HOUSE OF ASSEMBLY

Wednesday 3 May 2000

The SPEAKER (Hon. J.K.G. Oswald) took the chair at 2 p.m. and read prayers.

ASSENT TO BILLS

The Governor, by message, indicated his assent to the following bills:

Development (Significant Trees) Amendment,

District Court (Administrative and Disciplinary Division) Amendment,

Goods Securities (Miscellaneous) Amendment,

Government Business Enterprises (Competition) (Miscellaneous) Amendment,

Prices (Miscellaneous) Amendment,

Road Traffic (Miscellaneous No. 2) Amendment,

Statutes Repeal (Minister for Primary Industries and Resources Portfolio),

Tobacco Products Regulation (Evidence of Age) Amendment,

Wrongs (Damage by Aircraft) Amendment.

ABORTION

A petition signed by 88 residents of South Australia, requesting that the House urge the Government to rescind the present abortion law, was presented by Mr Meier.

Petition received.

TEA TREE GULLY POLICE

A petition signed by 987 residents of South Australia, requesting that the House urge the Government to establish a Police Patrol Base to service the Tea Tree Gully area, was presented by Ms Rankine.

Petition received.

PROSTITUTION

Petitions signed by 410 residents of South Australia, requesting that the House strengthen the law in relation to prostitution and ban prostitution related advertising, were presented by and Mr Atkinson, the Hon. M.K. Brindal, and Messrs Hill, Meier and Wright.

Petitions received.

LIBRARY FUNDING

Petitions signed by 5 252 residents of South Australia, requesting that the House ensure Government funding of public libraries is maintained, were presented by the Hons Dean Brown and M.K. Brindal and Messrs Hill and Meier.

Petitions received.

QUESTIONS

The SPEAKER: I direct that the following answers to questions without notice be distributed and printed in *Hansard*.

ELECTRICITY, PRIVATISATION

In reply to **Mr CONLON (Elder)** 16 November 1999.

The Hon. J.W. OLSEN: The Treasurer has provided the following information:

The legal advice that was in issue was verbal advice provided to the Treasurer's representative overseeing the probity auditing arrangements in the course of discussing with the Crown Solicitor's Office the Auditor-General's allegations that the probity auditor's role was unduly restricted.

The Auditor-General's Director of Audits, Mr Alan Norris, was provided with the details of the advice and the names of the legal officers involved some days prior to the Treasurer's formal letter of response on 27 October 1999 so that the Auditor-General had access to the advice and these officers well before the stated final date of preparation of his report on 26 October.

This situation is quite clearly corroborated by the Treasurer's letter of 27 October 1999 to the Auditor-General and I quote from that letter as follows:

> You had previously raised concerns directly with me regarding what you perceived as restrictions on the scope of the probity auditor's role and resources applied to the role. I promptly referred these concerns for further consideration to Dr Bernie Lindner as my representative for the purposes of administering the probity audit arrangements and the comments I made derived from his report of discussions he has with legal officers in the Attorney-General's department. Mr Norris has requested and been given details of the officers involved.'

In reply to **Mr FOLEY (Hart)** 28 October 1999.

The Hon. J.W. OLSEN: The Treasurer has provided the following information:

The Government did properly check the background of the probity auditor before engagement and no conflicts of interest were revealed or evident. Indeed the contract of engagement contains a warranty by the probity auditor that no known conflicts of interest exist and there is no evidence whatsoever that any conflict ever did exist.

The probity auditor revealed that he had surveyed his corporate clients to ascertain whether there was any possibility of them becoming involved as a bidder in the electricity assets disposal process and this had resulted in confirmation that none had any interest prior to the engagement of the probity auditor.

The probity auditor's contract also contained a term that the probity auditor had to notify any potential conflict of interest and this they did when a long standing client subsequently indicated a possible interest in becoming a bidder.

EMPLOYMENT

The Hon. J.W. OLSEN (Premier): I seek leave to make a ministerial statement.

Leave granted.

The Hon. J.W. OLSEN: It has recently been reported that South Australia is embarking on the nation's first interstate migration program. It is no secret that this government is committed to increasing the number of skilled workers choosing to make our state their home. Bring Them Back Home is specifically aimed at attracting university graduates who have left the state of South Australia, and we want them to come back. It is also aimed at attracting from the eastern seaboard, particularly Sydney, skilled workers, professionals and tradespeople who have the skills that South Australian business and industry requires.

This is not about taking the jobs of other South Australians. The reality is that we do have a skill shortage in both the professions and the trades. For example, it has been well documented that we have a shortage of IT specialists and, while steps are being taken in our universities to increase the number of home-grown talent, the reality is that demand is almost certain always to outstrip supply. Child-care workers, accountants, nurses, pharmacists, physiotherapists and secondary schoolteachers, particularly with maths, physics and chemistry, are also in strong demand.

We have vacancies for fitters and tool makers, motor mechanics and panel beaters, electricians, carpenters, brick layers, chefs and hairdressers. For our businesses and industries to reach their potential, we need to address these shortages and others as they emerge. At the end of the day, we have no choice. When business grows and when industry grows, opportunities grow for South Australians. To that end, the Department of Geography and Environmental Studies at Adelaide University—recognised, I might add, internationally for its work—has been commissioned to develop a strategy within the next three months—a plan which identifies where our graduates are, what states need to be targeted and what steps we need to take to attract back home not only our graduates but also skilled workers.

The department, headed by the Professor Graham Hugo, is recognised as the pre-eminent demographic research centre in Australia. Until now, South Australia has concentrated its efforts on attracting skilled overseas migrants, with interstate migration a largely untapped resource. Other state governments do not have policies aimed at increasing interstate migration. We want South Australia to be the first in this initiative.

The positive change in the state's economic fortune over the past three to four years and the outlook for the next two to three years provides us with an ideal opportunity to develop a strong marketing strategy to substantially lift our interstate migration levels. The government is keen to capitalise on this opportunity. Recent international trends show that there has been substantial movement of people and business away from large cities towards mid-sized cities such as Adelaide, so the time is right. For the first time, we will be looking to target areas such as Sydney, where people are fed up with high real estate prices and congested city living, and they might well consider migrating back home to South Australia.

I well understand the concerns of parents, who have seen their sons and daughters leave the state for career opportunities on the eastern seaboard of Australia. We already know that they are the very people who are most likely to migrate back to this state. They are already aware of the advantages of living here—cheaper home and land prices, and our lifestyle. To that end, the government has established a 1800 number and web site for parents and others seeking information. We want parents who think their sons and daughters are interested in returning to tell us where they are so that we can contact them.

South Australia is serious about increasing interstate migration, attracting back young educated professionals and tradespeople, the sorts of people who are most likely to start new enterprises or boost existing companies and who can only help our state. What we are doing now is looking at just what initiatives we need to consider to make them seriously think about calling South Australia home again.

LEGISLATIVE REVIEW COMMITTEE

Mr CONDOUS (Colton): I bring up the 16th report of the committee and move:

That the report be received and read.

Motion carried.

Mr CONDOUS: I bring up the 17th report of the committee and move:

That the report be received.

Motion carried.

PUBLIC WORKS COMMITTEE

Mr LEWIS (Hammond): I bring up the 126th report of the committee, on the Portrush Road upgrade, Magill Road to Greenhill Road section final report, and move:

That the report be received.

The Hon. R.G. KERIN (Deputy Premier): I move:

That the report be published.

Motion carried.

DISTINGUISHED VISITORS

The SPEAKER: Before calling on questions, I would like to recognise in the gallery a visiting delegation from the Queensland parliament made up of members of the Ethics and Parliamentary Privileges Committee and welcome them to the chamber.

QUESTION TIME

HINDMARSH SOCCER STADIUM

Mr FOLEY (Hart): My question is directed to the Minister for Recreation, Sport and Racing.

The Hon. I.F. Evans interjecting:

Mr FOLEY: Well, if you want to plunder money for soccer—

The SPEAKER: Order!

Mr FOLEY: Will the minister explain why 80 per cent of the annual $500 000 State Sports Facility Fund, financed from poker machine revenue and designed for community based sporting grants, went towards underwriting the Hindmarsh Soccer Stadium in 1998-99; and, therefore, as a result, what other community sporting codes, clubs and associations missed out on getting any of this money? At a meeting today of the Economic and Finance Committee, we were advised—

The Hon. G.A. Ingerson interjecting:

Mr FOLEY: Actually, it was an open meeting, Graham. The State Sports Facility Fund of about $500 000 a year was set up under the Gaming Machines Act in 1996 to fund the development and upgrading of local community sporting facilities owned by those organisations which do not hold a gaming machine licence. During the 1998-99 financial year, more than $400 000 from the fund was dedicated to underwriting agreements with the South Australian Soccer Federation for the Hindmarsh Soccer Stadium. Only two other sporting facilities in South Australia were given small grants from this fund last year.

The Hon. I.F. EVANS (Minister for Recreation, Sport and Racing): I take this opportunity to point out that it was about $400 000 out of $560 000 for that one year, as the honourable member well knows, and the reason—

Mr Foley interjecting:

The Hon. I.F. EVANS: Yes, and the reason we did that was simply—

Mr Foley interjecting:

The SPEAKER: Order!

The Hon. I.F. EVANS: Whilst negotiating with the soccer—

Members interjecting:

The SPEAKER: Order!

The Hon. I.F. EVANS: —community about the arrangements for the Hindmarsh stadium, we undertook to take over the payment of those levies out of that fund. It is important to note that other state sporting facilities receive funding from other funds within the office. Basketball, for instance, receives $250 000 a year and has done so for a number of years. It is important that the House recognises that.

I also wish to take the opportunity to point out that what the member for Hart is doing is criticising the government for investing taxpayers' money in Hindmarsh in Adelaide, South Australia. When the member for Hart was an adviser to the former Labor government, he was involved in all sorts of things. I would like to take the opportunity to remind the member for Hart about the philosophy he was advising the previous Labor government when it took the opportunity to invest South Australian money. We all remember the $6 million in the South African goat farm. That was not invested at Hindmarsh in Adelaide; that was invested in South African goat farms.

Members interjecting:

The SPEAKER: Order! The House will come back to order. The minister has the call.

The Hon. I.F. EVANS: We also remember the $22 million that was lost on the Florida insurance against hurricanes. We remember—

Mr FOLEY: Mr Speaker, I rise on a point of order.

The SPEAKER: Order!

Mr FOLEY: I ask for a ruling on relevance. This question was about the plundering of pokie money for the Hindmarsh Soccer Stadium and not about the last Labor government.

Members interjecting:

The SPEAKER: Order! The member for Hart will resume his seat. There is no point of order.

Members interjecting:

The SPEAKER: Order!

The Hon. I.F. EVANS: I took the question to be about plundering taxpayers' money anywhere else but in little old Adelaide, which is what the member's philosophy did. What about the London property deal involving about $189 million, including exhibition centres at Wembley. Wembley is the home of soccer in England. It is all right to invest money in England, but not in Hindmarsh, South Australia. We have already said on a number of occasions that, as a government, our philosophy is to support South Australian sport. We have done it through a number of mechanisms, whether it be through the poker machines money or other taxation revenue.

The member for Hart as shadow Treasurer should be aware that we spend about $8 million on recreation and sport in other areas, whether it be through the active club grants, the recreation facilities fund, the management and development program or the old Living Health grants as members may know them. To pick out $400 000 in an $8 million or $8.5 million program is just ludicrous and shows the member for what he is.

Members interjecting:

The SPEAKER: Order!

Members interjecting:

The SPEAKER: Order! The member for Hart and the member for Bragg will come to order.

ECONOMY

Mr SCALZI (Hartley): Will the Premier outline his views on the state of the South Australian economy in the light of the comments made by the member for Florey in the House last night?

The Hon. J.W. OLSEN (Premier): I regret that the member is not in the chamber at this time. It was certainly an interesting time in the House last night because we had yet another extraordinary display of incompetence by the member for Florey and the member for Peake, both of whom wasted a considerable amount of time on yet another series of incorrect and misinformed accusations. The member for Florey claimed that during the past six years we have seen our state's economy dwindle and shrink. I do not know where the member for Florey has been, but, once again, we see that the opposition has got it wrong yet again in accusations, statements and speeches in this House.

Once again, for the benefit of the member for Florey, let me canvass and repeat some of those facts and details that I have given the House now on a number of occasions. The fact is—and I am glad that the member for Florey is joining us—that, following years of economic vandalism inflicted on this state by the opposition, the state's economy is now in a period of sustained growth. The state's unemployment rate in seasonally adjusted terms is now 7.9 per cent, and that represents a significant improvement on the dark days when the leader was Minister for Employment and when the figures stood at 12.3 per cent. That is, however, the tip of the iceberg: 21 consecutive months of employment growth in South Australia. The value of our exports increased by $124 million in February. The value of the South Australian exports are now at record levels and South Australia is outperforming other states in terms of export performance. Last year our export performance was sixfold over that of the national average. We had an increase in export effort six times the average of the rest of Australia.

We also experienced the strongest growth of all states in dwelling approvals through the year with growth in approvals of dwellings of nearly 67 per cent. That compares with 22 per cent nationally. Our GSP growth for last year was 3.4 per cent. Office vacancy rates are at their lowest level since 1991. House prices statewide are up 9 per cent in the metropolitan area and 8 per cent in country areas. Those facts are irrefutable. The South Australian economy is now in a period of economic recovery.

The government has worked tirelessly to repair the damage left behind by the former Labor administration. Our economy is now showing signs that the hard decisions made by the government were not made in vain. In the last hour or two of the sitting last night the member for Florey went on to say:

> We have been promised an economic renewal of the state. Instead we have seen our state's economy dwindle and shrink, especially in our regional communities.

The member for Florey has it 100 per cent wrong. Look at the ABS statistics. Look at the *Advertiser* Adelaide and Westpac statistics. I go on to say to the member for Florey that, if she is going to get it so wrong, she should have the good grace to say she is playing a political game.

Just yesterday the Deputy Premier explained how the citrus industry in our state was now worth $100 million annually to the Riverland and how the government had greatly supported very rapid growth in the industry in recent years. Export growth continues to fuel our economy, as I have stated. South Australia now is the highest producer of aquaculture in Australia, with 40 per cent growth in one year and now employing 2 200 people and still growing. Where is that growth? Where is the employment? It is in regional

areas of South Australia, which puts the lie to this broad, inaccurate and fundamentally wrong statement and speech the honourable member made to the House last night.

Olympic Dam had a $1.948 billion expansion last year—something that would never have happened under the Labor administration. Let us not forget that it was Normie Foster who crossed the floor, jettisoned his Labor Party membership and allowed Roxby Downs-Olympic Dam to proceed. Let us look at Yumbarra. We are there now with exploration. The last two rounds of block releases in the Cooper Basin have attracted a total of $165 million in exploration commitment.

Our wine industry is going gang busters. There is enormous wealth and new wineries. Currently it is worth $1.5 billion—

Members interjecting:

The SPEAKER: Order! There are too many audible interjections.

The Hon. J.W. OLSEN: Out of the $1.5 billion worth of production in the wine industry, there are some 6 000 jobs and it is growing rapidly. The olive industry is expanding throughout the country areas of the state. The government is committed to ensuring that all South Australians share in this State's economic revival and to this end I am pleased to indicate that cabinet will be visiting Peterborough on Monday as part of the community cabinet program.

To demonstrate the diversity of our visits, I point out that Cabinet has travelled to Mount Gambier, Ceduna, Noarlunga and Peterborough, which clearly indicates a spread of meetings across the state. The member for Florey was not finished there: she went on to say that the government was hanging on to its approach to economic development. It was the Labor Party that hung the economy in South Australia. What we have done, with a consistent and fundamentally important strategic and focused approach, is rebuild the economy of South Australia and, in doing so, create job opportunities where we have historic levels of employment in this state at this time. For the benefit of the member for Florey, could I simply suggest that if she intends to make speeches in parliament she should at least attempt to be accurate.

Members interjecting:

The SPEAKER: Order! The member for Hart.

Members interjecting:

The SPEAKER: Order! The member for Waite will remain silent.

HINDMARSH SOCCER STADIUM

Mr FOLEY (Hart): The Premier is clearly rattled responding to a backbencher's question like that. Will the Minister for Recreation, Sport and Racing explain—

Members interjecting:

The SPEAKER: Order!

Mr FOLEY: —what proportion of the $500 000 State Sports Facility Fund in this current financial year has been dedicated to underwriting the costs of the $32 million Hindmarsh Soccer Stadium on top of the $400 000 from last year? The Economic and Finance Committee was told this morning that, in addition to the $400 000 spent last year from the pokie fund, more money from the pokie fund went to underwrite the Hindmarsh Soccer Stadium in the 1999-2000 year.

The Hon. I.F. EVANS (Minister for Environment and Heritage): I look forward to enjoying the Sydney Olympics at Hindmarsh Stadium with the honourable member. I have no doubt that he will be there, enjoying it.

Mr Foley interjecting:

The Hon. I.F. EVANS: You will not be there supporting them? That is interesting.

Members interjecting:

The SPEAKER: Order!

Members interjecting:

The SPEAKER: Order! The minister will resume his seat. The House has had a pretty fair go this afternoon. If members do not settle down, the chair will start to take some action. The minister.

The Hon. I.F. EVANS: The member for Hart asked why I have robbed the pokie money. The simple fact is that $2.5 million is allocated to the Office of Recreation and Sport to spend on recreation and sport—

Mr Foley interjecting:

The SPEAKER: Order!

The Hon. I.F. EVANS: No, that is not necessarily true.

Mr Foley interjecting:

The SPEAKER: Order! I warn the member for Hart.

The Hon. I.F. EVANS: That is not necessarily true.

Mr Foley interjecting:

The Hon. I.F. EVANS: No; $500 000 a year is allocated to help state sports facilities. As the member for Hart, the shadow Treasurer, should know—

Mr Foley interjecting:

The Hon. I.F. EVANS: Keep playing the game; you'll be right. As the shadow Treasurer should know, a number of state facilities are owned by government. Whether they be the velodrome, an athletics stadium, or whatever, a number of facilities receive significant contributions from government. In the past governments of all persuasions have helped state sporting facilities. The Aquatic Centre is a classic example, as are Football Park and the velodrome. Is the shadow Treasurer honestly saying that he does not expect a government to assist state sporting facilities?

The fact is that the $500 000, as the member for Hart well knows, is designed specifically for state facilities. We have said to soccer, 'While negotiations are ongoing we will pick that up because we want to see the sport of soccer grow.' Soccer is one of the highest participation sports in the state, as the honourable member well knows. We are happy to support soccer while the current arrangement is in place. What the member for Hart is doing here is obvious to everyone: it is political grandstanding of the worst kind.

EMPLOYMENT

Mr HAMILTON-SMITH (Waite): My question is directed—

Members interjecting:

The SPEAKER: Order! The member for Hart will come to order. The member for Waite.

Mr HAMILTON-SMITH: Thank you for your protection, Mr Speaker. Will the Minister for Employment and Training provide details of employment levels, the unemployment rate and labour participation rates as at March 2000 compared to those figures we inherited from the ALP in March 1993?

Mr ATKINSON: I rise on a point of order, sir. It is in Erskine May and our practice that statistics which are readily obtainable from other sources are not to be the subject of questions.

The SPEAKER: The chair is familiar with the reference that the honourable member has made, but I am not sure how that reference lines up with the question that was asked. I will allow the question.

The Hon. M.K. BRINDAL (Minister for Employment and Training): I thank you, Mr Speaker, for your ruling. I will follow on and not repeat what the Premier said in answer to the first question. However, like the Premier, I would like this House to note that among other people on this side I was personally offended by the remarks of the member for Florey last night, when, in a tirade that was best represented by 1950s Labor politics, she said:

This government—

Mr KOUTSANTONIS: I rise on a point of order, Mr Speaker.

Members interjecting:

The SPEAKER: Order! I would ask the members on my right to remain silent during points of order.

Mr KOUTSANTONIS: Standing order 118 provides that debates from the same session are not to be referred to. The minister was reading out the *Hansard* from yesterday, referring to a debate. That is clearly out of order.

The SPEAKER: There is no point of order.

Members interjecting:

The SPEAKER: Order!

The Hon. M.K. BRINDAL: It is worth noting, however, that the member for Peake has learnt to read.

Members interjecting:

The SPEAKER: Order! The minister will not provoke matters, either.

The Hon. M.K. BRINDAL: I apologise, sir; he provoked me. The member for Florey said that this government continues to deny its responsibility and to bring those levels down, in reference to employment. That I find not only wrong and inaccurate but also offensive, not only on my own behalf (and the honourable member might listen) but also on behalf of those many South Australians, employers, employees, members of the community, members of the Employment Council and members of this government who are actually trying to work on a formula to assist the employment problem.

The opposition has again stood up and made a public comment that flies in the face of real facts. All the member for Florey had to do was check with the Leader of the Opposition, who was minister for employment—but who I should rather have said was the minister for unemployment—in the last Labor government, to know what this government has achieved in real gains in employment growth compared to when the opposition was last in government. The back bench of the opposition has once again highlighted the deficiency of policy under the last Labor government, and it seems to have continued under the current Labor regime. The member for Florey should be questioning—

Members interjecting:

The Hon. M.K. BRINDAL: She should not be questioning the development of our policy or our record, which is on the agenda, when the opposition is deficient in its own—when it has no policy, no ideas and nothing but hollow rhetoric.

Members interjecting:

The Hon. M.K. BRINDAL: Well, let us stick to the facts. Then, at the conclusion of question time, let us have some of the members opposite acknowledging truth and facts rather than political rhetoric. The facts are these: over the past seven years the number of unemployed in South Australia has fallen from 80 800 in March 1993 to 59 500 in March this year. Similarly—

Members interjecting:

The Hon. M.K. BRINDAL: Fact! similarly, in 1992, the unemployment rate—

Members interjecting:

The Hon. M.K. BRINDAL: I have got 39 minutes. Similarly, the unemployment rate—

Members interjecting:

The SPEAKER: Order! The minister will proceed.

The Hon. M.K. BRINDAL: Similarly, the unemployment rate stood at 12.3 per cent, and our youth unemployment at that time was around 40 per cent. In March this year the unemployment rate was 8.1 per cent, using the trend figures, or 7.9 per cent if you use the seasonally adjusted figures. That is a fact. Of course, either of these figures is far preferable to those that haunted the current opposition leader when he was Minister for Employment. It is a fact that unemployment in South Australia grew by over 35 000 while the member for Ramsay was supposedly in charge of this area.

An honourable member: What about now?

The Hon. M.K. BRINDAL: Thank you. As I have said on so many occasions, there remains a lot of work to be done. Youth unemployment is still unacceptably high. However, this government, in concert with employers, employees and our community has turned the unemployment juggernaut around. The unemployment figures—

Members interjecting:

The SPEAKER: Order, the member for Peake!

The Hon. M.K. BRINDAL: There is nothing so stupid as a fool, Sir. The unemployment figures are trending in the right direction, and that trend is consistent. The Premier commented yesterday that for 21 months—and he was right in his figure—there has been a consistent trend towards greater employment. When the figures started getting good, we heard the carping of members opposite, who said, 'It is getting better, but it is all in part-time jobs.' Not only in the past month but consecutively in each of the past six months the growth in employment has been in full-time jobs, in the sorts of jobs that six months ago the Labor opposition said we were not creating. Full-time employment grew by 2 800 jobs in March 2000, and that is the sort of achievement that this government, working with others, can be proud of. We have had 21 consecutive months of trend improvement, and that is another fact of which this government can be proud.

It is all right for the opposition to moan, groan, carp and criticise but, increasingly, the South Australian community is realising the veil of negativity which is presented by members opposite and to which they are clinging. It will serve them no good. It would be better if the rhetoric from members opposite were to cease and there was a bipartisan effort to this tackle this problem. The member for Elizabeth can nod, and so on, but she knows and can inform this House that I have asked her—

Mr CLARKE: I rise on a point of order, Mr Speaker. The minister is now engaging well and truly into debate. He ought either to come back to the subject matter or, preferably, issue a ministerial statement instead of wasting the time of the House.

The SPEAKER: Order! I uphold the point of order. The minister must come back to the substance of the reply based on the question.

The Hon. M.K. BRINDAL: I stand corrected by the Labor candidate for Enfield. I will wind up. As I have said,

unemployment is still high. This House has devoted a day to its debate. There is an open offer from this government that anybody in this House or in this community who wants to work with us to assist what is still a difficult problem is welcome to do so. As members opposite have not done this in the past, I invite them to take that opportunity—

An honourable member interjecting:

The Hon. M.K. BRINDAL: It is not without exception; I acknowledge that—and do something to assist.

EMPLOYMENT

Mr WRIGHT (Lee): Given today's further announcement on the Bring Them Back Home campaign, will the Premier be contacting the parents of Ms Kerryl A. Murray or Ms Murray herself and advising her and the dozens of other South Australians in her position why university graduates still living in Adelaide cannot find a job?

Members interjecting:

The SPEAKER: Order! The chair would like to listen as well.

Mr WRIGHT: Thank you, sir,

Members interjecting:

The SPEAKER: Order! The Minister for Police will remain silent.

Mr WRIGHT: They don't like it, sir. Ms Murray says she has a degree from the University of Adelaide and further postgraduate qualifications, while also doing volunteer work for the Duke of Edinburgh's award. A former exchange student to the United States, she has worked in Japan. She has been back in Adelaide for five months looking for work but all she has been able to secure is three weeks temporary work that finished prior to Easter. Ms Murray has written to the Premier and sent a copy to the opposition, stating:

> Mr Premier,
> If I were to move to Sydney, would you then bring me back to a position that I could take now? I do assume that you are aware of positions available for these returnees to South Australia. I am already here. Can I have one?

The Hon. J.W. OLSEN (Premier): The member for Lee simply demonstrates his ignorance by asking a question of that nature. Ms Murray has written—

Members interjecting:

The SPEAKER: Order!

The Hon. J.W. OLSEN: I have read the letter, because Ms Murray wrote to me, and she sent a copy to the Leader of the Opposition, which is the subject of the member's question. The member for Lee does not talk about qualifications, or where and in which disciplines in the professions or in which trades there are vacancies. With respect to Ms Murray, there will be a follow-up to assist her to try to locate a job opportunity for her. From the description in the letter there is no doubt that, as a volunteer within the community, she is someone who has the right attitude and attributes and would be a candidate for one of those positions.

What the member for Lee is conveniently overlooking is that, as we rebuild the economy, there are some industry sectors in trades and the professions that have vacancies; there are some disciplines and some qualifications where there are none. Some people can undertake a university degree and gain a qualification with the clear objective of not remaining here because there is not the future career path opportunity within South Australia.

Mr Conlon interjecting:

The SPEAKER: Order, the member for Elder!

The Hon. J.W. OLSEN: There will never be a whole; there will never be 100 per cent. What we seek to do is look at where those shortages are and match the shortages with the skills of our young people who have had to leave South Australia over the past year or two. I well remember, in 1997, the Leader of the Opposition standing at the tollgate and saying, 'This is outrageous, all our kids are leaving South Australia.' I will tell you why our kids—

Members interjecting:

The SPEAKER: Order!

The Hon. J.W. OLSEN: I will tell him why he was wrong—

An honourable member interjecting:

The SPEAKER: Order!

The Hon. J.W. OLSEN: To that I say: we are over here and you are over there. Let me go on to say that, at the time the Leader of the Opposition made that statement, at the end of the previous Bannon-Arnold Labor government, 8 000 people a year were leaving South Australia. So much had that government decimated the economy in this state that, with no prospect, no certainty and no opportunity, people simply went interstate to seek a career path opportunity. We have turned that situation around. The number of people on an annualised basis now leaving the state is down to 2 600, and net migration from overseas has increased substantially. So, we have a positive growth factor. And what are the advantages in a population positive growth factor? There is more demand in the residential market in South Australia. And what does that do? Every home owner in this state becomes a beneficiary. In the past year house values have increased by 9 per cent in the metropolitan area and 8 per cent in country areas, which means that, as a result of the policies that we have put in place, every home owner has had the value of their home increased substantially. So, as it relates to their mortgage, their net value has increased in South Australia.

The member for Lee, in taking a cheap shot, seeks to denigrate a policy that is about rebuilding the economy. What it is also about is matching the available skills base with new private sector capital investment. The simple facts are that major companies, with their mobility of capital, will now go where the human resource is available, with the necessary work skills to meet the requirements of those companies. If we cannot meet them, they will invest elsewhere.

This is about ensuring that there is an available skilled work force in this state as industries expand. Failure to do so will see those industries invest interstate and overseas. There is a range of shortages. I refer, for example, to the information technology area. We have installed CD-ROMs in our secondary schools and encouraged students to look at, for example, software engineering as a career path, because enormous opportunities will be created.

We approached the vice-chancellors of our three universities who have put in place courses to meet this emerging skills base. However, what do we have to do in the five or six years whilst we are training people to meet these opportunities? We have to fill the vacuum. This policy is about bringing back former South Australians with these skills whilst there is a shortage of skills in a range of areas to make sure that we have continuing private sector capital investment so that our younger children who are going through the education system have greater certainty, greater job opportunity and greater prospects than they certainly had at the end of 1993.

Members interjecting:

The SPEAKER: Order!

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! The Leader will remain—

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! I warn the Leader of the Opposition.

ECONOMY

Mr CONDOUS (Colton): Will the Premier outline to the House the importance of a growing economy in attracting interstate migration to South Australia?

Members interjecting:

The SPEAKER: Order!

The Hon. J.W. OLSEN (Premier): I am happy to respond to the member for Colton's question and build on this policy initiative. For members opposite who seek to deride this policy, I will mention that Professor Graham Hugo, who is recognised nationally and internationally for the work he does, has publicly supported our policy as the right policy at the right time for the direction of South Australia and its future.

The Hon. M.D. Rann interjecting:

The Hon. J.W. OLSEN: No, I am reporting what Professor Graham Hugo has said on radio and has been prepared to say in print. We have a policy; we have a direction. In contrast, the Labor Party opposite has no policy, no idea and no vision.

The member for Peake was at it again last night. This 'wisdom from the west' had it wrong yet again. Let me say to the member for Peake that every time he gets up in this House and makes a speech that is wrong we will correct the record. We will not allow his false accusations, assumptions and fundamentally wrong speeches to this parliament to go uncorrected.

Let me refer to some of the comments of the member for Peake. He claims that we cut the budgets to education, health and the police. Wrong! He is fundamentally wrong! The facts are that, since 1993, in real terms, we have increased funding. For the benefit of the member for Peake, 'real terms' means that you take into account the CPI and more. Education is up 17 per cent, health is up 15 per cent, and spending on police is up 20 per cent on when the opposition was last in government.

The member for Peake was even more confused about the intent of the program to bring them back home—and I will correct that. The member for Peake made some background comments and then said that we should be using our circumstances in South Australia as a selling point for families in the eastern states to migrate to Western Australia. For the benefit of the member for Peake, we are trying to get them to come to South Australia, not Western Australia. The member for Peake also said that we have the highest unemployment rate in Australia. That was the statement he made last night in his speech to the parliament. He is wrong yet again.

For the benefit of the member for Peake, in March 2000—is he listening——the latest figures from the ABS—and I remind him that the ABS is Australian Bureau of Statistics, it is not Adelaide Brake Service—have our unemployment rate seasonally adjusted at 7.9 per cent. That is lower than Tasmania and it is lower than Queensland. In 1993, when the Labor government left office no-one—

Mr FOLEY: Mr Speaker, I rise on a point of order. The Premier is clearly flouting standing order 98, which says that he must reply to the substance of the question about the economy. His fixation with backbenchers in the opposition is pathetic: he should be brought back to line.

The SPEAKER: Order! I do not uphold the point of order. I understand that the line the Premier is following is one of referring to a debate yesterday and responding to it in relation to a factual matter today. I would advise the Premier to avoid getting into the politics of it. At this stage, as I see it, he has not.

The Hon. J.W. OLSEN: I am simply, as I said earlier, wanting to correct the record of totally inaccurate statements made by the member for Peake and I repeat: we will continue to correct his record. I do not think there has been a member of parliament in my time who has so consistently stood up in this house and been inaccurate in the statements that he has made. The member for Peake also claimed in his speech last night that it was the Keating and Hawke Labor governments that built the Heysen tunnel.

Members interjecting:

The Hon. J.W. OLSEN: That was the claim. I can assure this parliament that the Hawke and Keating Labor governments did not allocate a dollar in construction to the Heysen tunnel. It was in fact the Howard government that allocated the funding and it was the South Australian Liberal government that has built the—

Mr FOLEY: Mr Speaker, I rise on a point or order.

The SPEAKER: Order! There being a point of order, the Premier will resume his seat.

Mr FOLEY: The Premier is clearly flouting standing order 98 and I ask that he be called to order.

The SPEAKER: Order! I ask the member for Hart once again to please wait until he gets a call from the chair before he starts developing his point or order. On most occasions he is halfway through it before anyone starts to listen. Would the member repeat his point of order?

Mr FOLEY: Happy to, sir. Clearly, the Premier is flouting standing order 98 with his answer. I ask that he be brought back to the substance of the question.

The SPEAKER: Order! I do not uphold that point of order.

The Hon. J.W. OLSEN: This is about ensuring there was a correct—

Mr Conlon interjecting:

The SPEAKER: Order! The member for Elder will remain silent.

The Hon. J.W. OLSEN: The member for Elder has just confirmed the fact that it was a Liberal government that actually funded and built the Heysen tunnel. What we have is the member for Peake attempting to claim credit for Labor administrations when they did not fund those projects in South Australia. There is no doubt that, despite the contributions of the members for Florey and Peake yesterday, the economy of South Australia has turned around and whether you look at Access Economics, BIS Shrapnel, Econtech, Westpac or a range of other statistics from major, national economic forecasters, they clearly indicate that South Australia's economy has turned around. The only reason I can give for the member for Hart's constant diatribe is that his football team, Port Adelaide, is not doing too well and he is so agitated by that fact that he is bringing that frustration into the chamber.

The SPEAKER: Order! The Premier is now straying clearly into debate.

SCIENCE SENIOR HIGH SCHOOL

The Hon. M.D. RANN (Leader of the Opposition): My question is also directed to the Premier. Given the importance to South Australia's future of innovation in science and high technology, will the government give consideration to providing support for the establishment of a science senior high school at Flinders University with a dedicated centre on campus so that bright students from southern suburbs schools can have an opportunity to study science and maths at the highest level with strong professional backup and support?

The Premier would be aware of the record of the Technology School of the Future at Technology Park and of an innovative program run by Flinders University to work with local high schools to increase the number of students entering maths and science courses at Flinders University. It has been championed by Flinders Vice Chancellor Ian Chubb. The Government, of course, is launching its science and technology policy on Friday and it has been put to the opposition that the Flinders program could be enhanced and improved with a dedicated centre so that South Australia could have national leadership in this important area of maths and science education for years 10, 11 and 12, with pathways to higher education and careers in science.

