HOUSE OF ASSEMBLY

Tuesday 28 November 2000

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

QUEEN ELIZABETH HOSPITAL

A petition signed by 11 residents of South Australia, requesting that the House urge the Government to maintain teaching, intensive care, emergency services and inpatient care at the Queen Elizabeth Hospital, was presented by the Hon. Dean Brown.

Petition received.

TANUNDA PRIMARY SCHOOL

A petition signed by 196 residents of South Australia, requesting that the House ensure continued access by the community to the Tanunda Primary School site by transferring ownership to the Barossa Council, was presented by the Hon. M.R. Buckby.

Petition received.

PATAWALONGA CHANNEL

A petition signed by 253 residents of South Australia, requesting that the House urge the Government to establish a water treatment plant at the Patawalonga seawater circulation channel weir, was presented by the Hon. I.F. Evans.

Petition received.

SCHOOL DROP-OFF ZONES

A petition signed by 226 residents of South Australia, requesting that the House urge the Minister for Education and Children's Services to review student drop-off and pick-up arrangements at state schools, was presented by Ms Thompson.

Petition received.

QUESTIONS

The SPEAKER: I direct that the written answers to questions, as detailed in the schedule that I now table, be distributed and printed in *Hansard*: Nos 1, 4, 6, 10, 25 and 38.

ELECTRICITY, PRIVATISATION

In reply to **Hon. M.D. RANN** (28 June).

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

As I have indicated previously I do not intend to undertake a public position of pointing the finger at individuals or organisations associated with the mistakes in the Electricity Pricing Order (EPO). However, I can confirm that the total cost (approximately $127 000) of the consultants undertaking the audit of the EPO, providing the government with private legal advice on potential liability associated with the mistakes and undertaking the required rectification work has been voluntarily met by the consultants.

GOVERNMENT PROJECTS

(Estimates Committee B)

In reply to **Ms THOMPSON.**

The Hon. R.D. LAWSON: When projects come in over budget and the scope of the project needs to be modified, DAIS will examine, in conjunction with the consultants and contractors, the most cost effective manner of delivering the project within approved funding. A range of options is provided to the client agency that may include reductions to scope, alternative specifications or alternative materials. Some of the options may result in reduced quality or performance that ultimately leads to reduced life expectancy or additional maintenance costs.

DAIS ensures that, in identifying these options to the client agency, there is a full understanding of the implications to the life costs of the asset of a decision to implement any changes.

The client then has sufficient information to make an informed decision as to whether they prefer to contain the project within budget allowances or seek additional funds to proceed with the project as originally scoped.

CKS BUILDING MAINTENANCE CONTRACT

(Estimates Committee B)

In reply to **Ms HURLEY.**

The Hon. R.D. LAWSON:

1. The deed of guarantee of $1.9 million by the parent companies was not taken up.

2. While individual projects and jobs vary in pricing, when comparing the new arrangements with those tendered by CKS, the net impact has been an overall saving to government agencies for the same scope of work in the order of $223,000.

OLYMPIC SOCCER

In reply to **Mr FOLEY** (24 October).

The Hon. J. HALL: The budget for the staging of the Olympic Football Tournament in Adelaide was set some three and a half years ago. Cabinet approved an appropriation of $6 653 000 over four financial years to fund the staging of the event.

We should be in a position to confirm the final budget by early next year when all aspects of reconciliation have been completed.

We are confident that the budget will be met.

BROWNHILL CREEK VINEYARD

In reply to **Mr HILL** (5 October).

The Hon. DEAN BROWN: The Minister for Transport and Urban Planning has provided the following information:

An Environment, Resources and Development (ERD) Court decision on 25 May 2000 (supported by other legal advice at the time) determined that horticulture (including vineyards) came under the definition of 'agriculture' and therefore was a complying use in the hills face zone. On this basis, the Minister for Transport and Urban Planning clarified this decision through a Plan Amendment Report (PAR) which introduced additional stricter requirements—relating to slope, distance to significant stands of native vegetation, and distance to watercourses—which horticulture developments had to meet to be able to be considered as complying development in the zone. The PAR also made it clear that olive orchards were to be a non-complying use in the zone.

A subsequent Supreme Court decision on 4 August 2000 overturned the ERD Court decision, determining that horticulture was a merit use in the zone. Again, reflecting the court's decision, the minister amended the hills face zone policies to accord with this determination, introducing the Hills Face Zone Amendment PAR and terminating the operation of the earlier PAR.

Approval of Mr Garrett's latest application was made in light of the policies which were in effect at the time—prior to the introduction of the Hills Face Zone Amendment PAR. It is understood that this application was for a vineyard of 7 ha, with no associated buildings or structures. Previous applications by Mr Garrett were of a significantly larger scale and included such elements as tourist accommodation, other buildings/structures, dams and the removal of native vegetation. To gain approval from the Mitcham Council, Mr Garrett's application had to meet the new, more stringent criteria applying in the zone.

MODBURY HOSPITAL

In reply to **Ms BEDFORD** (24 October).

The Hon. DEAN BROWN:

1. The only contractual condition relating to the provision of maternity services at Modbury relates to the need for public maternity services to be relocated from level 5 to level 1.

Planning for these moves has been ongoing and tenders for the project will be called in January 2001.

There is no specific contractual requirement for Healthscope to provide private maternity facilities at Modbury.

2. The Modbury Hospital board oversees and monitors the contract.

3. The board meets monthly and maintains an ongoing monitoring role of the contract. Modbury Hospital is required, as are all hospitals, to provide a monthly performance report to the Department of Human Services.

MARION SPORTS AND COMMUNITY PRECINCT

In reply to **Mr HANNA** (October 4).

The Hon. I.F. EVANS: I have been advised as follows:

The area to which the member refers was described in the LRM report as the Sturt Oval Reserve. The report made the following recommendations in relation to this area:

1. The City of Marion, as a matter of urgency, commission a detailed study to develop a long term vision plan for the Sturt Oval Reserve and examine the feasibility of the initial stages of future development.

2. The City of Marion incorporate into the recommended study an examination of the potential of the Sturt Primary School land to enhance the future development of the Sturt Oval Reserve as a regional recreation and sport site.

3. The City of Marion take steps to acquire the Sturt Primary School land when it becomes available at the end of this year (1996).

The state government was therefore not required by the report to take specific action in regard to the Sturt Oval Reserve.

The Marion Sports and Community Club, with financial assistance from the City of Marion employed HASSELL to undertake a feasibility study for the Sturt Oval Reserve. This was completed in May 1998. In relation to additional land being required for the Reserve the study states the following:

· The consultation with potential user groups identified that there is no immediate or planned future demand for use of the Sturt Oval facilities by other sports. It is therefore suggested that, at this stage, there does not appear to be evidence that additional land is required to meet the local demand for recreation and sport facilities. However, a broader overview should be undertaken by council to assess regional requirements.

The government has however, recognised the importance of this facility and its role in providing regional level recreation and sport opportunities by making a grant offer to the Marion Sports and Community Club, through the Office for Recreation & Sport's Regional Facility Grants program. This grant will assist in the development of clubroom facilities to service the members of the many clubs who utilise this reserve.

AUDITOR-GENERAL, SUPPLEMENTARY REPORTS

The SPEAKER laid on the table the following supplementary reports of the Auditor-General:

Agency Audit Reports; and

Electricity Business Disposal Process in South Australia: Engagement of Advisers: Some Audit Observations.

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

That the report be published.

Motion carried.

OMBUDSMAN'S REPORT

The SPEAKER laid on the table the annual report of the Ombudsman for the year 1999-2000.

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

That the report be published.

Motion carried.

PAPERS TABLED

The following papers were laid on the table:

By the Premier (Hon. J.W. Olsen)—

Office for the Commissioner for Public Employment—South Australian Public Sector Workforce Information at June 2000

By the Minister for Human Services (Hon. Dean Brown)—

Abortions Notified in South Australia—Committee Appointed to Examine and Report on—Report, 1999

Development Act—District Council of Loxton Waikerie—Loxton (DC), Waikerie (DC) and Browns Well (DC) Development Plans—General Review and Consolidation Plan Amendment Report

Libraries Board of South Australia—Report, 1999-2000

Regulations under the following Acts—
- Guardianship and Administration—GST
- Harbors and Navigation—Miscellaneous
- Mental Health—GST

By the Minister for Government Enterprises (Hon. M.H. Armitage)—

Department for Administrative and Information Services—Report, 1999-2000

Privacy Committee of South Australia—Report, 1999-2000

State Supply Board—Report, 1999-2000

Regulations under the following Acts—
- Forestry—Forestry Corp Transfer
- Workers Rehabilitation and Compensation—New Tax Form

By the Minister for Education and Children's Services (Hon. M.R. Buckby)—

Budget Results, 1999-2000

Flinders Power Pty Ltd—Report, 1999-2000

Electricity Act—Regulations—Planning Council Functions

By the Minister for Environment and Heritage (Hon. I.F Evans)—

Listening Devices Act—Report on Operation, 1999-2000

Regulations under the following Acts—
- Environment Protection—Burning Policy
- Legal Practitioners—Practising Certificate Fee
- Summary Offences—Offensive Weapons

By the Minister for Recreation, Sport and Racing (Hon. I.F. Evans)—

SA Greyhound Racing Authority—Report, 1999-2000

By the Minister for Police, Correctional Services and Emergency Services (Hon. R.L. Brokenshire)—

Police Complaints Authority and the Commissioner of Police—Agreement—Misconduct and Internal Inquiry.

By the Minister for Local Government (Hon. D.C. Kotz)—

Corporation By-Laws—
- City of West Torrens—
  - No. 1—Permits and Penalties
  - No. 2—Moveable Signs
  - No. 3—Local Government Land
  - No. 4—Roads
  - No. 5—Dogs

ENVIRONMENT, RESOURCES AND DEVELOPMENT COMMITTEE

Mr VENNING (Schubert): I bring up the 41st report of the committee, on native fauna and agriculture, and move:

That the report be received.

Motion carried.

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

That the report be published.

Motion carried.

QUESTION TIME

ELECTRICITY SUPPLY

The Hon. M.D. RANN (Leader of the Opposition): Does the Premier stand by the Treasurer's statement that the Pelican Point Power Station would remove the threat of possible power shortages in the summer of 2000-01, and can the Premier refute claims being made by energy experts interstate that there will be continuing power shortages and blackouts over the next two summers?

The Pelican Point Power Station has been commissioned on time and is currently providing power. Today's interstate media reports an industry expert, Dr Rob Booth, a former adviser to the Kennett government, as saying:

My confident but reluctant prediction is that there will be blackouts and power restrictions in South Australia this summer, and the next, and they will be associated with very high spot prices. There will be a public backlash.

The Hon. J.W. OLSEN (Premier): I would make a number of points about this.

Members interjecting:

The Hon. J.W. OLSEN: The member for Hart interjects, but let it not be forgotten that it was he who did everything in his power to stop Pelican Point going ahead.

Members interjecting:

The Hon. J.W. OLSEN: Yes! Despite the member for Hart, this government was able to build 500 megawatts of additional power generating capacity. This is where the hypocrisy of the Labor Party really stands out in this chamber: they opposed the introduction of more generating capacity; they mobilised community reaction against such generating capacity; and then they have the hide—the temerity—to stand in this House and ask such a question.

Members interjecting:

The SPEAKER: Order! The Leader will come to order.

The Hon. J.W. OLSEN: Let us trace a little of the history of this. The Leader of the Opposition ought to get a transcript of Lew Owens, the Regulator, on ABC this morning, because Lew Owens put in very precise and clear terms—which even the Leader of the Opposition would understand—why this particular set of circumstances is unfolding. One of the reasons is that we are seeing an explosion of power consumption on a range of lines that were previously not anticipated. Clearly, what we have—

Mr Foley interjecting:

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

The Hon. J.W. OLSEN: There is one thing that the mob opposite does not want, and that is economic activity and growth in South Australia. The fact is—

Members interjecting:

The SPEAKER: Order! Members on my right will come to order.

The Hon. J.W. OLSEN: —that, after a period of stagnation of economic growth under the Bannon government, we now have state final demand outperforming the rest of the country.

Mr Foley interjecting:

The Hon. J.W. OLSEN: The honourable member might interject, but the fact is that, to 30 June, final demand in South Australia was 8.5 per cent growth and the average for Australia was 5.9 per cent.

An honourable member interjecting:

The Hon. J.W. OLSEN: The member might not like it, but the fact is that growth is outperforming the national average. I should have thought that even the member for Hart, who I would put in the category of having some regard for jobs in this state, would actually support growth and job certainty and security instead of interjecting on this.

There are some points that I wish to make. I understand that on some radio programs the interconnector has been blamed—that is, electricity is flowing to Victoria, not to South Australia. The deal on the interconnector, I remind the House, was put in place by no less than the Bannon and Cain Labor governments. That is point one.

In relation to infrastructure to allow for growth, during the Bannon-Arnold Labor governments, no forward planning in terms of additional generating capacity was put in place in this State. The Labor administration, for over a decade, ignored its responsibility to build infrastructure for future growth in our state. Over the past few years we have tried to address that infrastructure question to put in place new generating capacity to meet the growth, the unprecedented growth, in economic activity and therefore demand. What we are getting in a number of these lines is tripping of transmission, and the reason that is occurring is that growth—and unexpected growth—has taken place beyond a lot of transmission—

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! I call the leader to order.

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! I warn the leader for deliberately flouting the chair.

The Hon. J.W. OLSEN: What the leader does not want to accept and understand because it destroys his argument is: first, we have had growth; secondly, demand is up; thirdly, we have put in more infrastructure; and, fourthly, his party attempted to oppose that infrastructure. However, despite the opposition, and despite the whingeing and the carping from the Labor Party, the generating capacity of 500 megawatts is coming on stream. Not only is that happening but National Power has indicated it will be increasing that by another 300 megawatts to take it up to 800 to meet the demand. As Lew Owens said this morning, it is not a question of generating capacity.

In this last 24 hours there has been plenty of generating capacity: it has been the demand on the end of lines and therefore the infrastructure between those two points not being able to maintain that demand at the end of a particular transmission and distribution line. That is the question, and we have done something about rebuilding infrastructure, an obligation totally ignored by the Labor Party. It demonstrates clearly the difference between a party for economic activity and rebuilding infrastructure and a party of total inaction when in government.

MITSUBISHI MOTORS

Mr HAMILTON-SMITH (Waite): Will the Premier outline to the House the good news received by Mitsubishi workers today? Extensive misleading and negative speculation has been put to the media by the Labor Party, creating

considerable stress and concern to motor vehicle workers and their families.

Members interjecting:

The SPEAKER: Order! The House will settle down.

The Hon. J.W. OLSEN (Premier): I am delighted to respond to the honourable member's question. There was very good news today, and well deserved news for the work force of Mitsubishi. This is good news for our state, the economy and the work force. The $172 million cash injection is a tangible vote of confidence in the future and therefore a good signpost as to what the future might be. A number of factors are still to be determined, but no company invests $172 million without recognising that that $172 million is here to stay in the longer term. Next week Mitsubishi will be receiving a number of potential buyers from the Middle East.

As a result of the restructuring that has been put in place over the past year, with productivity improvement and efficiency gains at that plant in a product which, because of its quality, its reliability of supply and its pricing can access the international marketplace, we have seen Mitsubishi double its export orders to the United States this year. Over the next 18 months to two years that will mean—and there have been several hundred if my memory serves me correctly—additional production line workers joining the work force simply to meet that output of motor vehicles to go to the United States. I was delighted to be at the plant today when some 3 500 workers heard Tom Phillips announce the formal cash injection of $172 million.

The delight, the atmosphere and the enthusiasm of the work force at the Tonsley Park plant today had to be seen to be believed: it was great. Here was a group of people, some of whom only a week or 10 days ago, as Tom Phillips said, were in tears on the production line because they were so anxious about their future. What we were able to do today is say: 'Your future is looking good; this company has invested $172 million'—and, incidentally, the ask by Tom Phillips of Mitsubishi Motor Corporation was ¥10 billion and that is exactly what he got, ¥10 billion. The ask was underpinned by the corporate headquarters.

I would say to the work force: this is just reward for your commitment, for never losing sight of focus and for soldiering on when there was undue, unreasonable speculation in the broader community. It is very hard for a large group of people under constant speculation and doubt about their security and tenure to keep the focus on the delivery of the product. This group of workers did and they have suffered more than any other workplace in this country in the past 18 months, I put to this House, in terms of unwarranted, continued speculation as to their future. The fact that they never lost sight of the delivery of a good product is an absolute credit to every single worker in that Mitsubishi plant.

I also go on to say that the union officials worked with management there to put in place the restructuring and to recognise the reality of the circumstance and deserve credit because the way in which the union officials work with management and with government occasionally to bring about an outcome in the best interests of the work force. I commend all the parties because the outcome is a result of the effort of all the parties. We now move on to the next challenge.

We put in Mr Graham Spurling, a former Managing Director of Chrysler in South Australia, to give us recommendations as to how we might plan for the automotive industry in the next 10 to 20 years, how we would ensure tier 1 and tier 2 suppliers for the automotive industry, and actually underpin our growth and continued manufacturing operations in future. I have received a report from Mr Spurling. We have also had a task force and Auto 21. The three independent groups have been working with government to develop a package of measures that will be put in place. We have not had final discussions yet with management at headquarters in Tokyo, but at an appropriate time (and if appropriate) I will again visit with them to talk about that package before final decisions are made.

There is a constant precursor to the South Australian government's involvement: longevity in their operations within South Australia and commitment to a platform in, I think, year 2004-05, immediately after they put in the new platform in the United States, to which Mitsubishi Corporation has committed. Last year on two occasions I had discussions with executives in Tokyo and in July this year had discussions with executives of Daimler Chrysler, who, coincidentally, are now directors nominated by Daimler Chrysler and have taken up residency in Tokyo to look after the interests of Daimler Chrysler and the new Mitsubishi Motors Corporation Board.

My discussions with them have always been that the government wants to work in partnership with management and the work force here to present a package to ensure the continuity of that manufacturing operation in our state. It is not only Mitsubishi Motors Corporation itself that is important—3 500 jobs are clearly important—but the add on jobs in the automotive component supply industry are equally important and also the economies of scale presented to General Motors, Toyota and Ford. It is not generally understood that something like 20-plus per cent of a Ford motor vehicle is sourced out of South Australia in the automotive component industry. Our industry sectors are dependent on economies of scale of large manufacturers. That therefore demonstrates that you must have an integrated approach, a strategy and a set of policies to bring about the right result at the end of the day.

It therefore clearly has been a focus of the government for a couple of years. I commend Tom Phillips, the new Managing Director of Mitsubishi Motors Australia Pty Ltd, who has picked up the cudgels and taken on the job with enthusiasm and determination that I have not seen for a while. He deserves great credit. We will work with Tom Phillips, the union officials and the management of Mitsubishi to bring about a result that is in the long-term best interests of South Australia.

ELECTRICITY PRICES

Mr FOLEY (Hart): My question is directed to the Premier. What action will the government take to ensure that South Australian power consumers are not in future left without adequate power supply because of price spikes and price volatility—

Members interjecting:

The SPEAKER: Order! The member for Hart has the call.

Mr FOLEY: Thank you, sir, I will start again, if I may. What action will the government take to ensure that South Australian power consumers are not in future left without adequate power supply simply because of price spikes and price volatility that make it more profitable for generators to sell power interstate than to local consumers during times of peak load such as hot summer days? On 2 November—

Members interjecting:

The SPEAKER: Order!

Mr FOLEY: Thank you, sir—there were blackouts affecting 35 000 South Australian homes because it was more profitable for South Australian generators to sell power to Victoria than to supply to South Australian consumers.

Mr Hamilton-Smith interjecting:

The SPEAKER: Order, the member for Waite!

Mr FOLEY: On 5 November, Allan Asher from the Australian Competition and Consumer Commission (ACCC) told a media outlet:

> We criticised for three years the proposals in South Australia to have such a small number of generators with so much market power. If there were, as we [the ACCC] had argued for much better interconnection between New South Wales and South Australia, and between New South Wales and Victoria, there would have been tonnes of power for everyone. There would have been no reason for prices to go up.

The former Kennett government adviser, Dr Rob Booth, known to many as a senior industry adviser, has said that there is a need for greater interconnects and that South Australia faces shortages over the next two summers.

The Hon. J.W. OLSEN (Premier): In response to the member for Hart, I will do a number of things. First, I will get a copy of the national electricity market agreement signed by Prime Minister Paul Keating and then state Premiers, and send it to him. That will be the first thing I do. The national electricity market was pursued by Paul Keating as Prime Minister of this country; it was Paul Keating who put in this national electricity market. Secondly, and importantly, I give—

Members interjecting:

The SPEAKER: Order, the member for Bragg and the member for Hart!

The Hon. J.W. OLSEN: Secondly, and importantly, I give the member for Hart the commitment that we will continue to support new infrastructure such as National Power, despite the opposition from Labor Party members about building that new generating capacity. On that point, we will assist the interconnects with Victoria. The Riverland interconnector system, which is the underground interconnector coming in through the Riverland, is due to be in place by March or thereabouts next year, and we will assist with that.

Thirdly, and importantly, when the member for Hart's mate, Bob Carr, is prepared to underwrite the cost of the interconnector from New South Wales to Victoria, we will provide them the same fast-tracking assistance as we provide to anyone else. To the member for Hart I simply say: do not expect us to write out a blank cheque for your mate Bob Carr to underpin an interconnector from New South Wales.

Finally, I cannot believe the hypocrisy of the Labor Party, which did nothing about new generating capacity and nothing about infrastructure—all it did was oppose our trying to meet the growth in demand—in asking a question such as that in the House today.

ROADS, FUNDING

Mrs PENFOLD (Flinders): My question is directed to the Minister for Local Government—

The Hon. G.M. Gunn interjecting:

The SPEAKER: Order! The member for Stuart will come to order!

Members interjecting:

The SPEAKER: Order! The Leader of the Opposition will come to order as well. I caution members this afternoon about continual interjections. If some of you want to be here—

Members interjecting:

The SPEAKER: Order! I warn the member for Hart, and I think I warn the member for Bragg, too. I will not tolerate members speaking over the chair. The member for Flinders.

Mrs PENFOLD: My question is directed to the Minister for Local Government.

Members interjecting:

The SPEAKER: Order! I warn the leader for the second time.

Mrs PENFOLD: Will the minister outline to the House the likely impact of the $100 million in additional road funding for South Australian councils that was announced yesterday?

The Hon. D.C. KOTZ (Minister for Local Government): I thank the honourable member for her question, which is an important one and one that obviously has a great bearing on her electorate as it has on many regional and rural councils across South Australia. As we all know, yesterday the federal government announced an additional $1.2 billion—

Members interjecting:

The SPEAKER: Order! I caution the leader. If he is trying to tantalise the chair into naming him, he is going the right way about it.

Members interjecting:

The SPEAKER: Order! Those remarks apply to the member for Stuart, too.

The Hon. D.C. KOTZ: Yesterday, the federal government announced an additional $1.2 billion in road funding for the nation over the next four years under a program that is tagged 'Roads for recovery'. I am delighted to advise the House that $100 million of this funding has been committed to South Australia to be administered by local councils around the state. A total of some $59.4 million will go to roads in regional areas, and some $40.6 million will be spent in greater metropolitan areas. This funding boost is welcomed by this government and, indeed, I am sure that it will be welcomed by councils and ratepayers around the state, regardless of whether or not the opposition welcomes it. This funding boost has come at a time when councils have, for a considerable period, been expressing concern to me about a backlog of local roads around the state which require upgrading. This extra money will enable councils to undertake that upgrading work which, of course, will be of immediate benefit to ratepayers, particularly in respect of tourism, including those tourists who utilise the roads, for example, in McLaren Vale, on Kangaroo Island or, indeed, in the state's Far North, as well as the grain growers in regional South Australia who also use our local road networks to cart their grain to the silos.

Unfortunately, many members opposite seem to have no idea about the impact this funding will have on the roads in regional South Australia. With the report in last week's *Border Watch* that the Labor candidate for Adelaide has managed to venture south of the tollgate travelling on our regional roads to Mount Gambier apparently for the first time in 20 years, perhaps now we can expect a little greater understanding from those opposite on the issues that actually confront regional South Australia. Of course, the question is: can we expect members opposite to put forward some policies that would actually support people in country areas?

Apparently the answer is 'Not likely' from a bunch of city-centrics—

An honourable member interjecting:

The Hon. D.C. KOTZ: No, not even that—'They are so full of their own self-interest, I do not think they are interested in this city, either.' Of course, those are not my words but those of the immediate past President of the Country Labor Association, Mr Bill Hender, a man who has been dragged before the ALP hierarchy for having the temerity to suggest that the Labor Party might look at developing policies that actually support regional South Australia. I can assure the taxpayers of this state that this state government will continue its commitment to the funding of roads throughout the state, and this increased federal funding will obviously expand on the important roadworks currently being undertaken by both state and local government. The extra funding injection will add to the regional roads program that this government has put in place to seal roads that have traditionally been the responsibility of local councils to maintain.

This financial year, we are putting some $2.2 million towards this program to work on six projects that will initially include the Burra heavy vehicle bypass; improvements to Bratton Way on Lower Eyre Peninsula; upgrading of the Gomersal Road in the Barossa Valley—

Mr Venning: Hear, hear!

The Hon. D.C. KOTZ: I knew the member for Schubert would be pleased. It will also include Bowhill Road in the Murray Mallee; the Overland Corner Road in the Riverland; and general upgrades to roads throughout the South-East. In addition to this specific regional road funding program introduced by this Liberal government we will continue to contribute significant funding to maintain and improve the rural arterial and national highway network around the state. Members would be aware of major improvements to this state's road networks, including the overtaking bus lanes, the rest stops and the audio tactile markings. Again, the question is: do those opposite support these concerted efforts and the recognition of the importance of strong road infrastructure that supports regional development in South Australia? The answer apparently is of course not, because 'the machine does not like policies which have competent practical solutions. Just have a look at the lot we have as our state Labor political decision makers. I do not think they care for anything other than their own egos, ambition—

The SPEAKER: Order! There is a point of order from the member for Elder. The minister will resume her seat.

The Hon. M.K. Brindal interjecting:

The SPEAKER: Order! The Minister for Water Resources will remain silent.

Mr CONLON: The minister has now been going on for some minutes about a matter that has nothing to do with the substance of the question. I would ask that she be brought back to it.

The SPEAKER: There is no point of order.

The Hon. D.C. KOTZ: Thank you. Here I am talking about—

Members interjecting:

The SPEAKER: Order! The Minister will get on with the reply please.

The Hon. D.C. KOTZ: —regional road infrastructure and the member says this has nothing to do with it. There are further comments—

Mr Conlon interjecting:

The SPEAKER: Order, the member for Elder!

The Hon. D.C. KOTZ: 'They are not taking a whole heap of issues, or country people for that matter, seriously at all. They patronise us, feed us a bit of rhetoric and effectively they are an incompetent bunch. Anyway, I have had a gutful. I am sick and tired of them and I can assure you I am not the only one'—again, they are not my words, but they are the words of the former Country Labor President Bill Hender. This is a man who still thinks that the Labor Party can win the next election rather than having 'relevant, coherent policies to address the problems of country people'—another quote from Bill Hender. This is a man defended by the member for Ross-Smith as one of the finest Labor members in the country.

The SPEAKER: Order! I bring the minister back to the question she was asked.

The Hon. D.C. KOTZ: I think it is possibly very easy to see where Mr Hender was coming from when you consider that the total federal grants for road funding for local councils in this state—

Members interjecting:

The Hon. D.C. KOTZ: This is a part that you should find very interesting. This is the part that tells you exactly what you did not do when you were in government and what this government has actually done. Allow me to say again: the federal grants for road funding for local councils in this state have increased by nearly 14 per cent since the coalition government came to power. In 1995-96, which was the last financial year that Labor held the purse strings in Canberra, South Australia received $19.6 million in financial assistance grants for road funding. Now, compare that with some $22.3 million we received this financial year, and there we have a 13.3 per cent increase. It is little wonder that rural South Australians recognise that Liberal governments will actually deliver on infrastructure projects. We on this side of the House welcome the extra road funding for this state that was announced by the federal government yesterday. We remain concerned, however, with the formula—

Members interjecting:

The SPEAKER: Order! If members remain silent we may get through the reply to the conclusion.

The Hon. D.C. KOTZ: We do remain concerned about the formula that is used to calculate the annual road funding grants to councils by the commonwealth and we will obviously continue to press the case for South Australia in effect that we deserve far more from the annual funding allocation. In the interim, however, this one-off extra funding over the next four years will certainly go a very long way towards improving South Australia's local road network, while the Labor Party remains floundering trying to find a policy to suit.

MOTOROLA

Ms HURLEY (Deputy Leader of the Opposition): Why has the Premier not tabled a copy of the report of the Prudential Management Group investigating unfinished business from the Cramond inquiry into the Motorola affair, together with details of the government's decisions on recommendations made by the group? On 11 July 2000, the Premier told the House that the government was deliberating on seven or eight recommendations from the Prudential Management Group and gave an undertaking that these would be tabled when concluded.

The Hon. J.W. OLSEN (Premier): The latter part of the question is not accurate. But I indicate to the House that I will.

INDUSTRY, MANUFACTURING

Mr WILLIAMS (MacKillop): Can the Premier outline to the House the flow-on effects of today's Mitsubishi announcement to the state's manufacturing industry and the importance of the manufacturing industry across both metropolitan and regional South Australia?

The Hon. J.W. OLSEN (Premier): Manufacturing does play a crucial role in our economy, and it is not only in the metropolitan area: as the member for MacKillop would know, it is a significant contributor to our country and regional areas. The growth in manufacturing through those areas has brought about a set of circumstances where we are seeing expansion in townships, where housing is now at a premium, and where subdivisions are required and new infrastructure such as power, water and roads are being asked of government to take account of the development that is taking place.

The manufacturing sector contributed something like 16.1 per cent of the state's gross state product in 1999-2000, or more than $6 billion—revenue which has a major impact on both metropolitan and rural areas. More than 70 per cent of the state's export revenue comes from manufacturing. It is our state's largest employer, with something like 100 000 South Australians being employed in that sector.

Our Food for the Future strategy picks up a range of regional areas in aquaculture, our food products, our beverages and our wine industry, for example, or fibre and fabric—looking at how we promote fibre into fabrics into export markets—all of which are key strategies that underpin value adding in manufacturing operations in this state.

In trend terms, we now have the highest level of employment in industry in more than two years. The automotive industry is a significant contributor and, in the past 12 months, we have seen significant growth in that industry. Not only has today's decision given great comfort to the work force but also it underpins new investment strategies that are taking place. For example, with respect to the wine industry in the Barossa Valley, we have Mildara Blass with a $100 million development to take place—value adding, manufacturing and processing. We have seen in Millicent a very significant manufacturer and processor. There are other areas in the state where we are seeing growth in all those categories about which we have spoken and which are important to the development of manufacturing in our state. They are also important to underpinning the economic growth in our state and they are important as a policy direction.

The leader, in gibes across the chamber, talked about a range of issues just a moment ago. I simply say to the Leader of the Opposition: give Bill Hender a call about policies to look at manufacturing, particularly in country and regional areas—

The Hon. M.D. Rann interjecting:

The Hon. J.W. OLSEN: I cannot let that interjection go. Perhaps the leader would like to open up dialogue with the AMWU about membership for the Labor Party. If the leader wants to get into this sort of tick-tack across the chamber, I would be more than happy to embrace him. His own unions are walking away from him, because he has no policy direction, and weight of numbers is just working against policy and working against the future. So, let the leader beware because, clearly, what we have is runs on the board, direction taking place and great announcements unfolding.

It must gall the Labor Party, because they add up to a reasonable outcome: BHP, Email, the Mitsubishi announcement today, the Sheridan decision, and the list goes on. Why? Because this government has strategic policy settings that are delivering outcomes. Private sector investment is outperforming other locations throughout the state and South Australia will get a lot more of it: a lot more investment; a lot more jobs; and a lot better future.

KENNEDY, Ms ALEX

Ms HURLEY (Deputy Leader of the Opposition): Given the Premier's undertaking on 11 July last to 'check the records' with respect to a letter from the Ombudsman complaining about Alex Kennedy's having access to documents the subject of a freedom of information request before their release, what was the response—

Members interjecting:

The SPEAKER: Order! The Premier cannot hear the question for the noise on my right.

Ms HURLEY: —to the Ombudsman and will the Premier table the correspondence? On 11 July the Premier said that he would check the correspondence from the Ombudsman written after Ms Kennedy had denied to the Cramond inquiry that she had prior access to Motorola documents, and a spokesperson for the Premier had explained that Ms Kennedy (who is not a public servant) was in the cabinet office looking at documents relating to a freedom of information request.

The Hon. J.W. OLSEN (Premier): I suggest to the Deputy Leader of the Opposition that if the Labor Party wants its worth demonstrated in the broader community it should start getting up some questions about the real policy direction of South Australia. We have an example from the Deputy Leader of the Opposition today of no policy, no ideas, no direction and no plan for this state. Members opposite condemn themselves by the range (or, rather, lack thereof) and substance of their questions. The statement of 11 July stands.

EMERGENCY SERVICES

Mr WILLIAMS (MacKillop): Will the Minister for Police, Correctional Services and Emergency Services inform the House about new developments in the emergency services sector in the South-East?

