unless directed by the Minister. In any case, the ETSA Board is limited by the powers it has under the Act.

I will briefly share with the House what those powers are. Under section 36(1), the trust is empowered to generate, transmit and supply electricity within and beyond the State. Section 15(2) provides that the trust must administer this Act in such manner as it considers in its discretion to be in the best interests of the general public. One needs to stress that the trust must administer 'this Act', which includes the power to generate, and so on: it does not allow it to go outside that.

Finally, there is the provision that most members of the House by now will be fully aware of, that is, section 5(1a), which provides:

> The trust is subject to control and direction by the Minister.

Again, the Minister would not be in a position ever to direct the trust to go *ultra vires*: he would be able only to direct the trust within the framework of the Act. There would be a difficulty at any time the trust found itself in the position where it would be acting against the best interest of the trust in trying to deal with the other area: it would have to ask the Minister to intervene.

The Minister would have to seek legal advice from Crown Law whether or not he was pushing ETSA beyond its powers and whether he was exceeding his own powers in the matter, and consequently cooperation between a statutory authority and a Government department would be an exceedingly difficult thing to achieve if it looked in any shape or form as though it were disadvantaging the statutory authority in any way at all. A small disadvantage for a statutory authority that would lead to a major overall gain for the State could not be accepted by the authority because of its duties under its Act

to act on behalf of the authority. The board would be bound to point out on each occasion that it could not go in that direction because it was bound by its Act. The Minister would have to seek advice and so on. It would be a difficult situation and, if anyone tried to pursue that line, they would soon find out just how difficult it was.

There would also be practical difficulties as well as the legal ones. If there were competing priorities for resources, there would be no recourse, short of going to the Minister and asking him to make a determination. For instance, if one organisation's computer pay run crashed and the other had urgent supply orders being processed, for what would the available computer space be used? We would have a further problem if one of the organisations decided to dispose of an asset on which the other organisation had come to rely and, indeed, in terms of both staffing and assets, neither organisation could really afford to drop below a stand-alone model in case the other side for some reason or other was unable to assist it. So, the kind of cooperation that might have been envisaged by members opposite would be an exceedingly difficult thing to look at in practice.

One of the principal advantages of a merger is bringing capable people together. When capable people are working on problems, they are likely to find good solutions. One wonders to what extent a group of people in a statutory authority would be as concerned to find proper solutions for a problem in a Government department, and vice versa. The synergies of bringing capable people together just would not occur if one tried to keep those two organisations apart. Then, even if both organisations agreed to cooperate, the extent of cooperation would be limited for industrial reasons.

It would be untenable in the long term to have employees working together on different rates and conditions, and more so when it comes to enterprise bargaining. Indeed, there will be some difficulties in trying to merge these two organisations. Indeed, I have recently written to the unions and said, 'No-one is going to get any free gifts out of the merger. If one group is paid less than another, before they can move up to the same pay as the other group, there have to be offsets of at least that amount of money in the same kind of hard cash in which they are being paid before we can allow such a thing to happen.'

Similarly, there would be significant savings through the combined purchasing power of the two combined organisations. Suppliers are hardly likely to take the view that, because two organisations happen to be cooperating, one would have to treat them as one and ensure that they got their supplies at a lower rate. So, there are any number of difficulties.

The Deputy Leader in his contribution raised what I believe to be a quite valid point, that is, that there is a need to be accountable. He raised the view that if one combined, say, four out of the six parts of the command organisation that I have spoken about, and largely left alone head works, treatment and generation and transmission, there might be some difficulties in ascertaining the accountability of the organisation and to know exactly who did what. That is probably a transition rather than an overall problem because, once the organisation believes itself to be a single organisation, it will be properly accountable.

However, I do want to put to the Deputy Leader the thought that if one has two separate organisations, as we do at the moment, then each of them has a separate accountability. But is it in fact an accountability for overall optimal performance? I suggest to him that the fact that there are $50 million of savings to be made says that that is not the case. We may well be having a proper accountability for spending in each of the organisations, but we do not have an overall optimal situation, because an overall optimal situation by merging the two organisations produces savings of $50 million that is currently being lost to us.

So, when we look at accountability, we ought to look not just at how the money is being spent but also at what the optimal situation is, and that is a merged one. Also, what the Opposition does need to consider, if it tries to pursue this path of keeping the two organisations separate and pursue inefficiencies in each (which I think I have indicated is highly unlikely) is whether we really expect to get best results from public sector managers being friendly to each other and being under an instruction to cooperate. I think not: it is far better to have them merged and to ensure that there is accountability for performance in that merged organisation.

We then need to look to some extent at the merger costs and savings. I am aware that people will want to raise that matter again during the Committee stage, but I thought that I might at least give some information at this stage that might be useful for the House. There is some difficulty in coming to grips with the fact that Opposition members claim that they have insufficient data on which to determine financial viability of the merger, yet on the other hand they appear to be very clear that they can specify the costs of the merger very accurately.

Indeed, I would also argue that the accuracy of their claim is also outrageously high and, in fact, an incorrect one. To make a claim that a merger would cost $136 million initially, followed by yearly costs of $25 million against savings of $25 million, does make it difficult for us to believe that they are capable of arguing that they cannot understand the financial viability of the merger. I must say that they are completely wrong in that statement of $136 million initially followed by yearly costs of $25 million.

On the cost of information technology, the claim of further costs of $60 million to merge the system is totally incorrect. I want to deal with that in some detail. I think they have made that claim on the basis that they assume that we will immediately throw out the two systems that are kept separately by E&WS and ETSA and that we will put in their place a new system. Nothing is further from the truth. Southern Power and Water has adopted the strategy of using its information technology (IT) assets for the natural life of those assets, and that means that the major systems will be continued.

In fact, software licences for their business systems can be used by the new merger authority for little extra cost. The authority will use the spare capacity of each other's computers so that no new machines will need to be bought; that is a direct result of the merger and an immediate saving.

There will be costs. As members will have worked out, there is a variance in the costs that were anticipated by the E&WS, by the merger implementation group and the Ernst and Young documents, but I am perfectly happy to accept the higher costs, namely, those of the Ernst and Young documents. However, even the Ernst and Young documents indicate that the cost of computers will be $6.1 million compared with the figure quoted by the Liberal Party of over $60 million, and that the savings will be $17 million per year, so that those one-off costs will certainly disappear within the first year; I think it is important to recognise that. I will leave the remainder of that until later, because I am absolutely certain that members will want to ask questions about it.

One of the things that the House can do when it has legislation before it is question the degree of confidence it has that the legislation portrays an accurate situation. In this case, one would need to feel reasonably comfortable before bringing legislation into this place that the savings were reasonable and that some kind of testing had been performed on them.

I have four basic reasons for saying that I believe this legislation deserves the support of the House. First, very capable people have been involved in the work that has been done on the merger, and they are convinced that the merger will yield the results they have foreshadowed. By and large these people are in charge of the various sections which have been asked what sort of savings can be made. Therefore, they are also the people who will have to produce those savings later. Nothing is as good for making sure that people will produce reasonable data than being made responsible for achieving the goals that they have provided in that data.

On top of that, the leadership of these groups of people is nothing short of superb. I will read into *Hansard* some of the qualifications of the two leaders, Robin Marrett and Ted Phipps. It will be interesting when I go through their qualifications, because they are quite staggering. Robin Marrett has been General Manager and Chief Executive Officer of the Electricity Trust of South Australia for five years. During that time, he has been responsible for achieving the savings that I indicated earlier.

Let us face it: on a number of occasions even the Opposition has been willing to compliment Mr Marrett. In fact, I think the member for Victoria has been almost obsessive about indicating that it is Mr Marrett, because if it were not Mr Marrett he might have had to give me some credit, and that is the very last thing he would want to do. However, I agree with him: Mr Marrett has been superb in his role.

I will now refer to the sorts of things that Mr Marrett did before he took on this job. From 1986-88, when he came to South Australia, he was the Chairman and Managing Director of Mobil Oil (New Zealand). For the three years before that, from 1983-86, he was the Chairman and Managing Director of Mobil Oil (Hong Kong) Limited and, for the two years before that, he was the Manager of Planning, Co-ordination and Special Projects, Mobil Oil (Europe). So, Mr Marrett has been all over the globe and has immense experience in very senior management of a huge organisation. He came to South Australia and did a brilliant job on ETSA for five years. He has now moved on to become the Chairman of ETSA and the Executive Chairman of the Economic Development Board.

I think it is surprising, when he says that these savings can be achieved and that they are at the lower end of the scale that can be achieved, that people should want to argue that he does not know what he is talking about.

We then come to Mr Phipps. Again, Mr Phipps has had a long and distinguished career within the South Australian Public Service, although, interestingly enough, he has also worked for private enterprise. At the moment Mr Phipps is the Chief Executive Officer of the Engineering and Water Supply Department, and he has recently taken up the position of Chief Executive Officer and General Manager of ETSA. But prior to that, from 1986 to 1991, he was the Chief Executive Officer of the South Australian Department of Marine and Harbors—a time when they went through a very difficult restructuring. From 1980 to 1986 he was Director-General of the South Australian Department of Environment and Planning, so he ran a fairly difficult department in the sense that it was trying to make major changes to the perceptions of South Australians and the way in which the environment of this State was handled. From 1976 to 1980 he was General Manager of the South Australian Land Commission. Here is somebody who, for the past 17 or 18 years, has been in charge of a number of Government departments.

Therefore, we have Robin Marrett with extensive managerial experience in the private sector, followed by five years in charge of ETSA; and Ted Phipps with extensive managerial experience in the public sector, including five years as CEO of the Department of Marine and Harbors and two years as the CEO of E&WS, again during a very difficult right sizing and restructuring program. I think it would be very difficult to find two people whose qualifications were not only higher, better and more extensive than that, but two people who would complement each other more with the one having extensive experience in the private sector and some Government experience and the other having extensive experience in the public sector with some early private sector experience. When two people of that nature are in charge of people who have to deliver what they say is achievable, I think I am in a position to say that we can have a degree of confidence in those figures. That is only one of the four reasons why I think the House can trust this situation.

The second reason is that, since the work started on the merger, every time people went through it, and went through it in great detail, on each occasion they have come back with a higher figure of the very minimum saving that was possible. When people do that, we can have some degree of confidence. If the figure jumps all over the place, we need to worry. But when, every time they have taken it to the next level down, they have gone through it more carefully with more people involved and the quanta have gone up on each occasion, again, it can be the sort of thing that gives us confidence.

As well as that we have had a consultancy undertaken by Ernst and Young. I do not know that I have to praise Ernst and Young: their international reputation and the quality of their work are sufficiently well known for me not to have to praise them unduly in this House. But I will read the summary that Ernst and Young provided on page 3 of their document:

> The following table provides a summary of Ernst and Young's independent assessment of the anticipated minimum potential annual savings from the merger, given the information provided and the stated assumption.

They always have to say that. They continue:

> Our approach throughout this assessment has been to adopt a very conservative philosophy.

What did they come up with? Not the $30 million that we started with, not the $50 million that we moved to, not the $55 million that we eventually put in that paper before the House, but $56.01 million. I must admit that I am always amused at consultants trying to be so precise. If they had said in excess of $50 million, I would have been just as happy, but it was $56 million. Every time we have had a look at it, the minimum achievable figure of annual savings has gone up, and it has now reasonably stabilised at $56 million.

I must say at the same time that I have never made a claim, either in this House or elsewhere, of there being more than a minimum of $50 million. But, so be it. The consultants' analysis, which is an independent analysis by highly creditable people, gives this House the confidence to believe that this is not just something that has been shoved in front of the House but in fact is of high quality.

Then, of course, we have had support in the past few days from Professor Cliff Walsh, whom I quoted some time ago and I will not do so again. As I also quoted the *Advertiser* some time ago, I do not need to repeat myself. In the newspaper this morning the Chamber of Commerce indicated a number of things but the basic thrust was that it supported and endorsed the proposal, provided there was some reduction of costs to business as a result.