The Hon. J.W. OLSEN (Premier): South Australia's history has been one of innovation, creativity and productivity, and throughout our history we have overcome odds and disadvantages as a state and a people. One of our great strengths is our people. We have developed an innovation, science and technology policy. A council will be established, and I will be announcing details of that on Friday as part of innovation, science and technology. In relation to other aspects alluded to by the Leader of the Opposition, we are in the process of looking at the capital works program of the budget. Further deliberations will be—

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! The leader has asked his question.

The Hon. J.W. OLSEN: Further deliberations are taking place this week and next week as we move towards finalisation of the budget, both in recurrent and capital terms. We are looking at a range of initiatives. When and if decisions are made they will be announced.

EDUCATION ACHIEVEMENTS

The Hon. G.A. INGERSON (Bragg): My question is directed to the Minister for Education and Children's Services. Will the minister provide—

Members interjecting:

The SPEAKER: Order!

The Hon. G.A. INGERSON: Will the minister provide details of the government's achievements in education, particularly as they relate to Partnerships 21, vocational education and a review of the outdated Education Act?

The Hon. M.R. BUCKBY (Minister for Education and Children's Services): Last night the chamber had to endure a barrage of negative comment, but what else can we expect? Here we have an opposition that has no policies and all it can do is knock the government and anything it does. We had a barrage of negative comment on this occasion from the member for Florey. The member claims that education is in a holding pattern. The only holding pattern education has been in is the holding pattern it was in for 12 years while members opposite were in power in the 1980s and 1990s. It held solidly—it went nowhere. When the Liberal Party came into office we were swamped with comments from the department about education having no direction and not knowing where it was going.

Let us look at the real picture, which reflects this government's record. First, in relation to Partnerships 21, this government went out and consulted the community. The Cox Committee consulted the community broadly, took into account the desires of the community and came up with a model that became Partnerships 21, and 40 per cent of schools took up this initiative voluntarily in the first round to start this year. We expect that a further 20 per cent will take up that option this year, yet the member claims that it is in a holding pattern. Secondly, I refer to vocational education. When the Labor government was in power it was the government that closed Goodwood Technical High School—closed Goodie Tech—and cut off any sort of vocational educational options for students in South Australia, which meant that all students had nothing more than an academic career to follow.

We have opened Windsor Gardens Vocational College. For the first time, this year that college has experienced an increase in its enrolments. The member for Torrens nods because she recognises the excellent program at that college. Christies Beach Vocational College has been opened this year. This year approximately 16 000 students are undertaking vocational education training. Last year the figure was 9 000—an increase this year of more than 30 per cent in the number of people taking up vocational education training. The third point relates to the outdated Education Act, which was last amended in 1972. The Labor Party was in power for the majority of time between 1972 and the year 2000. One might ask—

Ms Stevens interjecting:

The SPEAKER: Order! The member for Elizabeth will come to order.

Ms Stevens interjecting:

The SPEAKER: Order!

The Hon. M.R. BUCKBY: —in the 12 years—

Ms Stevens interjecting:

The SPEAKER: Order! The member for Elizabeth will remain silent.

The Hon. M.R. BUCKBY: Thank you, Mr Speaker. One might ask—

Members interjecting:

The SPEAKER: Order! I warn the member for Mitchell.

The Hon. M.R. BUCKBY: —why, in the 12 years that it was in power in the 1980s, Labor did not amend the Education Act. Why did the Labor Party not do that? Well, we have done so: we have undertaken thorough consultation with the community. We have received more than 1 000 submissions on the new act and, within the next few months, I will be introducing into the parliament a new education bill.

The fourth point relates to retention rates, about which the member for Elizabeth asked. I ask whether the member for Elizabeth is saying that someone who undertakes a school-based apprenticeship or traineeship, or attains work prior to their attaining year 12 is a failure? Is the honourable member saying that they are a failure in the system, because that is what she implied. When I am told that someone gets themselves a job before year 12 or taken up an apprenticeship or a traineeship, the implication is that that person has failed, and it is not true. Our schools are now offering more choice than at any other time in the history of this state.

The fifth point and the coup de grâce relates to the fact that last year we were fortunate to attract Mr Geoff Spring as the CEO for education in South Australia. Mr Spring is the most experienced person in education administration in Australia. He is recognised around the world as being one of the most experienced people in education. He is a member of UNESCO committees in terms of children's education, yet the first thing this opposition says it will do when it gets into power is sack him. Members opposite intend to sack the most experienced man in education in Australia. How hypocritical!

These are the truths about education in South Australia. There is no hanging on, there is no holding pattern. Education in South Australia is concentrating on the future and well-being of our children, and more change is occurring in education in South Australia now than has occurred for the past 30 years.

TRANSADELAIDE EMPLOYEES

The Hon. M.D. RANN (Leader of the Opposition): My question is directed to the Premier. What is the total cost to taxpayers of managing the hundreds of TransAdelaide redeployees created by the outsourcing of Adelaide's buses? What is the total number of redeployees still on the payroll of the state? Where are they now being housed and why are they being prevented from speaking to the media?

In January the Minister for Transport and Urban Planning announced that there would be 237 fewer employees required and $7 million a year in savings as a result of outsourcing our bus system. She said:

> Overwhelmingly, TransAdelaide employees are experienced, conscientious and competent, and no doubt will be highly sought after by the new operators.

The opposition is aware that many hundreds of TransAdelaide employees now not driving buses are now based at a number of TransAdelaide career centres scattered around the city and metropolitan area. They are being colloquially referred to as 'transit lounges'. An inspection this morning of premises at 240 Currie Street revealed hundreds of redeployees occupying offices leased for a number of years from the private sector waiting for job opportunities. A notice on the wall states that no employee should speak to the media unless authorised and trained to do so and states that, if approached by the media, they should refer them to Chris Booth at Michels Warren Public Relations.

The Hon. J.W. OLSEN (Premier): I will refer the leader's question to the Minister for Transport and Urban Planning.

PORT STANVAC REFINERY

The Hon. R.B. SUCH (Fisher): Will the Minister for Minerals and Energy provide further information in relation to the situation with regard to Mobil, which as we know now is part of Exxon Corporation?

The Hon. W.A. MATTHEW (Minister for Minerals and Energy): I thank the honourable member for his question. As a southern member he is of course very interested in what is occurring at the Mobil refinery, as is my colleague, the member for Mawson.

Members interjecting:

The Hon. W.A. MATTHEW: The member for Kaurna puts up his hand; I will get back to him in a minute. In the House yesterday the Leader of the Opposition asked the Premier a question which was put to me for answering. He asked the Premier whether he had received a briefing in relation to the Mobil situation. At the time I was answering the question it occurred to me that Mobil usually brief all sides of politics, so today I checked. I advised the House yesterday that I was briefed on 20 April, and exactly the same briefing was given to the Leader of the Opposition. There is more: it was given not only to the Leader of the Opposition; it was also given to the member for Kaurna. They were briefed by the general manager from the refinery and a staff representative from Melbourne. On 20 April a full and detailed briefing and an opportunity for the Leader of the Opposition in confidence—

Members interjecting:

The SPEAKER: Order! The Minister for Police will contain himself.

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! The leader will remain silent.

The Hon. W.A. MATTHEW: It was an opportunity for the leader to ask of the company any question he desired to ensure that he was fully aware of the situation that was being worked through by that company. Having obtained that information, the Leader of the Opposition then comes into this parliament and asks a question that is framed so as to give the impression, without saying it, that he found out about this only by watching it on the news. That is the impression he wanted to conjure up. We know it is not true, but that is the impression he wanted to conjure up. But he was not satisfied with that; he was not satisfied with the way the media was starting to respond to the bit of mischief he was trying to engender. So, he had his advisers ringing away on the telephone yesterday trying to brief chiefs of staff of various media outlets. The staff of the Leader of the Opposition have scurrilously been out there claiming that Mobil will reduce their staff by 130 people. That is what he has been having his staff doing; it is absolutely disgraceful. He knows full well that it is not the case. This follows hard on the heels of a confidential briefing also given to the leader by Mitsubishi.

Members interjecting:

The SPEAKER: Order! The minister will resume his seat.

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! I warn the leader.

The Hon. W.A. MATTHEW: After receiving the briefing from Mitsubishi, the Leader of the Opposition again had his staff on the phone, ringing around the media saying there would be a big announcement tomorrow. The fact is that the message is now getting out to industry that the Leader of the Opposition cannot be briefed in confidence, because to brief the Leader of the Opposition means that he will immediately run off to the media and put a totally different spin on it. He will put out totally malicious and wrong information and try to undermine what is happening with South Australian companies.

The only thing that seems to make the Leader of the Opposition happy is if a mischievous story is being run to put an incorrect spin on something to try in his own small minded world to make it look as though the government might be having a problem in the area of employment. He puts this negative spin on everything. The message to every company out there now matches that going through the union movement. The union movement does not want to brief the Leader of the Opposition any more, because it says he cannot be trusted. Corporate Australia is now able to say the same thing: he cannot be trusted; if you brief him he does not leak;

he just runs out wrong, malicious information into the public domain to try to get public disorder.

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! I warn the leader for the third and last time.

The Hon. W.A. MATTHEW: If the workers from the Mobil refinery had been here yesterday to hear the leader they would have been disappointed. The fact is that the Mobil refinery in its own words is facing a serious situation, and yesterday it put out a press statement. That press statement stated in its last paragraph:

> The Port Stanvac refinery is operating in a difficult economic environment and a successful outcome to the negotiations is required to ensure the viability of the plant and the future of the 1 500 workers employed directly and indirectly by the operation.

Some 1 500 people depend upon that refinery. The most important issue at stake is that negotiations being undertaken by the company and the union occur around the table sensibly without stupid, self interested politicking by the Leader of the Opposition.

SEPARATION PACKAGES

Mrs GERAGHTY (Torrens): I seek leave to make a personal explanation.

Leave granted.

Mrs GERAGHTY: Yesterday during the Supply grievance debate I inadvertently stated that the government had offered the TAB and Lotteries Commission workers a much lower than Public Service voluntary separation package formula. I now understand that the government has revised the offer, which somewhat more closely reflects the Public Service package formula, but I stand by the other concerns I expressed during my contribution.

Members interjecting:

The SPEAKER: Order!

Members interjecting:

The SPEAKER: Order! I have asked the House to remain silent. Show some respect for the chair.

PORTS CORP

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): I seek leave to make a ministerial statement.

Leave granted.

The Hon. M.H. ARMITAGE: Ports Corp South Australia is a corporation set up under the South Australian Ports Corporation Act 1994 to manage and operate the commercial ports of the state. These ports are Adelaide, Port Lincoln, Port Giles, Wallaroo, Thevenard, Port Pirie and Klein Point. It also currently owns and operates the ports of Cape Jervis, Penneshaw and Kingscote which provide services to Kangaroo Island and which are now to be dealt with separately from the other ports, as I have announced previously. Ports Corporation was established to revitalise the state's ports, and the board, management and employees of Ports Corp have brought the business to an excellent and mature position through diligence and hard work.

In order to take the next step in the process of continuous improvement and as part of the government's actions to make South Australia more competitive, the government is seeking to create a highly efficient, modern port structure run competitively by a private enterprise within the transport chain that will benefit the state by enabling our exporters and importers to achieve the next major step in innovative service provision and better value. It is the government's intention to herald a new era in freight transport through the achievements of four major objectives from the disposal of Ports Corp and its assets. These are to:

- encourage economic development through expanded freight service business and investment opportunities;
- encourage improved services for exporters and importers through improvements and cohesion in the transport change;
- enable resources tied up in Ports Corp to be put to better use such as debt reduction or the provision of government services; and
- remove future risks to government from the commercial competition in ports business.

Last year, following an initial scoping review, the government announced its intention to dispose of the assets and business of Ports Corp in a trade sale subject to further investigation and development. A sale project team was established, and tenders were let for a range of consultancies, including a lead consultancy embodying corporate financial expertise. Considerable work has been undertaken to review and develop the optimum method by which the seven ports can be disposed of to the maximum advantage of the state, the port customers and the community. This work has demonstrated to the government the best way to maximise the value for the taxpayer while protecting the community and improving service provision, efficiency, growth and competitiveness in the future.

I am pleased to announce to the House today that the government has decided that the most appropriate form of disposal of Ports Corp is through a combination of a sale of the wharves, buildings, plant and equipment, and the ongoing business, and a 99 year lease of the land. Earlier today, I gave notice that three bills to facilitate this process will be tabled in this House tomorrow, 4 May. These bills are: the South Australian Ports (Disposal of Maritime Assets) Bill, the Maritime Services (Access) Bill and the Harbors and Navigation (Control of Harbors) Amendment Bill. A number of matters are specifically covered in these bills in restructuring the framework for the provision of port services, including the following key provisions.

First, the ports will be subject to a lease/sale agreement, the provision of third party access to commercial port facilities, the control of strategic pricing and service standards through the South Australian independent industry regulator, as well as rigorous port operating agreements covering port operating rules, port safety and other matters.

Secondly, the government has already signed a memorandum of understanding, negotiated with the representatives of Ports Corp employees. This covers continuation of the employees' terms and conditions, transfer of superannuation at no disadvantage, and no redundancy. We will enable all employees to be made available to the lessee for a notional period from the date of divestment following which those not required will continue in government employment. We will also ensure that those employees who join the lessee are guaranteed employment for a minimum of two years. Those employees who are not required will be offered redeployment or a targeted voluntary separation package but, as I have stated, there will be no forced redundancies.

Thirdly, as I have previously announced, agreements will be negotiated with the relevant local councils to provide for continued access to certain parts of the commercial wharves for recreational purposes such as fishing when the wharves are not being used for commercial shipping purposes and when it is safe to do so. Finally, as I have previously announced, arrangements will be negotiated with and for the commercial fishing industry to provide for ongoing access to certain areas of the wharves by fishing vessels, again when the facilities are not being used by ships which are providing the port owner with a commercial return.

Part of the task of the sale project team and their consultants was to determine what land currently vested in Ports Corp was required to be included in the divestment. As a result of these investigations, the principal bill will indicate a reduction in land to be included as part of the lease and that which is to be retained in government ownership for other purposes. In conjunction with this, the bill also contains some essential changes to port zoning and the state development plan in order to protect the state's interest in the maintenance and growth of trade. The government has borne in mind the grain industry's need for the upgrade of certain ports to enable the loading of panamax (or larger) sized bulk vessels. The industry's deep sea ports plan has been considered in relation to the divestment of Ports Corp, and we are in discussion with the Grains Council and the industry in order to reach an optimal outcome.

We are keen to see the grain growers benefit from the reduced shipping costs which panamax vessels will bring and, because improvements to grain shipment make economic sense to whoever runs the port, the lease/sale process will not interfere with that objective. While the government has the option of progressing the lease/sale of Ports Corp without the passage of legislation, it has long been our intention to take the legislative path in order to lend the authority of parliament to what we believe are essential protections for the community and customers, and to enable full accountability and openness of our actions. We look forward, with the disposal of these assets, to a future of growth and increased prosperity through improved competitiveness, greater investment and enhanced services.

GRIEVANCE DEBATE

Ms THOMPSON (Reynell): Today we have heard some most remarkable claims from the government about how successful it has been in creating jobs and how well things are going in terms of education. This contrasts completely with the type of statement that has been made to me recently by the residents of Reynell, current and future, who were responding to my letter to them about the emergency services tax. They were very fulsome in their responses, covering many topics about how badly hospital cuts are hitting them, how they are worried about their children's future at school, how they are even more worried about their children's future in terms of getting jobs, how they are struggling with two part-time jobs, no security and more taxes and charges to pay. I wish today to continue to put on the record of this House the words of my constituents, because they deserve to be heard, and they deserve to be listened to.

I will start with the words of K.N. from Morphett Vale, who says:

> As our 22 year old son still lives at home, we have three cars and one trailer which are all and always have been comprehensively insured. We have always had home contents insurance. The insurance reduction when the levy came in was in actual fact gobbled up by other price rises. So we are now $192 a year, plus insurance and levy on three cars, worse off.

R. and B.M. from Morphett Vale say:

> We sent our emergency services tax to Family and Community Services for them to work out our discount but we have not as yet got our bill back and fear we may get last year's bill and this year's bill together.

This is just one of the comments that pointed out inefficiencies in the administration of this unfair tax. M.L. and M.D. from Morphett Vale say:

> It's not fair for us pensioners. We never see our pension go up much and it is very hard to try and live on our pension as well as pay our private rent.

M.L. and H.L.B. from Morphett Vale say:

> We should not have to pay this. Mr Olsen has sold so much of our utilities; that should cover these extra taxes that he has put on us. Where does it stop?

R. and A.V. from Morphett Vale say:

> We're paying too many times and pensioners can't afford it. What was wrong with the old way? It worked okay for years.

A. and J.P. from Hackham say:

> There are too many emergency levies on our income. It's not possible to pay them all without having to cut down on some necessities like food and medication, etc. Are those levies wisely spent?

Many of the comments indicated that people do not mind paying fair taxes if they know that they are going to be spent on things that are important to them such as hospital services, schools, services for people who have been abused and services that will make them feel safe in the community. However, they are not seeing that with what is happening at present. L.B.M. from Morphett Vale says:

> Having to pay tax has made me very upset and also all of the money that has been spent on the advertising to try to justify this obscene amount that we have to pay over the old system.

S.H. from Morphett Vale says:

> All the money to go to emergency service, not to the government. Why should we pay for the government's blunders and still the system doesn't work properly?

DS from Reynella says:

> Why is it now we all have to pay these levies when we never paid before, considering that the government made enough revenue than ever before, for example, pokie money, speeding cameras, higher taxes than ever before and higher rates on everything else, but there has been no increase in wages?

This is what the people in the community believe about the record of this government, and they certainly do not want to see more glossy advertising brochures to attempt to justify the government's performance. They do not need glossy advertising budgets and they do not want more waste.

Time expired.

Mr VENNING (Schubert): I rise today to expand on remarks that I made last night about a very serious problem facing the farming community in the Mid North, the Upper North, the Eyre Peninsula and the Riverland areas of our state. The serious problem of which I speak is the locust plague that has hit half of our state. The plague is escalating into potentially the worst infestation in living memory—at least in the past 45 years, since 1955. I understand that PIRSA is throwing every available resource at the problem, and I commend it for its prompt action. I can only reinforce the message that it is sending to primary producers to report on the movement of the hoppers.

Locusts can be distinguished from grasshoppers because of the distinctive striping on their backs. PIRSA needs to know where the hoppers are laying their eggs so that it can develop a database for an effective and strategic spraying program when the eggs hatch out in spring. Some of these locusts have travelled hundreds of kilometres across the country into our agricultural areas from as far as northern New South Wales and Queensland. They are apparently picked up in high winds, lifted several thousand metres into the slipstream and then blown these distances. This is how some of them come in, but some have hatched in the Far North due to the unseasonal warm and very wet weather being experienced in that region.

As I said, PIRSA is doing all it can to combat these pests. Choppers and aeroplanes are spraying the more heavily infested sites. The Plague Locust Commission also is doing work, the minister assures me, and certainly we are very well aware of the work that it has been doing over many years in these areas. Over $500 000 has been allocated over the past two weeks, but the problem is so vast—reportedly spreading from Renmark in the east to Ceduna in the west—that that is only a drop in the bucket, I am sorry to say. Farmers in some regions have been advised to delay their seeding program so that the wet and cold weather will kill off the locusts. Certainly, a frost will do that. That is all well and good but when conditions are perfect, as they are right now, and the time for sowing has arrived, any delay has a significant adverse effect on the end production and the bottom line. Certainly, farmers are becoming very anxious in the areas in question, particularly, sir, in your old home ground of Port Pirie, Mambray Creek, Port Germein and Wandearah.

Most of us are well aware of the parlous state of many farmers in the Mid North, particularly in some areas where they have suffered several poor seasons in a row. I certainly can understand some people's level of extreme anxiety when told to hold off seeding because of the hoppers, when otherwise it looks like a perfect start for the season, and that is why I have been getting telephone calls—as has, I know, the minister. I commend the minister for conducting some on-site visits.

I sympathise with these people. There is nothing more disheartening, after a run of poor years, than to be looking forward to a good season after promising opening rains and then being kicked in the guts again by a quirk of nature, you could say, and having your hopes fade with an unexpected situation such as we are faced with now. People need to understand that farming is both a risky and expensive business. The rewards have been good in the past, as long as everything falls into place, but it is pretty rare that that happens. It costs anything up to $80 an acre—or $200 a hectare—to put a crop in. Considering the labour, fuel, spray, seed and fertiliser costs, etc., if you crop around 3 000 acres, as many do these days, your overheads can tally up to a quarter of a million dollars. There is big money on the line, so it needs to be understood that any real or potential impediment to a cropping program is most unwelcome and could place producers in financial ruin. As I have said previously, the government is doing all that is possible within its powers to help with these locusts.

I also want to raise the awareness of the House to the parlous state of farming in general. The member for Stuart and I, along with the members for Frome, Flinders and Chaffey, know of these concerns. I have spoken to the Minister for Primary Industries on the matter. He is also the member for Frome, so he certainly has first-hand knowledge of this problem. I join the member for Stuart in urging the government to acquire an amount of chemical from Queensland, I believe, from the company Nu Farm and to make available the mister machines they have in storage so that farmers are able to protect their crops now if they have to sow but more importantly later in spring.

Time expired.

Mr CLARKE (Ross Smith): I want to go a bit further on a matter I raised yesterday during the debate on the Supply Bill with respect to a compensation claim that has been lodged by one of my constituents, Mr Kim Nguyen, of Northfield, whose car was, basically, written off as a result of a burst water main that occurred on 13 March this year in Archer Street, North Adelaide. He has had a quote for $5 000 to repair his vehicle, a 1985 Nissan Gazelle. Mr Nguyen, who is a student at the University of South Australia doing a double degree in commerce and finance, has spoken to a person in the claims area of SA Water, and it has refused any compensation whatsoever.

I spoke to the claims manager this morning and, despite the fact that I found him very helpful, he has guidelines that he must follow with respect to the settlement of these claims. Basically, the advice I was given is that the department follows Crown Law advice, which is that, unless SA Water can be proven to have been negligent in knowing that the pipe was likely to burst, it does not accept any liability. Of course, it is almost like saying it is an act of God. And it is not an act of God: it is not an earthquake. It is human beings who manufacture the pipes, and it is human beings who lay them in the ground. We all know that pipes, no matter how well made, will corrode over time and, unless there is regular maintenance on them, there will be an occasion when they will burst and cause damage to businesses, houses or, in this case, a car.

I see absolutely no reason whatsoever why Mr Nguyen should bear the burden of a cost which should be spread throughout the whole community. It is the whole community that pays for the provision of water and also for the maintenance of the systems surrounding it. If incidents arise that cause damage to property or physically to the individual concerned, it is not so much a question of SA Water saying that it is legally liable in the strict definition of the law: it is to say that this person has contributed not one iota to their misfortune. The car was legally parked, and it was an asset of the state that exploded and caused damage and, therefore, we the community as a whole should promptly redress that damage. It is not for a 20 year old university student to bear an intolerable financial burden of $5 000, which, to Mr Nguyen, is the equivalent of Mr Packer losing a couple of billion dollars—it is probably even more of an imposition on Mr Nguyen than it would be to Mr Packer if he lost $2 billion.

I wrote to the Minister for Government Enterprises this morning and urged him to override his department with respect to this matter and order the department to pay the $5 000—

An honourable member interjecting:

Mr CLARKE: As an ex gratia payment, or whatever. I know there will be concerns by the department: representatives will say, 'If we do it for this one we have to do it for the next one.' So it should, in similar circumstances. After I was interviewed on talk-back radio on 5AA (the member for Spence's favourite radio station) in relation to this issue, I had a call from someone who was very familiar with the workings

of SA Water and the old E&WS Department. It is this person's view that there has been a deterioration in this whole area stemming back from just before the management control of this area was outsourced—certain areas of what they term wind back, that is, when a crew would come along and wind back the pressure in areas where they knew the pressure was building up, knowing that they would not be able to get around to fixing it for a while; there has to be an order of sequence for doing these things.

For a year or more leading up to the outsourcing of the water contract, these wind backs ballooned in number and, when United Water took over, because the government of the day did not want to spend the money it left it to United Water to do the job. According to this information, there has been a massive blow-out in these wind backs. Of course, they have not been attended to, pressure has built up and more water mains have burst with resultant damage to the community. I want Mr Nguyen's claim paid.

The Hon. R.B. SUCH (Fisher): As this is National Science Week, I draw the attention of members to a worrying situation in terms of what is happening in science education. I include in that concern the area of mathematics as well. I took the trouble to obtain from the Senior Secondary Assessment Board of South Australia data relating to the number of students in years 11 and 12 who are studying science and mathematics subjects. I asked for a breakdown over at least a four year period (1995-1999)—so no-one can accuse me of being partisan—but this trend was happening before then. In private and public schools in both years 11 and 12 there is a significant continuing decline in the number of students studying science and mathematics subjects. The decline from 1995 to 1999 was approximately 16 per cent for year 11 for both science and maths, approximately 9 per cent for year 12 maths, and 5 per cent for science. That is unfortunate. In interpreting these statistics, it is necessary to take into account the fact that the total number of students in years 11 and 12 changes from year to year.

I also point out that year 11 is stage 1 of SACE and year 12 is stage 2. It is possible—and, in fact, many students do this—for a student to attempt a mixture of both stage 1 and stage 2 subjects in the same year so those stage 1 and stage 2 figures are not disjoint. The figures for stage 1 mathematics are a special case as stage 1 mathematics is a requirement of SACE. That is, SACE cannot be achieved without completing stage 1 mathematics. In contrast, students are not required to complete science subjects at stage 1 to achieve SACE, so those figures are somewhat lower. I point that out as a bit of a caveat. Putting that to one side, these figures are still of concern. They reflect a trend in our community where, unfortunately, too many people—increasingly, young people—see science as something which, in their language, is not cool: it is unattractive and hence unpopular.

I think this is a case of shooting the messenger, because scientists have often been blamed for matters such as creating the atomic bomb and pollution of one kind or another. However, that is unfair, because whilst science provides opportunities to create problems it also provides opportunities for solutions. It is important that in a state such as South Australia—and I indicate that this trend is not unique to this state; it is happening throughout Australia in varying degrees—we need to encourage more young people to undertake the sciences and mathematics.

As I indicated earlier, this will require a change in community attitude. I have nothing against lawyers, but recently there has been an emphasis on focusing on particular areas of tertiary study rather than embracing the sciences. I do not know the details, but I was delighted to hear the Premier say today that he will announce a policy on Friday. I look forward with interest to seeing what is in that policy, because I trust that it will lead to encouraging a greater focus on science and technology in South Australia, particularly in our schools (both public and private).

We should look at providing scholarships for students who study both science and mathematics. As we know, mathematics is a great tool in engineering and other important areas. We have a proud tradition in South Australia. One only need think of Lord Florey, Sir Mark Oliphant and others who have brought great credit to this state. So, I make a plea to the government, the community (in a sense) and young people to look at science and mathematics as worthwhile areas of study which will lead to good career opportunities, particularly in fields such as biotechnology. Let us hope that we can reverse this unfortunate trend which has seen mathematics and science decline in popularity in both year 11 and year 12.

Ms BREUER (Giles): Yesterday, some disturbing figures regarding the situation in Whyalla were released. Included in those figures was the fact that Whyalla is losing population at a faster rate than anywhere else apart from two other places in Australia. I find this disturbing but not surprising, because for a long time I have pointed out the difficulties in Whyalla and how quickly the population is declining. I have lost many good friends in the past year or two who have moved to what they perceive to be better pastures because of the employment situation locally.

When you consider that 10 years ago Whyalla's population was 10 000 more than it is now—the equivalent of the City of Port Lincoln has left our city in the past 10 years—you can see the serious situation that Whyalla is facing. The BHP decision to float the company has also resulted in a number of job losses. We have many concerns about our future, whether there will be further rationalisation of the work force in BHP and whether more jobs will go. At this stage, we are assured that that probably will not happen, but any new company has to look at its cost basis, and we expect that there will probably be more job cuts.

One of the beliefs of people in Whyalla is that the task force which the government set up last year did not really address the issues of declining population and decentralisation which we consider are having a major impact on our region. Every time a service can be provided in Adelaide, families are lost from the area. Whyalla was proud of these services which it provided for many years when it had a thriving population of 34 000. However, those services are disappearing quickly now.

The passage of the BHP bill is important to Whyalla's future. I spoke at some length on this matter in the last session. The bill is presently being debated in another place, and I am hopeful that it will pass today and that the future of Whyalla can be assured. I hope there are no impediments to the passage of this legislation in the other place.

One issue that has come to my attention during the past 24 hours is the issue of port access and how that may affect, in particular, the ship-breaking industry which it is hoped will be established in Whyalla. Ship-breaking conjures up all sorts of images. There was a lot of dissent about this in Port Adelaide, and the decision was made not to put the industry

there. Whyalla is still in the running for the establishment of this ship-breaking industry, but many questions need to be answered before we can say it is a goer.

Whyalla will support the ship-breaking industry, and I give it my support provided that the environmental and economic feasibility studies match up and there is no risk to our future. Whyalla has had environmental problems for many years. These were established in the days when any industry had little commitment or obligation to the community. Because of this attitude, Whyalla suffered, and it is still suffering from those problems. I have had many long discussions with BHP regarding this and the possibilities of cleaning up our area. So, we are not interested in an industry that will create more problems for the environment and the gulf.

Aside from that, though, the Whyalla community is very much supportive of the ship-breaking industry because it would mean 500 new jobs in our area—and we would be very happy to see them. Whyalla city council has passed motions at its meetings supporting the ship-breaking industry, provided the economic and the environmental feasibility study matches up. A public meeting in Whyalla also passed similar motions, provided the economic and the environmental feasibility study matched up. Certainly, Whyalla is very supportive of this industry.

I do not see the issue of access to the port as a problem. If the feasibility study matches up, there will be no problems with access to the port from BHP for the new ship-breaking company. Although there are some rumours that we will not support this industry, certainly Whyalla will look at any type of industry that is available, and certainly the people concerned will have our support in every possible way, once again, provided the environmental and the economic feasibility study matches up. I would urge all members in the other place to consider this bill, and I certainly hope on behalf of my community that the bill is dealt with very quickly.

Mrs MAYWALD (Chaffey): I rise to speak on the Riverland community initiative known as the Riverland Chapter of Operation Flinders. This initiative was instigated late last year by a group of dedicated people in the Riverland who saw an opportunity to raise funds to send youth at risk on this very worthwhile program. Operation Flinders is a program that operates in the northern Flinders Ranges to provide an opportunity for youth at risk to experience an eight to 10 day trek around the Flinders Ranges, where they learn team work, how to deal with a lot of their emotional aspects and how to gain self-esteem and build their own worth within the community. It has proven to be a very worthwhile operation and, for that reason, the Riverland decided that it would like to assist.

John Shepherd, who is the General Manager of Operation Flinders, came to the Riverland and spoke at a function that I attended. A group of us decided that we would get together to try to work out ways in which our community could assist in this program, and in particular assist youth at risk within the Riverland. We formed what we now call the Riverland Chapter of Operation Flinders, which is made up of a group of community people being representatives of each of the service clubs—Apex, Lions and Rotary—a media representative, a community liaison representative, a member from the police force and myself. In this group we sought to raise some funds to send a group of kids at risk up to Operation Flinders from the Riverland.

Within three months of commencing this informal group we were able to raise $10 000, which was the amount of money required to send a group of eight to 10 young people to the Flinders this year. Our first group funded by the Riverland Chapter will go to the Flinders Ranges in July this year. It is a real credit to the people on that committee who have worked very hard and who have inspired the community to support this program, and in that way supporting young people in our own region.

We saw with Operation Flinders (as it is currently operates) that there was an opportunity for young people to go from the education system to Operation Flinders and also for young people to be sent from the family and youth services portfolio to attend this worthwhile program, but there was a gap. Youth at risk who had not become involved in the criminal justice system and who had left school were not being given the opportunity to go on this particular program. The Operation Flinders group determined that they would like to see those young people receive this opportunity.

I was fortunate enough to attend Operation Flinders last year and experience at first hand the good work that this program does. I went for three days with two fellow Riverlanders: Michael Cooke, an ambulance officer in the Riverland who donates his own time during his annual leave to work with the children at Operation Flinders; and a representative of the Rotary Clubs, Mr Arthur Manser. We were able to spend three days at Operation Flinders and experience the program as it runs. We were fortunate in that we were able to see groups experiencing working with the star force officers, in abseiling programs and participating in team building programs. We saw the kids experiencing Aboriginal culture with Aboriginal elders from the area who were teaching the young people how to find and cook bush tucker and then to experience dreamtime stories around the fire.

The actual change in these young people from the first day we saw them, even in that short period of three days, was extraordinary, for example, the way in which the teams started to work together. They were a very dysfunctional group of people initially and towards the end of the experience you could see that they really had gained significant benefits from working together as a team and being out in the bush. I congratulate all those involved in the Riverland Chapter of Operation Flinders and also those who have very kindly donated to the fund. In particular, I would like to mention Angoves, which has donated $1 000 a year for the next three years as a private sector contribution to the Riverland Chapter, and the Rotary and Lions Clubs which have made significant contributions for a number of years as well. It is a very worthwhile organisation and it is the community working for the benefit of the community.

PUBLIC WORKS COMMITTEE: PELICAN POINT POWER STATION

Mr LEWIS (Hammond): I move:

That the 122nd report of the committee, on the Pelican Point power station transmission connection corridor status report, be noted.

I will have something to say about this matter a little later on, but at the time of the filing of this report the committee wished to make some observations, and accordingly, on behalf of the committee, I point out that, in its final report on the proposal to establish the 275 000 volt transmission connection for the Pelican Point power station, the Public

Works Committee recommended against the proposed construction.

The committee has prepared a status report which therefore now provides a greater overview of the evidence received and a more thorough explanation of our concerns. We canvassed the need for and the cost of the transmission corridor because they both depend on the site selection process and should have meant that an optimal location was selected. The committee is not satisfied that this has occurred in the absence of reasons to locate the power station elsewhere. The committee regards a site immediately adjacent to the Torrens Island power station as the most suitable. That site would minimise the cost and the length of transmission lines needed to connect the proposed power station to the electricity network.

The consultants who conducted the site selection process state that the Torrens Island site was not considered, nor were they asked to consider it. I note the member for Hart shaking his head. Let me reassure him that what I have just said is a fact.

Mr Foley: I'm shocked.