The Hon. R.L. BROKENSHIRE (Minister for Police, Correctional Services and Emergency Services): I appreciate the honourable member's question and his commitment to his emergency services in the South-East. Of course, we know through the whole of the electorate of MacKillop that we are totally reliant upon volunteers to support and protect the community. I am delighted to advise the member for MacKillop that in his own electorate in recent weeks volunteer members of both the South Australian Ambulance Service and the Country Fire Service have been able to move into brand new accommodation at Robe. Obviously, the economic and tourism growth around Robe brings with it the potential for a higher incidence of risk management, and I am very pleased that we have been able to put that money into the honourable member's electorate.

Another example of money going into that area is the new state-of-the-art 24P pumper appliance for Penola. Being aware of the high fire risk in that area, we have recently

invested $200 000 in that regard, and the vehicle is about to be commissioned. They are a couple of examples of the sort of infrastructure and support we are giving to the volunteers in the honourable member's electorate of MacKillop. I have visited that area frequently, and will continue to do so (as, indeed, will all other ministers in terms of supporting that region), and I give my commitment that, in connection with emergency services, we will continue to do everything we can within our capacity for those volunteers.

Of course, that is a far cry from what we see from the other side. It is interesting to see that the Labor Party is struggling with policy and an understanding of regional development in rural South Australia on two fronts, including emergency services policy development. I read a local paper from that region today and saw that the Labor Party—

Mr FOLEY: I rise on a point of order, sir. Standing order 98 states:

> In answering such a question, a minister or other member replies to the substance of the question and may not debate the matter to which the question refers.

The minister is clearly entering into debate and I ask that he be brought back to the answer.

Members interjecting:

The SPEAKER: Order! I uphold the point of order in that if the minister strays into the political content of that statement with respect to the South-East he is clearly out of order. I ask that the minister return to the substance of the question. Minister.

The Hon. R.L. BROKENSHIRE: The conclusion to my answer is quite simple. We have a commitment, we have a policy and we have an understanding of rural and regional South Australia, including the South-East, which is a far cry from the Labor Party sending a candidate from the seat of Adelaide to try to get an assessment of rural issues. Clearly, as Mr Hender said this week, the Labor Party has no idea and no understanding of rural and regional South Australia.

UNIVERSITY OF SOUTH AUSTRALIA SALISBURY CAMPUS

Ms RANKINE (Wright): Will the Minister for Education inform the House when the government first told the developer of the former University of South Australia's Salisbury campus that it had abandoned its promise to ensure that the whole site would be rezoned as mixed use as a condition of sale—a condition which the Premier said would ensure that the site would not be developed for purely residential purposes?

Salisbury council was first advised that the government had changed the conditions of sale of the property on Friday 17 November when it received a letter from the minister, some 15 days after the change had been made. On the day before the council received the minister's letter, the developer, Eastgate Developments, lodged an application for a residential development based on the new conditions that allowed housing to be built on the playing fields and other open space. Indeed, this application was in the hands of the Development Assessment Commission three days prior to the council receiving the minister's advice.

The Hon. M.R. BUCKBY (Minister for Education and Children's Services): Let us get the facts straight on this matter. The member for Wright has taken it upon herself to consistently misrepresent the facts surrounding this issue. First, it was a Labor government which gave the land, free of charge, to the university. But the story goes on, because it did so without placing any conditions, not one condition, should the university decide to dispose of that land at some stage. It is the same Labor Party that put no conditions in place regarding the Magill and the Underdale campuses. So, not just once, but three times have they given away land with no conditions. Without a care in the world the Labor government gave the university the power to sell or lease the land without any regard for the people living in the area. Is that what you call responsible government? The Labor Party does not deal in that commodity. The well known sign that hangs on the walls of most motor garages can apply to the Labor Party, except that it reads, 'No care taken. Labor Party not responsible.'

This government, however, has acted very wisely to ensure that we protect the interests of the community. This is just another case where this government has had to clean up after yet another Labor blunder and another Labor mess. Legislation is in place that ensures that 12½ per cent of any residential development has to be left as recreational land. It is also worth noting that, alongside the Salisbury campus of the university, there are two schools—the Tyndale Christian School and the Salisbury East High School—both of which, being school sites, have large amounts of open space.

However, what does the member for Wright claim about the Salisbury University site? Here is an example of how she gilds the lily, and I quote from the member's media release last week:

> The Olsen government has backflipped, leaving it zoned residential, meaning that the whole site can go under the bulldozer.

What guff from the member for Wright! Bulldozing the whole site! She knows that that is not true. It is yet another embarrassing blunder from the opposition which desperately wants to avoid the fact that it gave away the rights to this land, and now it tries to pretend that it actually cares. Well it might, because it could not care less. This government is getting sick and tired of cleaning up Labor's mess and of rectifying Labor's folly of coming up with ridiculous claims in order to wheedle out of any blame. As usual, they got it wrong, wrong, wrong—

Mr Conlon interjecting:

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

The Hon. M.R. BUCKBY: www.opposition, sir—

The Hon. G.M. Gunn interjecting:

The SPEAKER: Order, the member for Stuart!

The Hon. M.R. BUCKBY: The people of Salisbury are guaranteed that a large section of the old university campus site will remain open to the public, regardless of what bunkum comes out of the opposition. The community will have green space and they will get to use the facilities. Best of all, the place will cease to be a mausoleum to Labor's lingering mistakes.

Members interjecting:

The SPEAKER: Order!

Ms Rankine interjecting:

The SPEAKER: Order! I caution the member for Wright about using language that is totally unparliamentary.

AUSTRALIAN NATIONAL TRAINING AUTHORITY

Mr SCALZI (Hartley): Will the Minister for Employment and Training advise the House of the current stage of negotiations between the states and the commonwealth regarding Australian National Training Authority funding?

The Hon. M.K. BRINDAL (Minister for Employment and Training): I can indeed, and in a—

Members interjecting:

The SPEAKER: Order! I warn the member for Waite and the member for Elder. I say to the House that I am perfectly happy to invoke standing order 137, make someone an example and let the House decide the standards that it wants to set. I suggest that anyone who wants to volunteer should continue to interject.

The Hon. M.K. BRINDAL: I can indeed, and I thank the honourable member for his question. Friday week ago there was a meeting in Hobart of the Australian National Training Authority Ministerial Council, and what a performance it was. The day before the meeting, the Labor ministers in an open letter to the Prime Minister set the agenda. The meeting was to start with the traditional ministers only meeting, which was boycotted by the Labor ministers—and most grateful this state is that they did so, because we got some of the best advice, the most frank discussions and some of the best results because they were not there. It was excellent, and I do thank them for not coming.

It continued though, when, in open session—it would be an understatement to say—the Labor states were rude to Dr Kemp: they were rude, arrogant and did not know the first thing about politics. To threaten to keep a ministerial council in Hobart all weekend just so that the little boys on the eastern seaboard could get their way was petulant, juvenile and childish, and that is not the way in which federal politics is operated in this country, nor ever should it be. Politics should be about designing sensible, cost-effective and viable policies which reflect solutions to problems. However, the Labor Party machine does not like policies which have competent, practical solutions. Again, I refer not to my words but to those of Bill Hender, who, whatever else he says, sometimes gets it right in respect of the Labor Party.

We need now to go back to another ministerial council meeting to sort out the funding for training for next year, because, in its attempt to play politics, the Labor states would deny to this state a 3.5 per cent increase and some flexibility with the training fund that is provided. If Labor members opposite want to deny the people of South Australia an additional 3.5 per cent of the training money and want to deny this state flexibility, let them get up and say so. Let them say openly that they support the petty, juvenile and stupid politics of eastern seaboard ministers against the sensible negotiations which have always characterised this House.

The Hon. M.D. Rann interjecting:

The Hon. M.K. BRINDAL: I hear the Leader of the Opposition saying that he supports the government. Good! Let him get on the phone, ring his counterparts on the eastern seaboard and tell them we want additional training money in this state, we want to train people and want to get it right. We will then not have just a prattle about a bipartisan approach but a truly bipartisan approach. We in this state are all about economic development. From time to time around the state various meetings are held by people like the Committee for Economic Development.

Members interjecting:

The Hon. M.K. BRINDAL: I am not surprised the Labor Party is sensitive that no-one from their side was invited, because they are yet to have an original idea. Perhaps when they have one they too will get an invite.

REBELS MOTORCYCLE CLUB

Mr ATKINSON (Spence): Will the Minister for Police, Correctional Services and Emergency Services advise the House of any crime intelligence South Australia Police have about the Rebels Motorcycle Club?

The Hon. R.L. BROKENSHIRE (Minister for Police, Correctional Services and Emergency Services): I thank the honourable member for his question. I realise that he has a particular interest in outlawed motorcycle gangs as a result of some material I also saw recently in the paper where I understand the Rebels are wanting to rebuild their clubrooms and headquarters in his electorate in Brompton. There are seven outlawed motorcycle gangs operating in Australia and clearly the Rebels is one of those gangs. All members in this House would be aware that in July last year the Rebels outlawed motorcycle gang purchased a new property on which to set up its headquarters and 15 days or thereabouts later there was a significant bombing in that property that also damaged a number of residences in the area.

I have said many times in this House that we have concerns about the activities of outlawed motorcycle gangs. I think everyone in Australia realises that, whilst there may be a front for outlawed motorcycle gangs from which they try to project legitimate businesses, with many outlawed motorcycle gangs the police are well aware of the fact that a lot of criminal activity goes on behind the front, particularly involvement with illicit drugs and prostitution, which are a particular concern to many of us in this parliament. Some of the other criminal activity that has been highlighted by outlawed motorcycle gangs includes arson, bombings, serious assaults, firearms offences and some murders that occurred in 1999. We have concerns about outlawed motorcycle gangs, and I would not want the honourable member to think that it was anything other that, because outlawed motorcycle gangs right around Australia and organised internationally are heavily involved in a lot of criminal activity.

I assure the honourable member that police are keeping a close watch on the activities of outlawed motorcycle gangs, including the Rebels. Last year as a result of some increased activity between outlawed motorcycle gangs, one against the other, police set up a special operation, Avatar, and will continue to work diligently with all other aspects of policing, particularly with the Avatar operation, to ensure that we keep the best possible control on these illegal and criminal activities of outlawed motorcycle gangs, including the Rebels.

HEALTH MINISTERS' MEETING

Mr CONDOUS (Colton): My question is directed to the Minister for Human Services. Will the minister advise the House of the key outcomes of the health ministers' meeting held last week in Sydney?

The Hon. DEAN BROWN (Minister for Human Services): Last Thursday we had a meeting of health ministers and on Friday we had a meeting of food ministers (but sitting as health ministers). On the Thursday, the most important outcome was the establishment or principles for the establishment of a health information network for Australia. Under this proposal for the first time we would be connecting the GPs with the medical specialists, with the private and public hospitals, with the special providers of services like pathology, pharmaceuticals and imaging and, therefore, allow very speedy transfer of information on patients. I stress the

fact that underlying this we also discussed some very fundamental issues about privacy and confidentiality, because this could not possibly operate without making sure that the appropriate information concerning patients was kept private and confidential. In fact, it may well be that before any information on patients is allowed to be transferred that they would have to give their broad consent at the very beginning to allow information to be exchanged between one health provider and another.

The other important thing was agreeing to the possibility of the establishment of nationally uniform or consistent privacy legislation on health issues, and the establishment of a health identification number that could apply across the whole of Australia. The state and territory governments put a unanimous recommendation to the federal minister that, in fact, a health identification number should be established for the whole of Australia. The important thing out of all this is that we are driving better health care for Australians because, with a system such as this, the number of mistakes in the health care system would be greatly reduced indeed. You would overcome problems with mistakes with medication; you would overcome mistakes where tests are being carried out and the results are not known by the treating doctor; you would overcome mistakes because of a lack of information about previous allergies, for example if a person has shown a reaction, for instance, to penicillin or something such as that, and the same mistake would not be made again. That is what is driving this: it is to ensure that we have better quality health care for the whole of Australia.

On the Friday, we had the meeting of food ministers and the most important decision there was the agreement that there be new food standards applying for the whole of Australia. This would require appropriate labelling to provide nutrition information on the packaging as a mandatory requirement. It has been talked about for a long time. A lot of the major food manufacturers do it already, and the health ministers have agreed to make it mandatory. We have agreed it should also include both sugars and saturated fats. We have agreed it should include the percentage of key ingredients; for instance, you would know how much fruit was in a jam and how much meat was in a meat pie. We agreed to minimum standards for key food groups. For instance, I think 26 per cent meat must be in a meat pie.

Members interjecting:

The Hon. DEAN BROWN: That is the national standard. We have agreed with ice-cream, cream, yogurt and chocolates. There must be a minimum standard of cocoa in chocolates, and various key foods such as that. To ensure that we did not penalise in any way boutique foods, we agreed to exempt very small businesses. So the boutique food industry will be able to proceed and put their normal label on the product, which includes the ingredients, without having to specify a nutrition panel or the percentage of ingredients in the item. The other important thing is that we have given the food industry two years to apply it. We are what we eat. That is well known. At long last, consumers of Australia will know what they are eating. This is a fundamental step forward for consumers of Australia. At long last they will know what is in their food.

COMMITTEE FOR ECONOMIC DEVELOPMENT OF AUSTRALIA

Mr ATKINSON (Spence): I ask the Premier: will he give the House an assurance that no public servant who attended a private meeting at the Feathers Hotel last night will face any retribution from the government? Last night at a meeting convened by Sylvia Footner of the Committee for Economic Development of Australia at the Feathers Hotel, of blessed memory—

The Hon. I.F. EVANS: I rise on a point of order, sir.

Members interjecting:

The SPEAKER: Order! The chair would like to hear the point of order.

The Hon. I.F. EVANS: As I understand the explanation to the question, the honourable member is referring to a meeting of a private association, and the Premier of this House is not responsible for it.

Members interjecting:

The SPEAKER: Order! The chair is of the view that the question is still within standing orders. Have you completed the explanation?

Mr ATKINSON: No, it needs more explanation, sir. So, last night, at a meeting convened by Sylvia Footner of the Committee for Economic Development of Australia, at the Feathers Hotel, of blessed memory, the Premier and his Government were criticised by business leaders and independent MPs as having lost their way, lacking accountability and being unnecessarily secretive. Those at the meeting included the former head of the Department of the Premier and Cabinet, Mr Ian Kowalick; the former Liberal Party President, Mr Corey Bernardi, who described ministers as 'dills on wheels'; Mr Dean Jaensch; and the members for Chaffey and Gordon.

The Hon. J.W. OLSEN (Premier): For a government that has lost its way, I will put up with the best unemployment records in 10 years, and I will put with a government that has achieved the lowest debt level in this state for decades. In addition to that, I am more than proud to be part of a government with my other colleagues to deliver private sector investment and jobs growth in South Australia that outperforms the other states of Australia. We are also outperforming other states in the area of exports.

So, if this is the hearty question with which the Leader of the Opposition was darting around, with some fun to get up on today, he ought to be able to do far better than this. This is the substance today. Here is an opposition that has not asked—but for one perhaps; that is, the member for Spence's previous question—a single substantive question today. The question from the member for Spence in relation to the Rebels motorcycle gang is a serious issue. I agree that is passable. If the best you can do after not sitting for a week is come in with questions of that substance, you deserve six months holiday to try to coordinate yourself to develop some questions based on this state and its future. You have shown today that the Labor party is not capable of, is not prepared to and has not done any homework on—

Members interjecting:

The SPEAKER: Order! The leader will come to order.

The Hon. J.W. OLSEN: There will not be any return on its part to the Treasury benches in the foreseeable future.

YOUTH PARLIAMENT

The Hon. M.K. BRINDAL (Minister for Youth): I seek leave to make a ministerial statement.

Leave granted.

The Hon. M.K. BRINDAL: The South Australian youth parliament is a program that embodies a youth participation model and hands-on training in parliamentary processes. The format of the youth parliament means that young people are involved in its planning and operation, as well as participating in the program. The teams involved this year have received training to develop bill topics, research content, arrange formats and use full parliamentary procedures and etiquette when debating the bills.

By all accounts, the sixth South Australian youth parliament was a great success, with almost 100 young people—

Members interjecting:

The SPEAKER: Order! I am sorry to have to interrupt the minister. I ask that members in the Chamber have some courtesy for ministers making ministerial statements.

The Hon. M.K. BRINDAL: Thank you, sir. They have about the same courtesy as they have towards the youth of this state.

An honourable member interjecting:

The Hon. M.K. BRINDAL: The youth certainly are. The sixth South Australian youth parliament was, by all accounts, a great success, with almost 100 people participating from around the state. The topics chosen for this year have certainly been progressive and stimulating, proving yet again that young people are as keen as ever to have their say in the policies that impact on their lives and lifestyles. I hope the input and work done over the course of this year's youth parliament provides encouragement and inspiration to all our young people to become involved in the political process. Through this program we are showing our appreciation for the contribution that young people can give to the development of legislation.

It continues to be a priority for this state to ensure that young people are valued and encouraged to reach their potential as individuals and active citizens. The importance of youth coming together in a forum such as this is immeasurable, and I commend all participants on the passion and interests that they have displayed.

I would also like to take the opportunity to thank the YMCA, the Speaker of the House, parliamentary staff and the youth parliament task force members for working together to make this year's program so successful. On behalf of the South Australian government I would like to thank the teams for all their hard work and effort in producing what is, indeed, a comprehensive and interesting document. I thank them and commend them for their hard work.

Finally, I would like to thank the many members on both sides of this chamber who this year acted as mentors. It was not confined to one side. I would say that the dedication on both sides of the House and cross benches evidenced to our youth has been a credit to those members who voluntarily sought to involve themselves. I would hope that the example of those members this year actually lights a bit of a fuse under some of the other members who were not so actively involved this year so that the youth parliament in the future can become something to which all members of this House, so far as they can be, remain committed and in which they are actively involved.

With that I would like to lay on the table the youth acts and bills produced by the South Australian youth parliament.

STATE BUDGET

The Hon. M.R. BUCKBY (Minister for Education and Children's Services): I lay on the table a ministerial statement by the Treasurer in another place in relation to the 1999-2000 budget results.

GOLLAN, BERTHA, DEATH

The Hon. D.C. KOTZ (Minister for Aboriginal Affairs): I seek leave to make a ministerial statement.

Leave granted.

The Hon. D.C. KOTZ: I rise today to pay respects to the Ngarrindjeri elder, Bertha Gollan, who passed away on 18 November at the age of 80. Bertha Gollan, known to many people in South Australia's Aboriginal Community as 'Auntie Bertha', was widely respected among the Ngarrindjeri community and further afield. Bertha Gollan believed very strongly that, in the words of her friend Beryl Kropinyeri, 'Reconciliation starts with the truth.'

Despite enduring a tough, sometimes tragic, life herself, she was known for her kindness to others. Over decades she helped many members of the Aboriginal community through difficult times. Indeed, her home at Mile End became a sort of unofficial drop-in centre for people new to the city.

In an official capacity, Bertha was a former member of the Lower Murray Aboriginal Heritage Committee (now the Ngarrindjeri Heritage Committee). She was also a valuable informant, along with her late brother Lindsay Wilson, to those researching Ngarrindjeri culture at the South Australian Museum.

Bertha Gollan was born on Point McLeay Mission (now the Raukkan community) in 1920. She was an active part of that community but took the bold and challenging step of moving off the mission and into the wider community during the Second World War. Widowed at a relatively early age, she raised 11 children after losing two daughters in tragic accidents. Her extended family continues to have a significant impact within the state's Aboriginal community.

Two of Mrs Gollan's daughters and one of her granddaughters work as teachers of aboriginal culture through schools, the museum and the Botanic Gardens. They are helping Aboriginal and non-Aboriginal people to build a meaningful reconciliation in this country.

The large gathering at her funeral last Friday heard in some detail how Bertha Gollan had touched many lives over many decades. I am certain other members of the House join me in passing on condolences to the Gollan family. Mrs Gollan is survived by 77 children, grandchildren and great-grandchildren.

The Hon. M.K. Brindal interjecting:

The Hon. D.C. KOTZ: Yes. She leaves behind a strong legacy of charity, honesty, strength and respect for Aboriginal culture. I extend the sincere condolences of this government to the family members of Mrs Bertha Gollan.

GRIEVANCE DEBATE

Ms RANKINE (Wright): This year this Liberal government put a proposal to the Governor to allow the sale to a housing developer of the Salisbury campus of the University of South Australia with all of its community facilities, sporting fields, swimming pool, theatrettes and lecture theatres, but the government and the minister said, 'We have imposed conditions—conditions that will prevent all of the

site being used for residential development.' They were very clear about that. But the minister was not the only one to give an assurance: the Premier also gave an assurance. In correspondence dated August this year, the Premier said:

> The Governor has placed a condition on the sale of the Salisbury campus that it be rezoned for mixed use prior to sale. This will stop the site being developed purely for residential purposes.

To say that the government has now done a blackflip on this undertaking is to understate the position in the extreme. On 17 November, the Salisbury council, with no warning and with no consultation, received a letter from the Minister for Education revoking this condition of sale, this protection of the open spaces, advising that the mixed use zoning would apply to the building precinct only. That means open slather on the open spaces, open slather on the playing fields.

On the day before the minister's advice was received by the council, the developer lodged its application to develop this site into approximately 250 housing allotments. The only space remaining would be that which the developer is legally required to provide—open space which is the requirement in any housing development. I am advised that this application was in the hands of the Development Assessment Commission for three days before council was advised. And, as we saw today, the minister would not answer the question concerning when he told the developer of this change.

This raises serious questions. How was it that Eastgate Developments knew that this condition of sale had been revoked when the Salisbury council, when the local planning authority, had not been advised? When did the government and the minister decide to withdraw this condition of sale? Who did the minister discuss this move with? Who was involved, and why was the council not consulted or involved in any way in this decision?

In his letter to the council, the minister indicated that he had made this decision because no progress had been made on the draft PAR for several months. Is this what he told the cabinet, the Executive Council and the Governor? If he did, he gave them totally inaccurate information. An extensive consultative process involving the university, the developer and a range of agencies had been under way since the lodgement of the draft PAR in March last year. The only hold-up was at the request of the developer and the university while they finalised negotiations with interested parties. It would now seem that this request was for completely different purposes—a very convenient stalling process.

On 2 November, the same day that this government amended the condition of sale, the university and the developer were meeting with the Salisbury council to finalise the PAR for presentation to council. It was ready to go. But, as I have said, on 17 November the council had the rug pulled from underneath it. It is angry, and quite rightly so. I wish to quote from a letter sent by the Salisbury council to the university in relation to this turn of events. The letter states, in part:

> My council now feels betrayed in this process by the minister, the developer and by the university. We are taking urgent legal advice and will be putting into place a strategy to protect our interests and those of the local community.

And what about the local community? What about the undertaking that the minister gave me in writing in July when he acknowledged the interest of the council and the community in this property? It would appear that community means nothing if it is a northern suburbs community. It is perfectly clear that greed and a quick buck for their seedy mates is of much higher priority than honouring any agreement or undertaking. Contempt and disregard for our local communities is the hallmark of this government.

Despite the minister's advice, the council has continued with the process that it commenced last year at the government's direction. It is arranging a public meeting for this coming Sunday. This will be an opportunity for the people of Salisbury to hear first hand of the treachery and betrayal of this government, and it will be a chance for them to voice their opinions. I challenge the minister and the Premier to attend: they might just learn something. If this university campus, if the open space and playing fields are turned into a housing development it will stand as a monument for all time of the deceit, contempt, betrayal and incompetence of this government.

Mr VENNING (Schubert): I have been concerned about the cost of petrol and diesel, particularly its effect on country people. The Prime Minister has made a very strong stance on this issue of fuel pricing, and so be it. I note his position on international oil prices being at an all time high. But I am very pleased at the announcement of the federal government's $1.2 billion road strategy Roads to Recovery program, as referred to by the Minister for Local Government in question time today. I am even more happy that the councils in my electorate of Schubert collectively will receive more than $5.8 million. The Barossa Council will receive in excess of $1.1 million, the Light Regional Council $964 000 and the Mid Murray Council in excess of $1.7 million. The Adelaide Hills Council, which is partly in Schubert, will receive $2 million plus. I am also happy to note that the councils of Clare and Gilbert Valley, Wakefield Plains and Port Pirie will receive a total of $3.66 million. I hope that this will allow my pet projects outside my electorate of Schubert, in the electorates of Frome and Goyder, to come to fruition.

I travel in the Mid North regularly, including roads outside my electorate, and I enjoy working collaboratively with my colleagues to improve our state's roads, especially our north-south and east-west corridors. However, I have always been concerned about the decision-making process of whether a road is either state government or local government responsibility. This has always been a grey area. The issue of prioritising it—what needs to be done first—has been a bane of mine for the 10 years that I have been in this place. Some roads continually miss out because they slip between the two. The highest priority is for the Barossa bypass road, that is, the extension of the Gomersal Road, which we have heard about and which is due for completion by the end of next year.

That road will come into the valley, around Tanunda and into Angaston and back onto the Sturt Highway, and will provide an effective bypass of the major towns. The planning of this will be both sensitive and difficult, particularly picking the route to Angaston. One option is getting through the village of Bethany, which is a heritage listed area, and will obviously require very detailed and sensitive planning. Rifle Range Road could well be an additional preferred option to get the heavy trucks down to Orlando at Rowland Flat, and maybe that can now be done sooner rather than later.

Many other roads throughout Schubert need upgrading. Some of the dirt roads that run parallel to the river that come off the Sturt Highway between Truro and Blanchetown could well be sealed. I know that all bar 100 metres of what is known as the over dimension road, which runs from the Sturt Highway to Murray Bridge, is sealed, but there is talk that that road could be extended right through to Burra, making a link from the regional city of Murray Bridge to the Mid

North region. That brings me to those other link roads outside Schubert that could well be upgraded—and I have raised these matters here before.

I mentioned earlier the electorates of Frome and Goyder. We have many opportunities to open up the north-south and east-west corridors and create link roads. There is the Tarlee to Owen road, which completes a direct, sealed link between the Barossa and the Copper Triangle. It is a long way around if one wants to keep on the sealed roads, and if the weather is bad it certainly adds many kilometres to the round trip. The Whitwarta (that is Balaklava) to Nantawarra road could open a link through to Balaklava. Also, sealing the Koolunga to Brinkworth road would complete a major north-south corridor. One link is left to be done, the rest is completed, and that will be an alternative route to Clare, and a very vital central link.

These alternative routes at busy times would make these roads much safer for commuter traffic, because we have more larger trucks using our major roads, particularly Highway One, and especially now that we have B-doubles and A trains. Trucks are getting bigger, with the capacity to carry heavier loads, particularly now that the Adelaide to Darwin railway is going ahead. So, a lot more freight will move through this state now, and that means a lot more trucks on the road. We have a responsibility to make our roads safer, and opening up these link roads will help to make our roads safer to travel on. I welcome and commend the Prime Minister's announcement. This is the greatest opportunity in years to address the run down of one our state's most important assets, our roads. I look forward to working with local government to prioritise these roads and to assist them to bring this all about.

Mr ATKINSON (Spence): By now most Brompton residents will have heard that the Charles Sturt Council has approved the building of clubrooms for the Rebels Motorcycle Club at the corner of Chief and Second Streets, Brompton. A bomb damaged the premises last year. I aim to make three points in this speech. First, the Rebels should not have their headquarters in Brompton, or any other Adelaide suburb; secondly, Brompton's ward councillors and the city's mayor did not represent it adequately; and, thirdly, the state planning laws should be changed to cover these cases.

First, the Rebels should not be in Brompton. Many of us have high hopes for Brompton as an improving residential area in which it is safe to raise a family. This decision is a setback. The police minister has today told parliament what the Rebels Motorcycle Club does. This club is at war with other bikie gangs for control of the drugs and prostitution trade. The Rebels' headquarters ought to be out in the donga and not in an inner suburb which is becoming mostly residential and which should be safe for residents and visitors.

Secondly, Brompton's local Charles Sturt councillors and the city's Mayor did not represent Brompton adequately. The first that most local residents heard of the Rebels' application to rebuild the clubhouse was the announcement on radio and TV and in the *Advertiser* of its success. Council said that it was legally required to notify only adjoining owners. There was, however, nothing to stop council notifying a broader range of Brompton householders or having their full-time media officer tell the *Weekly Times Messenger* about it. I would have thought that everyone in Brompton whose windows were shattered by the bomb blast ought to have been informed. Four adjoining owners objected but, not surprisingly, none wanted to appear before the council in person and give the Rebels their description, name and home address.

Instead of the Rebels' application being heard in public by the Council's Planning Committee or by the full 21 member Council, the application was approved by a subcommittee called the Development Assessment Unit (DAU). The members of the DAU are Mayor Harold Anderson, of Henley Beach, who attended the meeting but who left before the item was considered; Councillor Anna Rau of Tennyson, who was at home with her new-born baby; Councillor Bob Grant, of Cheltenham; Councillor John Pinto, of Fulham Gardens; and two council planners. To Councillor Grant's credit, he voted against the application.

I have no criticism of the council planners or any council staff, except the Acting Chief Executive, Mr Perry. My focus is entirely on the responsibilities of the elected members to those who elect them. Any one of the 21 council members could have insisted on the matters being dealt with publicly in the Council's Planning Committee or the full Council. Local Hindmarsh Ward representative, Councillor Candice Bowey, of Croydon, was fully aware of the Rebels' application before it went to the DAU, but she did not seek to have the matter brought before the Planning Committee (of which she is a member) or the full council for open debate. When she was running for council, in her election material Councillor Bowey said:

> I have worked tirelessly to improve community consultation. . . I have collaborated to develop an innovative and coordinated approach to city planning and design. Residents should have a direct voice to council, and I invite members of the community to contact me on 8346 3953 with any concerns.

How do residents have a voice on an important planning application when they do not know about it? Even if full council reached the same decision as the DAU, as it may well have, Charles Sturt ratepayers would have had an opportunity to have a say and would have had more confidence in the process.

Thirdly, the state's planning law should be changed to cover cases such as this. The council's Acting Chief Executive, Mr Paul Perry, argues that because the Rebels' application was for rebuilding the kind of clubrooms that had previously been there, namely, the Gas Workers' Social Club, the Rebels had a good case. Mr Perry says that, if the council had refused the Rebels' application, the Rebels might have taken the council to court and might have overturned the council's refusal.

South Australia's planning law, which is made by state parliament, looks at land use rather than the qualities or vices of the owners of the land. However, speculation about appeals is not an excuse for council's handling the matter so quietly. The matter should have been widely publicised and debated in public by the full Council so that all the arguments could be heard and considered. Our planning law needs to change to take into account a serious risk of crime or disorder to a residential area.

Parties represented in the state parliament—Liberal, Labor and Democrat—should have moved to do this years ago. The state's system and its representatives have failed Brompton. My speech is to be continued.

Mr WILLIAMS (MacKillop): I report to the House that a very sad occasion occurred at Mount Burr last Friday. At approximately 11.30 last Friday morning I received a telephone call from Devon McLean, CEO of Carter, Holt, Harvey based in New Zealand, who informed me that, at that

time, managers in the South-East were informing the staff and the work force at the Mount Burr sawmill that the mill would cease operations on 22 December. Forestry operations in the South-East began at Mount Burr in the 1890s.

Some people who were responsible for the history of the state at that time had great foresight and started planting pinus, particularly pinus radiata (Monterey pine), in the South-East of the state and in a few places in the Adelaide Hills. Those first plantings were near where the township of Mount Burr now stands. In 1931 the first mill owned by the South Australian government commenced operations in the township of Mount Burr. In fact, the township of Mount Burr was created at the same time as that mill, which proceeded to process those trees that had, by that stage, reached maturity.

At the time the work force was brought to Mount Burr from a wide area. Houses, the mill and a school were constructed and the township grew. Until 1973 the township of Mount Burr was a private town—to my knowledge, one of only two in the history of South Australia (of course, the other being Woomera). Until 1973 one could live in the township of Mount Burr only if one worked either in the forest or at the mill. Only one exception was made to that rule, and it happened to apply to an aunt of mine and her husband who ran the local store. They rented a house in Mount Burr from the then Woods and Forest Department.

I have lived all my life adjacent to the township of Mount Burr within not much more than a decent stone's throw. I did my primary schooling at the Mount Burr Primary School, as have my children since. I grew up and have shared the good and the bad times with the local community of Mount Burr. Last Friday was certainly one of the bad times. Unfortunately, the mill's influence in the pine industry has been declining for many years. I guess that one reason for its survival was that the mill was largely rebuilt in the early 1980s specifically to handle small diameter log. Of course, following the Ash Wednesday bushfires of 1983 in the South-East, when much of our forests were destroyed, there has been no shortage of small log to process.

Particularly in the past five years, that log has been directed mainly to the Mount Burr sawmill, and some questions hang over where that log will be processed in the future. The one shining light from this whole process is that Carter, Holt, Harvey has offered alternative work to the 35 employees from the Mount Burr site. They have all been invited to stay with the company and work at either the company's Nangwarry or Mount Gambier sites. Those who wish to leave have been offered separation packages, and those who wish will be able to stay for three months before they decide whether to stay or to take a separation package.