Clearly, if you do not have the $50 million you cannot reduce costs. If you do have it, there are a number of options, and certainly the option of reducing the costs of both power and water would be high on the list of what one would want to do with that $50 million. Indeed, some of the second reading speeches indicated the problems members would have with the quality of water, which is another issue that could be addressed out of that $50 million.

They are the four reasons why, I think, this House can have confidence in the Bill. It has been properly thought out, it will achieve the savings outlined and can be passed by this House. The Opposition foreshadowed a number of matters which it indicated it would raise again during the Committee stage. I do not particularly want to deal with any of those matters here, because clearly we will be able to deal with them in Committee. However, if I make some comments with respect to one or two matters now it may obviate the need to deal with them during the Committee stage, and I think that would be useful.

One of those issues is the fears on superannuation. My understanding is that there were two assertions made by the Opposition in general terms, and I will try to deal with each of those. One was the correct assertion that ETSA has a fully funded superannuation scheme and that the Government could utilise ETSA superannuation resources by drawing down on the $400 million. I need to say that the ETSA provisions for superannuation will be transferred to the new organisation along with the assets. The ability of the Government to access those provisions has not changed in the slightest. It was a statutory authority and it will remain a statutory authority. The Government has not touched those in the past and indeed has not really thought about the possibility of touching those. The idea of touching those has come from the Opposition but I can indicate that the Government has no intention of drawing down on that $400 million.

The opposite side of the coin was: as E&WS employees are members of the Government scheme, will the Government give Southern Power and Water $700 million worth of superannuation provisions for E&WS employees? That can also be easily laid to rest. The Bill provides for E&WS employees to remain as E&WS employees. They therefore retain their membership of the Government superannuation scheme and, therefore, the financial obligations for E&WS members of the scheme remain with the Government.

Under section 5 of the State Superannuation Act, E&WS members may continue as members of that scheme even after appointment to a new organisation. That particular aspect I think we need no longer worry about.There may also be some concerns that the superannuation provisions here are somehow new. They are not: they are an exact translation in substance in the transfer of the ETSA Act superannuation provisions to the Southern Power and Water Act superannuation provisions. There may well have been some consequential changes but nothing of substance has changed. So, clearly, the superannuation issue is one that we can ignore. There is also a feeling that ministerial loss of control is likely under the new Southern Power and Water Act, and I can deal with that matter fairly easily.

The powers under the Water Resources Act, as I think the member for Baudin indicated, will remain with the Minister. So I will not spend any time on that. The powers that are being transferred are the powers under the Sewerage Act 1929 and the Waterworks Act 1932, and I think it is legitimate that Southern Power and Water should have adequate statutory powers to deal with its commercial activities in the same way as the ETSA Act currently gives ETSA those powers. But it is incorrect to indicate that this means a loss of ministerial control, because these Acts, of course, are committed to me and give me the powers of directing the corporation, and Part II of the Public Corporations Act provides ample ministerial control over the public corporations (sections 6 to 10), and sections 12 and 13 provide for the establishment of a corporation charter and a performance statement. So again I think we need not be detained on that.

I do not think this speech would be complete without my at least referring to some of the difficulties that the Liberal Party had during the second reading debate. I noted a number of internal inconsistencies. When one realises there were only about half a dozen speakers on the Liberal side, that is a bit of a worry. For instance, *Hansard* on page 416 quotes the Deputy Leader as saying that the annual cost of the merger is $25 million, but the member for Goyder on page 438 suggested it is $40 million. As I have indicated, both are wrong. A major plank of the Liberal Party is that the public sector is inefficient and needs to be cut, and the Leader of the Liberal Party has been on record on a number of occasions in relation to that matter. But here is a plan to increase the efficiency of these organisations and the Liberal Party apparently is opposed—just like it has opposed deregulation in practice, but is in favour in principle; just like it opposed mutual recognition until it was forced to change its mind; and, thirdly, the Liberal Party always claimed that the Government acts very slowly, but when we do move—as we have here—we have moved far too quickly.

The member for Coles has informed the House that the legislation should spend a long and indeterminate time in a select committee, and the member for Heysen agrees that if we are going to make changes of this kind then it is best to do so relatively quickly in order not to keep people on tenterhooks for any longer than is absolutely necessary. The Liberal Party is claiming that there are no savings in this proposal. In fact, there were costs of $138 million in the first few years, yet members opposite indicate that they fear job cuts, which would in fact be a savings. So we have a problem there and, of course, one needs to note that under the Labor Party there will not be forced redundancies, there will only be VSPs and TSPs.

As I have already indicated, the Liberal Party claims it had insufficient information to determine the savings, but it came out with a set of costs. The Deputy Leader claims that the Government is out of ideas because it has produced this major idea, and I presume that the answer there means that having ideas is proof positive that one does not have any. The Deputy Leader also indicated that I was abdicating responsibility by legislatively passing some of the work to the Southern Power and Water Authority. But the member for Eyre wanted to be assured that I would have a hands-off policy. When half a dozen members make eight or nine internally inconsistent comments like that, one does have a difficulty in taking the debate very seriously.

The Opposition has accused the Government of many things during this debate, but it is the Opposition that has fallen short of the minimum requirements. It is the Opposition that has judged the Bill before seeking information on the Bill. It is the Opposition that has been unable to come up with a coherent, internally consistent and valid criticism of the Bill, or indeed an alternative that stands up. It is the Opposition that has made mistake after mistake in the facts in its criticisms. It is the Opposition that has been unwilling or unable to be positive and unwilling or unable to recognise the savings that are available as real savings, despite the fact that everybody else of impeccable credentials recognises that.

The Government has carefully considered the merger by using some of the best talent available to it, both in the public sector and from consultants in the private sector. At issue is a saving of $50 million a year. That means an extra $50 million that can be spent on tariff reductions, water quality concerns and other crucial needs without having to go back to the taxpayers and saying to them that we want them to shell out another $50 million. It is a saving; it is not an extra impost. It is now up to members of the Opposition to vote for this Bill or to vote against it. But if they vote against it and reject the saving of $50 million then it will put them out of step with what they themselves in fact say they stand for; it will put them out of step with what this State desperately needs at this moment; and it will put them out of step with the leadership that the people of this State expect from this Parliament.

Mr S.J. BAKER: Mr Speaker, I draw your attention to the state of the House.

A quorum having been formed:

Bill read a second time.

Mr S.J. BAKER (Deputy Leader of the Opposition): I move:

That this Bill be referred to a select committee.

I will be exceptionally brief because, not having the numbers in this place, it is irrelevant if we debate this for half a hour or three hours, but we have the Committee stage during which we can question the Government on the provisions. The Minister mentioned that there were four good reasons why the Bill should succeed; I have 13 good reasons why it should go to a select committee. I will briefly outline them and I will be the only speaker.

Members interjecting:

The SPEAKER: Order!

Mr S.J. BAKER: I will briefly outline them so as not to waste the time of this House. The first reason is that we have no confidence whatsoever in this Government to do anything properly, as indicated by its past performance, and particularly in relation to the State Bank. The second reason is that we are talking about enormous change that will take place and I believe that the enormity and complexity of the change deserves the full scrutiny of the Parliament via a select committee. The third reason why the Bill should go to a select committee is that there has been a complete lack of preparation. We know that the first time the proposition was considered in any detail was in March and the Premier announced it in April. The fourth reason is that the costings were done in an awful rush—they were done on the Saturday before the Parliament resumed—and the Government had not done its preparation.

The fifth reason why the Bill should not proceed to a select committee is that no new Government should be faced with the sort of changes that have to be accommodated by this particular proposition. The sixth reason is that the assumptions of the Greenfields site do not fit in with the legislation. The seventh reason is that the Minister has failed to convince anyone that the industrial relations problems on the site—with 19 different unions, of Federal and State persuasion—can be easily accommodated. The eighth reason is that the estimates of the savings are not able necessarily to be substantiated. I note that the first estimate was $30 million, the next estimate was $50 million and the next estimate was about $120 million. The Minister said that they did not go up and down—they kept going up. In fact, the estimate came back to $56 million.

The ninth reason is that the stores and technology savings make up 40 per cent of the total savings, and we contest that figure quite vigorously. The tenth reason is that the depot changes as mooted by the Minister will destroy the country fabric and destroy the service in the country areas. The eleventh reason is that with the staff cuts proposed we are talking about a further reduction of 800 people and even the Premier, in his Meeting the Challenge statement, did not envisage that change coming from ETSA and the E&WS Department alone. The twelfth reason is that in the savings document most of the savings that can be substantiated can be achieved within the existing organisations.

The thirteenth reason is that in terms of the figures that have been given there is no consistency between the consultants and the Government. Indeed, just to point out one grave anomaly the Government said it would cost $45 million for redundancies and the consultants said $28.5 million. I have given the House 13 good reasons why the Bill should be referred to a select committee, and there are probably another 20 good reasons. We do not wish to debate the measure—we simply want to put the point very strongly that it deserves the scrutiny of a select committee.

The Hon. J.H.C. KLUNDER (Minister of Public Infrastructure): The Government opposes the motion, and we have 50 million good reasons why we should oppose it. Any credibility that the Opposition has had on proposing that the Bill be referred to a select committee has long since disappeared.

Members interjecting:

The SPEAKER: Order!

The Hon. J.H.C. KLUNDER: The Opposition opposed a merger first and asked for information only after it had already decided to oppose it. To pretend now that it needs to go to a select—

An honourable member interjecting:

The Hon. J.H.C. KLUNDER: Yes, well, it did not stop you opposing it. For members opposite to now pretend that it needs to go to a select committee in order for them to obtain the information which may cause them to change their minds is nonsense. We just cannot accept that. They have information from me, they have had briefings from Ted Phipps and they have the report from Ernst and Young; that is enough information on which to make up one's mind.

Members interjecting:

The SPEAKER: Order!

The Hon. J.H.C. KLUNDER: Even if the abysmal—

The Hon. D.C. Wotton interjecting:

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

The Hon. J.H.C. KLUNDER: —record on the merger proposal was not the enough, the member for Coles, who I

might remind members was a senior Minister in the Tonkin Government, let the cat right out of the bag. I will give two quick quotes from her contribution. She said:

> Even if it were referred to a select committee there is to my mind one overwhelming reason why it should not be passed, at least not in this session of Parliament, and there may be many other reasons why it should not be passed at all. . . The Bill should be referred to a select committee. I do not believe it would be possible for a select committee even to examine all the issues—

The SPEAKER: Order! The Minister will resume his seat. The member for Murray-Mallee.

Mr LEWIS: I rise on a point of order, Mr Speaker. Is the Minister quoting from a debate from this session or from another member's contribution?

The SPEAKER: On this Bill.

Mr LEWIS: I did not think he was supposed to—

The SPEAKER: Order! It is a matter of debate on this Bill. It is allowable. However, other debates are not able to be referred to. As a matter of rebuttal in debate you have to refer to comments made.

The Hon. J.H.C. KLUNDER: The member for Coles said:

> The Bill should be referred to a select committee. I do not believe it would be possible for a select committee even to examine all the issues in the time that the Parliament has left before it is prorogued in accordance with constitutional requirements.

Let me make it perfectly clear: the member for Coles, like other members in this House, has no idea how much time remains before the Parliament is prorogued in accordance with constitutional requirements. Consequently, the member for Coles is saying she does not care whether it is one month or seven months—she wants to see this thing buried in a select committee and never see the light of day again during the life of the current Parliament. That clearly puts the truth before the Parliament, and the Parliament can make its judgment on it. Mr Speaker, you and I both know what will happen. If this Bill goes to a select committee, people will say to the Liberal Party, 'Why have you opposed this Bill, this merger that will save $50 million?' The Liberal Party will say, 'We have not opposed it; we have merely put it to a select committee to get some further information'.

