LEGISLATIVE COUNCIL

Thursday 22 August 1985

The PRESIDENT (Hon. A.M. Whyte) took the Chair at 2.15 p.m. and read prayers.

ASSENT TO BILLS

His Excellency the Governor, by message, intimated his assent to the following Bills:

Land Tax Act Amendment,
Liquor Licensing Act Amendment,
Pay-roll Tax Act Amendment,
Stamp Duties Act Amendment,
Supply Bill (No. 2).

PAPER TABLED

The following paper was laid on the table:

By the Minister of Health (Hon. J.R. Cornwall):

Pursuant to Statute—

State Bank of South Australia—Annual Accounts, 1984-85.

QUESTIONS

LYELL McEWIN HOSPITAL

The Hon. M.B. CAMERON: I seek leave to make a brief explanation before asking the Minister of Health a question about hospital records.

Leave granted.

The Hon. M.B. CAMERON: A front page report in this afternoon's *News* states that two special auditor's reports have revealed that attempts have been made to cover up falsified records and financial mismanagement involving about $300 000. The *News* report also alleges other improper practices in the financial management of the hospital and indicates quite clearly that there have been at least two special auditor's reports. My questions are:

1. Has the Minister of Health informed the Premier of the special auditors' reports relating to the Lyell McEwin Hospital?

2. If the Minister has so informed the Premier, in what way did he do so?

3. How long has the Minister been aware of this problem?

4. Can he confirm to the Council that the two special auditor's reports indicate that there have been deliberate falsifications of records to conceal operating deficits, gross mismanagement of accounting and financial functions including the overall system of internal financial control, and that the hospital had a policy of not chasing accounts after 12 months, resulting in the loss of thousands of dollars?

5. Will the Minister table immediately in this Council the special auditor's reports and associated papers relating to the financial operations of the Lyell McEwin Hospital, including any correspondence associated with those reports?

The Hon. J.R. CORNWALL: The financial years to which the auditors' reports refer are 1981-82 and 1982-83: in other words, the difficulties (and there were certainly difficulties) occurred during the period that the Tonkin Government was in office. The problems referred to were inherited by me as Minister of Health when the Bannon Government was elected in November 1982. The difficulties were drawn to my attention in 1983, and they were drawn, of course, to the attention of the Health Commission.

A number of actions were set in train immediately to restore financial control, management and general administration at the Lyell McEwin Hospital. I cannot say too often (I have not as yet seen the story, which I understand is in the second edition of today's *News*), that during the period 1981-82 my predecessor, Mrs Adamson, was Minister of Health. When I became Minister in November of the 1982-83 financial year, I inherited what I have said quite clearly on previous occasions was a mess at the Lyell McEwin Hospital.

In reply to the Hon. Miss Laidlaw in this Chamber on 14 February 1985, when she asked me if I could say what were the findings of the auditor in relation to the Lyell McEwin Hospital for the year ended 30 June 1984 and what action I had taken on the report, among other things, I said:

> I do not have those figures or findings immediately in my head. I can say in general terms that the accounting practices at the Lyell McEwin Hospital two years ago—

that is, two years prior to February 1985—

> left an enormous amount to be desired.

I most certainly never contested the fact that I had inherited a mess. I went on to say:

> The administration generally at the Lyell McEwin Hospital two years ago left a great deal to be desired. A new and very senior administrator, Dr David Reynolds, was appointed fairly early in my term. The whole administration, including the financial administration, at the Lyell McEwin Hospital, has been very substantially upgraded. There was an auditor's report, which I do not have with me, and I do not have the details with me, but I will be very pleased to obtain a full and detailed report, because it is an important question.

Subsequently I replied to the Hon. Miss Laidlaw by letter, because the autumn session of Parliament had finished. I also replied at the same time to questions on notice that had been placed on the House of Assembly Notice Paper by the member for Hanson (Mr Becker). Those replies were extensive and in every reasonable way possible explained the sequence of events as they had occurred. I repeat: it is perfectly true that for those two financial years a number of irregularities were drawn to the attention of the commission, both by the then private firm of auditors and by a report prepared subsequently by the Internal Audit Unit. We have pursued all of those matters diligently—remembering (I repeat) that they were inherited.

There is a new administrator and a whole range of new financial controls that have been put in place. As to the allegation of cover-up, I am unaware that the expression 'cover-up' in that sense has been used, but there is no doubt that some of the financial practices were irregular, and I have acknowledged that previously. They have now been put to rights by the prompt action of the commission in the period in which I have been Minister of Health.

Again, not having read this article, I cannot be sure to which reports it refers. There are several reports but two of them are of substance. One is the report of the Internal Audit Unit that was completed in February 1984 and I would be perfectly happy to table that report and I will do so in a moment. The other is a report by the then auditors about financial management at the hospital that I do not intend to table. There is only one reason for not doing that. Internal audit reports by their very nature need to be full and frank. If the practice were to arise whereby they could be tabled on demand, it would undermine the very real frankness and the reason internal audits are undertaken. I am certainly happy to table the Internal Audit Unit's report and I will do so at the end of Question Time. I wish to retain this single copy in the meantime in case I wish to refer to it.

The only other point I would raise is that one of the real reasons that Lyell McEwin Hospital ran into difficulty is because of the so-called autonomy that the previous Government was at great pains to encourage. I have made it clear ever since I became Minister that, because of the financial accountability that I demanded, autonomy was a dirty word. As far as I am concerned, hospitals can have a considerable degree of independence but they can never have autonomy in the literal sense of the word while they are dealing with public funds.

There is no doubt at all that financial management at Lyell McEwin in 1981-82 and extending into 1982-83 left a great deal to be desired. I have said that on a number of occasions and I repeat it. Also, I want to make it clear that we have taken every reasonable action that we could as a commission and myself as Minister of Health to ensure that those problems are rectified and will not recur. The other thing we have done is to bring the Lyell McEwin Hospital under the direct supervision of the Auditor-General.

You will note that under the previous Administration a private auditor was doing the accounts. We believed that, to make accountability real and correct, the hospital ought to be under the direct supervision of the Auditor-General, and that their accounts ought to be audited annually by him as a matter of course and as a matter of duty. We have also done that.

In terms of informing the Premier, I have not formally run to the Premier to tell him about all the things that we were doing to rectify the deficiencies at the Lyell McEwin Hospital from very early in the days of my period as Minister. As to how long I have been aware of the deficiencies at the Lyell McEwin Hospital, I want to make clear that I was briefed by the Executive Director of the central sector quite early in 1983 concerning difficulties and deficiencies in the administration and the financial management of the hospital. I am unable to be specific about the date, but certainly reasonably early in 1983 I was made aware that there were difficulties and that there had been deficiencies. It was about that time that Mr Des McCullough, the 2IC in the central sector, was involved. His strengths lie particularly in the accounting and financial areas. It was about that time that we moved to appoint a new senior administrator, Dr David Reynolds. Dr Reynolds was appointed directly out of the central sector of the Health Commission as the Chief Executive Officer of the Lyell McEwin Hospital.

So, I have nothing to fear and nothing to hide. I am very proud to be able to say that we have taken every reasonable step to clean up the mess which I inherited at the Lyell McEwin Hospital, and I repeat that, as far as I am concerned, while somebody at the hospital may have indulged in irregular practices—whether or not one wants to describe that as a cover-up—there has never been any suggestion of fraud, impropriety or illegality. Certainly, a number of instances have been drawn to the attention of the Health Commission and by it to my attention on which there has been financial mismanagement, but that was not in any criminal sense. It was more, I regret to say, because of incompetence than because of any illegality.

If one wants to take the Westminster system to its ultimate and sheet home the blame for any deficiencies in the Lyell McEwin Hospital, then of course the blame must lie with the Minister of the day. It is my view, and I would put it very strongly, that to suggest that any Minister can be personally responsible for the financial accounting and management of 81 recognised hospitals around the State is of course to reduce the Westminster notion of responsibility to the absurd. Again, I say that those deficiencies were clear in 1981-82 and in the financial year 1982-83. We have done everything reasonable to ensure that those problems have been overcome, and I assure the Council that administration and financial management at Lyell McEwin Hospital in 1985 is very much better in every respect than it was when I inherited that position in November 1982.

The Hon. M.B. CAMERON: The Minister has indicated that he intends to table one report at the end of Question Time. Will he reconsider his decision not to table other reports and table all associated Health Commission files, correspondence and reports associated with the Lyell McEwin Hospital for their financial operations for the years 1983 and 1984?

The Hon. J.R. CORNWALL: I presume that the honourable member means the financial years 1983-84 and 1984-85?

The Hon. M.B. Cameron: No, to the end of the 1983 period and to the end of the 1984 period.

The Hon. J.R. CORNWALL: The financial years 1981-82 and 1982-83 are, I believe, specifically in question at the moment. I am prepared to take that question on notice and bring back a reply next Tuesday. I have not had an opportunity to memorise the entire files, but I make it clear, and I repeat, that it is not my intention at this time to table the private auditor's report, for the very simple reasons that I outlined previously. To set that precedent would create great difficulties as a matter of principle for any auditor who is required to report fully and frankly to an administration or a board, whether it be in the hospital area or in any other area.

The Hon. M.B. Cameron: That is where the trouble occurred in the Northfield Hospital, when there was—

The PRESIDENT: Order!

The Hon. J.R. CORNWALL: I am perfectly happy for the Hon. Mr Cameron or any member of the Opposition to inspect that auditor's report. I will make it available for perusal. However, it is not my intention at this time to make it a public document for the very clear and responsible reasons that I have outlined.

COUNTRY DOCTORS DISPUTE

The Hon. J.C. BURDETT: I seek leave to make a brief explanation before asking the Minister of Health a question in relation to the country doctors dispute.

Leave granted.

The Hon. J.C. BURDETT: Whatever may be the case in relation to the Lyell McEwin Hospital, the Minister certainly has responsibility for this matter. Last week in this Council the Minister said that the country doctors dispute was settled as far as he was concerned. This week an advertisement was inserted in country newspapers by the South Australian branch of the Australian Medical Association. The bold type states:

Let go Minister . . . and listen to an ailing country practice.

The article then shows a hand holding a stethoscope and squeezing the tube. It continues:

At the moment country doctors are working in public hospitals voluntarily . . . without the security of contracts. They're not prepared to abandon their country patients. But for how long . . . Unless the State Government stops discounting for Medicare patients, there'll be a complete breakdown in country medical practice.

A press statement issued by the AMA and headed 'Government "exploiting" country doctors' states:

The dedicated service country doctors have traditionally given their patients is being exploited by the Government in its attempt to discourage private health care, according to the AMA.

The Government, through the SAHC, has arrogantly turned its back on an issue which has already seriously eroded health care in country areas throughout the State.

Dr David Gill, State President, AMA, says the Government has adopted an inflexible unproductive stance on the complex

issue of hospital contracts and the related payment of fee for service.

'Its intransigence relies on the dedication country doctors have always had for their patients,' he says. The Minister knows doctors won't abandon the people in country areas, but despite totally unsatisfactory conditions they will continue to provide their services. It's hoping to force the issue by ignoring it, instead of the obviously more reasonable approach of listening seriously to the concerns of people who must face it daily.

Doctors working in country areas have been concerned for some time that the marked shift from private to public patient status—up to 60 per cent in some areas—is making medical practice untenable. The shift is being promoted by forcing doctors to discount by 15 per cent their fees for treating public patients in country hospitals.

It is believed that doctors should receive a fair and proper fee for service whether or not it is for treating public or private patients. In an attempt to express their concern without affecting patient care in country areas, many doctors have refused to sign the contracts offered to them by the SAHC because those contracts sanction discounting.

Says Dr Gill, 'Industrially it is a ludicrous and most unsatisfactory situation. The position of doctors in country areas is unstable enough without the security of agreed terms of employment. If the Government would only accept that the concerns of country doctors are real and genuine, and listen objectively, and then approach the issue constructively, a crisis might be averted. The AMA is conducting an awareness campaign in rural areas in an attempt to promote public debate and restore the standard of health care in the country.'

That is the end of the AMA's press statement. If the Minister thinks that the dispute has been settled, this all seems very strange to me. If country patients are denied care, it will be completely and totally the responsibility of the Minister of Health, who has treated the dispute as (in his own words) 'a Clayton's dispute', and has done nothing worthwhile to settle it. Will the Minister, after almost two years, recognise that he has a dispute on his hands, and do something about it?

