LEGISLATIVE COUNCIL

Wednesday 17 October 1990

The PRESIDENT (Hon. G.L. Bruce) took the Chair at 2.15 p.m. and read prayers.

QUESTIONS

MINISTERIAL STAFF APPOINTMENTS

The Hon. R.I. LUCAS: I seek leave to make an explanation before asking the Minister of Local Government a question on the subject of staff appointments.

Leave granted.

The Hon. R.I. LUCAS: The most recent ministerial staff directory list notes that the position of Personal Assistant/Appointment Secretary to the Minister of Local Government is filled by Ms Jo Komazec. In recent weeks the Commissioner for Public Employment advertised in the weekly notice of vacancies a position of Administrative Assistant Resources Division—Minister's Office, at a salary of up to $32 801. I have been advised by senior officers in the Minister's department that, while the position had been publicly advertised, the Minister herself had indicated that Ms Komazec must be appointed to the position. Of course, this would make a nonsense of the whole process of open advertisement and supposed appointment on merit. If there were other applicants, it would be most unfair on them as they would have wasted time and effort on an unattainable position. My questions to the Minister are:

1. Why did the Minister advise her department that Ms Komazec must be appointed to the position?

2. Does the Minister agree that her intervention makes a mockery of supposed Government policy of selection on merit?

The Hon. ANNE LEVY: I do not know from where the honourable member has got that furphy. I made no such comment to any member of my staff—

The Hon. R.I. Lucas: I didn't say to your staff; I said 'senior officers'.

The Hon. ANNE LEVY: I made no such comment to the effect that Ms Komazec must get the position. Quite obviously, it was a position which she won on merit. The position was advertised. There were a number of applicants. A selection panel was established, on which I had no say whatsoever—either as to who would be a member of that selection panel or what the result of the selection process would be. It took place under the completely normal Public Service procedures, and Ms Komazec was successful in winning that appointment completely on merit. This is further evidenced by the fact that the unsuccessful applicants did not appeal against the decision of the selection panel which might have been expected had there been any suspicion that the position was not won on merit.

The Hon. R.I. LUCAS: I wish to ask a supplementary question. Will the Minister provide details of the membership of the selection panel for this particular position and also the number (not the names) of applicants who were unsuccessful?

The Hon. ANNE LEVY: I do not have that information with me, but I will make inquiries and obtain the information for the honourable member.

PRISONERS' LEAVE

The Hon. K.T. GRIFFIN: I seek leave to make an explanation before asking the Attorney-General a question on the subject of a press gag.

Leave granted.

The Hon. K.T. GRIFFIN: Instances have been drawn to my attention that where persons are sentenced to several months imprisonment they are released by the Correctional Services Department after serving only a few days. In these circumstances prisoners so released on what is called 'special unaccompanied leave' or 'temporary leave' are required to sign a document undertaking, among other things, not to contact the 'press or other media representatives without the Minister's prior approval in writing'. If any prisoner is found to have breached this or any of the other conditions of the leave then disciplinary action may be taken.

Several matters arise from this: first, that the Correctional Services Department appears to be thumbing its nose at the courts which set the penalty in the first place, with the department releasing prisoners in circumstances designed to empty prisons rather than enforce a penalty; and, secondly, the condition imposing a press gag rather suggests that unless the Minister approves there may be something which might be embarrassing to the Government in allowing prisoners on temporary leave to speak to the media. My questions are:

1. Why is it Government policy to prevent a prisoner on temporary leave making any contact with the press or other media representatives without the Minister's approval?

2. Does the Attorney-General support this gag?

The Hon. C.J. SUMNER: I am not aware of this policy. I will refer the question to my colleague and bring back a reply.

TAXI LICENCES

The Hon. DIANA LAIDLAW: I seek leave to make a brief explanation before asking the Minister of Local Government, representing the Minister of Transport, a question about taxi licences.

Leave granted.

The Hon. DIANA LAIDLAW: Taxi owners, drivers and lessees are agitated about the Minister's refusal to act on his promise of last June to issue 50 new taxi licences (and I am quite convinced that any honourable member who has caught a taxi in recent times will be aware of this fact). On 19 June the Minister announced that 50 non-transferable taxi licences would be issued by ballot to existing licensees in two stages, with the first 25 to be issued in August 1990 and the remaining 25 in March 1991. On 22 August the Legislative Council disallowed the regulations on the basis that the release of the new licences should not be confined to existing licensees only and that lessees and drivers should be given the opportunity to gain a licence.