Not knowing the ins and outs and not knowing that it has been buried, people will say, 'That seems all right' and go away. What we have here is the wimp's way of dealing with this legislation. We have here the Liberal Party saying, 'We would rather not oppose it outright. We would rather not have to face the Chamber of Commerce and Industry. We would rather not have to face the electorate and say that we have stopped the Government from achieving $50 million worth of savings.' Members opposite are saying, 'Let's see whether we can find a cheap and nasty way out of having to say no'. I am challenging the Opposition: have the guts to say 'yes' or 'no'. Do not take the wimp's way out.

Members interjecting:

The SPEAKER: Order!

The Hon. J.H.C. KLUNDER (Minister of Public Infrastructure): I move:

> That the time for moving the adjournment of the House be extended beyond 10 p.m.

The House divided on the motion:

AYES

Allison, H.	Armitage, M. H.
Arnold, P. B.	Baker, D. S.
Baker, S. J. (teller)	Becker, H.
Blacker, P. D.	Brindal, M. K.
Brown, D. C.	Cashmore, J. L.
Gunn, G. M.	Ingerson, G. A.
Kotz, D. C.	Lewis, I. P.
Matthew, W. A.	Meier, E. J.
Olsen, J. W.	Oswald, J. K. G.
Such, R. B.	Venning, I. H.
Wotton, D. C.	

NOES (21)

Arnold, L. M. F.	Atkinson, M. J.
Bannon, J. C.	Blevins, F. T.
Crafter, G. J.	De Laine, M. R.
Evans, M. J.	Ferguson, D. M.
Gregory, R. J.	Groom, T. R.
Hamilton, K. C.	Heron, V. S.
Holloway, P.	Hopgood, D. J.
Hutchison, C. F.	Klunder, J. H. C. (teller)
Lenehan, S. M.	McKee, C. D. T.
Quirke, J. A.	Rann, M. D.
Trainer, J. P.	

PAIRS

Eastick, B. C.	Hemmings, T. H.
Evans, S. G.	Mayes, M. K.

The SPEAKER: There being 21 Ayes and 21 Noes, I give my casting vote for the Noes.

Motion thus negatived.

Mr S.J. BAKER (Deputy Leader of the Opposition): I move:

> That Standing Order 364 be suspended during consideration in Committee of this Bill.

Motion carried.

In Committee.

Clause 1 passed.

Clause 2—'Commencement.'

Mr S.J. BAKER: I understand that the Government intends that the day to be fixed by proclamation will be 1 November 1993. Can the Minister explain the haste?

The Hon. J.H.C. KLUNDER: I am not aware that we have fixed a particular date on this matter. However, obviously we would like to see this reasonably early so we can start the process seriously and start producing some of the savings as early as possible.

Mr S.J. BAKER: Can the Minister tell me when he does intend that the Bill be proclaimed?

The Hon. J.H.C. KLUNDER: Since I have some difficulty in knowing when it will go through the House, that becomes very difficult to do.

Clause passed.

Clauses 3 and 4 passed.

Clause 5—'Establishment of Southern Power and Water.'

Mr S.J. BAKER: One presumes that these provisions are not in conflict with the Public Corporations Act.

The Hon. J.H.C. KLUNDER: I do not think so.

Mr S.J. BAKER: It is my understanding that the Public Corporations Act actually contains provision 5(2)(b), which is capable of suing and being sued in its corporate name. I wonder why we had repetition of that particular item.

The Hon. J.H.C. KLUNDER: I am not sure what the honourable member sees as a problem, but I am prepared to look at that to see whether it needs to be picked up.

The Hon. D.C. WOTTON: This clause establishes the corporation Southern Power and Water. It has now been confirmed that the proposed merger was not considered during the Government Agency Review Group (GARG) exercise, and it was not initiated by the Office of Public Sector Reform. Now that the corporation is to be established, the question is raised about the whole credibility of the Government's public sector reform process. If the process the Government put into place to identify and carry out an analysis of reform proposals has not initiated or considered this merger, I ask again: what is driving the merger and to what extent has it been properly analysed?

The Hon. J.H.C. KLUNDER: Perhaps I can give the honourable member some basic background. As he would be aware, this would not have been raised in GARG because, at the time when GARG was doing most of its work, the two agencies were under different Ministers. It was only after they became part of my ministerial portfolio that I started to hold meetings of the senior executive officers of all the agencies in that portfolio to see whether we could do more than just make each of the agencies as effective as possible and whether there was some possibility of cross-agency sharing of information, skills, abilities and so on. It was during one of those meetings that a senior officer said that we ought to consider combining the two agencies because they had so much in common. That happened in early December last year, and in fact that is some of that information I provided to the Deputy Leader of the Opposition by letter. Since then, a lot of work was done which eventually ended up in Cabinet in March and April on a number of occasions and the announcement was made in April.

Perhaps I ought to indicate that from the time the idea was first thought of to the time the Premier announced it was about five months. The time between then and when we introduced the legislation to the House was four months—the nine months seems to be a reasonable gestation period. My understanding is that the Opposition believes this is too slow and their idea of a reasonable gestation period is more like elephantine than mine. This was not considered by the Office of Public Sector Reform; it was taken as a separate thing because the Office of Public Sector Reform had a very large amount of work on its plate. In any case, I believed that this was a fairly specialist endeavour to try to merge two agencies which had quite specialised capacities. Consequently, it was done in a different forum.

Clause passed.

Clauses 6 and 7 passed.

Clause 8—'Composition of board.'

Mr S.J. BAKER: The Minister would be aware that the current ETSA board comprises eight persons. What type of people will we have on this board of nine, and from which areas will they be drawn?

The Hon. J.H.C. KLUNDER: I need to correct the honourable member. The current ETSA board is in fact seven rather than eight and there are at the moment six serving members on it because I wanted to preserve the maximum flexibility to appoint different people to this board. The Deputy Leader may be aware that already serving on that board is Robin Marrett, as Chairman. He has very significant knowledge of the electricity industry in South Australia, having been President of the national body. He has a very significant knowledge of the electricity industry in Australia. I have also appointed Mr Keith Lewis to the board, as he was a previous Chief Executive Officer of the E&WS Department. In addition, there is a well known businessman on the board. There are two members of Parliament, one from each side, and also the secretary of the TLC.

Since the composition of the board requires that at least one director must be a man and one must be a woman, of the remaining three at least one will be a woman by legislation, but I have not really given a great deal of thought to what kind of people we will have. My view is that we need legal and business skills on the board as the extra skills required. At the moment we have two highly capable businessmen in Mr Goodman and Mr Marrett. A third one would be useful. I certainly think it would be useful to have someone with legal skills.

An honourable member: What about an accountant?

The Hon. J.H.C. KLUNDER: The honourable member can probably put a large number of skills forward that would be usefully accommodated on a board such as this, but the idea of the board is that it has the skills on tap, not the skills on top. So, I am not in a position where I want to specify particular skills, except that I think further business and legal skills would be highly desirable.

Mr S.J. BAKER: I am not particularly satisfied with that answer. The board will run a mega corporation (mega, at least, in terms of South Australia's history) and nine members are to be appointed. Frankly, the Minister has no idea of what he wants on the board. All we have is some indication of what the ETSA Board comprises. The Minister says we might include a woman and he would like to see a bit more business skill on the board. I would have thought that there was some reasoning behind the membership of nine and that the Minister would have exactly some idea what he was looking for. Does he think it is appropriate to have MPs or a representative of the UTLC on the board?

Why are there to be nine members and not eight or 16 members? What is the construct of those nine members and what are the skills that are to be brought onto the board? I am sick and tired of patronage in the way that the Government has been handing it out. Whether we look at the State Bank Board or a number of other boards set up by the State Government, we see that it is the mates who prevail in those circumstances. Some are very capable mates but most of them are not. I do not mind if someone is capable and is a mate, but I hate it if they are a mate and they are not too capable, but time and again we have seen has beens and people with limited ability being placed on boards simply as a retirement benefit.

I want a clear indication from the Minister, who has given us no confidence that he has the people to run a multi-million dollar corporation. He has given us no confidence at all. The Opposition does not intend to move any amendments, because we are thoroughly opposed to the Bill. We believed it should go before a select committee. We will call for a division on those clauses where we believe the Government has misled us, where it has provided incorrect information, where we believe the clause is inadequate or where the Minister simply does not know what he is doing. We will call for a division as a matter of protest. We will call for a division on this clause, because there is no indication from the Minister whatsoever about the types of skills he believes are appropriate for what I have already said is a multi-million dollar organisation.

It is not sufficient for the Minister to say, 'This is what we had. We might have to add a woman or we might have to add

these other people.' The Minister should have a clear idea why there should be nine members rather than 12 or six members. He should have a clear idea of the balance of skills; he should have a clear idea whether he wants a union representative on the board, which we might not want; and he should have a clear idea whether he wants MPs on the board. I ask the Minister to respond to the question.

The Hon. J.H.C. KLUNDER: It is reasonably easy to respond. My response is that the honourable member did not bother to keep himself completely *au fait* with the things that have happened. On 4 May I put out a press release to everyone saying that the existing ETSA Board would be the nucleus of the new board. Consequently, the honourable member has totally misread the situation and has gone off half cocked—

The Hon. D.C. Wotton interjecting:

The Hon. J.H.C. KLUNDER: I indicated to everyone, including the ETSA Board, that the people on this board would be Mr Marrett as chair; Mr Goodman, who is well known to members opposite, as one of the members; Ron Payne, a previous Minister of Mines and Energy, as one of the members; Martin Cameron, who is reasonably well known to members opposite, as another member; and John Lesses as another member. I further indicated that there would be a further person with business skills, a further person with legal skills and one other. That is what I have indicated. If the honourable member is not aware of what goes on and chooses to go off half cocked, I cannot help that, but that is the situation.

Mr S.J. BAKER: I am astounded. I was pleased with the response from the Minister because he revealed his total and utter inadequacy. What he said is that you have two organisations of approximately the same size. We already have six of them; we will add three from whatever area. We will have the also-rans. We are not looking for balance; we are not looking for anything; there is an attitude of, 'I put together an ETSA Board,' says the Minister—

The Hon. D.C. Wotton: He's certainly not looking for expertise.

Mr S.J. BAKER: No, he's certainly not looking for expertise. He said, 'Well, I've got the ETSA Board sorted out; we're going to have six of them. Now I've got to get a women from somewhere. I will have two other people; and I think we need a business person.' That is the Minister's response, and that is absolutely pathetic. If we are talking about the capacity of this organisation to run, for example, the Engineering and Water Supply Department, that will mean that there will be virtually no representation. There will be no people with water quality skills, with engineering skills or with the backgrounds that we believe are essential to get a balanced board and a balanced organisation. This is a tired old Government. The Minister says, 'We've got a wonderful idea; we'll put the two organisations together, but we will have the six that I have chosen over here, and we will add a couple to it just to balance the numbers.' I do not think that is appropriate, and I reject the proposition.

The Hon. J.H.C. KLUNDER: I do not know just how one satisfies this honourable member, because basically I also said to him in a reply to an earlier question that Keith Lewis was on the board. Keith Lewis is a former Chief Executive Officer of the Engineering and Water Supply Department. So, we have on this organisation a former CEO of the Engineering and Water Supply Department, a former CEO of ETSA, two people who both have exceedingly good business skills—

Members interjecting:

The CHAIRMAN: Order!

The Hon. J.H.C. KLUNDER: —Mr Marrett and Mr Goodman, a former Minister of Mines and Energy, a former Leader of the Liberal Party in another place, and a secretary of the Trades and Labor Council. We have three other positions yet to be filled, and I have indicated that I expect one of those will be a person with business skills and one will be a person with legal skills. That leaves me a degree of flexibility because it is not possible to know whether it will be a female person who has the legal or business skills or whatever. However, I indicated months ago that the ETSA Board (which, after all, has been relatively successful in guiding ETSA through the last number of years)—

An honourable member interjecting:

The Hon. J.H.C. KLUNDER: And, indeed, as the honourable member reminds me, there is a possibility also envisaged in the legislation that the Chief Executive Officer of the organisation can become a member of the board, and that would double the skills associated with the Engineering and Water Supply Department. So the argument that the Deputy Leader puts forward is spurious in my view, and I do not accept it.