The Hon. J.R. CORNWALL: I have been through this many times, and fairly slowly, with the Hon. Mr Burdett; but it seems that I will have to go through it all again.

An honourable member interjecting:

The Hon. J.R. CORNWALL: I know he is. The dispute, as I am sure you will be aware, Mr Acting President, as a member of the distinguished medical profession, has been settled. It was settled federally quite some time ago, and it was settled to the satisfaction of almost 80 per cent of the AMA's members who responded to the federal poll conducted by the association.

The Hon. J.C. Burdett: In New South Wales.

The Hon. J.R. CORNWALL: It was not in New South Wales at all. It was settled on a national basis by the federal AMA negotiating directly with the federal Government. That is where the dispute was referred by mutual agreement between the former State President of the AMA (now the immediate past President) and me. At that time, as I am sure members will recall, there was some industrial action in country hospitals which began to act to the potential detriment of patients in those hospitals. That was a source of very real concern to me, as I said at the time. Understandably, it was also a source of very real concern to the State President of the AMA.

Because of that, I met with Dr Dick Kimber, and we agreed that many of the matters in contention could only be settled at the federal level—and settled at the federal level they were. As a result of that peace package—as it is called—South Australia will receive specific capital funding for the major teaching hospitals for equipment amounting to $12.6 million beginning in the triennium 1985-86. That was confirmed as recently as Tuesday night in federal Treasurer Paul Keating's budget.

As part of that package it was also agreed to change the procedures for admission of patients to hospitals. The position now is that, if a patient indicates that he or she is privately insured, the patient upon admission is classified as a private patient unless they specifically request to be public patients. In other words, honour is satisfied on both sides, and the privately insured patients are private patients unless they elect to be otherwise. They will still have the advantage of Medicare cover but the doctors concerned have been given the undertaking that privately insured patients, unless otherwise specified, will be private patients. The Hon. Mr Burdett talks about wanting to avert a crisis. The simple fact is that for a very long time the Hon. Mr Burdett has been skulking about country towns and country hospitals in his usual—

The Hon. J.C. Burdett interjecting:

The Hon. J.R. CORNWALL: The honourable member went without my permission, because he maintains the fallacy and the myth that those hospitals are autonomous and that, therefore, according to his version, he does not even have to go through the normal courtesy of notifying the Minister's office of his intended visit.

The Hon. L.H. Davis: You did, of course, didn't you? Is that right? You always did that.

The ACTING PRESIDENT (Hon. R.J. Ritson): Order!

The Hon. J.R. CORNWALL: We have already seen earlier in Question Time where that sort of thinking gets us. It was the Tonkin Administration that preached autonomy to the hospitals.

The Hon. J.C. Burdett: We didn't. It was independent management, not autonomy.

The Hon. J.R. CORNWALL: It did indeed, on many occasions. The honourable member says that it involved independent management, not autonomy. The Tonkin Government believed that each hospital was master or mistress of its own destiny, presumably according to who happened to be in the chair at the time. The reality is that that is a myth. In regard to the Lyell McEwin Hospital, and in a number of other cases, that sort of approach has created a loose cannon effect. I had to pick up the terrible mess that was being created by people in the sectors getting into what can only be described in some areas as the loose cannon effect.

The State Government has told the country doctors, 'Yes, we can see that after one decade, since 1975, of your being satisfied with 85 per cent of the Commonwealth medical benefit schedule fee as the basis of payment for treating public in-patients, because of the Medicare agreement there has been a substantial shift, that significantly more patients are electing to be public patients than was the case previously, and that, therefore, there should be a financial adjustment.' I said at that time, as I have repeated since, that no country doctor should be financially disadvantaged because of the introduction of Medicare. I repeat that today, not only on my behalf but on behalf of all my Cabinet colleagues. We as a Government agree that no country doctor should be financially disadvantaged.

I made several offers to the AMA at that time. I said, 'If you will open your books on a confidential basis and allow an independent assessment so that we are able to determine accurately how much financial disadvantage has occurred, I will make good that amount, whatever it might be.' They said, 'No, we won't do that.' I said, 'Well, let us appoint an independent arbitrator and we will abide by the decision of the umpire.' They said, 'No, we won't do that either. We have already done that federally,' but, of course, that was in relation to another matter altogether. So they would not accept an independent assessment or an independent arbitrator. Therefore, at that point we had to make the best estimate on the information available to us, and we believed that 90 per cent should be the basis for settlement.

I negotiated in that regard for a very long time. I must say that the AMA is a very awkward body with which to

negotiate in that the officials do not purport to speak for the membership. Once they have conducted negotiations (if one could call them that) the officials have to go back and virtually speak to each of the members individually, so at any given time there are at least 57 different varieties of opinion about the countryside. Of course, that makes it impossible to negotiate on some of these contentious issues. Instead of negotiating an agreement (as a trade union would) and then selling that agreement actively to the membership because it believes that it is the best and most advantageous deal, the leadership of the AMA goes back to its members and is perhaps told that a certain thing is not acceptable.

When we could arrive at no consensual agreement on the offer, I took the matter to Cabinet and Cabinet agreed that we should make a firm offer of 90 per cent of the Commonwealth medical benefit schedule for in-patients in country hospitals. On our estimate, that amounts to $40 or $50 a week for every country practitioner, and it is certainly a significant catchup. We offered to negotiate further regarding travelling expenses for visiting medical specialists to country hospitals, and, in the case of single practices or where a country practice is conducted by a husband and wife team, we also offered to pay $4 000 a year, or $1 000 a week, for locum expenses.

The Hon. J.C. Burdett interjecting:

The Hon. J.R. CORNWALL: We agreed to pay $1 000 a week for four weeks for locum expenses for single doctor practices or husband and wife practices. That is easily the most generous offer that has been made anywhere in Australia. It is a firm offer and it stands. Already, as I have said in this place quite recently, about two dozen country doctors have signed agreements with their local hospitals on that basis, and we are ready, willing and anxious for the remainder of country practitioners to sign as soon as they like. By not signing they are costing themselves money. My advice is that they should sign those agreements and get on with the business of practising medicine, which they do so very well in this State.

The Hon. J.C. BURDETT: I wish to ask a supplementary question. Is the Minister saying that he will do nothing further about the present terrible mess in regard to the country doctors dispute?

The Hon. J.R. CORNWALL: I have not been able to find this terrible mess. If I ever find it, I dare say that I might do something about it. The old skulker is really trying to beat up a storm where one does not exist.

The Hon. J.C. Burdett: Listen to the storm! Listen to the doctors!

The Hon. J.R. CORNWALL: Behave yourself, old chap! The country doctors are practising very good medicine, by and large. The country hospitals are operating quite well, with one or two possible exceptions, and the standard of medicine in South Australian country areas, I am happy to say, is arguably as good as anywhere else in the world. I am afraid that this false storm that the honourable member tries to beat up does him no credit and does no-one any good.

PAROLE

The Hon. K.T. GRIFFIN: I seek leave to make a brief explanation before asking the Minister of Correctional Services a question about parole for a child molester.

Leave granted.

The Hon. K.T. GRIFFIN: I received a letter from the mother of two young children who were victims of sexual assaults. She expresses grave concern about the parole system and the lack of control over parolees. The letter, with names omitted (but I will make available to the Minister the name of the criminal), states:

My two children . . . were sexually assaulted in November 1982 by [the criminal]. The case took 12 months to reach the Supreme Court after being given six separate dates for the hearing. [The offender] was sentenced to four years gaol on each of four charges (indecent assault), two years non-parole and two years parole. I have been told since that this man was released from gaol on 20 February 1985. This means he served just 15 months of his sentence. I found his parole conditions had no mention of his keeping away from my children. However, there has been another condition added, that he has no contact with my children.

This condition was made with the help of the Victims of Crime Service and came into effect on 19 April 1985. Now, to my utter amazement, I find that he visited my daughter . . . in hospital the day she had her tonsils and adenoids removed, the date being 18 April 1985. To add to this he contacted his parole officer . . . and told her of his visit. At this visit he gave . . . an unsigned 'Get Well' card and teddy bear. I find this situation quite horrifying.

There may be some need for an offender to be given the chance to rehabilitate—even more so the victims should be given the chance to be allowed to live as normal a life as possible after such trauma. I feel this is just not possible for my children as this man is frequently in this street—his sister lives in this street—

the street in which the mother resides—

there is no way we can avoid passing this house—the children going to school, visiting shops or catching the bus.

This man is continuing to harass my children by driving past our house and slowing down as he goes past, when the children are returning from school or the shops. It seems to me that passing my house is a deliberate provocation on his part. He seems to go out of his way to do this. Neither child will go to the shops alone anymore. Both children sleep in my bedroom although the house has three bedrooms. Any sound in the driveway or unusual sound, especially at night, frightens them. With this in mind I have applied to the Housing Trust for a transfer.

In the light of this there are several matters which require further attention.

1. I was not aware of the offender's release. Imagine my shock at finding him in the street!

2. The offender does not have to enter into a treatment program. But as victims we have been involved in long periods of therapy to deal with the trauma of these assaults.

3. Why were my children not included in the conditions of parole right from the start? It seemed like a serious omission.

4. The long time between the actual assault and the final court hearing places serious emotional strain on children.

5. My children are currently not protected in a real sense; therefore I must move house. This means that my children, at a time when they need security, will be uprooted from school, friendships, etc.

I look forward to your response to this letter.

That letter was written to the Attorney-General and to a number of other persons. I have additional facts, as follow:

1. Convictions referred to in the letter were for a second series of charges, so the person was a second offender.

2. The two-year non-parole period was awarded under the old parole system in November 1983 and should have required a minimum of two years to be served before the Parole Board considered release on parole.

3. The mother has twice been to the police seeking restraint orders and cannot get any satisfaction.

4. When the mother first contacted the Department for Community Welfare about the allegations of child sexual abuse she says that it did not want to do anything about it and swept it under the carpet.

Keeping in mind the specific responsibilities of the Minister, my questions are:

1. Will the Minister investigate this case urgently, take action against the offender for breach of parole conditions and then report to the Parliament?

2. Will the Minister ensure that tougher parole conditions are imposed in this case and review the parole conditions of other parolees in relation to the protection of victims?

3. Why was the mother of these victims not notified of the release on parole of this offender?

The Hon. FRANK BLEVINS: I will certainly make the inquiries requested by the Hon. Mr Griffin. If I understand

correctly, the letter that the Hon. Mr Griffin read was one that was sent to the Attorney-General.

The Hon. K.T. Griffin: And to other persons. I will have it copied for the Minister.

The Hon. FRANK BLEVINS: What is the date of the letter?

The Hon. K.T. Griffin: It is dated 12 August 1985.

The Hon. FRANK BLEVINS: I will certainly have inquiries made regarding the complaints in that letter. The Hon. Mr Griffin would be aware that the Department of Correctional Services holds and releases people in accordance with the law.

The Hon. R.J. Ritson: You make the law.

The Hon. FRANK BLEVINS: This Parliament makes the law. If the Hon. Dr Ritson is giving the Government blanket authority to make the law, I will gratefully accept it.

The Hon. R.J. Ritson: You know about numbers.

The Hon. FRANK BLEVINS: I know exactly about numbers. That is why I am very careful to say that this Parliament makes laws. I will certainly have investigations made regarding the conditions set by the Parole Board in relation to this person. That is the responsibility of the Parole Board, but I will certainly have discussions with its members about this particular case and obtain their view on why they set certain parole conditions, why they varied them, whether there have been any reported breaches of that parole and, if so, what they have done about those breaches.

Until I have made those inquiries, there is not a great deal that I can say in response to the Hon. Mr Griffin's question. I assure him that inquiries will be made speedily and that I will bring back a response as soon as possible.

COMPUTER SERVICES

The Hon. I. GILFILLAN: Does the Minister of Labour have a reply to the question that I asked on 20 August about computer services in the Department of Mines and Energy?

The Hon. FRANK BLEVINS: Yes. The answer is as follows:

1. Mr Northcott has considerable petroleum oriented computing experience. He has had 10 years experience as a user of computers including eight years as a supervisor of application program implementation. Five of these years involved computer programming, system analysis and design. Most recently he has been responsible for the design, implementation, and programming of more than 100 application programs and more than 500 subroutines for Ian Northcott and Associates Pty Ltd.