It is argued also that the Government should look at the option of sale by tender with no reserve price set, with the funds generated to be used to establish a taxi industry development fund. The Minister would be aware that this course of action was the one favoured by the Metropolitan Taxi-Cab Board, the South Australian Taxi Association and members of the Taxi Drivers Association. Since the Minister's announcement in June these same organisations have also been keen for the first 25 licences to be issued in time for the Grand Prix, which is in a couple of weeks time—as we are all aware, a time when there are long queues and

people concerned at having to wait for long periods of time for taxis.

The issue of licences before the Grand Prix was also supported by all those organisations referred to. They are concerned that the Minister's refusal to act on the licence issue in the eight weeks since the disallowance of the regulations means that there will now no longer be the opportunity for additional taxis to be operating in the city during the busy Grand Prix period.

I therefore ask the Minister of Transport: does he intend to stand by his commitment of 19 June to issue the 50 new licences and, if so, when will the licences be released? Also, who will be eligible for the licences, and by what method will they be released?

The Hon. ANNE LEVY: I will refer that question to my colleague in another place and bring back a reply, although I understood that the disallowance by this Council of the regulation meant that Parliament did not agree with the Minister's announcement. However, I will certainly refer that question to my colleague so that he can comment on it in more detail.

NATIONAL CRIME AUTHORITY

The Hon. CAROLYN PICKLES: I seek leave to make a brief explanation before asking the Attorney-General a question about the NCA.

Leave granted.

The Hon. CAROLYN PICKLES: In the light of the continuing assertions by Senator Robert Hill and others that the NCA is presently investigating matters other than those for which the South Australian office was established, can the Attorney-General advise this Council whether this is correct?

The Hon. C.J. SUMNER: The continual assertions by Senator Hill and others that the NCA is currently investigating matters other than those for which it was established in South Australia are quite wrong. It is regrettable that Senator Hill continues to make this assertion and that the media seem to accept it without challenge every time it is made.

I can only hope that Senator Hill is not involved in deliberately misleading the media about this matter. However, his continual assertions to this effect must mean that he is being reckless with the facts. I say this particularly because any perusal of *Hansard* will show that the matters that are currently being examined by the National Crime Authority are clearly within the reference No. 2, which was granted by the intergovernmental committee, and at the time the reference was granted this was made quite clear by statements to the media by Dr Hopgood, and has subsequently been made clear in this Council on previous occasions.

When dealing with the proposal to establish an independent commission against corruption, on 22 February 1989 I said, in response to the Bill introduced by the Hon. Mr Gilfillan, that the NCA had undertaken to investigate allegations made publicly in the media and Parliament to date. On 5 April this year, I presented a report to the Council on the activities of the NCA in South Australia. In that report I quoted from a press release of 24 November 1988 from the Deputy Premier, Dr Hopgood, which he released at the time that the reference was granted by the intergovernmental committee to the NCA for South Australian reference No. 2. That press release made quite clear that the South Australian reference would enable the NCA to investigate allegations of corruption, including, in particular, allegations arising from the report by Chris Masters on the Channel 10 television program *Page One*, in October 1988. I believe a similar statement to that effect was made by Dr Hopgood in the House of Assembly shortly after the reference was granted by the intergovernmental committee to the NCA.

So, it is quite clear that the investigation of whether public officials, police and others had been involved in corrupt behaviour was within the terms of reference granted to the NCA in November 1988. Indeed, the allegations of corruption made in Parliament during 1988 by the Hon. Mr Gilfillan and members of the Liberal Party, and in the media, were intended to be examined by the NCA. In addition, specifically it was intended that the allegations made by Chris Masters in the Channel 10 *Page One* program were to be investigated.

One only has to see what those allegations were to realise why they needed to be investigated, unless, of course, members opposite and other media outlets merely raised those issues in 1988 to try to create an impression in the South Australian community that there was widespread public corruption. But, if these matters were to be taken seriously, one only has to look at the allegations made by Masters to see why they had to be inquired into, unless they were simply to be ignored. If they had been ignored, I have no doubt that members opposite and the media would have complained to the Government that the matters had not been investigated.