Mr D.S. BAKER: Has the Minister total confidence in those members of the board whom he has already appointed to run the State's biggest financial institution through the 1990s?

The Hon. J.H.C. KLUNDER: What a strange question: as if I would put on a board people in whom I had no confidence.

Mr S.J. BAKER: With regard to subclause (5), will the deputies enjoy the same privileges and rights as the principal members of the board, should the member be absent?

The Hon. J.H.C. KLUNDER: That subclause provides:

> The Governor may appoint a director to be the deputy of the director appointed to chair the board and the deputy may perform or exercise the functions and powers of that director in his or her absence.

So this involves only the deputy to the Chair, not a deputy to each director.

Mr D.S. BAKER: So, in other words, the Minister has the power to appoint the director and the deputy director. The board, therefore, is taking away the powers that the board may have to nominate or elect that person; is that correct?

The Hon. J.H.C. KLUNDER: If the honourable member reads clauses 8(3) and 8(5) he will find that that is correct.

The Committee divided on the clause:

AYES (21)

Arnold, L. M. F.	Atkinson, M. J.
Bannon, J. C.	Blevins, F. T.
Crafter, G. J.	De Laine, M. R.
Evans, M. J.	Gregory, R. J.
Groom, T. R.	Hamilton, K. C.
Heron, V. S.	Holloway, P.
Hopgood, D. J.	Hutchison, C. F.
Klunder, J. H. C. (teller)	Lenehan, S. M.
McKee, C. D. T.	Peterson, N. T.
Quirke, J. A.	Rann, M. D.
Trainer, J. P.	

NOES (21)

Allison, H.	Armitage, M. H.
Arnold, P. B.	Baker, D. S.
Baker, S. J. (teller)	Becker, H.
Blacker, P. D.	Brindal, M. K.
Brown, D. C.	Cashmore, J. L.
Evans, S. G.	Gunn, G. M.

NOES (cont.)

Ingerson, G. A.	Lewis, I. P.
Matthew, W. A.	Meier, E. J.
Olsen, J. W.	Oswald, J. K. G.
Such, R. B.	Venning, I. H.
Wotton, D. C.	

PAIRS

Hemmings, T. H.	Eastick, B. C.
Mayes, M. K.	Kotz, D. C.

The CHAIRMAN: There are 21 Ayes and 21 Noes. I cast my vote for the Ayes.

Clause thus passed.

Clauses 9 and 10 passed.

Clause 11—'Remuneration.'

Mr S.J. BAKER: Will the Minister indicate what remuneration is currently under discussion?

The Hon. J.H.C. KLUNDER: The current remuneration is the ETSA board remuneration. However, I think there is a general move to reset the remuneration for directors of boards such as this, and I expect it will be significantly larger.

Mr S.J. BAKER: The question was: how much? Will the Minister tell the Committee how much these directors are being paid?

The Hon. J.H.C. KLUNDER: I do not have the exact figures but I can get them for the honourable member. I understand that the current figures are about $15 000 and $11 000 or $12 000, but I could easily be out by a few thousand dollars on that one. I would not want to be held to that figure.

Clause passed.

Clause 12—'Proceedings.'

Mr S.J. BAKER: Dealing with telephone and video conferencing, I draw attention to subclause (7), which provides:

> A proposed resolution of the board becomes a valid decision of the board despite the fact that it is not voted on at a meeting of the board if—
>
> (a) notice of the proposed resolution is given to all directors in accordance with procedures determined by the board; and
>
> (b) a majority of the directors express their concurrence in the proposed resolution by letter, telex, facsimile transmission or other written communication setting out the terms of the resolution.

I have not checked the Public Corporations Act. I do not know whether it is in there, but, if so, it should have been struck out. I do not believe it is appropriate to have decisions made by exchange of letters. It is normal in any discussion for all the facts to be laid on the table. In our own Party room we sometimes have one or two dissenting voices and, because of the weight of the argument, they change the minds of all members because they have more knowledge and expertise than perhaps some of the other members.

Members interjecting:

The CHAIRMAN: Order! The Deputy Leader.

Mr S.J. BAKER: I do not agree with this proposition. I believe that the board should consider every case on its merits and that every member should have the right to participate in debate. This is quite unhealthy. I do not know whether that provision exists elsewhere. I have not seen it, but I may have missed it. However, I do not believe it is the appropriate way to do business, particularly when there is important business to be done.

Situations can be manipulated. It is almost like the State Bank did business. They got on the telephone and said, 'Do you think it is a good idea? Yes, we will give out significant loans. We will not worry about board minutes. If we have a board meeting, we will have a tape or we will scrub part of the tape.' I hope that those days are over. There should be no reason to doubt the validity of any vote by board members. The only way to get a valid vote is if all members are present and there is a vote at the meeting which is taken as a result of debate at that meeting. I oppose the clause. I shall not divide on it and waste the time of the Committee. If it does not get to a select committee in another place, we shall have to think about amending it.

The Hon. J.H.C. KLUNDER: I think the honourable member has a reasonable point. He asks whether there are any other places where this kind of provision exists. It does exist in the Murray-Darling Commission Act, but there, of course, we have people from different States.

Mr S.J. Baker: From right across Australia.

The Hon. J.H.C. KLUNDER: I am not arguing. It is a different situation. I must admit that I do not feel like going to the wall on this clause. If one subclause is taken out in another place, I shall not be too concerned about it.

Clause passed.

Clause 13—'Functions of the corporation.'

Mr S.J. BAKER: This clause, which deals with the functions of the corporation, is the one that we shall consider in depth. We have numerous questions on the clause, including a detailed analysis of all the costings that have been provided. I will start the ball rolling with my list, before going on to the costs and efficiencies in the documents with which we have been provided, and ask: how can the Minister feel comfortable with so little preparation?

According to the information we have received, GARG has never considered the proposal. We had a briefing from Mr Phipps, who said that the first time he was informed of the proposal was in April, some three weeks before the Premier made his Meeting the Challenge statement.

We know that there was some consideration of the matter in March 1993 but we still do not have before us papers which we requested under the freedom of information provisions and which can provide us with some background as to how this decision could have been made. Despite the fact that we have asked for it—I know there is a 45 day lead time—I would have thought that under the circumstances, if there were substantial documents available to say that the matter had been given long and hard consideration before it reached Cabinet, we would have some documentary evidence of that. We have no evidence of that; none has been produced; and, therefore, I ask the Minister how he could possibly expect an Opposition to accept a proposal like this which has no foundation, which has not had proper preparation, and which has not been properly argued with the various people who should have been involved in the process.

The Hon. J.H.C. KLUNDER: Again, I need to correct the honourable member somewhat. For him to say that Mr Phipps knew nothing about this in April is not correct. Mr Phipps was one of the officers present at that meeting last December and so knew of the proposal then. He was one of the people who arranged for some of the work to be done in the January/February period before the matter came to Cabinet in March.

Where the honourable member is confused is that it was probably in early April that I informed Mr Phipps that Cabinet had agreed to go ahead with that proposal, and until that time Mr Phipps had no way of knowing that Cabinet had agreed to it and that it would go ahead. But he certainly knew of the proposal from its inception.

Mr S.J. BAKER: There seems to be a difference in the way the stories have emerged. I am not revealing any confidence when I say that Mr Phipps said there was a meeting in December—and he is in charge, I understand, of the public infrastructure committee, or whatever its name may be. At the December meeting, I understand the tenor of the conversation was: are there any common elements as between the organisations which indicate an opportunity for some cost savings?

It was my clear understanding that the committee was looking at common points of delivery and some areas of savings, which could be made by reducing duplication. It did not just relate to ETSA and E&WS, because there are other infrastructure departments, such as roads, etc. That was my understanding of the December meeting. There was no suggestion of amalgamation; they were looking at common areas where cost savings could take place. Can the Minister confirm that that was the general tenor of that meeting?

The Hon. J.H.C. KLUNDER: I cannot confirm that, and for a very good reason, because it was different from the impression that the honourable member has. Quite clearly the honourable member has a certain impression from discussions he has had with people. I thought that I had already put the record straight during the second reading debate, but I am happy to do so again.

That meeting in December was one of a number of meetings I had with the heads of the infrastructure agencies: PASA, ETSA, E&WS and SACON. I had asked those people to come to that meeting to discuss whether or not we would be able to do more than just make each of the agencies more efficient; whether there could be some kind of cross-fertilisation between the agencies, and to that extent the honourable member has it right. But during that meeting, as we were talking about what kind of cross-fertilisation could happen, one of the members of the group indicated that we really ought to be merging the two organisations. That is where it started.

As I said, I do not think any further work was done during December but I am not certain on that. I know work was done during January and February and it surfaced in Cabinet in early March as a proposal, which Cabinet then indicated should be looked at further and developed and eventually agreed to.

Mr S.J. BAKER: We are almost dealing with the same concept. Obviously, the instructions and the ultimate delivery were somewhat different from the original intent. Obviously it involved a last minute decision; it was not based on sound, well documented case studies. We still do not have any documents, even though we have asked for them under freedom of information. I do not know what work that committee did, what particular members of that committee did in the various departments or what they finally proposed. But, again, how can the Minister expect the Opposition to believe that this proposition is soundly based, when the Opposition still has no documentation?

The Minister can hardly say, 'Trust me'. His record is pretty abysmal. Look at what has happened with SATCO and Woods and Forests. How can the Minister say, 'Trust me; we really didn't know what we were doing'? He cannot. It was up to the Minister to provide the documentation we requested. As he has not done so, the only conclusion we can draw is that it was one of those decisions made in haste for political expediency.

The Hon. J.H.C. KLUNDER: I thank the honourable member for having raised the matter of whether or not I can be trusted in these matters, because it is something that I have been dying to get off my chest for some time now, and it is nice of the honourable member to give me the opportunity. One of the charges that he made is that a considerable loss was made in SATCO, and I am the last to walk away from that, even though only about half of it occurred in my time in charge. But if we are going to blame a Minister for losses made during his tenure in a particular portfolio, then it is rather inescapable that one also ought to consider that the Minister is at least partly to praise if good results turn up in various portfolios, and nobody who has been in Government for any length of time, of course, is in the situation where their record is unblemished and only good things happen. That is fairy tale stuff.

So let us have a look at the record. The record in ETSA is that during my tenure the profits went up very considerably, while in real terms the costs went down. That is inescapable if one looks at the figures. My record in Mines and Energy is that royalties, mainly due to an increase in the gas royalty, went up very considerably at the same time that the price of gas did not increase at all. My record in PASA is that the profitability went up very considerably. The savings and extra profit in those three agencies in one year more than wipes out the total losses in SATCO in its entire history, let alone during the time that I was in charge.

So if the honourable member is trying to apportion blame he ought to also apportion credit. I have never asked for this, but I want to put the record straight. I know that the member for Victoria has hit on a very ingenious solution, which says that when a Minister is in charge when things go wrong he is to blame, but when things go right when a Minister is in charge it is his public servants who do it right.

Mr D.S. Baker interjecting:

The Hon. J.H.C. KLUNDER: In fact they have done it despite the Minister. That is why the member for Victoria is in such a terrible mess at the moment—because the person who he says has succeeded despite having had the misfortune of having had me as Minister is now saying that this merger should go ahead because it will save money. It is a dilemma that I think—

Mr D.S. Baker: Who is this?

The Hon. J.H.C. KLUNDER: Mr Marrett. This is where the honourable member has the next dilemma to resolve.

Mr D.S. BAKER: The Minister seems to throw in some other people. There is no question about Mr Marrett's credibility, and he, of course, would have been succeeded by a very successful man if the Minister had not intervened and not allowed the Chief Executive Officer from SEQEB to come to this State. However, if the Minister wants to go along this line, we will get a select committee in another place, we will call Mr Marrett and the Minister, and we will put it all on the record. Can the Minister give us an insight into the capabilities of Mr Phipps to run the biggest enterprise in South Australia and say whether he is properly equipped to do that? Secondly, was the position thrown open and were there other applicants? If not, can the Minister give us Mr Phipps' credentials and tell us why he is suited to the job?