Mr Polatayko commenced work as a computer programmer in 1979. Since that time he has also worked as a program coordinator and supervisor for two large Australian resource exploration and development companies before joining the Department of Mines and Energy as Geoscientific Computer Manager in 1984.

2. Mr Northcott and Mr Polatayko visited Scicon Limited, a fully owned subsidiary of BP and the owners of the Pandora software, in London on 30 November 1984 while on an overseas fact-finding mission. Due to communication problems with the computer located in Aberdeen, it was not possible to arrange an on-line demonstration. As a result, over half a day was spent reviewing the four detailed user manuals and output applicable to Pandora.

Upon return to Australia the department considered it worthwhile to arrange a local demonstration of Pandora in Adelaide and this occurred from 15 to 19 April 1985.

During this demonstration, many departmental officers from various branches had the opportunity to review the capabilities of Pandora, although the application of the program is limited to oil and gas data. Representatives of two interstate Departments of Mines and the Commonwealth also attended the demonstration.

3. To ensure that all potential suppliers of a petroleum exploration and production database had the opportunity to offer their products and/or services, a registration of interest was advertised throughout Australia as well as internationally in late May 1985.

A total of 38 replies were received and have been assessed. A recommendation is currently being finalised and will be lodged with the Data Processing Board in the near future.

The option of internal development of the package was investigated by an independent resource-oriented consulting company to advise on the estimated costs, timeframe and human resources that would be necessary. This report estimated a cost of $250 000 would be involved in design and implementation of a system exclusive of departmental manpower, purchase of a database language and computer time.

These costs and the delays involved in constructing such a system, together with the need to dedicate a number of departmental officers to the expense of their normal duties, were not considered justified.

4. The Pandora package has been offered with the option of the department providing its own software support. The only other avenue of software, support would be via the software suppliers' local and overseas offices.

5. Mr Northcott has no connection with Scicon or any other potential supplier of a petroleum exploration and production database.

Mr Northcott has been retained by the Department of Mines and Energy since early 1981. He has provided invaluable advice and assistance with respect to technical and computing petroleum matters. The Director-General and the executive officers involved in oil and gas matters with the department have complete confidence in his integrity.

The Minister of Mines and Energy is very disturbed that a number of serious and totally untrue allegations have been maliciously made against Messrs Northcott and Polatayko. There are also a number of other errors of fact in the statement:

- no internal decision has been made in the Department of Mines and Energy to purchase Pandora;
- there is no recommendation currently lodged with the Data Processing Board, although a copy of a draft proposal was submitted for review as to its suitability on 20 August 1985 to one of the officers of the board;
- Pandora is considerably more than a simple index of wells. It provides a comprehensive file of licence, petroleum fields, drilling prospects and oil and gas reserves data. It also includes comprehensive geological and engineering well data plus details of petroleum production. It has a general query facility, while more specific and complex queries can be programmed. The system has been developed for BP and also used by Shell, two of the oil majors;
- Messrs Northcott and Polatayko do have significant computing experience, which is specific to petroleum computing requirements as detailed above. Mr Northcott has provided the Department of Mines and Energy with considerable assistance in software development, provision of computer programs and their support;
- it is presumed that a telex of 28 May 1985, from Scicon, is the telex referred to in Mr Gilfillan's statement. This telex does not stipulate and neither does it imply that Mr Northcott is involved in continuing software support and maintenance. It refers to Mr Northcott's concerns regarding the problem of Scicon providing software support from their United Kingdom office, remote from Adelaide. These same concerns have been expressed to Scicon in departmental correspondence.

This telex categorically does not indicate that any person stands to gain from the purchase of Pandora by the department.

ABORTION STATISTICS

The Hon. ANNE LEVY: I seek leave to make a brief explanation before asking the Minister of Health a question about a review of abortion statistics.

Leave granted.

The Hon. ANNE LEVY: On 1 August the Minister tabled in this Council the annual report from the Cox Committee, which was the committee appointed to examine and report on abortions notified in South Australia. I would like to compliment the Minister on getting the report tabled in the Council so early. It has not been tabled as early in the year as this since 1977. In some years it has been very late, including 1981, when it was not tabled until late in November.

The Hon. B.A. Chatterton interjecting:

The Hon. ANNE LEVY: Not at all. The report, which has certainly not been commented on anywhere that I have seen, obviously shows very little change from previous years, but the Chairman of the committee concludes his report by saying that the committee recommends it would be appropriate to undertake a comprehensive 15 year review of the data, which has accumulated since 1970, that is, since the amendments to the abortion laws were made by this Parliament. The Chairman also states:

> The committee has taken preliminary planning steps for this review and, provided research assistance can be provided for this purpose, the committee will undertake this review during the next 12 months.

Has Professor Cox approached the Minister for the research assistance that he indicates would be required to carry out this review and, whether the professor has done that or will do it in the future, will the Minister consider giving sympathetic consideration to providing such research assistance, as I am sure that the review suggested by Professor Cox would be of great benefit in the compilation and analysis of abortion statistics in this State?

The Hon. J.R. CORNWALL: The answer to the first question is 'No'. Professor Cox has certainly not approached me directly. Whether or not he has approached the commission, I would not be sure at this time. However, I would say that I would certainly be sympathetic to providing whatever reasonable financial assistance I could to enable the appointment of the research officer or whatever clerical assistance might be appropriate and necessary to allow such a review to occur.

DRUGS

The Hon. M.B. CAMERON: I seek leave to make a brief statement before asking the Minister of Health a question about money derived from drug sources.

Leave granted.

The Hon. M.B. CAMERON: South Australians have no doubt followed with some interest and perhaps curiosity the succeeding articles on the murder of Mr and Mrs Marafiote. Allegations have been made that they had assets totalling between $2.5 million and $4 million. It has also been alleged that they filed for bankruptcy in 1979. Allegations have also been made that some of these funds were derived from dealing or growing drugs. Has the Government the power to seize such funds if they are derived from trading or growing drugs? Will the Government take steps to establish, as a matter of urgency, the sources of those funds, if such an investigation is not already taking place, and ensure that no moves are made to pass on these funds to other persons until the source is established? If the source of the funds is proved to be associated with drugs, drug dealing or growing and the Government has the power to seize such funds, will the Government immediately take whatever action is necessary to do so?

The Hon. J.R. CORNWALL: First, let me say that I have never believed in trial by Parliament any more than I have believed in trial by the media. It would be wrong for me to canvass in my capacity as Minister of Health or in any other capacity the guilt or culpability, innocence or otherwise of any members of the Marafiote family. Reverting to the first question, because of the Controlled Substances Act which was passed and proclaimed during the life of this Government, the courts now have the power to order the sequestration or the freezing of assets when any person is charged and, upon conviction, the confiscation of those assets connected with drug offences.

Furthermore, if any person is shown to have been involved as a financier of illegal drug operations in any way, that person can have his or her assets confiscated. In the particular case to which the honourable member refers, I emphasise that it would not be appropriate for me to comment at this time. This Parliament is not the place in which to try people or pronounce them guilty of any offence whatever in advance of the judicial system. That would be a heinous crime for this Parliament to commit.

However, I cannot stress too strongly that, in any case where there are charges laid concerning drug dealing, any assets related in any way to that drug dealing will be frozen. In any case, where a person is found guilty and convicted of drug dealing, those assets will certainly be confiscated and, furthermore, they will be specifically directed to finance drug education, prevention and rehabilitation programs.

LYELL McEWIN HOSPITAL

The Hon. J.R. CORNWALL: Earlier this afternoon I offered to table, at the conclusion of Question Time, the report of the Internal Audit Unit of the South Australian Health Commission. I now seek leave to do so.

Leave granted.

STOCK DISEASES ACT AMENDMENT BILL

The Hon. FRANK BLEVINS (Minister of Agriculture) obtained leave and introduced a Bill for an Act to amend the Stock Diseases Act 1934. Read a first time.

The Hon. FRANK BLEVINS: I move:

That this Bill be now read a second time.

Currently the Stock Diseases Act 1934 allows for the Governor to make regulations for the purposes of prohibiting the artificial insemination of stock except under such conditions as are prescribed. Advances in technology now allow for artificial breeding of stock other than by insemination, for example, embryo transplantation. Resulting upon such developments, regulations are required to cover all aspects of artificial breeding in order to ensure that health standards are maintained, risk of spread of hereditary defects is minimised and that product matches labelling, especially where trade is involved. The amendment proposed by this Bill will enable such regulations to be made and I commend the measure to the Council.

Clause 1 is formal. Clause 2 makes an amendment to section 8 of the principal Act. The reference to artificial

insemination is removed and the broader expression 'breeding, by artificial means' is substituted.

The Hon. M.B. CAMERON secured the adjournment of the debate.

ADDRESS IN REPLY

Adjourned debate on motion for adoption.
(Continued from 21 August. Page 436.)

The Hon. R.C. DeGARIS: I began my Address in Reply speech yesterday and will conclude my remarks today. When I sought leave yesterday to conclude my remarks, I had tried to stress the need for Parliament to find an easy way to reduce the impact of taxation upon the community. I pointed out that, if a Government just decides to achieve this desirable result by budgetary restraints as its main tool, then it will fail in that approach. I pointed out that macro-political ideas to reduce taxation are doomed to failure. The privatisation strategy, on the other hand, is a micro-political approach which can apply a number of techniques to each specific problem.

The salient characteristic of all economies in the Western world is the size of the public sector: it is the biggest consumer, the biggest employer, the biggest spender—this, in what are generally accepted as free enterprise economies. The problem is that the public sector responds to political rather than economic pressures. It pre-empts the funds which citizens would have used to make their own choice. Of course, it is argued by those who oppose the concept of privatisation that the public sector expresses choices made by the public. In fact, it expresses the priorities of politicians and bureaucrats, and in this statement I placed the politicians and political Parties in the first position. Yesterday I pointed to the steady and remorseless increase in the proportion of the economy falling under the Government's grip—federal, State and local. There are those who argue that this continuing growth is inevitable. If that view is correct, as 50 per cent of the gross domestic product is now being absorbed by the public sector, how long before the remaining private enterprise activities are also absorbed in the public sector?

In my period in Parliament, I have seen Administrations elected with all the necessary rhetoric to cut public spending and taxation. None have succeeded in so doing. Admittedly, administrations have slowed down the rate of increase but basically one can say that they have all been unable to live up to their brave words. We are continuing with the ever greater burdens placed on the productive sector to support an ever increasing number of beneficiaries of public largesse. The result is increasing costs to all, an export of jobs to countries with lower costs, and the eventual spectre of protectionism which, in itself, adds to the cost of the productive and competitive sectors. When one looks at protectionism, one has only to look at our own tariff protection in this country and the agricultural policies of the EEC to understand the point that I have made. The end result of protectionism is fortress economies stagnating under higher costs. I ask the question: why has the Australian dollar fallen to its present point in terms of international exchange rates? I know that this Government and the Liberal Party are interested in the general question of public sector management, and the work done so far by both major Parties is commendable. I have also mentioned some of the minor changes, of which I approve, made by this Government.

What has been done so far is only the beginning in reversing the growth of government, and we still need to continue on that path to restore to individuals the freedom and choices that Governments over the past years have usurped. When one thinks about the worldwide movement towards privatisation—and once again I stress that in Australia and South Australia one can recognise evidence of that movement in a small way—one can also hear the argument that one may describe as the myths of such policies.

The first myth that one hears is that there is no case for privatisation because direct labour is cheaper. That is the usual union argument, for example, in pointing out that there is no saving by using the private sector contractors because day labour or direct labour is cheaper. There is no evidence to support that view. No matter where one looks in the private sector one can always see that that argument is fallacious—the private sector can perform more cheaply than direct labour.

The second myth is that in the privatisation process standards fall. In fact standards of service are specified in any contract, and failure to provide those standards leads to penalties. I have yet to hear of a direct labour force paying penalties for not maintaining standards.

Another myth is the assertion that contractors are cheaper at first but that the price will rise. As long as competition exists, there is no chance of exploited price rises. Another myth—but a more plausible one—is that the movement to privatisation will increase unemployment. Even the Hon. Frank Blevins interjected yesterday to me on that particular point. Although the argument is plausible, it is still not accurate. It is a worry of policies on efficiency of operation—use fewer workers.