Serious allegations were made about police officers, namely, that police officers were selling heroin and other drugs, that they were involved in secret, illegal procedures within drug squads, that they were supplying drugs to informants for information, that Moyse was not a one-off but was involved with others, that police had been selling drugs for years, that the police were the biggest suppliers of drugs in South Australia, and that police protection was given to enable the growing of marijuana crops. Apart from those allegations that related to South Australian police, the Masters program made the allegation—and this was a central part of the allegations—that senior public officials, politicians included (I think he referred to public officials, lawyers and politicians) were reluctant to tackle the issue of public corruption because they were being blackmailed.

The blackmailers were brothel keepers who were involved in the drug trade and who videotaped the public officials in the brothels. He made specific reference to one brothel, allegedly run by one Malvaso. Those allegations were made by Masters in 1988. They were specifically referred to by Dr Hopgood when he announced that the reference was to be given to the National Crime Authority. That is the allegation which the NCA is currently examining.

It is crystal clear, and it should be clear to Senator Hill, that that matter was clearly within the reference given to the NCA and which it was anticipated the NCA would examine in due course. It is on the public record that in August 1989 the NCA decided to give priority to that particular aspect of the reference and that it has been examining that matter since then, along with other matters. It is also fair to say that, at that time, when the NCA looked at this matter, it decided from the material that has been provided to it that there was a reasonable inference that I was one of the persons referred to in that program and in other allegations that had been made in Parliament by the Liberal Party and outside in the media.

It is also worth noting, as Senator Hill, members opposite, perhaps, and the media have now decided that this matter should not be investigated, that in December 1989 the *7.30 Report* repeated, in brief form, the effect of the blackmail allegations but also made a very serious accusation about a

former Police Commissioner, J.B. Giles, one of the most respected Police Commissioners and police officers in South Australia who had won police medals, including bravery medals, during his period as a police officer. That *7.30 Report* contained the clear implication that former Commissioner Giles was in an improper or corrupt association with a brothel keeper.

Again, that is clearly within the reference and, indeed, is similar to the allegations made by Masters in October 1988. It is somewhat surprising to me that, in the light of that history, Senator Hill is apparently now suggesting that these matters should not have been inquired into by the NCA. This is particularly surprising when the Liberal Party, together with the Australian Democrats, was responsible for many of the allegations during 1988 that gave rise to the NCA's being established in South Australia. On the front page of today's *Advertiser*, Senator Hill is quoted as saying:

> For more than a year the NCA has been investigating matters other than those for which the South Australian office was established . . .

That is quite clearly wrong. What the NCA has been investigating clearly is part of its reference, and it was always intended to be one of the matters that it would examine; namely, the very serious allegations made by the media through the Masters *Page One* program.

I challenge the Council to think of a more serious allegation that could be made against a public official, a politician, a lawyer or a police officer; namely, that they were not pursuing the issue of corruption with due diligence as they had been blackmailed because of their association with brothel keepers. If that is not a matter that requires investigation, then I do not know what is.

The reality is that Senator Hill is now trying to cover his political back. In the past, he has taken credit for suggesting—as he did—that the NCA should come to South Australia. He suggested this on the basis, no doubt, of briefings that he received as a member of the Joint Parliamentary Committee. It is extraordinary though that, after suggesting that the NCA should come to South Australia and after getting the support of members opposite, he has spent a good bit of his time trying to undermine the operations of the NCA in South Australia to the extent of saying in March of this year that it had become an embarrassment. As I said, this is particularly surprising given that the Liberal Party and the Australian Democrats were responsible for raising some of these issues of corruption.

It is surprising that Senator Hill, having raised these issues, apparently now seems to be suggesting that they should not be investigated. It is his prerogative to criticise. Perhaps he is able to say that the NCA has been too slow, and perhaps he is able to criticise some other aspects of the NCA and its operations, but it is quite unacceptable for Senator Hill to do so, and to continue to do so, on the basis of a factual statement which is manifestly wrong. If he bothered to examine the situation carefully and the history of the matter, which he ought to know, he would find it to be manifestly wrong. The fact is—and I am happy to go on the record about this matter, as I have done previously—that I do not believe that there is widespread institutionalised public or police corruption in South Australia, and I do not believe that there was in 1988 when these allegations were made. However, given that they were made, they had to be properly inquired into, and the NCA was the vehicle that was used to enable that inquiry to be carried out.

What, of course, will come from the final reports of the NCA is yet to be determined but any future mechanisms for dealing with corruption in South Australia will have to be determined at that time. All I can suggest is that those involved in the debate, Senator Hill in particular, should desist from continuing to misrepresent the situation about the establishment of the NCA in South Australia.