Mr LEWIS: I am not surprised to here the member was shocked; so was the committee: we could not believe it. Given the Treasurer's advice that he relied upon the assessment process conducted by those consultants when reporting to cabinet, the committee's view is that the decision to select Pelican Point was based upon inadequate information about the available options. Evidence given to the committee indicates that the decision to locate the proposed power station at Pelican Point rather than at Torrens Island has increased the cost of the transmission lines by at least $5.75 million—that was at the time we submitted this report to Mr Speaker.

Evidence provided by ERSU, that is, the electricity reform and sales unit, if you can call it that—it is almost an oxymoron—stated that the transmission line savings achieved by locating the power station at Torrens Island would be more than offset by additional cooling costs. However, when the committee inquired into that and took evidence, we found that there is no increased cost in developing a power station with cooling towers. In fact, it is conceivable that it may have been cheaper to install cooling towers—time alone will tell. We found that the Boral Energy plant at Osborne uses cooling towers and would use the same technology in any plant expansion—and it proposes to.

We found that the power generation efficiency loss is not measurable and is certainly less than 1 per cent, according to the evidence we were given. We found also that the thermal modelling relied upon old data collected during the multifunction polis investigations that go back more than 13 years. So, it is well out of date. We found that ERSU and its consultants were unaware that cooling tower technology has been preferred in similar conditions, for instance, in the United Kingdom. Consequently, the committee is concerned that cooling tower technology was not adequately analysed by ERSU in the site selection process and the recommendations which it (ERSU) made to government.

The committee was also told that the proposal is seriously at variance with the development plan for the region and preempted a land capability and suitability assessment for the future use of Gillman and the Le Fevre Peninsula; that the site selection process does not include local council nor residents representations; and that the Australian Submarine Corporation was not advised that a development application had been lodged, nor that the proposed transmission line would be against its boundary, despite the projects potential to cause significant problems to the Submarine Corporation in its work. That would be EMF interference in its communications and information technology systems on board the submarines that they were constructing, testing and then commissioning. ERSU was ignorant of and later ignored the significant implications of a ship building proposal and ship recycling proposal being developed for the site by the Australian Steel Corporation.

It is also of concern that the estimated cost of the transmission connection of the Pelican Point power station has increased by $5.8 million since the proposal was submitted for consideration. Of this amount, $4.13 million will be recouped through the transmission use of services charges to be levied on all transmission system users in the state. That means you and me. The appropriation of funds to government for the construction of major public works is subject to consideration by the Public Works Committee pursuant to the requirements of the Parliamentary Committees Act, yet for more than two weeks prior to the proposal's being submitted to the committee ElectraNet had been bound by a legal obligation to respond to a formal connection application from National Power.

ERSU has resisted parliamentary scrutiny of this proposal probably because it has so much to hide, so much of which it is ashamed. For example, the committee has made many attempts to learn how the potential sites were selected and which advice formed the basis of the submission to cabinet. Conflicting and confusing evidence has been given in regard to these key issues, and several committee requests to the Department of the Premier and Cabinet for the clarification at the time of writing this report had been rebuffed.

The committee was told by Ms Alexandra Kennedy, an ERSU consultant, that parliamentary oversight of a major public works—get this—is an impediment to investment in South Australia. This attitude clearly indicates a failure to appreciate the obligations of executive government and its agencies to parliament. In this regard the committee was disturbed to be told by Ms Kennedy that the Treasurer had asked her to inform it, that is, the committee, that all statements 'made by me [that is, Ms Kennedy] on the subject of Pelican Point or the transmission line are made as his [that is, the Treasurer's] representative and they are his views. They reflect his views and therefore the views of the government.' I was flabbergasted. This dismissive attitude lends credibility to the complaints made by many witnesses about a lack of consultation by ERSU during the development of the proposed project. The committee believes that this lack of consultation has adversely influenced future business opportunities on Pelican Point, selection of the most appropriate site, proper consideration of cooling technology, the amount of public expenditure required to construct the transmission line, and the future use of residential vacant land on that part of Le Fevre Peninsula for residential, industrial or any other purpose.

There are inconsistencies between the evidence given by ERSU and other evidence. For example, the committee was told by ERSU that it (ERSU) was formed in March 1998. The selection of consultants was undertaken by cabinet and its selection predated the formation of ERSU. Following a cabinet decision on 22 June 1998, the site selection process was undertaken under the direction of ERSU. However, the committee was also told that prior to consulting a key member of the site selection process was not engaged until 17 June 1998 (three months after ERSU's formation), that the

identification and analysis of potential sites was undertaken before the cabinet decision of 22 June and that within 48 hours of cabinet's approval for ERSU to undertake the site selection process ERSU had decided on Pelican Point. That is a pretty slick and quick out.

The committee is primarily concerned that inadequate care was taken by ERSU during the site selection process and considers that this was due to its overwhelming emphasis on the time frame to get new generation on line. This focus unbalanced the development of this proposal. In particular, it caused inadequate care to be taken during the site selection process and caused scant attention to be paid to the advantages of cooling tower technology. It caused inadequate consultation to be undertaken with the stakeholders. It caused restrictive site selection processes to be developed and utilised. It caused premature attention to be paid to the selection of a specific site for the power station and caused the exclusion of alternative sites as a consequence of the time spent developing the Pelican Point proposal and caused unmanageable stress to be placed upon the Australian Steel Corporation's ship breaking proposal. It also caused an inability to give strategic consideration of the optimum use of the Pelican Point location.

The committee was told by ERSU that it was made clear to bidders that they could include other sites and that we would offer facilitation. However, four months lapsed between the decision taken by ERSU to focus on Pelican Point and the release of the request for proposals in 1998. Given the limited time available to bring new generating capacity on line before the summer of 2000 and 2001 (this coming summer), the loss of this four months, caused by the early decision to focus exclusively on Pelican Point, effectively prevented potential bidders from being able to offer alternative sites to meet the state's power needs. Remember that they only had days in which to respond once giving their expressions of interest, which in turn only allowed them days.

The committee is concerned that inadequate selection criteria may have been used for the site selection process. The entire process took less than one week and only considered factors directly related to the cost of output. However, the selection criteria did not allow for the benefits such as those at Whyalla, which had an existing easement, the capacity to utilise waste gas from Santos's Port Bonython plant, the absence of community opposition, interest by the local aquaculture industry in using the warm water discharged from the power station and the broad social and regional benefits that would accrue to the area in Whyalla. In addition, when the Australian Steel Corporation proposal became known, the selection process was not revisited to determine the potential net benefit to the state if the second best site was selected for the power station.

The committee has made every effort to resolve apparent inconsistencies in evidence and is disturbed that it has been unable to obtain full and frank evidence on such issues at least up until the time we submitted this report to Mr Speaker. On the evidence that is available, it appears that expediency has overridden good public policy and that public interest is not served by the proposal. The committee recognises that some projects face severe time constraints, and the present framework within which proposals are referred to the Public Works Committee compounds them.

The committee is of the view that the present system should be reviewed so that the comments of the committee and the public interest can be taken into account earlier in a project's development. The committee remains opposed to the proposed works. Pursuant to section 12C of the Parliamentary Committees Act, the Public Works Committee submits this report to parliament for it to note.

Mr FOLEY (Hart): I commend the chair of the Public Works Committee and my colleagues for their diligence in relation to this report. As the local member I know that, with much community anguish about this project, the Labor members and chair of that committee are held in high esteem in my community for the good work they did in trying to protect the people of Port Adelaide from a development being sited at Pelican Point that was clearly of significant concern.

I will quickly touch on a report, of which I am sure my colleague the member for Elizabeth would be aware in her capacity as shadow health minister, released today by the Queen Elizabeth Hospital, which shows as we acknowledge Asthma Day that the north-western suburbs, in particular the Le Fevre Peninsula, have high respiratory illness rates—much higher than the average in the wider community. The member for Hartley has a comical look on his face. I happen to care for the health of people in my electorate.

Mr SCALZI: I rise on a point of order, sir. I did not know that the member for Hart was an expert in body language. If so he should take some training: I do not have a comical look on my face.

Mr FOLEY: This report acknowledges that the people of the Le Fevre Peninsula have a higher cigarette smoking rate than other parts of the community. The report also acknowledges the heavy industrial base in and around Port Adelaide. I simply say that so that some members, and hopefully even the Treasurer, can understand the anxiety of local constituents whom I represent, the people with whom I live in the community, in respect of excessive amounts of heavy industry. Much of the concern about Pelican Point very much related to a very real fear and belief by the community that continual industrialisation of the Le Fevre Peninsula is having ill effects on the community.

The debate about the location of the power station was as much a protest to government in that the community was saying, 'Look, we have had enough industrialisation on the Le Fevre Peninsula. Can't you build the power station somewhere else?' It is a disappointment that Pelican Point was chosen as a location. As I said from day one, we were prepared to support the construction—should one have been needed (which clearly it is)—of a power station. We would have been happy for it to be built at a number of other locations. That particular location caused great anguish to my neighbours, friends and family and to many other people throughout the community, but we lost that battle.

I want to touch on the issue of electricity. The Treasurer and I have been having an ongoing policy debate about Riverlink interconnectors. I make the point that the Treasurer criticises me for supporting a regulated interconnector with New South Wales because he says that is about taxpayers having to put money into electricity transmission. This report refers to the fact that in excess of $20 million of taxpayer money is being spent on a regulated transmission asset, that is, the transmission corridor between Pelican Point and the transmission exchange on Torrens Island. That is a regulated transmission line.

The cost of that will be recouped from the community through transmission charges over time. Why is it okay to build such a regulated connection at Pelican Point but the government chooses to ignore that principle when arguing against the Riverlink interconnector. The Treasurer last night

attacked me, the Leader of the Opposition and the Hon. Mr Holloway, but particularly me. The Treasurer is feeling the political heat of something I outlined to this House two weeks ago. I refer to what I consider to be the most significant economic blunder of this government's tenure in office: the inability of this state to get a competitive framework in place for electricity.

I quoted no more authoritative source than the report of the Business Council of Australia on the reform of electricity and the fact that a competitive framework does not now exist in South Australia. The Treasurer—and I think it can only be said that he was poorly briefed—has clearly not read the report of the Business Council of Australia. Last night the Treasurer said:

> I want to comment on the last element [of the report] because any rational analysis of the report would lead one to say that it is a very disappointing read indeed, and that is because it does not acknowledge the decisions that have been taken by the government in trying to develop the competitive market.

It did do that. It talked about Pelican Point, the SARNI interconnector, the sale of Optima and the Boral Energy plant in the South-East. However, the report stated that, notwithstanding all of that, those measures are not sufficient to give this state a truly competitive market. South Australia charges twice as much for electricity as Victoria. The report states that the gap would be only 15 per cent had we had a Riverlink interconnector. The Treasurer further states—

Mr McEWEN: I rise on a point of order, sir. Is the honourable member permitted to quote from the transcript in another place?

The DEPUTY SPEAKER: No. I accept the point of order.

Mr FOLEY: I will paraphrase what I overheard in the other place last night. The Treasurer has either not read his report or he has been poorly advised. The Business Council of Australia engaged a highly credentialled consultancy company, Port Jackson Partners, and Mr Rod Sims and Mr Philip Stern to provide this advice and they are highly critical of that structure in South Australia. They say that, notwithstanding everything this government has supported, the SARNI interconnector, Pelican Point, the sale of Optima, Boral and perhaps other interconnections that are of an unregulated nature will not be sufficient to drive down electricity prices.

I am on the public record as saying that the government took a decision to maximise the sale value of its generators and that it would be best if competition were slow to arrive in South Australia—indeed, to lock out competition as far as possible—to ensure a higher price for the sale of our generators. That is a reasonable belief based on the evidence and the facts that have been presented to the public arena and to the opposition. The Treasurer, in a not too subtle threat to me, said—and I paraphrase what he said last night—that if he were a sensitive and litigious person in the public arena he may well have taken action against certain people.

The Treasurer continually said 'if I were a sensitive person', and, thankfully, in many ways the Treasurer is not a sensitive person, and neither am I because we do engage in much robust debate. The reality is that it is a very reasonable belief of the opposition that not individual members of the government but the government in general took a view that to maximise the sale price of the generators it would lock out competition by not supporting the Riverlink. How is that view formulated? Quite simply because, from the opposition's perspective, on the available evidence that is an obvious conclusion.

It is not just the view of the opposition. I know that other members of this parliament, indeed, members of government, share that view. I have had discussions with prominent business leaders in this state (many of whom are very supportive of this government) who hold the same view. I am well informed that that is also the view of the authors of the report of the Business Council of Australia. They share the view that the decision to stop, not support or not encourage, Riverlink is designed to prop up the value of the generators. Others have commented that the same criticism is levelled against New South Wales: that by limiting interconnection you can prop up the value of your generation assets, be they public or privately owned.

Not only do you have a very reliable source (Mr Sims) saying that but also business leaders and respected consultants, such as Danny Price from London Economics, now Frontier Economics with whom the Treasurer has an issue. In the *Financial Review* in reference to this report, experts none other than Mr Allan Asher, Deputy Head of the ACCC, has said:

> Rising costs in the national electricity market would eat up a large part of the benefits amid internecine squabbling by the states. The state jurisdictions are wanting either to increase values for privatisation or to protect their own investments. The consensus is gone; it is fractured.

The Deputy Head of the Australian Competition and Consumer Commission is saying what I am saying. The only obvious conclusion one can draw from this government's decision to not support and to not want Riverlink is to lock out competition to aid its privatisation, and I stand by my remarks.

Time expired.

Ms THOMPSON secured the adjournment of the debate.

PUBLIC WORKS COMMITTEE: BOTANIC WINE AND ROSE DEVELOPMENT

Mr LEWIS (Hammond): I move:

That the 123rd report of the committee be noted.

In August 1998 this House considered the report which the Public Works Committee made in relation to the stage one component of this work, which was the refurbishment of Goodman Building and Tram Barn A. It also included the preparation of the site works for the international rose garden. That part was about the roses and the relocation. The committee understood that the estimated cost of the project would be $31.8 million; and the estimated cost of stage 1 would be $10.5 million, with the balance being attributable to the construction of the wine centre and other project elements representing stage 2. The committee endorsed the project and accepted that the National Wine Centre would contribute significantly to the development of tourism and the wine industry and that the adjacent rose garden would afford similar opportunities for the state's rose industry and help create a major tourism focus in the city.

The committee was told that some project elements had been deferred, because centenary of Federation funding was not available at the time. So, in September 1998 the committee's report on this development (deferred works) endorsed those elements and an increase of $240 000 over the original estimate.

In March 1999, just over a year ago, the committee reported on stage 2 of the project, and that report detailed the proposed construction of the National Wine Centre at the corner of Botanic and Hackney Roads at an estimated capital cost of $20 million. The committee noted that an additional $2.5 million had been set aside on account to fit it out, and as a result the cost of the work had increased to $34.54 million. The committee reiterated that the project should contribute to the development of the tourism, wine and rose industries, but expressed grave concerns in relation to the further use of parklands. In particular, we commented on the alienation of parklands by the erection of permanent structures to be used for commercial activities. Therefore it recommended to the minister, inter alia, that no structural change of a substantial nature to existing buildings or development or alienation of any area of land of the city of Adelaide originally surveyed and designated as parkland by Colonel William Light be undertaken without the approval of an absolute majority of all members of each house of parliament and the Corporation of the City of Adelaide in sessions separately assembled.

The minister did not respond to this recommendation, so the committee tabled the botanic wine and roses development stage 2 status report in October 1999. Given the urgent need to protect the parklands from further development, the committee attached a draft bill to amend the City of Adelaide Act 1998 in accordance with the recommendation. The committee understands that stage 1 building works reached practical completion on 21 October last year. A number of defects have been identified and the builder has been requested to fix them up. Negotiations are continuing regarding settlement of a number of variation claims submitted by the builder. The committee is told that several issues, including the latent conditions and disputes with the builder, have increased the possibility of a budget overrun of stage 1 by $160 000.

The demolition and site preparation have been undertaken separately from the main stage 2 contract works in order to save time by running concurrently with the tender process and to allow the tenderer to achieve a more comprehensive understanding of the site conditions. The committee is told that the proposing agency undertook full pricing of the bill of quantities prior to its going to tender, and this was because of the complicated design and consistent advice that the project design was over budget. The pricing estimated a significant overrun, and the tender call was delayed whilst alternatives to achieve savings were investigated. A number of these savings were incorporated into the tender documentation, while others were to be negotiated with the preferred tenderer after the close of tender.

The committee is told that significant savings were negotiated with the successful tenderer; nevertheless, the estimate cost of stage 2 will still be exceeded by $1.5 million, mainly because of an additional $718 655 in construction costs and $665 610 in professional fees. The committee is told that cabinet has allocated $1.5 million in additional funds to the project so that the total cost is now $36.2 million.

Community concerns regarding the adequacy of car parking on the site were raised during the consultation process for stage 1 and during stage 1 Public Works Committee hearings. The sensitivity of local residents to problems of parking in residential areas was recognised as a key issue to be considered by the precinct parking strategy.

In response to these concerns the project consultants proposed that the size of the old STA car park to the north of the Goodman building be doubled. The estimated cost of this work is approximately $300 000 and will be funded from interest that has accrued due to the delays in expending the funds allocated to the project. It is an interesting way of doing things: if you put it off long enough you will be able to finance quite a substantial blow-out, all other conditions being ceteris paribus.

Part of stage 2 is office space for the National Wine Centre and other industry bodies. The committee is told that leases have been negotiated and agreed with the Winemakers Federation of Australia Incorporated; the Australian Wine and Brandy Corporation, the Wine and Grape Growers Council of Australia, the Grape and Wine Research and Development Corporation and the South Australian Wine and Brandy Industry Association. Negotiations are also under way with a possible sixth tenant, that is, the Australian Society of Wine Educators. Maybe I ought to join that.

In summary, the total cost of the project is now $36.2 million. That is $11.5 million for stage 1 and $24.7 million for stage 2. In addition, an estimated $300 000 will be required to meet the increased costs of additional car parking, making a total of $36.5 million. The major variations in the estimated costs since the committee's first report on the project are $700 000 start-up costs for stage 1, $2.5 million for fittings and equipment, $1.5 million budget overrun on stage 2, $240 000 budget overrun for deferred works and $300 000 for the car park. In addition, there is the potential overrun in stage 1 of another $160 000.

The committee continues to be concerned about the alienation of parklands from the public via the erection of permanent structures to be used for commercial activities. The stage 1 works were planned for total completion in May 1999, and they were completed. The committee is told that this would allow stage 2 to proceed and the centre to be commissioned and ready to take advantage of the expected surge in tourism to be generated by the Olympic Games.

The committee is disappointed to be told that the estimated completion date for stage 2 is now March-April 2001, well after the Olympic Games are over. That is probably not lost on you, Mr Deputy Speaker, and I hope it is not lost on other members. Pursuant to section 12C of the Parliamentary Committees Act, however, the Public Works Committee recommends that parliament note the status of the Botanic Wine and Rose development work.

Ms THOMPSON secured the adjournment of the debate.

PUBLIC WORKS COMMITTEE: ROYAL ADELAIDE HOSPITAL

Mr LEWIS (Hammond): I move:

That the 124th report of the committee, on the Royal Adelaide Hospital Redevelopment—Status Report, be noted.

This is about the Royal Adelaide Hospital, the state's principal tertiary referral hospital. It is collocated with two of Adelaide's three tertiary teaching facilities, shares its campus with research and diagnostic laboratory institutes, is established internationally as a centre for excellence and is also South Australia's leading teaching hospital. The North Terrace campus undertakes 85 per cent of all trauma retrievals in South Australia. It also provides statewide services in spinal injury, adult burns, neurosurgery, hyperbaric medicine (for those who do not understand that, that is the practice of using decompression used to treat the bends), radiation oncology, adult craniofacial surgery, bone marrow trans-

plants, tuberculosis and adult cystic fibrosis. The site also provides a broad range of clinical services to meet the health care needs of people in the central, north-eastern and eastern areas of Adelaide and rural South Australia.

The Royal Adelaide Hospital master plan for redevelopment culminated in May 1997 with cabinet approval in principle to the value of $121 million. The redevelopment was scheduled for completion over four stages. Stage 1 has been completed. The concept of the Royal Adelaide Hospital redevelopment is to consolidate and collocate clinical services as much as possible in the centre of the hospital site. Maximum flexibility is to be incorporated into the design of the buildings to allow for an essential restructuring of clinical management services, integrating a patient centred model of care. This is to be achieved by the construction of a new three level building that will integrate clinical functions in the north wing and central clinical buildings, thereby facilitating the collocation and aggregation of a number of clinical services. Patient areas are to be developed in line with modern health care standards, while core engineering and support services—that is, plumbing, mechanical and electrical plant, air-conditioning and the like—will be upgraded for optimal performance.

The committee understands that it became clear during the development of the master planning concepts and the associated surveys and consultation that some stage 3 work needs to be implemented with stage 2 to achieve an efficient cost effective redevelopment. The committee is told that this work will be extremely difficult to contract once the new wing has been built and that the whole of the hospital plan and functionality breaks down without this link.

The Royal Adelaide Hospital redevelopment takes account of the metropolitan clinical services planning study objective of managing scarce capital and recurrent resources to minimise duplication of high cost services and equipment. In managing this, the committee understands that the project program is based on a need continuously to maintain the hospital's normal functions and operations.

The sequence of upgrade and refurbishment of the existing buildings for the relocation of clinical departments is dictated by the availability of the areas to be refurbished and the need for the hospital's functions and operations to be continuous. Progressive temporary or permanent relocation of departments will occur to make areas available for refurbishment or as refurbishment is completed.

The construction of the new building works and the refurbished areas is expected to begin in March 2001 and be completed by June 2005. The hospital will have 714 transition beds until the end of stage 2. Mr Acting Speaker, you would know that as you were very interested in these aspects of the redevelopment, having worked there for some time prior to your entry into Parliament as the member for Hartley. After this, the number of beds in transition will be reduced to 660 by 2006 and 600 by 2011.

The primary features of stage 2 include retention of the main entrance from North Terrace, enhanced by connection to and redevelopment of level 3 theatre and services and teaching buildings. The primary features also include creation of a much needed and efficient hot floor at level 4. This allows for the discrete and functional collocation of the theatres, day surgery, recovery and intensive care. The primary features in stage 2 also include proper collocation of new emergency and imagining departments at level 3, where they should be, close to the main entrance, removing the conflict between emergency, pedestrian, public and vehicular traffic. They also include establishment of the first stages of effective and accessible ambulatory care facilities, and include improvement of on-site traffic and parking, particularly the provision of efficient and safe access for emergency vehicles to the new emergency department. They include establishment of dedicated lifts for clinical use with direct connection between associated departments and clear distinction and separation from the public. This will achieve better infection control and provide patient privacy, and allow clearer navigation around the building. They will also include incorporation of the public entry at level 2 of the north-south clinical integration link for pedestrian use from the new northern car park and are designed to link directly with both the wards, the public lifts and the level 3 main entrance. Construction of the new wing will be a part of these features, developed over open space to the north of the services and teachers building.

The committee has been told that there has been wide consultation about the redevelopment and support has been received from all groups consulted. In addition, the Royal Adelaide Hospital board has formally approved the proposed project. The committee is told that the physical infrastructure of the Royal Adelaide Hospital has proved a major constraint over the past decade or more in achieving modern standards of good practice in clinical care. The aged, outmoded design and poor physical condition of the hospital has compromised the ability to function efficiently and to implement a range of initiatives aimed at improved quality of service.

The site inspection undertaken by the committee on 22 March last supported this evidence, and we noted that it is difficult for members of the public to find their way about the hospital and that there is little control of public movement on the entire campus. Further, the public often needs to cross the ambulance roadway to get access from one area to another. The waiting areas are inadequate and do not have very user-friendly surroundings for patients and visitors, and this is exacerbated by the emergency department due to intrusive security features. The facilities are not located in efficient functional relationships. There is no area to isolate psychiatric patients, which is distressing for them and those who may be affected by their dysfunctional conduct. Also, there is a lack of space in rooms and corridors as a general observation.

The committee accepts that stage 2 and 3A of the Royal Adelaide Hospital redevelopment will enable the North Terrace site to accommodate the changes in clinical service delivery and to continue to provide statewide trauma services which achieve functional and operational objectives that include, first, improved configuration of the hospital services; secondly, optimal functional relationships between departments and associated clinical services; thirdly, staffing efficiencies that will enable the Royal Adelaide Hospital to respond to a change in direction of statewide clinical services; fourthly, the replacement of ageing infrastructure, thus delaying life cycle costs for building maintenance, engineering and services and equipment; fifthly, improved layout of the Royal Adelaide Hospital campus for both vehicular and pedestrian movement of patients, visitors and staff; and, finally, to ensure that the Royal Adelaide Hospital continues to comply with the Australian Council of Health Care standards.

Because of this, the committee understands that the proposed project will achieve a number of significant outcomes, and these include: first, whole of hospital functionality, with no functional cross-overs or dysfunctions;

secondly, maximum interdepartmental and clinical links without internal disruption to any department; thirdly, clear separation of in-house and public movement; fourthly, reduction of hospital acquired infections; fifthly, major security control; sixthly, efficient and balanced vertical movement systems; seventhly, direct, essential interlinked levels; eighthly, defined and controlled public and transport access at level 2; ninthly, the provision of essential clinical support services; and, finally, freeing up north wing ready for stage 3 upgrade to commence at any point in the future without disruptive delay of enabling works. The revised capital budget is $74 million, which comprises $56.89 million for stage 2 and $17.11 million for stage 3A.

The committee understands that the benefits achievable through a more functional and efficient working environment will also achieve recurrent cost savings of $9.427 million. The project has a cost benefit ratio of 1.2:1. Given the evidence it considered and pursuant to section 12C of the Parliamentary Committees Act, the Public Works Committee reports to parliament that it recommends the proposed work.

Ms STEVENS secured the adjournment of the debate.

PUBLIC WORKS COMMITTEE: UPPER SOUTH-EAST DRYLAND SALINITY AND FLOOD MANAGEMENT PLAN—TILLEY SWAMP, BALLATER EAST AND WONGAWILLI DRAINAGE WORKS

Mr LEWIS (Hammond): I move:

That the 114th report of the committee be noted.

Large (that is hardly the appropriate word)—indeed huge—areas of land have been degraded by salinisation and water logging in the Upper South-East of South Australia as a result of the combined effects of high ground water levels and flooding. That is sad. Land degradation due to salinisation has increased significantly since the mid 1980s and, if nothing is done, agricultural productivity loss is expected to be at least $9 million a year. I know that this is of grave concern not only to me, the Minister for Primary Industries and the government but, more particularly, the local member, my neighbour and colleague the member for MacKillop.

A management plan has been developed which combines four key elements to achieve the best solution to dry land salinity and to flooding, taking account of the environmental, economic and social concerns. The elements of this plan are: first, surface water and wetland management; secondly, coordinated drainage schemes; thirdly, agricultural production and on farm measures; and, finally, revegetation in locations where necessary. The management plan's primary objectives are: to reverse the trends of land degradation and consequent economic decline caused by salinity and flooding; to coordinate drainage and flood management; to protect native vegetation; and, at the same time, to manage and reinstate some wetlands to provide habitat and drought refuge for water birds and the other things that will live there. It will also provide for community needs, in particular, the need for a sustainable agricultural base. The principal outcomes of the project are expected to be threefold: increased agricultural productivity through establishment of salt tolerant and perennial pastures; the creation of a wetland chain and associated habitat corridors from Bool Lagoon to the Coorong; and, finally, revegetation and protection of remnant native vegetation.

The proposal is one of three stages to address the twin problems of dry land salinity and flooding in the Upper South-East. The total package includes construction of a $24 million regional network of drains to control ground water levels and surface flooding. I know that will generate a hell of a lot more income than any Hindmarsh Stadium will ever do, yet it will not cost anywhere near as much. The drainage network includes two outlets, one to the sea north of Kingston in the South-East and the other to the southern lagoon of the Coorong via Salt Creek. The state and commonwealth governments have endorsed a limited discharge of 40 000 megalitres a year to the Coorong so that the hyper saline character of the southern lagoon is maintained. May I at this point state my own personal view that that is idiocy and that I see no merit whatever in maintaining some unfortunate misadventure for the natural ecosystems of a given locality just because it has happened—40 000 megalitres a year is not a sustainable level of discharge. It is like placing an elastic band around one's urethra: the salt and water builds up to the point where death is the ultimate unpleasant and unhappy consequence.

Mr Williams interjecting:

Mr LEWIS: They are my remarks, contributed for the benefit of members, and not necessarily views endorsed by the rest of the committee. However, I am sure that they can see the point I am making. The regional drainage network is to be constructed on rural land, with the majority of properties privately owned. Following construction, the drain and adjacent land—that is, spoil bank and access tracks—will be transferred to and vested in the South-East Water Conservation and Drainage Board at no cost, as the benefit of the drains to individual land-holders will more than compensate for the loss of productive land.

That is the view that members of the community there have taken. I make reference to this because it is to the benefit of all householders in the metropolitan area that stormwater drainage and sewage effluent disposal drainage, as well as access to that land for other services, improves the value of the land held by the private citizen, yet no-one expects the private citizen to accept that if their land is traversed by such services they will have to accept that inclusion on their title with no compensation to themselves. That is the distinction I want to make between the attitude taken by the land-holders in this area and the law as it stands for the rest of society.

The $24 million drainage scheme cost will be shared: $9 million from the state, $9 million from the commonwealth and $6 million from the local community. That is 37½ per cent from each of the government agencies and 25 per cent from the local community. Local government has agreed to contribute $90 000 per year for six years on behalf of the local urban community, while land-holders are to contribute the remainder of the local community contribution via drainage levies. Land-holders are also responsible for funding on farm works, including revegetation; they will pay for that. I point out that this is a poorer offer of assistance financially than has been provided for the rehabilitation of irrigation headworks and other infrastructure in the Riverland, where it has been 40:40:20, not 37½:37½:25. A further $39 million is being provided by land-holders and the Natural Heritage Trust for the revegetation projects, pasture redevelopment and on farm drainage.

The proposal will not proceed until approval has been obtained from the Native Vegetation Council—at least, that is what we were told. I think the member for MacKillop may

have some more recent knowledge of what has been happening in the South-East in recent times. However, along the three drainage alignments a licence is granted by the Environment Protection Agency to discharge to the Coorong. Let me give the EPA a little hint: that had better be forthcoming. The design and alignment of the drain has been negotiated with the Aboriginal communities of the area. The Wongawilli drain will cut through an archaeologically sensitive sand dune, and the committee understands that it has been recommended that representatives of the Kungari Aboriginal community be employed to monitor construction in this area. The Public Works Committee supports this course of action.

Martins Washpool Conservation Park is on the national estate database and the Tilley Swamp drain alignment passes through the park. The park management plan will incorporate the construction of the drain. Fauna crossings are included over the drain to help overcome the negative impact of the drain. In addition, the spoil banks adjacent to the drain will be revegetated to minimise the overall loss of native vegetation caused by the construction of the drain. Therefore, with a coordinated drainage scheme—

Mr McEwen interjecting:

The DEPUTY SPEAKER: Order!

Mr LEWIS: —in place and a commitment by landholders to the improvement of pastures on their properties to improve stock carrying capacity, the committee finds there will be a boost from .96 million dry sheep equivalents to 1.1 million dry sheep equivalents. This is in contrast with the 'do nothing' option of a long-term decline of carrying capacity of over 40 per cent from .96 million to .57 million. The economic benefits of the $63 million integrated catchment management plan, excluding environmental benefits, are assessed at about $100 million. In contrast with the 'do nothing' option, this scheme will return a net present value of $20.1 million (using a 7 per cent discount rate). This is due to increased farm productivity from the complementary saltland agronomy program made possible by the drainage system.

Remember, Mr Deputy Speaker, as I am sure you will, that that figure of $20.1 million does not take into account the saving of the hundreds upon hundreds of hectares of native vegetation in both heritage areas on private land and national parks in that area which will otherwise be wiped out if this drainage program is not undertaken. The internal rates of return were calculated during the development of the integrated catchment management plan. Considering the benefits of the drainage scheme derived from increased agricultural productivity alone, the internal rate of return for the central catchment area is 11.2 per cent. That is a pretty good deal in anyone's terms. Considering only the public investment, the internal rate of return was estimated to be 12.8 per cent.

The committee accepts that the proposed project represents an essential element of the management plan developed for the region to achieve the best possible solution to dryland salinity and flooding problems whilst taking into account environmental, economic and social concerns. Without adequate control of both surface water and groundwater, the other components of the plan cannot be implemented. Pursuant to section 12C of the Parliamentary Committees Act 1991, the Public Works Committee reports to parliament that it recommends this proposed public work.

Ms STEVENS secured the adjournment of the debate.

POLICE (COMPLAINTS AND DISCIPLINARY PROCEEDINGS) (MISCELLANEOUS) AMENDMENT BILL

Second reading.

The Hon. I.F. EVANS (Minister for Environment and Heritage) 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.

A number of individuals and institutions, most notably the Police Association, have from time to time, expressed a variety of concerns of varying gravity about the operations and processes of the Police Complaints Authority ('the PCA'), the Commissioner of Police ('the Commissioner') and the Internal Investigations Branch of South Australia Police ('the IIB') in relation to their statutory functions in investigating and reporting on complaints against police officers under the *Police (Complaints and Disciplinary Proceedings) Act 1985* ('the Act').

These concerns may be summarised as follows:

1. There are undue delays in the complaints handling procedures;
2. There is a lack of professionalism at times in the investigative procedure;
3. There is no process by which a complainant or a police officer can seek external review of the manner or sufficiency of an investigation undertaken by the PCA;
4. There is no process whereby a determination of the PCA not to proceed with an investigation can be challenged;
5. There is no definition of the term 'assessment' in the Act and therefore the content and function of the assessment is ambiguous;
6. There is a general lack of fairness in the Act in that detrimental and unfair comments may be made and are made in published material without the subject of these comments being given a hearing or an opportunity to respond; and
7. There is a lack of confidentiality and unnecessary disclosure of information contrary to the intent of the legislation.

The Government, and the Attorney-General, as Minister responsible for the administration of the legislation, could not let these allegations continue to circulate and be repeated without investigation. To that end, the Attorney-General requested Mrs Iris Stevens to report on the operation of the Act. The terms of reference of the review were as follows:

1. Examine and review generally the operations and processes of the Police Complaints Authority, the Commissioner of Police and the Internal Investigation Branch in relation to their statutory functions in investigating and reporting on complaints against police officers under the *Police (Complaints and Disciplinary Proceedings) Act*, and report upon the effectiveness and appropriateness of those operations and processes; and
2. Without limiting the generality of paragraph 1 above, examine, review and report upon the following practices and procedures of the PCA:
   - the provision of reports of investigations, assessments or other material to complainant, police officers the subject of complaints and the Commissioner of Police;
   - the relevance of the principles of natural justice to the exercise of statutory functions by the PCA; and
   - complaint handling mechanisms within the PCA office.