The Hon. J.H.C. KLUNDER: It is a problem when members turn up for only part of the debate. In my second reading response I did in fact delineate both Mr Phipps' and Mr Marrett's resumés to the extent necessary to show that they were an exceedingly good pair of gentlemen in the sense that one had had exceedingly extensive high level private sector experience and the other had had exceedingly good and long serving—

Mr D.S. Baker: On whose assessment?

The Hon. J.H.C. KLUNDER: If the honourable member wishes to argue that Mr Marrett's—

Mr D.S. Baker interjecting:

The CHAIRMAN: Order!

The Hon. J.H.C. KLUNDER: —record is not exemplary—

The CHAIRMAN: Order! Will the Minister please sit down. We will conduct this Committee in the way that Committees are normally conducted. If the member for Victoria has a question after the Minister has finished I will be delighted to call him.

The Hon. J.H.C. KLUNDER: I think that the honourable member must have misunderstood me. If the honourable member reads through my reply during the second reading debate then he will get there an indication of the resumés of both Mr Marrett and Mr Phipps.

Mr S.J. BAKER: I shall run through a few questions on the savings document and then my colleagues can follow on. I refer first to page four of the Ernst and Young *Review of Strategic Savings* document, and I have one or two fundamental questions. I would like to know what factors the Minister is using in the cost savings. He will note that the last dot point on the page deals with the calculations of employment costs and, on the other side, savings. Ernst and Young talk about three components. What is the weighting associated with salary on costs and what are they and support expenses? So, if a basic salary of $30 000 is prescribed, if that is the award salary of that particular occupation, what weighting factor is given to that salary for on-costs, what do they include and what weighting is given to support expenses?

The Hon. J.H.C. KLUNDER: The honourable member is making the assumption that I am privy to the way in which Ernst and Young carried out this analysis. I am not, nor do I intend to be. Quite clearly, when we ask the members of an independent organisation to check figures independently then they will do so doing it their way and they will come out with a result their way. They will publish that result and they will state various things in that document. If the honourable member is basically saying that he will immediately be in favour of this merger if he knows this level of detail then I suppose I could go and ask Ernst and Young if they can provide that. But I cannot say to them that they must provide this. They have done a job that we asked them to do, and have come up with a conclusion which in fact supports the work that has been done by the people in E&WS and ETSA. However, I am not in a position where I can know every detail of how a consultant independently assesses a situation.

Mr S.J. BAKER: The Minister is putting this forward as a credible document to sustain his argument that there is $56 million worth of savings. I would have great difficulty in accepting that figure. I have already been through some of the areas and there are some very large inconsistencies.

The least I expected of the Minister was that he tell us some of the fundamentals. With the base salary, or the designated salary of that employee, and the salary on costs, which include certain items, what do they include and are they included in the budget calculations? Some assumptions have been made in other parts of the document about support expenses, which reduce administration costs and which I would believe are consequential on the overall changes. Therefore, unless I am aware of what support expenses are involved they are either nil or negligible because they have been catered for elsewhere in the document. I want to know what the loading factors are and what has been taken into account so I can be assured that we do not have a double count. The Minister cannot supply that information. Obviously, it is not critical to the exercise but it just helps me understand how the figures have been arrived at because, quite frankly, there is tremendous deviation and difference between the estimates in here by individual categories and those of the Minister.

The Minister suggests that he is very pleased because the independent consultant has come up with a set of figures which is about $56 million, that we were shooting for the stars for $111 million or $120 million but we were basically saying that there was a minimum saving of $55 million. We were not too sure what he was trying to say but obviously he was trying to gild the lily. I expect the Minister, when there are differences in calculation, to understand the fundamentals and to be able to explain the fundamentals to this House. So, if the Minister has not got the information I would like to know what loading factors we have on that item.

The Hon. J.H.C. KLUNDER: I am willing to see if we can make that information available. I do not want to argue. If that information is available and they are ready to make it available to us then we should provide it to the Opposition. As the honourable member says, I am not too sure whether it is useful information. I do need to argue with his assertion towards the end of his comments that we are arguing that there is $111 million. Even in the shooting for the stars figure I have never at any stage mentioned any figure other than $50 million. The $111 million came in because that is, in fact, the extreme amount that would happen if everything went about as well as it possibly could. Those figures are in the documents. I have always indicated that it is the Government's intention to do no more than achieve the $50 million. If more is available that is fine but basically the $50 million is what we have aimed for because we want to take the very conservative end of that situation, and that is all that we are saying can definitely be achieved. Other savings may be possible but I am certainly not indicating that they are in the ballpark at this stage. The figure of $50 million or $55 million, whatever it comes out at, is in fact the figure that we are aiming for.

Mr S.J. BAKER: Obviously, the Minister did gild the lily. He expected that somehow there would be a great uproar and that people would say that the Minister is going to prove to be one of the greatest savers of our time and one of the greatest initiators of corporate change with efficiencies unheard of in corporate history. If he did not wish to gild the lily, he should have given us the $55 million; he should not have given us the range, because there was a clear expectation that $55 million was an absolute minimum and we really had capabilities of $111 million, and that has other implications. However, because it is important to be able to talk about the cost savings I would now like to deal with the executive management group. As I understand it, and the Minister can tell me if I am wrong, from the information we have been provided, the executive management group and support consists of 28 people. Twelve come from the E&WS Department and 16 from ETSA. Can the Minister tell us the designated positions—I understand there are 13 in total—of the management staff of each organisation?

The Hon. J.H.C. KLUNDER: I think the honourable member is trying to pick out particular persons. I have to caution against that, because that will depend on VSPs and TSPs and so on, and I think that if we try to specify the outcomes of this exercise too closely we will make it very difficult to arrive at those outcomes. A degree of flexibility

needs to be kept here, so I am not prepared to go past the information that I understand was supplied to the Leader this afternoon in terms of the breakdown of the corporate support employment and operation support summaries and so on, which indicate a total number of 28 staff—12 from the E&WS Department and 16 from ETSA—and that 18 will be required. Therefore, there will be an FTE saving of 10, which in financial terms amounts to a saving of the order of $1 000 000.

That is probably already more information than should have been supplied, in the sense that, instead of having a scenario they can comfortably cope with, the people who will go through the exercise of providing the savings and a new structure could be locked into providing such tightly construed outcomes. For instance, if it turns out that the required full-time equivalent in this category is 17 instead of 18, that should not be seen as the system falling apart because it obviously does not make sense. It should not be construed as the Minister going back on the information he provided to Parliament. It is necessary to have some degree of flexibility. We are not talking about punching holes in an artificial construct. We have a situation where we are trying to combine two organisations in such a way that we have a viable and good organisation at the end of it and $50 million worth of savings. To allow that we need a degree of flexibility in working through that situation.

Mr S.J. BAKER: I am a little sensitive to what the Minister has said. However, I am trying to put the Minister through a simple fundamental test.

An honourable member interjecting:

Mr S.J. BAKER: Do you think there might be some capability there? Without getting too many knickers in a knot, and obviously creating industrial relations problems or difficulties within the organisation, I can understand that the Minister has to be very careful about what areas should be specified. However, the Opposition has been told that there are 13 overworked executives in ETSA and the E&WS. I am told that they are working overtime every night, they do not see their families very often—

The Hon. D.C. Wotton: Sounds like a politician.

Mr S.J. BAKER: Yes. We have composite figures to work with, so I will say that it will be reduced by, for example, five. We are also aware that we must have functional managers. I am not trying to play a numbers game, a game played by consultants or by someone standing above the system—I am looking for someone who has actually walked through each of these departments and said, 'This head is under-utilised. We could combine these functions. We have two management heads within the two organisations. Despite the fact that they are both overworked, we can actually do with one.' That is the level of discrimination that I believe everybody requires.

I am not asking for too much. It is important because I believe, and I have talked about it previously, that we want efficient, productive, good service organisations. We all agree on that. However, if the practicalities of achieving the sort of breakdowns that we have here simply cannot be met, we are wasting our time and efforts, and in fact making a farce out of this whole exercise. So, I am trying to approach it as an indicative situation—it gets worse with strategic planning, I might add—and I am just saying let us start out from the beginning of the document.

Let us talk about the 13 overworked managers or directors, whatever you like to call them, the 13 people working their butts off at the moment, and how their functional areas will be expanded to the extent that we will have a saving of $1 million. It is not too much to ask. I will not go through this exercise with every category because it would not be worthwhile.

However, I need some indication that, if there are savings in the system, if the Minister believes that functions can be amalgamated, why are they not being amalgamated now? If he believes the people are not overworked, why are they not being overworked? I do not believe that is the case, because the information we get back is that they are tested to the extreme. I want some indication that there is some substance behind the figures. I want some indication that somebody has walked through the job and asked the managers to take on a bigger work load, such as adding certain functions to their portfolio. That is the sort of information I need. It is simply not good enough for any Minister to come before the Parliament and say, 'I cannot give you any information; it will cause problems.' I will not pursue it to that level and depth in all areas. I just want some idea that the Minister knows what he is talking about.

The Hon. J.H.C. KLUNDER: I thank the honourable member for his acceptance that the problem of trying to specify outcomes too rigidly is in fact a real problem. The situation of 13 executives, as he indicated, 'working their butts off', to use the vernacular, is very largely due to the fact that they are already working on a merger situation. So, as well as the normal functions of the two organisations having to be dealt with, there is also the merger, the job of trying to get those two organisations together. Consequently, the high stress and high work levels that people are experiencing at the moment are partly due to that. I think the honourable member would accept that there is an overlap in this level, if you were to combine the two organisations as distinct from running them separately. I do not think he would necessarily argue that.

Mr S.J. Baker: I will argue about that in a minute.

The Hon. J.H.C. KLUNDER: I will leave that until later, in that case. The honourable member also asked why we are not doing the work at the moment without amalgamating and doing these things jointly. I thought I already indicated in my second reading explanation that there are all sorts of very good reasons why a legal amalgamation is the answer and that you cannot run these two organisations parallel and run parallel savings. I have already given those reasons, and I will not go over them again.

The overall saving grace that the honourable member should recognise is that the people who have indicated that there are savings, by meeting their opposite number and looking at each other's responsibilities, looking at each other's jobs and what they normally do, are the people who have to deliver them. That should guard against over optimistic savings being put together. If you have been asked to talk to your opposite number in the other organisation, you have both been through both organisations and looked at what you can put together, you have then been asked to specify savings in a range from very conservative to more optimistic, and you have been told that you have to provide those savings, it is no good stating that the savings are there and not delivering them.

Then, if you have to face a consultant who has cross-examined you on that and has gone through the documentation and whatever work has been done with you, and the consultant comes to very much the same conclusion as the original work done by those two people, I think we in this Parliament are in a position of being able to say, 'Yes, the

necessary work has been done.' Indeed, I do not know that we in this Parliament are the time and motion study engineers and the experts in the field, and I certainly make no pretence at being a manager or an engineer in either ETSA or the E&WS. If the people who wear the shoes are the ones who have to make them, you can be reasonably certain that the quality of the shoes will not be too bad. Once you have had that information checked out by a consultant, an expert in this field who has international expertise and has an international reputation, who comes to roughly the same conclusions, I think this Parliament can rest assured that there is something to it.

Mr S.J. BAKER: I am obviously not getting through to the Minister. We have said that we want one simple, practical test. We want to know from the Minister what areas can be fruitfully combined. In the original document, the one that was scrambled together on the weekend before the Parliament started, it said that the merged organisation is expected to reduce the executive management group by half. The current executive numbers in total are 13; a reduction of five to seven executives and associated support staff will yield savings of between $1 million to $1.3 million. These were the same documents as were provided to the consultant; the Minister understands that. The working base was, indeed, one of the assumptions behind this particular document. I want one simple test passed; I want to feel a little bit of comfort. We should be dealing with something substantial, and not something that has been cooked up to satisfy the Minister.