I understand that travel concessions will be offered for at least 12 months to enable those people to travel to either of the other sites. Only 11 of the 35 workers from the Mount Burr sawmill live in Mount Burr today. Mount Burr is no longer a town reliant only on that sawmill. This was a very sad day. I spent a period of time with the work force on Friday shortly after the news had been announced, and I can assure the House that there were some long and sad faces there, and mine was one them. The closure will have a severe impact on that community, which has been my home for virtually all my life.

This situation highlights some of the problems that we have in our timber industry in the South-East, particularly with the reduction in orders following the downturn in the housing industry of up to 45 per cent, I am told, by the major timber processors in that area. This, of course, has been the reason why Carter, Holt, Harvey had to rationalise its operations.

Time expired.

Ms STEVENS (Elizabeth): I highlight to the House a very successful partnership between three different community organisations in the north-eastern suburbs that have come together to run a program that is of great benefit to young people in the area. The organisations are: Surrey Downs Neighbourhood Watch, No. 362; Surrey Downs Primary School; and the South Australia Police. Those three organisations have come together for the last four years and will come together again next week, for the fifth year in a row, to run a leadership camp to enable young people, students in year six, to experience and undergo activities, to build leadership skills and carry out motivational activities to equip them as future leaders in their schools. As I mentioned, the program has run for the last four years and came about as a result of fund-raising efforts by members of Surrey Downs Neighbourhood Watch, who wanted to do something positive to help young people in the area. They combined with the school and with their resident police officer to make this a reality.

The camp for next year will occur next week, and Surrey Downs Primary School has invited two neighbouring schools—Fairview Park and Redwood Park Primary Schools—to send students to participate in the program. A total of 16 students—eight girls and eight boys who are all, of course, in year six—have been selected to participate on the basis of their current leadership ability and their potential for future leadership among their peers. At the camp next week they will be accompanied by seven police officers, led by camp manager, Sergeant Gary Simpson, who is the resident Surrey Downs Neighbourhood Watch police officer and is attached to Tea Tree Gully. The camp will be based at the Echunga police training reserve and will undertake a range of activities both at the reserve and at other places. Those activities include rock climbing, a session at the Woodhouse commando course and also a number of sessions of group discussions—counselling and talking and sharing with students in relation to building leadership skills and increasing motivation.

I congratulate the organisations involved, particularly Surrey Downs Neighbourhood Watch. The cost of the camp is in excess of $1 000 per year, and the cost to the children who participate is zero: so, the cost is covered by the fund-raising efforts of the Neighbourhood Watch group. Throughout the year they hold a number of small activities to raise that money, such as sausage sizzles and garage sales. It is a great effort by those community members. When I spoke to the Principal of Surrey Downs Primary School, she told me how important the school believes this has been for young people. The students involved go into year seven, the following year, and become student leaders in the primary school. This year, with the addition of the two surrounding schools, those students will not only provide leadership within their own school but they will be able to network with students in neighbouring schools, and when they go forward into secondary school they will, hopefully, be able to establish a network at that level.

So, I congratulate all those involved. It is a positive project and one that is good to see, resulting from community organisations working with young people and working for the future.

Mr SCALZI (Hartley): Today I wish to comment on online voting. Members would be aware of recent press articles referring to this matter. Democracy is only as good as the system that enables a result. This is no more true than the experience we are witnessing in the United States and the heartache that voters in the recent presidential election are going through in that country. It has been reported that some eminent American said that the American people have spoken, the only problem being that we do not really know what they have said, and we are still awaiting the result. When you bear in mind that the United States has a voluntary system of voting, you realise the problem that occurs when you do not get an immediate result reflecting the wishes of the people. The longer it takes, the greater the problem involving belief in the system and in the legitimacy of the leaders who are elected in the end.

People who promote online voting, I believe, would have to think carefully about the consequences on the democratic system. It was reported in the *Australian* on 14 November that a world first electronic voting system that would slash the time to decide an election should be on trial in Canberra within a year. The report states:

> In the wake of the US election stalemate, such technology is being heralded as a way of streamlining the electoral process, reducing costs and ensuring a quick result. Since adopting self-government in 1989, Canberra residents have had to wait up to two months for election results.

Perhaps one should look at the electoral system rather than worry about the system of counting votes. It is important to note the following:

> While electronic voting systems operate in Belgium and Brazil and on a smaller scale in the US, none have tackled the more complicated preferential voting systems.

That is what we have in Australia. I believe that we should be cautious about embracing such a system of counting votes.

Similarly, an *Advertiser* report by Samantha Maiden entitled 'Voting all the way to the bank' referred to electronic voting at ATM machines, and that also is a matter of great concern. I agree with some of the comments that have been made by Mr Tully. There are problems with authentication: the system must be able to determine who the online voters are and if they are who they claim to be. How will that be determined? There are problems involving privacy: having authenticated voters, the system must then forget their identity and preserve the secrecy of ballots. With regard to security, ballots must be safe from electronic tampering—and we all know about problems with viruses and so on in computers. Voting must be protected, as I said, from the sort of hacking that paralyses commercial sites. So, security is very important. In regard to equity, steps must be taken to ensure equal voting opportunities for those who have access to computers.

Technology is important and we must embrace it. Technology does a lot of good, and we cannot stand by and pretend to be the tribe that clubs woolly horses and say that that is the best way to go. However, we must bear in mind that our democratic system is fragile and that it should not just be based merely on expediency, worrying about how quickly we can get a result and about whether or not it is economically efficient. Ultimately, it must be determined whether the present system is the most democratic one.

Time expired.

AUDITOR-GENERAL'S REPORT, HINDMARSH SOCCER STADIUM

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

> That, upon presentation to the Speaker of a copy of the Auditor-General's supplementary report on dealings relating to the Hindmarsh stadium redevelopment project, the Speaker is hereby authorised to publish and distribute such report.

Mr LEWIS (Hammond): I would like to speak to the proposition before it is put.

The SPEAKER: Order! The standing orders do not permit a debate on the motion. The House has given the minister leave, the minister has moved the motion and under standing orders the motion must now be put.

Motion carried.

OCCUPATIONAL HEALTH, SAFETY AND WELFARE (PENALTIES) AMENDMENT BILL

Second reading.

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): 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.

Introduction

In 1998, around 2 900 Australians died at work and 650 000 were injured. In South Australia, during 1997-98, there were 24 workplace fatalities and it is estimated that there are 50 000 work related injuries or illnesses reported each year. The annual cost of workplace related injuries to the South Australian community is considered to be more than $2 billion.

The South Australian Government established its policy in relation to worker safety in 1997 with its pre-election policy document 'Focus on the Workplace'. Linking health, safety and economic development is an integral theme of the Government's policy. In order to achieve this, the Government is committed to reviewing the existing occupational health, safety and welfare system and to continue the reduction of the incidence of workplace injury or disease.

In the ministerial statement of 26 March 1999 on Workplace Safety, a number of integrated initiatives of the Government were outlined to provide the framework to allow South Australia to be a truly safe, productive and competitive State. These initiatives may be summarised as follows:

- The promotion of the vision of South Australia as a State of safe and productive workplaces.
- The abolition of a number of outmoded and unnecessarily complex regulations under the Occupational Health, Safety and Welfare Act.
- The trialing by Workplace Services (DAIS) and WorkCover Corporation of industry specific approaches to occupational health and safety.
- Two information initiatives designed to improve everybody's understanding of their obligations:
  - (1) WorkCover's 'Work to Live' campaign, which promotes increased awareness of safety in South Australia by drawing attention to the social and economic cost of injuries, illness and death in our workplaces, has already attracted considerable attention.
  - (2) Workplace Services will also be commencing a revitalised industry liaison and awareness strategy aimed at better linkage of inspectors with industry and better dissemination of information on key safety risks to the community.
- The development by Workplace Services of a comprehensive prosecution policy for breaches of the Occupational Health, Safety and Welfare legislation.
- Finally, the Occupational Health, Safety and Welfare Advisory Committee was requested to provide advice to the Government

in relation to the adequacy of maximum penalties provided in the Occupational Health, Safety and Welfare Act. At the time the Government foreshadowed its intention to increase penalties significantly, if it was supported by that advice.

In November 1998, the Advisory Committee formed a tripartite working party to carry out the task. In preparing its report, the Working Party consulted with its respective constituencies. The Advisory Committee made minor refinements to the recommendations of the Working Party and this Bill implements that advice.

Rationale for increased penalties

Maximum penalties under the Occupational Health, Safety and Welfare Act have remained unchanged since the inception of the Act. Since then, there has been considerable erosion of the real impact of the fines. In the intervening period, the general level of prices, as measured by the CPI All Groups Index (weighted average of the eight capitals) has risen by 52.7 per cent.

A comparison of interstate penalty structures reveals that the level of penalties in South Australia is now towards the lower end of the scale in relation to other States.

The Government considers that maximum penalties under the Act must be maintained as an appropriate deterrent and to act as an inducement to bring about behavioural change in the workplace. Significant penalties and the threat of prosecution do elicit a response in the workplace. The increases in maximum penalties contained in this Bill will convey a message to the community at large as to the importance of occupational health and safety in the workplace and that all offenders, be they corporate or otherwise, who commit these offences will face substantial penalties.

Discussion of proposed penalties

Generally speaking, the Bill will double the existing maximum level of penalties in the Occupational Health, Safety and Welfare Act. However, the Bill will increase a number of maximum penalties even further, to rectify perceived anomalies, whilst a few will be retained at their existing level, principally because the offences are viewed as administrative in nature.

Conclusion

This Bill demonstrates that the South Australian Government continues to view the improvement of occupational health and safety in the workforce as a top priority.

The Government looks forward to the passage of this Bill, which will send a clear message to all parties in the workplace in the promotion of workplace health and safety.

Explanation of Clauses

Clause 1: Short title

Clause 2: Commencement

These clauses are formal.

Clause 3: Amendment of s. 4—Interpretation

The amendment to section 4 proposes to substitute new amounts for the divisional fines set for the purposes of the principal Act as follows:

- a Division 1 fine means a fine not exceeding $200 000 (increased from $100 000);
- a Division 2 fine means a fine not exceeding $100 000 (increased from $50 000);
- a Division 3 fine means a fine not exceeding $40 000 (increased from $20 000);
- a Division 4 fine means a fine not exceeding $30 000 (increased from $15 000);
- a Division 5 fine means a fine not exceeding $20 000 (increased from $10 000);
- a Division 6 fine means a fine not exceeding $10 000 (increased from $5 000);
- a Division 7 fine means a fine not exceeding $5 000 (increased from $1 000).

Clause 4: Amendment of s. 21—Duties of workers

Currently, subsection (1) of this section imposes a duty on an employee to protect his or her own health and safety at work and to avoid adversely effecting the health or safety of any other person through an act or omission at work. The penalty imposed for breach of this subsection is a fine of $1 000.

The amendment is not very different, substantively, from current subsection (1) but proposes to split that subsection into a number of different subsections to enable different penalties to be imposed for different elements of the offence.

New subsection (1) provides that an employee must take reasonable care to protect his or her own health and safety at work with the penalty for a breach is a fine to be $5 000.

New subsection (1a) provides that an employee must take reasonable care to avoid adversely affecting the health or safety of any other person through an act or omission at work with the penalty for a breach to be a fine of $10 000.

New subsection (1b) provides that an employee must so far as is reasonable (but without derogating from new subsection (1) or (1a) or from any common law right)—

- use equipment provided for health or safety purposes; and
- obey reasonable instruction that the employer may give in relation to health or safety at work; and
- comply with any policy that applies at the workplace published or approved by the Minister after seeking the advice of the Advisory Committee; and
- ensure that the employee is not, by the consumption of alcohol or a drug, in such a state as to endanger the employee's own safety at work or the safety of any other person at work.

The penalty for a breach of this subsection will be a fine of $5 000.

Clause 5: Substitution of s. 22

Currently, section 22 imposes a duty of care on employers and self-employed persons in respect of their own safety at work and in respect of other persons who are not employees or engaged by the employer or self-employed person. The current penalty for a breach is a fine of $5 000.

New section 22 will separate the duty owed by employers and self-employed persons to themselves from the duty they owe to others, with different penalties being imposed for breaches of the separate duties.

22. Duties of employers and self-employed persons

New subsection (1) provides that an employer or a self-employed person must take reasonable care to protect his or her own health and safety at work with the penalty for a breach being a fine of $10 000.

New subsection (2) provides that an employer or a self-employed person must take reasonable care to avoid adversely affecting the health or safety of any other person (not being an employee employed or engaged by the employer or the self-employed person) through an act or omission at work. The penalty for a first offence is a fine of $100 000 and, for a subsequent offence, a fine of $200 000.

Clause 6: Amendment of s. 58—Offences

This amendment proposes to strike out subsections (6) and (7) and insert a new subsections. New subsection (6) provides that proceedings for a summary offence against the principal Act must be commenced—

- in the case of an expiable offence—within the time limits prescribed for expiable offences by the Summary Procedure Act 1953;
- in any other case—within 2 years of the date on which the offence is alleged to have been committed.

New subsection (7) will allow an employee who has suffered injury as the result of an offence to institute a prosecution if the Minister or an inspector has not done so after 12 months. However, the approval of the Minister will be required until at least 18 months have elapsed since the date of the alleged offence.

Clause 7: Further amendment of principal Act

The schedule of the Bill contains amendments to the principal Act in respect of penalties for breaches of the Act.

Where the amendment does not change the divisional penalty, the monetary penalty will, in fact, have increased because of the operation of new section 4(5) (*see clause 3*).

Some of the amendments insert differential penalties for first and subsequent offences.

Other amendments insert penalties where previously no specific penalty was provided.

The general penalty under section 58 will now be $20 000 through the operation of new section 4(5) (*see clause 3*).

Mr WRIGHT secured the adjournment of the debate.

TAB (DISPOSAL) BILL

In committee.

(Continued from 16 November. Page 636.)

Clause 11 passed.

New clause 11A.

Mr LEWIS: I move:

After clause 11—Insert:

Racing industry's option to purchase

11A. (1) A sale agreement may not be entered into within eight months after the commencement of section 11 unless—

(a) the purchaser is two or more of the following:

(i) the racing controlling authority for horse racing;

(ii) the racing controlling authority for harness racing;

(iii) the racing controlling authority for greyhound racing;

(iv) a body established for the purpose by two or more of the racing controlling authorities; or

(b) each of the racing controlling authorities has, by written notice to the minister, declined to enter into a sale agreement.

(2) A racing controlling authority may not decline to enter into a sale agreement under subsection (1)(b) unless a resolution to that effect has been passed at a meeting of the authority of which at least one month's written notice has been given to each member of the authority.

(3) In this section—

'racing controlling authority' has the same meaning as in the Authorised Betting Operations Act 2000.

The effect of the amendment quite simply is to provide sufficient time for the sale of the TAB to the industry which sucks off it, or is it the other way around? I am inclined by my understanding of what happens that, indeed, it is the government that has been literally reliant on the TAB for revenue for more years than not since the TAB was first established and not the converse.

The point I want to make in moving this amendment and drawing attention to the revenues that are raised by the TAB is that, were it not for the efforts of the codes upon which the wagering is done to provide the product upon which the wagering can be done, there would not be anything the government could tax. There would not be the means by which the government would therefore be able to claim that it had an interest and a need for whatever the social consequences of gambling may be, to address them for whatever other things in the broader community it believes ought to be serviced by it. Presently, it is rank hypocrisy on the part of any government to claim that the revenue derived from wagering on the three codes through the TAB, which is in excess of its running costs and payout money, goes to the Hospital Fund. That is a hypocritical statement.

What it really means is that the amount of money from general revenue that goes into health care to provide the community with hospitals is reduced by the amount which can be collected from this tax. So, if you like, it is a sugar coat on the pill and, at the outset, it was a deceit on the part of the Dunstan government when it was first elected to claim that it would put the money into the Hospital Fund. Anyone who claims otherwise is themselves either a knave or a fool and will be regarded as either or both by the wider community. Now I note that some members agree with that perception. The funds would most certainly be there for hospitals regardless of whether there was a TAB or not.

It is important in the context of my moving these amendments to explain that background and a few other points as well, because what I am saying is that the government ought to allow these three codes which we have in South Australia to enjoy the revenue benefits which can be obtained from the sensible marketing of the available product, not only the product which they are now providing but the possible product that would come from other forms of racing upon which wagering is now lawful but which is to become lawful as I understand the undertaking given by the government to the member for Chaffey. Like it or lump it, that is now to become lawful if the government keeps its word—and, of course, that is never certain these days. I mean, as the member for Hart would notice, on the one hand, a promise was made to the member for MacKillop by the Treasurer that, on the sale of a substantial asset (the ETSA sale) in South Australia, all the funds would go to retire debt and the member for Hart reminded (as did the member for MacKillop) the government and the Treasurer of that fact when the Treasurer apparently forgot it in giving commitments to the Hon. Trevor Crothers that he would use the money for other purposes.

I am saying to the government (in the course of my remarks in support of my proposition to include this clause in the bill) that the racing industry ought not to have to go, cap in hand anywhere and be dependent upon the competence or otherwise of someone running a business from which they derive revenue, because that is the way it will be without this amendment. The racing industry in South Australia will depend in no small measure on the competence of whomever it is that buys the TAB (in the event that this legislation passes) to manage that business well, to generate revenue from it and to pay that revenue through to the industry for its purposes and, if the owners of the TAB stuff up and make a mess of it, then the racing industry has nowhere to go.

In my judgment, they ought to be given the first option of buying it and then, if they stuff up, they only have themselves to blame. The public at large, the taxpayers, would know it, would see it and understand it and say: 'You made a mess of it. It is your pigeon. Don't come back to us through the government to expect that you can collect more from us to bail you out. It is your industry. You're running the source of revenue you want from wagering. Not only are you able to get it from the codes that you are licensed to operate but also from other forms under the terms of the licence (as they should become). You make a go of it and you are secure. Not only secure, in fact; you'll prosper, because I believe you can do a damn site better job of it than is being done to date.'

I have made that point in the course of my remarks on this measure earlier, both in the second reading and on other clauses, but in very brief form in support of my amendment let me regale the House again with the benefits of doing so. They are that we do not need to have the government as the owner for the government to be the policeman to make sure that it is done with integrity. We do not need someone else to be licensed and regulated in the way in which they conduct the affairs of the wagering business to increase the level of risk which is automatically going to be there if it is not the three codes (or any two of the three codes) and, in my judgment, once the racing industry (or any two of the three codes) decides to take this up (if it does), they will no longer need the government be held responsible and liable for the payments that are otherwise referred to in the legislation over the next few short years. They can be simply wiped out. There is no necessity whatever, if the three codes (or two of the three codes in the event that the third does not want to be on board) undertake to do it; they can immediately think, 'What is the point of paying the government only to get the money back again?' There is no necessity whatever. They can keep it, and the Government is absolved of that contractual obligation, whomever the government may be, whether a Liberal or Labor government or any other kind of Callithumpian outfit running the state. They do not need to pay the government money with one hand as Peter and get it back in the other hand as Paul.

Further, the proposition as I put it provides that if they do not want the responsibility and they want to be in the hands of somebody else—if they do not think they are competent to handle it—they can immediately write to the government under the provisions that I have included here and say, 'No, we do not want to enter into a sale agreement. We are just not interested and here is our written statement to that effect. Minister, you go ahead and sell it wherever you like.' If they want to be wimps and do not have the guts to accept the responsibility, and they do not think they have the gumption, nous or ability to hire the professional people at reasonable cost to run it, then of course they will sign off straight away and nobody can say that I did not invite them to have a go or that I put a hurdle in their way. Indeed, I do not see why the government has put a hurdle in their way.

I return to the point where I began but did not finish the argument on the point, namely, that racing is not the government's business. The government merely took control of it and made it its business, because it saw it as a means of getting general revenue in addition to the amount that it undertook to pay to the three codes to support them in a negotiated arrangement. There are no market forces in that; it is just a matter of what you think is a political fair thing, what you can get away with, and what you can screw out of the TAB revenue and not give back to the industry if you are in government. It is as simple as that. If you tried to take it all, there would be such a hue and cry that you would bring down the wrath of the 80-odd different volunteer organisations that go to make up the racing industry groups around South Australia. You cannot do that if you are in government. You would understand that, Mr Acting Chairman. You have probably counselled different treasurers over the years about the stupidity of trying to screw more out of it than was already retained.

It also provides the means by which to get rid of government, as it does not belong there anyway and it ought never to have been there. Government ought to have been the policeman. Indeed, it still needs to be, but it should not be running the business, because it does not run the business well. I explained that it would have been better if, instead of the government owning the shops and employing the staff on a structure of pay rates, and so on, the government had done what McDonald's, Kentucky Fried Chicken and Subway has done, namely, franchise the outlets and encourage enterprise on the part of the owner/managers of each of the little businesses. They could be family businesses if they wanted to be, where maybe mother and father, along with adult sons and/or daughters and their spouses, could have owned and operated the business with one or more employees, having also been granted some kind of incentive; or it could have involved a group of three or four (as is often the case with McDonald's now) who got together and decided to buy the franchise rights to operate a TAB outlet in a given location. Then it is a matter of skill as to what the spectrum of services is.

As I have told the House before, instead of the sullen look of somebody who has the mentality of a public servant standing behind the counter tapping away on the keyboard, with no eye contact with the client customer, the person coming in to buy the wager—

Mr Clarke: They have not done too badly, though, over 30-odd years.

Mr LEWIS: They have done a lot less well than they could have done. I have been into a good many TAB outlets. The longest table, I tell the member for Ross Smith, ever inserted in any *Hansard* in any of the Westminster Parliaments was inserted by me during the course of the Casino debate, and it related to the turnover of each of the TAB outlets in South Australia. So, I have some understanding of it and did some fairly thorough market research on it for a couple of clients before I came a member of parliament.

There was no requirement on the part of the person who got the job to demonstrate competence at what is called interpersonal skills, in the good old days referred to as getting along with your customers, and encouraging them to feel favourably disposed towards you instead of their being sullen about their examination of the form guide or whatever.

Mr Clarke interjecting:

Mr LEWIS: I am opposed to that, but, if you are going to make it lawful, I tell the member for Ross Smith, you might as well at least make it interesting and pleasant.

Mr Clarke: That's what they say about pokie machines.

Mr LEWIS: Are you talking about prostitutes as pokie machines or the things you put coins in? There is a whole new meaning to 'pokie machines': whether they are boys or girls that want to get a quid for it. I want to help the member for Ross Smith understand, that there is a big difference between the traditional approach taken by most staff in TAB outlets, who provide the service of wagering to their clients, than that taken by the often young person behind the counter in McDonald's. When it is all over they could ask, 'Would you like to box it up and make it a trifecta or whatever for a little extra fee?' It is how you get the product.

The other thing that I seek to do to make it even more profitable for the prospective buyer, the industry at large, is enable them to give fixed odds betting in law. I know that a number of bookmakers will feel distressed about that, but I do not see why they should retain a monopoly in the context of what is happening.

We can properly police betting shops. That is what these will be. There is no question about the fact that fixed odds betting is more likely to be successful if it is available other than just on the course, because at present, as the member for Ross Smith knows, fixed odds betting is offered by SP bookmakers to this day, and we spend a hell of a lot of money unnecessarily pursuing and prosecuting people where they stand outside the law. As usual, the law is an ass. It is no less or more moral to do it on a racecourse than anywhere else. I will not go into the questions of morality in this instance, but simply say that the best way to get an outcome most satisfactory to everybody in this industry is to offer the racing industry the opportunity.

It is nearly Christmas. They need eight months. For the next two months everything will be dead. They will not be able to negotiate and arrange the finance until some time in January, which is only two months away. They need six months to negotiate the deal for the finance needed to make an offer if they want to be in it, and to get together with each other and understand that they will survive as a team or they will sink separately. They need to understand that their best prospects are to get together and have a go at it, so that is why I have offered eight months.

The member for Ross Smith may have a clearer understanding of their ability to move more quickly and, if he wants to reduce the time, I invite him to support the amendment subject to a further amendment of reducing the amount of time from eight months to whatever he thinks is necessary, or indeed increasing it if he thinks that a little more is needed. I do not think the government needs the money in eight months' time any more than it needs it now. If it wants to sell

it, and it is not going to an election until March 2002 (and the Premier has said that more times than I have fingers on both hands and toes on both feet), I must say—

Mr Clarke interjecting:

Mr LEWIS: I assure the member for Ross Smith that I believe him as much as the member for Ross Smith does. I would not for a moment want to see myself as giving the Premier any more or less credibility than does the member of Ross Smith or the member for Lee. That is not relevant to this debate. This debate is about ensuring that we, as a parliament, send a signal to the industry (the three codes) that if they want to get together they have a limited amount of time to do so and to get on with it. The challenge is there. They can be even better off than the deal the government has for them now if they take this over and keep the ownership in South Australia—keep the money in South Australia and do not let it be sucked off and spent on other things elsewhere. They should use that money for the industry.

If the member for Ross Smith does not want it sold, he will vote that way, I know. I beg him, nonetheless, on the off-chance his will does not prevail, that he ought to make sure the model offered through the legislation is the best one possible for South Australia. It is on that basis that he ought to encourage other members among his colleagues to support the amendment I am putting. It will not make any difference to the government. If the government really does oppose this amendment, I think it is silly. It will lose trust with the people even further. The unfortunate consequence for the government will be that the public will know that the government does not give a damn about South Australia's interests, the racing industry's interests or the people who work in the wagering industry in South Australia. People will know that it does not give a damn: all it is after is as much money as it can get. To say that that is what the taxpayers want is a nonsense argument, because the taxpayers did not provide it: the racing industry codes provided it.

I crave your indulgence, Mr Acting Chairman: I did not know I had a limitation on the amount of time in which I could speak.

The ACTING CHAIRMAN (Hon. G.A. Ingerson): You have no limitation on the number of times you can speak, but there is a limitation of 15 minutes in principle—which you have had.

Mr LEWIS: I have had 15 minutes? It seems like I started only two minutes ago. I was watching the clock: I thought I had unlimited time because there was nothing on the clock. Anyway, I will wind up as quickly as possible. Trust me, I am never prolix. The points I make are salient to the proposition I put before the House and are simply understood because they retain the ownership and interest in South Australia; they absolve the taxpayers of any risk whatsoever; they leave the responsibility and the opportunity with the three codes if the three codes want it; and they provide sufficient opportunity for the codes to work out a deal between themselves and with the assistance of a financier to come to the government to negotiate a deal. Therefore, I say to members that they should support this amendment. No other model that has been offered goes anywhere near providing that kind of outcome in the event that the agency is to be sold.

The Hon. M.H. ARMITAGE: The government will be opposing the amendment, not because it would be averse to the racing industry being the eventual owner of the TAB if it chose so to be via a competitive process but, rather, to give the racing industry in any way an uncompetitive opportunity to purchase the TAB in the first instance we believe would offend against competition principles. More importantly than that, we are confident it would lead to a diminished quantum of money being returned for the asset to the taxpayers of South Australia.

Mr Lewis interjecting:

The Hon. M.H. ARMITAGE: The member for Hammond asks how I can say that. I am very much of the view, as is the government, that in a competitive process you will end up with a higher price. That is why so many people choose to sell their homes at auction. Another reason why we will be opposing the amendment—and I again emphasise we would not be perturbed if the racing industry ended up the eventual owner of the TAB at the end of the competitive process—is the issue of probity. We would be concerned if, for argument's sake, the racing industry mulled over making a decision as to whether it may or may not purchase the business as sole purchaser during this eight month freeze under the member for Hammond's amendment and then made a decision that it did not want to purchase it, but became part of a consortium which might be willing to purchase it at the end of the eight month period. It would be a probity nightmare. That could well be the case because since we last discussed this issue there have been a number of media reports about the racing industry forming a consortium with a variety of other bidders.

Another concern is that, if in fact we gave the racing industry, if you like, a free time to make its bid and it was coming to the government to work out a deal, if the end result did not meet the industry's expectations we believe that the racing industry would make a very strong case either that we had misled it or that it needed further support or whatever.

Another reason is that the racing distribution agreement, which is the key to the money flowing to the racing industry post sale, has been negotiated with the racing industry in the context of the bidding being a competitive process. Accordingly, we have factored into the quantum of money which can be distributed the end result of a competitive bidding process. Indeed, another reason why we would oppose the amendment is that it would automatically see, or is likely to see, an eight month delay in the process. One of the reasons why we have been concerned about the gambling and gaming assets of the state is that the wagering industry is becoming more competitive day by day. Accordingly, the value of our gaming assets is being reduced, and another eight month delay would be of concern.

I say all that in the context that the government would have no problem with the racing industry being the eventual owner of the TAB post a competitive sale process, but for the reasons enunciated the government would be intending to vote against the member for Hammond's amendment.

Mr WRIGHT: The opposition also will be opposing this amendment. Having said that, I can understand full well where the member for Hammond is coming from. I know he does this with good intention and that he is very sympathetic to the cause of the racing industry, as is the opposition. One of the things which I outlined as part of my contribution during the second reading was the potential price that may be on offer. I think the debate is very much open-ended there. There is a variety of opinion not only within this chamber but also within the racing industry as to what price we may get for the TAB—and that is untested. Beyond that, there is also speculation as to who the potential buyer may be. Although the minister did say during the committee stage that there would be other conditions beyond price—and we acknowledge that—ultimately price will be the critical factor, and we

strongly believe that the most likely outcome is that an eastern seaboard TAB will be the purchaser of the South Australian TAB. It makes good economic sense that that will be the outcome. It will achieve the synergies and cost savings that any potential buyer will want to achieve.

I can full well understand where the member for Hammond is coming from. In part of my contribution I said that if the TAB were worth as little as $25 million—and I do not know whether that figure is right, but that is one figure out there in the marketplace when you talk to people in the racing industry; and I know the government believes it is much higher than that—if that is the sustainable figure, the government should reassess this and look seriously at the potential for the racing industry to take over the TAB. Having said that, the opposition is quite clearly opposed to the sale of the TAB and, consequently, will be opposing this amendment. Beyond that, I think that if the racing industry is going to be the purchaser of this it needs to do it in a competitive marketplace.

It needs to be able to demonstrate its sustainability price-wise. It is no good its being able to buy it at a figure it cannot sustain—by that I mean that it cannot generate what is needed for the long-term sustainability for the racing industry. This amendment—although it may not be its intent—may well be doing just the opposite of that which the member for Hammond wants it to do. It may be putting market pressure upon the industry to put in a bid that is beyond its economic capabilities. I know that the member for Hammond does not intend to do that by his amendment. However, if we set up a structure and if we pass this amendment so that the racing industry had first grab of this for a period of up to eight months, it may well be that, as a result of the grassroots that exist in the racing industry and the dialogue it has with the controlling authorities, it will up the ante with respect to what the racing industry may be prepared to pay for this, and it may well pay a price beyond which it has the capability to sustain on the return it will make for the racing industry. That would be a bad thing for the racing industry, and that just would not stack up.

Ultimately, if this bill goes through both houses of the parliament and the racing industry buys the TAB, it would need to do it in a competitive market. It would need to make sure that the figures are sustainable for the racing industry. Of course, all that would have to be critically assessed and would have to be looked at very carefully. The eight months is a concern, besides the principle, because that probably is a little too long if you are looking at it realistically—

Mr Lewis interjecting:

Mr WRIGHT: Maybe so.

Mr Lewis interjecting:

Mr WRIGHT: The member for Hammond—during his speech, not during his interruptions—made a number of points that generally I have some sympathy for, although I do not have sympathy for some of them. He talked about the racing industry going cap in hand and about its paying the penalty if it stuffs up. It would not be unfair to say that, in times gone by, the racing industry has stuffed up, and it should be mature enough to admit it. That is the very reason why for over 100 years on a regular basis the racing industry has come to the government—whether it is Labor or Liberal—cap in hand asking for more money. Members should not underestimate that as a possibility in any future developments.

The controlling authorities—whether they be thoroughbred, harness or greyhounds—as a result of the corporatisation of racing, have added responsibilities, and I hope that they are fully aware of those added responsibilities and undertake those responsibilities very diligently but do so in consultation with the broad cross-section of the racing industry. In the main, those people who are in positions of decision making on behalf of the racing industry—whether it be thoroughbred, greyhound or harness—are a mixture of government appointments. Admittedly, with respect to the harness and greyhound authorities, they are in a transitional stage. In thoroughbred racing, some people are appointed as a result of a system whereby appointments are thrown up, and there is some conjecture as to the competence that some of those people may well have within the thoroughbred area. All those codes are at a delicate stage; there is little doubt about that.

The franchising of outlets is the most likely outcome. We have already demonstrated that, and we will further demonstrate that as we work through this bill clause by clause. There is ample evidence of that, and we have already demonstrated that in the debate that has so far taken place in this parliament. I am sure others will back me up. I have never had a problem with staff in agencies at TAB outlets, whether in South Australia or interstate. I have found little if no difference between the quality of service provided from staffed agencies in South Australia, run under the government, compared to gambling in privatised TABs in Victoria or New South Wales. I do not think I have been to a TAB Queensland; my parliamentary travel allowance would not allow me to go that far. Nonetheless, the point needs to be made that we have a competent and professional outlet of staffed agencies in South Australia. I would suggest that I would go into them more often than any other member in this chamber—although the member for Bragg might be on a par with me. I invest on a regular basis at the South Australian TAB.