These terms of reference were intended to exclude and did exclude any examination and review of individual cases.

Mrs Stevens reported in July 1998. The Government would like to place on the formal record of this House its gratitude to Mrs Stevens for the thorough, effective and timely manner in which she approached and completed the difficult task set for her.

Mrs Stevens reported that she had not found any major problems with the operation of the legislative scheme or its practice and that therefore the Bills then before the Parliament could proceed. The Attorney-General indicated in relation to the specific findings made by Mrs Stevens, that there would need to be further consultation of a detailed nature before any attempt was made to resolve some of the technical and detailed issues identified by Mrs Stevens as requiring further consideration by the government.

That process of consultation has necessarily taken time. It should be borne carefully in mind at all times that the Government is in this area dealing with the Police Complaints Authority, which is an independent statutory body and the Commissioner of Police, who has a special relationship with the Government and the law.

Turning to Mrs Stevens findings. She made no specific recommendations for reform. It is noteworthy that, despite assertions by some persons and individuals that the system with which she was dealing was fatally flawed and fundamentally unjust, she made no such finding. Instead, she raised issues. They were:

1. Whether the Authority, the Commissioner and the IIB should re-examine their procedures in light of the decision in *Casino's Case* to achieve strict compliance with the provisions of the Act by ensuring that no procedural steps required by the Act have been omitted and no procedural steps not sanctioned by the Act have been introduced;
2. Whether the ambiguities in the Act, for example, in relation to the function of making findings of conduct and in relation to assessments, require statutory clarification;
3. Whether the inequities in the Act in relation to the supply to police officers of particulars of the investigation and the opportunity to make submissions ought to be remedied by statutory amendment;
4. Whether the issues relating to the confidentiality of the contents of reports of the results of investigations ought to be clarified by statutory amendment; and
5. Whether it would be appropriate to transfer complaints concerning management issues to the Commissioner for managerial action.

These issues have been the subject of detailed and intense scrutiny by the office of the Attorney-General in consultation with the Police Commissioner and the PCA. The Bill that is presented to the Parliament is the result of that careful process.

The Bill

(a) Determination that matter be investigated by PCA

Section 23(2) requires the PCA to consult with the Commissioner before determining to investigate a complaint himself. The procedure used by the PCA is to send the Commissioner a letter advising him that he has determined to investigate a complaint and that the letter constitutes the consultation required by section 23(2). Mrs Stevens points out that the letter is not consultation as required by the Act.

The requirement for the PCA to consult with the Commissioner before determining to investigate a complaint himself can be contrasted with section 22A which allows the PCA to *initiate* an investigation. If the Commissioner does not agree, he can advise the PCA of his disagreement and the Minister is the arbiter if the PCA and Commissioner cannot reach agreement. On the other hand, s. 23 deals with the case in which the PCA decides that it wants to *investigate* a matter itself. Mrs Stevens makes the point that there has virtually never been an occasion when the Commissioner has disagreed with such a determination. It is considered that the cumbersome and high level intervention of the Minister is not required for such cases as these. The amendment therefore provides that the PCA must notify the Commissioner and must consider the views, if any, put forward by the Commissioner but, in the end, if the PCA is determined to investigate the matter itself, it can proceed to do so.

(b) Production of documents and other property.

Section 25(5) requires a member of the police force to furnish information, produce documents or other records or answer questions when so required by the IIB. Section 28(6) provides that the PCA may by notice in writing require a person to furnish him with information, documents, or other records relevant to the investigation. The IIB has requested that the sections be amended to require the production of property as well. Sometimes property in the possession of the member of the police force can be relevant in the investigation of a complaint against the member. Consequently, the Bill contains a number of amendments to sections 25 and 28 making clear that that power requires the production of property and records.

(c) The right of persons to make submissions to the PCA

Section 28(5) contemplates that if the PCA decides to express opinions critical of a person that person should be afforded the opportunity to consider whether he or she wishes to make representations in relation to the matter under investigation. Mrs Stevens points out that this provision is not being observed.

It is considered that section 28(5) should be repealed. When the police investigate allegations of an offence, the person under investigation has no right to make representations about a decision to prosecute him or her. Under section 28(5) an assessment by the PCA has no immediate result. The Commissioner may disagree with the assessment and, if the matter goes to the Police Disciplinary Tribunal, the Tribunal may find the conduct not proven. Given this, it is hard to argue that natural justice requires the person about whom the PCA expresses a critical opinion should have a right to make representations before that opinion is expressed. Provided the person under investigation is, at the end of an interview or interrogation, asked if there is anything further he or she wishes to add, this is sufficient and conforms to good investigative practice. Further, police officers who are under investigation have ready access to advice through the Police Association and its lawyers. The repeal of section 28(5) will also remove any need to clarify what is meant by 'opinions' which was another matter considered by Mrs Stevens.

(d) Provision of the particulars of the matter under investigation

When a police officer voluntarily attends to answer the PCA's questions there is no requirement that the officer be given the particulars of the matters under investigation. Section 25(7) provides that where the investigation is by the IIB the investigator must, before giving a direction to the officer under investigation to answer questions, inform the officer of the particulars of the matter under investigation. Where the PCA gives written notice that he requires a person to attend before him and answer questions section 28(8) requires that the particulars of the matter under investigation be included in the notice.

Mrs Stevens suggests that it is inequitable that a person who attends voluntarily before the PCA to answer questions does not have to be informed of the particulars of the allegation. Mrs Stevens suggests that there should be one requirement that written particulars of an allegation should be supplied to a person under investigation before the person is interviewed by an investigator.

The supply of particulars of the complaint to the person under investigation should be reconsidered. Most of the complaints dealt with by the PCA are not within the category of minor complaints—they are the more serious cases. Complaints may involve a complaint about conduct which may result in disciplinary action. criminal prosecution or no action at all but, when a complaint is made, it is frequently difficult to tell whether or not it will ultimately lead to a prosecution rather than disciplinary action. A person under investigation for an offence is not supplied with particulars of the alleged offence before being interviewed nor are many persons facing disciplinary charges of various kinds. Therefore, it seems sensible and fair that, in relation to questioning on complaints, police are treated no differently from others in the same or similar situations. There appears to be no overwhelming justification for making an exception when police behaviour is being investigated. There do not appear to be other instances where a person whose conduct is to be investigated would be entitled to written particulars prior to an interview. In general, if a person is charged before the Tribunal or a Court the prosecutor will be obliged to provide particulars of the charge at that time. Therein lies the dilemma. The general rule described above has evolved as a general and widespread principle of good investigative practice. On the other hand, in general terms, when people are compelled to do things, they are, by and large, entitled to know why. In practice, police officers answer a summons to attend at the Authority voluntarily. The essence of the compulsion lies in the requirement to answer questions.

The above analysis suggests that section 28(8) should be amended so that the PCA is not required to give written particulars of the matter under investigation. Rather, the PCA should be required to inform the officer of the particulars of the matter under investigation before questioning the officer as is required under section 25(7).

The question that arises—what is meant by 'particulars'? In practice, of course, the particulars that will be supplied, and should be supplied under the amendment proposed, will vary from case to case. It is therefore impractical to define in legislation what they should be and so no attempt has been made to do so. That is also the position in relation to the obligation to supply particulars in relation to an ordinary criminal charge. In practice, however, it can be said that the police officer will be entitled to know the nature of the allegation in sufficient detail to know the case that he or she is being asked to answer, which will include the general nature of the allegation, including dates, times and places. Particulars will not normally disclose the identity of the complainants, although such a disclosure will sometimes be inevitable from the substance of the complaint.

(e) Contents of the IIB's Report

Mrs Stevens suggests that the reporting function of the IIB under section 31 needs to be clarified. It is not clear if the IIB is authorised to make any determination of conduct by a police officer. If it is the

function of the IIB to make such determinations or findings then it is appropriate to include them in the report but unnecessary to supply the PCA with the confidential investigation files and evidentiary material.

The IIB is required to report the 'results of the investigation' to the PCA and the PCA is required to make an assessment as to whether the conduct falls within any of the sub-paragraphs of section 32(1)*(a)*. In order to discharge his duty the PCA has to determine what conduct the member has in fact engaged in. In order to do this the PCA needs the investigation file. It cannot be that the IIB has the power to make the findings. If this were so the PCA would be a mere rubber stamp. Whether the IIB report should contain a finding that a member was culpable in respect of particular conduct is not so clear. The words 'results of the investigation' suggest that the IIB should include a finding in relation to a member's conduct.

The present practice has worked well and appears to be in accordance with the Act. Given that Mrs Stevens considers that there is some uncertainty about the present practice, sections 31-33 are amended to make it clearer that the present practice is sanctioned by the Act.

(f) Provision of confidential memoranda by the PCA to the commissioner and provision of assessments and recommendations to complainants and police officers the subject of complaints

Where the PCA determines that the conduct under investigation involves, on its face, breach of discipline or criminality he has adopted a practice of not providing reasons in his report to the Commissioner or in his assessment but of supplying a confidential memorandum to the Commissioner. Mrs Stevens points out that there is no provision in section 33, or elsewhere, that allows the PCA to provide confidential memoranda to the Commissioner. Further the fact that the existence and contents of such memoranda are not revealed to complainants and to the police officers concerned may amount to a denial of natural justice.

The PCA agrees that confidential memoranda should not be sent to the Commissioner. However it is important that the Commissioner receives the views of the PCA on the evidence and his reasoning in coming to a recommendation that criminal or disciplinary charges should be laid. It is also important that reputations are not damaged if the material becomes public. The solution is for the PCA's reasoning to be included in the assessment provided to the Commissioner and for section 36 to be amended so that where there is a recommendation that criminal charges or disciplinary charges should be laid the assessment is not provided to the complainant.

Further, Mrs Stevens notes that section 36 does not require the release of the full assessments nor does it forbid such release. This is an additional reason why section 36 should be amended so that assessments are not released to the complainant where disciplinary or criminal charges are recommended.

The question of adverse comment made by the PCA in its final determination or assessment of a matter has been controversial in the past. The proposed new s. 36(4) would provide that, where the PCA makes a recommendation or determination that a charge should be laid against a police officer, only that recommendation or determination and its particulars are to be made public until the charge is dealt with. That does not, of course, address the not uncommon situation in which a complaint is made to the PCA and the PCA is unable to make a recommendation or determination in relation to that complaint.

This is not an uncommon situation for the most obvious of reasons. A significant number of complaints arise from a situation in which only the complainant and the police officer are present. The PCA is often confronted by cases in which Citizen X says that Policeman Y did something untoward, and Policeman Y denies it and there are no other witnesses. The PCA can make no finding on the evidence, and so there is no finding under s. 32. There is concern, particularly on the part of the Police Association, that the PCA may nevertheless make adverse comment on the police officer concerned without giving him or her a chance to respond to the criticism. I might add that the same reasoning applies in relation to complainants.

The Bill proposes a further amendment to the effect that, if the PCA wants to make adverse comment in relation to a matter which cannot be determined, the PCA has to notify the subject of the proposed adverse comment, provide an opportunity to respond and take that response into account.

(g) Confidentiality

The *Police (Complaints and Disciplinary Proceedings) (Miscellaneous) Act 1998* was part of the package that was mainly concentrated on the new *Police Act 1998*. Clause 6 of the 1998 amending Bill was concerned about the sometime practice of defence counsel in a criminal trial subpoenaing the records of the PCA in relation to officers involved in the case in order to see if there was anything discreditable in their records which could be used in court to attack police testimony. Clause 6 amended s. 48(4)*(c)* of the Act to tighten this up by requiring that the court find 'special reasons' for making any such order *and* that 'the interests of justice cannot be adequately served except by the making of such an order'.

Section 48(4) regulates the confidentiality obligations of 'prescribed officers'. A 'prescribed officer' is defined in s. 48(1). It means (in effect) employees of the PCA and members of the police force. It expressly excludes the Commissioner and the PCA himself. There is good reason for this. The confidentiality provisions in relation to the Commissioner and the PCA are treated separately in s. 48(7). The 1998 Bill did not amend s. 48(7) to impose the same strict test, and so s. 48(7)*(c)* remains in exactly the same form that s. 48(4)*(c)* used to be before the 1998 amendment—that is, no special protection from subpoena.

The PCA has drawn attention to this. He is of the opinion that it is an anomaly which requires remediation. The Government agrees. The Bill therefore amends s. 48(7) of the Act so that the wording reflects exactly the protection enacted in relation to prescribed officers under s. 48(4).

Other Issues Considered

(a) Determination that investigation of a complaint is not warranted

At times complainants take issue with a decision by the PCA not to investigate, or further investigate, a complaint. There are complaints by complainants and police officers that the PCA has determined that there be no further investigation when relevant witnesses have not been interviewed. Concerns have been raised that there is no way a complainant or a police officer can challenge a determination of the PCA not to investigate, or further investigate, a matter.

Mrs Stevens did not come to a concluded view as to whether there should be an external review of the PCA's decision not to investigate a complaint. The arguments against an external review are stronger than the arguments in favour of such a review. A review of a decision not to investigate a complaint would add an extra procedure to a process that is already complex and add further delay to a procedure that is already subject to delays. There needs to be a way of quickly eliminating complaints that are not to be investigated. As with all administrative schemes and decision-making processes, a line must be drawn between that which is reviewable and that which is not. If the PCA has made the wrong decision then the investigation can be re-opened under section 50.

(b) Supervision by the PCA of investigations by the IIB

The PCA and the IIB consult by telephone on the progress of investigations. Mrs Stevens suggests a note of caution—telephone exchanges conducted in an informal manner may have the tendency to erode the appearance of the independence of the PCA. No legislative change is required. The parties need to take heed of this warning note.

(c) Investigation by the PCA where there has not been a complaint

Mrs Stevens suggests a proviso to section 22A to the effect that the PCA may only investigate a complaint on his or her own initiative when the Commissioner has not inquired into the matter.

This is something that can be left to the good sense of the PCA. If the Commissioner has inquired into the matter it is highly unlikely that the PCA will require a new investigation.

(d) Complaints receipt process

Police officers sometimes have difficulties in deciding whether there has been a complaint. Mrs Stevens suggests that this is an area which requires clarification or the introduction of guidelines. The IIB has requested that what is a 'complaint' be defined in the legislation. This was considered and rejected in 1995. Firstly, there is difficulty in defining what is a complaint. Secondly, the experience in NSW is that defining what is a 'complaint' leads to litigation. The matter is best resolved by the Commissioner issuing guidelines as to when something is to be taken as a complaint that should be investigated rather than the mere expression of a grievance.

(e) Managerial matters

Mrs Stevens considers that managerial matters should be dealt with by the Commissioner rather than be investigated by the IIB and assessed by the PCA and that perhaps the way to do this is for the PCA and the Commissioner to agree that a complaint is a kind more appropriately dealt with by way of managerial action.

The Act already provides for 'minor complaints' to be dealt with by informal inquiry. The categories of minor complaints can be enlarged by agreement between the Commissioner and the PCA if

necessary. It should also be noted that there is nothing to prevent the Commissioner from taking managerial action during the course of an investigation by the PCA should he so desire. No change to the legislation is required.

(f) Provision of information about the interrogation process

Mrs Stevens considers that it may assist if there were a clearer understanding of the investigator's role under the Act and the guidelines under which he or she operates. She suggests the information should be provided to police about the process of cautions given both under the criminal law and under the Act. The Commissioner is establishing a Professional Ethics and Standards Branch which will have an educative function. It will be the ideal body to perform this function.

(g) Reporting process

Mrs Stevens considers that the reporting process is more complicated than the Act requires. The process of supplying a report by the investigator, a section 31 report by the Officer in Charge of the IIB and the contents of the investigation file to the Deputy Commissioner and then forwarding all the material to the PCA appears to involve duplication of effort. The material is read by the investigator, the senior investigator, the Officer in Charge, the Disciplinary Review Officer and the PCA. This is not a matter that requires legislative change. It may be a matter which requires administrative attention.

(h) Responses by the PCA to inquiries by complainants

Mrs Stevens points out that section 30 does not authorise the release of the report of the result of an investigation or its discussion with a complainant nor is there authority to release an assessment until it has been finalised. If such information is to be released it can only be released by authorisation of the release of particular information by a particular prescribed person. The PCA agrees with Mrs Stevens and has taken appropriate action. There is no need for any changes to the legislation.

(i) Provision of 'other materials' to complainants

Mrs Stevens notes that section 26(1) does not authorise the disclosure of information acquired during the course of the investigation or the release of the contents of any report. The PCA agrees with Mrs Stevens. The PCA is not seeking any change to the legislation.

(j) Complaint handling mechanisms within the PCA's office

Mrs Stevens found that although there is a criticism of the length of time that the complaints procedure takes, the complaint handling procedure in the PCA's office cannot be criticised in this respect. Mrs Stevens did not recommend any legislative changes under this heading.

(k) Delays in dealing with matters

It is a common criticism of the current system that it takes too long to finalise a complaint and that police officers have an allegation hanging over their heads for far too long. The real position is as follows. The vast majority of complaints are investigated by the Internal Investigations Branch of the Police Force. The PCA has put firm time guidelines in place. Where a preliminary investigation is required, it is expected to be finalised within one month. Where a full investigation is required, it is expected to be finalised within three months. If a preliminary investigation report has not been received after one month, the PCA follows the matter up. Where a full investigation is concerned, after two months, the PCA sends a letter to the IIB reminding the Branch of the impending deadline and again, if the report is not on time, the PCA will follow it up. The office of the PCA has a computerised 'bring up' system for case management and funds a full time position for this task. The cases where there are very long delays are commonly those where the subject matter will be dealt with, in whole or in substantial part, by a court. In such cases, the standard and correct practice is to place the complaint on hold until the court decides the issue. That may take far longer than the PCA deadlines. Those cases aside, the PCA estimates that approximately 90 per cent of its case load conforms to the time guidelines.

Conclusion

This Bill therefore represents the results of a thorough and careful review of the entire police complaints system, both as it appears in legislation and as it operates in practice. The major part of the review has been conducted by an independent and experienced person who received submissions from those who had concerns about the system, who investigated those concerns and reported on them. The Government has considered the issues raised, consulted with the Commissioner of Police and the Police Complaints Authority and has received representations from the Police Association in bringing the Bill to this place.

I commend this bill to honourable members.

Explanation of Clauses

Clause 1: Short title

Clause 2: Commencement

Clauses 1 and 2 are formal.

Clause 3: Amendment of s. 11A—Delegation by Authority

Section 11A allows the Authority to delegate his or her powers or functions under the principal Act to a member of the staff of the Authority. The proposed amendment widens this delegation to allow the Authority to delegate his or her powers or functions under any Act.

Clause 4: Amendment of s. 23—Determination that matter be investigated by Authority

Section 23 provides, in part, that the Authority may, after consultation with the Commissioner, determine that a matter should be investigated by him or her. The proposed amendment provides that rather than consult with the Commissioner, the Authority may make a determination under this section and then may, with the Commissioner's agreement, or after allowing the Commissioner five days to comment on the determination and taking into account any comments received from the Commissioner, commence an investigation into the matter.

Clause 5: Amendment of s. 25—Investigations by internal investigation branch

Clause 5 proposes amendments to section 25 to provide that a member of the internal investigation branch may, as well as being able to obtain information and make inquiries relevant to an investigation, obtain property, documents or other records relevant to an investigation.

Clause 6: Amendment of s. 28—Investigation of matters by Authority

Clause 6 proposes amendments to section 28 to provide that the Authority may, as well as being able to obtain information and make inquiries relevant to an investigation, obtain property, documents or other records relevant to an investigation.

This clause also repeals the subsection that provides that the Authority must not, in a report in respect of an investigation, be critical of a person unless that person has been given an opportunity to make submissions in relation to the matter under investigation.

Subsection (8) is replaced by this clause to provide that the Authority must inform the member of the police force whose conduct is under investigation of the particulars of the matter before directing questions to the member. In the current Act, the member is told of the particulars of the matter in the notice requiring the person to attend to answer questions.

Clause 7: Amendment of s. 31—Reports of investigations by internal investigation branch to be furnished to Authority

Section 31 provides that when the internal investigation branch completes an investigation of a matter, a report of the results of the investigation must be prepared. The proposed amendment clarifies that the report is to be in relation to the investigation as a whole and not only of the results of the investigation.

Clause 8: Amendment of s. 32—Authority to make assessment and recommendations in relation to investigations by internal investigation branch

Consequential amendment—see clause 7.

Clause 9: Amendment of s. 33—Authority to report on and make assessment and recommendations in relation to investigations carried out by Authority

Consequential amendment—see clause 7.

Clause 10: Amendment of s. 36—Particulars in relation to matter under investigation to be entered in register and furnished to complainant and member of police force concerned

Section 36 provides that particulars of assessments, recommendations and determinations in relation to a matter under investigation are to be furnished to the complainant and the member of the police force concerned. The proposed amendment provides that if a recommendation or determination is that a member of the police force be charged with an offence or breach of discipline, the member and the complainant are to be furnished with particulars of the recommendation or determination only, without any other comments in relation to the matter.

The clause also provides that if there is no recommendation or determination that a member of the police force be charged, no critical comment may be made in relation to a person unless the comment has been communicated to the person and the person has been allowed an opportunity to respond in writing.

Clause 11: Amendment of s. 48—Secrecy

Section 48 provides, amongst other things, that a prescribed officer, the Authority and the Commissioner may only divulge information obtained in the course of an investigation in certain circumstances.

In relation to a prescribed officer, one of those circumstances is 'as required by order of a court, the court being satisfied that there are special reasons requiring the making of such an order and that the interests of justice cannot adequately be served except by the making of such an order'. Clause 11 proposes to amend section 48 so that this circumstance also applies to the Authority and the Commissioner.

Ms STEVENS secured the adjournment of the debate.

CRIMINAL LAW CONSOLIDATION (SEXUAL SERVITUDE) AMENDMENT BILL

Second reading.

The Hon. I.F. EVANS (Minister for Environment and Heritage) 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.

The Bill amends the *Criminal Law Consolidation Act 1935* to repeal the laws on procuring sexual intercourse and to replace them with more wide ranging laws against sexual servitude.

The *Criminal Law Consolidation Act* now provides for four offences of procuring. These are:

1) to procure another to become a common prostitute
2) to procure a person who is not a common prostitute to leave home and become an inmate of a brothel for the purposes of prostitution in or outside South Australia
3) by threat or intimidation, to procure another to have sexual intercourse
4) by false pretences or fraud, to procure someone who is not a common prostitute or a person of known immoral character to have sexual intercourse.

The maximum penalty for each offence is seven years' imprisonment.

The language of the present law is archaic and involves a moral judgment of the victim of the offence. The scope of the offences is limited to sexual intercourse and prostitution. The methods (threats or intimidation, false pretences and fraud) are too narrow to encompass the kinds of undue influence and deception often used to entrap vulnerable people into prostitution. In particular, the present law does not specifically recognise or give greater penalties for traffic in children for commercial sexual purposes.

This Bill addresses the ways in which people can be forced to become part of the sex industry against their will. It addresses the commercial sexual exploitation of children, and the slave-like conditions often imposed on drug addicts or illegal migrants in the prostitution industry.

These issues were considered by the Model Criminal Code Officers Committee of the Standing Committee of Attorneys-General in their *Report on Slavery* Chapter 9: Offences against Humanity, November 1998 (the MCCOC Report).

The MCCOC Report recommended a definition of sexual servitude based on two concepts. The first is a victim's incapacity to cease providing commercial sexual services or to leave the place where such services are being provided. The second is that such incapacity is caused by threats of force or deportation or any other kind of threat, made to the victim or to another (for example, the victim's child).

The MCCOC Report recommended the creation of a range of sexual servitude offences:

- offences aimed at people who cause others to be in a condition of sexual servitude or who conduct or take part in the management of a business involving sexual servitude
- preparatory offences to catch those who, in recruitment, conceal the fact that the engagement will be one involving the provision of sexual services
- aggravated offences, with increased penalties, for offences committed against children.

This Bill is based on the sexual servitude provisions of the Commonwealth *Criminal Code Amendment (Slavery and Sexual Servitude) Act* 1999, which was enacted following the release of the MCCOC Report. To do this the Commonwealth used its external affairs powers (*Constitution*, s51(xxix)). The Commonwealth Act specifically leaves room for complementary State legislation.

The Commonwealth Act implements international conventions, to which Australia is a party, that require trade in slaves (chattel slavery) to be an offence. It repeals archaic and complex 19th century Imperial Acts relating to chattel slavery, and replaces them with modern Australian statutory offences of slavery and sexual servitude. Because chattel slavery is more likely to occur in an international context, outside the territorial jurisdiction of State and Territory criminal law, this Bill does not deal with it. It does however deal with what the MCCOC Report describes as '. . . modern instances of servitude or slave-like conditions [which] centrally involve State and Territory interests. For example . . . servile sex industry practices are intimately tied up with local prostitution prohibition or regulation . . . and trafficking in children concerns local youth welfare and child protection authorities.'

The sexual servitude provisions of the Commonwealth Act are aimed at the growing international trade in recruiting people, mostly young women and children, from another country and relocating them in Australia to work as prostitutes. Once in Australia, these 'recruits' often work in servile conditions for little, if any, reward. Often they have no control over the hours they work, the number of customers they service, or the safety of the sexual practices they must participate in. Usually they must repay huge 'sponsorship' debts, for their airfares, documents and accommodation, before they can receive their earnings, a fact of which they are often unaware before arriving in Australia. Organisers of such schemes derive large untaxed profits and have links with organised crime and major drug traffickers.

The Commonwealth Act focuses on the traffickers, rather than on the people subjected to the trafficking, at the international level. It covers conduct by nationals or non-nationals who act wholly outside Australia or partly outside and partly inside Australia.

This South Australian Bill also targets traffickers, but at the domestic level. It covers conduct that occurs in South Australia.

The Bill makes it an offence to use unfair or improper means to influence someone to enter into or to stay in the commercial sex industry. Three main groups of offences are created by the Bill. Described generally, they are:

- sexual servitude and related offences: compelling or by undue influence getting another to provide or continue to provide commercial sexual services (proposed section 66)
- deceptive recruiting for commercial sexual services: offering another employment knowing, and without disclosing, that the person will be asked to provide commercial sexual services and that their continued employment depends on their doing so (proposed section 67)
- use of children in commercial sexual services: using children to provide commercial sexual services or benefiting financially from this (proposed section 68).

The Bill defines sexual servitude as 'the condition of a person who provides commercial sexual services under compulsion'. Commercial sexual services are defined as 'services provided for payment involving the use or display of the body of the person who provides the services for the sexual gratification of another or others'. These definitions are wide enough to include strip shows, lap dancing and, in some circumstances, using a person for the purpose of producing pornographic material, as well as what is traditionally understood to be prostitution.

Examples of methods of compulsion or undue influence that are specifically mentioned in the Bill include fraud, misrepresentation, the use or threat of force or any other kind of threat, including threats of lawful action (for example of action that might result in deportation), restricting a person's freedom of movement, or supplying them with illicit drugs. The question of whether a person's conduct amounts to compulsion or undue influence depends on the circumstances of each case. A person who is reckless as to the result of such conduct is taken to have intended it.

Deceptive recruiting for commercial sexual services is also prohibited. For example, the Bill would make it an offence to advertise for hostesses at a club when the intended (but undisclosed) function is for them to strip, engage in lap dancing or have sex with club patrons, and refusal to do so will cause them to lose their job.

Greater penalties attach to offences committed against children. In addition there are some specific offences to protect children. These include employing or permitting a child to provide or continue to provide commercial sexual services; asking a child to provide commercial sexual services, if it is a serious request; and benefiting financially from a child's involvement in commercial sexual services.

The prosecution does not have to prove that the alleged offender knew that the victim of the offence was a child; it is up to the alleged offender to prove that he or she had reasonable grounds to believe the person was over 18 years old.

The penalties imposed by this Bill are arranged in the following way:

- penalties are graded according to the age of the victim, with the age bands depending on the type of offence. For sexual servitude and related offences, there is a maximum penalty of life imprisonment for offences against children under 12 years, a mid-range penalty for offences against children over 12 years, and a lesser penalty for offences involving an adult victim. For deceptive recruiting offences, the maximum penalties refer only to whether the victim is a child or an adult. For offences specifically concerned with the use of children in commercial sexual services, the maximum penalties are higher if the child victim is under the age of 12 years.
- sexual servitude and related offences involving compulsion attract greater penalties than those involving undue influence. For example, the maximum penalty for compelling a child over the age of 12 years to provide commercial sexual services is 19 years, whereas the maximum penalty for exercising undue influence to achieve this same result over a child in the same age bracket is 12 years.

The maximum penalty of life imprisonment is imposed only in respect of offences where a person forces a child under 12 into or to continue in sexual servitude, or uses a child under 12 to provide commercial sexual services. This is consistent with the penalty for the existing offence of unlawful sexual intercourse with a child under the age of 12 years (s49 *Criminal Law Consolidation Act*).

The law relating to procuring has attracted considerable public attention recently. At present, procuring a person to become a prostitute is dealt with by s63 of the *Criminal Law Consolidation Act*.

The outmoded s63 will be repealed. The worst types of procuring conduct covered by s63 will now be covered by the new sexual servitude provisions in this Bill and will continue to be treated as serious crimes. Simple procuring that does not involve compulsion, undue influence or deception, will be covered by a new offence in the *Summary Offences Act 1953*. This new offence (s25A) is set out in the Schedule to the Bill.

The Schedule was added because of concern that the less serious criminal behaviour of procurement for prostitution by simple persuasion would, if s63 were abolished without replacement, no longer be covered by the criminal law. While this behaviour should still be treated as criminal, it should not be an indictable offence. It is most appropriately dealt with by laws relating to prostitution, not laws relating to sexual servitude. The Schedule to the Bill seeks to place the offence of simple procurement for prostitution in the context of other prostitution laws in *Summary Offences Act 1953*.

The new s25A of the *Summary Offences Act* would make it an offence to engage in procurement for prostitution. This new offence, like the one it replaces, is limited to prostitution, and does not cover the wider range of commercial sexual services dealt with by the sexual servitude offences in the proposed amendments to the *Criminal Law Consolidation Act*. The offence includes procuring another to become a prostitute, publishing advertisements recruiting for prostitution, and approaching another with a view to persuading that person to accept employment or an engagement as a prostitute.

The penalty for the s25A simple procuring offence is equivalent to the penalty for prostitution offences of similar seriousness in the *Summary Offences Act 1953*. Examples of such offences are living off the earnings of prostitution (s26), and subsequent offences of keeping and managing a brothel (s28) and permitting premises to be used as a brothel (s29).

The offence described by s25A does not differentiate between adult and child victims. The more serious offence of procuring a child is to be dealt with by the new s68(2) of the *Criminal Law Consolidation Act*, which makes it an offence to ask a child to provide commercial sexual services. Commercial sexual services include prostitution but also extend to other services provided for payment involving the use of display of the body or the person who provides the services for the sexual gratification of another or others.

I commend this bill to honourable members.

Explanation of Clauses

Clause 1: Short title

This clause is formal.

Clause 2: Repeal of s. 63

Section 63 creates an offence of procuring a person to become a common prostitute. The section is repealed.

Clause 3: Amendment of s. 64—Procuring sexual intercourse

Section 64 creates an offence of procuring a person to have sexual intercourse by false pretences etc. It excludes victims who are common prostitutes or persons of known immoral character. The exclusion is removed.

Clause 4: Insertion of ss. 65A—68

The new sections are as follows:

65A. Definitions relating to commercial sexual services

This section contains definitions for the purposes of the new sections.

66. Sexual servitude and related offences

An offence of inflicting sexual servitude is created with a maximum penalty of life if the victim is a child under 12, 19 years if the victim is a child of or over 12 and 15 years in any other case. Sexual servitude is defined as the condition of a person who provides commercial sexual services under compulsion. Commercial sexual services are services provided for payment involving the use or display of the body of the person who provides the services for the sexual gratification of another or others. A person compels another if the person controls or influences the victim's conduct by means that effectively prevent the victim from exercising freedom of choice.

A related offence is created of getting another to provide or to continue to provide commercial sexual services by undue influence with a maximum penalty of life if the victim is a child under 12, 12 years if the victim is a child of or over 12 and 7 years in any other case. A person exerts undue influence on another if the person uses unfair or improper means to influence the victim's conduct.

The sexual servitude offence is regarded as an aggravated offence with a court being able to convict of the lesser offence involving undue influence in a case where the aggravated offence is charged.

The question of whether the conduct amounts to compulsion or undue influence is one of fact and matters that may be relevant to that question are listed in subsection (5).

67. Deceptive recruiting for commercial sexual services

An offence of deceptive recruiting for commercial sexual services is created with a maximum penalty of 12 years if the victim is a child and 7 years in any other case. The offence involves failing to disclose information about a requirement to provide commercial sexual services to a victim at the time of offering employment or some other form of engagement to provide personal services.

68. Use of children in commercial sexual services

This section creates a series of offences relating to the use of children in commercial sexual services as follows:

- employing, engaging, causing or permitting a child to provide commercial sexual services (life if the victim is a child under 12, and 9 years in any other case);
- asking a child to provide commercial sexual services (9 years if the victim is a child under 12, 3 years in any other case);
- having an arrangement to share in the proceeds of commercial sexual services provided by the child, or exploiting a child by obtaining money knowing it to be the proceeds of commercial sexual services provided by the child (5 years if the victim is a child under 12, 2 years in any other case).

Clause 5: Amendment of s. 74—Persistent sexual abuse of a child

This clause makes a consequential amendment to section 74. It includes an offence against the new section 68 as a sexual offence to which the provisions of section 74 apply.

Clause 6: Amendment of s. 76—Corroborative evidence in certain cases

Section 76 provides that a person must not be convicted of certain offences without corroborative evidence. The amendment applies this requirement to an offence against the new sections 67 and 68.

SCHEDULE

Amendment of Summary Offences Act 1953

A new section is inserted into that Act erecting a summary offence of engaging in procurement for prostitution. This covers circumstances where a person—

- procures another to become a prostitute;
- publishes an advertisement to the effect that the person (or some other person) is wiling to employ or engage a prostitute;
- approaches another person with a view to persuading the other person to accept employment or an engagement as a prostitute.

The maximum penalty is for a first offence, $1 250 or 3 months imprisonment, and for a subsequent offence, $2 500 or 6 months imprisonment.

Ms STEVENS secured the adjournment of the debate.

STATUTES AMENDMENT (WARRANTS OF APPREHENSION) BILL

Second reading.