You might say that the consultants do not actually cook things up. I am not saying the consultants have cooked anything up, but if I got in a consultant I would like to think that the consultant would substantiate what I had already done. I would like to think that if I paid this person thousands of dollars and put my reputation on the line, a consultant would be working very hard to ensure that I, as Minister, was not caught out in the cold. It may be one of those documents that never appears despite having thousands of dollars spent on it. When it is said that an international consultant has drawn the same conclusions, frankly, I do not necessarily find that very compelling. That is not to say that the consultant is in any way dishonest; it may just mean that the consultant has been provided with documents that the Minister says adequately represent the organisation.

As far as I am aware, there have been some 250 hours spent by the consultant sorting out this organisation, using background documentation provided by the Minister. It does not surprise me at all that there is some congruity on certain items. In other areas, we made quite clear that some of the savings in some of the manufacturing and meter reading areas were quite ludicrous. Some of the earlier explanations about why we did not have great faith in the savings document were predicated on the rather ambitious savings that were in certain sections of that report. We note that the consultant has pulled back in certain of those areas and given higher savings in other areas, because the consultant would have been as smart as anybody else and said, 'I think we can't actually substantiate these figures, and perhaps the Opposition has a good point here.' Some of the other areas have changed for inexplicable reasons and, without the benefit of the working documents, the information that was available and the extent to which the consultants then went back into the pool of people and satisfied themselves of the validity of the arguments, then this Committee is left in a very difficult situation.

All I want the Minister to do is say whether or not he will go through the first exercise with us. It is a bit like going to an exam: if you get the first question right the rest of the exam paper becomes a lot easier. If you do not get the first question right you worry about the rest of the exam paper and you do very badly. At this stage the Minister is doing very badly. He is not passing any test or validating anything he has said. If he wants at least to get some credibility, let us go through the exercise. The documents are out and everyone knows about them. Everyone in the executive area knows that if the two organisations amalgamate the Government will chop a few people off at the knees. That is given in the exercise.

The Hon. J.H.C. Klunder interjecting:

Mr S.J. BAKER: No, you pat them on the back before you chop them off at the knees and we like to look them in the eye and say, 'We have a problem.' When there are difficult tasks, we would like to think that the difficulty is not compounded by the lack of honesty that sometimes prevails in this situation. The executives know what is going on. They are all looking over their shoulders while working these long hours. They are saying, 'I could be doing myself out of a job. I might be giving away my family responsibilities and giving up my weekend golf, absolutely tearing myself apart, for ultimate redundancy.' They all know they are on the chopping block. Can the Minister go through the exercise? If he cannot, he has failed the test and we will just make statements on each of the cost savings that he has put forward.

The Hon. J.H.C. KLUNDER: That was an interesting admission by the honourable member. As I read it, he said that, whereas the Labor Government goes through the friendly business of giving people packages and saying to them, 'You'll only go if you want to,' the Liberal Party would look them straight in the eye and chop them off at the knees. That probably is the first indication we have had from the Liberal Party that it would sack people.

Mr S.J. BAKER: Mr Chairman, I rise on a point of order. The Minister really does misrepresent me. I said he would chop them off at the knees whilst we would look them in the eye.

The CHAIRMAN: There is no point of order.

Mr S.J. BAKER: We cannot have the *Hansard* record wrong; that is the last thing we can have wrong.

The CHAIRMAN: Order! The honourable member will sit down. We now have this peculiar situation where we have done away with Standing Orders and where the Deputy Leader has the right to stand up all night and make statements, so when he next gets the opportunity he can rebut what the Minister has said. Let the Minister say it and then rebut what he has said.

Mr S.J. Baker interjecting:

The CHAIRMAN: I am sorry, but control of this matter is in the hands of the Committee and it is certainly not in the hands of the Chair. If you want to get past 4.2, the matter is in your hands. The Minister.

The Hon. J.H.C. KLUNDER: Thank you, Mr Chairman. I will not pursue that point if it upsets the honourable member. I am sure he is capable of correcting me, if I have done him wrong, either by way of personal explanation or later comment. As I understand the situation, the honourable member claims that if we look at the first line of people, namely, in the Corporate Support Employment Summary, the executive management group line, and if we are able to show that there are some good reasons why the total number of FTE savings is 10, he will take that as being a reasonable situation. The work has been done, but I do not have the papers with me as I have brought only summaries.

If the honourable member honestly believes that this will sway the attitude of the Opposition, then I see no reason why we should not try to satisfy him, provided we do not have to go into individual names. In a sense, those individual names are not yet settled because we are not yet in a position to offer TSPs to those people and, until such time, we will not know what results we will get from that, although several of them have indicated off the record that they would be interested in receiving an offer so that they could look at it. If the honourable member believes that this is crucial to shaping the position of the Liberal Party, I am willing to make that information available to him in due course so that he can be satisfied that proper work has been done.

Mr S.J. BAKER: I am trying to make the point that we believe that there are savings. We also believe that there are savings in making the organisations more accountable and responsible. Many of the savings referred to in this document can be achieved within the two separate organisations. So what we are saying is that we need proof that the changes that are mooted are not predicated on natural efficiencies being achieved but more because we are bringing the two organisations together and considerable savings will be made as a result. I am particularly interested in the executive group, as the Minister would understand, which was supposed to go from 13 down to eight: I want to know not the names but the functions they currently perform and the functions the eight that are left will perform in the new organisation.

If we look at that list, we will find natural efficiencies. If the Minister believes they are achievable under the amalgamation, there are natural efficiencies that could be achieved in any event. If the Minister believes that these people are capable of carrying that sort of workload, there are natural efficiencies that would be there, irrespective of the organisational changes and the merger. It is just a simple proposition.

I believe we are being led down the garden path. Many of the so-called savings which are disputed by a number of other people can be achieved with the right sort of management and the right sort of direction and do not rely on an amalgamated organisation. So, I will leave that point. The Minister will come back to me with information about how the membership comes down from 28 or the 13 comes down to eight, and what functions will be done away with or what functions are not seen to be appropriate for that group, and I will let one of my other colleagues talk about strategic planning.

The Hon. J.H.C. KLUNDER: I appreciate the point that the honourable member has made. Given the fact that ETSA, for instance, has already moved from 5 900 people to 4 200 people and that the E&WS has already moved some 26 per cent of its staff—and I have forgotten the exact figures—so that it is down to almost 3 000 at this stage, the kinds of efficiencies that the honourable member talks about which could be made in parallel are reaching the point of diminishing returns. I am not arguing that some savings will still not be possible within each organisation or that it is not possible to reach some accommodation between the two organisations that would achieve some savings because of the cooperation between them, but I devoted a considerable portion of my second reading reply to indicating why there would be immense difficulties in working two parallel organisations that were cooperating when one of them is a statutory authority and the other is a Government department.

I have indicated that the savings that have already occurred are such that I think it highly unlikely that an executive management and support group that had 28 people in it could now do with 18 people because, unless the effects of the merger are included, it is highly unlikely that, for instance, the E&WS group would be able to go down to say seven and the ETSA group to 11 in order to make 18. To go from 12 to seven and still have to run the organisation, after you had already lost an enormous number of people in the current right sizing, and if you expect to go down after the current right sizing (as I said from 5 900 to 4 200) and think that you can do it in the executive management and the support groups with 11 instead of 16, then you are asking far more of the organisation than you are entitled to ask. However, having said that, I take the point that the honourable member has raised, and I will see whether we can provide him with the information that he thinks may be crucial in deciding the attitude of the Liberal Party to this legislation.

Mr D.S. BAKER: I want to take on the executive management group from a slightly different angle. The Ernst & Young document states that, assuming there are up to eight divisions in the new organisation, the executive team would total nine. I think the Minister would have to agree, as ETSA has been under his management, that it has probably gone through the rationalisation process a little further than the E&WS and that it has downsized, as the Minister just admitted, to a level where there cannot be much more downsizing, whereas there may be more potential for that in the E&WS. The Ernst & Young document states that the executive management group would total nine people. At present ETSA has a corporate management team of six plus a General Manager, making a total of seven. So, in the light of the Ernst & Young document, the Minister is really asking us to believe that, in consideration of the merging of the two organisations, it would take only two people at present to run ETSA. I do not think that is unbelievable, unreasonable or unrealistic. If we accept that ETSA is three parts of the way towards rationalisation and that it now has an executive team of seven, if you put them together you could wipe out everyone in the E&WS and there would only be nine: I do not think that anyone can believe that.

The Hon. J.H.C. KLUNDER: I do not understand the honourable member's logic. By saying that there would be a need for nine people in the combined organisation, we are not saying that one executive team would go forward *in toto* leaving the remainder for the other organisation. That argument makes very little sense indeed. As I recall it, it was decided that there would be about eight divisions within the merged organisation. A General Manager would be needed and someone in charge of each of the divisions, giving a total of nine. It is not intended to maintain an ETSA organisation with seven of those people and an E&WS with two, or the other way around. That would not make sense.

Mr D.S. BAKER: What the Minister is therefore saying is that, given the present executive management group of ETSA, which numbers seven, in the merged organisation there would have to be a cut of about 40 to 50 per cent when it is acknowledged that ETSA is already three-quarters of the way through its rationalisation process and when the Minister has already said that he does not know whether it can go much further. In respect of this one test case that we are looking at to see whether he passes the test, the Minister says that he will lop a further 40 per cent off the ETSA executive management group in the merged organisation.

The Hon. J.H.C. KLUNDER: I think the member for Victoria has a difficulty in that he somehow assumes that under the umbrella of Southern Power and Water there will still be two organisations called the E&WS and ETSA, but

that is not the case. As indicated on page 5 of the document Strategic Savings Potential, there will still be generation and transmission and headworks and treatment, but the rest of the organisation will be merged. So, we will have a merged organisation with merged retail, merged distribution, merged operations support and merged corporate support, and there are two separate items.

That organisation will require only nine in the executive team. If the honourable member is saying that, whenever one merges two organisations, one cannot do with fewer than the total numbers from each of the organisations being merged, there would be no point in merging.

Mr D.S. BAKER: Will the Minister confirm that the ETSA corporate management team at present is six, plus a General Manager, which makes seven?

The Hon. J.H.C. KLUNDER: Yes. The existing management team in ETSA is seven and the existing management team in E&WS is six, but, of course, we need to count Mr Phipps in both of those. I have counted him in both, so he is double counted.

The Hon. D.C. WOTTON: I want to take a different tack. Both ETSA and E&WS claim that their field operating staff have been reduced to the bare minimum. I am being informed of that on a regular basis. It has been put to me that any further reductions will be hazardous to equipment and to the safety and health of employees. For example, the unions, particularly the PSA, have been very scathing about the down-sizing of the E&WS. They argue that essential services will not and cannot be provided in these circumstances. Bearing in mind the emphasis that is placed by the Minister and the Government on the provision of appropriate services and functions of the corporation that are set out in this clause, will the Minister give an assurance that those services will be adequately resourced now and in the future?

The Hon. J.H.C. KLUNDER: I am pleased that the member for Heysen believes that the E&WS is now an efficient organisation and that it should not be cut any further. However, he is at variance with his colleagues the Deputy Leader and the member for Custance, both of whom, in their second reading speeches, indicated that further efficiencies were possible in the organisations, even keeping them separate. I am saying that there is an overlap of a number of functions which can best be addressed by merging the two organisations so that we do not run the risk, as the member for Heysen indicates, of cutting numbers back to the point where dangers are involved. By merging overlapping functions we can produce savings. We have concentrated very much on middle management in the merger rather than on the so-called front line people, because that is where we believe the overlap is occurring and that is where a lot of the savings can take place.

The Hon. D.C. WOTTON: In the debate that has taken place this evening and previously, the Minister has not convinced me that the merger will improve or provide the services. That is what I am concerned about, as are others. I cannot speak for ETSA employees, but I certainly can speak for qualified people who in many cases have worked for E&WS for a very long time.