However, if it means lower prices and more efficiency in the more productive areas of the economy, as those advantages work through the economy, more jobs are available in the private sector. I could continue to examine the myths that will always be advanced towards maintaining the continuing growth of the public sector, the size of government and the absorption of taxation from the taxpaying public.

As I pointed out yesterday, the only way to change direction is to reduce the size of Government and, to do that, we need the demands of parliamentarians to influence the policies of Governments, to utilise the competitive private sector, and to bring benefits in that direction, whether those Governments be federal, State or local. I support the motion for the adoption of the Address in Reply.

The Hon. K.L. MILNE: Once again I am in a position to congratulate His Excellency, the Governor, on his speech. I apologise for not being present at the opening of Parliament, but I was fortunate enough, through the courtesy of the Attorney-General, to be one of the eight delegates from this Parliament to the Australian Constitutional Convention held in Brisbane. Therefore, I could not be in two places at once, any more than the other seven delegates. I place on record my gratitude to the Attorney-General for that courtesy. As honourable members know, this will be my last few months in Parliament. I enjoyed the convention and, personally, I think that they are of value. I trust that in some form they will continue to be held.

I wish to speak about industrial relations in Australia, to some extent in the past, but more particularly in the present and, hopefully, to have a brief look at the future. To understand the behaviour of the trade union movement in our lifetime, or certainly in my lifetime, one has to look at history. The trade union movement became strong in England in about 1917, towards the end of World War I. It so happened that the communist revolution in Russia ocurred in 1917, and it is no secret that the vigorous communist international movement made a beeline for the trade unions. Thus, the trade unions, whose members were trying

to earn their living from the private sector of industry were, at the same time, being used as a vehicle to destroy that system.

This extraordinary conflict of interest is probably the greatest single reason for the constant conflict between employer and employee, and thus has been the cause of a great deal of avoidable misery for the rank and file union member and his or her family. The communist organisers usually thrived on this conflict but, if one looked carefully, one could see that it really suited no-one else. In those days we knew of no other way to handle the problems that beset the work force in those dreadful factories and mines of England.

If my judgment is correct, the worst of that period and the old idea of 'them' and 'us' is dying away. There are now many avenues whereby employers, employees and Governments can get together for talks—and they are doing so more and more.

That is not to say that there will not be any more conflicts in the world of business. Of course, there will be. However, they will not be as bitter, painful or damaging, because both sides have come to realise how much each one relies on the other. What this will do is allow reforms to take place and the wealth to be spread equally, without either side biting the hand that feeds it.

This is an era to which the Jack Wrights of this world have looked forward for a long time. It is reflected in the legislation that we have before us now in the form of a complete review of the workers compensation system. There is also the review of the conciliation and arbitration system in the form of the Hancock Report. This feeling is also evident from the support that I have so far received for my own paper on the Social Partnership of Austria.

I will deal with each of these matters, if I may, because I believe that, unless we get our industrial relations right, our future in this country is limited. I believe that Austria has got it right and that we have got it wrong, but are getting it right.

The exciting part about the proposed new workers compensation legislation is that it is the result of about 18 months of talks and negotiation, give and take and understanding, between the South Australian Government, the Chamber of Commerce and Industry, the Metal Industries Association and the United Trades and Labor Council; they had a combined working party. This is surely a first for South Australia and a milestone in industrial bargaining.

I congratulate all who have taken part on their determination, patience, and ability, and on the result. I deplore the actions of those who already are trying to drive wedges between the parties involved, and for very poor, selfish and old-fashioned motives. There are only two parties of prime interest and concern in this matter—the employees, at risk of injury, and the employers; all other parties are either secondary or peripheral.

The insurance industry is being very foolish, in my view. It is hypocritical for them to say that the new scheme will not save money, when they know that their scheme is set up to make profits. If they are not making profits, why make a fuss? We all know (and remember that I was Chairman of the SGIC for seven years) that, after income from investment is taken into account, they usually—not every year—make profits. The organisers of the insurance industry ought to know that it is now very unpopular to be seen making profits and paying dividends from injuries to workers. In any case, workers compensation is not an insurance matter; it is more an income maintenance service.

To some extent, the lawyers have brought these reforms on themselves, just as the insurance companies have brought it on themselves. They should have recognised that public opinion on workers compensation court cases was hardening, and they could perhaps have suggested some improvements to the procedures. I hope that the Labor lawyers in particular will recognise this fact, and help their colleagues in Parliament to bring about this urgent reform, rather than throw tantrums, as they appear to be on the verge of doing right now.

Unfortunately, the workers compensation lawyers have been aided and abetted by the judges in common law claims. Some—in fact most—of our Supreme Court decisions have been unrealistic and on occasions outrageous, with little or no relationship to the actuarial values of premiums. The judges seem to vie with each other as to who can give the record award, knowing full well that only few, if any, of the recipients have had experience in handling and preserving large sums of money.

Under the new scheme there will still be a place for lawyers, insurance companies, medical practitioners and, I trust, for chiropractors and other natural healers. But the new emphasis will be on rehabilitation, on getting well again and rejoining the work force, as distinct from the implied or encouraged attitude of 'get as much as you can, even if the boss's premium increases and someone consequently loses his or her job'.

Perhaps I should just mention the question of safety, because I understand that legislation relating to safety in the work place will follow soon. I look forward to it. There must be far more emphasis on safety, and it has a direct relationship to workers compensation. For example, I think that the safety officer in a factory should be of no less status than a director, instead of a relatively junior employee, as is usually the case. Safety regulations need action, and placing safety in the hands of a director would surely help. I have heard one or two rumours about suggested powers for shop stewards or union organisers in the factory work place; but I ask the Government to be very careful in this regard. Let us take it a step at a time, and give employers a chance to respond to what will undoubtedly be an additional burden of safety regulations.

I now refer to the Report of the Committee of Review into Australian Industrial Relations Law and Systems, better known as the Hancock report. This committee, appointed by the federal Government, was to make a complete review of the conciliation and arbitration system, which had not been examined since it was introduced as law in 1904. In those days, when vigorous confrontation of employers and the unions was considered to be normal, this new device for settling disputes was hailed as a master stroke—and so it was then. But this was before the days of inflation, unemployment benefits, a total wage, indexation, ambit claims, and all the rigmarole of wage fixing that we have today.

Gradually, as we look back, the conciliation and arbitration system has become less and less relevant to the attitudes of the responsible union leaders and the more enlightened employers. What has been developing, almost unnoticed, is a rapport between government, employers and unions who, without prompting, began to talk to each other. The greatest example of this trend in Australia is the agreement made between the Australian Labor Party and the Australian Council of Trade Unions, known as 'The Accord'. This is a most amazing document, beautifully written, clearly stated and convincing, and very genuine. I recommend that, if there are honourable members who have not read it, they do so as soon as possible. It is an enormous step forward for our industrial relations, and I congratulate all those who played a part in drafting and designing it.

Likewise, I condemn those who criticise it on principle, especially those who have not studied it. Yes, it does appear to give a great deal of power to the ACTU; but the union movement has a great deal of power anyway and, under

the accord, the unions have pledged themselves voluntarily to use the power properly. Honourable members must agree that, for some time now, they have done so. Anyway, honourable members know my attitude—that the Government, the employers, the trade unions and the farmers (or rural groups) are all equal. They form a partnership making up our economy, and it will not work if any one of those four groups is out of step.

Let me come back to the Hancock Report. It was released earlier in the year and received a great deal of comment, both for and against. On the whole, I am for it, and I gather that the industry and trade union groups are basically for it, too. I will now comment on some of the major recommendations of the report. I refer to a summary prepared by the Metal Industries Association. Recommendation 13 states:

That the Conciliation and Arbitration Act be amended to give effect to the objective that the federal industrial tribunal should have the widest possible jurisdiction within the constitutional power of section 51 (XXXV) to hear and determine industrial disputes involving employers and employees and/or their representative organisations.

I think we are inclined to forget that the conciliation and arbitration system was actually part of the Constitution. I think it was a remarkable effort to design something like that nearly 100 years ago. Recommendation 16, regarding public interest, states:

That the Conciliation and Arbitration Act be amended to strengthen the public interest provisions of the Act.

This is referred to later, but it states that the public interest should be made a specific object of the legislation. That has never been considered before, in the light of some of the decisions of the various arbitration courts. Recommendation 19, regarding independent contractors, states:

That the legislation enable the federal tribunal to have jurisdiction to determine disputes involving persons who are 'quasi employees', that is, persons who contract for service of their labour only or for the provisions of labour and equipment if they are in all other respects employees.

That is a very controversial and courageous recommendation, and I hope that the problems will be solved by the new court's being given that authority. Recommendation 21, regarding conciliation and arbitration outside the federal commission, states:

That the provisions of Part X of the Conciliation and Arbitration Act be amended to provide that parties who wish to make their own arrangements for the prevention and settlement of disputes by conciliation and arbitration may do so...

That is a very important recommendation. It will make things more flexible in relation to bipartite agreements and that could be very valuable in many areas of Australia, such as the Riverland and the Iron Triangle.

Recommendation 23 refers to the establishment of an Australian Labour Court. In other words, the status of the Commission will be increased to that of a court. I suspect that that is to ensure that contempt of court is a much stronger weapon than merely failure to appear before the Commission.

Recommendation 28 states that there should be an Australian Industrial Relations Commission. I cannot quite see the point of that, but no doubt it will have its place. It is recommended that the judges of the Australian Labour Court be the Deputy Presidents of the Australian Industrial Relations Commission and that the Chief Judge of the Court be the President of the commission. That would create a system of Caesar under Caesar and increase centralisation. I am not in favour of that recommendation, but I would be prepared to hear the arguments. Recommendation 57, regarding the number of unions, states:

That the legislation be amended to increase the minimum number of members required for an association of employees to be capable of registration to 1 000...

However, there is provision for smaller unions in certain circumstances. Recommendation 61 states:

That the legislation be amended to preclude, in future, the registration of associations of employees based on the craft or occupation of the employee unless special circumstances are held to justify such registration.

In other words, they will be industry unions rather than craft unions. Recommendation 93, regarding public interest, provides:

That the legislation provides for the commission in all proceedings to take into account the public interest and, for that purpose, to have regard to the state of the national economy and the likely effects on that economy or any award that might be made in the proceedings or to which the proceedings relate, with special reference to the likely effects on the level of employment and on inflation.

At last people making those decisions will have the responsibility to take into account the state of the economy with special reference to the public interest, employment and inflation. That is a big step forward. Of course, it would help regional economies—for example, in the Riverland and the Sunraysia area based on Mildura—as well as sub-economies inside the State economy. It would also provide for special cases, such as South Australia, whose economy is not as strong as that of Victoria. Recommendation 94, in regard to conciliation and arbitration, states:

That the... present Act be cast in a form which stresses conciliation as the first step in the formal process of dispute prevention and settlement.

In other words, the Committee is trying to get away from the idea that there must be a dispute before arbitration. Recommendation 97 provides for the introduction of industry consultative councils in individual industries and companies. Recommendation 130 states:

That... demarcation disputes... be dealt within the commission by a special bench to be presided over by the Vice President of the commission.

I can see the wisdom of that. So much harm has been done to the trade union movement, to our economy and to so many families because of what appears to most people to be unnecessary and damaging demarcation disputes between two unions. Sanctions are referred to, and it is stated that it will no longer be a penalty offence to engage in lockouts, strikes or direct industrial action, and the Act can authorise the cancellation of an award if it applies to an organisation engaged in industrial action or conduct outside the rules or spirit of the conciliation and arbitration system. The summary also deals with the cancellation of registration. It recommends that an entirely new Act be drafted.

I have referred to only some of the recommendations of the Hancock report, but one can see that Professor Keith Hancock, with Mr Polites and Mr Fitzgibbon, has been very courageous and positive. I believe that they deserve a great deal of encouragement, as will whichever Government decides to implement any or all of those recommendations.

Members will be aware that our system relies on confrontation. If the recommendations of the Hancock report are accepted, there will be a great improvement, but we will still be left with the two sides confronting and squeezing each other. Therefore, I now refer to my study of the Social Partnership of Austria, copies of which were circulated to all members of Parliament in April this year. I seek leave to table that document. Much of it is statistical, but there is a lot of other information.

Leave granted.