The Hon. I.F. EVANS (Minister for Environment and Heritage) 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 deals with two separate issues. One is the issue of warrants for apprehension of persons on leave, licence or parole who are believed to have breached the terms of their conditional liberty. These amendments are directed at clarifying and simplifying the process of apprehension of such persons. The other is the enforcement provisions applicable to youths who are released from detention in a training centre on leave or licence. In this case, the object is to clarify the enforcement provisions of the *Young Offenders Act*.

At present, the *Correctional Services Act* and the *Criminal Law (Sentencing) Act* each permit the Parole Board, where it cancels an offender's release on licence, or where it suspects a breach of parole, to apply to a justice for a warrant to apprehend and detain a parolee or licensee, for the purpose of bringing him or her before the Board or pending determination of the proceedings. The *Criminal Law (Sentencing) Act* and the *Young Offenders Act* also confer analogous powers on the Training Centre Review Board in respect of conditional liberty of youths.

This Bill will permit both Boards to issue a warrant of apprehension without application to a justice. Given the statutory role of the Parole Board, its constitution and its independence from the Department for Correctional Services, it is not considered that there is a need for the justice to independently examine the rationale for the Parole Board's decision. The same may be said of the Training Centre Review Board, of which the judges of the Youth Court are members.

It is noteworthy that this power existed in the Parole Board under the former *Prisons Act 1936* (s. 42M(4)), and that Parole Boards, or their equivalents, in New South Wales, Queensland, Victoria and Western Australia can all issue warrants.

In addition, where the Board chooses to apply to a justice for a warrant (as it may need to do when the warrant is to be enforced outside the State), the Bill makes clear that the justice fulfils his or her duty by issuing the warrant without independently examining the basis for the request, unless it is apparent on the face of the warrant that no grounds exist. It is appropriate to permit him or her to rely on the information supplied by the relevant Board.

This will clarify the role of the justice, and will also prevent any technical argument that a warrant is invalid because a justice relied upon information supplied by the Board and failed to enquire beyond it. The object of the amendments, then, is to streamline apprehensions and to prevent proper apprehensions from being frustrated on technical grounds.

Parole or licence is of course only conditional liberty. The parolee or licensee has already been found guilty of an offence sufficiently grave to warrant a sentence of immediate imprisonment. Thus, the provisions of the Bill do not constitute any unacceptable interference with liberty.

Some clarification is also required to the enforcement powers in respect of youths who have been sentenced to detention and are released on leave or conditional release. Section 40 of the *Young Offenders Act* provides for leave of absence from a detention centre for specific purposes, such as attendance at a medical appointment or performance of community service obligations. It presently provides that a youth is 'unlawfully at large' if the youth remains at large after the revocation or expiry of such leave.

Being 'unlawfully at large' is an offence under s. 48. However, while the youth will know in advance the duration of the leave, and thus will know when it has expired, the youth will not necessarily know when leave has been revoked by the Board before expiry. It is not appropriate that the youth be guilty of an offence when at large on what he or she reasonably believes to be lawful leave, if that leave has been revoked without notice to the youth. The remedy is, however, that upon revocation of leave the youth may be apprehended, as s. 40 currently provides. Of course, although the youth will not be committing an offence by remaining at large after revocation of leave, equally, he or she is not serving the sentence, and this is also made clear.

Section 41(1) currently provides for periods of unsupervised leave. No particular purposes or criteria are specified. Section 41(2) provides for conditional release, an altogether different thing. Conditional release is only available after the youth has served at least two-thirds of the period of detention to which he or she was sentenced. The Board must be satisfied that there is no undue risk of reoffending, and that the youth's behaviour in the training centre has been satisfactory. There must be a supervisory condition, and there may be other conditions as the Board thinks fit. In particular, by ss. (5a), there may be a home detention condition.

It is clear that these are two quite different types of leave, and accordingly, the s.41(1) leave is given its own section, s. 41A. Separate provisions are then made for the enforcement of this type of leave. There is specific provision for apprehension of youths who remain at large after the revocation or expiry of s. 41A leave. Again, the offence of being unlawfully at large is confined to the case where the leave has expired.

In addition, s. 41 is amended to give the Board power to issue a warrant directly to apprehend a youth who fails to observe the conditions of release; and the role of the justice is clarified as above.

Finally, s. 48 is amended to make clear that it does not apply to a youth who has been released on home detention under s. 41.

I commend this Bill to Honourable Members.

Explanation of Clauses

PART 1

PRELIMINARY

Clause 1: Short title

Clause 2: Commencement

Clause 3: Interpretation

These clauses are formal.

PART 2

AMENDMENT OF CORRECTIONAL SERVICES ACT 1982

Clause 4: Amendment of s. 76—Apprehension, etc., of parolees

This clause amends section 76 of the principal Act to provide the Parole Board with a means of issuing a warrant for the apprehension of a parolee without having to apply to a justice and to clarify the role of a justice where such an application is made. Under the proposed amendments—

- two members of the Parole Board may issue a warrant for the apprehension of a person suspected (on reasonable grounds) of breaching a condition of parole, for the purpose of bringing the person before the Board;
- where a person who has been summoned to appear before the Parole Board fails to appear, the Board may issue a warrant for the apprehension of the person for the purpose of bringing the person before the Board;
- a justice is required to issue a warrant on application under the section unless it is apparent, on the face of the application, that no reasonable grounds exist for the issue of the warrant.

PART 3

AMENDMENT OF CRIMINAL LAW (SENTENCING) ACT 1988

Clause 5: Amendment of s. 24—Release on licence

This clause proposes equivalent amendments to section 24 of the *Criminal Law (Sentencing) Act 1988* in relation to the issue of a warrant for the apprehension of a person who is serving a sentence of indeterminate duration and who has been released from custody on licence by either the Parole Board or the Training Centre Review Board.

PART 4

AMENDMENT OF YOUNG OFFENDERS ACT 1993

Clause 6: Amendment of s. 37—Release on licence of youths convicted of murder

This clause proposes equivalent amendments to section 37 of the *Young Offenders Act 1993* in relation to the issue of a warrant for the apprehension of a youth who has been sentenced to life imprisonment and has been released from detention on licence by the Training Centre Review Board.

Clause 7: Amendment of s. 40—Leave of absence

This clause amends section 40 of the principal Act to ensure that the position of a youth on revocation or expiry of a leave of absence is consistent with that of an adult prisoner granted a leave of absence under section 27 of the *Correctional Services Act 1982*.

Clause 8: Insertion of s. 40A

This clause inserts a new provision which replaces section 41(1) of the principal Act (see clause 9). The new provision ensures that the position of a youth on revocation or expiry of a leave of absence authorised by the Training Centre Review Board is consistent with that applicable on revocation or expiry of a leave of absence granted by the Chief Executive under section 40.

Clause 9: Amendment of s. 41—Conditional release from detention

This clause amends section 41 of the principal Act to—

- remove subsection (1) (as discussed above);
- ensure that the consequences for a youth who breaches a condition of release under this section are not inconsistent with those for an adult who has breached a condition of parole;
- to make equivalent amendments to those proposed elsewhere in the measure in relation to the issue of a warrant for the apprehension of a youth who has been released from detention by the Training Centre Review Board under this section.

Clause 10: Amendment of s. 48—Escape from custody

This clause makes it clear that the offence of being unlawfully at large does not apply in relation to a youth released on home detention by the Training Centre Review Board in accordance with section 41.

Clause 11: Amendment of s. 61—Issue of warrant

This clause makes a minor amendment to section 61 of the principal Act to clarify the provision.

Ms STEVENS secured the adjournment of the debate.

SOUTH AUSTRALIAN FORESTRY CORPORATION BILL

Adjourned debate on second reading.

(Continued from 30 March. Page 708.)

Ms STEVENS: Mr Deputy Speaker, I draw your attention to the state of the House.

A quorum having been formed:

Mr FOLEY (Hart): I will speak briefly to this bill, in which, as shadow Treasurer, I have a keen interest, particularly as it relates to the corporatisation of Forestry SA. The bulk of the opposition's presentation will be made by the shadow minister. I am well known as someone who likes to hog the limelight and uses every opportunity to speak and jumps to his feet to speak about certain issues—and this is no different. I signal that the opposition will debate this bill during the next hour. At this point, my colleague indicates that I should wind up my remarks, so I shall.

Ms HURLEY (Deputy Leader of the Opposition): This bill seeks to corporatise a public service unit which has looked after the extremely important public assets in this state, namely, the public forestry reserves. The forestry industry certainly has been an active and thriving one in recent years, and an important source of income and activity in the south-eastern parts of the state in particular, but there are also small operations in other parts of the state. It is in the interests of all South Australians that these public assets (which are extremely valuable) are well managed, well maintained and looked after in the best interests of all South Australians.

South Australians have put a great deal of investment into these forestry assets. This pinus radiata majority has been growing for many years and represents a substantial investment on behalf of the people of this state. It has also proved an important resource in stimulating the forestry industry in South Australia. South Australia has extensive plantation forest reserves. It has very little in the way of native forests which have caused so much trouble in other states such as Western Australia and New South Wales in terms of the harvesting of that resource. The government in South Australia had the foresight to plant pinus radiata, which indeed has stood South Australia in great stead in the past and we now have substantial reserves.

The opposition is extremely cautious about any proposal for corporatisation. The government has assured the people of South Australia that there is no intention to sell off the forests or to privatise them, but the problem for the government is that its assurances have been broken previously and the opposition, and indeed I believe the people of South Australia, place very little faith in these sorts of promises. We have already seen a substantial breach of a promise such as this when the government decided to privatise and sell ETSA after going to the last state election faithfully, comprehensively and emphatically promising not to sell the state's electricity assets, which had also been built up over many years.

The opposition has gone through this bill with a great deal of caution and will be asking a number of questions about its provisions because it is reluctant to trust the government's promises in this instance. Nevertheless, the opposition does understand that forestry is now a very commercial and competitive operation and that it will be an industry of the future. We want to ensure that the investment by South Australians is properly realised and that the South Australian public receives a good return on that investment.

The government assures us that the only way in which to achieve the flexibility and management expertise that is required for that return on the investment is to corporatise the operations of Forestry SA. Corporatisation has often been very much shorthand for preparation for sale. As I said, the government has promised faithfully that this is not the case. We certainly would like to see whatever guarantees possible by the government to reassure the public of South Australia that that is indeed not the case.

Otherwise, the bill is fairly straightforward in terms of corporatising the operations of Forestry SA and in setting up a board of management which would govern the operations of the corporation. The problem for the opposition arises in terms of staff transfer, which is dealt with reasonably well in the bill. The opposition is a little concerned about new employees. The provisions of the bill allow for employees after the corporatisation to be appointed as the corporation thinks necessary or desirable. The appointment of new employees under the bill will be on terms and conditions fixed by the corporation in consultation with the Commissioner for Public Employment.

The opposition is a little concerned about that. Ideally we would like to see some union involvement in the setting of those terms and conditions for new employees. We are concerned that, as with other corporatisations leading to privatisations, new employees might be employed on wages and conditions substantially below those of the transferred employees. We have seen that happen with TransAdelaide; that is, as it has been privatised the bus drivers with the new private operators have been given schedules and wages far below the normal standard of employment for TransAdelaide staff. In attempting to stop that, we will ask that new employees be given the same terms and conditions of employment as the existing employees.

I can only reiterate that the opposition is fairly cautious about this bill but understands that the government is insistent on corporatising Forestry SA. At this stage all the opposition

can do is ask careful questions about each section of the bill to try to ensure that not only are our assets protected but also that the employment conditions for existing workers and new workers are protected, and that there be every opportunity for this industry to grow and take on new employees and provide a benefit to South Australia.

Obviously, forestry also provides a great benefit to various regions of South Australia, particularly the South-East of the state. However, with the benefit also comes particular costs, and indeed, I have been talking and will continue to talk with representatives of various local government and other groups in the South-East about the infrastructure problems resulting from this increased activity in the forestry industry. Obviously, roads are a clear challenge for local and state governments in the area. The movement of trucks in the area damages existing roads quite significantly, and from time to time new roads will need to be constructed, particularly if markets change or if volumes change to particular markets.

It is very important to ensure that the infrastructure is provided for that industry so that its growth is not impeded, but it is also important to ensure that the taxpayers of this state receive value for the money that they provide to the infrastructure. Several very useful reports have been produced by people in the South-East, particularly the councils, about the infrastructure required and the cost benefit return for that infrastructure. It is very important that the government consults closely with the regions that are affected, and I believe that that has not been the case in this instance. The government is continuing with its very arrogant attitude which it has displayed on a number of occasions and has not adequately consulted with regional representatives on this bill and on the implications of it.

Once again, this may well create problems for the government. Obviously, the regional representatives are on the ground and they talk to industry representatives as well as Forestry SA representatives. Therefore, they know the situation, the effect on their region, the capability of the industry, the state of the infrastructure and the requirements. It is very important that the government engages in serious consultation with those regional representatives to work together for a good, medium and long range plan for this industry. It is not enough to set up an efficient corporation. It is also important for that corporation and for the government to make proper strategic plans for the industry. This is what this government seems to forget again and again. It is not enough to set up decent structures to put the market right, to let things be driven by the market force. The government really must be responsible for vision and long-term strategy both in the industry and in the region.

Again and again over a number of portfolio areas and overall the government has consistently failed to give that vision and leadership in many industries and over many regions in this state. That is why the regions are unhappy with the government. Many of these regions are Liberal voting areas. The South-East in particular saw at the last election two Independents get in, which indicated the unhappiness with the way in which many regions have been treated by the current government. One of those Independents has very courageously decided to rejoin his former Liberal Party and also become a member of the government. Let us hope that he brings some impetus within government to get back and consult people in the region, not only on the regional development boards but also the local government representatives and people in the area associated with the industry so that the government works cooperatively to develop a proper strategy for this industry and for the regions of South Australia that include forestry.

I recently visited the South-East with the Hon. Paul Holloway, the shadow minister for primary industries. We had very constructive discussions with private industry representatives, who were very forthcoming about the industry, what was required and where they saw it going. We also had, and will continue to have, discussions with regional development boards and local government representatives down there about this issue. We were unfortunately unable to talk to Forestry SA because the minister's representative was unable to be present at the headquarters at Mount Gambier and we were not permitted to talk to Forestry SA representatives without someone from the minister's office being present, presumably to vet the conversation. So the opposition representatives were not able to talk to public servants on this occasion to get a rounded view of the industry.

Then we had these two very important bills dropped on our lap by the minister and we were forced to proceed without that rounded knowledge of the industry, although we did receive an informative briefing from departmental representatives subsequently, with of course a representative of the Minister's office being present. I have indicated that we are concerned about a number of aspects on which I will question the minister at a later stage. I have also indicated that we have an amendment to do with staff issues. With that, I look forward to the committee stage when we will be able to ask a number of questions on this bill.

Mr McEWEN (Gordon): I also rise to be positive and supportive tonight of the general thrust of the bill. Other than one blunder and a further blooper in terms of trying to fix the matter, to which I will come back in a minute, this is a positive initiative that will be welcomed by the industry generally and by the people in the South-East. But in no way will anyone read into this that it is a precursor to privatisation because at no stage will there be any support in the South-East for selling of the land on which the forests are grown. The forests themselves are already sold. They are forward committed in different time frames to different value adding industries in the South-East and, in particular, Carter Holt Harvey, which as part of purchasing the old Woods and Forests sawmills actually locked itself in to some long-term supply agreements.

The forests—the product of the land—are in effect forward sold now and we have no difficulty with that and certainly will make sure that under no circumstances will the control of the land on which those trees are grown be lost to the public estate. It is too important in terms of securing in the long-term that resource to value adding and at least 4 000 jobs directly and indirectly in the South-East.

I put to the minister and put on the record that I do not think he has gone far enough. There are further opportunities in this area that I hope we can explore, for example, through getting the membership of the board right and shifting the focus away to some degree from silviculture to shareholder value. There is an opportunity that there be more value extracted from that forest estate by taking another look at that estate in terms of the changed technology. Saw milling technology means that a lot more value can be added to smaller diameter and therefore younger log, and this can certainly impact on rotations. There is an opportunity for this corporation to revisit with a different mindset the opportunity to make further resource available generally through review-

ing rotations and through a number of their forest regimes. That is positive, and with a different mindset and the right people on this new board that will happen.

The minister from the outset has given the new corporate entity an unnecessary encumbrance in that it will still have direct responsibility for some of the lands it was given under the 1950 forest legislation. Under sections 3(1)(b) and (c) it was given flora reserves and native forests, which are there in effect to serve another purpose and are not specifically commercial forests. Keeping in mind that this new entity has and will continue to have the expertise to manage those estates, it would make good sense over time to vest those estates in the appropriate body, the Department of Environment and Heritage, which would then outsource the management in a commercial arrangement back to this corporate entity. There is a win/win in that. There will be some difficulties for this corporate entity balancing the community service obligations, which we expect to be maintained by the government in terms of the non-commercial component of the estate. I will come back to that when I come to my amendment. I acknowledge that in discussions with the deputy opposition leader we explored the need to deal with this matter.

I also do not think that the minister has gone far enough in terms of actually embracing the opportunities created from the allied bill we are dealing with later tonight—the Forestry Property Bill—in relation to which I will be asking the minister why he is exempting the public estate and this corporation from the forest property bill because that bill will create further opportunities to be exploited by the new corporation. We could go as far as to explore a partnership between the manager of the public estate and the manager of the two major private estates—Wyhauser and Auspine—in terms of bulking up the forests because in terms of a critical mass to embrace world's best practice there are opportunities for this new corporation to explore their all being managed as one. Hopefully that could be explored and would it not be good to see the corporation also being used in an outsourced way by other estate managers to provide the management to their forests because we are dealing here with the best in the world when it comes to the management of pinus radiata forests.

That expertise, that intellectual property, has significant value. I believe that opportunities exist in partnership with the owners of the private estates in terms of looking at how we can pursue that further. The bill does not actually mitigate against that. I think that we could have been bolder in terms of promoting it. With those positive words, let me come to the one deficiency I see. I also acknowledge that I support the Deputy Leader of the Opposition's proposed amendment in terms of securing and protecting the employment rights of employees, which is not inconsistent, I might add, with recent changes of ownership in the private sector where it is part of sale processes between CSR and Wyhauser, for example, and between public and private interests, including the department of woods and forests and Carter Holt Harvey. I do not believe that the industry in any way sees any disincentive in terms of the employment amendment proposed by the Deputy Leader of the Opposition.

I return to the one flaw in the bill. I believe that the minister has every right to be quite angry with those who advised him initially because I do not believe he realised that such a bomb was sitting there dormant. This bill linked this corporate entity to the public corporations bill and, within that bill, the Treasurer of the day could decide whether or not this new corporate entity would pay the equivalent of rates; and if he chose to do so they would then go into consolidated revenue. It was a fundamental flaw and it was totally inconsistent with the present practices. Having acknowledged at the eleventh hour that there was this difficulty within the bill, the minister did circulate a proposed amendment that went part way. I notice now, though, that that amendment is no longer in his name: it is in the name of the member for MacKillop, which itself is an interesting little political nuance as part of the ongoing battle. That notwithstanding, these amendments that have now been circulated under the name of the member for MacKillop do not have the support of the Local Government Association or any of the 15 councils upon which this change impacts, and there are 15 councils within South Australia which, to some degree, have some public forest estate.

It is important to acknowledge that, although the minister has attempted to patch up the original blooper, to my mind he has not gone far enough and, importantly, in that regard he does not have the support of the Local Government Association or the 15 constituent councils. To that end I quote from a facsimile of 12.11 p.m. today circulated under the name of John Comrie, Chief Executive Officer of the LGA, to all councils that belong to members in this place. In part, the facsimile states:

> An amendment to the bill has been prepared by the member for Gordon that would result in the payment of rates to councils by the proposed corporation attached. This would be in lieu of the current convoluted Forestry SA agreement.

The LGA acknowledges that the present agreement, although it has served the purpose, has not been ideal. In the words of the LGA, not mine, this agreement is convoluted. If members hear later tonight that the LGA has been happy with that agreement, I am quoting the association's words. The LGA is supportive of the amendment given that it is consistent with the principles reflected in our policy. Again, the LGA is circulating all the constituent councils and, certainly, members in this place, shadow members and the minister indicating that it does not support the half-baked cobbled together amendments under the name of the member for MacKillop.

At this stage let me briefly allude to what my amendment does because, obviously, we will go through that in detail in committee. My amendment enhances and furthers the arrangement that has existed to this point in that this new entity will now pay rates. Members should be mindful that when we are talking about rates with the forest estate we are talking only about rates on the site value of the land and the crop is not included. That has a little history associated with it which I do not need to explore tonight, but that was part of a mistake made by a previous Labor Government in attempting to amend the Valuation Act.

My amendment says, 'Yes, this new corporate entity will now pay rates based on site value to the local government entity within which specific components of the estate are located.' The amendment does two further things: it says, 'That will be only on that part of the estate being or to be used for commercial forestry.' That is why I need to come back to my other point about the Forestry Act presently. My amendment says, 'You will pay the equivalent of site value to the local government entity for that component of this estate which is used for commercial forestry purposes.'

The amendment goes further, though. It then places a responsibility on the local government body to spend 50 per cent of those moneys on forest roads. There is a mechanism

to do that in terms of negotiating with the new corporate entity in terms of its priorities, etc. So, 50 per cent of those moneys will be used specifically for that purpose. I might add that that is totally consistent with what local government entities now do, particularly Wattle Range and Grant councils when they are dealing with their large private forest estate owners who also pay significant rates. On an annual basis they sit around the table and talk about the forward harvesting regimes and the impact that will have on the need to maintain and upgrade road networks, etc.

There is some negotiating to ensure that, wherever possible, the needs of the local government entity, the public and the two private forest entities converge so that they are actually maximising the plant and equipment and the value for money. It is a very positive relationship at the local level. This amendment enhances that. It actually takes the old arrangement a step further, which is what the Local Government Association—and I stress this—is asking for. Members should not believe anyone who tries to tell them that the half-baked idea which still takes half of this money and gives it to the LGA rather than to the individual councils has any support from local government.

The LGA is saying that, although the old arrangement worked reasonably well, it really was a convoluted arrangement and it would far prefer the arrangement as suggested in my amendment. My amendment now says that they will pay rates: it will be on the site value; it will be paid to the local government entity within which the estate is grown; it will be only on the commercial part; and 50 per cent of it will be used for maintaining the forest roads within those forest estates.

I will explore now the complication caused by the term 'commercial forests'. Under the 1950 act there are commercial forests which are therefore alienated lands being used for commercial purposes and which therefore can be rated. There are also two sets of unalienated land owned by the Crown, one of which is used for flora reserves and the other for native forest reserves. We need to take them out of the equation and, again, I defer to the Deputy Leader of the Opposition, because in discussions with her she highlighted the need for them to taken out of the equation in terms of rating.

As I have indicated, although my amendments do not go this far, I see it as being desirable at some stage in the future to have a debate about taking the management and control of them out of the hands of the corporate entity, because it will be difficult for this corporate entity to try to balance community service obligations with an entity that should really be focusing exclusively on shareholder value. That at no time says that they are not the best able and skilled people to manage that estate, but if they are going to do it it ought to be done within a commercial arrangement so that it is quite clear from the outset that the community service obligation is being used and that this resource is being purchased in a commercial way from the corporate entity.

It may so happen at some stage that this same corporate entity is called upon in the commercial world to sell its services in other ways. I have explored the relationship between the public and private estate on this side of the border, but there are significant radiata plantations on the Victorian side of the border.

It is not inconceivable that this new corporate entity could also be called upon in a fee-for-service way to provide services to the public and private estate owners on the Victorian side of the border. Further, it is not inconceivable that some of the expertise within this new corporate entity could be called upon within the burgeoning eucalyptus globulus industry.

Although I see it as very desirable that these management skills are used to meet community service obligations, I do not see it as necessarily desirable that they remain within the corporate entity. While in the corporate entity they will not in any way be called on in my amendments, because I am clearly referring only to commercial forestry, so it refers only to those lands that are being or intend to be used for commercial forestry purposes. It is important to make that distinction.

In conclusion, I am saying that, with this one little hiccup in terms of requiring this corporate entity to be differentiated from other public corporations and exempted from the Public Corporations Act in terms of paying into the Treasury in lieu of rates (which was never going to fly), we must now embrace my amendments. In so doing, we should acknowledge that the 15 councils have all signed off on my amendments, along with the LGA, which has said that it is totally consistent with its broader policy settings and that, although the present arrangements have served their purpose, they are convoluted and indirect and can be improved, and this is the time to improve them.

Mr WILLIAMS (MacKillop): I am interested in this measure, having spent almost all my life living under the shadow of the South-East pine forests and having been born next to and attended school at the small forestry town of Mount Burr, where, along with Wirrabara, the forestry industry in South Australia started in the latter part of last century and where the first mill in South Australia began operations in about 1930 or 1931. I have had a longstanding interest in forest operations in South Australia and have long admired our forefathers who had the foresight in the latter part of last century to establish the industry that is such an important part of South Australia and an integral part of the economy of the South-East of this state. Indeed, the forest industry in the South-East corner of this state contributes percentages in the high 20s to the total economic activity and supports about 25 per cent of the employment in that region of the state, which incorporates all the electorate of Gordon and a substantial portion of my own. So, it is responsible for a huge amount of economic activity in that part of the state.

It is imperative that we do whatever we can to maintain that industry and economic activity within South Australia. I say that because one of my great fears is that if the forests in the South-East of South Australia were indeed owned and operated by a fully privatised enterprise or series of private enterprises, and those enterprises were focusing exclusively on shareholder value, as the member for Gordon just told the House, I fear for the future of the region, and for several reasons. Already over quite a period of time now we have heard the opposition talk in this place and another place about raw logs leaving the South-East and being shipped over the wharves at Portland and offshore for processing. That is a genuine concern of the opposition and a matter that it has raised, and I believe the member for Gordon has raised that matter himself in this chamber. It is one about which I have serious concerns, too, because every time a log is exported out of the South-East away go some of the economic activities, drivers and jobs in that region.

So, it is very important that we maintain the downstream processing not only in that region but also in the South Australian portion of that region. We are cheek by jowl with our neighbours, the Victorians, in that region, the Green

Triangle. Extensive forests are already planted in the Victorian portion of the Green Triangle region, and I would suggest that the rate of new forest plantations, particularly of pinus, have been even greater in the Victorian portion of the Green Triangle adjacent to the South-East of our state over recent times. I believe it is quite on the cards that, the next time (and this might not be for some considerable years down the track) there is a major investment in log processing and further downstream value adding in that part of the world, it will happen in Victoria.

With the minister's maintaining control over about half the log produced in the South-East through this corporatised body, and with that control being exercised by the minister on behalf of the taxpayers of South Australia, we can have a fair say in where that log is processed, and that is the most important issue that we want to be looking at today. Without that sort of ministerial direction, and if we allow somebody to take over the ownership of these extensive forests, someone who will be focusing exclusively on shareholder value, as the member for Gordon would have it, I doubt very much whether the public interests of South Australia would be served.

There are quite a few other reasons why I believe that public ownership of the forests is imperative. I hasten to add that the minister has been quite open in stating that it is his desire to see the continuing public ownership of this resource. It is his desire to corporatise the forests of the South-East through Forestry SA merely to allow a better management structure and to allow for more timeliness in day-to-day and even mid-term decision making, rather than the dead hand of government requiring that every decision come back through the minister, and more often than not the cabinet, before matters can proceed at a commercial level.

In this day and age, with the competition that is around, the taxpaying public of South Australia deserves to have the forests managed in the best possible way. The Public Corporations Act 1993 allows for a range of previously government owned operations and enterprises to be corporatised to give them the management flexibility in order to allow them to operate competitively in the commercial world with other commercial operations and to maximise the dollar return to the public of South Australia.

What we do expect from Forestry SA is a little more than just maximising the return in pure dollar terms back to the public of South Australia. The opposition has highlighted that it expects some things to be done with regard to the employees of Forestry SA, and I will get to that in a moment. We do expect some other things. I highlight clause 7 of this bill, which deals with the functions that this newly corporatised body would have. There are four basic functions, and the first obviously is to manage for commercial production. I do not think any of us would have any argument whatsoever with that. The second function as prescribed by this bill is to encourage and facilitate regionally based economic activities, about which I have just been talking and which the forests in the South-East of South Australia have done very well over the years, as I said a few minutes ago.

It also prescribes that this body will be involved in research and development (I do not think anyone has any argument with that) and any other function delegated by the minister. I will mention some of those other functions which have already been highlighted by the minister in his address. One of the functions of Forestry SA is to manage the forests and also to allow recreational access to the forests. Again, living right next to the forest I am only too aware that many people in the local area and visitors from farther afield do use the state forests in the South-East for recreational purposes. It is, indeed, a very good use of those forests. I certainly encourage any member who is in the South-East to take some time out and visit the forests there and experience the peace and tranquillity of them.

One of the other important functions the minister has also highlighted is the management of the extensive native forests, and the member for Gordon talked about this. I am not sure of the member for Gordon's knowledge of forests. There are areas of native forest, and there are areas of swamp and wetland within the forest. It is not as though we have a chunk of native forest on one block and, some way remote from that, we have a commercial pine or softwood forest. They are intermingled with each other in more of a mosaic pattern. The very nature of the wetlands etc. in the South-East is such that we have wet areas that do not support pinus radiata, and we have native areas that have been preserved. It is important that this corporatised body recognise the benefit and worth of those native forests and non-commercial areas to South Australia and to the environment.

I now come to the issue of rateability of forests, which the member for Gordon has talked about. If the forests were owned by private enterprise, there would be no difference. Those non-commercial areas would be quite easy to deal with. I expect that the other commercial forest operators in the South-East would take advantage of signing up those areas under a heritage agreement and they would, indeed, enjoy a rate holiday, as do these areas of government forests. So there is no difference between what is envisaged here, what has been happening and what would happen under a fully privately owned commercial forest.

Another very important function carried out by the farm forestry unit of SA Forestry—and the member for Gordon may be unaware of this or the extent of it—is that for the past four or five years a greater number of new pinus and blue gums have been planted on farms than has been planted by Forestry SA. This has been a function simply of the farm forestry unit. It has provided all sorts of support, principally technical support and, in some instances, financial support for farmers to convert portions of their property to forestry related exercises.

There are several amendments on file—one by the Deputy Leader of the Opposition, one by the member for Gordon and one by me. The Deputy Leader of the Opposition's amendment is an interesting one. It deals with protecting the rights of the workers, and it is not unexpected that that sort of amendment would come from the opposition. Although I have some problems with it, it is not to be unexpected. It is not a matter of protecting the workers.

Mr Clarke interjecting:

Mr WILLIAMS: It maybe gives one portion of workers an advantage over another portion of workers. If we are talking about focusing exclusively on shareholder value—and the member for Gordon has talked about this—that might mitigate against what he would like to see there, but I will come back to that later. The other two amendments—the member for Gordon's amendment and my amendment—principally are involved in seeking to formalise the payment of funds which would be either rates as per the Local Government Act or payment of funds in lieu of rates as per the Local Government Act. That is basically the difference between those two amendments.

I acknowledge that the Local Government Association does support the member for Gordon's amendment, and that

does not surprise me at all. In fact, I spent most of the 1980s as a member for local government in the District Council of Beachport, which held extensive forest reserves. The whole time I was a member of that council—indeed, for four years I was chairman of that council—I championed the cause of local government to extract rates from the forests. When I stand in this chamber, I have the opportunity to look at the bigger picture, and to look at it from a perspective—

Mr McEwen: You'll do as you're told!

Mr WILLIAMS: That is exactly what I will not do. Indeed, I was invited to debate this issue at the last meeting of the South-East Local Government Association, held in Naracoorte a few weeks ago, and I will admit that one of the councils there was in support of the member for Gordon's amendment. I put to those councils that, if they wanted a fully privately run business operation which would concentrate exclusively on shareholder value, as the member for Gordon would have it, they should call on the government to sell the forests. A fully commercial, privately owned operation will do none of those things to which I have been alluding in my remarks about the public interest of maintaining jobs and economic drivers within the South-East within our state borders. It will do nothing about those other things such as maintaining the other public lands and native forests and will have no incentive to promote farm forestry. I can assure members that Weyerhaeuser and SEAS Sapfor do not do that. They do not promote farm forestry. It is not necessarily in their interests. They are not against it, and they certainly would be supportive of it. However, they do not spend as many dollars promoting it as Forestry SA, which sees that as part of its community obligations.

There is a vast difference between what the member for Gordon would have us do, that is, treat Forestry SA as a complete (and not just a commercialised) private company, yet he would not call for privatisation. I know he would not, because I have heard him speak on it. That shows a little of his hypocrisy. Whilst I talk of hypocrisy, he spoke of the political nuance when he referred to my amendment. There is another political nuance here, that is, the cosy little arrangement between the member for Gordon and the opposition. The problem I have with the member for Gordon on this issue is that there is no small amount of hypocrisy involved, because at one stage—

Mr McEWEN: I rise on a point of order, Mr Acting Speaker. Twice is enough! I protest at being called a hypocrite on three occasions when the member for MacKillop does not know what he is talking about.

The ACTING SPEAKER (Mr Scalzi): Order! I uphold the point of order.

Mr WILLIAMS: There you go, sir. He does not know what he is talking about. Let me take a moment to illustrate. On one hand, the member for Gordon a moment ago said that he would support the opposition's motion. The opposition's amendment has nothing to do with the way a private company operates; it is all about the way that a public company operates. On the other hand, the member for Gordon says that, when it comes to paying rates to local government authorities, he wants it to operate not like a public company but like a private company. Not only do I know what I am talking about but I allege that the member for Gordon is showing some hypocrisy.

Mr McEWEN: I rise on a point of order. The member for MacKillop does not even listen to your directions, sir.

The ACTING SPEAKER: I accept the point of order. I ask the member for MacKillop to withdraw the comments relating to hypocrisy.

Mr WILLIAMS: Sir, I will defer to your ruling.

An honourable member interjecting:

Mr WILLIAMS: Indeed, I have no alternative. I still know what I mean, and we will leave it at that. This really gets down to the management of these funds: whether all the funds go to local government and then half the funds from each local government authority, as the member for Gordon would have it, are spent on forest roads, or half the funds go to local government to use as it wishes and the other half is spent by arrangement on forest roads. One of the problems with the way that the member for Gordon would have it is that we have some councils which, indeed, will receive very small amounts of money: Yankalilla council area, $1 200; Alexandrina, $1 400; Barossa, $6 200; and Gumeracha, $2 700. These are the average figures over the past six or seven years. I contend that, with that amount of money, they really cannot do anything. But under the arrangement that I am suggesting by my amendment they can receive a lump sum to undertake road construction work to allow for the safe and efficient movement of timber product through their districts. That is why I will not do what I am told as far as the Local Government Association is concerned, and I suggest to members that they accept the amendments that I propose for the greater good of South Australia and the taxpaying public.