An honourable member interjecting:

Mr WRIGHT: I am investing in the Treasury. So, I take umbrage at that; I think that the interpersonal skills of our staffed agencies in South Australia are second to none. As I said, if you compare them—and perhaps the member for Hammond should take that as a challenge—to how staffed agencies operate and how good their interpersonal skills are interstate where you have private TABs, I do not think you will find, irrespective of what measurement you use, that they will be any better than what we have in South Australia. In fact, I would suggest that they are probably inferior. The member for Hammond has moved this amendment with good intent. I know where his sympathies lie. Ultimately, if the racing industry can afford it, and the two houses of this parliament pass this bill which we are obviously strongly opposed to and if the racing industry is in a position to be able to afford it, I would welcome the racing industry's becoming involved and making a serious bid. However, it will have to do it in a competitive world and see what falls out as a result of that.

The Hon. R.B. SUCH: I have some brief comments. I agree with the previous speaker. The member for Hammond's intentions are excellent but the mechanics of his proposal are deficient. I am not supporting the TAB sale. I have made that clear and I have indicated that in my actions before. If the TAB is sold, I am keen that it remain in South Australian hands. Ultimately, the government as the body handling the sale will have the key role in that. Without delaying the committee, the intention is fine but it is not realistic to set the parameters the member for Hammond has set. In some ways,

it could end up being self-defeating. Ultimately, it would be great that if the TAB is to be sold it remain in the hands of South Australians and is owned and controlled by a very important industry which is collectively the various codes of racing.

Mr CLARKE: I think the member for Fisher and member for Lee have summed up my view with respect to the member for Hammond's amendment. I take some umbrage at the member for Hammond's comments with respect to the abilities of agency staff at the TAB regarding their interpersonal skills, the inference from the member for Hammond being that they had few or no such skills. Having been the secretary of the union covering those employees for a number of years, I would say that that is totally unfounded. Indeed, they are not public servants: not one employee of the TAB is a public servant. The casuals are even expressly not public servants. None of them has ever had, from day one, tenure of employment. They have always been subject to discipline and termination of employment as if they worked for a private corporation. In particular, the selling staff have had to deal with a whole range of changes to the products that the racing industry has sold over the years, and they have done it very competently.

The TAB itself has grown in strength and profitability over the years. The only problems that have arisen with the TAB's profitability have been, in the main, beyond or outside the hands of the staff themselves—such as the introduction of poker machines and other forms of gambling or entertainment—and have caused people to drift away from perhaps using racing as a form of entertainment.

I would give the member for Hammond another reason why he should oppose the outright sale of the TAB. In relation to his amendment, the honourable member talked about the advantages of franchising. When the franchising took place in the TAB in Victoria, the paid work force shrank to almost nothing because, when the franchisees took over to recoup their investment, the only way they could do so—and many are run as family concerns—was to get rid of their paid casual staff and work it as a family business. Otherwise, they cannot afford the investment to buy the business in the first place and still maintain the staff levels. So, in those states where there has been franchising out, there has been an overall reduction in employment.

The other point (and it is the basic difference between the TAB and a McDonalds, or even a bank) is that we are dealing with gambling. Do we really want, in a state where we are now saying there are too many problem gamblers, to have staff at TAB agencies acting as spruikers, encouraging people constantly to put their hand in their pocket and back more losers in order to increase profitability? If it is privately owned, the profit motive is paramount. Any social responsibility that those private operations have in terms of problem gamblers will meet with the same type of response that is given by David Murray, Managing Director of the Commonwealth Bank, when people ask him questions as to the morality or obligations the banks have to the flood-stricken farmers of New South Wales at the moment: he has none.

That is absolutely true and in accordance with the law. David Murray only has one duty, primarily, which is a fiduciary duty to his shareholders. That is the very reason why a gambling institution—gambling which is illegal unless otherwise authorised expressly by statute, such as gambling on racing—ought to remain in government hands, the reason being that we are dealing not with a commodity of going along to McDonalds and having some young person say, 'Wouldn't you like to up-value your Big Mac for 50c and get a bigger lot of fries and more cholesterol-laden coke?', to which I usually fall victim. The sort of thing that makes it a compelling reason why the TAB should remain is government hands is that someone behind the TAB counter could be saying, 'Why don't you put a bigger wager on?'; or 'Why don't you just keep chasing that golden goose? You will finally strike the golden lode if you just keep reinvesting your losses.'

It is not like selling bank products or insurance products. When you go along these days to queue at a bank not only do you have to pay $3 for face to face contact but also you must contend with cross selling from the bank tellers, who could ask, 'Do you want another personal loan?', 'Do you want another credit card?', 'Are you sure you wouldn't like to extend your house?' or something of that nature. Half an hour later you could finally get out of the queue when all you wanted to do was pay one of your debts in the first place.

The TAB and a gambling institution should not be like that. We have members on both sides of the House who complain bitterly, and with some justification, about poker machines and how they have whistles and lights, their positioning, and with people being offered free drinks, and so on, to keep people constantly playing poker machines and keep chasing that almighty dollar by reinvesting, cross-investing and having very friendly staff persuade you to keep chasing that money. I do not think we ought to go down that path any further, and that is a very good reason to keep the TAB in government ownership.

Lastly, I put this to the minister: presuming that his bill gets through both houses will the government give a commitment that with respect to the potential purchaser of the TAB it will not simply be price alone that dictates who wins the bid, but that it will involve factors such as being able to retain head office functions, and that jobs and maximising employment opportunities in South Australia will be of equal or paramount concern to the actual bidding price? I would like to know the Minister's answer to that.

The Hon. M.H. ARMITAGE: I am very happy to answer the member for Ross Smith's questions, although it is the member for Hammond's amendment that we are talking about. We have been very up front from day one in identifying that price would not be the only criterion we would look at in relation to the sale of the TAB. In relation to the matters that the member for Ross Smith was talking about regarding betting per se, I think that those are very relevant concerns which we have addressed in the Authorised Betting Operations Bill rather than in this bill, which is a plain disposal bill.

Mr LEWIS: Regarding the question of probity to which the minister refers, I simply do not understand. The minister's underlying false assumption here is that the TAB is rightfully and properly a commercial asset of government. But that is bull. The government just interposed itself there. It belongs to the three codes. Damn it, if there were not thousands of volunteers around this state who every week got up and thought about what needed to be done for their club and their code and set about talking to each other and meeting, at no expense to the public purse, and organising the events that produce the product upon which the wagering is then undertaken, there would not be anything for the government to rip off. The government walks away with a hell of a lot more money than it gives back to the industry, and turns its back on the industry and laughs behind its hands and tells the taxpayers and the suckers in the community (for 30 years they

have been sucked in on this one), 'Yes, we're putting it into the hospitals fund; you will be so much better off.' It is almost obsequious, the way they stand up and talk about it, the self-righteous pricks. They do not own it; they did not create it; it was never theirs to start with. It belongs to the people who do the work. They are worse than Uriah Heep.

I do not see any probity issue involved there. The government ought to give it to the industry. It does not own anything. The goodwill of the business belongs to the industry. The government wants to flog it off and put it in the war chest—the bad bank, I think it is called, but there is another name for it; but that will do. I can see why the minister is not too keen about this idea of eight months: he wants the money now so that the rest of his cabinet colleagues and members of the Liberal Party can slush that around a bit before the election and cover up a few of the cracks in the paintwork of the government—make it look colourful, interesting, new. And members of the opposition will accommodate that. They will rip off the industry by failing to support this amendment. I thought that they had the racing industry at heart—the member for Lee nearly convinced me of that.

So, I do not see any probity question here at all. It did not ever belong to the government, morally speaking. If there was a business there, it was created by the volunteers who have produced the product in consultation with one another as teams working around the state for their various codes. It was not created by government: it was simply taken over by government because it saw an easy source of revenue.

The second point that the minister made was: what if the industry screws it up and comes back cap in hand to the government—as though there is some woe in that? Damn it, we would tell the industry the same as we have told everyone else who comes cap in hand to the government after they screw things up—as we told the Bank of Adelaide 20 years ago: 'It is your fault; you screwed it up. Too bad. You tell the shareholders and directors that they ought to be more careful. The shareholders should have elected wiser directors and the directors should have been more honest in their reporting. If you screw it up, you have lost it. So, you will have to go back to square one and start again.' It is not the government's fault if they make a muck of it. But it will be the government's fault if it sells to the highest bidder, who simply screws the local volunteers in all those clubs for all those industries—

Mr HAMILTON-SMITH: Sir, I rise on a point of order. I object to the language being used by the member, and I ask you to rule accordingly. I do not think that there is any need for that language to be used.

The ACTING CHAIRMAN: I ask the member for Hammond to be careful in the use of his language. It may offend members.

Mr LEWIS: I did not know that the member for Waite was so sensitive. When he was in the services, I bet there was more said by him in the mess after a few ports following dinner than I have said here today. Damn it all, if I feel angry I will say it. I have not said or done anything that I would be ashamed of saying or doing in the company of any of my friends, including my friend the bishop.

Mr Clarke: Which bishop?

Mr LEWIS: The bishop for the Murray, of course. Who else would it be? After all, I live in the diocese of the Murray. So, if the industry screws it up, it will be the industry's fault, not the government's fault. In the context in which we have it now, the government will sell it to a business interest that has no specific interest whatever in the volunteers in South Australia. The likely ultimate owner from the eastern seaboard, as the member for Lee has pointed out (and probably the minister sees his best prospect there also) will have no interest in the South Australian industry other than to maximise the profit that it can get from the product those volunteers produce and upon which wagering is undertaken. And, if it suits them, they will not provide TAB services on any one or more score of race meetings. 'Score'—now, that is not a nasty word, is it, member for Waite? Or is it? That means getting some drugs: the member would know that. But in this context I mean something entirely different: in units of 20-fold and more. I say to the member for Waite: do not come to me with your supercilious, irrelevant points of order.

I say that the risk is greater to the industry if it is not sold to the industry, because the new owners will not have any interest in keeping the number of meetings spread out through the South Australian economy in the regional areas. So, the Labor Party and the Liberal Party stand condemned as hypocrites for what they say they are doing for the regions, when they know that they will screw the regions if this bill goes through without the industry having a good chance at buying it. It is rank hypocrisy—and shame to both of them.

The member for Lee provided for us again the argument that the racing industry might have to go cap in hand. I repeat to him, as I have repeated to the minister, that they are volunteers. They make the product. They have discovered, to their cost, that the government is a bully, and always has been, and it kicks them around to suit itself. It is doing just as it pleases right now, because it has the power to legislate and make its actions law.

That does not dignify it, but it does make it lawful. I do not approve of bullies, least of all this one. It has been milking off revenue from the product created by the volunteers in this industry for as long as I can remember. The TAB has done it more effectively than the other taxes that were applied to bookmakers oncourse, prior to the TAB. Governments have used the industry to underpin the money they have spent on a whole lot of other things to make themselves look good and be popular. The quality of the service of the staff to which the members for Lee and Ross Smith drew attention and, of course, to which the two bob each way, my independent colleague, the member for Fisher drew attention, is a silly argument.

I did not say they did not wear deodorant; I did not say they were not properly dressed; I did not say they were not polite: I just said that they did not have any training in sales. What the members for Hart and Lee and the minister need to understand is that the aim of the TAB agencies in future should not be to try to con their customers into spending more money than they would otherwise prudently spend, any more or less than is the case now, but to get back the revenue stream which has been taken from the TAB and spent on poker machine.

Here is an argument in sophistry if ever there was one. We said that a couple of million dollars a week was going over the border by people taking pokie trips. I doubt that it was ever that much; if it was even half that much I would be surprised. The fact is that now a damn sight more than that is going across the border because most of the profitable pokie venues are owned by interstate interests. In fact, what we did was to facilitate the channelling of money in greater volume across the border because we did not have the revenue here to invest in creating the venues.

The TAB must compete with poker machines now and win back its share. The industry owns it and gets the right

kind of motivation into the staff with the right attitude and training—and that goes further than brushing your teeth before you go to work, making sure your hair is neat and tidy and that you are pleasant to be near. It is a bit more than that.

I wanted to ensure, through my amendment, that the industry understands those things and provides the incentive that comes through the market forces to which the member for Lee referred. It is a matter of attitude and outlook as far as the staff is concerned. The racing industry bid, then, as the member for Lee in his very next point acknowledged, ought to be open to market forces. The honourable member agreed with the minister on that point in the bidding process, but he was not prepared to acknowledge that is where the rubber hits the road in those franchised agencies which could be there to generate more revenue.

Market forces will operate beneficially. It would keep the money in South Australia. However, at the present time, they will be shut down. They are unnecessary. They do not optimise turnover and maximise profit the way they are at present. If you think, member for Lee, that (if it is sold to an eastern seaboard operator) this will be in any way a better deal for the people who work there or for the punters of South Australia (as a matter of convenience) you are mistaken. Not only is the member for Lee mistaken but if the honourable member does understand the truth of what I am saying then he is misleading the House and the public (and I do not mean misleading in the strict standing orders context). You are saying one thing, but you know very well that something else will happen.

By this amendment I am trying to give us the best possible outcome from the worst possible act. I have mentioned what the member for Fisher had to say. I must say, though, to the member for Ross Smith that franchises reduce employment, and I repeat for his benefit then that it may reduce employment but it is not about just whether someone is receiving a wage packet and someone else putting money in that wage packet: it is about anyone earning an income from an industry regardless whether they are an employee or an entrepreneurial family group. The money stays here.

Just because they do not pay union dues does not mean that there is any less merit in the money staying in South Australia. If this formula provides us with the means of keeping the money in greater volume in South Australia, in our economy, it is the one we should opt for. If it reduces the risk to the industry, it is the one we should opt for. If it encourages and inspires the industry and gives it incentive to go ahead on the professional advice that it can seek and the wise decisions that it makes, it is the one we should opt for. That is why I put the amendment forward.

To say that it will enhance problem gambling, again, is hypocritical. It is crocodile tears, I must say to the member for Ross Smith, because he has done nothing about the seductive lights and sounds that are used by the owners of poker machine venues to seduce the gamblers who go in there. I raise that point as the most destructive. To my mind, what I knew would happen terrified me in prospect. You hear it now being publicised over the airwaves and see in the print media what happens to the poor devils who are seduced by it. The worst thing is the families: the kids who cannot do anything for themselves as a consequence when everything that they thought they had is gone, including the dignity of one or both of their parents as the marriage invariably breaks up when the house is lost. You have seen this, Mr Acting Chairman, before you even came in here in your work as a pharmacist, and you have seen it since.

We must provide the means by which the TAB operators, the staff on the ground, can more effectively and easily meet the competition through the structure of the commercial arrangements which this legislation puts in place in the final analysis. Whether or not we are selling the TAB we would have to provide this restructure of the sociology of the operation of the outlets and it would have to be in the context of a sensible industrial sociological environment. I acknowledge that, and I think that the member for Ross Smith and I, without going into the detail of it, have a lot in common as far as ground on policies is concerned in that respect.

Mr Foley interjecting:

Mr LEWIS: I have spoken to him privately, I remind the member for Hart, about what makes for a successful workplace in the 21st century. One thing is for sure, it is not the same as it was in the 1950s, 1960s or in the 1890s. It is a different scene. The racing industry, contrary to what is implied, at least by some of the remarks made by members who have contributed to this debate, is not a black widow parasite. TAB agencies, I am sure, would be more responsible than some bartenders in hotels. They will serve inebriated clients, think nothing of it and keep on doing so.

I say to all members in this place that if there were franchised TAB agencies and they saw one of their clients getting hooked on gambling, they are not black widow parasites, they would encourage that person to step back, draw breath and think about the consequences of their actions on themselves, their standing in the community and, more particularly, their relationships with their family and their dependants, their children. I am sure that they would do that. They are not black widow parasites who eat their victims because if they do so they will lose their revenue source. If they encourage a gambler to gamble within their means they will be there for the rest of their life and not be driven out. So, it will be a benefit to their agency to keep them solvent.

Altogether, I am disappointed that there seems to be so little support for what is quite obviously, in marketing terms, a very sensible proposal, yet that is the nature of politics: it is the art of the possible. Right now the committee is not of a mind, it seems, to understand what the public in commonsense knows to be the truth. I commend my amendment to the committee. I beg members to support it but, if they do not, I tell the committee now: I do not see the means by which it is possible for me to support this legislation beyond this point. I think that every member of the committee who wants to see it supported or, alternatively, those members who may not want to see it supported but who want the best possible outcome will live to rue the day. I can stand by what I have said. I stand by what I know I feel. I stand by my explanation of my understanding of how this will affect people outside.

Mr FOLEY: I want to say a few things following the contribution from the member for Hammond. As my colleagues have said, we, of course, are opposing this amendment—as, indeed, we oppose the legislation. The sentiment and the passion with which the member for Hammond speaks should be acknowledged: it is a serious attempt by him to address what he sees as inadequacies in this bill. However, I want to explain through you, Mr Acting Chairman, to the member for Hammond why it is not possible for the government or the opposition to support such an amendment.

As we discovered here a week or so ago, the final price of the TAB could possibly see the state undertake a negative sale. It could be that outlays made by way of redundancies, large contributions to the racing industry and to consultants,

as well as other costs associated with the sale may, in fact, eat up most of the proceeds so that, after revenue adjustments, we are, in fact, in a worse position financially.

The only mechanism by which one can attempt to obtain the best possible sale price is through a competitive tendering process. Notwithstanding, of course, the comments of the member for Ross Smith and the shadow minister that price alone should not be the determinant, there needs to be a recognition of redundancy issues and of the cost of redundancies. However, probably most importantly, there needs to be a framework or a competitive process that achieves the best possible price while meeting other criteria but, equally, we need to have a buyer that can prove to the government—should this legislation pass—that it is able to be a sustainable business well into the future. We cannot allow an asset as important to the racing codes as the TAB to be sold to a buyer which may meet some or all of the criteria that the member for Hammond lays down in his amendment but which does not have the strength of business, the balance sheet or the ability to sustain itself into the future. There may, indeed, be a question asked by government advisers about whether the consortium that he is attempting to push the sale towards would be able to sustain itself.

The worst case scenario in all this would be if we were to sell the TAB, and the buyer finds itself in financial difficulty in two or three years' time. Not only would the industry be in a mess but also the government of the day would have a hell of a dilemma on its hands. I apologise to the member for Waite for using that word: I withdraw it. The government of the day would have a very real dilemma on its hands if that scenario was to develop.

When I say this, I suppose I am putting on the hat of the shadow treasurer, but the idea of giving preferential treatment to potential bidders for an asset is not something to which I subscribe. Competition is a very important element in any asset sale and, as parliamentarians, we should not attempt to skew the sale towards a one and only outcome which ultimately does not benefit the state and, indeed, does not necessarily benefit the industry but may be creating significant problems in the future. We must have an open and competitive process, in which price is competed for. Importantly, we need to be confident about other issues of long-term sustainability of the industry and that issues of economic importance of the asset to the state are properly assessed.

Therefore, as I said earlier, I think the passion with which the member for Hammond speaks is understood and is registered but, when the amendment is critically analysed, it is not something that a government—nor, indeed, an opposition—could properly support. It must be acknowledged that the government has not handled the sale of the TAB particularly well over the past three and a half years: it has been a saga of Blue Hills proportions. We need the TAB to have a critical mass in this state, and many opportunities and options have been lost because of the very clumsy and drawn-out fashion in which the government and the minister have handled this process. Should this legislation pass, any further delay—or any further complication, as the member for Hammond has put it—I think would be quite detrimental to the asset with which we are now grappling.

Given the revelations made only a week or so ago about the enormous cost of redundancies and the enormous cost in terms of assistance to the industry that have been provided by this sale, we must be very careful, should this bill pass this House, not to give the government any other way in which to continue to botch a process that is both drawn out and being very poorly managed by it.

The committee divided on the new clause:

The ACTING CHAIRMAN: There being only one member on the side of the ayes, I declare the vote in favour of the noes.

New clause thus negatived.

Mr LEWIS: Mr Acting Chairman, I rise on a point of order. As I understand it, the way the standing orders are written in this place, the fact that I alone voted for that motion will not be recorded in *Hansard* and that, to my mind, is a travesty of natural justice. It ought to be recorded; I wanted it to be so.

The ACTING CHAIRMAN: I advise the member for Hammond that that is not a point of order.

Clause 12.

Mr FOLEY: The government has indicated that it is providing an $18 million one-off cash payment to the racing industry at point of sale. Media reports that I have seen in recent weeks imply that the racing industry can basically use that money as they wish. I understand that the minister is not prescribing that it be spent on capital upgrades at Morphettville, the all-weather track or whatever other capital requirements may be required, and that the press report said that some of the money, if not a large proportion of it, will be spent on debt retirement of the SAJC. Will the minister confirm that the SAJC is able to use the proceeds of a government asset sale to retire its own debt?

The Hon. M.H. ARMITAGE: The $18.25 million can be applied in any way the racing industry sees fit.

Mr FOLEY: I have to say I am a bit taken aback by that. Given that this is public money—and, as the shadow minister has said, it is a significant amount of money to the industry, for which there is plenty of use for it—the minister is saying that he has not entered or will not enter into discussions as to how they will spend that money. For instance, they should spend that money on capital upgrades or major infrastructure improvements concerning which there could be collective benefit to the community. The minister is simply allowing them to spend the money as they will and, according to weekend press reports, a large proportion of that is for debt retirement.

This is a very significant issue. This is not to criticise the $18.25 million at all, but I think it is appropriate that government should at least have some discussion about how that money is applied to the industry. However, there is a more serious issue that requires the attention of this parliament because, if they use that $18.25 million to retire their debt levels, that then would put the racing industry collectively in a quite advantageous position to make a bid for the asset in consortium with the other players that they may bring in. So, we are providing or potentially could provide debt relief to the racing industry that improves their balance sheet which then gives them greater capacity than they would have had otherwise to bid for the asset. Is that a correct interpretation?

The Hon. M.H. ARMITAGE: The whole point of having a mature industry, which we believe has been exemplified by the corporatisation of the racing industries, is that this government believes that the racing industry is quite capable of managing its own destiny. In fact, we believe it most appropriate that it should do that. Accordingly, we have not tied the way that funds will be used because we believe that the people who are engaged in running the industry—just as the people who negotiated on behalf of the industry about whom both the member for Lee and the member for Hart

were so enthusiastic are good people—will do the right thing by the industry. Obviously, there would be an opportunity for the racing industry, if it chose, to retire debt. That of course would be to the longer term benefit of the racing industry if they were not paying interest on that.

They may well choose to have a reserve or they may well choose to apply it to upgrades, which has been talked about. Indeed, they may well choose, through things such as retiring of debt or indeed direct contributions, to increase stake money. So, there are a number of ways in which it can be applied. However, we do not believe that it is necessary to hand hold, if you like, in the application of that money, particularly when in the negotiating phase there was always a trade-off, I guess, between cash up front and a greater percentage of net wagering revenue. This may be a philosophical difference between the member for Hart and the government. We do not believe that we ought to be tying an industry which has a deal negotiated.

Mr FOLEY: There is nothing philosophical about it. I must say, yet again, that this only adds to my great fear about the minister's competence to be handling such a transaction after the debacle we saw in this place but a week ago in the minister's extraordinary admission of the major financial implications of the redundancy packages, but for a minister of government to say what was just said is nothing short of astounding, because what the minister is saying is that it is okay for governments to give untied grants to sporting codes (or any industry). That is what we are saying, 'untied grants'. Minister, I will let you into a little secret, a little secret that is lost on you but will not be lost on other members of this place. It does not happen very often; in fact, I cannot think of any example of where government has given an industry or a sporting code an untied grant, a cheque, in this state parliament—

Mr Lewis: It has.

Mr FOLEY: Which?

Mr Lewis: Footy Park.

Mr FOLEY: Well, no—

The ACTING CHAIRMAN: Members will direct their comments through the chair.

Mr FOLEY: Thank you, Mr Acting Chairman. The member says, 'Football Park'. That is my very point. We did not give the SANFL $12 million by way of cash grant to retire debt, to free up their balance sheet so they can do this and that. We did not give the South Australian Cricket Association grant money to build the Bradman Stand and, thankfully, we did not give the Soccer Federation the $42 million—I am not sure that they could have done any worse than the government. However, the point is that you do not give industry of any persuasion an untied—

Mr Condous interjecting:

The ACTING CHAIRMAN: The member for Colton will come to order.

Mr FOLEY: This is the bloke who will lie down in front of the bulldozers. This is the bloke who brings in the 20 000 signature petition against shopping hours—50 000—

The ACTING CHAIRMAN: The member for Hart will come to order.

Mr FOLEY: Just enjoy the next 12 months before retirement, Steve.

The ACTING CHAIRMAN: The member for Hart will come to order.

Mr FOLEY: Thank you, Mr Acting Chairman. The contribution of the member for Colton has been nil for the last seven years: just see out the last 12 months and retire gracefully.

Members interjecting:

Mr FOLEY: I call on the member for Colton to withdraw the remark he just made about me.

Mr Condous: Well, I will—

The ACTING CHAIRMAN: Will the member for Colton stand to address the chair?

Mr CONDOUS: Yes, sir, I am happy to withdraw.

Mr FOLEY: After seven years he needed some help. Thank you. I find it staggering that you would provide the industry with this money without at least sitting down and having an agreed plan as to how that money would be spent and how the public would invest its money in the upgrading and improvement of the racing industry. That is not an unreasonable request. It is certainly a request we make of any other sporting body, but for some reason with this industry you set a different standard. I am a bit amazed. I would have thought that the racing industry itself, the vast majority of the racing membership, would have wanted an agreed plan as to how the $18 million would be spent, because it is a one-off opportunity to invest in the industry and to make sure we get it right. Given that it is taxpayers' money we are talking about here, it is not unreasonable to have suggested that the taxpayers via the government of the day have a role in sitting down with industry and getting an agreed expenditure package. You have not done that.

I will find other clauses to pursue this as we go through the night. I refer to the issue of probity, the issue of competitive tendering. I will be interested to know the views of the Auditor-General and of a whole range of people, because potentially we are giving the racing industry, through its leadership, $18 million to pay off their debt, which strengthens their balance sheet and gives them a greater chance to bid for the asset and possibly it would be argued by some may give them an added advantage.

Mr Lewis: What is wrong with that?

Mr FOLEY: We have discussed here tonight that we want a competitive position in all this, and if the racing industry can come up with a competitive package with its own resources, along with members of a consortium, that is one thing, but if we are improving the balance sheet of the racing codes, which then gives them a greater opportunity than they would otherwise have, I find it odd, and I would like the minister to explain to me how it is that he has put himself in a situation where we potentially could be paying $18 million to the racing industry from which they could then use that money to bid for the asset. It seems a bit odd to me.

The Hon. M.H. ARMITAGE: I remind the member for Hart that it is no odder than what happened in the Labor state of New South Wales when funding was used to retire the debt of the racing industry. It is no odder than what occurred in Queensland where under privatisation it happened. So, it is not odd at all. It may be odd from the perspective of the member for Hart because he wants a headline, but the facts are that it has been reflected around Australia in these sorts of TAB sales. What is of more relevance, to get to the matter and substance rather than the political bravado, is that there is a pot of money at the end of the sale. That can be divided in a number of ways. We have negotiated with the racing industry that there be a large upfront payment and a smaller continuum of net wager revenue. The member for Hart is not for one moment suggesting that we should be tying the way in which the ongoing stream to the racing industry—

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: He is saying no, but it is exactly the same money—it is taxpayers' money. Are you saying that in our negotiations we should say that every time the racing industry wants to put up the stakes by $1 they should come back to us? No. But it is still the same pot of money.

Mr Foley: It is not.

The Hon. M.H. ARMITAGE: It is exactly the same pot of money. It is exactly the same pot of money, whether we are talking about money up front or the ongoing stream that has been negotiated.

Mr LEWIS: I understand what the member for Hart has been saying about the minister, but what he is really saying about the minister is no different from what could be said about him. You have got the wrong mind set, I say to the member for Hart. If you want to be reconciled to the Aborigines you have to accept the fact that they were here and occupied the land before we got here. If you want to be reconciled to the racing industry you have to be honest with them. They created the product and as the prospective future Treasurer—and you have a big enough ego to be one, I can see that—

Mr Foley: I will take that as a compliment.

Mr LEWIS: I knew you would, but I am not sure that everyone else understood it to be. I never had anything in mind except anything the most honest discourse of what was going on in my head when I made the remark. I reassure the member for Hart that it is the volunteers that have put the product together. It would not be there; it would simply fall apart if we did not have those volunteers in the racing industry and some of them are quasi volunteers—they work training horses and as strappers and so on for a pittance, yet without that work there would not be a product. It is the same with the dogs. This is the case whether harness racing or galloping, and altogether to say then that, 'Well this is taxpayers' money, we have to be careful.' Well it is not and never was.

Government bullied the industry into doing it and, while they held the industry at bay, said, 'You can have an industry and can finance it by getting some revenue from gambling so long as you let us collect that revenue on your behalf', and when they get the revenue they say, 'You do not really need all of that, no you don't; we will give you a little bit for that, and you want to fix the sprinkler on the turn before the home stretch—well, we'll give you a bit for that too, and what else was it? But, you don't need any more than that.' They then said to the public when they turned the other way, 'Look, we've got all this money; don't worry about the problems of gambling, we are taxing the industry and the money will be used to rectify any welfare problem that might arise in consequence.' What is the consequence?

They do not pay towards the cost of gambler rehabilitation at all—they leave that to the churches and to silly dills like me who shell out hundreds or thousands of dollars a year to support welfare work in our church, which someone has to do. You cannot leave the poor sod there on the curb to rot and his or her kids with nothing to support them. The sad part is that if you want to be reconciled to those people you have to acknowledge their rights and ownership too, the same as with the Aborigines. They put it together, made it happen and still make it happen and we are still saying that it is our right to rip it off, 'we' in that context being the notion of government.

The taxpayers of this state did not contribute a red cent to the development of the racing industry and the product it provides for entertainment and for its own sustenance, so the taxpayers of South Australia do not have a right in my judgment to demand that the government relieve them of any tax burden they may have. The government has already had that dividend and more on the efforts of the volunteers that are made to put it altogether. So I crave the attention and understanding of the member for Hart of that subtlety. It is so broad. The government's effect on the racing industry is worse than a plague of locusts on a green field of peas.

Mr WRIGHT: The member for Hammond speaks about volunteers and does so very passionately, and I have some strong sympathy for what he is saying. I assure him of this (but I think he already knows it) that the volunteers out in the racing industry have an expectation that this $18.25 million will be spent out in the industry for areas such as capital infrastructure, stake money, breeding and other associated areas. I think we all basically agree in this chamber that the racing industry does need more money; I do not think there is much doubt about that. We have had our debate as to whether or not this is a good package.

The Hon. M.H. Armitage interjecting:

Mr WRIGHT: The member for Hart is entitled to his opinion. I have said with respect to the package that I have some concerns beyond three years where we go into a new formula. I do not think anyone is doubting that this $18.25 million is very much needed by the racing industry. There is little, if any, debate about that. I have read two articles, both from Thoroughbred Proprietary Limited, the name of the organisation which was previously called SATRA and which is in charge of thoroughbred racing (the biggest of the three codes), which suggest that this money will be used for stake money and to retire debt.

Mr Lewis interjecting:

Mr WRIGHT: I think there is a strong expectation among the broad racing industry and the volunteers, about whom the member for Hammond quite correctly talks, that this money will be spent to generate the racing industry, and will be spent on areas such as capital infrastructure. Where will the money come from in the thoroughbred area to rebuild Morphettville, which clearly has to be if not the first priority in the thoroughbred area then one of the first priorities? Where will the money come from to keep the stake money up to the levels demanded in the racing industry for many years?

Similar arguments can be made with respect to both harness and greyhound racing. In fairness to those organisations, they have not been coming out and making statements about how the money will be spent before they receive it or making demands on this parliament about what will happen to stake money if this bill does not go through the parliament. I am most surprised that the government has not at least had discussions with the racing industry as to how this money will be used.

If one looks at other areas such as soccer, football, basketball or netball, one sees that grants have been made for capital infrastructure. I have some strong sympathies for what the member for Hart is saying. I am a little surprised that negotiations have not taken place with the racing industry. I want the minister to discuss this with the controlling authorities of the racing industry; I would like the government to be involved in debate with those who are in positions of making key decisions on behalf of the broad racing industry as to how this money will be used. I do not have total confidence in some of the people who are making key decisions on behalf of the broad cross-section of the racing industry, that is, some of those who are members of the controlling authorities for the three respective codes.

In fairness to the two controlling authorities with respect to the harness and greyhound codes, by and large there has been if not a total then almost a total turnover as a result of changes that have been made. The thoroughbred area will get the bulk of the $18.25 million. The government has sat down and had negotiations with both the PSA and the ASU as to how all this will fall out if the TAB is sold, and it is telling us that it will have negotiations with potential buyers about how other areas, beyond price, will be negotiated when it sits down to negotiate with potential buyers. I think it is realistic to expect that it will also negotiate with the racing industry as to how this money will be best spent for the future of the racing industry. At least some discussion should take place. Whether in fact it is tied up completely may be another issue altogether—and the minister has said, quite clearly, that he does not want to do that and is not comfortable with doing it. That may be so but, surely, at a minimum, there would be discussions with the racing industry and with the controlling authorities on behalf of the broad cross-section of the industry because, let me assure the government, if it does not do so, no-one else will do it.

Those people in key decision making areas in some of the controlling authorities, as I have said time and again during various debates in this parliament, whether it be in relation to corporatisation of the racing industry, private members' bills, or the sale of TAB, are not negotiating on behalf of the broad cross-section of the racing industry.