The Hon. R.I. Lucas interjecting:

The Hon. K.L. MILNE: He had not circulated an exact copy of his document to all members as I have done with this document. What I will speak to is the speech I distributed to all delegates at the Australian Constitutional Convention held at the end of July in Brisbane. By some good

fortune, I managed to have the following resolution placed on the convention agenda under Industrial Relations:

That it be an instruction to the Industrial Relations Sub-Committee that it consider the operation and effect of the Austrian Parity Commission (or Social Partnership) and report on the potential for the application of such a social partnership to Australian industrial relations, particularly in view of the recommendations of the Committee of Review into Australian Industrial Relations Law and Systems (the Hancock Report).

I was given very little time to speak, only five minutes, so I could not finish my speech. Members will be pleased to hear that the resolution passed 38 to 27, with the whole of our delegation supporting me, and the Commonwealth Government delegates voting for it as well. I thank them all, and would like to record my special thanks to Susan Lenehan, MP, who went out of her way to drum up support. In the few minutes available. I mention this to indicate to honourable members that this whole concept is being taken seriously, and that it is being accepted as worthy of consideration across Party lines.

When I was studying this subject in Austria in January this year I was not aware that the Committee of Review into Australian Industrial Relations Law and Systems (the Hancock Committee) was about to bring down its report. Consequently, my paper, 'The Social Partnership' finally completed in April 1985 after being checked in Austria, was more critical of the conciliation and arbitration system than it might otherwise have been had I had the benefit of the Hancock recommendations. What my paper says, in effect, is that the system has been badly handled and has failed.

For some years now I have been critical of the Federal and State arbitration commissions—and I am not alone in that criticism. It has been obvious for a long time that something has gone very wrong with the way in which the commissions have been working. Therefore, my paper, 'The Social Partnership' was written suggesting that the existing system of confrontation had outlived its usefulness and that something like the Austrian system should replace it. However, having now seen some of the major recommendations of the Hancock Report and having had a long discussion with Professor Keith Hancock, I am inclined to feel that a reformed conciliation and arbitration system and a social partnership arrangement should go together. They would complement each other. At least we should give it a try, adapted to Australian conditions.

I had not really pressed my disappointment with the present system of wage fixing and handling disputes because I knew no other to replace it. Then I realised that the Prime Minister had produced something quite new in The Accord and that some of it was borrowed from somewhere. I believed that I found it in Austria. In fact, I know now that that is the case, and well they might borrow from it, because it is probably the best model available. The Accord, valuable as it is, is an agreement between the ALP and the ACTU. The Austrian system is broader based.

Let me tell honourable members in a nutshell what the Austrian Social Partnership actually is. It is a voluntary arrangement whereby representatives of the Government, employers, trade unions and the farming community meet regularly every month to iron out their differences and to design what is best for all people in the country. It is called the Parity Commission as well, because the parties are all equal (or on a par) and all decisions are unanimous. It has been operating successfully for 27 years. Some of the achievements of the social partnership are these:

1. It has preserved the rights, role and dignity of all parties to the arrangement.

2. It has kept inflation down to about an average of 4 per cent.

3. It has kept unemployment down to about 2.1 per cent in particularly difficult circumstances.

4. It has stabilised the membership of the unions and their relationship to employers.

5. It has minimised or done away with demarcation disputes.

6. It has reduced days lost by strikes to almost nil.

7. It has spread the wealth more evenly.

8. It has made life a great deal more pleasant for everyone.

In contrast, our conciliation and arbitration system, as it is now, has done none of these things. On the contrary, the Federal and State Conciliation and Arbitration Commissions have continued, like lemmings, on a course which they have known for at least 10 years to be wrong. The excuse is that it has been in the interests of industrial peace!

Economists have known for at least 10 years that full indexation is basically unsound. They have known for some time that this leads to the inevitable circle of higher prices, wages, unemployment, welfare and dole payments, taxation, prices, wages, and so on, round and round. We have known for 10 years or more that indexing of wages on a percentage basis is equally false. It favours those on higher incomes and penalises those on low incomes. It increases the gap between rich and poor.

We have known for years that increased wages and federal awards have prevented the decentralisation of industry. In fact, in the case of South Australia, these decisions have dismantled a great deal of the industry that we once had. The commissions have not allowed for the fact that South Australia is a separate economy—or if they knew, they did not care. Consequently, the employers and the unions in South Australia have had an unnecessarily bad time, which could have been avoided if we understood each other better. This also applies to at least Western Australia and Tasmania. The Social Partnership is completely voluntary, and is not created by legislation. However, there is compulsory membership of an employers chamber, a workers chamber, and a farmers chamber, while actual union membership, although voluntary, is about 60 per cent of the work force.

What it does is get rid of our senseless, wasteful, old-fashioned and unfair confrontation between the various interests in the economy. The interests of the Government (public service and teachers), the private sector unions, the employers and the farmers are not the same. Yet they rely on each other for their existence and together they make up our economy. So why not get together as equal partners?

The secret of the Austrian system is that meetings are held regularly every month whether there are problems or not. Problems are dealt with calmly before the parties start running a temperature. There is a great deal of mutual trust which leads to greater disclosure of information, which in turn leads to better decisions. On page 11 of my paper, which I have tabled, I set out some of the main differences between the social partnership approach and the Conciliation and Arbitration Commission approach. If the Hancock Report is implemented, in whole or in part, some of those criticisms would no longer apply. Somewhere in between the two, or the two in tandem, lies the answer for Australia.

It only remains for the federal Government to grasp the nettle (and Bob Hawke has already grasped it lightly) for enormous benefits to flow to the way of life which Australians are laboriously designing. As all of us who have grasped a stinging nettle know only too well, if you grasp it lightly it stings, if you grasp it firmly, it does not.

I know that a number of honourable members will say, 'But Australians love confrontation.' I can tell the Council that they do not. Most Australians have had enough of it. Only those with a vested interest in confrontation will disagree with this new approach—only those who want to break the system and who want to perpetuate discord.

I am quite certain that the vast majority would accept harmony and breathe a huge sigh of relief. I will go further and say that, unless we get our act together and pull together, Australia as we know it will not survive. Honourable members and I know it, and the man in the street knows it, too. Unless the four big power blocs trust and understand each other—the Government, the Chambers of Commerce and Industry, the ACTU and the unions, and the National Union of Farmers—then the Westminster system of Government and all the freedoms that we believe in will be history. I support the motion.

The Hon. L.H. DAVIS: I join with my colleagues in thanking the Governor for his speech. Also, I join in expressing sympathy to the families of deceased members.

Australia has been slow to realise that verbal skills are vital when we are competing in a shrinking world. Little if any encouragement is given to schoolchildren to speak good English. In many radio and television commercials the actors and actresses alter their voices to appear ocker—the 'Where do you you get it' syndrome. I have yet to find another country that cringes at good language so persistently.

Perhaps we should rename our country Ockeralia. How often have we gone to a reception where the bridegroom apologises for his inability to make a speech? How often have we listened to or watched a news story where the person interviewed has trouble constructing a basic sentence? One simply does not find that happening, for example, in the United States. I am not being elitist in raising this matter. People such as Max Harris have persistently made this point. At the same time I am saddened to see the passing of Australian slang, inevitable as that may be as Australia increasingly reflects its multicultural population. But we are rapidly losing the richness of our language. 'I am flat out like a lizard drinking.' 'It was so wet even the mirages overflowed.' 'I will have a Captain Cook,' which is a look. 'He has two chances—Buckley's and none.' 'He shot through like a Bondi tram.' The Australian slang of the 1980s seems to be restricted to 'footy', 'tinnies', 'barbies', and 'bickies', and they are poor relations of the rich slang of yesterday.

The insidious Americanisation of the language is also something that has to be countered in schools. What is being done in South Australian schools to make our students articulate and mindful of good language? Precious little! Let us examine the sorry saga of debating in State schools. The South Australian Schools Debating Competition caters for students from year 8 through to year 12. In 1984 there were 244 teams in the competition from 48 schools. Although the number of teams has doubled since 1978, the number of schools has remained the same. In 1984, of the 48 schools competing, 26 were State schools, 10 were Catholic schools and 12 were independent schools. Although Catholic and independent schools generally have lower student numbers than State schools, they have a much greater participation rate in school debating. The 26 State schools filled a total of 75 teams—an averge of 2.9 teams per school. The 10 Catholic schools filled 92 teams—an average of 9.2 teams per school. The 12 independent schools filled 77 teams—an average of 6.4 teams per school.

In other words, State schools with 80 per cent of students have only 31 per cent of the teams in competition. There are no schools in the competition south of Brighton High School and there is negligible participation from the Le Fevre Peninsula and the northern suburbs. In the years from 1977 to 1984, 41 trophies had been awarded to the top debating team of each grade: 16 had been won by Catholic schools; 16 by independent schools; and only nine by State schools. Of the nine trophies won by State schools, six have been claimed by Croydon High School, where over 50 per cent of students had an ethnic background. That is also the case in the composition of the year 8 and 9 teams in 1984—more than 50 per cent of them had an ethnic background and many of the students came from families where one or both of the parents did not speak English, yet in 1984 the year 8 and 9 teams both won premierships under the enthusiastic guidance of some dedicated teachers and a supportive school council. In the past 14 years of interstate schools debating competition, 56 students have represented South Australia and only seven of these have come from State schools—and that includes two Americans.

I am assured that the selection panels are not biased in favour of independent or Catholic schools, for the association's success depends on the initiative and enthusiasm of teachers from both the Government and non-government sectors. The cost of the schools debating competition is covered by a modest registration fee for each team, by private sponsorship from groups such as Mutual Community, and by the State Government grant of $700. I understand that the association has written to the Minister of Education more than once asking for increased financial assistance to boost debating in State schools. Incredibly, the reply noted the high involvement of independent and Catholic schools in the competition and suggested that those schools should be asked to contribute more money. Clearly, the Minister of Education and his advisers require a lesson in English comprehension. As it is, the State schools interested in debating have to filch money from their library budget or seek financial support from their school council. I was an adjudicator in the schools debating competition for many years. From my discussions with teachers then, and in recent days, debating improves English skills, confidence and the ability to argue logically and to speak articulately. Back in 1981 the Queensland Government gave schools debating a grant of $7 000. The Queensland Premier, a member of the Kingaroy Debating Club, obviously appreciates the value of debating.

In New South Wales a full-time staff member of the Education Department organises the schools debating competition, but in South Australia the Government pays a miserly $700 and provides no support or encouragement for the training of teachers in this vital skill. The association made an application for CEP funding, but the State Government was unwilling to provide the necessary matching financial support. Certainly, I acknowledge there are other groups such as Apex, which run school debating knock-out competitions in city and country areas, but losers in the first round have only one debate. Australians, it would seem, are not only having difficulty with their own language but have little relish for other languages. While pizzas, pasta, dim sims, souvlaki and satay are part of many Australians' regular food experiences, foreign languages are not on the education menu. Of course, I exempt my colleague the Hon. Mr Hill from that remark. The recent Blackburn Report noted that 84 per cent of all students in high schools and non-government schools at year 11 were not studying a foreign language, and that figure is similar for year 12. The Department of Education earlier this year announced initiatives in the teaching of foreign languages, but it will be necessarily slow, depending on resources and teachers with the necessary skills. It would certainly seem from my brief examination of the subject that South Australia trails States such as Victoria in the teaching of foreign language.

So, in looking at personal development of schoolchildren, I would advocate very strongly that more encouragement should be given particularly in the State school system to debating, equipping students for life, giving them confidence and verbal skills, which as I have already observed are sadly lacking. In addition, our education system should develop pride in the nation. On more than one occasion I have

remarked on the singular lack of the teaching of Australian history in schools. I am pleased to see that there is bipartisan support and support across State boundaries for the development of a common core which will be styled Australian Studies and which will be introduced in the bicentenary year of 1988, if not before.

In addition to national pride, it would be nice to think that some of the features common to American schooling would have a place in the Australian school system. I was particularly impressed when visiting America last year and previously that high schools and independent schools take great pride in setting down the achievements of their senior students. They have what is called a senior placement record which lists the progress that their senior students have made after leaving school; whether they have gone on to further full-time or part-time education, whether they are employed, whether they are training for a job, whether they are married, unemployed and so on. It seems that little effort is made, in South Australia at least, to develop school pride and the recognition of the achievements of students in each school. In addition, I think we are all coming to realise the importance of general personal development at school, that students need help not only in education but also in health and life patterns. They need to have a much better understanding of the economic, financial, legal and political systems than was the case a generation ago. They need to be equipped for life. They need to be taught how to respond to crises and to be encouraged to have some attention paid to personal needs. Interpersonal relationships also must not be ignored. Certainly, the Commonwealth Schools Commission of 1980 has argued very strongly for this approach and there are signs at least that that approach is being followed.