Mr VENNING (Schubert): I rise to speak briefly in support of this bill. Certainly, we are having a very interesting debate here this evening, and I appreciate the work put in by the members for Gordon and MacKillop in particular. Establishing the South Australian Forestry Corporation is, I believe, a definite step forward. The appointment of the board of directors to handle day-to-day and shorter term objectives while working under the auspices of the minister is a real plus. I have said before—and I will keep on saying it—that the less bureaucratic red tape we have the better, and the corporatisation should help to achieve this. I know that corporatisation could be seen as a step towards privatisation but this is not the intention of the bill, and I note the comments of the previous speakers.

It is not a bad thing to have the government retain its forestry ownership, involving approximately half of the state's forests. If we have an influence on infrastructure and the value adding of a product in this state, that should be encouraged. Private ownership of a resource could well take the option to process and value add offshore, and that is not in the best interests of South Australia. I note that both the members for MacKillop and Gordon have made that comment.

There is also an issue concerning the payment of council rates, which has been very well promoted by the member for MacKillop. If corporatisation takes place, council rates can be applied. At present, an ex gratia payment is made to local councils and the LGA on behalf of the forestry lands. So, this issue needs a commonsense approach, which I understand will happen during this debate.

I note the comments of the member for Gordon and his intended amendment and also the comments of the member for MacKillop. Certainly, I would support, basically, what the member for MacKillop has put forward. I will turn away from the amendment proposed through the cosy deal between the member for Gordon and the opposition, without knowing

fully what is involved. But I will certainly listen to further debate on that matter. I also note the comments of the member for MacKillop, referring to the member for Gordon, regarding the future risk of seeing logs going out of this state totally unprocessed, as I have just said, and I would support them in their opposition to full privatisation of the forestry assets. The profit maximisation would also come into it and we would not get the very mature timber that is currently available. Certainly, when private industry takes on a resource such as this it will cut the trees purely for the maximum profit, not to be able to supply a maximum range of long length timber to fully accommodate the entire market, particularly if this is processed at home; we have to give our processors that option. Certainly, I would avoid, in this instance, profit maximisation, because I think that it would harm our industry in the long term.

Forestry is a very important industry to our state, not only in our South-East, as we have heard from the two speakers, but also, as the members highlighted, in my electorate at Mount Crawford and in areas of the Adelaide Hills, Kuitpo Forest and, of course, the very early forest at Wirrabara. They are certainly very valuable assets. I am assured that it is not the intention of this minister or this government to sell off the assets but I expect that that does not lock it out in the future. I urge great caution in that regard. That is, no doubt, a debate that will take place on another day. I do not see it as a debate that we will have in the life of this parliament; I doubt that I will still be here when it does occur, but the matter will probably be raised again at some future date.

Mr Foley: Are you leaving?

Mr VENNING: I am leaving but I did not say when. You will be leaving, too. I note the comments of the members for MacKillop and Gordon, and I appreciate their sentiments. I certainly support them as both having a very strong commitment to the industry and to their electorates. It is very healthy to see the disagreement between the two members, even though they both sit on this side of the House, and I am fairly sure that, with their help, we will come up with the right solution.

I also note the comments on recreational access by the member for MacKillop. Certainly, that is an issue that I have been pushing very strongly with this minister (Hon. Michael Armitage), that is, to allow horse riding, in particular, and other activities in some of our forests. If there is no impediment to the management of the forest, I cannot see anything wrong with that. If it is in a water catchment area maybe that is a different matter. But certainly it is a magnificent place in which to follow those recreational pursuits, and it should be encouraged: people should not be locked out, as is often the case at the moment.

I also note and appreciate the comments on the farm forestry unit. I am very pleased to note the number of farmers who are turning to forestry, particularly in the South-East and the Adelaide Hills. This has given our farmers yet another avenue in which to diversify their interests. As we know, with the current grain prices, canola and wool, forestry has been a saviour for many people. In particular, in the South-East, where it is too wet and too cold to grow cereals, this has been a real godsend, and it speaks wonders for the versatility and the adaptability of our people to venture into other industries. By all accounts (and one only needs to speak to a bank manager), forestry is a very profitable enterprise, and I am very pleased that it is now seen as the saviour for so many of our farmers in the South-East who are now suffering due to many years of very poor wool prices. Certainly, I appreciate the opportunity for this debate to occur. I support the bill and I look forward to the ongoing tussle between the member for MacKillop and the member for Gordon.

Mr CLARKE (Ross Smith): I found the exchange between the member for MacKillop and the member for Gordon quite extraordinary. I think it is the first time I have heard an argument where both are right about their description of one another. The member for Schubert said in his opening remarks that he had no concerns that the corporatisation road would lead to privatisation. I must say—

Mr Venning: Not necessarily.

Mr CLARKE: Not necessarily. I am sorry if I misquoted the member for Schubert. I must say to the member for Schubert: beware, I am your duty Labor member for Schubert. I have just been allocated. I do not know how many Labor members there are but I am your duty Labor member. I am sure that, with my efforts, I will double the Labor Party vote.

Mr Venning interjecting:

Mr CLARKE: I am sure you will. What I am concerned about, I point out to the member for Schubert, is this. We have in the minister who is bringing this bill before the House a minister who has spent the past two years since the last election divesting himself from as much work as is humanly possible by getting rid of as many government instrumentalities and departments as he is able to. He was a senior member of the government, in any event, in the last parliament, which outsourced and privatised our water in the metropolitan area. They have all been busy flogging off the TAB, the Lotteries Commission and the Ports Corp. On every possible occasion in the previous parliament, the government collectively would put a hand over its heart and say it would not privatise—and, of course, ETSA is the most monumental example of all that. I seek leave to conclude my remarks.

Leave granted; debate adjourned.

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

MEMBERS, TRAVEL

The Legislative Council passed the resolution to which it desires the concurrence of the House of Assembly:

1. That a synopsis of any overseas travel report of a member of parliament, including places visited and objectives of the travel, shall be prepared by the member and published on the parliamentary internet site within 14 days of any such report being provided to the Presiding Officers as required under the members of parliament travel entitlement rules.

2. That this resolution be transmitted to the House of Assembly for its concurrence.

ROAD TRAFFIC (RED LIGHT CAMERA OFFENCES) AMENDMENT BILL

Received from the Legislative Council and read a first time.

MINING (ROYALTY) AMENDMENT BILL

The Legislative Council agreed to the bill with the amendment indicated by the annexed schedule, to which amendment the Legislative Council desires the concurrence of the House of Assembly:

Page 3, (clause 3)—After line 29 insert the following:

(4c) The minister must cause notice of a decision to reduce the rate of royalty payable in a particular case to be published in the *Gazette*.

(4d) A notice under subsection (4c) must—

(a) set out the name of the person to whom the reduction of the rate of royalty applies; and

(b) identify the relevant mining tenement or private mine, and the relevant minerals; and

(c) state the rate of royalty that is to apply in the particular case.

HEALTH PROFESSIONALS (SPECIAL EVENTS EXEMPTION) BILL

Returned from the Legislative Council without any amendment.

SOUTH AUSTRALIAN FORESTRY CORPORATION BILL

Adjourned debate on second reading (resumed on motion).

(Continued from page 1052.)

Mr CLARKE (Ross Smith): As I was saying just before the dinner adjournment, the current Minister for Government Enterprises has spent most of his time in office seeking to divest himself of his responsibilities in pursuit of privatisation. I draw the attention of the House to an article headed 'The Forestry Enterprise' in the *Adelaide Review* of December 1994 by the late Don Dunstan, a former great Premier of this state. I thank the parliamentary library for being able to put its hand on this document at such short notice. I will quote certain extracts from the article because I think it gives a very good synopsis of the history of the forests under state ownership in South Australia. In part of the article, the late Don Dunstan writes:

. . . if no-one was prepared as an investor to do something clearly socially necessary to the community, then the state on behalf of the community must do it. No clearer example of this can be found than in the state's forestry enterprise. The province had at 1836 poorer timber resources than any other state. Much of the woodland that then existed was quickly cleared in the first 40 years after the *Buffalo* arrived. Timber was used for fuel, fencing, in the mines, or often wasted. Prodded by that remarkable character Goyder, F.E.H.W. Krichauff in 1870 moved in the parliament to obtain recommendations as to the best size of forests reserve, the most economical means of preserving native timber, the replanting of reserves as permanent state forests, and the most valuable indigenous or foreign timber trees to supply timber for public purposes and an annual revenue from surplus timber.

In 1875 a Forest Board Act was passed and a board headed by Goyder was appointed. They established a number of nurseries and tried out many species of trees. Outstanding results were obtained in the growth of *pinus radiata* which appeared to grow more rapidly here than in its native environment. In 1883 the forest board was replaced by control by a minister who was also a Commissioner of the Crown Lands.

There is then a further explanation in Don Dunstan's article concerning development of the forestry industry. It also went on to state:

The first private sector pulp mill commenced operations in 1941 and the second in 1960. Numbers of private sector operations in timber followed—but it is clear that the driving force of the provision of an extensive forestry enterprise in the state with the poorest natural forestry resources came from the state undertaking. . . By that time the department had paid $19.9 million to consolidated revenue, it had generated some 6 000 jobs, had provided a resource in timber which not only was import replacing but markedly helped in keeping South Australia's housing costs the lowest in Australia. The towns of the South-East of the State, Mount Gambier, Millicent, Mount Burr, Nangwarry, Tantanoola gained their existence or their major growth from the state forestry operation. Without it, today Mount Gambier would be no bigger than Naracoorte.

He went on to say:

Sadly, I have to observe that this whole history has for the average citizen gone unnoticed, unappreciated even in the area which has most benefited. In 1975 there was a large 'march against socialism' in Mount Gambier, peopled by those whose livelihoods were largely due do the existence of state enterprise!

The point I am trying to make by quoting from that article by Don Dunstan is not dissimilar to the points made, albeit differently, by the member for MacKillop. The member for MacKillop is a socialist when it comes to the ownership of the forest reserves of South Australia—and so he should be. He at least recognises—as does the member for Gordon—that if it were not for state intervention with respect to the forest industry in this state there would be no industry and the areas of Mount Gambier, Naracoorte and the other surrounding towns would be much smaller than they are today and the state would be much poorer. It was only because of state intervention that that great industry has been established.

Where I differ from the member for MacKillop in this area is that he is a member of a party that is hell-bent on privatisation. I know the minister may say—and I know the bill currently before us does retain the provision—that the forest reserves cannot be sold without the consent of this parliament: the corporation does not have the power to do it. Mind you, this is from the lips of the same government that just prior to the state election said it would never sell ETSA, and we saw the most recent blatant example with respect to TransAdelaide. When TransAdelaide was corporatised the undertaking given by the Hon. Diana Laidlaw was that TransAdelaide and its bus services would not be privatised—yet it has been.

The management and control of Serco is now in place rather than the management and control of the state government, and there are fewer workers now in TransAdelaide as a result of that privatising, that outsourcing of government work, and they are being paid lower rates of pay than previously. The member for MacKillop, who likes to be a little bit pregnant, as does the member for Gordon, has gone the full nine months by rejoining the Liberal Party and giving tacit support to this government's commitment to get rid of the State's assets.

I accept the fact that under the legislation before us the corporation cannot sell the forest reserves without an act of parliament. However, I also fear that the government may, if it so chooses, once it is corporatised, outsource the management and control of the corporation—and there is nothing in this legislation that prevents it from doing so. When Serco first came to South Australia—

The Hon. G.A. Ingerson interjecting:

Mr CLARKE: The member for Bragg diverts me. I do not have enough time to deal with him: I will save him for another day. When Serco first came to South Australia and a lot of outsourcing was going on in respect of SA Water, it made the point in print that there was virtually no part of government which could not be outsourced to the private sector, except for the parliament, the judiciary and the police—and that is only because there was a moral qualm about that, otherwise they would do that as well. Every other aspect of government could be outsourced as far as they were concerned. I do say quite sincerely that, even though much of the forest reserves have been locked up in deals with the sale of Forward Products in the last parliament, in terms of long-term contracts in the supply of timber, what I do worry about is that this government steadily, if it wished, could outsource the management and control of the forest reserves

to private industry, which would then determine the allocation of the timber—

Mr Williams interjecting:

Mr CLARKE: Exactly as the member for MacKillop said.

Mr Williams interjecting:

Mr CLARKE: I will have a bit of a look at it. Normally, I would vote against anything the member proposed, but he might be right on this occasion; he might surprise me. He may not be the boofhead that the member for Gordon says he is. I do not subscribe to it: I am merely repeating what he says.

Mr Williams interjecting:

Mr CLARKE: I do not necessarily subscribe to it. That does concern me greatly, because Serco (or someone else) could come along and say, 'You are making a nice sum of money but, if you like to capitalise the profits to government to do whatever you like with it—a nice little government slush fund for re-election purposes—we will outsource the management and control.' I greatly worry about those employees in the event of such an outsourcing. The deputy leader's amendment takes care of new employees. That is why I cannot understand the rationale of the member for MacKillop in seeming to equivocate over the deputy leader's amendment, because it provides a level playing field: that is, existing employees are transferred to the corporation, and maintain their current salaries and working conditions; and any new employees are not to be disadvantaged as they will likewise have the same level playing field in terms of wages and working conditions.

Without that amendment, new employees could be employed on substantially lower rates of pay—and we have seen it happen in respect of Serco and the bus services in South Australia. It is not something that is a nightmare that you only dream about, or that children dream about: it is a reality, member for MacKillop. I believe that, at the very minimum, the member should support the deputy leader's amendment on this point. Some of the other points I would like to make in committee will relate to questions to the minister about what happens if you do outsource the management and control—not sell it, but outsource the management and control—of the forest corporation.

Those employees are not protected either under the existing bill or even under the deputy leader's proposal because the employer will no longer be the forest corporation but whoever might take over the management and control of that particular body. I would like some assurances given by the minister that in fact that will not be the case, and that the management and control of the forests will remain with the state through this corporation.

I often wonder what the advantages are of corporatisation of government utilities. It supposedly tries to make them more efficient and more competitive—if you like, more like private enterprise companies. The only thing I have ever witnessed as a result of corporatisation, wherever it has been brought in by a government of either political persuasion, has been a loss of jobs, a diminution of services and the ultimate privatisation of those bodies over a period of time.

One only has to think of Telecom, now Telstra, and its partial privatisation, the corporatisation and final sale of Qantas, the old E&WS to SA Water and its outsourcing, TransAdelaide corporatisation and the loss of the effective management and control of our public transport in South Australia, and the most glaring example involving the corporatisation of ETSA.

We all remember in the last parliament how the now Premier, the then Minister for Infrastructure, swore on a stack of Bibles with respect to every question that was asked of him, whether corporatisation was going to lead to the path of its outsourcing or privatisation, that it would not happen, and he swore that on a stack of a Bibles to the public of South Australia prior to the last state election in 1997. This government has a very poor record—in fact, no record at all—where one can trust its word with respect to corporatisation and as to whether or not that is not but the first step down the path of privatisation.

As the late Don Dunstan pointed out in this article in 1994—and to which the member for MacKillop agrees—state intervention in this industry is absolutely essential, and it was essential and will continue to be essential if we are to have a vibrant industry and a viable community in the South-East. I do not rest easy on any assurances from this government that this bill will be other than the first step towards the ultimate privatisation of our forest reserves.

Not even the former member for MacKillop, Dale Baker, when Minister for Primary Industries, agreed with the privatisation of our forests. That was mainly for political reasons, because he knew he could not get away with it. I am sure that, if he could have, he would have privatised it and been the biggest shareholder once it was sold—I have no doubt about that whatsoever. But even he knew it was politically unsaleable in the South-East, as the present member for MacKillop knows.

The member for MacKillop knows that we have a real band of socialists down in the South-East. He would have been there in Mount Gambier in 1975 in the march against Gough Whitlam and the so-called socialism by stealth by Gough Whitlam and the Dunstan government and so on, yet those communities were the very recipients of socialism in action. I have a number of questions I would like to put to the minister during the committee stage, and I will leave my further comments until that time.

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): I thank all members for their contributions to the debate on what is a quite simple and straightforward bill, which relates to the industry in the South-East of South Australia which accounts for roughly a third of the take-home pay, employment, export dollars and so on of that region. There are a number of simple matters in the bill, but the bill is being put forward solely as a way of improving the efficiency of the management of the forests in the South-East. It was a matter that had been contemplated for some time and indeed it was interesting to see that the Economic and Finance Committee in its report concurred with the then thinking of the government and we have now ended up at this stage.

It was particularly interesting to hear the contribution of the member for Gordon in that he talked in great detail saying that there is no way that control of the land will move from the public estate (not that the government is intending that), how he would expect the CSOs in the forest to continue as we would, and so on. However, all of those constraints on the Forestry Corporation into the future are exactly the embodiment of the differentiation between the putative forest corporation and a private sector body. This goes to the heart of the amendment that the government has moved in relation to the rate income from the forests.

The member for Gordon talked at length about his amendment and I look forward to discussing that. It is clearly

good politics for him, which I acknowledge is an important feature of all of us. I am at pains to understand the fact that he seems to be underscoring the import that his own local councillors were saying quite clearly at a meeting, which the member for MacKillop yesterday convened with myself, the member for Gordon and various other members of the council (and I noted the very words of the chair of the District Council of Grant), that the present agreement works well.

Therefore it is a concern when the Local Government Association (and I recognise that the member for Gordon has had a lot of input from the Local Government Association, which is clearly supportive of his amendment, which I acknowledge) makes no mention in its reaction to the putative amendment, about which the member for Gordon spoke so glowingly, of the intergovernmental agreement between the commonwealth, the states and the territories requiring that reciprocal taxation be progressed on a revenue neutral basis. The end result is that there is a potential problem with the local government grants. In essence the amendment of the member for MacKillop would provide for the councils the certainty that they would have the local government grant altered, half the rateable income would be paid directly to them and the other half of the rateable income would go into a fund to be held at the LGA (despite the fact that the LGA has indicated that it does not necessarily support our amendment, in discussions today it said that if our amendment were to be passed it would be happy to have the administrative role of the funding), and the other half of the funding it would administer would be allocated to roads for which the forests are users.

The dilemma that the government perceives in all of this, hence why we were more than comfortable with the member for MacKillop moving his amendment, is that, if the member for Gordon's amendment were to be passed, the individual councils would receive their rate revenue. I can understand that that is the policy position of the Local Government Association. However, it means that the councils around South Australia which have only small elements of forests within them—and those councils are in the electorates of Finniss, Hammond, Heysen, Kavel, Schubert, Stuart, Frome and Flinders, so it is a very large percentage of the South Australian rural industry, and that does not surprise anybody—will certainly get the small percentage of the rate income which the small forests would be paying. The dilemma is that often the road repairs and so on which those councils need to undertake require more than a small amount of money.

Accordingly, the present arrangement which the councils have and which the member for MacKillop's amendment formalises, we think even in a better way, allows the various councils, including those which have only small amounts of forests, to partake on a basis—an infrequent basis, I guess—such that if large expenditure is needed on their roads because of the commercial forests they can put up their hand, argue their case and potentially get a large quantum of money which then enables them to do the work. That is why I am sure the local council people were saying that the present agreement works well.

I do not for a moment suggest that they were not equally supportive of the member for Gordon's amendment yesterday, but maybe they are not fully cognisant of the fact that indeed the ultimate flaunting of the inter-governmental agreement between the commonwealth, states and territories, which subsequently extends to local government, may in fact see them receive less rather than the same quantity of money. I do stress to the House that the original intent of the bill was merely to continue the present arrangement. It was only when a number of councils began to be fearful that we did not intend to continue the present arrangement that we decided to at least explore this legislative path. I do stress that the member for MacKillop's amendment will not see the councils getting one dollar less than they receive at the moment, and, we would contend, it will give them greater certainty into the future.

The member for Ross Smith's contribution was entirely predictable, which is wonderful. It is great to see people who are consistent in life, because so few people are. The member for Ross Smith certainly is. I did note that almost his very first statement was along the lines of 'Here is a government and a minister who is selling everything'. However, the member for Ross Smith refuses to acknowledge—and he conveniently forgets; I acknowledge that amnesia is a convenient disease—that the very first of the scoping studies which this government performed in fact was on WorkCover. The results of that scoping study said that it was not in South Australia's best interests to sell WorkCover, so the government did not do so. So, any political gibe about the fact that we are idealistically bent on selling at all costs is understood for just that: a political gibe with not one skerrick of validity behind it.

Mr Clarke interjecting:

The SPEAKER: Order!

The Hon. M.H. ARMITAGE: If one looks at the record, one sees that the very first of these scoping studies led the government to make a decision not to sell something. We therefore reject the accusations of selling with an idealistic bent and not taking into account the best interests of South Australia, because everything that we have done as a government has been exactly that—in the best interests of South Australia.

With those remarks, I conclude my contribution to the second reading and thank members for their contribution and, at the end of the process, I look forward very much to a newly corporatised Forestry SA leading to a reinvigorated industry in the South-East with even greater economic clout and grunt once the corporatisation has occurred.

Bill read a second time.

In committee.

Clauses 1 and 2 passed.

Clause 3.

Mr CLARKE: I want the minister to tell this House that, for the life of this parliament, this government will not privatise or outsource—whatever one wants to call it—the management and control of the proposed South Australian Forestry Corporation.

The Hon. M.H. ARMITAGE: We have had endless opportunity to do that if we wanted to. The answer is 'No,' which is exactly why we are going down the path of this bill rather than anything else.

Clause passed.

Clause 4.

Mr McEWEN: I appreciate that it is again dealt with in part 3, but I did make some observations about the role and, more importantly, the constitution of the board. Could the minister make a couple of observations about the board?

The Hon. M.H. ARMITAGE: I ask for a point of clarification in relation to the constitution of the board. I am not sure that I understand what the honourable member wants.

Mr McEWEN: I apologise; I have not been precise with my question. I appreciate that clause 10 talks about the establishment of the board and, at that stage, we can explore the membership and a few other matters. I wanted the minister to reflect briefly on the philosophy that will underpin the board. We have had this discussion privately and I am happy to put on the record what the minister said to me at that time, because I think it is positive and supportive of the overall thrust.

The Hon. M.H. ARMITAGE: The government is of the view that forestry in the South-East of South Australia, in particular, but in all the other electorates that I noted—Finniss, Hammond, Heysen, Kavel, Schubert, Stuart, Frome and Flinders, a very broad geographic spin around South Australia—is an extremely important industry, and I have often been heard to say that I think it is one of the unsung gems of South Australia.

One of the moments of greatest pride that I have had as a minister was being down in the forests to acknowledge the extraordinary work, much above and beyond the call of duty, of the Forestry SA workers in fighting the recent fire down there. There were quite extraordinary heroics, and I do not use that word in any way lightly. I and the government think that forestry is a terrific industry, although we understand that it is facing a number of competitive pressures around the world.

As I am sure the members who represent that area would know, whilst a state-of-the-art commercial mill internationally might do 400 000 cubes a year, some of those in the South-East do perhaps an eighth of that, so there are some real competitive pressures, given that forestry, like a lot of industries, is becoming more and more global. Accordingly, we will be expecting the board to take a number of commercial decisions.

This will be a statutory corporation and, accordingly, will always be able to be directed by the political process. Board members will be expected to make commercial decisions. Obviously, a number of the commercial decisions relate to the practice of forestry itself, but they will be managers of the plantation forests, as it says in clause 3, 'for the benefit of the people and economy of the state'.

Clause passed.

Clauses 5 to 9 passed.

Clause 10.

Mr CLARKE: Obviously, the cabinet will advise the Governor as to who will be the five members of the board of the new corporation. I would like an assurance from the minister that in the appointment of directors there can be no real or perceived conflicts of interest. Over time, this corporation will have the responsibility of allocating the forest reserves amongst various competing sawmillers and the like.

A number of people who are very familiar with the industry would no doubt fit the description in clause 10(3) and be eminently suitable in terms of board membership, but there could be either real or perceived conflicts of interest. The members for MacKillop and Gordon and I would share the same view: that, unless that is handled with extreme care, it is potentially open to all sorts of corruption, and the like, which would impact severely on the citizens of the South-East and on the industry generally. So no doubt, minister, you are aware of the potential conflicts of interest in your appointments on the board of directors in this area, but it is appropriate that such an assurance be given to the House.

The Hon. M.H. ARMITAGE: I have a great deal of interest in conflict of interest matters, and the member for Ross Smith would be aware of section 19 of the Public Corporations Act, which deals quite specifically with potential conflict of interest of board members of public corporations. This issue that the member for Ross Smith raises is very important. In my experience of boards, both before and during my political life, the question in essence revolves around the responsibility of individual members and the chair of the board and their acknowledgment that these are serious issues and that, as I said, section 19 of the Public Corporations Act has requirements. That is for the real conflicts of interest. At some stage I would be interested in having a discussion with the member for Ross Smith as to how one could get over perceived conflicts of interest that are not real; I think that is a different matter.

As the member for Ross Smith said, there may be real or perceived conflicts of interest. Where a board member does not have a real conflict of interest but some people in the community think he or she may indeed have a conflict of interest, that is not necessarily a reason for putting them off the board or not appointing them in the first instance. However, there is no question that real conflicts of interest are extraordinarily important. We would be expecting all members whom we appoint on whatever board to be acutely aware of those issues, and section 19 of the Public Corporations Act has specific criteria to that end.

Ms HURLEY: Subclause (3) provides that the board membership must include people who have the abilities and experience required for the effective performance of the corporations's functions. I believe that this bill is an improvement in outlining the proper functions of the corporation. The forestry act simply refers to the minister having control and management of forestry reserves and provides that the minister must manage a native forest reserve having regard to the purpose for which it was established. So, I think the functions of the new corporation as outlined in the bill are far better than the previous definition—not only to manage plantation forests for commercial production but also to conduct research and to encourage and facilitate regionally based economic activities based on forestry and other industries. I take it that the effective performance of the corporation's functions refers to those functions in clause 7 and that some or all of the members of the board will have as a major focus the delivery of functions according to a wider public good, apart from managing the forests commercially.

The Hon. M.H. ARMITAGE: That is an interesting point, given that I was at pains to stress that matters such as the management of a number of things which might be determined as CSOs are a direct responsibility of the corporation. We have determined that. The member for Gordon does not agree with that, but in this instance I am more than happy to acknowledge that I think that is a function for the new corporation board. Certainly, Forestry SA has not managed its purview specifically for a commercial output.

Mr McEWEN: In briefings with the minister on the bill I indicated that, although I would not be prepared to move an amendment to clause 10(2), I would ask him to consider whether a board membership of five was large enough. I expressed a view that a board consisting of at least five members would be more appropriate and would give a bit more flexibility. Considering the complexity and diversity of the role, which is now obviously further enhanced by the comments the minister has made in terms of this complex mix of commercial and community service obligations for

both the commercial and native forest estates and other flora parks, I ask the minister to give some thought to whether he still believes that five is an appropriate number.

The Hon. M.H. ARMITAGE: The extraordinarily complex task to which the member for Gordon refers is not greatly different at the moment from the present Forestry SA board and those members have coped magnificently in shepherding the forests through to this stage.

I have identified to the member privately that I cannot see any particular merit in not moving to a greater number. I indicated to him that I would think about the possibility of that but I have given no commitment. However, once the bill becomes an act and I am able to contemplate on the final form of the bill and look and see what skills mix is there, if there is a cogent argument for embellishing the skills that are available by adding to the number of members I would be more than happy to look at some amendment down the line. However, in saying that, I am definitively not of the view that one needs large boards just because one has large boards. I think a small focus board that is working well is much better for everybody than a large board that is a bit unfocused.

Mr CLARKE: Perhaps I could suggest a size equivalent to the number of the Gordon preselection panel for the Liberal Party.

Mr Lewis interjecting:

Mr CLARKE: Probably at myself, actually. Call me old-fashioned if you will but I did not have a problem with respect to the Forestry Act of 1950 which says that it is the minister who has the control and management of every forest reserve, because ultimately in a democracy it is the ministers here in this house who are responsible to this parliament for their actions and their management and control. They cannot pass the buck down to some board for misleading them, or whatever else: they are here, they are responsible under the old act. The minister of the day is fully accountable and cannot pass the buck to anyone else.

In any event, the decision has been made to appoint five members. I take it that the minister has not excluded the possibility of an employee in the industry—a representative of the trade union movement—being considered as a board member. It is not required by the bill; we have no amendment to push for it but, nonetheless, I take it that the minister is not so biased against the trade union movement. In my view, someone from the trade union movement who has industry experience in forestry matters—indeed, the union covering many of the forestry workers—would be an appropriate person to be on the board to assist in the efficient running of the corporation.

The Hon. M.H. ARMITAGE: I am in no way biased against a member of the trade union being a member of the board, just as I would assume the member for Ross Smith would not be biased against a non-union employee being a representative of the employees.

Clause passed.

Clauses 11 and 12 passed.

Clause 13.

Mr CLARKE: Every time we corporatise, we get a new board of directors and we pay them all, whereas before we paid the minister. What is the scale of remuneration? Has cabinet determined what members of the board, including the chairperson, will receive by way of remuneration and, if so, what is it? If not, can the minister give us a ballpark figure? I might be looking for a position in a couple of years myself.

The Hon. M.H. ARMITAGE: As a representative of the employees, now I know why the member asked that question before. I am unable to give the member for Ross Smith an immediate answer, but I will identify what happens in cases like this. The Commissioner for Public Employment has a scale of board salaries or remuneration, dependent on the level of responsibility, money managed, and so on. Ministers go to the Office of the Commissioner for Public Employment and identify the level of responsibility, and they are given a range. I am unable to determine what that is at the moment but I am happy to give it to the honourable member later. I just do not have that information with me.

Mr CLARKE: I do not expect the minister to give me that information off the top of his head, but if he is able to provide that advice from the Commissioner for Public Employment as to the range and the responsibilities in each of the levels I would appreciate it.

The Hon. M.H. ARMITAGE: I will.

Clause passed.

Clause 14 passed.

Clause 15.

Ms HURLEY: I move:

Page 8, line 7—Leave out 'An' and insert:
Subject to subsection (4), an

This amendment seeks to ensure that new employees put on after the corporatisation of Forestry SA will be on similar terms and conditions of employment as the current employees who will be transferred into the new corporation. Current employees are taken care of under schedule 1 of the bill and will be given the same conditions as they currently enjoy. As I indicated in my second reading speech, this is to ensure that new employees of the corporatised body are not hired at wages and conditions substantially below the existing wages and conditions of current employees.

That is a very reasonable position, one that has been taken before in a number of privatisations, as the member for Gordon pointed out, within both private and public companies. This is a very reasonable and flexible amendment and it enables agreement between the people concerned as to what are reasonable terms and conditions of employment. I hope that the relevant unions are involved in discussions as to what are the proper terms and conditions of employment.

Mr LEWIS: I have an interesting view of the way in which the world operates that some other people probably do not share. If members have seen my list of pecuniary interests, they will have noticed that I am a member of the H.R. Nicholls Society. What we all need to recognise in this world is that jobs are worth only what the products or services so produced through those efforts can fetch in the marketplace. It is not for us to impose on this corporation arrangements that tend to have their origins in an entirely different century, and certainly in an entirely different time, when exploitation was the way in which the so-called bosses owned the land by virtue and by dint of an inheritance. It is entirely different now. No-one inherits senior management roles and responsibilities anymore. We need to recognise that we cannot expect any business entity—whether it be a large public company or a small public company, a simple partnership or a single entrepreneurial business operated by one person—to get from its customers funds sufficient to meet the whimsical inclinations of any representative of the work force.

If the people who are seeking employment consider the conditions that are being offered to be so poor as to be unworthy of their attention and application for the post, they can walk away from it and seek employment in other

industries doing things that will give them better rewards. If the business is mistaken in offering rewards which are so low that it cannot attract the level of competence, skill and energy that it requires, then it will go broke, just as surely as if it offered too much and its competitors were able to provide the same goods or services in the marketplace at better prices. All the customers would leave that firm.

This corporation is no different. For us to presume that, because that was an appropriate rate of pay yesterday, it will therefore be appropriate tomorrow, that the job description of yesterday is appropriate for tomorrow and, further, that the products which were made yesterday will be appropriate tomorrow is a nonsense. Enterprise arrangements are what make viable corporations and businesses of any kind.

Those enterprise arrangements need to be undertaken without being fettered on either side by improper contracting processes for the sale of goods where people are excluded through monopoly interests and sweetheart arrangements. That is now prevented by people such as Professor Fels of the Consumer Affairs Commissioner, and his outfit. On the one hand, you cannot aim to jack up prices and collude with your competitors to remove competition from the marketplace. Likewise, on the other edge of the sword, you must offer sufficient to attract the kind of staff and skills you need so that you will be able to produce those goods and services and sell them.

Therefore, I think we ought leave the corporation unfettered as to what it should or should not pay and how it ought describe the jobs that it is going to offer in the marketplace knowing that its objective and that of its directors on the board and managers will be not only to survive but also to succeed and, in the process of so doing, to perform to the very best of their ability for the sake of their advancement in their careers, whether they be board members or senior managers.

Likewise, they will ensure that they have provided attractive packages for the people whom they seek to employ. Those packages will be not only about remuneration—and I say this in all sincerity to the member for Ross Smith and the Deputy Leader—but also about participation in decision making, because you will lose employees of great value if they are not also encouraged to make a contribution to the process.

I suppose it is for that reason that I have come to the conclusion that I cannot support the proposition of the Deputy Leader that we need to dictate in law—other than industrial relations law as it exists now. We do not need to dictate in this law anything regarding what the terms and conditions of employment will be; we can leave that to the arrangements that will be made between groups of employees or individual employees in their negotiations with the new corporation—their employer.

Ms HURLEY: In response to the contribution of the member for Hammond, I think that perhaps I have not made my amendment clear. This amendment merely seeks not to create two classes of employees. As I understand it, the effect of this amendment is to join new members of the corporation into the enterprise bargaining or award agreements that are part of ongoing negotiations. It does not fix wages and conditions at any level. I understand the enterprise bargaining agreement in fact expires in 2001 (next year) and that new employees of the corporation would be joined in together with existing employees in negotiations on that enterprise bargaining arrangement. What I seek to do in this amendment—

Mr Lewis interjecting:

Ms HURLEY: No; the problem—and we have seen this with TransAdelaide—is that new employees have been put on at significantly lower wages and conditions than the older employees. It has created two classes of employees within the organisation. The ultimate effect of that obviously is to drive down wages and conditions to that low level. I take the member for Gordon's point that that is part of negotiation. I want to ensure that the corporation does not have an unfair advantage in putting on new employees at such a level that it skews the enterprise bargaining arrangements. Although it uses the words 'fixing terms and conditions', this does not in any way fix current terms and conditions for those employees.