Mr HANNA: I reject the arguments put forward by the member for Hammond. I do not know how it possibly can be argued that the racing industry is owed a special favour by the government when the government is about to sell the TAB as an asset simply because the industry provides the activity which is at the core of the TAB's purpose. They are two different things.

The fact is that the government added value to the industry by setting up the TAB years ago. It replaced the system of SP bookies and authorised bookies and provided a state service so that there would be a decent and reliable betting service for the industry in South Australia. If the government is going to sell that facility, it has added value to the industry over the years and the state should receive as much return as possible from the sale, if the sale has to go ahead.

As to the question of distributing the proceeds of the sale, whilst I acknowledge that it is an opportunity to boost this particular industry, the notion that it should be given money to enable it to have some advantage in purchasing the TAB itself is ludicrous. The industry, in the sense of the trainers and owners, does not have any more right to the money than the punters or anyone else in the community. It is because we want to actually see the racing industry prosper from an economic point of view for South Australia that there will be a certain return to the industry. For the member for Hammond to suggest that that is rightful because it will help the industry players actually buy the TAB is ludicrous.

The Hon. M.H. ARMITAGE: I also acknowledge the role of what we will term the little people in the industry because they are a key factor.

Mr Wright interjecting:

The Hon. M.H. ARMITAGE: I do mean exactly that; I mean the people with small interests in it rather than those who are of necessity volunteers because, whilst there are a lot of volunteers in the industry, a lot of people have a passing interest and earn some income from it. In one of the very first discussions that I had with it, the racing industry acknowledged that it does not own the TAB.

The member for Mitchell is 100 per cent correct: the racing industry 'owns' the product—the racing, and so on—upon which the TAB provides a betting and distribution service. Indeed, that view was backed up by legal opinion, but it was not necessary, and the racing industry identified that fact.

In relation to the usage of the money, it is fair to say that, given the perspective of the member for Lee, I feel a little as though the government is damned if it does and damned if it does not. I have been criticised indirectly on many occasions because of the alleged unrepresentative nature of the people who were negotiating with the government. I disagree with the premise but, nevertheless, that was the premise the member for Lee used to criticise the negotiations. Now that those representatives have changed and there is, I think on everyone's agreement—even the member for Lee has identified this—more representative bodies, he is saying that they will not represent the people who make up the industry. I strongly contend that that is incorrect. Having negotiated with these industry bodies over some period and, indeed, knowing a number of them as individuals for a lot longer than we have been negotiating, I am absolutely sure that they are fully intent on expenditure of the money to ensure that the racing industry in toto is a major beneficiary.

Clause passed.

Clause 13.

The ACTING CHAIRMAN: I remind members that these clauses have specific references, and this reference is to the evidentiary provision. The chair intends to keep the committee to the relevant clauses. Many of the later clauses could be seen as very broad, but this one is purely and simply about the evidentiary provision.

Mr FOLEY: Given the role of consultants in the preparation of the asset for sale and for advising the minister on evidentiary provisions amongst others, I would like to ask some questions concerning the audit consultants.

The ACTING CHAIRMAN: I ask the honourable member to re-read clause 13, and I remind him that there is no reference to consultants in clause 13.

Mr FOLEY: On a point of order, Mr Acting Chairman, would it not be correct to assume, as I have, that the consultants would have provided advice on the structuring of this clause and issues relating to evidentiary process? Would that be a fair comment?

The ACTING CHAIRMAN: I think it is an unfair comment. The member for Hart is talking about an issue that can be picked up in many other areas of the remaining parts of the bill.

Mr FOLEY: As my colleague said—

The ACTING CHAIRMAN: I am not being difficult. I just want to get the bill through committee.

Mr FOLEY: In paragraph *(a)* we see the following wording:

> whether specified assets or liabilities are or are not transferred assets or liabilities and the identity of the transferee;

Mr WRIGHT: In clause 13 the minister seems to be saying that we may be left with liabilities. What examples might we be talking about?

The Hon. M.H. ARMITAGE: This is merely a precautionary provision. No specific liabilities are envisaged; but, for argument's sake, on the day of transfer there may be unpaid accounts of the TAB or whatever. No specific liability has been looked at. I am advised by Parliamentary Counsel—who, for the benefit of the member for Hart, were the key

architects of rather than the consultants for this legislation—that it is a general precautionary clause rather than looking at a particular liability.

Clause passed.

New clause 13A.

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

New clause, page 11, after clause 13—Insert:
Application of proceeds of sale agreement
13A. The Treasurer may only apply proceeds of a sale agreement—
(a) in payment of the costs of restructuring and disposal of the TAB business; and
(b) in payment of amounts for the development of the racing industry; and
(c) in payment to an account at the Treasury to be used for the purposes of retiring State debt.

I wish to identify that the government wants to make it clear that the net proceeds from the sale of the TAB will be applied to the retirement of state debt. This has been clear in our public announcements since the day of the sale announcement. There have been comments, which the government and I are firmly of the view are quite correct, that the interest savings on retired debt, along with an ongoing wagering tax regime, represent a far lower risk from the perspective of revenue to the government rather than the current SATAB ownership/profit sharing agreement. This clause is identified in there specifically to formalise those public statements.

Mr FOLEY: One would hope that, if the legislation passes the House, there is sufficient revenue from the sale, after the minister's $17.5 million to $24 million redundancy packages, the minister's $18 million to industry, his $3 million, $4 million or $5 million to consultants and other costs, to repay debt. The jury is very much out on that. Let us come to the issue of consultants, which I am sure that you, Mr Acting Chairman, would agree would quite neatly fit with this amendment. Has the minister sought advice from Crown Law, from the government's self-insurance corporation—SACORP—and has he entered into an arrangement whereby we now have an indemnity from his lead advisers for any actions against the state that may arise from any errors in the process?

The Hon. M.H. ARMITAGE: I am informed that we have an indemnity in the documentation that has been written in with full agreement with SACORP.

Mr FOLEY: So, you have properly complied with the recommendations of the Auditor-General pursuant to the Auditor-General's Report tabled in parliament today, where he recommends in respect of the ETSA sale:

I recommend that the state obtain an indemnity from any consultant providing expert advice where the contract is high value and reliance will be placed on the advice, such that the state is potentially exposed to liability should that advice prove to be defective.

So you are compliant with that?

The Hon. M.H. ARMITAGE: I can only respond that the previous answer I gave is the correct one. If it is the case that that is the recommendation tabled today, the answer to, 'Are we complying with it?' is yes. It is also fair to say that when I received the report tabled a couple of hours ago I sent it to my office and asked for all of the recommendations to be looked at against the processes to ensure that if we were not undergoing those recommendations already we would follow them, if that were possible given the stage that this is at. I have every intention of following the dictates, if you like, of the Auditor-General, recognising as I have said before in relation to asset sales that the Auditor-General has been quite specific in identifying that he believes his role is to audit the processes rather than give sign-offs before the processes have occurred. But where there are direct recommendations in the report that has been tabled today I am extremely comfortable in putting our processes up against those recommendations.

Mr FOLEY: I am heartened to hear that because that was actually a very good answer. After all of our questioning I must say that is a good answer. The reason it is a good answer is because the report from the Auditor-General, as many members may not have had the chance to read, is a damning indictment on the handling of the ETSA lease process by one Hon. Robert Lucas, in another place, the Treasurer of South Australia. I would hope that, given the point in the processes we have reached in your asset sales, you can capture the recommendations of the Auditor-General and ensure that they are properly implemented where possible in this particular transaction.

Whilst we have not yet had a chance to digest all of the recommendations, critique, criticisms and comments of the Auditor-General, they are quite extensive. They are:

- the failure by the ERSU to adhere to the Department of Treasury and Finance's guidelines for the engagement of consultant services;
- the dilution of the state's standard terms and conditions for contracts entered into with some advisers;
- the inherent risks associated with the use of 'success fees';
- instances where there is an absence of documentation to support decisions in the selection process;
- the failure to finalise contract documentation prior to the commencement of services;
- the adequacy of contractual arrangements for managing conflicts of interest.

Never before have we had such a criticism of a government minister. The reason I am raising it here is that we need to capture the comments and recommendations here and ensure that somebody within government will do it—and I will give you a tick where you deserve a tick. If you will do that you are certainly ahead of the Treasurer because he is not doing it. There will be more to be said about this as the days that follow, and the Treasurer has a lot of answering to do because, I have to say, the Treasurer has put at great risk the process in the sale of ETSA because he did not adhere to some basic principles. There are a lot of other comments in here that we will be dealing with in the course of the next few days, but they are very pertinent to this process—

The ACTING CHAIRMAN: I would ask that the member direct his remarks to this particular clause.

Mr FOLEY: Well, they are pertinent to this process. I am glad the Acting Chairman has made that comment, because certainly for his benefit I am quite happy to explain that what the Auditor-General had stated is that it was clearly maladministration by the Treasurer and his officers in the hiring of consultants for the disposal of our electricity assets, maladministration of the highest order. I obviously do not want the same failure of the Treasurer to be repeated here. I am heartened to hear that the Minister for Government Enterprises will be taking on board the very serious recommendations, because I suspect the Treasurer will be at his best and will be spraying the Auditor-General every which way in terms of his response to this.

One of the recommendations of the Auditor-General was that we be very careful in the payment of success fees. You have indicated—and please correct me if I am wrong—that we are paying success fees to the lead advisers. I think that is correct. In relation to success fees the Auditor-General says:

I recommend that a success fee arrangement only be agreed for the engagement of a consultant where it is demonstrably in the interests of the state to do so, i.e. a success fee arrangement will ensure a better outcome for the state or the state cannot obtain the necessary consultancy services without agreeing to a success fee arrangement.

I further recommend that the rationale for entering into a success fee arrangement be clearly articulated and documented for accountability purposes.

He then says (and this is probably the most important point I want to make here):

I recommend that where a success fee arrangement must be used in order to engage a consultant, consideration be given to establishing other measures to ensure the advice received is not unduly influenced by the opportunity to receive an incentive.

My question is, in respect to that recommendation: is the success fee, if one is being paid to the lead consultant, based on obtaining the highest possible price? Is it, as it was with the ETSA sale, determined by the adviser receiving the highest possible price and not bringing into regard the other factors that would need to be assessed in choosing who should be the successful purchaser?

The Hon. M.H. ARMITAGE: In the first instance I could not allow the member for Hart's comments to go without at least making the observation that—without agreeing with his assertions at all—if one is looking for a damning report into a South Australian government minister the member for Hart may choose to read the State Bank report into the Premier and the Treasurer of the government for which he was an adviser.

Mr Foley: That is another issue.

The Hon. M.H. ARMITAGE: It is not another issue at all. It is an absolutely outstanding indictment of—

The ACTING CHAIRMAN: I advise members in the gallery that mobile phones are not allowed.

The Hon. M.H. ARMITAGE: As I identified in previous debate, a success fee is paid. It is 1.25 per cent (I think I said 1.2 per cent) of the final price, not of the highest offer. However, there is clearly an incentive for a consulting firm to provide for the government, and hence the taxpayer, as high a return as possible, recognising that that will increase their 'incentivised' (to quote, I think, the member for Hart) return—to give them an incentive.

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: No, I make the point that, whilst that would be the case, and if it allows the taxpayer of South Australia to have a greater quantum than one might otherwise expect, that is a bonus to the taxpayer of South Australia. However, as I have been at pains to identify, and as I am happy to continue to identify, we have always said that we will not necessarily accept the highest price. However, it would be great to think that a really high price would be one of the things with which we would at least be able to contend.

Mr CLARKE: I want to ask a question with respect to the Pulteney Court building, which is the head office of the TAB, and what will happen if the TAB is sold to an interstate TAB and that head office facility is no longer required. The building is old and run down and has a number of other deficiencies. Has the government factored in the cost of holding onto a building that would be difficult to let in terms of the space that would no longer be required? If so, what sort of costs are we looking at?

The Hon. M.H. ARMITAGE: My advice is that there is a likelihood that various bidders will be offering either to retain the building or not to retain it. Obviously, that will be factored into their bid, and it will be one of the things that we will take into account. Certainly, whilst it is not my immediate area of responsibility, my understanding is that government buildings (and the building is owned by the TAB) are reflected at market value rather than any inflated value. However, as I say, it would be part of a bidding process. It is exactly why we would encourage a competitive process with a lot of bidders.

Mr WRIGHT: This clause sets out where the money will go and, as we work our way through this bill, we are learning more and more about what parameters may well exist. A range of figures has been put in place. One figure, of course, is with respect to the racing industry and what it will receive; another figure relates to what the state will receive in tax. Of course, we will have an opportunity to further develop these figures in the debate on, I think, clause 15, with respect to the redundancy packages, and so forth.

I know that the minister previously has said that price will not be the only factor, but what will happen if a new buyer does not accept the figures that are put forward? Does that simply mean that we will not sell it, or could it mean that we may well be looking at a scenario where the government is so determined to sell it and will stay committed to the figures that it has provided to the racing industry and to the employees that it will, in fact, accept a reduction in what it receives as a result of a potential buyer simply saying that they do not accept the figures, and that it will not stack up for them as a commercial proposition and, therefore, they cannot offer anything beyond a certain price?

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

Mr WRIGHT: To ensure that the minister is aware of the import of the question, before the dinner break I was talking about the $18.25 million that will go to the racing industry conditional upon the sale and the negotiations that have taken place with the ASU and the PSA with regard to the packages, etc. What would be the situation if we have a potential buyer who is not happy or prepared to accept the figures that have been placed upon that buyer in respect of the taxation receipts that the government will continue to receive, and also the figures that will go to the racing industry beyond that $18 million—and the minister does not need to run through those figures because we all know what they are. If we had that situation and a sale did not take place and/or a potential buyer was not prepared to accept those figures, would some further negotiation take place, which could mean—and it is not for me to suggest what that might be—that the government in some way decided on some sort of compensation to that new buyer.

The Hon. M.H. ARMITAGE: First, we believe that competitive tension is in the market. We believe that, if a purchaser is concerned about the figures on which we have taken our best advice, that will be reflected in their purchase price. They will either agree, after the due diligence, with our figures or they will not agree, and they will put in a bid that is either below, at or above our valuation. The fact that we have a number of potential bidders, we believe, is positive. They will all know that, of course. We believe that, at the end of the competitive process, there will be some bids whereby all those factors have been taken into account by all the bidders.

There will be data rooms where the basis of the calculations, and so on, will be made available. There will be disclosure of those sorts of issues, as is involved in any asset

sales. The individual bidders will then make their judgment following the provision of all that information and they will then make their bid. In discussion we had previously—I think from a question from the member for Lee: certainly from the opposition—I was asked whether we would sell for a figure of $30 million and I indicated no. We are revaluing the business on a regular basis depending upon the circumstances, etc. We would obviously look to equilibrate all those factors with the bid at the end of the process to ensure that the criteria about which I have spoken would be fulfilled.

Mr WRIGHT: How did those figures arrived at with respect to the ongoing arrangement for the payment to both the government and the racing industry compare, not necessarily globally, in percentage terms to what has taken place with the sale of eastern seaboard TABs?

The Hon. M.H. ARMITAGE: I am informed that the tax base and the product fee, which is what impinges on the new purchaser, is roughly equivalent and, indeed, I am informed, possibly moderately in our favour as a state in comparison with other eastern seaboard TABs. The 39 per cent of net wagering revenue, which is what the racing industry gets, I believe, directly reflects the arrangement in Queensland, which was the most recently privatised TAB prior to this one.

Mr WRIGHT: What will occur with our pooling arrangements subsequent to a new buyer? Hypothetically, let us say that New South Wales buys it or, for that matter, Queensland: would that mean the automatic breakdown of our being in SuperTAB with TABCorp, or could it be that that would be renegotiated? If, in fact, as a result of being purchased by either New South Wales or Queensland we were no longer in SuperTAB, what effect would that have on some of our existing arrangements with regard to investors in our TAB, which has consequently led to a negative settlement fee?

The Hon. M.H. ARMITAGE: The arrangement is that the pooling arrangements will continue. If everyone chooses, they can continue under the existing contracts. There are exit clauses if necessary, if that were called for, and at the end of the contract we would expect the new owner to negotiate a commercial contract with whomsoever they may choose to pool. The present arrangements can continue.

New clause inserted.

Clause 14.

Mr WRIGHT: This clause talks about the report being laid before both houses of parliament within 12 sitting days after the making of the sale agreements. That is well and good but, of course, the sale has taken place. It therefore may not be possible, for commercial reasons, for you to bring information back to the parliament, but what other procedures have been or will be put in place so that we can be confident that all of this, from a probity point of view, is being catered for and that we simply will not learn about it 12 days after the sale has occurred, whereby you will be telling us the history of something that has already occurred?

The Hon. M.H. ARMITAGE: The appointment of a probity auditor, who is the independent person engaged for the purpose as mentioned in this clause, was undertaken by a selected tender process. Firms were chosen based on demonstrated expertise and experience, particularly in the disposal of major government assets with respect to outsourcing, contracting out, and so on. I am informed that seven firms were approached. Clearly, the successful auditing firm and a person (Mr Rory O'Connor from Deloitte Touche Tohmatsu) have been engaged in the process of ensuring probity. He will be quite clearly engaged in all of the processes henceforth in relation to bidding, data rooms, due diligences, and so on. Short of identifying that he is completely independent and has, as I said, demonstrated expertise and experience in the field, I cannot guarantee more than that. That is why this clause was inserted. The 12 sitting days is merely to give time for it to be prepared, but we are quite happy to have the independent probity auditor's report tabled for examination.

Mr WRIGHT: What role will the Auditor-General have in this process?

The Hon. M.H. ARMITAGE: The Auditor-General will have the role that the Auditor-General has determined, which, as I have been at pains to suggest, is reviewing the process after it has occurred. We have had a number of discussions regarding the possibility of putting proposals to the Auditor-General prior to the steps being taken. My understanding, following a number of discussions in cabinet—not formal cabinet submissions, but just discussions—is that the Auditor-General has identified that his role is not to provide advice prior to the process occurring. His advice is to audit the procedures at the end of it. Obviously, he will be looking freely at all of the processes, but he will have the report of Mr O'Connor from Deloitte Touche Tohmatsu upon which to base his investigation.

Clause passed.

Clause 15.

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

Page 12—

Lines 4 to 12—Leave out subclauses (1), (2) and (3) and insert:

(1) If assets and liabilities of TABCO(A) are transferred by a transfer order to TABCO(B), the Minister must, by order in writing (an employee transfer order), transfer to positions in the employment of TABCO(B) all employees (including all casual employees) of TABCO(A) at the time of the transfer of the assets and liabilities.

(2) Before assets and liabilities of, or shares in, TABCO may be transferred by a sale agreement to the purchaser, the Minister must, by written notice to each employee of TABCO (other than an employee employed under a fixed term contract or an executive)—

(a) state—

(i) whether the employee's position is a required position for the business when acquired by the purchaser; and

(ii) if so, whether the employee's position is a key position (that is, a position occupied by a person with knowledge of the business that should, in the Minister's opinion, be available to or passed on to the purchaser); and

(b) invite the employee to indicate to the Minister in writing within not less than 14 days—

(i) if the employee's position is stated to be a required position—whether the employee elects to be a transferred employee; or

(ii) if the employee's position is stated not to be a required position—whether the employee elects to participate in a career transition program.

(3) If assets and liabilities of TABCO are transferred by a sale agreement to the purchaser, the Minister must, by order in writing (an employee transfer order), transfer to positions in the employment of the purchaser all employees of TABCO at the time of the transfer of the assets and liabilities—

(a) who have been notified under subsection (2) that their positions are key positions; or

(b) who have been notified under subsection (2) that their positions are required positions other than key positions and have, in the manner and within the period specified in the notice, elected to be transferred employees.

(3a) If an employee who has been notified under subsection (2) that the employee's position is not a required position elects, in the manner and within the period specified in the notice, to

participate in a career transition program, the employee will have rights with respect to—

(a) continued employment for a period not exceeding 12 months; and

(b) access during that period to career transition training and assistance,

as approved by the Minister, by order in writing, for employees electing to participate in such a program.

(3b) Before shares in TABCO may be transferred by a sale agreement to the purchaser, the Minister must, by order in writing (an employee transfer order), transfer to positions in the employment of a Crown entity all employees of TABCO who have been notified under subsection (2) that their positions are not required positions and have elected, in the manner and within the period specified in the notice, to participate in a career transition program.

(3c) Without limiting the effect of section 11(8), a deed relating to superannuation for employees of TABCO that has been identified as a transferred instrument in a sale agreement may be modified by the sale agreement for the purposes of its continued application to employees transferred to the employment of a Crown entity under subsection (3b).

(3d) The Minister may, by order in writing (an employee transfer order), at the joint request of an employee who has been transferred under subsection (3b) and the purchaser or, if the shares in TABCO have been transferred by a sale agreement to the purchaser, TABCO, transfer the employee to a position in the employment of the purchaser or TABCO (as the case may require).

(3e) An employee transfer order takes effect on the date of the order or on a later date specified in the order.

Line 16—After 'remuneration' insert:

or other terms and conditions of employment

After line 27—Insert:

(9) If—

(a) an employee who has been notified under subsection (2) that the employee's position is a required position other than a key position does not, in the manner and within the period specified in the notice, elect to be a transferred employee; or

(b) an employee who has been notified under subsection (2) that the employee's position is not a required position does not, in the manner and within the period specified in the notice, elect to participate in a career transition program,

the employee is to be retrenched (subject to Schedule 2) before assets and liabilities of, or shares in, TABCO are transferred to the purchaser.

This is a redrafted clause which gives effect to the agreement reached between the unions and the Employee Ombudsman so that employees are no longer compulsorily transferred to the purchaser if they are in a required position or compulsorily retrenched if they are not in a position required by the purchaser. The clause now provides for employees to choose. It also allows for sale flexibility and moving of all employees between the existing TAB to another company, TABCO(A) or TABCO(B).

Mr WRIGHT: When we were debating this bill two weeks ago, or thereabouts—perhaps a little bit less—I asked you whether you could provide us with any information as to what had happened in eastern seaboard TABs as a result of privatisations with respect to staffed agencies: therefore, you may be able to come back with further information. You have already outlined that you have a contingency plan for, I think, 90 per cent of head office, 100 per cent of the call centre and 10 per cent of staffed agencies, but in relation to staffed agencies have allowed for up to 50 per cent redundancies, although only 10 per cent of jobs would go. Why would you, in fact, have made a contingency plan with respect to staffed agencies for redundancies of the order of 50 per cent when you are saying that you only expect 10 per cent of jobs to go?

The Hon. M.H. ARMITAGE: Quite clearly, it reflects the most conservative position, as did the figures that were provided when we last debated this, which I was at pains to say. The simple reality is that with people who have been working for quite a long time and who are eligible for quite remunerative redundancy packages the view is that they may well choose to take them. That will not mean that the job goes, but we think that there will be people in agencies—from our study of the packages that they might receive because of their length of service, etc.—who will say, 'This is a generous offer, I would like to take this and retire, or do something else, or pay off a debt that I have,' or whatever. So our scenario is that they will leave the job and take a redundancy package.

However, I emphasise that the figures quoted before were the worst case scenario, as I indicated, and we had to budget accordingly. But a best case scenario we believe would see a loss of 43 jobs, as opposed to 354 redundancy packages, and there is a vast difference between the two. Our figure of 50 per cent of the redundancy allowance reflects human nature, that we understand that some of these people may choose to take the package and do other things.

Mr WRIGHT: I do not think anyone believes that only 43 jobs will go, and I think the contingency plan that has been budgeted for is pretty much in line with what will happen. With respect to staffed agencies, I suggest that the reason why you have made contingency plans for 50 per cent redundancies, when you are suggesting that only 10 per cent of jobs will go, is because you know precisely what has happened on the eastern seaboard. I will tell you what has happened on the eastern seaboard, because I have checked with the respective TABs. In Victoria there were 15 staffed outlets pre privatisation. There are now two outlets which, in effective terms, is as a result of the legislation. One is in the casino and one is at headquarters. In Victoria, as a result of privatisation, the call centre has been reduced from 900 to 600 staff and as a result of privatisation 200 jobs have been lost in staffed outlets. That is what has happened because of privatisation in Victoria.

Mr Lewis: Is that the total number of jobs in Victoria, 200?

Mr WRIGHT: That is 200 in staffed agencies, plus another 300 in the call centre: 500 in total. In New South Wales it is a different arrangement. As a result of privatisation, 50 franchises have been closed in the last twelve months, including closures of franchises in regional areas. It is a dissimilar situation to what we currently have in South Australia because there were franchises prior to privatisation. Almost certainly in South Australia, if not certainly, as a result of the privatisation of the TAB, franchises will be operating. I know the member for Hammond has already spoken about that with some passion.

The TAB staffed franchises in New South Wales as a result of privatisation, and 170 jobs were lost. In Queensland, because it is a more recent experience and we do not have the same time period, we also have a situation where franchises were in existence before privatisation, and a number of those franchises, both in the metropolitan and regional areas, have closed as a result of privatisation. We can be almost certain, if not certain, what will take place here with a privatised TAB. We can be certain that the contingency figures that have been put forward by this government will materialise. Perhaps 'certain' is going too far and being a little inflammatory, but we could almost be certain that the worse case figures that have been put forward by the government—that is, 90 per cent of head office staff going and 100 per cent of the call centre staff going—will occur.

The government has made contingency plans for 50 per cent of redundancies for staffed agencies because it knows full well what will happen with privatisation, that is, we will have franchises taking place in South Australia. Some people suggest that is not such a bad thing, and it may not be, but certainly a large chunk of existing employees—and I suspect it is higher than 50 per cent—will not only want to take a redundancy package but, in the main, they will not have the opportunity to continue in that franchise because, just as happens with a whole range of franchises in a whole range of different businesses, as the member for Hammond quite correctly has already put to this chamber earlier in the debate today, we will have family franchises and we may well have an additional employee in the bigger franchises. That may not be such a bad thing, but existing employees may not see it that way.

I very strongly suggest to the minister that, not only on the evidence of what has taken place on the eastern seaboard but also in respect to the figures that he has put before us regarding staffed agencies, he has made a contingency plan for 50 per cent of redundancies for that very reason, and I suspect that even at 50 per cent he has underbudgeted.

The Hon. M.H. ARMITAGE: We do not agree that you can automatically transpose the Victorian TAB business onto the situation in South Australia. It is quite specifically our expectation that a new purchaser could in fact build the business. One does not build the business by cutting agencies or staff, and I simply do not think that there is necessarily a corollary. However, more importantly, as I indicated, we had done some homework on this and we looked at various features, and so on, and the 50 per cent is based on the advice of the employees' likely choice. I am informed that many of the employees have been holding on waiting for a package. The advice of the 50 per cent, and the reason why we chose that, comes from information supplied by the TAB human resources people and by the unions.

Mr LEWIS: Before the member for Wright runs out of his three shots can I, through you Mr Chairman, invite him to make a further contribution to this debate with respect to those franchises that have closed in Victoria, or elsewhere in the eastern seaboard TAB operators' arrangements? Were they closed by the new owners? If they were, did the goodwill of the franchise belong to the management of the premises in each instance, or how did the corporate interest have the power to close down a franchise? I have always understood the word 'franchise' to mean that you were at liberty to conduct the business under the aegis of a framework of arrangements from the owner of the brand name, but at your own discretion, and you were left to manage; you owned the goodwill of the business.

I think there must have been some deficiency in that legislation enabling corporatisation and privatisation to occur in the eastern states' TABs if they transferred the ownership of the goodwill of the franchises to the new corporate interest rather than to the people who operated them. I ask that of the member for Lee and then I want to go on and say to the minister that, so help me God, there had better not be that oversight in this legislation where, if a corporate interest buying the TAB in South Australia chooses to go down the path of franchising, it could bully the owners of the franchise into what I would consider to be harsh and unconscionable terms of contract that would enable the owners of the TABCO to then close down the franchise. The goodwill of the business belongs to the people who set it up and build it and grow it, not the corporate interest. That would be a terrible oversight of the legislation.

What I have seen of the legislation leads me to believe that it is pretty much the same kind of franchise that I have in mind, namely, that it does indeed belong to the people who operate it and whose name it appears to vest, and not to the corporate entity which owns the brand name, and that they cannot remove the use of the brand name without negotiated arrangements for the payment of damages to the person or parties who own the goodwill of it. If that is the direction in which the member for Lee was taking this debate, then I commend him, because I think that is gross, and I trust that the minister can reassure me and the rest of the members of the committee who are interested in the matter that it will not be gross: that any such arrangement that is entered into will provide a goodwill to the operators.

I want to make one further observation about that situation in the eastern states' privatised TAB operations. I have always feared that, if the earlier debate we had of the amendments I proposed was lost, it would be industrial gore everywhere, because I could not see the racing industry being able to get its act together quickly enough to mount anything like a reasonable bid in the time that the government would give them. I would not be surprised if the deal has not already been done and that it is now only a matter of churching it. I know the minister will have to deny that, and I have heard ministers deny these things before. However, I know what they have been telling me and I know that it is in either one cheek or the other that they have had their tongue buried or maybe both—

Mr Clarke: Both tongues?

Mr LEWIS: No, both forks—when they have said these things. I am anxious, though, to have the minister state the position as he sees it and knows it and wants the House to know it, and God help him if it is not the real position, because no-one else will do so down the track.

The ACTING CHAIRMAN: Member for Lee, the committee would be interested in your policy position.

Mr WRIGHT: Yes, you might well be: you can wait until you call the election before you get that! I will return to the member for Hammond, but the minister in his reply to my question talked about building the business and no new owner wanting to cut agencies. I think I have already proved the point by giving some illustrations in Victoria, New South Wales and Queensland where in each case the business had been built by the new owner, but on every occasion there had been a reduction in the numbers of people employed, and it varied with regard to staffed agencies and/or franchises; and I will go back over them.

In Victoria, as a result of privatisation in 1994, there were 15 staffed outlets and there are now only two. That is basically as a result of legislation. One is in the Casino and one is in the head office. In New South Wales they started franchising some of their outlets before privatisation but dramatically increased it after privatisation, and some 50 franchises have been lost in the past 12 months, including in regional areas.

Mr Lewis: How would they close down?

Mr WRIGHT: You raised some good points, and that sort of detail would need to be explored. My guess is that a whole range beyond legislation of commercial arrangements that may or may not be in place has allowed that to take place. In Queensland there is a similar situation: again, franchises before privatisation built upon as a result of privatisation and the closure of numerous franchises. Both in

New South Wales and in Queensland post privatisation we have had franchises being closed down. The member for Hammond legitimately asks how that could occur. Obviously we will need to do more work on that because that is something about which the member for Hammond is sensitive, basically agreeing with me that once privatisation occurs in South Australia you will have a similar arrangement occurring in this state whereby the current arrangement, under which we operate with staffed agencies, will change dramatically, almost to the point where we may have only franchises, which will change the whole existing arrangement with regard to existing employees and how the business will operate.

The point that needs to be made strongly in respect of what I said at the outset is that it is not enough to say that a new owner will want to build the business and will not build the business by cutting agencies. A new owner will want to reduce costs. We know they will want to improve turnover—that goes without saying. Beyond that they will want to improve the bottom line and want to starve costs and will look at how to do that, in addition to increasing their turnover. People in the racing industry and beyond will know that any new owner will want to increase turnover. That is what this game is all about. The debate is how they will do it. We know how they will do it: by starving costs and by franchising out the current arrangements with regard to staffed agencies. That is why we will have not only 50 per cent of redundancies in staffed agencies, but the figure will be even higher. That is why they will not operate a call centre here—because they already have one operating in their home state, whether it be Victoria, New South Wales or Queensland. The same goes with the headquarters. They will want to starve costs.

If there is an agency, wherever it might be in any part of metropolitan Adelaide, or more likely in country regional remote areas, if that business cannot get itself up to scratch, cannot demonstrate that it can improve its business if it is already at a level which a new owner does not think it should be at, it may be given the initial opportunity to improve its business. If it cannot demonstrate that, do not think for a moment that a new owner will not close down some agencies that are not successful, that cannot prove that they can improve their bottom line and the profit for the new owner. Of course they will do that. I have already clearly demonstrated how it has been done up and down the eastern seaboard—how there has been a reduction in jobs, in call centres, in headquarters, in staffed agencies and in franchises. It has happened in every situation, in every state and the same will happen in South Australia.

Members interjecting:

The Hon. M.H. ARMITAGE: Full marks for passion for the member for Lee, and to an extent he is actually right. But what the member for Lee fails to acknowledge is that agencies are closing in South Australia as we speak. One of the things I do regularly as minister is authorise the closure of agencies now. The member for Taylor, I think, had a longstanding discussion with me about an agency in her electorate that was changed. I have had agencies change in my electorate because business is not static. Let us not for a moment suggest that we will set in concrete forever the agencies that exist now. It does not happen under government ownership and I would not expect it to happen under the private sector.

The member for Lee identified that the number of staffed agencies went from 15 down to two as a result of legislation. I am not sure what the legislation was, but it clearly was not a decision of the owner but was as a result of legislation. In relation to this impassioned plea (and I understand why the member for Lee is saying it as he is) about the TAB under a new owner being more efficient, and he said 'the racing industry knows they will do it', the racing industry wants them to do it, because if they are more profitable and there is more encouraging of net wagering revenue, and so on, the racing industry does better out of it. The racing industry is not averse to the TAB doing well: it actually wants the TAB to do well.