I wish to direct some remarks about independent schools in Australia. The independent school system in Australia has its roots in the very foundation of the Australian colonies. Many of the colonial leaders had been educated in the major schools and universities of England, Ireland and Scotland, and these same leaders believed that there was an advantage in establishing similar institutions in the colonies. For example, Sir John Franklin, Governor of Tasmania from 1833 to 1843, wrote:

> I had not been long in Van Diemen's Land before I became sensible of the absence of any adequate education beyond a few private schools.

Professors of the University of Sydney in the mid nineteenth century observed, and I quote again:

> Progress is more apparent in students who have received their education at home than in those who have been trained in the colony.

By 'home' they are, of course, referring to the homeland. The professors continue:

> The examiners attribute this marked contrast to the moral tone and manly influence which an English public school is eminently calculated to foster.

That is a remark that some people would not agree would be the case today, but that was the common view more than 100 years ago. So, these independent schools developed. Most of the independent schools in the early days were single sex schools and it was quite common, for instance, for girls schools to have male principals and that in fact continued to be the case until the 1960s. The Catholic schools tended to give special emphasis to religion and the arts. There were very few examples of coeducation in private schools in the early days. The Friends School of Hobart, run by the Quakers, was an exception to that general rule.

In the 1950s, 1960s and 1970s, the population of school age people increased dramatically. There were twin factors accounting for this dramatic growth in the number of school students. First, there was the postwar baby boom and, secondly, there was the strong federal migration program which commenced in 1947. Many of the migrants came from Catholic countries and there was a strong view that they should continue to receive a Catholic education. In the 1950s there was no aid to independent schools and retention rates in the early 1950s at the year 12 level or at the final year level, as it was then known, were well below 10 per cent. The State education system in the 1950s and 1960s was starting to build large numbers of new high schools in response to the burgeoning school student numbers. Larger country centres were for the first time being given the opportunity for a full secondary education, and the independent schools felt the pressure of the tenure system for teachers, namely, that students graduating as teachers were tenured to the Education Department for a certain period and simply were not able to teach in independent schools.

The Australian Constitution gives the Commonwealth Government no explicit powers or duties with regard to education. Section 52 gives the Commonwealth Government the power to aid students. Section 91 gives the Commonwealth power to make grants for specific purposes. This constitutional provision was used for university funding in the 1950s. It was not until the re-election of the Menzies Government in 1963 that Government aid was first given to independent schools. In May 1964 Prime Minister Menzies gave direct grants to non-government schools—grants to improve facilities for the teaching of science. That was the beginning of a changed attitude by Commonwealth and State Governments alike with respect to funding of independent schools. Certainly it resulted in a lot of controversy. In 1964 it antagonised sections of the Labor Party. It certainly gave strength to the Democratic Labor Party, with its strong links to the Roman Catholic Church. In 1969, Commonwealth provision for librarians included non-government schools, and capital grants were also given to independent schools. In 1970, grants for school buildings and recurrent *per capita* grants equal to the value of all pupils in non-government schools were given—$35 for a primary school student and $50 for each secondary school student. The Governments of New South Wales, Queensland and South Australia at this time moved also into the field to provide benefits to non-government schools and their pupils. Organisations such as the Defence of Government Schools (which was better known under the unlikely acronym DOGS) were set up to argue against the proposition of Government funding for independent schools.

In 1972 the Whitlam Government came to power and set up the interim committee for the Australian Schools Commission and Professor Karmel recommended the establishment of a permanent Australian Schools Commission to measure the needs of Government and non-government schools and to advise the federal Government on these matters.

The commission suggested that the needs of each non-government school should be assessed instead of a flat rate *per capita* recurrent grant being made available. Therefore, for the first time, we had the acceptance of a needs principle in relation to the funding for non-government schools. The needs basis was established by reviewing resources in each school, and six levels were developed so that the independent schools with the highest level of resources would get the lowest level of Government assistance.

One of the conditions of Commonwealth aid at this time was that the States should also provide recurrent grants, and now each State provides for each registered non-government school an amount per pupil equal to 20 per cent of the cost of providing for a pupil in a comparative school in the Australian State school system. In recent years there has been a dramatic acceleration in the number of students

in the independent and Catholic school system. I will address that particular development later and perhaps seek to explain some of the reasons for it.

Although the development of independent and non-government schools in the nineteenth century had its genesis in England, Scotland and Ireland, differences have developed between the Australian system and the system in Great Britain. For example, in England, and, indeed, in places such as Ontario in Canada, non-government schools school teachers can participate in Government sponsored superannuation schemes. With my view on Government sponsored superannuation schemes, I am certainly not advocating that such a measure be adopted in Australia.

Also, in England and Wales, the independence of non-government schools has been fettered to the extent that non-government school boards must appoint a number of members of local educational authorities on their boards, which does, I imagine, cramp the independence and style of those schools. It is interesting to note in the long-running debate between Government and non-government schools the fact that there has been a continuing reduction in staff/student ratios in all three sections of the education system—Catholic, independent and State. In South Australia that is also the case. I seek leave to have incorporated in *Hansard* without my reading it material of a statistical nature which indicates that there has been a fall in student/teacher ratios in Government and non-government schools of quite significant proportions in recent years.

Leave granted.

STUDENT/TEACHER RATIOS

Schools: Student/Teacher Ratios: Category of School, Area of Activity, South Australia

Category of school	1978	1979	1980	1981	1982	1983
Government:						
Primary	18.8	18.3	17.7	17.4	18.2	16.9
Secondary	12.4	11.8	11.6	11.5	11.6	11.6
Total	15.9	15.4	14.9	14.7	14.6	14.4
Non-government:						
Primary	21.7	20.5	20.7	20.6	20.3	19.8
Secondary	15.2	14.6	14.0	14.0	14.0	13.8
Total	18.3	17.4	17.2	17.1	16.8	16.6
All schools:						
Primary	19.1	18.5	18.0	17.8	18.5	17.4
Secondary	12.8	12.3	12.0	11.9	12.0	12.0
Total	16.2	15.7	15.3	15.1	15.0	14.8

The Hon. L.H. DAVIS: At a superficial glance, those figures suggest that the ratio between teachers and students at Government schools has improved rather more than it has at non-government schools. From my discussion with various people employed in the independent school sector, it is not immediately apparent why there is this dramatic growth in independent school student numbers.

I am not aware of any particular study that has tried to isolate reasons for this phenomenon. However, interestingly enough, in the *News* of Tuesday 6 August 1985 an article referred to the dramatic and continuing build-up in waiting lists at private schools. A Catholic school spokesman was quoted as saying:

> Many parents see a non-government education as being the most desirable, especially after charges of illiteracy in school leavers and lack of discipline in non-government schools were highlighted recently.

It is not my intention to pass judgment on the merit or otherwise of the State school system. I said in my opening remarks that I am disappointed at the level of participation by State schools in the South Australian debating competition, and particularly disappointed at the lack of support given to State schools by the Education Department in what I would have thought was a fairly important aspect of student education. I suspect that more parents are realising

The Hon. L.H. DAVIS: As I have indicated, there has been a dramatic increase in the number of students enrolling in non-government schools. In South Australia the number of students enrolled in non-government schools increased from just under 38 000 in 1973 to nearly 50 000 in 1984. On the other hand, student numbers in Government schools fell from just under 232 000 in 1973 to 201 000 in 1984. I seek leave to have inserted in *Hansard* without my reading it material of a statistical nature setting out the number of students in Government and non-government schools from 1973 to 1984.

Leave granted.

STUDENTS

	Government No.	Government per cent	Non-government No.	Non-government per cent	Total No.	Total per cent
1973	231 786	85.9	37 962	14.1	269 748	100.0
1976	233 614	85.6	39 299	14.4	272 913	100.0
1979	224 525	84.9	39 972	15.1	264 497	100.0
1982	207 944	81.9	45 972	18.1	253 916	100.0
1983	205 517	81.0	48 270	19.0	253 787	100.0
1984 (Prelim.)	201 220	80.3	49 416	19.7	250 636	100.0

The Hon. L.H. DAVIS: The interesting fact about the foregoing figures is that the percentage of total students in South Australia at non-government schools increased from 14.1 per cent in 1973, to 14.4 per cent in 1976, to 19.7 per cent in 1984. I have no doubt that when the figures for 1985 are released we will find that more than one in five students in South Australia are being taught at an independent school. It is worth noting that this figure is well below the national average, which is closer to 24 per cent. I seek leave to have incorporated in *Hansard* without my reading it material of a statistical nature which sets out the number of teachers employed in Government and non-government schools in 1976 and 1983.

Leave granted.

TEACHERS

	Government No.	Government per cent	Non-government No.	Non-government per cent	Total No.	Total per cent
1976 All teachers *(a)*	13 781	85.8	2 280	14.2	16 061	100.0
Full-time equivalent teachers	13 426.9	87.1	1 988.7	12.9	15 415.6	100.0
1983 All teachers *(a)*	15 627	82.7	3 269	17.3	18 896	100.0
Full-time equivalent teachers	14 253.1	83.1	2 902.7	16.9	17 155.8	100.0

(a) Includes part-time and temporary employees.

that the breadth of educational opportunities offered by independent schools is one reason for the continued and dramatic build-up in waiting lists at both independent and Catholic schools.

In relation to the quality of education, last year the American Congress supported a bipartisan Bill to entice some of its best and brightest school seniors to become teachers and to keep some of the ablest young teachers in the profession. It introduced the Talented Teachers Act which would provide a scholarship for school students in return for a pledge to teach for up to eight years as well as fellowships to able teachers.

During the debate in America the point was made that for many years teaching had attracted young people from the bottom half of the academic talent available; and of that group even the ablest had left the profession after less than five years in the classroom. The supply of bright young women as teachers disappeared when more lucrative careers began to open up for women in other areas. The Talented Teachers Act offered 10 000 scholarships—2 500 a year for four years—of up to $5 000 to high school seniors in the top 10 per cent of their class. In return, the recipients pledged to teach in public or private schools for two years for each year of such aid, which in most instances translated to eight years, or half that time for students who elected to teach in impoverished districts.

Another aspect of the Talented Teachers Act was that fellowships of up to $25 000 were offered to two outstanding teachers in each congressional district to be used for one year's sabbatical leave for study, research, travel or other professional self-improvement. Recipients agreed to resume teaching in their schools for at least two years. It is easy for people to argue on the one hand that we should have more demanding courses but, on the other hand, if we are to teach them effectively, we must ensure that we have quality in our teaching. That is certainly one of the recommendations of the Quality of Education Review Committee, chaired by Professor Peter Karmel.

The committee's report was made public recently by the federal Minister for Education, Senator Ryan. The Quality of Education Review Committee noted, amongst its findings, that teachers should receive extra training to ensure that they are able to teach properly the subjects for which they were trained; that stress should be given to primary education, particularly junior primary schooling, to ensure that there is a proper foundation for future learning; and that there should be more concentration on the outcomes of education.

I was particularly interested to read an article in a recent copy of the *South Australian Teachers Journal* which, quite often, is full of controversial reports. The article, in the 15 May edition, by a Mr Michael Middleton, Principal of Elizabeth West High School, states:

> It is qualitative change we need in schools, not quantitative. So let's stop making excuses about lack of funds, or lack of time, or lack of administrative support. Let's bend our own creative and shared talents to the task. Sure there are personal risks. But the alternative is not just risk; it is the certain alienation of a generation and an irretrievable setback for this country and the promise it holds for our children and their children.

In recent days there have been announcements relating to teacher traineeships based on the recommendations of the Kirby report. The traineeship system, which provides young people with access to on-the-job training with off-the-job education training, had widespread support. The traineeship system will focus initially on the 16 to 17-year-olds in the hope that it will encourage them to stay on longer at school to receive an education to equip them better for life. Certainly, in view of the high youth unemployment at the moment—in excess of 20 per cent— such proposals should enjoy bipartisan support. However, I was disappointed to see, among the initiatives that have been set in place by this Government, the federal Government and the preceding Fraser Government to cope with youth unemployment that the Hawke Government has recently decided to effectively gut the Commonwealth Schools Commission.