Mr McEWEN: Notwithstanding the valuable comments that have just been made by the member for Hammond, I think it is very good HR management to support this amendment so that there is an orderly transition of these valuable staff into the new entity. I think to maintain some good cordial relationships with some very valuable intellectual property—which is at the leading edge worldwide—is a smart thing for this corporation to do. I read into the amendments of the Deputy Leader of the Opposition exactly that intent. In terms of the short-term objective, this is a fine way to go.

Mr CLARKE: It is obvious that I would support the deputy leader's amendment but in response to the member for Hammond, I do not think he has misunderstood the amendment at all. I think he does understand it and I think his opposition to it is rooted in his philosophical beliefs that he stated at the outset—and quite honestly so—with respect to his membership of the H.R. Nicholls Society which is a disgraceful organisation, disgraceful from my point of view in being an organisation committed to cutting away the wages and conditions of ordinary workers and, in particular, affecting the interests of those least able to defend themselves. I am not worried about the Kerry Packers of the world or the embryonic Kerry Packers of the world who can look after themselves but, rather, the mass of workers who are not in this perfect world of supply and demand where they have equal bargaining power with their employer.

If the deputy leader's amendment is not carried it means that we do have two classes. Existing employees will go across with the same rates of pay and working conditions as when they were public servants. All new employees will come under whatever relevant award might be appropriate to the corporation at that time. In relation to clerical and administration staff, unless the corporation is roped into an award, say, the public sector award, those employees would be covered under the corporation of the Clerks SA Award which on average is about $100 a week less for a person doing the same work unless the corporation decided to pay an over award payment or whatever.

I think that long service leave for government employees after 10 years of service accumulates at the rate of 15 days a year versus the private sector rate: it is the pro rata, and just imagine that after 20 years I have forgotten the pro rata. Anyway, it is a lesser figure—the actual number of days will come to me in a minute. There is a difference of about five or six days a year in terms of long service leave in the private sector. That is what the corporation would be paying or could pay, unless it was roped into some other award or enterprise agreement that forced it to at least maintain the existing rates of pay and conditions. It avoids all that angst and the problems.

This amendment just provides that existing employees have no loss of wages or working conditions: while the corporation is the employer, all new employees come in on the same basis, and then whatever enterprise agreements or awards are made between the relevant unions or individual employees and their employer that may be superior, if that is the case, above the existing agreement will come into force. That is fine. The deputy's amendment does not interfere with that. What it does prevent is the creation of two classes, that is, existing employees on higher wages and better conditions and the potential to recruit new people on different conditions.

Of all people the member for Hammond knows that in country towns—and I know this from when I was secretary of my union—there is no market in terms of a typist or a word processor operator in the sense that we know of it in Adelaide or Sydney. There is not the choice of employers or the choice in terms of the number of vacancies that are available. Therefore, those people, particularly in rural communities, get the raw end of the stick when it comes to wages and working conditions, often working harder than their cousins in the city without any of the advantages and anything up to between $50 and $100 a week less, depending on their range of skills. I am talking about the clerical and administrative area. I do not think any of us here know what it is like, particularly the Liberal members, who, for the time being, represent regional seats before Labor in South Australia does what Labor did in Victoria—and maybe the National Party. Now that I have been made the duty member for Schubert for the Labor Party, even Ivan Venning may be at real risk. I might even run against him myself: that is how confident I might be!

Mr McEwen interjecting:

Mr CLARKE: Yes, I know there is a queue and there is a queue outside the National Party office. I think he heads it wanting to be the Deputy Leader of the National Party in this state. In any event, all I am saying to the member for Hammond, without putting too fine a point on it, is that I do not think he has misunderstood. I think he is opposed to the amendment for ideological reasons, but representing a rural seat he should support it, because it is a nonsense to depress the wages and conditions of employees in local communities. They will not have the cash to spend in the local economy, and it will drive young people further away from those centres to what they see as better paid positions and better careers outside their local communities.

It is utterly counterproductive and, at the very minimum, every member in this house should support this amendment, because it is a commonsense amendment, a seamless transition to a corporation; and industrial relations, in terms of future wages and conditions, will sought themselves out in a proper, organised situation once the corporation is established and everyone is on a level fence (whether you are a new employee or an old employee) and you will negotiate an enterprise agreement depending on the circumstances at the time.

Mr WILLIAMS: I thank the candidate for Enfield for clarifying a point that I was confused about after the contribution from the member for Gordon, because I thought the member for Gordon had got it wrong, and now I am sure he did get it wrong. This amendment, as I understand and the candidate for Enfield has just confirmed, is about protecting the existing work force—

Mr Clarke: And new workers.

Mr WILLIAMS: And not necessarily the new workers.

Mr Clarke: And new workers—you weren't listening.

Mr WILLIAMS: And new workers. Without this amendment I do not believe it would have any effect on existing workers at all. I think the subtle effect of this amendment is to stymie any chance of the newly corporatised South Australian Forest Corporation from introducing individual workplace agreements. That is what it is all about. At the moment we have a workplace-wide agreement with the work force employed by Forestry SA and, with the employment history in recent times in Australia, the proof of the pudding is certainly in the eating as to what individual workplace agreements can and will do to the unemployment situation in Australia.

I am absolutely certain that the new board of the corporatised body will be interested in applying individual workplace agreements, not, as the candidate for Enfield would have us believe, to screw wages and conditions down. One of the benefits of this newly corporatised body will be, I sincerely hope, to increase productivity. They might want to apply wages and conditions quite in excess of what is the going rate at the moment, and that might become the industry norm, but this amendment will prevent that from happening.

It will prevent any escalation of the conditions and wages and salaries paid to people employed in the forestry industry by the newly corporatised body if the corporatised body can make an individual workplace agreement with new people coming into its work force which will give them a better wage, better salary and better working conditions for increased productivity. I think this amendment is only about ideology, nothing more than that, and would set a very dangerous principle for the new board to adhere to.

Mr CLARKE: I have to respond to the provocation. I think the member for Gordon is quite right: the member for MacKillop is a boofhead. For a start, with respect to AWA workplace agreements, your own government gave a commitment prior to the last state election which to my knowledge it has scrupulously observed, and that is that it does not support AWAs for public sector workers. The honourable member's own government does not support AWAs for its own employees. It gave that agreement in answer to the PSA prior to the last state election and, to my knowledge, it has observed that agreement, for reasons which were spelt out by the Premier at that time.

So, unless the member for MacKillop knows something which the trade union movement does not know in the public sector, that is that the forest corporation will be the pacesetter on AWAs, and that this government will breach another election promise with respect to the enforcement of AWAs on its own employees, then I can only assume that the Premier is maintaining the promise he gave prior to the last state election. The other thing that the member for MacKillop ought to know when he waxes lyrical about AWAs is that there is nothing in the deputy leader's amendment which prevents AWAs from coming in.

Mr Williams: Are you talking about AWAs or IWAs?

Mr CLARKE: Australian workplace agreements under the federal Workplace Relations Act.

Mr Williams interjecting:

Mr CLARKE: They are the individual workplace agreements. They are AWAs—that is what they are known as under Reith's act. Why is it that I know more about the Liberal Party's legislation than you pack of Liberals? I would be quite happy to set up a consultancy for you blokes later if you want.

The CHAIRMAN: Order!

Mr CLARKE: My rates would be a lot less than what the chamber charges, and you might get better advice.

The CHAIRMAN: Order!

Mr CLARKE: The other thing about AWAs that the member for MacKillop has to know is that, out of nearly 7 million or thereabouts in round figures in the work force in Australia, there are 100 000 AWAs. A number of them are in the federal public service only because Peter Reith has got the whip out belting department heads around the place, including his own department, saying, 'For God's sake, show how popular these AWAs are. We don't want collective bargaining. I insist that we have AWAs at any price. Even if we have to pay through the nose, we have to show that somebody actually wants us.'

So, out of seven million employees in the workplace in Australia there are only about 100 000 certified AWA agreements and in the private sector there would be a handful, because industry knows that it is a furphy. This government got rid of the industrial affairs portfolio and subsumed it with workplace relations, which is a disgrace. It should be a separate department—the Department of Labor and Industry—like it used to be under Labor and Liberal governments in the past, but in any event industry large and small is not interested in AWAs. Private industry had it for senior management and the like in terms of common law contracts and was quite happy with those and got away with them being maintained. Those companies covered by common rule awards under state awards were able to get the people they wanted and paid over-award payments—they did not need AWAs to allow them to do that. It is a beat-up and a nonsense. I am only taking up the time of the committee on this matter because it is clear that the member for MacKillop needs a very thorough grounding in industrial relations, because there is no-one on that side of the House who has any idea or nous whatsoever with respect to industrial relations. I offer my services freely over the next two years to try to educate the member for MacKillop on the basics of industrial relations.

The Hon. M.H. ARMITAGE: The government opposes the amendment. I have been fascinated to hear the contributions from members opposite because it emphasises what I have said before, namely, that in particular the member for Ross Smith is nothing if not predictable. As the member for MacKillop said, this amendment would prevent the new Forestry Corporation from offering allowances and conditions which would attract particular workers and people with particular skills to work for forestry. I am informed that there are some alleged difficulties in attracting the right number of people into the Forestry Corporation at this stage and because of the constraints of the present conditions, which make it difficult.

The other reason we oppose this clause is that a number of second reading contributions from, in particular, the member for Gordon, and a number of other members identified that this new corporation ought to be treated equally. The two examples used were Auspine and Wyhauser. At the meeting that the member for MacKillop convened yesterday there was a lot of sentiment from members of the Local Government Association and the local councils regarding the rating issue that the new potential corporation should be treated like a private enterprise. You simply cannot have your cake and eat it. If you are to treat the new corporation as a private enterprise on the ratings side, there is a view that consistently one ought to treat it like a private enterprise in employment conditions as well. This simply does not allow that and, accordingly, the government opposes the amendment.

Mrs MAYWALD: What is the government's position in relation to the new public entity and its position in relation to AWAs?

The Hon. M.H. ARMITAGE: We have been quite specific in identifying the conditions upon which the present staff would transfer over. Those conditions are in schedule 1, 'Transitional provisions'. We would not expect AWAs as a federal instrument to be utilised by the corporation. However, if there were to be the passage of workplace relations legislation allowing individual workplace agreements, we would certainly contemplate that, but there is no commitment to that at this stage.

The committee divided on the amendment:

AYES (20)

Atkinson, M. J.	Bedford, F. E.
Breuer, L. R.	Ciccarello, V.
Clarke, R. D. (teller)	Conlon, P. F.
De Laine, M. R.	Foley, K. O.
Geraghty, R. K.	Hanna, K.
Hill, J. D.	Hurley, A. K.
Key, S. W.	Koutsantonis, T.
Maywald, K. A.	McEwen, R. J.
Snelling, J. J.	Stevens, L.
Thompson, M. G.	Wright, M. J.

NOES (20)

Armitage, M. H. (teller)	Brokenshire, R. L.
Buckby, M. R.	Condous, S. G.
Evans, I. F.	Gunn, G. M.
Hall, J. L.	Hamilton-Smith, M. L.
Ingerson, G. A.	Kerin, R. G.
Lewis, I. P.	Matthew, W. A.
Meier, E. J.	Olsen, J. W.
Oswald, J. K. G.	Penfold, E. M.
Scalzi, G.	Such, R. B.
Venning, I. H.	Williams, M. R.

PAIR(S)

Rann, M. D.	Brown, D. C.
Rankine, J. M.	Brindal, M. K.
White, P. L.	Kotz, D. C.

The CHAIRMAN: There being 20 Ayes and 20 Noes, I give my casting vote for the Noes.

Amendment thus negatived; clause passed.

Clause 16 passed.

New clause 16A.

The CHAIRMAN: The chair has received two amendments to insert a new clause 16A after clause 16. As the amendment of the member for Gordon was the first to be received, the chair will deal with that honourable member's amendment first. If the honourable member's amendment fails, the member for MacKillop will then have the opportunity to move his amendment. If the member for Gordon is successful with his amendment, the amendment that would be moved by the member for MacKillop would make a nonsense of the bill and the chair would suggest that the member for MacKillop not proceed with his amendment at that time.

The Hon. M.H. ARMITAGE: On a point of order, if one wishes to argue for the amendment by the member for MacKillop one would need to raise those arguments, even though they are not raised in the amendment by the member for Gordon?

The CHAIRMAN: That is so.

Mr McEWEN: I move:

After clause 16-Insert:

Payment of rates

16A(1) Despite the provisions of the Local Government Act 1999, the corporation is liable to pay rates, in respect of land managed by the corporation for commercial purposes, to a council in accordance with that act as if the corporation owned a freehold estate in the land and were not an instrumentality of the Crown.

(2) A council must, after consultation with the corporation, apply half of any amounts received from the corporation in accordance with this section towards the maintenance or upgrading of roads affected by the corporation's operations.

(3) Section 29(2)(b) of the Public Corporations Act 1993 does not apply in relation to the corporation.

As I stated in my second reading contribution, this amendment further enhances what I consider to be a significant, positive and constructive bill. Rather than (as was in the original bill) the Treasurer being able to direct that the equivalent of rates be paid into consolidated revenue, which is totally unacceptable to local government and also quite contrary to the present arrangements, this amendment does three things.

First, it says that the new entity will pay rates on a site value basis for those holdings in the public estate that are for a commercial purpose, so it only focuses on the commercial part of the estates. As I indicated, under the Forest Act of 1950 there are three estates: forest reserves, native forest reserves and reserves for other purposes. This focuses only on the commercial ones.

Secondly, it says that the council receiving the rate will quarantine half that rate to be used specifically for forest road purposes in consultation with the new public body. Therefore, we need to exempt this bill from that section of the Public Corporations Act which, as I alluded to, would mean that the Treasurer would set the rate and it would go into consolidated revenue.

Mr WILLIAMS: Following your earlier ruling, sir, I will take the opportunity to speak against this amendment, and this is the only opportunity I will have to speak to the amendment that stands in my name. There are a couple of issues with this amendment, and I will hark back to some things that were said during the second reading debate.

The member for Gordon, in his inimical way, talked about blunders and bloopers of the minister and about the amendment standing in my name as being half baked and cobbled together. If there is anything that is half baked and cobbled together, this amendment seems to be it. I draw the committee's attention to clause 6, which we have already approved in committee. Clause 6 provides:

The corporation is a statutory corporation to which the provisions of the Public Corporations Act 1993 apply.

New clause 16A(3) provides:

Section 29(2)(b) of the Public Corporations Act does not apply in relation to the corporation.

If we are talking about something being cobbled together and poor draftsmanship, I suggest that if the committee were of a mind to support this amendment it would be a wise move to go back to clause 6 and do the job properly. That is the first comment I would make with regard to this amendment.

The member for Gordon and I are not very far apart on what we are trying to achieve here; in fact, we are very close. What we are talking about today is $684 000, or thereabouts, which is what those councils that have government owned forests in their areas would collect in rates today if the commercial parts of those forest areas were rateable. In speaking to his amendment the member for Gordon said that without this the bill would upset the present arrangement. In fact, the bill is silent on the present arrangement; it would have no effect. When I raised this matter with the minister after it was brought to my attention by councils in my area, to his credit, the minister was more than happy to accommodate me and support my amendments to the bill, similar to that which of his own volition the member for Gordon has brought before the chamber.

The difference is that the $684 000 which currently goes to the local government sector—only by agreement—is in two forms. Half that money goes in the form of an untied grant in lieu of rates; the other half goes to the Local Government Association and then, by agreement or arrangement between that association and the relative councils and Forestry SA, it is passed onto any of those councils for specific road works related to the forestry operations of Forestry SA. That is the current arrangement, and the bill is silent on that. If we chose to disregard both these amendments—the one proposed by the member for Gordon and the one proposed by me—the bill would have no effect on the present arrangement, and one would assume that the present arrangement would proceed.

Both the member for Gordon and I have a background in local government authorities in the South-East in whose areas are extensive government owned forests. We would like to see that arrangement toughened up a little, and we would both enjoy seeing that arrangement put into the legislation. The difference between us is in the way we see this happening and the potential risks or down side that might ensue from one or other of these amendments.

In my second reading speech I alluded to my background in local government in the 1980s. In the 1980s councils in the South-East and I presume other areas received what was then known as forest road grants. Those moneys were commonwealth grants paid through the state government via Forestry SA—or what was then the Woods and Forests Department—and were given out to local government authorities for specific road works. I retired from local government in 1989 and I am not sure what took place in the interim, but the agreement that we—

Mr Clarke interjecting:

Mr WILLIAMS: It was eight or 10 years later. Some time after the demise of the previous Labor government, the state government got more honest with local government. I think I am right in saying that it was the Liberal government that got honest with local government and came to an agreement where it would make an ex-gratia payment to local government in lieu of the rates that were foregone because it was a publicly owned asset.

That agreement was that half the money was given as an untied grant, and half was given in relation to specific works. Where the member for Gordon and I differ is that under the present arrangement the half that is given for specific works is handled through the Local Government Association in conjunction or consultation with the local government authorities and Forestry SA. That allows Forestry SA and the Local Government Association to sit around and bulk up some of those funds, particularly with reference to some of the smaller councils such as those in whose area small forests exist such as Kuitpo and those in the Barossa area north of Adelaide. The Alexandrina council's share is about $15 000. Under the member for Gordon's proposal, the Alexandrina council would, year in and year out, receive an extra $1 500, which would barely be enough money to get the grader out of the shed. It would barely be enough money to do any worthwhile work to upgrade a road which would be important

for the productivity of the state—owned forests in that area. That is one of the downsides.

The amendment I have proposed would enshrine in the legislation the present agreement, which has been in force since about the 1983-84 financial year, so that it would not be at the whim of the minister of the day. The member for Gordon and I are on the same track here. We want to take this away from the minister and government of the day and enshrine it in the legislation and say that these moneys, equivalent to what the councils would collect in rates, must be paid to them. I am saying that that would be better done if the moneys could be bulked up to perform a worthwhile roading project in some of the smaller council areas. In other words, I am saying that they may miss out for three or four years and the funds would accumulate against that council and all of a sudden, when some felling works were being done in, say, the Kuitpo forest, the smaller councils down there would get a worthwhile bite of the cherry.

Mr Foley interjecting:

Mr WILLIAMS: I think that is a very good argument in spite of the nonsense interjections from the member for Hart. What I am about to say will interest the member for Hart as the would-be Treasurer of this state. I will quote from a briefing that I have in my possession on this issue and it goes to the inter-governmental agreement between the commonwealth, states and territories. It requires that:

> . . . .reciprocal taxation be progressed, on a revenue neutral basis, initially between the commonwealth and the states and subsequently extending to local government. (Reciprocal taxation refers to the removal of exemptions enjoyed by governments from paying taxes imposed by another government).

That is what we are doing.

Mr Foley interjecting:

Mr WILLIAMS: Indeed, Rory's amendment does do that; but it says 'on a revenue neutral basis'. Currently, the commonwealth pays to the local government sector a substantial amount of funds which are directed through the State Local Government Grants Authority. It is directed to individual councils to make up for what those councils miss out on in rate revenue because of the commonwealth and state government owned land and property. This money comes back via the State Grants Commission and is paid to local government authorities. When we talk about 'a revenue neutral basis', the local government authorities in my electorate—the Wattle Range council, the Naracoorte-Lucindale council and the Lacepede council—at the moment enjoy these funds from the commonwealth government via the Grants Commission. They also enjoy the ex gratia payment made by the state government in lieu of the rates that they would collect if these extensive forest lands were not owned by the state. So they are getting both payments. Because the intergovernmental agreement between the commonwealth, states and territories says that as we unwind this historical concept of each level of government not taxing each other it will be revenue neutral.

Because the payment made by the state to the local government authorities in my electorate and in the member for Gordon's electorate is an ex gratia payment, it does not impact on the intergovernmental agreement, so there is a risk. I maintain that, if the amendment of the member for Gordon is supported by the committee and becomes law, and if as a consequence of that councils collect rates from the corporatised state forests, there is a risk, although I have not been able to assess what the chance is, that the commonwealth government would be well within its rights to say that it has $684 000 that it does not need to pay via the grants commission to local government in South Australia. That is a substantial risk.

Mr Foley interjecting:

Mr WILLIAMS: No, because the amendment that I propose maintains the existing agreement, whereby local government receives—

Mr Foley: As far as we are concerned, but not the commonwealth.

Mr WILLIAMS: Exactly. The amendment that I propose maintains the existing agreement, whereby the state government makes an ex gratia payment to the local government sector that has nothing to do with the intergovernmental agreement. It has nothing to do with the taxation imposed between any two levels of government.

Mr Foley: The commonwealth will pick that up. Are you trying to say it will slip under the table?

Mr WILLIAMS: The member for Hart says that the commonwealth will pick this up. If the legislation provides that the state government via the corporatised forests must pay council rates, I am absolutely certain the commonwealth will pick it up. But if the state Treasury wishes to make an ex gratia payment to some local government authorities, as per the agreement that has been operating since the 1993-94 financial year, that has nothing to do with the commonwealth and the intergovernmental agreement.

Mr Foley: I think that they will see that.

Mr WILLIAMS: I was hoping that the would-be Treasurer of this state would see this point because my information is that the reciprocal taxation is to be progressed on a revenue-neutral basis. To me it is in black and white, and even the member for Gordon, who can speak for himself, might be having some second thoughts on this. I acknowledged in my second reading speech that the local government sector preferred the member for Gordon's amendment to mine. The local government sector was unaware at that stage of the advice which I have in front of me now and which I have brought to the attention of the committee but, notwithstanding that, the local government sector might still have preferred the member for Gordon's amendment. As I also said in my second reading contribution, when I was a member of local government, it is something that I pushed for too. However, looking at the bigger picture, there is a risk.

At the end of the day, the amendment that I am proposing and the amendment that the member for Gordon is proposing are different in two respects. My amendment ensures that the risk is negated and it also gives the local government sector, in conjunction with the newly corporatised body and the state, the opportunity to bulk up the funds to make a worthwhile contribution to doing some road works, particularly in smaller council areas.

The amendment moved by the member for Gordon has a serious drafting flaw with regard to new subclause (3), and it presents to the committee a situation that carries significant risk. Notwithstanding all the points that I made in my second reading address about the worth of retaining Forestry SA as a government-owned enterprise, the logical extension of the member for Gordon's amendment is to privatise and sell off the whole forest. It provides that the corporation should be treated like any other private enterprise entity. I have a bit of a problem with that, but I will not repeat what I said in my second reading contribution. I have a serious problem with the risk that this poses because, in all conscience, I cannot support this amendment if it in any way poses any risk to the three councils in my area which have received substantial

funds. The Wattle Range council in my electorate from 1983-84 to the current financial year has received, on average, $153 000 a year under this arrangement.

Mr Foley interjecting:

Mr WILLIAMS: Mr McEwen's amendment puts that $153 000 at risk. That is the point I make. I am absolutely certain that the Wattle Range council would not thank me if I put that money at risk. The Lacepede council and the Robe council receive lesser amounts, but by the same token I do not think I would be thanked if I created a situation which put those funds at risk.

Mrs Maywald interjecting:

The CHAIRMAN: Order!

Members interjecting:

Mr WILLIAMS: For the benefit of the member for Hart, we are arguing about the risk of losing $684 000 which comes to the state from the commonwealth by way of grants. We are arguing about the risk of the commonwealth's saying, 'Thank you very much; we like this money, and we would like to be able to do something within our own purview with this money. To hell with you and those councils in the South-East.' That is what we are arguing about. To the member for Hart, that might not be very big bickies, but I assure him that to the Wattle Range council $153 000 a year is a lot of money.

Mr Foley interjecting:

Mr WILLIAMS: It is not a matter of putting one over. If the state government chooses to make an ex gratia payment to any authority, whether it be local government or anyone else, that has absolutely nothing to do with intergovernmental arrangements.

Mrs MAYWALD: I seek clarification from the member for MacKillop regarding his proposal to insert new clause 16A(2), which provides:

> Half of an amount payable under this section must be paid to the council in whose area the land is situated and the other half must be paid to the Local Government Association of South Australia. . .

What consultation has the honourable member had with the Local Government Association, and what is its position regarding this proposed new clause? Also, what is the position of all 15 councils regarding the amendment before the committee?

Mr WILLIAMS: The $684 000 that we are talking about under the current arrangement is paid in two ways: half to the councils as an untied grant—

Mrs Maywald interjecting:

Mr WILLIAMS: You asked a series of questions, and I will work through them. The other half is paid to the Local Government Association which, in consultation with the councils involved (and I am not sure that there are 15, but I will accept that the honourable member is correct) and Forestry SA, working through Forestry SA's work program, decides where that money needs to be spent in any particular year. The figures I have show that on average over the past seven years all those councils are getting a very fair deal. They are getting about the same as they would have got from rates. In relation to consultation, as I said in my second reading contribution I was fortunate enough to meet with members of the South-East Local Government Association in Naracoorte several weeks ago when this matter was raised. The member for Gordon at that stage had an amendment which was different from what he has now but at that stage the local government authorities at that meeting were very happy with the member for Gordon's amendment. But I am sure today they would not be happy with that amendment because, in the light of better knowledge, they have moved on.

I have acknowledged, and I do not mind saying, that the Local Government Association and the local government authorities are more than happy with the member for Gordon's amendment. I have acknowledged that. I do not have a problem acknowledging that. What I did say to the councils at the South-East Local Government Association was, 'Be careful in what you are asking for. Are you asking for the South Australian forests to be treated as a completely privately owned business?', because that is the logical conclusion to the amendment for which they are asking. I made the point to them, as I did in my second reading speech, that the forests owned by the government of South Australia play other very important roles, and I can report to the House that the councils at the meeting, all the councils in the South-East, were adamant that they wish the state government to retain ownership of the forests in the South-East. I do not think there is any problem with that.

The Local Government Association and the councils when acknowledging that they were very happy with the amendment as proposed by the member for Gordon also acknowledged that they were very happy with the present arrangement, that it had worked very well, although they did point out that administrative improvements could be made. What they did not countenance was that there could be a risk to the sum total of $684 000.

Mr McEwen interjecting:

Mr WILLIAMS: They did not countenance it.

Mr McEwen: They did—

Mr WILLIAMS: The member for Gordon interjects that they did. Why is the member for Gordon saying around the chamber that he is now of the opinion we have to seek further advice on this matter; that we will pass this legislation irrespective of the potential risk and, if there is a problem, we will do something about it in another place. I suggest the member for Gordon is having second thoughts in light of the information that is coming to hand.

The Hon. M.H. ARMITAGE: The government is, indeed, very supportive of the member for MacKillop's amendment for all the reasons that the member for MacKillop has identified in such an erudite fashion. In fact, the question revolves around whether we wish to provide a level of certainty at the present level of funding going to local government via passage of the member for MacKillop's amendment or, indeed, whether we wish potentially to put that at risk by passage of the member for Gordon's amendment. It is the government's advice, clearly, that the member for MacKillop's position is sustainable and correct and that this amendment which we are discussing jeopardises the present arrangement that members of the local government deputation (which the member for MacKillop arranged for me and the member for Gordon yesterday) agreed is working well at the moment. We would contend that it is by far the less risky way to progress, to pass the member for MacKillop's amendment recognising that the member for MacKillop's amendment takes not one dollar that it now receives from a local government organisation. It is not in any way trying to undercut or to deal the two of clubs from the bottom of the pack or anything like that. It merely formalises the present arrangement and gives the local government organisations certainty that they will receive the local government grant plus the rate equivalent, which the new corporate body would pay them.

As the member for MacKillop says, while $684 000 is not a monstrous sum when one looks at some of the sums with which this House of Assembly and the parliament in general deal on occasions, for some of the smaller councils it is quite a large sum of money. Regarding the smaller councils, the other reason that the government is so supportive of the member for MacKillop's amendment is that, as he pointed out, councils which have only a small area of forestry in their council area may receive a pittance from the rates, but damage will still be done to their roads because of the commercial forest industry in their local area.

Accordingly, we think the opportunity to have a large quantum of money which is spent at the behest of the local councils, the Local Government Association (if it wishes to be anything other than a repository of the money), the various private and corporatised (after this amendment) stakeholders—the forestry growers in other words—and so on in the most efficient way across the state means that some of the those roads in the council areas where there are only small areas of trees will get done. We all know what will happen with the sums of money the member for MacKillop has mentioned some of these councils will get: some roads will not be fixed because there is no point in taking $1 500 or $5 000 out on a job where you will need perhaps kilometres of road fixed up and re-layed. It simply will not pay for it and it simply will not get done.

What I was impressed about at the meeting yesterday was that the local government people from the South-East were quite happy to acknowledge that, first, the present agreement, which is embellished by the member for MacKillop's amendment, is working well; and, secondly, they were quite happy to acknowledge that—and I think it was even last year—they were comfortable with a large sum of money being spent in Wirrabara, which is not their local area, but they understand the importance of the roads being done. We are fully supportive of the member for MacKillop's amendment because of the certainty it provides for the local government.

In identifying that, I do wish to ask the member for Gordon a question regarding his amendment; that is, is he contemplating at any stage any form of penalty for any council which factually does not apply half of the amounts received towards the maintenance or upgrading of roads?

Mr McEWEN: In answering the minister's question, it is important that again I put on the record local government's view of the present arrangement, because I believe that, on a number of occasions tonight, its view (which I have in front of me in writing) has been misrepresented by both the minister and the member for MacKillop. Let me remind the house again—and I did refer to this in my second reading contribution—what the Local Government Association says in relation to the present arrangement in support of my arrangement in writing along with the 15 councils that this affects. It says that this would be in lieu of the current convoluted Forestry SA agreement.

We have the remarkable set of circumstances at the moment whereby the amendment before us is imposing on the Local Government Association, without consultation, an arrangement that it does not like. I think that is an amazing way to build relationships between the two. I dwell on relationships, because it is important in terms of the next point. However, before I come to that, it was interesting to have the member for MacKillop quoting Alexandrina council. I have a letter in front of me signed by the chief executive officer of the Alexandrina council supporting my move in relation to my amendments and certainly critical of the original arrangement by virtue of the impact that section 29 of the Public Corporations Act had on the arrangement. So, again, Alexandrina is saying something to me in writing and being quoted differently by the member for MacKillop.

I have also been criticised about my drafting, and I find that unusual. There may be some deficiencies in the drafting, but I acknowledge that I have no experience in drafting. I, like other members, I think, rely on parliamentary counsel in that regard. I have enormous faith in parliamentary counsel, as I believe the whole Westminster system has. If the member for MacKillop would like to take up that issue with parliamentary counsel and offer them some advice, I will leave that between the two of them.

My advice from parliamentary counsel is that they have achieved in the best possible way the objective I set out in layman's language, and I understand that that is how we normally deal with these matters. So, I would like to deflect the criticism about the drafting and in so doing put on the record that I have never personally had any reason to question the ability of the highly talented parliamentary counsel team that we in this parliament have the privilege to have available to us. I am sure that on that ground alone they will buy me a Christmas drink!

I acknowledge that I did not ask parliamentary counsel for a dispute resolution clause, because I did not think it was necessary. If the minister wanted to propose a dispute resolution clause, I would certainly be attracted to support it, but again I say I do not believe it is necessary, because this is about relationship building between the new corporate entity and the local government bodies which will have to work very closely together on a whole range of matters.

What we are dealing with here is one of the significant ratepayers of a local government body. I can say from my experience in local government that they work closely to nurture long-term relationships with such people. So, given that, I do not believe that the dispute resolution clause is necessary, but again say that, if the minister was not so inclined, I would certainly open to him the opportunity to further amend my amendment to put that in place.

The only other matter I will comment on while on my feet is this matter of whether or not this will have any impact on intergovernmental relations. Although I guess at the end of the day you will never get an absolute answer, I am not expressing any doubt but simply saying, as the member for MacKillop said to me earlier, that you may never be able to get a definitive answer other than testing this in court. It is my view that there is no problem.

I have discussed this matter with the Local Government Association today. They in turn advised me that their CEO had discussed this matter with the office of local government today. They do not believe there is a problem, but we still have an opportunity to explore that, and we can do it in two ways: we can either report progress now and get some further advice, which is not my wish nor that of the minister; or we can now let this carry and take some further advice between now and when the bill reaches the upper house. That is my preferred option, and I understand that it is the minister's preferred option but that the member for MacKillop wants to further pursue this matter now. If he wants to, he can certainly test the wish of the House on that matter. I understand that the minister wants to progress the matter here and take further advice, and I understand that the Deputy Leader of the Opposition is also happy to progress it in that way.

Mr LEWIS: I will not start in the fashion in which I thought I would have had I started an hour ago. Let me first make a contribution to this huge red herring that has been drawn across the path of the debate in this chamber tonight. It is so big that not even a white pointer would attack it! The reciprocal taxation arrangement between the different levels of government in Australia was simply dispatched to the history books on the introduction of the GST. It no longer stands. It is all subject to negotiation after the GST takes effect from 1 July. A good deal of it has already been negotiated.

What was in place and what the member for MacKillop was drawing our attention to no longer stands and if it does it cannot be expected to stand for very much longer in any case. There is no question about the fact that the commonwealth will not permit double dipping. I can go back and start where I intended to start, namely, that both the member for MacKillop and the member for Gordon have put forward, as the member for MacKillop has quite properly pointed out, proposals which in effect are substantially the same and to that extent both of them (regardless of which amendment succeeds—the one before us or the foreshadowed amendment by the member for MacKillop, in the event that the one before us fails) will be very happy. One will be slightly happier than the other, presumably, and the result will please all South Australians, I am sure. I trust that members will see one or other of these amendments get up.

No doubt the position taken by the minister (and I am going back a few days now) is one where we were not going to go down the path of providing any means by which local government would collect rates and that has been the advice given by not just this minister but from a time before I became a member of this place—of that I am certain. I will not go into the detail of that because, unlike some members, I know that I only have 15 minutes, three times over of course. I would not want to overexcite the member for Ross Smith in anticipation of the delights of dessert he might get after this main course.

The information before me as recently as 8.10 p.m., when I last spoke to Mr John Comrie from the Local Government Association, was that there are no circumstances in which he would countenance supporting anything other than the amendment moved by the member for Gordon because he understood the minister's proposals and has discussed those proposals frequently with the minister. I commend the minister for doing that, but Mr Comrie is not attracted to the various options that the minister has offered. He is very attracted to the proposition put by the member for Gordon and has sent several faxes to members of the House of Assembly, if not the other place.