In relation to the previous question from the member for Hammond about franchising—and I thought the member for Lee in standing would answer the other question the member for Hammond asked and that is why I did not answer before—the government is not of the view that franchising in South Australia is necessarily the way a new owner will go. Indeed, when Mr Phillip Pledge—

Members interjecting:

The Hon. M.H. ARMITAGE:—who was so eulogised by the member for Lee 10 days ago as one of Adelaide's leading businessmen, was the Chairman of the TAB he regularly brought to me as minister a proposal that we should allow franchising. We looked at that and felt that it was not necessarily in the best interests of the franchisor, on the basis that as it is a risky business we were not sure that the business proposition was there, and so on. However, the member for Hammond identifies that there may be an opportunity to franchise. It would be a decision of a new owner and not of the government. We, however, would not believe that it was necessarily a good business decision. However, the work that has been done thus far by the TAB as a preliminary in relation to the work of franchising possibilities under Mr Phillip Pledge's chair will be made available to any potential purchaser.

Mr CLARKE: I will not go over all the points the member for Lee has already made, but once we privatise the TAB we will get franchised agencies and, as has happened in Victoria, there will be far more pressure on TAB sub-agencies in hotels where the margins for hoteliers have been cut significantly. That will put increased pressure on the hotel management or owners of those hotels as to whether or not they even want to conduct TAB sub-agencies. It is a difficult position. Once you have them there your clientele go there for a drink or meal and also like to play a bet. The private owners in the TAB in Victoria know that, exploit it and reduce the profit margin for the individual hotelier, which makes it very hard for them to keep going.

I want to turn my attention to your amendment to this clause, minister, with respect to key positions. I refer to clause 15(2)(a) which provides that once the sale takes place, you (as minister) must by written notice to each employee state whether the employee's position is a required position and, if so, whether the employee's position is a key position. It then lays down certain criteria as to what the employee is entitled to.

I would like to know, minister, what is the best estimate you have as to the number of key personnel who will be required to go across to the new owner, even for a limited time, and what is the estimated cost of that, given that key people are entitled to not only a redundancy payment but also, by virtue of schedule 2 on page 6 of your amendment, an incentive payment of '20 per cent of the employee's remuneration' or '$30 for each day during that fortnight that

the employee is required to attend for work in that employment, whichever is the lesser amount'.

In your agreement with the unions—and I congratulate the unions on their agreement with you—you have identified key personnel that you say should go across to the new owner; you will pay them an incentive payment yet they can leave, get a retrenchment package and the very next day front up to the new owner and get re-hired on equal or greater salary than they enjoyed before. I cannot work out why you are so generous. I think it is excellent for the unions and the employees, and being an ex-union secretary I would have loved to negotiate that deal, but I am now here as a representative of the taxpayers and I am trying to work out the benefit for the taxpayers of this state. So, could the minister run those numbers past me?

The Hon. M.H. ARMITAGE: The member for Ross Smith asked several questions. I will identify an important qualification to his first question or observation—certainly it related to the member for Lee—in relation to the number of people who would leave when the call centre inevitably closed, no matter what happens. It is very interesting to read an article from the *Australian* of Thursday 8 July 1999—and I know the member for Lee will be interested in this article. Mr Warren Wilson, Chief Executive of the TAB in Sydney, identified a number of things and said:

> We don't need phone centres or IT divisions in the middle of Sydney. TAB is now scouting around for a site for its new headquarters to move into...

The article continues:

> Mr Wilson has not ruled out moving the company's phone centre, for example, to another state or city if it makes sense.

That is not my statement—it certainly backs up what I have said—but this is the CEO of TAB Limited.

Mr Wright interjecting:

The Hon. M.H. ARMITAGE: I am not sure, but that is the point. It indicates how flexible people can be when one puts the best possible deal—

Mr Wright interjecting:

The Hon. M.H. ARMITAGE: I am not sure, but there are other call centres in other states that we may be able to lure here if that were, indeed, necessary. I have said that is certainly something we would be looking at. As identified in that article, it is clearly on the minds of chief executives. I am informed that the answer to the question, 'How many key staff would there be under clause 15(2)(a)(ii)?', is 10.

Mr CLARKE: There was a question about costs. What is the factoring?

The Hon. M.H. ARMITAGE: We cannot give an exact figure but it would be, I am informed, three months' salary and oncosts of the approximately 10 key staff who would be designated as key personnel.

Mr CLARKE: I would like to know what types of positions would be regarded as 'key'. The issue still comes down to, whether it be one, 10 or 100 key staff, they can get paid an incentive bonus to go across to the new employer for that period of time; they can then elect to take a redundancy payment whether or not there is a position for them with the new employer; and the day they leave TABCO's employment or leave that three month period they can re-present themselves the following day to the new owner and accept another position or the same position at equal or greater salary, which is unlike TVSPs and the like in the rest of the Public Service whereby, if you take a package, you are precluded from going back to work for the government for three years.

I am trying to work out why in this arrangement the government has decided to give away the lot, in a sense. You can choose not to go, but to stay on as a key person, get paid an incentive and a salary, get paid a redundancy package, and because you are a key person you have a good chance of being able to leave the position and go the very next day to the same employer and get re-hired on a greater salary and basically not lose a minute's pay on the way through. I cannot work out the government's rationale on this agreement, and I am trying to find out what it is.

The Hon. M.H. ARMITAGE: I am informed that the key staff would be in head office and that they would be in the ilk of IT staff or finance staff, or maybe the manager of the call centre; they would be that category of employee. A couple of things would mitigate against the member for Ross Smith's scenario. First, as I understand the scenario that he is painting, the people who would transfer over have already elected not to go over to the employer. However, more importantly, we have some figures which indicate that, because of the transfer in payments, and so on, it would not be a financial disadvantage to us if that occurred.

Mr CLARKE: Even if these people have expressed a desire not to go over to the new employer (if a new employer eventuates), I am still trying to work out how it is financially advantageous for the government. They may change their mind. However, that does not matter. It is just the general principle. I cannot understand why you would come to the agreement that you did without that safety fallback position that the state government generally has with respect to TVSPs—that you cannot go back for a period of at least three years. Otherwise, why make, in the first place, redundancy payments which would come straight off the value of the sale price of the TAB? I would like the minister to explain that a little more. I draw the minister's attention to new subclause (3c) which deals with superannuation. I raised the matter of the TAB staff superannuation fund with the minister the last time this matter was debated in this House on 16 November. As I understand it, the fund has about 90 TAB staff members. The only ones who can be members of the superannuation fund are either permanent part-time or permanent full-time employees. So, that rules out the bulk of employees who are casuals.

As I understand it, at present that TAB fund has a surplus of between $3 million and $4 million. It is a defined benefit fund. However, whilst employees can elect to go onto a pension, none has done so in its 30 year history, people having preferred to take the lump sum. Upon the sale of the TAB, the government ought to allow the board of the TAB to wind up the superannuation fund (I understand that is the desire of the members) and allow the surplus funds to be redistributed amongst the remaining members in accordance with the trustee on an equitable share basis. It is not money that is coming out of consolidated revenue. The money that has gone into that superannuation fund has been entirely that of the employees and the matching contributions put in by the TAB from time to time. In accordance with the terms of the deed, the surplus funds cannot go back to consolidated revenue.

It seems only fair that, if it is the desire of the members of the fund to have it wound up and the funds distributed amongst the remaining members on an equitable basis, it ought to happen. Otherwise, the minister's new subclause (3c) would allow that fund to go across to the new owner, who has not put one brass farthing into the superannuation fund and who could then use that $3 million to $4 million

surplus, enabling the new owner simply not to make any further contributions for the time being for existing TAB employees who go across; or the new owner could open up the scheme to other, at this stage, non-TAB employees who could have the benefit of that $3 million or $4 million surplus. Specifically, is the minister prepared to give a ministerial direction to allow the TAB board and the trustees of that fund to wind up the fund if that is the desire of both parties upon the sale of the TAB, and to allow the funds to be distributed on an equitable basis? As I understand it, that or a similar proposition was put to the minister a year or so ago by the former Chairman of the TAB and the minister vetoed it at that time.

The Hon. M.H. ARMITAGE: In relation to the honourable member's first question, the reason why redundancy payments end up being a financial benefit is that the non-required employees have, I think, $5.8 million of retraining which would not be required under the circumstances that the member proposed.

In relation to the winding up of the TAB superannuation fund with the distribution of approximately $4 million, I understand exactly the point that the member for Ross Smith is making but the government will not even entertain that. The reason for that is not to be perverse but under the MOU, agreed and negotiated with the PSA, the ASU and the Employee Ombudsman, the government has agreed to maintain the terms and conditions of employment for the transferred staff. This requires the continuation of the TAB superannuation fund.

As the member will probably be aware, the TAB superannuation fund is not a government fund: it operates under commonwealth legislation. It is run by a trustee company, with three directors representing the employees and three directors representing the TAB. The commonwealth legislation sets out a specific process to deal with changes to the TAB superannuation fund and it would be inappropriate, and probably even invalid, for state parliament to pass legislation to alter the process.

There are currently no provisions to repatriate the actuarial surplus. However, there are arrangements that run down the surplus given by employees by way of improved benefits from the employer via a contribution holiday. That is a good rationale in itself, but the real key to this is that, because the fund is run by a trustee company, the government is not able to exert any direct control over the fund.

The ACTING CHAIRMAN: We have really had a series of questions. I think that it would be easier if we came back to this in the amended clause.

Amendments carried.

Mr CLARKE: As I understand the TAB staff superannuation fund, the minister is correct in his explanation to the extent that the government does not have a direct control over the trust deed: that is for the trustees. However, to wind up the TAB superannuation fund it must be with the approval of the board of the TAB. The board of the TAB is, as a government agency, subject to the general directions of the minister for the TAB—in this case, this minister. As I understand it, the minister some time ago vetoed the board of the TAB from taking any steps to wind up the superannuation fund. Am I correct in saying that the minister has expressly forbidden the TAB board from terminating the superannuation fund? If that is not the case, do I have the minister's assurance that it is a matter from which he will step aside and simply allow the board of the TAB and the trustees of the superannuation fund themselves to determine what they will do?

The Hon. M.H. ARMITAGE: I recall this matter being discussed by the previous chair of the TAB. To the very best of my knowledge, and from the advice that I have just taken, I do not recall issuing a direction to that end. I certainly remember discussing it with him but I do not remember issuing a direction. I am very happy to check the annual report of the TAB, because that is tabled in parliament, and that needs to be identified in the annual report. The member for Ross Smith was quite definitive in saying that I issued that direction. I do not remember doing so, and I would feel very comfortable in checking that.

But the issue is still this: whilst the member for Ross Smith is quite correct in saying that I can issue directions to the board, I cannot issue directions to the TAB employer representatives who are on the trustee company. Even if I did, we would be in direct contravention of the MOU that has been negotiated with the PSA, the ASU and the Employee Ombudsman, because we would be distributing the assets and, therefore, we would not be maintaining the terms and conditions of employment for transferred staff.

So, what we are doing is not perverse. We are following the MOU that was agreed and negotiated and ensuring that the transferred staff have the same conditions and terms of employment, and what the member is asking me to do I cannot do because, whilst I can direct the board, I am informed that I cannot direct the employer members of the board of the trustee company.

Mr CLARKE: Whilst the minister cannot direct the trustees, he can direct the board, and the linchpin to winding up the superannuation fund is in the hands of the board—the TAB, as the employer. Clause 20 of the South Australian Totalisator Agency Board Staff Superannuation Fund deed, under the heading 'Termination of the fund', provides:

> . . . if—
> (a) an order is made or a resolution is passed for the winding up of the board, unless such winding up is for the purposes of reconstruction or amalgamation and the new organisation then formed has the necessary power and agrees with the trustee to take the place of the board and the new reconstructed or amalgamated organisation will be deemed to be the board; or
> (b) the board ceases to carry on business for any reason whatsoever; or
> (c) the board elects by giving three months' notice in writing to the trustee.

So, the board of the TAB is the linchpin to determine whether or not the fund should be wound up. The minister is right: he cannot direct the trustees. But he can direct the board members, and if the board wanted to wind up and then distribute it in accordance with the terms of clause 20.2 of this deed, they can do so. But the minister has the power to say to the board, 'You will not wind up. I will not allow you to vote to approve the winding up of the superannuation fund.' That is what the minister can do.

Given that the minister is unclear as to whether or not he gave such a direction to the board in the first place with respect to this matter, will he now state that the question of whether or not the staff superannuation fund should be wound up upon the sale of the TAB is a matter to be determined between the board of the TAB and the trustees of the superannuation fund and will not be subject to ministerial direction, except in so far as to comply with any agreements made between the unions and the government under the memorandum of understanding, and that the minister will not intervene beyond that or direct the board to take any action other than what it sees as appropriate in all the circumstances,

subject to that one caveat of the memorandum of understanding?

The Hon. M.H. ARMITAGE: No, I will not, because, by doing that, I am unable to guarantee to maintain the terms and conditions of employment for transferred staff, which is part of MOU.

Mr CLARKE: As I have read it, I cannot find where the issue of this superannuation fund has been determined in the MOU one way or the other. I do not have an up-to-date copy of the MOU. I believe some reference is made to superannuation but I do not believe that it precludes you from doing what I have suggested.

The Hon. M.H. ARMITAGE: Clause 9.3 of the MOU states:

> A transferred employee who is a member of the South Australian Totalisator Agency Board Staff Superannuation Fund will maintain membership in that fund in accordance with the relevant trust deed and rules.

Clause 9.5 states:

> Employees who are members of the South Australian Totalisator Agency Board Staff Superannuation Fund and who elect to participate in the career transition program will be permitted to maintain contributory membership in that scheme.

The MOU quite clearly envisages the continuation of the staff superannuation fund and, accordingly, that is what we will be doing.

Mr CLARKE: By way of a supplementary—

The ACTING CHAIRMAN: I remind the member for Ross Smith that he has now exceeded his number of questions.

Mr CLARKE: This is a supplementary question.

The ACTING CHAIRMAN: You do not get one, I am sorry.

Mr WRIGHT: I do not think that it is unfair, at this critical point, for us to have a better definition of whether or not the minister directed the board. The minister has advisers and he has the Chief Executive Officer upstairs, surely—

The ACTING CHAIRMAN: I remind the member for Lee that it is out of order to mention anyone in the gallery.

Mr WRIGHT: Minister, it is not much use bringing back an answer to us subsequent to this debate tonight. We do not want to hear about this in weeks to come: we want to hear tonight whether you directed the board. I do not think that it is unfair for us to spend a little time to determine precisely what did take place.

The Hon. M.H. ARMITAGE: I have indicated that I do not remember issuing a ministerial direction about this matter. The member for Ross Smith, I believe, said that I did. I am not in the habit of misleading the parliament. To the best of my recollection, I cannot recall whether I did. I believe that I did not. Given that the member for Ross Smith was so definitive in saying that I issued a direction, I am indicating that I do not remember it. I certainly do not remember its being reported in the annual report. All directions are required to be identified in the annual report. To the best of my knowledge, I did not issue such a direction.

Mr WRIGHT: Will the minister confirm that the former Chairman of the TAB, Mr Pledge, did bring a recommendation to government for a proposal to wind up the fund with the surplus to be split between the TAB and fund members and, if that is the case, what happened following that recommendation?

The Hon. M.H. ARMITAGE: As I indicated, my recollection was quite clear in that I did discuss it with Mr Pledge, as I discuss many matters with my Chair and Chief Executive Officer of all government enterprises for which I have responsibility. It was certainly discussed. My recollection is that, for a number of the reasons that I have provided to the member for Ross Smith in questions indicating that I would not be doing that at this stage, that was the rationale for the decision that we would not progress it at that stage. I am confident that I did not issue a direction to that end. It was a discussion. Mr Pledge agreed that it was government discretion and pushed it no further.

Mr WRIGHT: Did Mr Pledge make a recommendation or not? I do not want to know about a discussion taking place. I want to know whether Phillip Pledge, former Chairman of the TAB, made a recommendation about the winding up of the superannuation?

The Hon. M.H. ARMITAGE: I cannot remember whether or not he made a recommendation. I remember it being discussed. I equally know that there was no progression of it at the government decision.

Mr FOLEY: I have had a bit of experience with superannuation as it relates to the winding up of government assets. Again, we have an example of the minister's simply not being able or capable of achieving closure on critical issues relating to asset disposal. The reality is that when we debated in this place the sale of ETSA, regardless of our philosophical differences on whether or not ETSA should be kept in public ownership or sold, we did have an answer on one issue: employees' superannuation. When debate concluded in the other place some amendments and changes were made but we had closure.

We can go back to the sale of the Pipelines Authority in South Australia, which was debated many years ago in this place. Superannuation was resolved. We have had the sale of a number of government assets—the issue has been resolved. Each case was resolved in a way that was mutually acceptable to both parties. It would appear that in this case that has not been achieved. I am looking at the same letters about which my colleague talked earlier. First, has the minister engaged an independent expert to advise on the TAB superannuation issues? I understand an undertaking was given. Has such an expert been engaged?

The Hon. M.H. ARMITAGE: My understanding is that the request for an expert has not been acceded to, for the reason that negotiations have continued and, indeed, the MOU, which determines employees' superannuation, has been agreed. Further, my advice is that at a meeting today between my officers, the ASU and the PSA no issue was raised in relation to employee superannuation—and that is as late as today. Therefore, I am at a loss to agree with the member for Hart that employee superannuation has not been settled, because certainly in our view it has, particularly in relation to the issues raised by the member for Ross Smith regarding the fund.

Mr FOLEY: It is unfortunate that a government minister is not across his brief, notwithstanding the fact that he has in this place more advisers than I have ever seen a government minister have when we have been debating legislation. The minister has just said that he has no recollection of any issue being raised by either the Public Service Association or the ASU about superannuation.

The Hon. M.H. ARMITAGE: I did not say that.

Mr FOLEY: What is your position?

The Hon. M.H. ARMITAGE: So that the member for Hart is absolutely clear, I said that my advisers met with the PSA and the ASU today, and I have been informed that not a single issue about employee superannuation was raised,

particularly given that clauses 9.1 to 9.6 of the MOU, which is what was being discussed, deal with employee superannuation.

Mr FOLEY: I have in front of me a letter dated 24 November addressed to you from the General Secretary of the Public Service Association raising issues that clearly have not been resolved. Indeed, I also have a letter dated 7 November 2000. The point of the exercise is that, with the sale of ETSA, the superannuation fund was in deficit and had an unfunded component. The government made a decision that a purchaser of ETSA would fund the unfunded liability of the ETSA superannuation. We debated that in this place; we had closure in this parliament; so, when the law was passed we knew what was happening to superannuation. It has happened with every other asset sale, except that when the minister brings a bill into this place he does not have closure on a critical issue of what to do with a $4 million surplus in the superannuation fund.

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

Mr FOLEY: You haven't got closure. You have what you think is your closure. I will put this to the minister. If he is selling the TAB with a $4 million surplus, and transferring the surplus to a new purchaser, will that not mean that the sale price of the TAB will be worth a further $4 million, which will be revenue for the government?

The Hon. M.H. ARMITAGE: I am not sure exactly whether the member for Hart is assuming that the money that is in the fund is able to be utilised by a new purchaser at will.

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: That is for the maintenance of terms and conditions of employment for the staff. That is the whole purpose. That is why I contend that the member for Hart is simply wrong in identifying that there is non-closure. It is a good political term, but there is complete closure. The fund is there and it will go to pay benefits for transferred staff. The fund will continue. Indeed, it is required to continue under the MOU so that staff can draw on the benefits to which they and the employer have contributed.

Clause as amended passed.

Clause 16.

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

Page 12—
Line 30—Leave out 'transferred employees' and insert: employees the subject of an employee transfer order
Line 32—Leave out paragraph (b) and insert:
(b) The Australian Municipal, Administrative, Clerical and Services Union, South Australian Clerical and Administrative Branch; or
Page 13—
Lines 6 to 8—Leave out subclause (3).
Lines 9 to 19—Leave out subclauses (4) and (5).

These are only minor amendments. The amendment to page 12, line 30, involves a change in terminology only; that to page 12, line 32, is a correction to the registered name of the union; that to page 13, lines 6 to 8, is intended to leave out subclause (3), which is not required, as any future agreements are entirely between the purchaser and the employees and their unions; and the final amendment involving lines 9 to 19 on page 13 deletes subclauses (4) and (5) as a result of the divisions of new clause 15 and clause 3.

Mr WRIGHT: Can the minister give an indication of the timing of the memorandum of understanding that is referred to?

The Hon. M.H. ARMITAGE: As I indicated previously, there was a meeting between my officers and representatives of the ASU and PSA earlier today. My advice is that this MOU will be taken back to the general secretaries of the unions and, depending upon availability of those people, we are expecting to sign off next week.

Mr WRIGHT: The minister has been going through quite a few of these. Am I correct in presuming that these have all been discussed with the appropriate unions and an agreement has been reached?

The Hon. M.H. ARMITAGE: The answer to that question is yes: formal meetings have been held with representatives of the unions and with the Employee Ombudsman.

Mr CLARKE: We have heard a fair bit from the minister about the memorandum of understanding between the government and the various unions. Is it not a fact that this agreement has not yet been signed by any of the parties and that negotiations are still continuing between the government and the unions as to the final terms of that MOU and that, whilst there may be general in principle agreements, a fair amount of negotiation is still occurring, including, I might add, clause 9, relating to employee superannuation, and the various subclauses to which the minister referred which gave rise to a letter, in part, from the General Secretary of the PSA to the minister dated 24 November? The first two paragraphs state:

> The PSA has been advised of the government's proposal to transfer the $3.5 to $4 million TAB super fund surplus to the new owner if the TAB is sold. PSA members want the fund wound up if the sale proceeds as only a small number of fund members are likely to remain in the fund after a sale of the TAB.

It is quite clear. The letter of 7 November to which the member for Hart referred was from the PSA to the Employee Relations Department of the Office of the Commissioner for Public Employment raising the same matter about superannuation, that the MOU (which the minister refers to) has not been signed off by any of the parties yet. In itself I would not mind if the MOU had been signed off by all the parties, but here we are in parliament signing in blood under clause 16, saying, 'You cannot do anything. Whatever you might want to do under the act, you cannot go contrary to specific agreements reached in the MOU'. I understand that, agree to that, but where the MOU has not yet been signed by all the parties and there is still disagreement as to the interpretation of what should be in that MOU, in particular at this stage on superannuation, it is premature for us to pass a clause such as this saying, 'You cannot do anything which would contravene the MOU', when we do not have the final MOU before us.

Months before the Ports Corporation legislation was debated in this parliament, the memorandum of understanding was reached between the Maritime Union of Australia, the Australian Maritime Officers Association of Australia and the government. The MOU was put away, locked away, before the Ports Corp legislation even came into this parliament. At the moment we have the TAB legislation saying, 'You will not do anything other than in accordance with the MOU at the bare minimum', yet we do not have that signed off MOU. This parliament does not even know what it is signing off on at this stage. In particular, what I want to know is how we as a parliament can pass a clause such as the minister's amended clause 16 on a memorandum of understanding that has not yet been signed by all the parties and when negotiations are still taking place as to its final meaning; and on the vital issue of superannuation there is still a significant difference of opinion and it is at variance with the minister's earlier advice.

The Hon. M.H. ARMITAGE: I remember a meeting—I forget the exact date but it was about 10 days ago—in the parliament with a number of the representatives with whom the member for Ross Smith has been corresponding. There were some matters of discussion regarding the MOU. They were definitional. I remember them in particular relating to key employees. My advisers and I acknowledged that we could accommodate the view of the union representatives in that matter and the union representatives said words to the effect, 'If that is done, we are happy with this agreement.' My understanding since then is that there has been discussion about none of the principles behind the MOU which were agreed at that meeting or the very final touches which were agreed at that meeting because discussions had been going on for a long time.

My advice is that there has been some discussion about wording but not about the principles, which I reiterate at the meeting that I had in the back of the chamber was well and truly agreed with the concession that we made regarding the definition of, I believe, 'key employee'.

Mr CLARKE: I did not necessarily want to suggest that the minister was light years apart in respect of the MOU. Certainly, there are major differences on the superannuation fund which I have discussed. However, there is an important principle in this; that is, if the minister looks at clause 16, once it is finally amended and passed it says that, in terms of conditions of employment entered into between the employees of the TAB at this moment, you cannot vary anything which is not in this memorandum of understanding and we as a parliament do not have before us a completed signed off agreement. Who knows whether the day after this legislation is passed by both houses of parliament the memorandum of understanding that is finally signed between the government and the unions may vary some of those terms and conditions? It might improve payouts, it might lessen payouts or entitlements of individuals for whatever reason agreement is entered into, totally at variance with what we as members of parliament have been advised in the first place.

That is what an MOU is: it is a memorandum of understanding which has been signed off so that when we as parliamentarians vote on this issue we vote in full knowledge of what the consequences may be with respect to the employees in a given set of circumstances. What happens, minister, if you pass the legislation through the agreement of both houses and the MOU is not signed by one or more of the parties specified in your amended clause 16? Does it not come into effect? What is the legal status? What are we as a parliament actually passing? These are not insignificant costs on the minister's assumption of $17.5 million worth of potential costs to the taxpayer in terms of employee benefits, yet we do not have before us in this very debate a signed memorandum of agreement where all parties know what it means and what the definitions are. It is very sloppy. It wasn't in the Ports Corp; we knew what we were buying, in a sense, when we sold the Pipelines Authority and some various other statutory authorities, irrespective of whether or not the Labor Party opposed it—at least we knew what we were potentially up for in terms of employees' entitlements, but at this stage we have an MOU that is typed up with general understandings and general agreement about what 90 per cent of it might mean, but it has not been signed off by the three parties at this very point when we will vote presumably some time later tonight on the legislation to sell the TAB or not.

The Hon. M.H. ARMITAGE: The member for Ross Smith is underselling the importance of the schedule, which in fact sets out the majority of the actual conditions in quite detailed fashion. I am more than happy to acknowledge that the government is not intending to do anything other than sign the MOU. That was always the intent of the meeting which the union representatives and I had 10 days ago. There is no suggestion that we would be attempting to do anything other than that, particularly given that the clauses in the schedule, which will become law, are quite detailed and will have the force of legislation behind them. We have no intention of doing anything other than signing the MOU, as was clearly the agreed position with the unions and the employee representatives at the meeting.

Mr CLARKE: Do you agree with me at the very least that at this stage with respect to the MOU, particularly given the letters I have referred to from the PSA to yourself and your department, and the Premier's office, that there is still no agreement as to what happens with the South Australian Totalizator Agency Board staff superannuation fund and that that is still the subject of negotiations?

The Hon. M.H. ARMITAGE: As I indicated before in previous questions, the MOU quite clearly discusses the continuation of that fund. The MOU gives an agreed position and I contend that the union representatives had every intention of stating, just as I do now and did then, that that was the agreed position. I contend that they were men and women of honour—there was absolutely no question that that was an agreed position and that MOU quite clearly contends in clauses 9.3 and 9.5 that the staff superannuation fund will continue. It is an agreed position, as I indicated at the meeting of 10 days ago.

As to the technicality of whether there is a signature at the bottom of the MOU, clearly the member for Ross Smith is correct: technically there is not a signed agreement. As my advisers have indicated to me tonight and as I have said to the House, there has been discussion about minor matters but there is no question that the intent of the meeting 10 days ago was an agreed position.

Mr WRIGHT: If you got to that stage 10 days ago and you are describing it to us virtually as a fate accompli, why has it not happened? There is no need for me to trawl over all the solid points the member for Ross Smith has made, but this does not seem an ideal arrangement. It does seem a bit rich. There are some outstanding issues. You are talking about being at a certain position 10 days ago. You knew this debate was coming up here today. We have a clause in front of us and we do not know the full detail of the memorandum of understanding—it has not been signed off, yet we are being asked to vote on it. If it can happen for the Ports Corp and the pipelines and other areas, why has it not happened with this one?

The Hon. M.H. ARMITAGE: We are not actually being asked to vote on the MOU, but on the clauses in the schedule which give substance to the MOU. We have referred to the MOU because it is an agreed position as to how the various conditions will be handled. It is an agreed position between the unions and the government. We have every intention of signing off on it.

Mr FOLEY: To come back to superannuation, I am stunned that we do not have some sort of acceptable resolution. I put to the minister that we sell the TAB, the $4 million surplus goes with the new owner; let us say hypothetically that Queensland TAB buys the asset and makes redundant 90 per cent of the head office and all of the call centre and a

number of the agency staff who might be in the scheme decide to leave the fund. The fund for all intents and purposes is run down. What happens to the $4 million surplus?

The Hon. M.H. ARMITAGE: I am informed that there have been a number of recent amendments to the deed which actually improve the benefits and those benefits will be paid out of that surplus. The trustee recently altered the deed.

Mr FOLEY: So you are using the surplus to cover other costs associated with the sale and restructuring of the TAB? Is that the point you are making?

The Hon. M.H. ARMITAGE: These are amendments to the superannuation entitlements of the employee. It has nothing to do with the sale of the TAB.

Mr FOLEY: A $4 million surplus is a lot of surplus to be dealing with in the manner you have just stated. We understand that the former chairman of the TAB put forward a suggested resolution to this, namely, a 50-50 split whereby the government takes 50 per cent of the surplus as a contributor and the employees as contributors take 50 per cent of the surplus. If that suggestion had been put to you, you rejected it. However, as you would be aware as a cabinet minister, you are currently in dispute with the Firefighters Union of South Australia, which currently has a surplus of the order of $7 million or $8 million—a fully funded scheme. The dispute with the government is that the Firefighters Union wants 100 per cent of their surplus distributed to their members.

But, guess what the government's position is in relation to dealing with that $7 million or $8 million surplus. I will enlighten the House with the Treasurer's resolution, which is a 50-50 split: the government takes 50 per cent of the surplus as a contributor and the employees take 50 per cent as contributors. That is a solution to a defined benefit scheme that has a major surplus, and that is the resolution that the Treasurer has put forward for the firefighters fund.

Yet, in the solution which was put forward by the former Chairman and which I understand was 50 per cent to the staff and 50 per cent retained by the TAB—not the government—why will you not resolve for a 50-50 split? If it is good enough for the Treasurer to put that forward as his solution to the dispute with the firefighters, why are you not prepared to adopt a similar model in this situation?

The Hon. M.H. ARMITAGE: My advice is that the member for Hart's suggestion of the Treasurer's solution is incorrect.

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: I am informed that is not what he suggested. My advice is that if one looked at the effect of the recent amendments, which I indicated would see increased benefits accruing to the employees, one would see that it actually equilibrates very closely to that arrangement which was suggested before.

Amendments carried.

Mr CLARKE: Returning to my favourite subject of superannuation, I am determined somehow to work this through. The only reason the minister gives for not doing as I have suggested, that is, to allow the surplus in the TAB staff superannuation fund to be distributed among its remaining members upon the sale of the TAB, is that he says that would be contrary to the memorandum of understanding, and he will not do anything that would put him in conflict with that unsigned MOU. Can I get an assurance from the minister that he will place no obstacle in the way of negotiations between the management of the TAB, its employees and the trustees of the superannuation fund to amend that unsigned MOU to provide that, if there is agreement between the board, the trustees and its members to wind up the superannuation fund upon its sale, the minister will be quite happy to accept that agreement and that it will not be subject to any ministerial inference, override or veto—however you want to describe it? If that can be renegotiated with the MOU, it will be an issue for the board of the TAB, the trustees and members of the fund to sort out for themselves how they see that surplus being redistributed without inference from the minister.

The Hon. M.H. ARMITAGE: The answer is that I do not believe I can do that. The reason for that is that clearly there are major effects on sale price, etc.

Mr Clarke: Now we get to the truth.

The Hon. M.H. ARMITAGE: No, that is not the truth. The benefits we can give in the negotiations is all determined on a range of factors, and clearly one of those factors is the expected price that we might get for the TAB. If we do not get the price for the TAB, we will be unable to provide the benefits to the racing industry, and I would contend that, whilst the member for Ross Smith is making a great feature of supporting the employees in the TAB, we should not forget that there are 7 000 plus employees in the racing industry who are desperate for this legislation to pass and who are desperate for the injection into the racing industry.

All our sales criteria and discussions, right throughout this process, have been balancing the contribution to employees, the contribution to the racing industry, the return to the taxpayer, and so on. That would be a completely reasonable and expected position for us to have taken in all our negotiations across all those spheres of interest and of money that we will be contributing to the various contenders in the sale of the asset.

Mr CLARKE: Well, two hours it took us to get to the truth. The real kernel of it—

The Hon. M.H. Armitage interjecting:

Mr CLARKE: Yes, it is, minister. You can shake your head as much as you like but, in an absolute rare display of candour brought about by sheer frustration, you have revealed your hand, that is, you want the $4 million: you will not allow the employees or the fund to use the surplus to improve the retrenchment benefits of over 90 per cent of permanent employees who you have already stated, in the worst case scenario, will lose their jobs.