The Commonwealth Schools Commission can no longer publish data setting out details on education spending per capita in each State. Quite clearly, the Commonwealth Schools Commission had been doing a good job. It is beyond me why the Hawke Government would want to gut it.

I have talked already about the high level of unemployment—20 per cent plus in the 15 to 19-year-old age group. Of course, that is one big reason why retention rates at school have been rising so rapidly: school leavers are more likely to become school stayers in the face of high youth unemployment. Demography also will assist in shrinking the bulge in the 15 to 19 year age group because the number of people in that age group will shrink over the next few years. Further, the growth in retention rates in years 11 and 12 must come in the public education sector, given that the retention rate in South Australia at year 12 in private schools is dramatically higher than the rate for public schools. However, surprisingly enough, there have been cuts in the federal budget recently in critical areas such as TAFE, which is the practical wing of education and which services many of the non-academic school stayers. I am disappointed to see the lack of initiative by the Federal Government in this area.

Finally, I will address some remarks to the current economic situation in Australia. Notwithstanding the fairy floss economics of the federal Treasurer, Mr Keating, who recently presented a federal budget (or one could perhaps more accurately describe it as half a federal budget), Australia's economic and competitive position continues to deteriorate. The latest OECD report refers to growing international indebtedness and a sharp increase in the proportion of export earnings devoted to servicing external debts. In fact, annual debt servicing payments increased four-fold between 1979-80 and 1983-84, so that more than a quarter of our revenue from the export of goods and services goes to pay the interest to service those debts.

That is an enormous figure, and it was not long ago that people used to laugh at South American countries that were paying 35 per cent of their export earnings to service foreign debts. One of the very telling points made by the OECD in a recent report released less than two weeks ago was that the current rate of growth in debt was not related to investment and the resources sector, because that sector is subdued—whether we are talking about the rural sector or more particularly the mining sector. The major reason for the growth of debt is the public sector and the growth in Government borrowings. That has been the major cause of increased foreign debt and the build-up of interest on that debt which, as I have said, now accounts for one quarter of all export earnings.

Despite the devaluation, which saw the Australian dollar plunge from 90c in May 1984 to 60c less than two or three months ago (a dramatic 30 per cent decrease), there has been no apparent improvement in our overseas trade position. Australia had a record trade deficit of $465 million for July. The conventional wisdom is that devaluation boosts export earnings, as the price of our exports becomes more attractive to overseas countries, and puts a damper on imports, because the price of imports increases to the extent of the devaluation, or thereabouts.

However, in May, June and July, the three months following the dramatic fall in the dollar in March 1984, the value of imports increased by 18 per cent, yet the value of exports remained unchanged. Certainly, we are looking at that situation only in the very short term, but I am alarmed to see that the benefits of devaluation were simply not

reflected in the first three months of overseas trading after devaluation.

The other factor which has already been referred to by the federal Leader of the Liberal Party (Mr Peacock) and Mr Howard (the shadow Treasurer) is the growth in the inflation rate. In the March quarter there was a 1.4 per cent increase in the consumer price index and in the June quarter there was a 2.4 per cent increase. People in financial markets are now projecting an increase of 2.5 per cent to 2.75 per cent in each of the September and December quarters, so that our inflation rate would blow out to an annual figure of about 9.5 per cent to 10 per cent. Even the Treasurer, Mr Keating, has admitted that he is budgeting for an 8 per cent increase in prices in 1985-86, and Prime Minister Hawke has admitted that this 8 per cent figure will be twice that of our major trading partners. Therefore, it is important that we in Australia take a grip on this economic situation and that, as a first step, employees, through their unions, accept discounting at the critical September national wage case.

Australia's economic statistics present a sad and sorry picture. Australia ranks at the bottom of the inventiveness scale considering OECD countries. It is a myth that Australians are inventive. Australians take out fewer patents per head of population than any other comparable developed country. Spending on research and development is lower here than in any comparable country. Even New Zealand beats us when it comes to high technology exports. Of the 22 OECD countries, Australia ranks ahead of only Iceland and Turkey in regard to high technology exports.

What do we stand for? The Australian male is seen to be tanned, good at swimming and tennis, great in the surf, and good with a tube, usually Fosters. The Australian woman, until recently, has been seen and not heard, and, of course—

The Hon. Diana Laidlaw: That is changing.

The Hon. L.H. DAVIS: Through the efforts of people such as the Hon Diana Laidlaw, that is changing rapidly.

The Hon. Diana Laidlaw: And for the better.

The Hon. L.H. DAVIS: And, should I say, that is long overdue. Our record in inventiveness is poor. For instance, the CSIRO won an international competition for a landing system at airports, which had worldwide application. But who is making it? Is it an Australian firm? Not on your life! That system will be made in America by an American company.

Australians must learn to return to the lessons of their forebears and recognise that not only should they invent things but that they should learn how to produce, market and advertise, looking, for example, at the widespread application of the farm machinery of the nineteenth century and its success worldwide. That is what Australia in the 1980s should be all about.

I refer briefly to unions. I accept the figures—they look good—that indicate that the number of industrial disputes has been lower than for many years. On the face of it, one should be pleased that industrial disputation has decreased in recent times. Of course, statistics can cover a myriad of factors. I refer to some grey examples of the bloody-mindedness that persists in the union movement. I refer, first, to Mudginberri. In recent years 50 abattoirs have closed or given up their export licence, effectively halving the number of abattoirs in Australia. Of course, that has reduced the number of people employed in abattoirs. Mudginberri, in the Northern Territory, was involved in the $10 million a year buffalo meat industry. Employers and workers who were members of the Australasian Meat Industry Employees Union entered into a scheme, to their mutual benefit, whereby the workers were paid on a contract basis at a flat rate for each carton of buffalo meat. In the end, they benefited by being paid twice as much, effectively, as workers in other abattoirs.

Even though they were being paid twice as much, the employer did not mind because they were beating the pants off production under the iniquitous tally system. Under the tally system, after four hours penalty rates are paid, so that slaughtermen are paid for 22 hours work in an eight hour working day, or 110 hours in a 40 hour week. Never mind the livestock producer who works his butt off for 10 to 15 hours seven days a week to get the cattle to the abattoirs! Therefore, the employer at Mudginberri and the employees, members of the AMIEU, had entered into this unique scheme, which had been sanctioned by the Conciliation and Arbitration Commission. They had facilitated this arrangement, styled the Northern Territory Meat Processing Award. But what did the AMIEU do? It placed a picket on Mudginberri, as a result of which the abattoir stands to lose export contracts worth $3 million.

The Director of Export Inspection Services was reluctant to send inspectors across the picket line because he thought that this could escalate the dispute as the inspectors were affiliated with the ACTU, which supported the ban. Of course, the ACTU as the godfather or the body that holds the umbrella over the union movement, actually stood in defiance of a decision of the Commonwealth Conciliation and Arbitration Commission. That decision legalised an arrangement between an employee and an employer for their mutual benefit. This is Australia in 1985! This is a country competing on world markets! It makes me weep!

One can go further and look at the *News* of 6 August where it is reported that all the trains in Adelaide stopped on that day for three or four hours, because an Australian National employee who was not a member of the Australian Federated Union of Locomotive Enginemen (AFULE) was working on a locomotive. He should have been a member of AFULE, but he was a member of the Australian Railways Union. Therefore, a dispute between two unions caused all the trains of Adelaide, both passenger and freight, to grind to a halt. That is Australia 1985!

Another report at the end of July spoke of $270 million worth of wheat not being exported last financial year because of the actions of 320 highly paid and underworked men. Some of these men receive $70 000 a year—and they are working 25 hours a week for that! They held up—would you believe?—400 000 tonnes of wheat worth $60 million in New South Wales grain terminals. And they worry about members of Parliament being overpaid, or not doing their job! It makes one weep to read that in Australia in 1985! It makes one weep when one realises that Japan does not ship wheat from New South Wales because of the unreliability of shipping movements from there—it has to ship its wheat from Queensland ports. A senior wheat industry executive said that most of the 320 terminal workers earned double their basic salary because of excessive overtime.

The Hon. R.C. DeGaris: Did you say 'terminal' workers?

The Hon. L.H. DAVIS: Yes, 'terminal' workers. They will make Australia a 'terminal' port. When I talk about terminal workers, I am talking about workers in the Sydney and Newcastle ports. The highest wage, as I mentioned, was $70 000 a year. That salary was paid to a Sydney foreman who earned three times his basic salary of $23 000 because he had worked—would you believe?—1 800 hours overtime.

I have another example of what is happening in Australia in the 1980s. A business in a Sydney suburb was employing mainly migrant women who wanted to be at home when their children arrived home from school. They asked management whether they could start 30 minutes earlier so that they could finish in time to overcome the potential difficulty of having latch-key children. The management readily agreed.

The employees had only half an hour for lunch as part of this arrangement. What happened then?

Management was happy and the employees were happy. Was the award inspector happy? Not on your nelly! He said that the award as laid down in Melbourne had been breached, that the standard hours were not being worked, and the employer was warned that if the award was violated again he would have to pay each employee one hour overtime each day and would be liable to pay every employee who had worked in the factory in the previous six years. So everyone has returned to standard hours and the workers' children are at home without their parents. Australia 1985—it makes one weep!

Another example of this sort of happening, if honourable members want to hear any more examples to be convinced by the argument that I am developing, concerns a butcher in a small country town who employed six workers. Those workers were paid according to a State award for 20 years. They received advice that, in fact, they should have been paid under a Commonwealth award, even though the State Department had every year told the employer that he was acting correctly, and even though no-one from a Commonwealth department or the Arbitration Commission had contradicted what he was doing.

One day the inspector arrived at this butcher's premises and decided that the butcher should have been paying his employees under a federal, not a State, award. As honourable members have probably already guessed, the federal award required him to pay a higher hourly rate, so he had to make back payments at a cost of $10 000. The employer could not stand that cost against his business coming out of the blue, so he sacked one employee. Therefore, an extra unemployed person was created so that the system was complied with. That is Australia in 1985!

My final example concerns the BLF—as if we do not have enough examples already. This appeared in the *Australian* of Friday 16 August in letters to the editor. The letter was signed by a managing director from Sydney who made a point about which I have often wondered regarding how accurate statistics are in relation to man-hours lost through industrial disputes. The letter states:

> This is the latest and most devilish ploy in the building game and one of the best-kept secrets of the industrial scene. The way it works is best illustrated by an example of what happened when the BLF walked out 'in sympathy' at lunchtime after Norm Gallagher received his sentence.
>
> While his BLF mates lost an afternoon's pay, the rest of the men on high-rise building sites could not work because there was no one to work the lifts.
>
> They used to have their lunch on the level where they were working, but now must descend to where their sheds are situated. They are not allowed to climb more than three flights of stairs (or descend four!) and hence could not return to where they work.
>
> No employer or other unionist would dare work the lifts, this being the exclusive preserve of the BLF. For some strange reason, all lifts on buildings sites are manually operated.
>
> The statistics would only show the hours lost by the BLF guys as naturally (!) the other men had to be paid because they were able and willing to work, but it was not their fault they could not do so. If they went home early, they naturally would not be paid, but, by sitting out the afternoon 'in the shed', they earned their pay.

In so doing they distorted the number of real working hours lost by industrial disputes.

My last example (and I keep giving 'last' examples because I could go on forever) involved the ABC, which ran on Saturday 17 August a television simulcast of a performance of Verdi's opera, the Masked Ball, from the Sydney Opera House. The show was about five or six minutes into the second Act when the television picture disappeared from viewers' screens mid note due to a union dispute. Do honourable members know why the union cut the opera off the air? They will never guess the reason! It was done because the ABC refused to broadcast during the performance a union announcement about its fight with the New South Wales Government over parking at the Opera House. So, it pulled the plug on the simulcast. That is Australia in 1985!

I do not like these examples and hope that we can learn from them, because we certainly will not be able to survive in future if the sorts of happening, related in those examples continue. I support the motion.

The Hon. DIANA LAIDLAW: I, too, support the motion for adoption of the Address in Reply. His Excellency, in opening this fourth session of the Forty-Fifth Parliament, noted in part that 'a secure supply of energy at a competitive price is essential for the long term development of South Australia'.

I strongly endorse this statement, and it is my intention to concentrate my remarks in this debate on the subject of energy and its supply at a competitive price. This subject is intrinsically tied to South Australia's capacity to once again become a buoyant economy and our ability to generate and maintain jobs for all who seek employment. First, I refer to the source of power for the proposed new power station.