I have one fax from the President of the South-East Local Government Association and Vice President of the Local Government Association of South Australia, David Hood, who said:

> The above bill has important implications for local government and the community in terms of equity. The effect of the bill as introduced will be that the proposed South Australian Forestry Corporation (which will undertake commercial activities) is not required to pay rates to councils. The principle that is strongly held by local government is that corporations undertaking commercial activities should pay rates to councils whether they are public or private corporations. The amendment prepared by Mr McEwen, MP, will ensure that the proposed South Australian Forestry Corporation is required to pay council rates. In turn, this will ensure community equity and a level playing field in terms of national competition policy. I urge your support for this amendment.
>
> The Hon. Dr Michael Armitage MP also proposes an amendment. This approach does not comply with the principle that the corporation should pay rates to councils. It proposes an alternative whereby payments would be made to the LGA—

I interpose and say that the Local Government Association really did not want to have anything to did with it—it does not see itself as an agent. The fax continues:

> . . . (Councils would not issue a rate notice) and matters such as the timing of payments by the corporation are to be agreed, but in the absence of agreement the minister determines the matter. Hence payment could be considerably delayed. This has a cost that the local community would have to wear and is inequitable in terms of the requirements that other ratepayers must comply with.
>
> If that amendment is proceeded with (not the preferred option) there are two major concerns. . .
>
> (5) is not appropriate. An alternative, independent dispute resolution process is required. For example, the parties are to appoint a neutral mediator.
>
> (7) 'as classified by the minister' this must be undertaken in consultation with the relevant councils. I would be pleased to clarify any of the above with you. . .

That is what David Hood had to say, and he sent a copy of that to the minister. The most telling part of that was, of course, that the minister still holds the whip hand in that proposal. In some measure, the member for MacKillop's proposal takes that whip out of the minister's hand. I am not talking about this minister: I am talking about subsequent ministers. I have been here long enough to know that ministers are not to be trusted. When they have power they wield it in ways that suit their agenda—not in ways that suit the public interest.

Mr Clarke: That's only Liberal ministers.

Mr LEWIS: No. I can tell you that my experience and cynicism arises out of the years in which the Labor Party was in office.

Mr Clarke: Is that what makes you cynical?

Mr LEWIS: It did. When I saw the Leader of the Opposition stand up in here when the State Bank was collapsing around our ears and commend Tim Marcus Clarke to the skies to the point where he said we were so fortunate to have a man of such brilliant financial aptitude leading the State Bank, I thought 'Where do we go from here?' He had a problem, and he still has a problem. I then received a fax from the District Council of Grant, which is largely the same as the fax which I received from David Hood—

Mr Williams: They're all the same.

Mr LEWIS: Yes. There is another one from the Local Government Association, from John Comrie, in which he points out similar things to that mentioned in David Hood's letter, and the District Council of Lacepede and the District Council of Yankalilla. They all say to me, 'You have to support Rory.' I refer to the honourable member as the member for Gordon and make the point that by supporting that I honestly do not think that there is any risk to money which we may have received from the commonwealth for our local government roads under previous tax arrangements since that has gone. It is all now in the melting pot post GST for renegotiation. Nothing we say or do here tonight will alter that. We must look not at whether that money is at risk one way or the other, because that is a separate question: we must decide what is best for local government.

I have always been told and have personally held the view that our job is to provide the constitutional framework for the establishment of local government, to ensure that it functions within that framework quite properly and to ensure that a minister is there. If the minister has the ticker and any local government body gets out of line with that legal framework,

he or she should sack it and put in an administrator but, otherwise, leave it to make its own decisions and leave it to live by those decisions where they raise finance for whatever purposes that local government body determines as appropriate. It does not need a surrogate big brother in the form of the association to receive money on its behalf, to administer it or to slice a chunk out of it as brokerage in the process of doing it, and it does not need us to wet-nurse it in determining what funds it should or should not get one way or another.

Future ministers ought not to have the power put in their hands so that they can muddy the water or dicker with the conventions of the arrangement. Just give it to local government and let them get on with their job; otherwise, leave it alone. There is no necessity whatever for us to hold any different view and, as a member of the Liberal Party, I can say that it has long been a policy of the party of which I am a financial member to do those very same things that I have just suggested we should be doing. It has long been a policy also for us to pay to local government that amount of money which it otherwise would have had in the form of rates. Now we can do that because the post-GST arrangements make it inevitable.

The sweetheart deals and the sort of facile blather chunky breast beating that goes on are not an appropriate part of what I consider to be a civilised democratic society. We do not need to have anyone determining for us what our decisions should be in the public interest of the people of South Australia, and I do not think that local government needs anyone determining for them the same matters. For that reason, I am more attracted to the proposition put by the member for Gordon than I am to the very attractive proposition put by the member for MacKillop; and it is for that reason also that I will be voting for the amendment before us now, rather than the arrangement which still leaves the minister some prerogative to determine what should happen.

If a council area does not have a lot of forest, then the value of the land occupied by that forest clearly should not attract a great stash of money. A local government body has a job to do, so it should get on and do it. If a road needs work then it is the responsibility of the local government body to do it and, if the road is used by tourists, deer hunters, and so on, and they complain about it, it is a matter for local government. If a special grant is required from tourism for that purpose, then it is for local government to negotiate that with the Minister for Tourism.

It should not result in taxes being forgone in one local government area, that is rates, say, for a district council somewhere in the South-East, so that a district council can benefit at Wanilla on Eyre Peninsula, near Wirrabara in the north, or in my own case Alexandra for the Kuitpo Forest road. We should not expect to get revenue that is properly raised against the value of land in the District Council of Grant or in the District Council of Wattle Range. As sad as it may be for those who thought there was some windfall gains in it for us, I am not prepared to be compromised on that principle.

I will be quite happy to see the member for Gordon's amendment pass in the belief that it will be in everyone's best interests. It will put to rest once and for all the kind of arguments in which I have had to engage even before I came into this place when I was secretary of the Australian Federation of Construction Contractors in this state.

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): It is with considerable regret and some amazement that I move:

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

Motion carried.

Ms HURLEY: I completely agree with the member for Hammond in respect of the big brother attitude exhibited by some members of this parliament toward the Local Government Association and loyal government councils. To me it is nonsense to say that councils have to be looked after, to have their money aggregated and to be overseen by the Local Government Association as to how they spend it. The Local Government Association does not agree with it; the individual councils do not agree with it; and I do not see why this parliament should impose that upon them.

As I see it, the councils that are getting the smaller amounts of money—the 1 500 that are so often quoted by members on the government side—are those with very small amounts of forests within them and, therefore, commensurately less damage to the roads. The councils that are most dramatically affected are those in the South-East, which are very much aware of problems with their roads and their infrastructure. They have already got together and produced a substantial report about it and suggested ways to deal with it. I am sure that they are quite capable of getting together, aggregating any money and making adequate plans in consultation with the state or federal government or whoever else is required, provided that they get a skerrick of cooperation out of this state government, so I completely dismiss that argument against the member for Gordon's amendment.

The argument about the intergovernment agreement and the effect on the reciprocal taxation is one that I have heard only recently. There are conflicting opinions about it on the other side. It seems to me that it is an issue that the Local Government Association has discussed and dismissed. However, if either the member for MacKillop or the Minister for Government Enterprises is prepared to brief the opposition and give us his advice about the risks involved, we would certainly be prepared to consider that. But I think that it is in the best interests of this parliament and the councils involved that the member for Gordon's amendment be passed at this stage, and that any reconsideration necessary be done in the other place.

Mr WILLIAMS: In his most recent contribution, the member for Gordon accused me of misquoting the Alexandrina council and the thoughts of that council. I did not quote any thoughts of the Alexandrina council but quoted from a table of the amount of funds that it has been receiving on average over the past seven years. That is the only reference I made to the Alexandrina council.

In his contribution the member for Gordon made a point that reminded me of one thing: that, in some of these councils the forests under these arrangements would be substantial ratepayers, yet their representation and their ability to have any effect on the floor of the council on how those rates would be paid would be minimal. That is something that should be taken into account.

In response to the deputy leader's comments, the amendment that I am proposing and the amendment that the member for Gordon is proposing are very similar, apart from some minor details, which I pointed out earlier. I will not go over that again, but I think she mistook that. The member for Gordon also quoted from faxes he received from various councils from around the state, and I want to put on the record the letter from the Local Government Association. I am certainly not here to pick a fight with the Local

Government Association or any local government authority. Indeed, I am a very strong supporter of the local government sector and those people involved in it. Given that the member for Gordon quoted from some letters, I want to quote the facts involving the Local Government Association and local government authorities on which the faxes quoted by the members for Gordon and Hammond were based. In the concluding paragraph, the fax from John Comrie states:

> Minister Armitage [or the government] has also proposed an amendment but it does not provide for the payment of rates to councils but an agreement.

My proposal states, in proposed new clause 16A(1), that the corporation must, in respect of commercial forest land, pay amounts in accordance with this section that are equivalent to the rates that the corporation would, if the corporation owned a freehold estate in the land and were not an instrument of the Crown, be liable to pay to the council in respect of the land. That is not an agreement: that is what it would be paying if it were a privately owned operation owning land. Even though there it might be subtle, I think there may be some misleading of the position.

The committee divided on the new clause:

AYES (21)

Atkinson, M. J.	Bedford, F. E.
Breuer, L. R.	Ciccarello, V.
Clarke, R. D.	Conlon, P. F.
De Laine, M. R.	Foley, K. O.
Geraghty, R. K.	Hanna, K.
Hill, J. D.	Hurley, A. K.
Key, S. W.	Koutsantonis, T.
Lewis, I. P.	Maywald, K. A.
McEwen, R. J. (teller)	Snelling, J. J.
Stevens, L.	Thompson, M. G.
Wright, M. J.	

NOES (19)

Armitage, M. H. (teller)	Brokenshire, R. L.
Buckby, M. R.	Condous, S. G.
Evans, I. F.	Gunn, G. M.
Hall, J. L.	Hamilton-Smith, M. L.
Ingerson, G. A.	Kerin, R. G.
Matthew, W. A.	Meier, E. J.
Olsen, J. W.	Oswald, J. K. G.
Penfold, E. M.	Scalzi, G.
Such, R. B.	Venning, I. H.
Williams, M. R.	

PAIR(S)

Rann, M. D.	Brown, D. C.
White, P. L.	Brindal, M. K.
Rankine, J. M.	Kotz, D. C.

Majority of 2 for the Ayes.

New clause thus inserted.

Clause 17.

Mr CLARKE: In relation to the schedule, under the heading 'Transfer of staff', which is clause 4 of the transitional provisions, I want to get it clearly on the record from the minister what is the government's policy with respect to individual contracts of employment for members of the Public Service and any of its statutory authorities such as proposed here with the forestry corporation bill. The Premier gave an assurance at the last election that AWAs would not be foisted on the state Public Service or any of its instrumentalities. If my memory serves me correctly, but I may be wrong, when the government introduced its industrial relations bill, which allowed for individual employment contracts, it was the clearly stated policy position of the government that it had no intention of foisting individual work agreements or contracts on the public sector or any of its statutory bodies and agencies.

The minister did not answer the member for Chaffey's question on that point and I think that we are entitled to have a clear exposition as to what the government's policy is on that matter. Does it adhere to the promises given by the Premier or has the position changed? If so, what is it?

The Hon. M.H. ARMITAGE: Clause 4 of the schedule is quite clear in saying that people transfer over on their present employment conditions, which does not include AWAs.

Mr CLARKE: The minister is being deliberately evasive, and I know that he is confining himself strictly to clause 4. When this bill comes into force, existing employees will go across on their existing conditions. It does not bind the government with respect to new employees, and AWAs or individual work contracts are permissible at law. The minister should be straight with us here, although I know that is difficult. Is the government adhering to its policy, that is, the Premier's promise to the Public Service Association and the public sector unions, that individual workplace agreements would not be foisted upon them in the life of this parliament? That was his promise at the last election and that was his promise with respect to the industrial legislation that was brought in by the minister when he was responsible for that bill.

I want to know whether things have changed. It is very simple. All the minister has to say is that the government adheres to its previous commitment that AWAs will not be foisted on the Public Service or its statutory bodies. You either adhere to a promise or you do not, and, if you do not, what is it? People are entitled to know what the ground rules are.

The Hon. M.H. ARMITAGE: I am quite happy to answer the question but I am not sure that I understand it. In the course of tonight, we have said that the present employees will transfer to the new corporation on their conditions. My understanding is that that was the Premier's commitment: that current employees would not have an AWA foisted upon them—and they have not. What has also been decided earlier tonight by a vote of the parliament is that a corporatised body may choose to have different conditions, because I identified that this may well enable people to be paid more under the present conditions by way of an attraction allowance, if you like, for particular conditions. I am not sure that I understand where the honourable member is coming from.

Mr CLARKE: It is very simple.

The Hon. M.H. Armitage interjecting:

Mr CLARKE: Well, it is: either you honour your commitment or you don't. The fact is that, at the last election, the Premier made that commitment to the public service. The public service has not remained static. Of those employees who were employed in 1997, many have retired and been replaced. Those replaced employees have not had individual work contracts foisted upon them.

I simply want to know when this corporatised body comes into place legally whether any new employee who is hired (not existing employees who go across on existing wages and conditions, but new employees—the same as new public sector employees) will also be protected by the Premier's assurance which was given at the last election that individual workplace contracts will not be foisted upon them.

If the forestry corporation bill was not before us and people retired and new people came into the department, they would be protected by the Premier's assurance given at the last election. The fact that the department has now been corporatised has left the door open. I assumed that the Premier was maintaining the same policy that he announced before the election and since that individual workplace agreements were not on the agenda for any member of the public sector or any statutory bodies under the government's control. That has been adhered to, but this leaves the door open. The minister has not answered categorically. It is simple: if that is not his intention, he must say that the commitment given by the Premier is ongoing with respect to new employees, or it is not. And, if it is not, why not? Has the Premier breached another commitment?

The Hon. M.H. ARMITAGE: I have said it twice tonight, and I will say it again. The member for Ross Smith is wonderfully consistent—and I applaud him for that. By denying the right of people to have an AWA, in his mind—

Mr Clarke interjecting:

The Hon. M.H. ARMITAGE: Hang on, Ralph. I listened to you. I am happy to give you an answer—you can listen to me now. By denying the right of people to have an AWA, in the honourable member's mind he is protecting them. That is the socialist agenda: to equalise, to make sure everyone is exactly the same. By denying people the right to have an AWA or an individual workplace agreement, he is also denying them the right to better themselves.

The honourable member is actually saying to those people who may want to have an AWA, 'I, the member for Ross Smith, the unendorsed Labor candidate for Enfield, know better than you. I demand that you do what I tell you to do. If you are able to do a bit better for yourself by discussing with your employer how you might get more out of your job or whether you can work slightly different hours so that you can be with your family when you want to be, I won't let you do that.'

Mr Clarke interjecting:

The Hon. M.H. ARMITAGE: You listen to me. 'I am not going to let you do that because way back in the dim distant ages I used to be a union official and I know best.' That is a wonderful example of the different philosophies between the Labor Party and the Liberal Party. The Liberal Party says that if someone is able to do better for themselves they ought to have that opportunity. That seems to me to be a reasonable proposition from where I stand. I know it is not reasonable from where the member for Ross Smith sits because he has been gloriously consistent over as long as I have known him. The fact that I think he is wrong and the people who would like to have an AWA and do better know that he is wrong is something that we will never get through to him. That is fine; I understand that. We have had this debate before in relation to the workplace relations legislation. We have agreed to disagree. The fact is that he is wrong and I am right, that he has spoken three times and cannot speak again, and that I am on my feet gives me a margin of power at the moment. At the end of the day it is unfortunate that the parliament would say to the individual worker, 'We are not going to allow you to better yourself. We do not want you even to try.'

Mr Clarke interjecting:

The Hon. M.H. ARMITAGE: The member for Ross Smith took 15 minutes to ask his question so he will get a full answer. The fact that I have identified that there may be opportunities for people to be paid more as an attraction allowance to go to Mount Gambier—because my advice is that there is difficulty filling positions down there—and the fact that people may be able to negotiate a deal with the new corporation to better themselves and their families: would you not think people would think that was a good idea? Of course, you would, but no siree, we will not let anyone do anything other than be equal with everyone else.

That is a wonderful example of the difference between the two sides of the chamber for which neither the Labor Party nor the Liberal Party apologises, but it is the difference. Here we have a prime example of where I am being informed that Forestry SA is unable to get some workers they need to go to Mount Gambier for particular positions. The new forestry corporation may be wanting to offer them more on the basis of a negotiated AWA yet the member for Ross Smith says that that is bad. It is bad that someone might be able to get a few more dollars to spend on their children's education; it is bad that they may be able to get a few more bucks from the new forestry corporation to take their children on a holiday. The member for Ross Smith will not let them do that; he will make sure they are all equal. That is the difference between the two sides of the chamber. I am prepared to say, 'Ne'er the twain shall meet.'

Mr Clarke interjecting:

The Hon. M.H. ARMITAGE: No, but that is, as I say, a beautiful example of the difference between the two sides. Coming back to the specifics of the question, while I have been saying how unfortunate it is that the Labor Party would not want the opportunity for AWAs to be extended, I am advised that there is no suggestion that public servants will have AWAs offered to them.

Mr HANNA: I rise to counteract some of the provocative remarks made by the minister who has not only slurred the member for Ross Smith but also the entire Labor movement. He has done that deliberately, I suppose, but it may be simply that Lord Armitage has not had much experience of the industrial arena after his private school and his medical school and his circle of rich friends. The fact is that the workplace agreement agenda and specifically the individual contract agenda have been designed specifically to take us back to over 100 years ago.

The Hon. M.H. Armitage: Have you ever employed anyone? Well, I have; year in and year out I have employed people.

The CHAIRMAN: Order!

Mr HANNA: In 19th century history, the British industrial experience showed again and again that, where workers could be isolated and dealt with individually, they could be exploited. That means that the wages imposed upon them in the circumstances where workers were faced with limited alternatives—and that would certainly be the case in a lot of those work places in the South-East—meant that they were exploited and given unfair wages—and that will be the case if the minister is able to pursue his agenda. I suspect that he will only be able to do that until the next state election.

I am grateful to the minister for pointing out the stark difference between his side and our side. He has pointed that out—and he is right about that—but it is his comments and his views expressed in relation to this particular clause that really highlight the difference between his side and our side. It certainly shows that the people on our side have a lot more experience of what the average worker goes through than he in particular. I certainly do not mean to slur all government members, because I know some of them have some idea of what actually goes on in the workplace, particularly in the

public service, and even perhaps in a forestry workplace, but certainly evidence of that has been totally lacking in the minister's contribution on this clause, indeed in relation to the whole bill.

Clause passed.

Schedule 1 passed.

Schedule 2.

Ms HURLEY: I refer to section 13, relating to the sale of timber, which provides:

> The corporation may sell or otherwise dispose of any trees or timber produced in forests under the control and management of the corporation and any mill products produced in the milling or treatment of those trees or timber.

The member for MacKillop said that the most important issue in this bill is the value adding of the forestry crop in South Australia and was adamant that none of the crop should go overseas. There is no commitment in that description of the sale timber that timber preferentially should be sold to the local industry, that is, that the South Australian assets that have been produced here should go to local industry to produce the value adding process. In the debate on this bill some reference has already been made to the fact that some logs may or may not have been shipped directly overseas for value adding. Will the minister give any commitment that logs will indeed be offered to local industry as a first priority?

The Hon. M.H. ARMITAGE: I think the deputy leader does not understand what happens now: Forestry SA is more than delighted to sell its product in South Australia if it can. The member for Gordon on a number of occasions has raised—

Ms Hurley interjecting:

The Hon. M.H. ARMITAGE: This is fact. Forestry SA always attempts to sell its product for the best price in South Australia that it can get. The member for Gordon has raised with me, on occasions, allegations that perfect log that could be milled and used in South Australia is going off overseas, particularly through the port of Portland. All the log that is exported through that port is offered, I am told, through contracts locally. There is no suggestion that we would want to do anything other than that even under the present circumstance but, in particular, the part of the bill that we have already passed indicates that the object of the legislation is that a statutory corporation be established, the principal responsibility of which is to manage plantation forests for the benefit of the people and the economy of the state. I refer the deputy leader to clause 7, relating to the functions of the corporation. Clause 7(b) provides:

> to encourage and facilitate regionally based economic activities based on forestry and other industries;

So, both in the objects of the act and in the functions of the corporation, I think the deputy leader's concerns are met. Certainly, as I said before, there is no suggestion that the new corporation would do anything other than encourage and offer its wood in South Australia.

Mr CLARKE: I notice that section 13, which was in the Forestry Act and which will be replaced by the new section, had certain safeguards in it to the effect that the minister could not enter into any contract or agreement for the sale of trees or timber except on the recommendation of the CEO, and before making a recommendation to the minister the CEO had to consult with the person who had, in the CEO's opinion, appropriate expertise on the question of whether any trees or timber could or should be made available for sale from the forest.

I can only presume, reading the Forestry Act 1950, that there were good reasons for those sorts of checks and balances, particularly given some of the comments made by the member for MacKillop as to the importance of the timber industry to the South-East and to guard against, if you like, any one group or grouping having monopoly control and starving out the other sawmills and so forth. That is, the minister could only do certain things if it was on the recommendation of the CEO, and the CEO had to consult somebody else who was well versed on the subject and make recommendations. In other words, if there was to be a sweetheart deal, it had to go through the chain and there was a likelihood of people being tripped up or caught out.

New section 13 gives the power solely to the corporation to make those decisions. Whilst it presumably would be the board of directors who would do it, I suppose they could delegate that responsibility to their CEO, whoever that might be, and I am just a bit worried as to whether there are sufficient checks and balances to ensure that, in the chain, if some corruption or whatever else was going on, it could be found out. The old act, if I can term it that way, seemed to have those checks and balances, but nothing similar to that appears in this schedule. It is just straight out: the corporation can do what it likes with respect to the timber without reference to anybody else.

The Hon. M.H. ARMITAGE: I guess this really strikes at the purpose of the actual bill. What we are really saying is that the new forestry corporation board ought to have some powers and responsibilities to act in a fashion, which is the whole purpose of having a corporation, rather than having Forestry SA and a ministerial line of responsibility, recognising exactly what the member for Ross Smith said earlier, and I quote, 'The minister is ultimately responsible.' I think he said 'he', but I am sure he meant 'he or she' is fully accountable. That is what the member for Ross Smith said about the political situation, the political reality.

So, I am of the view that the whole purpose of the South Australian Forestry Corporation Bill is indeed to set up a corporation which has certain powers and functions, and in essence we either allow that corporation to make decisions, recognising it has a board of people who are, as we have already discussed this evening, required to identify conflicts of interest and so on according to the Public Corporations Act or we throw the Bill out and go back to the old system. I strongly suggest we do not do that, but equally I believe any evidence of corruption would become quickly known in what is in essence quite an insular industry where roughly 30 per cent of the people in Mount Gambier or the South-East work in the forestry industry.

Mr CLARKE: Do I take it then that once the corporation is established at law and a board is brought into being that you as minister would have discussions with the incoming board about what sort of protocols or standard procedures would be put in place to obviate or minimise opportunities for corrupt practices? Ultimately the minister may well wake up one day to find that they have the ultimate responsibility but it does not matter much because all the furniture is gone—there have not been checks and balances put in place by the board of the corporation to ensure that those sort of corrupt practices are nipped in the bud at an early stage should they develop.

I want to ensure that the minister in the establishment of the new board would have as a priority discussing those issues with the incoming board and setting up the necessary protocols to ensure that any corrupt practices that might be

entered into, whilst we cannot always prevent them, can be identified in a timely fashion and corrected if they should arise.

The Hon. M.H. ARMITAGE: In answer to the further question by the member for Ross Smith, the Public Corporations Act part 4 has a number of duties and liabilities of the board and the directors. They include the general management duties of the board and the directors duties of care. Section 16 is specifically the directors duties of honesty and so forth. Every board for which I have responsibility is peopled with persons of the highest repute I can find. It is not in any minister's interest to have any situation other than that. The new corporation will certainly be given copies of the Public Corporations Act and all of the requirements of it.

More importantly I reiterate what the member for Ross Smith said before, namely, that the minister is ultimately responsible. For argument's sake SA Water is a public corporation. I am regularly quizzed about SA Water. It has an Estimates time slot.

Mr Clarke: We just like answers.

The Hon. M.H. ARMITAGE: You always get them, as you know. Within those constraints I am comfortable that the opportunities for corruption are minimised. I am a realist and nothing one can do is ever likely to totally prevent a person who is absolutely intent on being corrupt from doing so, but all the required checks and balances are in there.

Mr McEWEN: I thank the minister for putting on the record the fact that I have on a number of occasions brought to his and to the attention of a number of senior officers of his department concerns about over specified log in an unprocessed form being exported. The reason I raise it at this stage is to say that I accept the minister's advice about the fact that the local value adding is protected. Further I correct the record because it was suggested earlier tonight that I might have been advocating a position that would encourage the exporting of unprocessed log. On the contrary, I will never encourage that and I know the minister will not encourage that. Just this week I again found the necessity to bring to the attention of senior officers in the minister's department concerns about over specified log being stockpiled on the port of Portland. That is totally unacceptable because we must at all times attempt to maximise the value adding and therefore the employment opportunities in the South-East because that is the real value of that forest estate.

The Hon. M.H. ARMITAGE: I clarify on the record that I certainly was not implying that the member for Gordon was not doing anything other than saying we should not value add here.

Mr McEWEN: I was not alluding to the minister at all; in fact, I was complimenting the minister, who has also been a strong supporter of my position. It was just that another member in the debate suggested that. I do not wish to name them: I was just saying that they were misrepresenting me in respect of that matter.

Schedule passed.

Title passed.

Bill read a third time and passed.

FORESTRY PROPERTY BILL

Adjourned debate on second reading.

(Continued from 30 March. Page 710.)

Ms HURLEY (Deputy Leader of the Opposition): This bill seeks to separate the ownership of the forests from the ownership of the land by the creation of a forest property agreement. In his introduction to this bill the minister said that this will provide for investment security and economic development potential as well as opportunity for the expansion of private forests. The minister makes the point that plantation forests are environmentally desirable and contribute to the reduction of greenhouse gas emissions—until they are burnt, of course.

Members interjecting:

Ms HURLEY: If the minister is tempted to give me another lesson about the merits of burning or mulching, perhaps I might give him a science lesson about the relative rates of decay, burning or mulching. However, I return to the bill; we must remain focused at this stage of the evening. In terms of improving investment security for those investing in forestry properties, this bill does indeed make some sense. We all know of investment schemes whereby people contribute an amount which goes towards the maintenance and harvesting of a forest, whether it be a softwood or hardwood forest, and we have probably all heard of schemes whereby the company involved in managing that forest property has eventually not succeeded, where the investors have had trouble recovering anything out of their investment sometimes because the owner of the land has mortgaged that land and where that investment has greater priority than the investment in the logs on top of that land.

I can therefore understand that this bill gives more investment security to those people and a greater chance of recovering some part of their investment. I can also see the sense in separating out the forestry rights to enable joint ventures and more flexibility with the use of lands for forestry interests. However, several queries have been raised with me about which I would seek an answer from the minister. First, this forest property agreement is capable of being noted on a covenant in the bill, as the minister described in his second reading explanation. I would like to be assured that people buying land would be aware of any forest property agreement pertaining to that land so that they are not buying that land on the understanding that they are also buying the forest that grows on it, not realising that there is this form of covenant over it.

I have also had raised with me queries relating to whether Forestry SA or the new corporatised entity might also be able to make use of these forest property agreements, even though the minister, through his second reading explanation, speaks only of private forests.

The other issue that has been raised with me relates to the environmental and planning safeguards. Clause 15(3) of the bill provides that a forest licence may be granted by the minister and operations authorised by that licence may be undertaken, despite the provisions of any other law to the contrary and without further authorisation, consent and approval under any other law. Some concerns have been raised with me that that might allow contravention of laws apart from the stated objectives of ensuring that persons starting off the forests are not caught up under new environmental or other laws which are introduced and which may inhibit the cutting down and use of that forestry asset.

Mr McEWEN (Gordon): I support this bill and, in so doing, I report to the House that I have circulated this bill widely amongst the stakeholders in my electorate and have received a number of comments. Some people have said that they like the flavour of the bill and it may create a new environment in which owners of land again consider the

options of pinus radiata over blue gums simply because they can see quite clearly now that, during the life of the forest, it can be traded. However, having said that, it has already been possible to do this. A number of common law arrangements have allowed this to happen, anyway.

This, though, might be seen as another alternative and just might encourage a few other people, in a less complicated way, to realise the value of the forest during its life. However, it has been happening and a number of companies have said, 'Look, the old arrangements have worked quite satisfactorily,' whereas others have said, 'This is okay.' I believe that in his second reading explanation the minister has oversold carbon credits. It is still something in the margin in terms of this forest property right that has been created, because we do not know yet what the clear trading rules will be, and particularly we do not know how inherent liabilities will be addressed. It is not clear whether, at the end of the day, those inherent liabilities could attach to the land rather than to the forest. Again, we are ahead of the defined trading rules, and it will be some time yet before they are put in place.

There are also a couple of detailed matters that I might quickly put on the record because I think the minister will need to address them. Clause 4 uses a phrase 'is to be grown', which suggests to me that it is not yet growing, yet in other places both the registered and unregistered agreements are over forests that have been grown and are growing, as much as forest that is to be grown. Again, it may be in the drafting that I am misinterpreting the intent, but I will be looking for an explanation of that.

These agreements may or may not be registered and, to that end, I believe that the Deputy Leader of the Opposition makes a particularly good point. While these agreements are in place, some people might choose to sell the forest while others might choose to sell the land. The question I will be asking is: what guarantee is there that, if there is a land transaction in place, a potential purchaser is aware of an unregistered agreement? I think there might be a gap there and I acknowledge the fact that the Deputy Leader of the Opposition has raised that.

I am also interested in clauses 9 and 10, where sometimes we seem to be referring to all agreements registered and unregistered. For example, in clause 9(1) I believe that we are referring to all agreements, although the bill is silent, whereas in clause 9(2) we are referring only to registered agreements. The same problem happens in clause 10, where it is not clear to me from the reading whether we are dealing with registered, unregistered or both. I wonder about the wisdom of making it a little clearer as to whether or not clauses 9 and 10 in part refer to all and in part refer to registered only.

The other question I would be asking is: given that this is such a good idea and given that we have just now supported the South Australian Forestry Corporation Bill, why would we want to exempt that entity from the very opportunities that this creates? As I indicated in my second reading contribution on the corporation bill, I would have thought that this actually presented a number of opportunities that the new corporate entity might wish to explore. I see no reason why the minister would want to be exempting it from this new opportunity.

In summary, I am saying that it is a good idea. The industry is saying yes, it is another way actually to trade forest separate from property and we think that is a particularly good idea, and hope that in so doing people will have another look at two major commercial forestry operations, eucalyptus globulus and pinus radiata. This may actually change the balance, because people will now see that at about year 10 or 12 when you can realise the globulus assets through harvesting, you could equally realise the pinus radiata asset through trading the crop as a standing crop.

At that stage in the life cycle, the values might not be very different and in the long run the values of the radiata crop might exceed those of the blue gum crop. To that end, it is very positive. I believe that the minister is over-selling the carbon credit point, and I will be keen for the minister to explain some of the specific questions that I have raised.

Mr WILLIAMS (MacKillop): I largely agree with what the member for Gordon has presented to the chamber. The majority of the forest operations in South Australia are in our two electorates, and obviously that is why we have an interest in this and the matter we have just concluded. I fully support the thrust of this bill. One of the dramatic things that has happened in the South-East, particularly in the lower South-East, in the past 12 to 18 months is the dramatic increase in afforestation. Unfortunately—and I say that because that is what I believe—this increase in afforestation has been in the growth of blue gum forests as opposed to the traditional forest industry in the South-East, which is based on pinus radiata.

There is no doubt that the growth in the blue gum industry has been predicated on large amounts of investment capital from the major cities of Australia amounting to hundreds of millions of dollars pouring into the Green Triangle area for blue gum afforestation. I believe that one of the reasons that those investment dollars are going into blue gums as opposed to pinus—because the land that has been put under blue gums is suitable for pinus—is that historically over the past 40 years so many people have had their pinus related investments go bad.

I sincerely trust that this bill will encourage investors to go back and invest in the soft wood industry, because I believe it is an industry that gives a much greater economic return to the state. The blue gum industry is designed around providing chip for the paper pulp industry. Chip is a very low value product, whereas the pinus industry is based on saw log and peel log, which are both very high value products. The state will win significant extra economic activity if we can encourage investors to go back into the pinus industry as opposed to the blue gum industry, so on that ground alone I support the Forest Property Bill.

The member for Gordon also talked about registrations. I draw the attention of the House to the Water Resources Act and the recent changes with regard to water and owning what I suggest would be similar to freehold title to water separately from freehold title to land. Significant problems have been brought to my attention when it comes to transferring packages of water less land, water with land or land less water. This has created significant problems to vendors in the South-East and the conveyancing agents. Like the member for Gordon, I will be interested to ask the minister questions about that in the third reading debate.

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): I thank all members for their contributions on what is again a non-controversial bill, which in essence seeks to do not much more than attempt to marry people who have land and who would like trees on their land with people who may have money, who wish to invest in trees and who do not own the land. It facilitates that and makes it as easy as possible so the forest industry can continue to thrive.

The Deputy Leader of the Opposition asked a number of specific questions which I am happy to deal with at this stage. First, she identified that a forest property agreement is capable of being noted on a title and may be registered. She asked what would be the effect of that and whether people would be able to purchase land and perhaps not know that such an agreement was evident. That is covered in clause 6(2), which provides that, if the forest property agreement is unregistered, the interest conferred by the agreement on the forest property owner is of equitable nature and therefore liable to be defeated by a purchaser who acquires an interest in the subject matter of the agreement in good faith for value and without notice of the agreement. In essence, that means that, if it is not noted and a purchaser purchases the property in good faith, that negates the agreement. Hence, whilst it is a voluntary decision whether or not to register the agreement, it would certainly be my advice to everyone concerned that they ought to do it, but it is not compulsory.

In relation to whether the Forest Property Bill would apply to the new forest corporation, assuming it is formed shortly, the answer is 'No', because Crown land would be excluded. In relation to the commercial forest plantation licences, the deputy leader discussed what would be the situation with operations which had a licence and whether they would be able to circumvent or go against a law at the time. The answer is 'No', because clause 15(1) provides that the minister may on application grant a licence—and they are the operations that are authorised by the licence—in respect of a commercial forest plantation that has been or is to be lawfully established. In other words, it is to be established by the law of the day, hence it is that law of the day upon which the decisions are made during the course of that forest agreement. I thank members for their contribution.

Bill read a second time and taken through its remaining stages.

ADJOURNMENT

At 11.01 p.m. the House adjourned until Thursday 4 May at 10.30 a.m.