These people are concerned about the capability of this new corporation to provide essential services. I do not believe that the proposed merger will assist that situation very much indeed. It really relies on the appropriate resources being made available by Government to enable those services to be provided to the community.

The Hon. J.H.C. KLUNDER: The honourable member indicates that I have not convinced him. I must state that Opposition members have not yet convinced me that they are willing to be convinced.

It is a situation where we go down the path of continuing to increase efficiencies within each of the organisations. My view, as I have stated, is that that is a rapidly diminishing law of returns and that you will not get many more efficiencies. To that extent I agree with the member for Heysen in that we have reached a reasonable level and future savings in that area would be fairly minimal.

I think that the Opposition's view that you can continue to save on each of these organisations by further markedly reducing personnel is wrong. My view is that it is possible to combine the two organisations and reduce overlap. By eliminating the things that both organisations do concurrently at the moment and by having only one person doing those things that two people are doing at the moment you can in fact achieve savings. In order to do that you need to bring this before the Parliament, because you cannot do it in any other way for reasons that I have explained.

The Hon. D.C. WOTTON: Clause 13(1)(b)(ii) provides:

> to investigate and research the quality and quantity of the State's water resources.

Monitoring and research are two very important commodities. There is a need for improved monitoring of and research into factors relating to water resource management in this State to facilitate future timely reactions to emerging issues, etc.

Again, I bring representation to the Minister from employees in the E&WS Department. While it is recognised that the major priority is the provision of services (and that is clearly spelt out in this particular clause), with an efficient use of resources at a sustainable level, etc, these employees are concerned about the actual monitoring and research side of the department's activities, and that they will not be given the appropriate priorities which they deserve.

During the second reading I read into *Hansard* the significant concerns that have been expressed by the Hydrological Society in South Australia regarding these matters in particular. Once again I ask: can the Minister give an assurance that these important responsibilities of the department will continue to be adequately performed?

The Hon. J.H.C. KLUNDER: I certainly can give an assurance that I will not allow the work in these areas to be funded at lesser levels or decreased in any way. I am in fact exceedingly proud of the work that has been done, for instance, in the State Water Laboratories at Bolivar. I was there recently and one laboratory was performing 450 000 tests per year on the quality of water from various parts of the State. That is a tremendous effort, which is very underrated. It is not known by people anywhere near as much as it ought to, and the laboratory is not getting anywhere near the praise which it deserves. So I am in no way interested in diminishing the effort there. In this State in particular we need to ensure the quality and quantity of the State's water resources and that the research and investigation thereof continues at a very high level.

Mr S.J. BAKER: I will put the Minister to another test and deal with internal audit. In the Ernst and Young document, 4.5 states: combined 14, merge requirement 9, savings 5. I happened to look at the breakdown and currently we have nine in E&WS and five in ETSA. Is the Minister telling us that E&WS needs many fewer people right now? If that is what he is saying we are obviously overstating the savings.

One of the greatest criticisms being made—and it is in every report that the audit commissions have been putting out in New South Wales, Western Australia and Victoria—is that there is not enough internal audit, or the internal audit function does not exist; it is inadequate, and the organisations are not accountable to themselves. The Minister can read the documents if he wishes. He is saying here that there are only nine positions left for the combined organisation, yet E&WS itself needs nine currently. Is the Minister saying that there is a huge amount of flesh and fat in that organisation right now and it should be trimmed to four? That is the implication.

If he is saying ETSA has four too many people, let him decide the four to go but, for goodness sake, do not tell this Committee that suddenly, because of the amalgamation, we are going to need the same numbers that are in E&WS. The figures simply do not compute, neither do any of these other figures, because we get down to practicalities—and the practicalities that the member for Heysen was talking about. Whereas it may once have taken 24 hours to get a street light fixed, I have received a telephone call from one of my constituents to say that it takes two weeks: 'I've called ETSA twice and they said, "We're sorry, we don't have any resources".' Two weeks! An electricity supply for a new house—something that could have been done within seven days of calling up—is stretching to two or three weeks, and subdivisions are even harder.

For people whose properties have broken or blocked sewers, the response times are lengthening. Obviously, in any change there is this period where it takes a little longer, but since we have not affected the people on the ground at this stage and we have already talked about the efficiencies that have occurred to get the people on the ground down to a reasonable minimum—and they themselves are not involved in the merger—I cannot understand how there has been this huge break-out of time extensions that come through various pieces of information we are now getting in a number of areas. How is the quality of service to be maintained and how are the organisations to fit within the new profile without any further service deterioration? The whole thing does not fit together very well at all. I mentioned that we are getting a number of practical examples where things are not occurring in the way people expect. I guess there must always be some compromise in some of these areas, although we would never want to compromise in critical areas involving life or threat to life.

All the audit commissions have said, 'You need to put in more resources rather than less.' We are saying that the two organisations have 14 staff, and they can be reduced to nine, which is the same number as E&WS has currently. It does not pass the test. It cannot pass the test unless the Minister has a magic answer, which I fail to comprehend at this stage.

The Hon. J.H.C. KLUNDER: I will try to put it in such a way that the honourable member cannot fail to understand it. There is no internal audit function in the E&WS at the moment.

Mr D.S. Baker interjecting:

The Hon. J.H.C. KLUNDER: There is no such function. There are a number of people—five—who do some sort of compliance work within the corporate finance group. So, clearly we were in the situation where, when I found that out sometime ago, I was quite unhappy about it and looked for a way of fixing it. Therefore, I fully expected—and this is my personal view—that the numbers for internal audit for the combined organisation would actually go up, because there were no such people in E&WS. When I saw these figures originally from the department which indicated that there would be savings in the internal audit function I was surprised and I asked that that be looked at again. It was and I was told, 'No, the merged organisation, being an entity in itself, would not require a large increase or whatever.'

I therefore looked with some degree of interest at the internal audit figures when Ernst and Young came to those, because with my lack of specialised knowledge in that area I assumed there would be more people and I was surprised, again, to find that Ernst and Young also felt that there was a savings possibility in this area. I am not an expert in these areas. All I can do is say that I expressed my surprise at the time and things were double checked. Ernst and Young came out in the same direction and, when experts tell me these things, I am in a situation where I must take their advice.

Mr S.J. BAKER: I have a document which the Minister supplied and which I received as a result of our discussions with Mr Phipps. I asked for a breakdown of the departments because I wanted to know which resources were where. This document states that in the internal audit area the current E&WS staff number is nine, the current ETSA number is five and the total, 14. The full-time equivalents requirement is nine, the full-time saving is five, and the full-time equivalent saving is $285 000.

One can imagine that we have some difficulty in this respect. The Minister is saying, 'We haven't got any in this organisation.' Ernst and Young says that there are nine in the organisation and that we are going to need only nine for the two organisations. All the available evidence says that the internal audit functions of Government are absolutely awful; they really are awful.

I can guarantee that the internal audit under a Liberal Government will certainly be beefed up compared to where we are at the moment, because that is the recommendation from all the people who are reviewing the operations of Government. Yet, here we have some obviously wrong figures that are evidently going in the wrong direction. As I said, I am not putting the Minister to too many tests; I am starting at the beginning and trying to get some concrete evidence that the things hang together. As yet I have not had one example of where I can feel comfortable that this proposal is feasible.

The Hon. J.H.C. KLUNDER: The honourable member may well have more skills in this particular area than I have. All I can point out to him is that when I got these results I felt surprised, and I did double check and that information was put to me. If it turns out that when the combined organisation is formed and the internal audit people come to me and say, 'We are being grossly overworked; we need more staff,' then I can tell him that they will find fertile ground with me, because I am surprised that one should be able to run the combined organisation with the same number of internal audit people as required by one organisation. It makes no sense to me, either. So, if they come to me after the merger and say to me, 'This is one area where we need five extra people or two extra people,' or whatever, provided that they can at that stage put forward a reasonable case, I would be willing to listen, because as I said that is one area that surprised me.

Mr D.S. BAKER: This is a pretty important point if the Ernst and Young document is so flawed in this area. The person who has done the independent review for me said that ETSA had seven staff in the internal audit area in mid-1992, which is 12 months ago. It may have dropped off two staff in the meantime, but I would doubt it because the separation

packages were completed before that time. Again, this consultant says, 'In the merging of these two organisations you would need at least 15,' which fits in with what the Minister is saying. However, it is stated that after perhaps 10 years, when the two organisations are well established together, the staffing requirement may revert to 10.

So, if Ernst and Young are making the very fundamental mistakes in this part of the document how can we ever believe in the $56 million that they say. As we go through that line by line we will show that the Ernst and Young document is completely flawed and you will note the disclaimer at the end and it is flawed because the figures given to them have no practical or factual base. Here they make a fundamental mistake which throws the whole document into disarray.

The Hon. J.H.C. KLUNDER: I have in no way said, and I do not intend to say, that the Ernst and Young document is flawed or that the analysis by the two departments is flawed in this matter. It surprised me when they came to me with it and, on the basis of my surprise, if an internal auditor comes to me after the event and says 'We are having difficulty coping' then I will be perfectly happy to beef up that section because having been through public accounts in my time I am a firm believer in internal audit and not just compliance of it; in fact an auditor function as well and so forth. It seems to me that in the annexure to one in the document that was sent to the Deputy Leader today that on annexure two there is a transposition of two figures that occurred and I would like to correct that.

Mr D.S. Baker interjecting:

The Hon. J.H.C. KLUNDER: That is right. Those two numbers have been transposed. The E&WS number is five and the ETSA number is nine. Strictly speaking they are not internal audits and I apologise for that transposition.

Mr S.J. BAKER: We have failed two tests so we will try a third test—occupational health and safety. In occupational health and safety there are small numbers so we can deal with it. I know a little bit about this area because I spent a long time studying it. We know that the occupational health and safety in both organisations is not satisfactory. We have not achieved the so-called world best practice and on independent observations the public sector has not met the requirements in the private sector. For goodness sake, we still have asbestos in the buildings which the law requires private employers to remove, yet it has not been removed in the public sector.

The classic example is what has happened with the ETSA building. Let us try the test again. They are figures that we can all understand so I am not trying to be fancy and trying to deal with a conglomerate mass which is too hard to define. In the figures we have here we have three E&WS employees involved with occupational health and safety, and the member for Henley Beach will be outraged that that is three people out of a 3 000-plus organisation. In the ETSA organisation we have four designated officers dealing with occupational health and safety. The member for Albert Park would be totally disenchanted if he knew that there were only three people responsible for occupational health and safety in E&WS and four people in ETSA. If according to the proposal you have far too many, we are saying that the four in ETSA can do the whole organisation.

So, obviously the four in ETSA have got it easy at the moment, they are doing nothing. This document says that in many cases we are dealing with difficult work sites. We know that the number of accidents in the outdoors, whether it be in the building and construction industry or the forestry industry, are much higher than they are in the office. So, we have two construction organisations that are high risk organisations in terms of the people who work out in the field. It is just natural. It is the same all over the world, except our rates are much higher than those of anyone else. Some decent changes are taking place to bring them back, but we are still well above what we would class as world's best practice.

This suggestion says that those four occupational health and safety people in ETSA are more than enough for both organisations, when the evidence suggests—and I have had a look at the E&WS workers compensation results, but I have not had a look at the ETSA results—that the E&WS figures do not present a particularly glamorous result. Certainly there have been some improvements, but I spent some time on these figures during the budget estimates and going back in time, and I can say that the safety record of the E&WS was certainly unimpressive. I was not able to judge ETSA in the same way, because we did not have the same set of results presented as we did for the Government departments. I am interested, when we are talking about more effort rather than less, in an area which is vital to all members of the House, particularly certain members who have made statements in this House—and I mention the members for Henley Beach and Albert Park who are saying 'Well, look, they are obviously sitting on their bums doing nothing. We need less people.' I want this explained.