The Hon. M.H. Armitage interjecting:

Mr CLARKE: So, they get their superannuation. The fact is that the government wants to leverage up the price of the TAB at the expense of the 90 employees in the staff superannuation fund. The minister wants to be able to hock around to potential buyers, 'You can take on our superannuation fund. It is $3.5 million to $4 million in surplus. That means you do not have to pay superannuation to the existing employees who go across—and there will be very few of them because most will be retrenched. You will be lucky to have to pay anything towards their superannuation for a number of years'; or allow the fund to be opened up to the new employer's other employees, and the $4 million can be used by the new employer to subsidise the superannuation of those new employees who did nothing to generate the $3.5 million to $4 million surplus in the first place.

It is not taxpayers' money out of consolidated revenue that built up this fund: it was the employees, the TAB management and the punters who put in money that generated money over a period of time to build up a surplus of between $3.5 million to $4 million. It is absolutely immoral for this government to leverage up the price of the TAB for sale at the expense of its employees.

We got a discounted price for our ETSA assets because there was $80 million-odd in unfunded superannuation liabilities. The new employer comes in and pays less of a price for those assets because it takes over the whole of the assets. The government did not go around to those employees and say that they were to lose other benefits in order that the government did not have to go around to a prospective buyer and say, 'Look, take over our unfunded liabilities, up for $80 million, and we will carve that out of the hide of the employees to make up the shortfall in terms of retrenchment benefits or other terms and conditions of employment.' And nor should it do so.

However, the minister is doing exactly the same on this issue by saying that, because this fund is fully funded and is $3.5 million to $4 million in surplus, instead of its going to the employees who generated that surplus or by a sharing of those benefits, he will hang onto it and refuse to let it go to those people who will inevitably lose their jobs, so that he can push up the sale price of the TAB by the equivalent amount of money. That is a really dishonest, despicable act on the part of any government when it is its decision to sell the TAB.

The minister may have been able to inveigle some people into his plan because of his offer to spend $18 million over three years for the racing industry, but there has been no hue and cry by the ordinary punters, trainers, breeders or owners—the thousands in the general community—for the sale of TAB. At least I thank the minister for this: after a couple of hours of debate, he has told us the real reason why he will not agree to my eminently reasonable proposition. The minister wants to use the legitimate superannuation surplus to which these employees are entitled as a basis for leveraging up the sale price of the TAB and for his own election slush fund. That is a disgraceful act by this government.

The Hon. M.H. ARMITAGE: The member for Ross Smith has a number of things wrong. First, he seemed to indicate that the employees would not get the benefits—wrong! All employees get all benefits to which they are entitled under the deed. Indeed, as I identified recently in answer to a previous question, the trustee has just altered the deed such that I am told in the vicinity of $2 million of the surplus will be in benefits that go to the employees directly in relation to their entitlements under the trust deed. So, for the member for Ross Smith to make allegations such as that people would not get the benefits and we will be hocking the money around the sale traps is fanciful.

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: I will come to that. The money will go in line directly with the terms of the trust deed. That is exactly what will happen. I reiterate that the terms of the trust deed have recently been increased.

Mr CLARKE: When were they increased?

The Hon. M.H. ARMITAGE: In the past couple of months. Further, the advice that I have been given is that—and I am sure that the member for Ross Smith would know the approximate contribution rate of employer/employee in this sort of fund—there is a legitimate argument that the majority of the surplus was contributed by the employer but under the new trust deed half the surplus is being distributed to the employees.

Mr Clarke interjecting:

The Hon. M.H. ARMITAGE: I will clarify that. I am unaware of that, and it is not my responsibility. As I indicated before, I do not control the trustee, but I would have imagined that that would occur.

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: The other $2 million is employer funding which we will leave in as we have identified previously. For there to be any suggestion that this is sinister is fanciful, because in any sale of any asset there is a number of assets within the total asset. Whether there might be liquid assets, physical assets or whatever, when one sells the asset you get a price from bidders for the asset.

Mr WRIGHT: The minister has taken much time of the committee. Ultimately, in response to the member for Ross Smith's question about the fund being wound up, the minister's own words were that it could not and would not be done because it will effect the price. That is something we have been saying for a number of hours. That has been substantiated. If I understand the minister correctly, he is now saying that the benefits have been increased by $2 million and $2 million surplus will be left in the fund.

The Hon. M.H. ARMITAGE: That is the advice that the trustee has provided to us. As I have indicated, we do not run the trust. To the best of our advice, that is correct.

Mr WRIGHT: That is $2 million that can be added on to the sale price. I cannot let another one of the minister's comments go unchecked. In the same answer the minister intimated that we also have to look at the racing industry. Of course we do, and I would hope that everyone in the chamber would agree with that. He then went on to say that some 7 000 employees in the racing industry are desperate for this to be true. I do not think even the minister believes that. If he does, he is speaking not to the right people in the racing industry or to a broad cross-section of the racing industry but to a certain section of the racing industry which is controlling authorities and maybe beyond. To make a statement like that is just so far from being correct that it is not even close to the truth. What is closer to the truth is that there is a divergence of opinion across the broad cross-section of the racing industry about whether this TAB sale could go ahead and whether it will be in the medium to long-term interests of the racing industry, and the minister knows that.

Clause as amended passed.

Clauses 17 to 19 passed.

Clause 20.

Mr WRIGHT: Do we know what the dissolving of TABCO and so forth will cost?

The Hon. M.H. ARMITAGE: My understanding is that it is a very small amount, but I will take advice on that. As I said, it is a particularly small administrative cost only. It is literally dissolving a company after it has no assets and liabilities left; they have all been transferred. There would be staff time and a couple of things such as that, but negligible cost.

Clause passed.

Remaining clauses (21 to 25) passed.

Schedule 1.

Mr WRIGHT: In clause 1(4) there is reference to proprietary or public companies. First, why is it not mentioned in the definition but, beyond that, under what circumstances would the TAB become a proprietary company?

The Hon. M.H. ARMITAGE: This really relates to the whole of schedule 1, dealing with the conversion of the TAB to a company, all as preparatory phases in a sale process. At the moment, the minister is the sole shareholder in the company. I am informed that the process would be that one makes it a proprietary company, or public company limited by shares, and one then sells the shares in that company that one has created. Clause 1(4) in schedule 1 indicates that the

TAB must take that action if it is determined as part of the preparatory phases in the sale process.

Schedule passed.

Schedule 2.

The ACTING CHAIRMAN: There are about 14 amendments to schedule 2. I suggest that they be taken as one and that a reasonable amount of flexibility be given—not a lot.

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

Clause 1—

Page 17—

Line 6—Leave out the definition of 'average monthly hours'.

After line 7—Insert:

'average weekly hours'—see clause 5;

'career transition employee' means an employee who, having been notified under section 15(2) that the employee's position is not a required position, elected, in the manner and within the period specified in the notice, to participate in a career transition program;

Line 8—Leave out the definition of 'continuous years of service' and insert:

'date of transfer of the TAB business' means the date on which the assets and liabilities of, or shares in, TABCO are transferred by a sale agreement;

Lines 9 and 10—Leave out the definition of 'executive'.

After line 10—Insert:

'Metropolitan Adelaide' has the same meaning as in the Development Act 1993;

Lines 12 to 34—Leave out the definition of 'prescribed retrenchment payment' and insert:

'prescribed termination payment' means—

(a) 20 times the employee's average weekly earnings during the relevant period plus 3 times the employee's average weekly earnings during the relevant period for each of the employee's years of service; or

(b) 116 times the employee's average weekly earnings during the relevant period,

whichever is the lesser amount;

Page 18—

Lines 1 to 17—Leave out the definitions of 'prescribed transfer payment' and 'relevant period' and insert:

'prescribed transfer payment' means—

(a) in relation to a transferred employee with less than 6 years of service up to the date of transfer of the TAB business—20 per cent of the employee's actual earnings during the financial year last ending before that date or $5 000, whichever is the lesser;

(b) in relation to a transferred employee with 6 or more but less than 16 years of service up to the date of transfer of the TAB business—50 per cent of the employee's actual earnings during the financial year last ending before that date or $13 000, whichever is the lesser;

(c) in relation to a transferred employee with 16 or more years of service up to the date of transfer of the TAB business—80 per cent of the employee's actual earnings during the financial year last ending before that date or $20 000, whichever is the lesser;

'relevant period' means—

(a) in relation to the average weekly earnings of a regular casual employee who becomes entitled to a prescribed termination payment after the first 52 weeks after the date of transfer of the TAB business (other than an employee whose hours of employment after the end of that period were permanently or temporarily reduced as a result of a request made by the employee after the date of transfer)—the immediately preceding 52 weeks or the first 52 weeks after the date of transfer of the TAB business, whichever period results in the greater average weekly earnings;

(b) in any other case—the immediately preceding 52 weeks;

'remuneration (at ordinary rates)'—see clause 5;

After line 26—Insert:

'temporarily transferred key employee' means an employee who, having been notified under section 15(2) that the employee's position is a key position, did not, in the manner and within the period specified in the notice, elect to be a transferred employee;

Lines 27 to 35—Leave out the definition of 'transferred employee' and subclause (2) and insert:

'transferred employee' does not include a temporarily transferred key employee;

'years of service'—see clause 5.

Clause 2—

Page 19, lines 4 to 6—Leave out paragraph (c).

Clause 3—

Page 19, line 7 to page 20, line 12—Leave out clause 3 and insert:

Remuneration of temporarily transferred key employees

3.(1) A temporarily transferred key employee must be paid at fortnightly intervals (in addition to the remuneration otherwise payable to the employee) an amount equal to—

(a) 20 per cent of the employee's remuneration (at ordinary rates) during the preceding fortnight; or

(b) $30 for each day during that fortnight that the employee is required to attend for work in that employment,

whichever is the lesser amount.

(2) This clause does not apply—

(a) to an employee in respect of any fortnight during which the employee is absent from work on one or more days (whether or not the absence is with leave); or

(b) to an employee employed under a fixed term contract; or

(c) to an executive.

Termination payments

3A.(1) An employee of TAB must be paid the prescribed termination payment if the employee is retrenched while TAB is an instrumentality of the Crown.

(2) A career transition employee must be paid the prescribed termination payment if the employee—

(a) resigns otherwise than in order to commence employment in the Public Service or employment with a Crown entity, the purchaser, TABCO or an employer related to the purchaser or TABCO; or

(b) fails to secure alternative employment during the period of the career transition program and is retrenched.

(3) A transferred employee may not be retrenched within 2 years after the date of transfer of the TAB business unless the employee—

(a) is given a period of written notice of the retrenchment equal to any period remaining before the end of the first year after the date of transfer of the TAB business or is paid the required payment in lieu of notice; and

(b) is paid the prescribed termination payment.

(4) A temporarily transferred key employee will be taken to be retrenched 3 months after the date of transfer of the TAB business unless—

(a) the employee and the employer have agreed otherwise; or

(b) at an earlier point of time the employee has been retrenched or the employee's employment has otherwise terminated.

(5) A temporarily transferred key employee must, on retrenchment, be paid the prescribed termination payment.

(6) For the purposes of this clause, without limiting the circumstances in which a person will be taken to be retrenched—

(a) a regular casual employee will be taken to be retrenched if, in the first or any succeeding month after the date of transfer of the TAB business, the employer does not offer the employee any hours of employment without—

(i) the employee's consent; or

(ii) (assuming the employment were not on a casual basis) proper cause for termination associated with the employee's conduct or physical or mental capacity; and

(b) a person will be taken to be retrenched if the person's employment is terminated in circumstances where the person has rejected or failed to

respond to a proposal of the employer that the person—

(i) transfer to a position with a principal workplace outside the State; or

(ii) transfer between positions with principal workplaces one within Metropolitan Adelaide and the other outside Metropolitan Adelaide; or

(iii) transfer between positions with principal workplaces outside Metropolitan Adelaide more than 45 kilometres apart by the shortest practicable route by road.

(7) This clause does not affect an employee's right to superannuation payments or other payments of a kind to which the employee would be entitled on resignation assuming that the employee were not surplus to the employer's requirements.

(8) This clause does not apply to—

(a) an employee employed under a fixed term contract; or

(b) an executive.

(9) The Governor may, by proclamation, suspend the application of subclause (1) for a specified period or until a date fixed by subsequent proclamation.

Clause 4—

Page 20—

Lines 13 to 26—Leave out clause 4 and insert:

Payment to transferred regular casual employees for reduced hours

4. If a regular casual employee becomes a transferred employee and, in the first or any succeeding week within the first 52 weeks after the date of transfer of the TAB business, the employer offers the employee employment but for less than the employee's average weekly hours during the 52 weeks immediately before the date of transfer of the TAB business without—

(a) the employee's consent; or

(b) (assuming the employment were not on a casual basis) proper cause associated with the employee's conduct or physical or mental capacity,

the employee is to be regarded as having been employed by the employer during that week for a number of hours equal to the employee's average weekly hours during the 52 weeks immediately before the date of transfer of the TAB business and the employer must remunerate the employee accordingly.

Line 30—Leave out 'average monthly hours or continuous' and insert:

remuneration (at ordinary rates), average weekly hours or

Line 34—Leave out 'average monthly hours or continuous' and insert:

remuneration (at ordinary rates), average weekly hours or

Page 22—

After line 16—Insert:

(aa) by striking out from section 3(1) the definition of 'the Hospitals Fund';

After line 17—Insert:

(ab) by striking out from section 16(3)(h) 'Hospitals Fund' and substituting 'Consolidated Account';

These amendments all relate to changes to add to definitions and interpretations and to identify changes in conditions of employment.

Mr CLARKE: As far as I can tell, the schedule reflects the agreement that was entered into between the government and the respective unions in terms of retrenchment payments for those who are unfortunate enough to lose their jobs as a result of the sale process. When we last met on this subject on 16 November, in terms of scenarios of the number of people who could be retrenched, the minister indicated that, in a worst case scenario, 50 per cent of the agency casual staff could opt for the retrenchment package—not necessarily that number of total jobs lost, because it might mean that they just want to get out of it altogether and they would be replaced by other people. That is a supposition. I would think that if the agencies are franchised the number of casual employees would be very much less in staffed agencies. But when I look at the agreement into which the minister has entered, I think that 50 per cent is an underestimation of the costs. I think that, in terms of agency staff, it is more likely to be 100 per cent.

The way in which I read it, a casual is able (and I congratulate the unions on getting the agreements they have been able to get) to collect their redundancy pay, step out of the agency on a Friday and start work with a new employer, on whatever the new agreements might be, the following Monday. It just seems to me that there is every incentive for every employee to cash in, to take the full benefits. The new employer would suddenly find: 'I do not have anyone. The best people I can use are those who work for the old TAB. I had better go around and hire them again and pay them whatever I can to attract them back,' and they have collected a retrenchment package in the meantime.

I think the minister has grossly underestimated the costs of the retrenchment package because there is no incentive for a casual agency employee, in particular, to stay, not collect their retrenchment package and work for the new owner—although, if I read it correctly, that person has guaranteed rights of employment for two years unless he or she is paid out a retrenchment pay equal to any period remaining before the end of the first year after the date of transfer of the TAB business, or is paid the required payment in lieu of notice and is paid the prescribed termination payment.

It seems to me that if you were working for the TAB you would work it through logically and say, 'I could do all of this, stay with the one employer and pay tax with a new employer. At the end of two years I could be given the flick, anyway, and not receive anything in terms of a lump sum compensation [at least not equal to what the government has agreed to here]. I am better off cashing in my chips today, having to pay tax on only 5 per cent of the lump sum and then reapplying for work with the new owner the following day when the new owner wakes up and discovers that he or she has no experienced agency staff. I will be rehired, probably at a better rate of pay, and life is terrific.'

But the taxpayer has paid a considerable price. Again, I would not blame any of the agency staff for doing that, and I certainly support the unions for negotiating such a deal. I am trying to work out whether, once we go through this whole sale process (if things play out the way that I think they are likely to play out), given the incentives to do exactly what I have described, the minister's worst case scenario costs of termination payments could be much more that $17.5 million. I am just wondering why there is not some sort of incentive for people to accept transfers over. For example, if you take a retrenchment package, as in the TSVP situation with the government, you cannot work for a government agency for three years, or something of that nature.

There is absolutely every incentive for someone to cash in their chips and start off afresh with a new employer and very little, if any, incentive to do what the minister is calculating them to do, namely, simply transfer across to the new employer and hope like hell that everything will go smoothly thereafter.

The Hon. M.H. ARMITAGE: There is an obvious inconsistency. The member for Ross Smith is saying that these people can, on a Friday, take a redundancy package and, wow, they will all come back on Monday and they will all be employed, and I quote the honourable member, 'at a better rate of pay'. This is what will happen. That is a particularly rosy circumstance. However, the committee,

about 15 minutes ago, was being regaled by the shadow minister that there were job losses everywhere, there were no job certainties and that everyone would lose their jobs. They are mutually—

Mr Wright interjecting:

The Hon. M.H. ARMITAGE: The honourable member may not have said 'everyone' but, boy oh boy, he went close to it. There is a clear and obvious inconsistency between those two positions. Either people are under threat and they will all lose their jobs, or the new owner will seek out employees, and he will give them more money to come back. The Labor Party cannot have it both ways. Members opposite can either have it, as the shadow minister would put it, that there will be devastation and Armageddon wreaked on all the employees, or you can have it the way the member for Ross Smith wants it, namely, that these employees will be able to rort the system.

In the honourable member's words (and I will come back to that shortly), they will be able to walk in on Monday and say, 'You can't do without me,' and the new owners will say, 'You're right: I can't do it without you. Please come back; take extra money.' Members opposite can have it one way or the other but they cannot have it both ways. However, the relevant point is that if someone is a required employee, and they are designated as that, they will be eligible for the packages that the member for Ross Smith has identified. If all those people took a redundancy, we actually 'save' money because they are not non-required employees. And, I am informed that we are providing $5.8 million, or thereabouts, of retraining to non-required employees.

If the people did that, there would be, as I indicated, a financial benefit to the state. We do not believe that will happen. Indeed, the 50 per cent that we have allocated is not a number that we have picked out of the air: rather, it is, indeed, based on the best advice from the actual employees, our having spoken to TAB human resources people and the unions.

Progress reported; committee to sit again.

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): I move:

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

Motion carried.

HAIRDRESSERS (MISCELLANEOUS) AMENDMENT BILL

Received from the Legislative Council and read a first time.

TAB (DISPOSAL) BILL

In committee (resumed on motion).

Mr CLARKE: The minister says that the Labor Party cannot have it both ways. The shadow minister's predictions on ultimate employment levels are correct. The minister indicated on 16 November that, in terms of head office and call centre staff, depending on who buys the TAB, a considerable number of jobs will be lost. The shadow minister and I have also, as have other members on our side of the House, pointed out that, over time, agency staff numbers would go simply as a result of what I would anticipate to be franchised-out agencies. My point was that on day one of the new owner, even if they get rid of all the call centre and head office staff in the minister's worst case scenario, they will not be able to franchise out all the agencies overnight. The new owner will need those agencies to be running for a period before they are franchised and will need experienced agency staff in the short term, pending reorganisation, and job numbers will then drop.

My point is that, in terms of costing for retrenchment packages on a worst case scenario, I believe that the minister has underestimated, because there is every incentive for every casual agency staff member to take advantage of a window of opportunity presented to him or her to collect a redundancy package in full and pay a reduced taxation rate. At a time when the new owner will need to keep those agencies staffed for a period pending reorganisation and ultimate job losses, experienced staff will be needed. A number of agency staff who have grown up with the TAB will not want to continue a career with a new owner and will simply want to leave and get out of the industry altogether and take their package. I think the number would be much greater than 50 per cent because agency staff will be aware of what happened to casual employees when TABs were privatised in Victoria, New South Wales and Queensland where there were massive job losses. They can read, they converse with their colleagues interstate, they know what happened and there is every incentive in the world to look after their own interests, as they should, and take the package; and they may then be able to negotiate a job with the new owner in that brief window of opportunity when the new owner will need experienced staff just to get through until completion of the reorganisation. So, I think that the minister is way out in terms of his estimation of the cost of retrenchment packages.

Mr WRIGHT: If, in fact, we had 100 per cent redundancy in staffed agencies, what would be the global figure for redundancies and associated costs? The minister has told us that currently it would be $17 million based on 90 per cent of head office, 100 per cent of the call centre and 50 per cent of staffed agencies. If that is, in fact, 100 per cent, what does that turn that figure into?

The Hon. M.H. ARMITAGE: That figure is $12 496 263. The reason for that figure and not the other figure is that it provides choices of transfer payments, training and all the other things for people who choose to leave. It is offering the choices that costs money. If every single employee—staff in head office, sales outlet managers, call centre casuals, on-call staff, etc.—took a redundancy, the figure would be $12 496 263.

Mr WRIGHT: I cannot quite follow that.

The Hon. M.H. Armitage interjecting:

Mr WRIGHT: No, I am trying. Maybe you could better explain it. It is going to cost $17 million for redundancies and other associated costs if 90 per cent of head office staff go, 100 per cent go from the call centre and 50 per cent go from the staffed agencies. However, if that blows out to 100 per cent of the staffed agencies we come back from $12 million to $17 million because of training. You will have to develop that a little further.

The Hon. M.H. ARMITAGE: Under the worst case scenario, redundancy costs are $7.9 million; transfer payments are $2.4 million; career transition costs are $5.8 million; and the attendance incentive is $0.6 million. The total estimated HR cost under the worst case scenario comes to $16.7 million.

Mr Foley: It was $12 million a minute ago .

The Hon. M.H. ARMITAGE: No, this is under our worst case scenario. This is redundancies, transfers, career transi-

tions and attendance incentives, which equal $16.7 million. If every employee took a redundancy package and there were no transfer packages, career transition training and so on, it would be $12 million. So, the cost of the redundancy component would be about $4 million or $5 million more. I will give it to you exactly. The cost of redundancies under our worst case scenario is $7.9 million and the cost of redundancies if everyone took a redundancy package would be $12 496 263, so it is $12.5 million less $8 million. Therefore, there would be a $4.5 million increased redundancy component if everyone took a redundancy package but, because we are providing all the choices—which include transfer payments, career transition costs and so on—the total cost of the worst case scenario, which is not everyone taking a redundancy package, is, in fact, a lot higher.

Mr CLARKE: In your worst case scenario, if it blew out to 100 per cent of agency staff making the different choices that you have outlined in the same proportion as you originally forecast on 16 November, which added up to precisely $16.7 million—I think we talked in round figures of $17 million—there would have to be an increase. If the other 50 per cent of agency staff chose in the same proportion as calculated in the $17 million figure to go on career transition schemes and transfer payments and so forth, there must be a significant increase on the $17 million. The minister's figure of $12.5 million arises only if all those employees choose not to take any of the other options except cash in the pocket. There will, of course, be a mixture of people taking redundancy packages as well as taking other options.

Therefore, I find this $12.5 million fanciful, because not all people will take the payments in kind: a large number of casuals in agencies might take the cash but a number of head office staff might prefer the career transition. I am just using that as an example, not saying that they will. I see how the minister can come to the $12.5 million, but that is absolutely fanciful. I imagine that, if the number of agency staff opting not to go across to the new employer was, instead of 50 per cent, 100 per cent, basically it would be $17 million-plus if the remaining 50 per cent of agency staff followed the same sort of trend as the first 50 per cent that you calculated costs for on 16 November.

The Hon. M.H. ARMITAGE: The figures that we have are that, if all the sales staff—by which we mean sales outlet managers, sales outlet staff and the oncourse staff—took redundancy packages, the total amount of redundancies for those would be $6.4 million.

Mr FOLEY: I want to come back to this point, too. The minister is presiding over the greatest redundancy package provided to public employees in South Australian history.

The ACTING CHAIRMAN: I remind visitors in the gallery that they cannot converse with members on the floor of the House.

Mr FOLEY: The minister's been talking across to his advisers all night, Mr Chair. As I said, the minister presided over a disposal bill that has provided the most significant redundancy package available to a public servant in this state's history. As I said before, as someone who one day would like to be the Treasurer of South Australia, the minister's precedent causes me great pain. The minister has given notice of the lotteries legislation today. Will we be seeing the same redundancy package in the lotteries legislation as we are seeing in this legislation? The Minister is not prepared to answer that question here tonight?

The Hon. M.H. Armitage: You will have to wait for it.

Mr FOLEY: Minister, why did you not insist in a clause in the redundancy agreement that workers choosing to take 112 weeks redundancy package could not take employment with the new employer for three years?

The Hon. M.H. ARMITAGE: The position is as has been made clear. We have an agreement in relation to the conditions which are reflected in the schedule. We have factored all those figures into columns of dollars, as I have identified, and we are confident that those figures are correct, and accordingly we have factored all those things into our financial figuring. From the perspective of the government, once the deal has been done and the figures have played out—as I said, we are comfortable and confident with our figures—in essence, it is not of interest to the government what happens after that.

Mr Foley: It is to taxpayers.

The Hon. M.H. ARMITAGE: Absolutely. What is of interest to the taxpayer is whether the deal stacks up, not what happens after the deal. From our perspective, as I have said, we have been through the figures with a fine toothcomb. We are of the view that the figures are correct.

Mr FOLEY: That is an absolute nonsense answer, but we have come to expect that from the minister. Why did the minister not act to protect the taxpayers' interests in all of this, which clearly he has had very little interest in doing, given that he has been throwing money around like a drunken sailor on a lot of these issues? Why did the minister not consider offering, as was done, from my recollection, with the Pipelines Authority of South Australia sale process, a transfer payment, an incentive? I think it occurred with a number of asset sales. I think when the State Bank of South Australia was sold an employee was offered, from memory, a $10 000 incentive to take a new position with the new owner, with protections guaranteed for the first two or three years by the new owner. But we offered an incentive for the employee to take that. If the employee did not want to take that position, we had a redundancy package for them. That has been the principle that has been employed previously for sale processes. Why has the minister not done that here?

The Hon. M.H. ARMITAGE: We have; that is exactly what we have done.

Mr FOLEY: It cannot be exactly what the minister has done because the whole idea—

Mr Hamilton-Smith interjecting:

Mr FOLEY: The member for Waite can laugh all he likes, I know what he thinks about this whole process. I know exactly what you think about this whole sale process and redundancy package, member for Waite, so let us be careful. I put it to the minister again, if he is saying here tonight that he has offered an incentive payment for transfer, is there then a clause that that employee taking that transfer is not entitled to a redundancy package?

The Hon. M.H. ARMITAGE: Yes, and the member for Hart in a previous discussion when the member for Ross Smith was casting around for figures identified that $2.4 million is transfer payments. The member for Hart made a note of it. So that is what we are talking about.

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: No, that is what I am saying—

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: No, I think maybe that is what the member for Hart is missing. The transfer payments that he spoke about when he was interjecting and helping the member for Ross Smith is exactly what he is talking about.

If someone opts for the transfer payment, they are not eligible for a redundancy payment. That is part of the agreed position.

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: No, they can take a redundancy if they are sacked by the new owner within two years of that transfer.

Mr CLARKE: A career transition employee can go on one year's training with pay and then take a package if they do not wish to pursue. If I was an agency casual employee and if I did not feel like working for the new owner, why would I not go on a career transition package for a year and get full pay for it and then say, 'Look, I will also take a retrenchment package at the end of that as well and get paid out my full entitlements'? Of course, a transferred employee, that is, one who goes across to the new owner, cannot be retrenched within two years, but if they are they do get paid out a retrenchment package.

The member for Hart is pretty well close to the mark in his description of his criticism of the minister in terms of looking after the interest of the taxpayers of this state. It is wonderful for the employees and it is terrific that the union has got the agreement—and I wish I could have negotiated these sorts of agreements when I was the union secretary—but it does seem to me a case of too much haste by this government in trying to sell the TAB, and to cobble together an agreement. You caved in through industrial pressure, which was appropriate at the time, but this was something that should have been negotiated in less haste with the unions to achieve an acceptable outcome.

It is acceptable obviously from the viewpoint of the employees, but we here in parliament are wearing another hat also in terms of looking after the interest of taxpayers, and it just seems such an open ended bucket that is unnecessarily forcing up the costs. We should not be selling the TAB in the first place but, having decided to do it, you have then opened the purse in a moment of panic. And it is an open ended bucket, for which the taxpayers of South Australia will get rid of an income producing asset and have to pay considerable sums of money to employees who wanted to stay with the TAB as a government instrumentality. It does not make sense or stack up economically.

The Hon. M.H. ARMITAGE: I will deal with what I think the member for Ross Smith is asking. To be eligible for the retraining, one has to have been designated as a non-required employee, and the view is legitimately that as a non-required employee without the retraining you would have been retrenched, so the retrenchment figures for that category of employee have been factored into our figures already.

Amendments carried; schedule as amended passed.

Schedule 3 passed.

Schedule 4.

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

Clause 4, page 22—
After line 16—Insert:
(aa) by striking out from section 3(1) the definition of 'the Hospitals Fund';
After line 17—Insert:
(ab) by striking out from section 16(3)(h) 'Hospitals Fund' and substituting 'Consolidated Account';

These consequential amendments are as a result of the repeal of the Racing Act, which establishes the Hospitals Fund. As this act will repeal the Racing Act, the Hospitals Fund will no longer exist and references to it in other acts need to be amended. These are technical amendments which are required more as a matter of good housekeeping. The current bill does not include provision to delete the definition of the Hospitals Fund nor a reference to the Hospitals Fund contained in the State Lotteries Act which dealt with the post GST lotteries tax regime. The amendment tidies up the bill to ensure that the Hospitals Fund and associated references are removed.

Mr CLARKE: Going back on the sales staff costings of $6.4 million for retrenchment packages on the basis of 100 per cent of the agency staff leaving, the minister estimated in the original worst case scenario that 50 per cent of sales staff would leave or be retrenched. Would the remaining equate to an extra $3.2 million, which potentially could increase the overall costings from nearly $17 million to $20 million? Am I right in saying that?

The Hon. M.H. ARMITAGE: It is very difficult to give the answer. I think I know from where the honourable member is coming, but it is not as simple as halving the numbers because, as we identified before, there are a number of additional costs if not all people choose redundancies. For argument's sake, we would be unclear as to how many of the staff might take transfer payments, how many might go into retraining, and so on. In principle, it is roughly that figure, but there would be some additional—

Mr Clarke: It could be a bit more?

The Hon. M.H. ARMITAGE: We believe that it would be probably a bit more because of the other payments. I do not have the figure for it. I have provided all the other figures asked for, but it is not a simple matter of just halving it.

Amendments carried; schedule as amended passed.

Title passed.

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): I move:

That this bill be now read a third time.

In so doing, I thank all members for their well meaning and earnest contributions. If this bill meets with the agreement of the other House, the sale of the TAB will progress, particularly with the interests of the racing industry and South Australia in mind. I thank members for their contributions.

Mr WRIGHT (Lee): This has been a long and exhaustive debate, as it should have been, because it is a very important bill before the parliament. It is another example of the government continuing its privatisation process. We already have had a number of examples of bills that have been brought to this parliament in a whole range of areas where the government has shown its direction to the taxpayers of South Australia of how it wishes to deal with government assets.

This bill has an added dimension not only in that it involves the sale of an asset but also the impact and effect, if passed in the House of Assembly and subsequently in the Legislative Council, that it will have on the racing industry. This needs to be analysed not only from the viewpoint of the asset sale but also the effect that it will have on the racing industry.

We have gone through the second reading and committee stages and been able to demonstrate very clearly that jobs will be lost as a result of the privatisation of the South Australian TAB. There is little doubt that the employees are very disappointed, very angry and very hurt, and indeed feel very cheated, that their government is selling their asset, and the workers, as a part of this process, have not, as I have been advised, been able to meet direct with the minister during this process. One only has to look at the various areas at which we have looked carefully with respect to the head office, the call centre and the staff agencies to understand and appreciate

the ramifications that will flow from the viewpoint of what will happen to existing employees.

I think we have been able to demonstrate a very clear case that the most likely outcome for the privatisation of the South Australian TAB is that an eastern seaboard TAB will be the purchaser. There is a remote possibility, as the minister defines it, that there may be other potential buyers and other potential bidders. That may well be the case. The racing industry may well be a bidder, but the great probability is that either TABCorp in Victoria, New South Wales TAB Limited or Queensland TAB—all privatised—will be the ultimate purchaser of the South Australian TAB.

We have been able to demonstrate in a pure business sense why that is the most likely outcome, how that will come about and the direct ramifications on existing employees. As has been clearly backed by the minister's contingency plan, this will have huge ramifications on existing employees. If it is an eastern seaboard TAB that buys the South Australian TAB, it will almost certainly have huge ramifications with respect to the head office and the call centre, and we have been able to clearly outline that it will have a direct effect on staffed agencies.

The minister tells us that there is contingency for 50 per cent redundancies in staffed agencies, but only 10 per cent of jobs will go. That is code to tell you that they in fact will be franchised.

The SPEAKER: I caution the member. It is a third reading debate and I would like the member to adhere to the third reading. He is starting to raise matters canvassed in the second reading debate.

Mr WRIGHT: What am I supposed to be doing? You told me before that in the third reading I am meant to be summing up.

The SPEAKER: By summing up you address the bill as it has come out of the committee stage. The chair openly admits that it is a grey area but the honourable member is starting to drift back into general debate and repetitive debate on subject material which would be a second reading speech. I am not stopping the member at this stage but he was starting to stray back into material which is of a second reading nature.