As it is anticipated that the demand for power in South Australia will exceed existing base load facilities by the mid 1990s, ETSA advised the Government in 1983 that it considered it necessary to build a new power station at Wallaroo using black coal shipped from the Eastern States. ETSA did not believe it was possible to commission a station based on one of our local coals in the time available. In response, the Government established in May 1983 an Advisory Committee on Future Energy Generation Options, chaired by Mr E.D.J. Stewart, to report on the probable future demand for electricity in South Australia up to 1996, and to recommend the most appropriate means of supplying this demand. The Stewart committee reported in April 1984 and noted, in its conclusion and recommendations, the following:

> In view of the uncertainty still associated with a number of matters (including gas availability and price, Leigh Creek coal development, future demand levels and local coal evaluation) it is essential that the recommended strategy be kept under constant review and not treated as a fixed blueprint for the future.

In respect of the committee's preferred option, the report noted:

> Having regard to the above, the committee proposes the following development program for electricity supply:
>
> (i) Implement a limited capacity (500 MW) interconnection with Victoria for opportunity energy transfers from the end of 1988.
>
> (ii) Proceed with evaluation of the technical and economical feasibility of
>
> - NPS 3 of Leigh Creek coal or dual fuelled Leigh Creek or black coal
> - limited contract energy supply via interconnection
> - conversion of 400 MW of Torrens Island to black coal;

The report continued:

> (iii) Proceed with plans for a local coal fuelled base load station to be commissioned, on present estimates and taking into account (i) and (ii) above, not later than 1993.
>
> A decision will need to be made as to which coal field is to be chosen as the basis of this station as soon as possible, to achieve commissioning in the time required.

Subsequent to accepting that report, the Government has endorsed plans for the 500 megawatt opportunity interconnection of the South Australian, Victorian and New South Wales electricity grids and also has resolved to pursue a pilot program feasibility study into the gasification of coal from the Bowmans deposit.

More recently, on 19 July last, the Government announced that, following a detailed study of four local coal deposits

by the Future Energy Action Committee, it endorsed the development of a coal mine at either Lochiel or Sedan to supply our future power station. Both sites are to undergo a detailed mining assessment, engineering design and environmental assessment between now and 1987. The Sedan deposit is being investigated by CSR, and the Lochiel deposit by ETSA. In both instances the coal has inherent shortcomings.

The Stewart Committee itself noted that on an economic analysis the Lochiel deposit is favoured above Sedan, while acknowledging that the combustion properties of both deposits are slightly beyond the range of current experience. In making that announcement about Sedan and Lochiel, the Premier said that the choice by the Future Energy Action Committee of those sites was based, as follows:

On its assessment that the deposits offered the lowest cost electricity delivered into the ETSA load centre.

My concern with that statement and the Government's overall decision in relation to the source of coal for the new power station is that the Government appears to have dismissed the option of purchasing high quality black coal from New South Wales and shipping it to South Australia. I question the wisdom of discarding this option.

High quality black coal has been used for many years to efficiently and effectively generate power in stations around Australia. I understand that ETSA continues to favour this option. In Victoria the State Electricity Commission uses low grade brown coal at Yallourn, a grade of coal which is higher than that mined to date at Lochiel or Sedan. The SEC Yallourn boilers are the largest in the world and were extremely expensive to erect. This situation compares with the larger capacity stations in the United States and West Germany, where the high grade coal used produces far greater energy per tonne of coal than is generated at Yallourn.

I have no doubt that if South Australia restricts its options to coal from Sedan or Lochiel the same situation is likely to unfold. Further, I have no doubt that the cost of servicing the loan funds required to construct a power station to use such poor quality coal would add substantially to the eventual cost of power in South Australia and the cost of power to our consumers—both domestic and industrial.

It has been suggested to me that the Government is wary about endorsing the option of purchasing black coal from New South Wales based on memories of strikes in the late 1940s. At that time the Adelaide Electric Supply Company, our sole supplier of electricity, was dependent upon black coal from New South Wales. Prolonged strikes in New South Wales by waterside workers and, to a lesser extent, by miners, caused shortages of coal supply in South Australia and resulted in serious power failures throughout the State. In response, Sir Thomas Playford later approved the development of the Leigh Creek coal deposit in northern South Australia and built a power station at Port Augusta. He took over the Adelaide Electric Supply Company and formed ETSA.

A fear of shortages in the future should not be the reason why South Australia accepts at this time an option that is second best. Surely a more positive response would be to make provision to stockpile several million tonnes of black coal near the site of a new power station. This response would ensure that we are not as vulnerable in the future as we were in the late 1940s to strikes by miners, waterside workers and others. Of course, a holding charge would be associated with financing such a stockpile. However, if that charge, when added to the cost of buying and shipping black coal to South Australia is assessed as being more economical than using an unproven and lower quality product the from Sedan or Lochiel, I believe strongly that the Government has a responsibility to opt for importing black coal from the Eastern States. Indeed, I understand that on present estimates the New South Wales black coal option, even with a stockpile of one year's capacity, is the most attractive option on cost benefit terms.

I am as keen as anyone in this Parliament or in South Australia to ensure that this State generates job opportunities. However, in assessing the wisdom of developing mines at either Lochiel or Sedan it is important to remember that the amount of labour involved in an open cut mining operation today is small. The value of the earth-moving equipment purchased through local distributors may well attract some benefits for our economy, but the sophisticated equipment necessary would be manufactured, as is the case in mining operations throughout Australia, in the United States, Japan or West Germany. Of course, meanwhile the amount of labour required to construct or operate a black coal power station would be the same, I understand, as that required for a station using coal from Sedan or Lochiel.

At the present time coal producers in New South Wales are experiencing great difficulty in negotiating contracts to sell their steaming coal. Their prices, accordingly, are low. There is a buyer's market and I suggest that the Government should be capitalising on this fact in the interests of this State. Instead of blindly ignoring the option to purchase black coal from New South Wales to power our new station, the Government should be encouraging ETSA to negotiate very attractive long-term, fixed contracts with some provision for escalation. We should not abandon the idea of a black coal station simply because of memories of strikes in the 1940s or a parochial wish to use local resources for local resources sake, no matter what their quality.

In recent years the Department of Marine and Harbors has deepened parts of the Port River and it is possible to bring 30 000 tonne ships as far as Birkenhead. A new vessel of that size with self-discharging equipment, the *River Torrens*, has recently been commissioned to carry cement clinker to Brisbane. It and other vessels could be used if Torrens Island is the preferred site for the new power station. The infrastructure has been paid for at Torrens Island, and that always is an advantage over a greenfield site with the need to construct wharves, roads, transmission lines, substations and the like. If the black coal option is pursued, I appreciate that the deepwater north of Wallaroo would allow ETSA to charter vessels up to 60 000 to 80 000 tonnes. Ships of that size would certainly reduce freight charges over the use of ships of 30 000 tonnes capacity. However, it is questionable whether these savings would outweigh the disadvantages of a greenfield site. Furthermore, the main source of extra demand for power is likely to be in the metropolitan area adjacent to Torrens Island, not Wallaroo.

Essentially, I believe that in making a decision on the site for the next power station, and on the choice of the coal to be utilised, the highest priority must be given to the economics of the mining and burning processes. At this time I do not believe that the Government has used these criteria in its decisions to date. If the cost benefit analysis is not the foundation of the Government's decision making in relation to the selection of coal to supply the new power station, the higher costs of power to consumers, both industrial and domestic, would not only deter investment in South Australia but jeopardise present jobs and would certainly limit our capacity to generate new jobs.

Already, rapidly rising power charges in this State is a matter of great concern to industrial and domestic users. Even the modest reduction offered by the Premier a week ago did not allay the fears of industrial and domestic users that power charges will continue to escalate in South Australia in the near future. That fear is limiting investment decisions. This concern should take priority over any wish to use an indigenous but inferior base resource to supply

the new power station. Such a station with such a resource will require larger and more costly boilers, with subsequent on costs to consumers.

The Hon. R.C. DeGaris: We could import gas from Western Australia.

The Hon. DIANA LAIDLAW: That is a further option, but I believe that importing gas is a more expensive option at this stage than importing black coal.

The Hon. R.C. DeGaris: Not for the Japanese.

The Hon. DIANA LAIDLAW: Not for the Japanese, but it is for South Australia. Whilst on the subject of power charges, I wish to elaborate on a question that I raised in this Chamber last week concerning the rate which ETSA pays for surplus power from industries which generate electric power from their own plants using heat or steam derived from their manufacturing processes. My question stemmed essentially from my understanding that the Government and ETSA are genuinely concerned about the high cost of interest rates on Loan funds to be raised to build the new power station. There is one company in South Australia which has plants in different regions of the State. It is charged seven cents per kilowatt for power by ETSA. In one factory it has surplus heat and it uses this to generate power for its own operating needs. It often has a surplus but ETSA is prepared to pay only two cents per kilowatt hour for the power that it buys. Surely ETSA should encourage other Government departments, statutory authorities and private businesses to generate their own power by paying a realistic rate for such power so long as ETSA can be assured of certainty of supply and the times that such privately generated power will be available.

The Government is concerned about the high cost of Loan funds needed to finance the construction of a new power station. By encouraging others to produce power, it is anticipated that the size of the new power station may be reduced quite considerably. ETSA appears to go to great lengths to maintain its monopoly on power generation in this State. Apart from offering only about two cents per kilowatt hour for private power which it then sells back to the same business for seven cents per kilowatt hour it restricts the transmission of private power outside the boundary of a private producer.

The company to which I referred earlier has two factories separated by a public road and some open space. It generated power in one factory and had a surplus, but did not generate such power in the other. It sought to construct a private underground power line below the public road to transmit surplus power to its other factory, but this was disallowed by ETSA pursuant to its statutory powers. This, I believe, is an extremely negative attitude and simply serves to make the manufacturing of goods in this State more expensive.

In the United States, the attitude of the power authorities is markedly different. In recent years the federal authorities have encouraged private bodies to generate their own power, especially when it is derived from non-fossil sources like wind power or solar heat. This is provided for under the Federal Power Act and the Public Utility Regulatory Policies Act. The United States Congress can legislate directly to cover interstate situations where a private producer generates power in one State and wants to sell it over the border. Congress also has laid down guidelines for the States to follow and the price to be paid by public power utilities for private power, and this rate for the private power is based upon avoided cost. This means that the utility must establish what it would cost to provide power to a company according to certain demand patterns. That cost, when converted into cents per kilowatt hour, shall be the price which the utility pays to a company for its surplus power.

I understand that in Hawaii, for example, a number of private individuals have constructed some large propellers on high structures on exposed hillsides on the islands of Hawaii and Oahu to generate their own power. Early this year the Wind Power Association in Hawaii brought legal action against the Hawaiian Electricity Company and others to establish a fair price. The tribunal in this instance determined that the rates should range between 6.74 cents and 7.14 cents per kilowatt hour, depending upon the load factor and location. This compared with the rate of about 10 cents per kilowatt being charged by the public utilities for power sold to industry generally. In effect, in Hawaii the private producer receives about 70 per cent of the common price, and this compares with South Australia, where a private producer gets less than 30 per cent of the common price.

Power, incidentally, is expensive in Hawaii because there are no indigenous sources of coal, oil or gas on the islands. While I have cited Hawaii as a positive instance of the fair price that private producers in the United States receive as a consequence of guidelines established by Congress, I am informed that private producers in the other American States also receive such fair treatment.

While on the subject of alternative sources of power, I refer to an article in the *Financial Review* on 2 August which indicated that up to $20 billion will be spent in the United States during the next few years on research into the production of electric power from heat derived from burning garbage and other industrial wastes, such as rubber tyres. One can imagine American companies establishing plants to dispose of wastes and, as a by-product, to generate power. They will only achieve this if it is an economically viable exercise made possible by avoided cost principle.

In Australia and South Australia this worthwhile community activity will not occur unless ETSA and power authorities in other States are encouraged to pay a reasonable rate for private power. I believe that this is one area where privatisation could be fostered on a non-party political basis in this State. I support the motion.

The Hon. FRANK BLEVINS secured the adjournment of the debate.

ADJOURNMENT

At 5.28 p.m. the Council adjourned until Tuesday 27 August at 2.15 p.m.