The Hon. J.H.C. KLUNDER: It is always interesting to note that people who are not teachers always want to talk about passing and failing tests. The honourable member is trying to create a nice little headline for himself tomorrow, and I accept that he will try to do that. The rating of the E&WS with WorkCover is a '2' which is a very high rating for Public Service, particularly for a Public Service agency that has, as the honourable member has indicated, a number of people who work in relatively hazardous occupations outdoors with machinery and so on. So, he certainly cannot argue that the E&WS is not right up there with other public sector agencies in terms of its safety record and its rating with WorkCover. Similarly I cannot, like the honourable member, remember exactly the indicators for ETSA, but I do look at them from time to time to make sure that its safety record is in fact on the improve rather than the other way around, and that is also so. When you combine two organisations you will get the economies of scale, and in any case the group that is going to be here will be a small corporate group to develop policy and to ensure compliance with statute, but the daily operational occupational health and safety matters are, rightly, matters for the shop floor, and people at the shop floor are comprehensively trained.

Indeed, I went to a barbecue at one of the E&WS depots not so long ago to celebrate the exceedingly good occupational health and safety record that those people had achieved. I wandered around to those people and talked to virtually every one of them, and asked, 'When was the last time you had an accident?' The replies were staggering. There were people who could not remember the last time they had an accident. There were people who said, 'I think it must have been five or six years ago. I had a cut finger or something of that nature.' It was quite staggering, and they themselves told me that since the occupational health and safety training had really hit home, and since they had had the equipment, particularly for lifting gear, the back injuries had just disappeared, because they now had all the equipment that was

necessary to do the job properly. So, we have a situation where we now have instituted in both those organisations the kinds of things that were not there five years ago; the way of making sure that people do not get injured on the job unless they make a mistake.

Unfortunately, previously there were situations where people were injured on the job merely by doing their job. There is now the insistence on proper footwear and other clothing and the insistence that you may not lift, that there are machines that do the lifting for you, and various other things for which people are trained on the shop floor. That training is bearing fruit and that is why the indices in both these organisations are going in the right direction, and that presumably is also part of the reason why you no longer do not need large numbers of people to chase the occupational health and safety issue: you merely have them there to develop policy, ensure compliance with statute, and ensure that the training for occupational health and safety takes place on the shop floor where it belongs.

Mr S.J. BAKER: What the Minister has said is that they are all sitting on their bums. The problems are all solved; the equipment is in place; and they really do not have enough work to do. If you have two organisations together, I do not know that the complexity of the task actually diminishes to the extent that the Minister would suggest. What he is saying is at least one employee is excess to requirements in E&WS, and two are excess to requirements in ETSA. That is up to management to make that decision. I am not sure that his colleagues on his side would agree with his summation. He is clearly saying that things are heading in the right direction. We have training on the shop floor, which we should have, obviously; we do not need so many people to supervise the process; therefore, we need fewer people.

If that is what the Minister thinks and that is reflected in the figures, that saving would have been achieved. I do not believe it is right, but using the rhetoric, there are no economies of scale in here, quite frankly. Designated people are responsible for designated tasks. Either they are under worked dramatically at the moment, which means they should not be there if we are talking about efficiencies, or the Minister has it wrong. So, the Minister has failed the third test.

I refer now to risk and insurance. I do not know why the Minister should laugh. He has not passed one test yet. We have not had one concrete piece of evidence that any of this hangs together. There are 14 people in risk and insurance. There are none in the E&WS, which I find quite surprising. We have no-one looking at the potential problems that can arise on a number of fronts, whether they be minor disasters such as the impact of pit cave-ins, or on the wider front of water pipes bursting and flooding people's houses. Perhaps that is the reason why that poor couple, the De Corso's, who were flooded out—

Mr D.S. Baker: There is no risk insurance.

Mr S.J. BAKER: There is no risk insurance. We have some information on this area, but I will ask the Minister to respond, and perhaps one or two of my colleagues can take up the issues of insurance assessment and how you cope with and overcome risk. It is stated that ETSA has 14 and the E&WS has zero. In the required number, ETSA obviously has too many, because that is reduced to 12, so there are two full-time savings, and the E&WS presumably still has zero. Something is not quite computing. As the Minister can see, this is his fourth test, and it is not looking very positive.

Can the Minister tell me how we can manage this? One would assume immediately that the two are dispensable under the Minister's criteria of natural efficiencies but, if it is to be spread over the two organisations, I have some difficulty grasping how it is all managed with two fewer employees.

The Hon. J.H.C. KLUNDER: I have to say that the Deputy Leader has not passed too many tests either. The first and only major test that exists here is that he has failed to understand that, when you have two separate organisations both discharging in effect the same function, and when you bring those two organisations together, you do not need twice the number of people to discharge the one function.

That is one area where he keeps on going off the rails and keeps on trying to be clever with this business about whether or not it passes or fails the test. The other test that the honourable member has clearly failed relates to the message that he is trying to put out that he is somehow persuadable. I do not believe it for a moment. When the honourable member is as carping and criticising as this, and when he drags in people like the unfortunate De Corso family, who are sitting there waiting until the foundations and the soil underneath their house dry out so they can discover just what damage has been done to their house so they can make a proper claim—

Mr D.S. Baker: It's obvious.

The Hon. J.H.C. KLUNDER: The member for Victoria thinks it is pretty obvious. Here is somebody who is a bit of a businessman and who grows flowers in the South-East, who also knows all about damage to foundations and knows before the foundations and the water damage dries out and cracks the foundations or whatever what the damage to the foundations will be. That is rather surprising, and the honourable member ought to offer his services to the De Corso family because they would be delighted to know. The true experts in this field are telling the De Corso family that they cannot form a true appreciation of the total damage to their house until the drying out has occurred. We will leave that aside. When people feel the need to drag in extraneous matters like that, it means they are getting pretty desperate.

The situation is quite simply that I am not an expert on risk and insurance. The fact that there are no people in the E&WS for this matter is probably a reflection of the fact that the Government self-insures, whereas ETSA needs to have people assess risks, argue with insurance companies, and so on. It may well be that it is necessary to have only 12 in the combined organisation because of whatever reasons. To be quite frank, I have not spent the past week with the Ernst and Young people or with departmental officers going over every little detail. My time as a Minister is just a little more valuable than that. If members opposite really believe that it will make a difference to them—and I do not believe for a moment that it will—then fine, we will try to give them that information.

It is silly nit-picking and nonsense to say, 'See, the Government does not know what it is doing because it does not know why we are going down from 14 to 12 or 14 to 11'. The honourable member argues that in some cases we are going down too far and in other cases we are not going down far enough. I return to the point that the people who have made these decisions are the people who will have to deliver on them, so they have an awful lot more riding on these decisions than members opposite in their carping and piddling criticism.

Mr D.S. BAKER: I would just like to go back to occupational health and safety while the Minister regains his

composure. I will ask him a question in this field, if that is all right. The Strategic Savings Potential document, which the Minister cobbled together and rushed out to us, states:

> Much of the work done by occupational health and safety groups is to satisfy statutory requirements—

and I think the Minister mentioned that fact—

> As such, there is little scope for savings. Conservatively, approximate savings of $.8 million can be envisaged.

However, the Ernst and Young document states that considerable savings are to be made because all they have to do is comply with the Act. Ernst and Young say that even with these considerable savings there will be only $200 000 per annum against $.8 million. If the Minister has regained his composure, I ask him to explain the difference.

The Hon. J.H.C. KLUNDER: The difference is relatively simple, and I thank the honourable member for being so solicitous of my welfare. When we have someone do an independent assessment we cannot expect them to come out with the same figures. Indeed, I can imagine the glee with which members opposite would be saying, 'Ha, this is nothing more than a straight out copy of what the Government has put before, and obviously it is wrong.' I can give the honourable member indications where the difference is considerably more. In the information technology situation, for instance, the costs went up from $4.5 million estimated by the Merger Implementation Committee to $6.1 million by Ernst & Young, a difference of $1.6 million.

The situation is that one cannot expect everyone who looks at it to get exactly the same answers. The important thing is that answers fall within the same ball park, and this is where we have the information from the two merging organisations and the consultants being close on most occasions and certainly being in the same ball park. However, we get the Opposition's figures out by a factor of 10 or more and, for those who understand percentages, it is 1 000 per cent or more out. Should we believe the Opposition's figures? I could have a wonderful time asking the Opposition to justify those figures, but I will not bother to do that. Or should we accept the figures prepared by people who are experts because they are there, who are in charge and who have to deliver the savings that they say can be made—and independent consultants have come in at the same ball park? The figures of the Opposition differ by a factor of 1 000 per cent; I know which of those groups I would believe.

Mr S.J. BAKER: The Minister's brain is getting a bit addled at this time of night. I am not sure we put up estimates; all we did was question figures and put simple tests which the Minister failed miserably. As ETSA is a self-insurer and puts away reserves, can the Minister explain what will happen under the new organisation?

The Hon. J.H.C. KLUNDER: The cost of insurance premiums for Southern Power and Water will depend on a number of factors, including the level of risk attention, the scope of cover sought and the method of placement of the insurance. Under the present arrangement cost of insurance is the total of the insurance premiums for the separate programs for ETSA and the E&WS. For 1993-94 year for the first time E&WS will be expected to pay an insurance premium to Treasury for property and liability insurance. Treasury has indicated that the E&WS premium will be in the range of $2 million to $3 million.

Mr S.J. BAKER: I thank the Minister for the information. How are insurance claims going to be met? I have been provided with various pieces of information about self insurance and the risks. Will ETSA itself, or whatever part of that combined organisation can be identified as production and generation of electricity plus all the other necessities, put money aside not in Treasury but in a trust fund to meet any contingencies and ensure that the $120 million now in the accumulated risk surplus insurance fund will be preserved?

The Hon. J.H.C. KLUNDER: The situation as I understand it is this: with ETSA currently paying of the order of $8 million or thereabouts—

Mr S.J. Baker: $10 million.

The Hon. J.H.C. KLUNDER: $8 million. Let me keep my figures: you can have yours. It is somewhere around $8 million; it might be less. If the proposal were that the E&WS would pay the equivalent to Treasury of, say, $2 million or $3 million, then the total figure would be about $11 million. I have just had the figure put in front of me. The 1992-93 actual premium for ETSA was $7.826 million. Instead of the current proposal for E&WS as a separate organisation to pay that $2 million or $3 million to Treasury, if we went external with Southern Power and Water—and that seems the likely outcome—the argument that I have had put to me is that the combined organisation, because of the diversity of risk and various other things of that nature, would probably expect to have a premium in the order of $8 million.

Mr D.S. BAKER: That is quite an amazing figure. You say that ETSA has $7.8 million at present. The E&WS does not insure externally at present, so it will have to. The new combined Southern Power and Water, a new entity, will go out into the marketplace to obtain insurance, and it will obtain insurance at virtually the same premium, including some very grave risks which the E&WS has (and I will not intimate them in this place tonight, but I will mention them during the course of this debate). If those risks were made public, no insurance company would take them on at all—let alone at the same price—but that is a matter for another day.

Also, it is quite clear that, after the Ash Wednesday disaster, the Federal Government in 1985 directed that electricity authorities be excluded from the agreement to pick up the disasters after a certain amount. So, any insurance company that looks at that will charge a higher premium. I just cannot believe that the Minister has had time (and it may be better if we wait until tomorrow when he has had time to work through the figures) to get the right figures, because it is just not feasible and practical, and it is totally impossible for this to occur.

The Hon. J.H.C. KLUNDER: I am happy to reply to this question tomorrow, so I will not make a definitive statement here. Clearly, it will depend on the quality of the risk that is covered internally and how much is involved, whether it is the first $50 million with ETSA, whether it is a larger sum or whatever that is covered internally and the way in which the risk is constructed. Certainly, the information I have—and I understand that it has been arrived at by a reputable source—is of the order of $8 million. Now that could be $9 million, I do not know; but it is less than one would expect. It may well be that several things will have to be excluded from the risk. Those things are all possible. I will see whether I can get a more precise answer tomorrow.

Progress reported; Committee to sit again.

ADJOURNMENT

At 12 midnight the House adjourned until Wednesday 25 August at 2 p.m.