Mr WRIGHT: With the greatest of respect, I disagree but, nonetheless, I will obviously be cautioned by—

The Hon. G.A. Ingerson interjecting:

Mr WRIGHT: I beg your pardon? I might, too. I am entitled to express my opinion, surely. The matter concerning staffed agencies is of particular concern to the opposition because we believe that, if the South Australian TAB is privatised, the most likely outcome is that the 50 per cent, which is the advice we have been given by the minister, is a figure below what the expectation will be. Suffice to say that there has been clear demonstration that the privatisation of the South Australian TAB will result in significant job losses, and that is a sad outcome for us all. We have a government which has come into this parliament on a regular basis telling us about its ability to bring jobs to South Australia yet, on the other hand, as a result of the sale of the TAB we see that jobs will be sold off.

The other area of critical importance is the racing industry. It needs to be very carefully explained that this TAB privatisation has been a long time in coming. The TAB proposal was brought to this House earlier this year but withdrawn. Notwithstanding that, this debate has been going on within the racing industry for some three to four years. Whether one agrees or disagrees with the privatisation of the South Australian TAB—because the debate on that is polarised—there is a strong body of opinion that a golden opportunity was lost during that three to four year period when we should have been trying to realise our natural alliances, where we should have been trying to maximise the price we would get as a result of the sale of any TAB.

I think an opportunity has been lost here with respect to this bill. If the government was hell bent on selling the TAB—which clearly it is; it signalled that as far back as four years ago—it should have brought this type of legislation to the parliament much earlier if it was fair dinkum about maximising the price, the return to the racing industry and the return to the taxpayer of South Australia. A golden opportunity has been lost during this period. This legislation has been very poorly handled. This legislation should have been handled like other privatisation bills that have been brought to this parliament, but, of course, they got in the way of this legislation. They got in the way of this bill and this bill was stalled while other bills, such as ETSA, were worked through this parliament.

We are well aware of the first agreement between the government and the Racing Codes Chairmen's Group with respect to the particular figures that would occur as a result of this debate. One needs to carefully and clinically make sure that in relation to the figures that have been put forward we not only appreciate that we are going into a new concept with regard to the way in which the racing industry will be funded but also we need to be aware of whether and how the new concept will impinge upon the racing industry.

The minister has drawn to our attention that the one-off payment of $18.25 million will occur if the sale takes place and beyond that we are going into an arrangement whereby moneys will be made available. I think in the first three years there will be an increase in funding—which is to be welcomed—but beyond that is the period in which we are concerned about how that arrangement will take place and whether those figures will be good for the medium to long-term benefit of the racing industry. It is when we go beyond the three year period that we have to start considering whether getting a percentage of the net wagering revenue will benefit the racing industry. Beyond three years is the critical period when we—and of course the racing industry—must be very careful in assessing the benefits that it will receive if the TAB is privatised.

I do not think there is a lot of argument about the one-off payment of $18.25 million and the increase from 33 to 41 (which the racing industry welcomes) but beyond that is a period where a very careful and critical analysis must take place with respect to what benefits the racing industry will get and what security the racing industry will have with regard to future payments.

In winding up, I simply say that this is another piece of legislation that sells off yet another state asset. It has been a well performing asset which has returned money to both the racing industry and the taxpayers of South Australia. In the last financial year it made a profit of some $56.1 million, 55 per cent of which goes to the racing industry and 45 per cent of which goes to taxpayers. It is another example of our selling off an income stream, another asset which we will never return back to the state.

We must also carefully analyse the effects the sell off will have on job losses and price increases, what it will do to services, and what control the racing industry will ultimately have under a new owner. We must also consider what impact a new owner will bring to bear and on the betting on which

it operates. There is an area of disagreement between the minister and me with regard to that. The minister says that a new owner will want to build the product—and, of course, we agree on that. As a result of privatisation, a private operator will want to look at ways of improving the bottom line. One of the ways they will do it is by reducing costs. They will do that by cutting back on jobs. Of course, they may also do that by cutting back on some of the outlets in operation in metropolitan South Australia and, more significantly, in regional and rural areas where some of those meetings are much more marginal, and that will impact upon them greatly with a private owner.

The other legislation that is linked to this bill is that of proprietary racing, and that has now moved into another house. It is important that members be aware of the proprietary racing bill. With respect to the TAB bill, the new operator may, depending on other legislation, have the capacity to operate on proprietary racing, which will have some incentive for a new owner, as well. For a whole range of reasons, we think that there are many reasons why this bill should be opposed, and we believe that the legislation does not warrant the support of the house. The opposition signals its intention to oppose the bill.

Mr FOLEY (Hart): I look forward to making a short contribution in the third reading as the bill has come from committee. This has been an exhaustive debate, and full credit should go to my colleague the member Lee, the shadow minister and, indeed, the member for Ross Smith for their detailed probing of the minister with regard to this legislation. The many hours this bill has been in committee has uncovered an enormous amount of information—information that we were not privy to before this legislation came into committee. However, we certainly are privy to it at the conclusion of the committee stage of this legislation. We learned that, if the likely scenario of redundancies occur, the redundancy cost will be at least $17.5 million. Indeed, much evidence has been presented to the committee to suggest that it would be a much higher figure; it could be $20 million.

Of course, on top of that, the government had announced the $18 million for the racing industry and the $5 million for consultancies, including success fees. We then find that with other costs potentially over $40 million is paid out as outlays from the sale process before we have any money left to pay off debt. That is an extraordinary situation. It is a substantial amount of money and, as we have made much throughout the debate—notwithstanding the very good work of the ASU and the PSA in negotiating redundancy packages—it is a redundancy package that the unions themselves have not been able to negotiate, even before with this government as I understand it. They are ground breaking and precedent setting redundancy packages that will have some impact in years to come. Again, they are the result of very sloppy and very panicked negotiations by this government and in particular by this minister.

What else did we learn? We learned that the $18.25 million payment to the racing industry was a one-off payment, no strings attached. We are making available to the racing industry $18.25 million, and it can do with it as it wishes. Again, I would have thought that in the state of South Australia that was an unprecedented development—an unprecedented decision by a government to appropriate money to another body with no strings attached. I am not aware of its happening in this magnitude anywhere before in the state of South Australia, and I do not particularly care if it has occurred in New South Wales or Queensland. I care about what we do in South Australia. We have learned that the opportunity to provide some significant capital upgrade to the racing industry be it—and I know that it is something dear to your heart, Mr Speaker—in upgrading the track or facilities at Morphettville, Cheltenham or wherever, but those decisions have not been made.

You, Mr Speaker, as a former minister, would well know that one of the great opportunities that comes with government is that you appropriate money to other people. You decide how money will be spent, and you have a say in how you want that money spent. Whilst the senior people within racing in this state may well have best intentions as to how they want to use that money, the government should use this as an opportunity to ensure that they have a role in ensuring that taxpayers' money is invested in the right infrastructure for the racing industry, for the collective good of the racing industry and for the collective benefit of the state of South Australia. The only way you can do that is to have an agreed and negotiated position, an agreed plan with the racing industry. They are the conditions the minister would have wanted to at least reach with the racing industry. Okay, that may not have been as far I would have liked. We should have been quite prescriptive. The minister could have been a little less formal and demanding and at least had a few principles for and understandings about how that money would be spent. However, that is not the case.

We also find from that that the racing industry can apply up to $18 million or whatever it needs to clear its balance sheet of debt which will then give itself a much stronger position if it so wishes and if it is able to in order to form a consortium with other players and make a bid, if that is what it wants to do. I pose the question: is that what we intended when making $18 million available to the racing industry? Were we really thinking that by giving a grant of $18.25 million we would be assisting them potentially to structure their finances to make them able to make a bid for the asset? I would not have thought that was the intention of the government in making that financial commitment to the racing industry.

These are facts that we have uncovered in committee that again cast doubt about the details of this package—about the way the government has negotiated it and the outcome. There are many other issues. There is great uncertainty and great concerns on this side of the house from the lack of negotiations and proper process put in place. On the superannuation issue, a fundamental issue, we spent two hours in committee trying to get a straight answer from the minister. We finally got it after exhaustive questioning. I would like to think that the minister was simply playing hard to get and being a bit difficult. However, I think that the real answer is that the minister is simply not across his brief. We have evidenced throughout this committee stage that the minister is not across his brief: he did not have the answers at hand and continually relied on advisers.

Indeed, we had the quite bizarre spectacle of the minister running this way and that way, outdoors, up there, over the barrier, calling people over and taking five minutes to answer a question. It was a little pitiful to watch. A minister not across his brief when we are dealing with such an important piece of legislation as this can only cause further anxieties about this process on the opposition benches. That was a feature of the committee stage that perhaps alarmed me more than anything.

As I have said, the bill comes out of committee with no amendments other than the government amendments. The bill comes out of committee with a lot more information before this parliament. However, even though we have been provided with more information, unfortunately, there are many more unanswered questions. They will have to be dealt with in another place.

It is disappointing, as I said, that we have a minister who is not across his brief. Negotiations have not concluded. It is really a very sloppy process and very poor work and, ultimately, I think that we face a real danger of the whole TAB process being derailed. I look forward with interest to seeing the Auditor-General's Report next year, when he has the opportunity to comment on the $18.25 million no strings attached redundancy packages that have been agreed to by this minister, and other financial issues that I think will be harshly dealt with by the Auditor-General—they certainly will be by this parliament. I am concerned that we are heading into very troubled waters with respect to this process.

The House divided on the third reading:

AYES (22)

Armitage, M. H. (teller)	Brindal, M. K.
Brokenshire, R. L.	Brown, D. C.
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.
Kotz, D. C.	Matthew, W. A.
Maywald, K. A.	McEwen, R. J.
Meier, E. J.	Olsen, J. W.
Penfold, E. M.	Scalzi, G.
Venning, I. H.	Williams, M. R.

NOES (22)

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.	Rankine, J. M.
Rann, M. D.	Snelling, J. J.
Stevens, L.	Such, R.B.
Thompson, M. G.	Wright, M. J. (teller)

PAIR(S)

Wotton, D. C.	White, P. L.

The SPEAKER: Order! There are 22 Ayes and 22 Noes. The measure therefore is resolved equally. It is the view of the chair that this is an important piece of public policy that should be given the opportunity to be examined in another place, and I therefore give my casting vote for the ayes.

Members interjecting:

The SPEAKER: Order! The House will come to order!

Third reading thus carried.

DEVELOPMENT (SYSTEM IMPROVEMENT PROGRAM) AMENDMENT BILL

Received from the Legislative Council and read a first time.

AUTHORISED BETTING OPERATIONS BILL

Adjourned debate on second reading.

(Continued from 26 October. Page 301.)

Mr WRIGHT (Lee): This is a companion bill to the TAB (Disposal) Bill with which we have just dealt. The opposition will be supporting this bill now that the TAB (Disposal) Bill has passed.

Members interjecting:

The SPEAKER: Order! There are too many audible conversations in the chamber. The member for Lee.

Mr WRIGHT: As I said, the opposition will be supporting this bill now that the TAB (Disposal) Bill has passed the House of Assembly; not to do so would be very trite. This bill establishes a new regulatory regime for betting operations conducted by the TAB. It also establishes a regime for racing clubs and bookmakers. The bill puts into place the procedures that will exist for a sole TAB but, beyond the TAB, it also covers other areas involved with the racing industry, such as the conduct of racing clubs and bookmakers.

This bill sets out the issues for the TAB, the tote and bookmakers' operations. The bill looks at issues such as probity. It regulates and is the licensing and compliance regime, as overseen by the Gaming Supervisory Authority and the Liquor Licensing Commission. This quite clinical bill sets out, among other things, the condition of the licence, agreements with the licensee, betting operations, the commissioner's responsibility, etc. The bill contains a lot of detail. We will be working through the bill clause by clause in committee with the minister. As I have signalled, the opposition will support this bill but we will ask a range of questions and examine it as we work through it in committee. The minister has signalled a couple of amendments and, on the surface, I do not see any problems with them. However, we will deal with those when we come to them and the minister will have the opportunity to—

The Hon. M.H. Armitage interjecting:

Mr WRIGHT: I am hoping that the minister will acknowledge that publicly.

The Hon. M.H. Armitage interjecting:

Mr WRIGHT: Most definitely. The minister will provide explanations with respect to a couple of amendments. I have concern about only one area, which we can explore in more detail as we work through this bill. I am somewhat surprised at the title of the bill. This House has just passed the TAB (Disposal) Bill which, in part, repeals the Racing Act. The Racing Act, which has been in existence since, I think, 1976, no longer will exist if the bill passes through the Legislative Council. In its place we will have two bills: the TAB (Disposal) Bill, with which we have already dealt, and this companion bill. I am a little surprised that the title of the bill does not refer to racing. I understand that the act in every other state makes reference to racing. The equivalent of this bill—

The SPEAKER: Order! Will the minister please move into the gallery. The member for Lee.

Mr WRIGHT: —in states such as Victoria, New South Wales and Queensland (all of which have a privatised TAB) all contain 'racing' in their title. This has historically been of some significance to the racing industry. It is something that gives greater focus to the racing industry, as it should. Prior to the Racing Act, which came into existence in 1976, South Australia had three different acts that controlled, from a legislative point of view, the racing industry.

We had the Lottery and Gaming Act, the Stamp Duties Act and the Dog Racing Control Act. One benefit, among other things, as a result of the introduction of the Racing Act in 1976 was to bring those acts under the one umbrella of the Racing Act. I believe that, by and large, the Racing Act has

served the racing industry very well for near enough to a quarter of a century. The disappointment, if I can express it as such, with this bill is not so much its content but I am surprised and disappointed that we do not have a title that is more akin and applicable to the racing industry and includes the word 'racing'.

Perhaps it is only symbolic. I guess that the racing industry will adjust and, in time, get used to it, but it does have some value and brings greater focus to the racing industry. Certainly, it has been something of which the racing industry has been very proud for some time. Unlike other areas of sport that do not have their own piece of legislation, racing has been unique in that it has had a Racing Act, which has served it well for near enough to 25 years. The title of the bill is one area that could have been addressed. It would have put South Australia in a similar, if not identical, situation to those other states I have mentioned.

Western Australia does not have a privatised TAB but certainly it has a Racing Act. Not all acts are called the Racing Act. Victoria's act, for example, is called the Racing Act. The act in New South Wales has a slightly different name. Queensland might have something called the Racing and Betting Act. I would have preferred 'racing' to be included in the title of this piece of legislation now before us. As I said, the opposition will be supporting the bill now that the TAB (Disposal) Bill has passed the House of Assembly. This bill sets out the issues that need to be set out for a privatised TAB, including those areas involving the tote and bookmakers—those areas which, of course, need to be covered by a bill of this nature.

Mr LEWIS (Hammond): This bill has been described by the remarks that were written for the minister and incorporated in *Hansard* and commented upon by the member for Lee in the response put to the chamber by the Labor Party. They do not necessarily accurately and fairly summarise the future for wagering in the horse racing industry or, for that matter, greyhound racing. When I refer to horse racing, I mean not only galloping but also trotting. There is now an additional opportunity to undertake wagering on proprietary racing and, in my view, that is no bad thing, as long as it is not in South Australia. If other societies want to allow it, good on them, it is up to them, but I do not think that it is a good idea for South Australia.

Having made that remark, I want to say that I do not believe there is any philosophical logic in the stance taken by the government—and apparently supported by the Labor Party—that the TAB can offer only fixed odds betting on sporting events other than the presently licensed racing codes and forms. I do not see any difference between set price totalisator—if that is a more accurate term to describe it, or fixed odds betting—for sporting events other than trotting, thoroughbred galloping and greyhound racing. Why is it okay, moral and desirable, to have fixed odds betting on a football match or a car race, or any other kind of sporting activity, but not moral to have it on a galloping race of thoroughbreds?

I think the government has to accept, in adopting the attitude which is contained in this bill, with all the minister's amendments—which, in this instance, only amount to one page and they do not address the matters to which I am addressing my remarks this evening—that the bill itself, of course, simply makes it impossible for fixed odds betting to happen. Yet there is plenty of evidence that it would be perhaps less damaging to offer set price totalisator betting on those three codes, along with other sporting events. If it is good for the goose then it ought to be good for the gander, as the saying goes. There is no question that bookmakers would resent that, but they should not mind competition. The government need not be fussed about that because it only contributes 1.75 per cent of turnover to the racing industry and the community, compared to some 12 times that contribution from the TAB, which would be 16 per cent, or thereabouts.

Why on earth the government has taken this narrow view is not something that I understand. Maybe the minister will bother to explain it. It could be, quite simply, that the government has, amongst the ranks of its important members, people—and I mean within the ministry and so on—who are mates with bookmakers who are not prepared, as mates of bookmakers, to do anything that would upset them. It cannot possibly be that they would lose any significant number of votes. The number of people in the wider community who would see it as an issue are more likely to support the proposition which I put—namely, that there ought to be competition and that the law should not preclude that competition. More people are likely to support that than support the government—or the Labor Party, for that matter—in saying, 'No, we must not have fixed odds betting and we must not have a fixed price totalisator for the three codes that are currently licensed.'

I guess it would not matter to me: I would not lose much sleep over it either way, except that it is wrong to do things on the basis of cronyism. There can be no other explanation, for to deny fixed odds betting through the totalisator is to encourage starting price bookmakers that the government has made unlawful—and bookmakers are not everywhere—and it will not be possible to get your bet on in the future, as I see the TAB. As the member for Lee pointed out—and the member for Hart agreed with him and the member for Ross Smith also acknowledged in their contributions on the measures that have just passed this chamber—once the TAB is privatised it will probably close down a substantial number of its shop fronts, if you like.

There are no franchised outlets at the moment—they are all staffed outlets—but the TAB new owners will look at how they can optimise the marginal physical product from the inputs of cash to meet the costs of operating those shops, cash expenses on a recurrent basis, as well as capital costs which can be converted notionally to rent costs on the premises, including the repairs and maintenance and so on, and/or the capital costs of the money they have to set aside in bankers' security to meet prospective payouts, or, if they do not have it set aside, from their own resources. What they will be doing, I am sure is that, rather than have cash on deposit somewhere, they will pay a bank for a line of credit in the event that they need it. They will pay a bank the withholding fee to make that line of credit available to meet the liability.

I see, then, the process of optimising the marginal physical product and maximising the profitability of the operation as resulting in the closure of a number of TAB outlets, particularly in rural areas. So you can expect SP bookmakers to again become part of the scene simply because it will be too expensive to get on the horse of your choice, or the dog of your choice, because you have to drive 30 or 40 kilometres there and back. The minister will tell me, I am sure, that those people can ultimately do their betting online. I am not in favour of that, and he knows that. I am not in favour of South Australians being able to gamble on the internet. I do not mind if they want to arrange their line of credit and do it on

the telephone, but there are still a lot of traditional older folk around my age and a bit older, who do not agree with gambling this way—although I am only a young fellow yet, I guess; at least that is the way I see myself. I think everybody sees themselves in the same way and nobody thinks they are old unless they are confronted ultimately with the truth of their mortality.

However, the substance of the point I am making is that such people do not have computer skills and they are uncomfortable about trusting plastic credit card arrangements, or any other credit account arrangement, to a private betting corporation. They like to wager in cash. I am sure the member for Lee understands what I am talking about in that respect. So I believe, then, that, all in all, given the distribution of retail betting outlets likely to be reduced, it would be sensible for us to enable that process to be minimised by offering fixed price betting or a set price totalisator in those outlets. Fewer of them would ultimately close because the turnover in them would go up.

They are not my personal inclinations as far as what I would tell people to do. I am speaking not as someone wanting to rule the lives of others in making these remarks (my advice to anyone who is contemplating gambling is do not), but I am trying to acknowledge the reality of the marketplace. I did not come here to rule people; I came here, among other things, to legislate, and to do the job then of determining what ought to be lawful and what ought to be feasible within the law such that it minimises harm and, in that process, also facilitates the greatest good. Harm minimisation itself is desirable.

I have looked pretty carefully at the proposition which has been put to this government and other governments by Grant Hall of Mount Osmond, and I am satisfied that the statistical analysis that he has done is sound and that the government ought to accept the offer he has made of the product which he has developed and which can be used in offering SPT, that is, set price totalisator. I am sure all members would have received a letter from him yesterday—I did. It was a form letter setting out his reasons for so saying, and they are logical reasons. They are well argued and they provide anyone with an inclination to digest them with valid grounds for supporting an amendment which I will move in committee to enable the totalisator corporation (whoever may own it) to offer set price totalisator wagering on all activities, including then the existing licence racing codes of dogs, trots and galloping.

In the letter which he has written to us, Mr Hall draws attention to a few of the quaint anomalies that could arise in consequence of our passing this bill in its present form without the amendments that I have suggested to it on top of the bill we have just passed. He draws attention, too, to the hypocrisy of the Premier in his attitude stated some time ago about capping the number of poker machines and restated again on the weekend to big note himself—that is the way I see it—because there has been plenty of time since he first said it to have done something about it, yet he has done nothing, and I think all members in this place have to acknowledge that. If he felt so strongly about it two years ago, why the hell did the Premier not get on with it? It is not germane to this bill, but it is in an allied area of where people can go to wager if that is their wish.

The wagering on poker machines involves no skill whatever—absolutely none, not one skerrick of whit. It is about pure excitement of whether you lose your money this roll, because statistically you will lose—no question about it. You are on a certain long-term downward spiral. You are giving your money away. You are standing there getting an adrenalin hit as to whether or not it will happen in a big way this roll and hoping that it will happen in a big way as far as your winnings go but, once you have won it, it is equally a fact that you will feel enthralled about it sufficient to encourage you to go on, and in subsequent gaming events on the same piece of machinery (or a nearby piece of machinery) put the money increment by increment back through the machine until it is all gone, and then you have to get more.

You will go and withdraw more money from whatever source you can, if you become addicted, and, finally, you will even steal it: you will steal it from your employer or you will steal it from someone unknown to you, believing that, if they deserved it, if they wanted it, or if they needed it, they would have taken better care of it and prevented you from getting it. I do not see that as rational, and I do not see it as reasonable for us as legislators to encourage that sort of thing. If we must have an evil at all, we would do better to make it easier for people to bet less frequently on the events, which are the racing events that I speak about, rather than on poker machines. At least there, if you have some brains, you will either consult someone else who has some knowledge of the race that is coming up and the form of the animals that are running in that race, in the code in which they are entered to run, and place a bet according to your assessment of their abilities against the other animals that are in the same race.

That requires some skill. It also enhances your prospects of winning, sir, as you know, if you do apply yourself to the study of the form and the relationship between previous form and the kind of track on which they are running on that occasion, and the way the weather affects that more particularly—temperature, moisture and so on. Let me point out then that what Mr Hall said. He said:

> By contrast, the set price totalisator is an extension of the existing totalisator system—

Mrs Geraghty interjecting:

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

Mr LEWIS: He continues:

> and involves no risk. It is directly related to the main racing industry product, namely, racing, and involves the element of skill and sport—

as I have said—

> In addition, the SPT would compete with bookmakers. Furthermore, especially if the SPT was used to improve the TAB product, racing could distinguish itself from other gambling types and compete more effectively with them by emphasising that it is a game of skill. I believe that such gambling is much less likely to be addictive and compulsive, elements which lead to many problems.

Sociologists have discovered the truth of that matter. The letter continues:

> Now, many poker machines later, history is about to repeat itself!

The remark which is made by Mr Hall about the stand of Mr Olsen, our Premier. The letter further states:

> In a letter dated 21 November 2000 the government reiterated that it was 'the government's decision not to permit South Australian TAB to offer fixed odds betting on horse and greyhound racing within Australia on which licensed bookmakers are authorised to conduct betting'.

That presumes that you must be where the bookmakers are if you want to lay a bet. As I have said, that is not always possible; indeed, in most cases it is not. So there will be, wherever we close down TAB outlets (as will occur), an immediate upswing of no tax, illegal SP bookmaking. The

temptation is there to offer the product. We would be better off to go the way I am saying. The letter further states:

> The very next day the *Advertiser* stated that the South Australian Jockey Club was 'awaiting the passing of legislation for the sale of the SA TAB before finalising arrangements' for a $6 million betting auditorium on Anzac Highway next to Morphettville. . . which would include 40 poker machines—

How sad.

Time expired.

The Hon. M.H. ARMITAGE (Minister for Government Enterprises): I thank members for their contribution and I particularly acknowledge the support of the Labor Party for the bill, recognising exactly as the member for Lee says, having passed the TAB (Disposal) Bill, that it is completely logical now to look at a betting operations bill. I apologise to the member for Lee for not being more creative with the name. We were not particularly trying to be exciting, I acknowledge. We will see if we can address that in future.

In relation to a couple of the points made in the debate, first, on behalf of the government and all of my ministerial colleagues, I reject any suggested allegations that this bill has been drawn up as a result of or influenced by any relationship which any of the ministers may or may not have with bookmakers. It is frankly an allegation that I believe was nearly serious enough for me to have called for it to be made by substantive motion in the House. I chose not to do that, realising that I could reject the allegations at this stage, which I do.

The member for Hammond identified that now that country agencies were to close there would be further for people to drive. We reject the argument that country agencies will necessarily close as a result of the disposal bill but, as I indicated in the debate on that bill, agencies close now. As Minister for Government Enterprises, not infrequently I am asked to authorise the closure of an agency now because the demographics of the area have altered, a new shopping centre starts up, the agency lease runs out and better facilities such as toilets for patrons and so on are able to be provided at other agencies. The present system is not immune to the closure of agencies.

The member for Hammond went on to say he believed that the minister would then suggest to him that the people who were allegedly disadvantaged (a disadvantage which we believe will not occur) can bet on line. We believe that in an information enabled world that was a possibility that they should have extended to them, but more importantly those people, rather than attempting to place bets on line, would probably do what people in the country often do now, namely, have telephone accounts. People are able to bet from remote distances very readily via the use of telephone accounts.

Mr Lewis: You have to have a credit account.

The Hon. M.H. ARMITAGE: Let us deal with the allegation that it is a credit account. Yes, it may indeed be a credit account if someone has gone into an overdraft facility or a credit card and withdrawn money on that credit card to put into the account, but bets on telephone accounts are not accepted as credit bets. To allege, as has been done, that this promotes credit betting is fanciful and is as wrong as buying a shirt on a Bankcard or paying for groceries on a Visa card. To get those cards one has a credit limit established by a banking facility, credit union or lending facility. They look at the appropriateness or otherwise of the credit limit and then, whether one goes out and withdraws money against that predetermined credit limit and inserts the money into a telephone account to utilise or whether one goes and books a holiday and pays for it on Visa card, it is exactly the same principle.

In relation to the particular product that the member for Hammond identified, I have written to the proponent on a number of occasions and discussed the matter with him on one occasion. I have, however, identified that the TAB should speak with him, as indeed it has, and I am informed that there are a number of problems, dilemmas and concerns about that, which I think is identified by the fact that his product, I am informed, has been offered to other TABs and I believe has not been accepted. That is slightly peripheral to the second reading debate. I thank members for their contribution to this bill which, as the member for Lee said, is a completely logical bill following the passage of the previous bill in the parliament.

Bill read a second time.

In committee.

Clause 1.

Mr WRIGHT: What, if any, thought was given to a title Racing Betting Operations Act 2000, something which included that concept that I spoke about before similar to the practice in other states and similar to what we have had since at least 1976 with respect to 'racing' being a part of the title?

The Hon. M.H. ARMITAGE: There was no conscious malice aforethought in not having it in. It was a thought that it deals with a number of matters in relation to betting other than racing per se. It was felt that the title Authorised Betting Operations Act aptly sums it up. I acknowledge, as I did in the second reading contribution, that there may have been more exciting and encompassing titles, equally as the member for Lee identified in suggesting another version. His version may not have been the ideal one. I accept there may not be a perfect title for a lot of bills, but more relevantly I contend that the substance of the bill is of import. I assure the member for Lee that there was no direct sitting around thinking of how we could avoid putting it into the bill.

Clause passed.

Clause 2 passed.

Clause 3.

Mr WRIGHT: What effect, if any, does this bill have if the TAB (Disposal) Bill does not go through the Legislative Council?

The Hon. M.H. ARMITAGE: It is a very valid point the member for Lee makes. Frankly, as he identified in his second reading contribution, it is almost a consequential bill on the TAB (Disposal) Bill's passage. It is the view of the government that, if this bill passed and the other did not, it would be almost nonsensical and, indeed, we would look to not proclaim it. It would not be valid if the other bill did not pass.

Mr WRIGHT: In the 'cash facility' definitions it gives a range of definitions. It refers in (c), at the bottom of page 6, to credit. What is the tie up?

The Hon. M.H. ARMITAGE: The purpose of defining 'cash facility' is to enable us to exclude them from 'premises' later in the bill and, accordingly, clearly one can get cash from an automatic teller machine or EFTPOS facility. We wanted to be as broad as possible so that we would be able to preclude any other facility whereby people might gain access to cash being in the actual betting arrangement itself. That was written as broadly as that so we could preclude all those facilities and any we were not thinking of at the time.

Mr WRIGHT: Does the definition of 'licensed racing club' include proprietary racing?

The Hon. M.H. ARMITAGE: Proprietary racing will not be the holder of an oncourse totalisator betting licence, so it does not include proprietary racing.

Mr WRIGHT: Does that categorically rule out any time in the future that proprietary racing could not hold an oncourse totalisator betting licence?

The Hon. M.H. ARMITAGE: It is impossible to predict what future parliaments might legislate for. Certainly, there is no intention of this government to have that occur, but in five or 10 years I cannot guarantee it.

Mr LEWIS: My question goes to the same matter as was first raised by the member for Lee. Is it the minister's intention to advise whoever the minister is in the upper house that if the TAB (Disposal) Bill fails to pass or pass in a form acceptable to the government, not to proceed with this bill?

The Hon. M.H. ARMITAGE: We would certainly contemplate that, but I would point out that these bills are being dealt with in an order specifically to allow, we believe, an orderly and a logical progression of the disposal bill and then the Authorised Betting Operations Bill.

Mr LEWIS: You say it is your intention to proceed in an order. In the event it does not pass, will the government proceed with this bill or not?

The Hon. M.H. ARMITAGE: As I have indicated, we would certainly contemplate that. It is obviously our hope that the other bill will pass. That is why we have brought it into the chamber. While we never presume any vote, and we will continue to talk to all members in the upper house about the passage of the TAB (Disposal) Bill, we are optimistic it will pass because we believe it is in the best interests of a number of stakeholders. We believe that would be the case and that this is the logical flow-on. As I have indicated, if that were not the case, we would certainly have to contemplate not progressing this bill.

Clause passed.

Clause 4.

Mr WRIGHT: Could the minister explain what is meant by clause 4(1)(a)?

The Hon. M.H. ARMITAGE: I am not sure where the member is coming from, but subclause (1)(a) allows the Gaming Supervisory Authority to approve full betting operations for events related to races that occur other than races held by licensed racing clubs, particularly races within or outside Australia. It gives the Gaming Supervisory Authority that opportunity to approve full betting operations.

Mr WRIGHT: Does this cover proprietary racing?

The Hon. M.H. ARMITAGE: Again, I am not sure if I am answering the question. This would allow the Gaming Supervisory Authority to approve betting on proprietary races held by a proprietary racing club.

Mr WRIGHT: Does clause 4(1)(b) refer to the national sports book?

The Hon. M.H. ARMITAGE: I am not sure what the national sports book is.

Mr Wright interjecting:

The Hon. M.H. ARMITAGE: Okay. It allows the authority to approve betting on other sports such as, for argument's sake, the Grand Prix or something like that.

Clause passed.

Clause 5.

Mr WRIGHT: To what and to whom does this clause relate?

The Hon. M.H. ARMITAGE: The purpose of this clause is to protect the granting of any licence, and for the purposes of the act, in assessing the suitability of someone to hold a licence, the Gaming Supervisory Authority would be interested in the associates. In other words, one would not want to grant a licence to someone if their associate, who turned out to be a joint venturer or who was in a position to exercise control over the various entities covered in subclauses 5(a) to (j); you would not want to grant a licence to someone who on the surface appeared innocent but whose associates were anything other than innocent. Accordingly, we have defined 'close associates' as an effective mechanism to ensure that the licence holders are as appropriate as we can provide for.

Clause passed.

Clause 6 passed.

Clause 7.

Mr WRIGHT: What advice can the minister provide about interstate TABs coming into South Australia and competing against the South Australian TAB?

The Hon. M.H. ARMITAGE: Presumably, the member for Lee means an interstate TAB setting up to take bets in competition with South Australia, and that would be illegal.

Mr WRIGHT: How does that stand with national competition policy? What impact, if any, does national competition policy have on that and how it works? My understanding is the same as the minister's.

The Hon. M.H. ARMITAGE: It is a very interesting point, because all other TABs around Australia have exactly the same criterion: they have an exclusive licence in their states, and we are confident that our competition payments would not be at risk because of this issue, given also that the NCC itself has stated that it recognises that competition can exist notwithstanding exclusive licences via interstate counterparts whose products may be available to South Australians through telephone betting or whatever and, indeed, competition through a wider range of gambling products rather than betting on just racing. In other words, the NCC takes the view that there is a wide opportunity for people to gamble; hence while there may only be one exclusive racing licence, an opportunity is provided by gambling on other forms of games of chance. Equally, the NCC has recognised harm minimisation, consumer protection, and so on, which are parts of public benefit aspects of having a single licence, and they are also important within competition policy.

Progress reported; committee to sit again.

ADJOURNMENT

At 11.57 p.m. the House adjourned until Wednesday 29 November at 2 p.m.