PRAWN FISHERY

The Hon. M.J. ELLIOTT: I seek leave to make a brief explanation before asking the Minister of Tourism, representing the Minister of Fisheries, a question about the Gulf St Vincent prawn fishery.

Leave granted.

The Hon. M.J. ELLIOTT: The latest report into the problems of the Gulf St Vincent prawn fishery by Professor Copes has not been officially released but has been available to interested parties for some weeks. I understand that a Cabinet submission was to be drafted subsequent to some discussions between the fishermen affected and the department on the options for restructuring debt repayments arising out of the 1987 buy-back scheme. It might be assumed that since Professor Copes made certain recommendations in his report, any options for action should include his principal recommendation in regard to financial restructuring, namely, for the government to assume that debt as a direct responsibility. I have been informed by people involved in the matter, however, that it appears that the Minister will ignore that recommendation.

The so-called options which are currently up for negotiation have been summarised by the fishermen as follows: 'Pay up now or go broke and we'll resume your licence.' We must remember that we passed legislation in this Council which forced a buy-back scheme on to the fishermen. They consider that entirely unfair and unreasonable in the light of these facts: it was the Government which borrowed the money for the buy-back scheme from SAFA. The Government required fishermen by legislation to meet the very heavy repayments schedule. Their capacity to meet those repayments depended totally on a recovery in the fishery, which was forecast in considerable detail by the Government's own department.

Fishermen warned this Parliament at the time that the scheme would not work. There has been no recovery. There has been a complete collapse in the fishery. Despite that the Government now appears ready to insist that fishermen meet that debt in full, despite the fact that an independent inquiry, appointed by the Minister, has reported that they cannot meet the debt and has recommended to the Government that it assume the debt.

My question to the Minister of Fisheries is: will he concur with and recommend to his Cabinet colleagues the principal recommendation of the latest report by Professor Copes; namely, that the Government assume direct responsibility for the buy-back debt as its investment in the rehabilitation of the fishery?

The Hon. BARBARA WIESE: I will refer the honourable member's question to my colleague in another place and bring back a reply.

OXYGENATION

The Hon. R.J. RITSON: I seek leave to make a brief explanation before asking the Minister representing the Minister for Health a question on oxygen and the visit of Ed McCabe.

Leave granted.

The Hon. R.J. RITSON: It has come to my notice that there is a flier and an advertisement for a public lecture by Ed McCabe, an American journalist and medical historian,

and I want to indicate the nature of this covering literature. First, it seems to me to be a lot of pseudo-scientific gobbledegook about oxygen, but it implies that intravenous infusion of hydrogen peroxide with nutritional support is used to treat cancer, AIDS and numerous other crisis conditions. It also implies that there is a lot of secret information that has been stifled in the past. For instance, we are told that:

> Fully credentialled MDs, Nobel Prize winners and clinical pathologists scattered over the past hundred years up to the present time have reported that they have been very successful in treating most ailments with different oxygen compounds and oxygen-related products.

The document states:

> Some died suspiciously while trying to tell you about it.

Further on, the material indicates that there are three main sources of oxygen. There is hydrogen peroxide, ozone and stabilised electrolytes of oxygen. The material further indicates that, of these, the most practical oxygen products are the stabilised electrolytes of oxygen.

I regarded this as a curiosity. I looked further and found that the lecture cost only $7 and that the following seminar cost $60 with a discount if you had already bought the book. However, whilst watching *The Investigators* program last night, I saw a team from that program take on a naturopath concerning the question of his prescribing and, in particular, the prescribing of the stable electrolytes of oxygen, which were said to be a hypochlorite, the exact formula of which I cannot recall, but it was deemed to be dangerous. So, maybe this is a little more than the Flat Earth Society. Maybe it is a little more than a one-off quest for money by somebody. Maybe it is the promotion amongst naturopaths in our society of the product which was dealt with by *The Investigators* program that was broadcast last night.

Therefore, the question arises: is a product being promoted in a way that is unsafe? The flier material is so fragmented that one can only conjecture. Certainly it has plenty of teasers in it because we are told that we have a choice of living to 60 or to 120, depending on whether we accept the philosophy of Ed McCabe. My questions to the Minister are:

1. Will the Health Commission arrange for a suitably qualified medical practitioner to attend the public lecture to better assess the nature of this propagation and the claims?

2. If the claims are promoting the so-called stabilised electrolytes of oxygen, will the Health Commission discover what they are and whether they are safe or unsafe to be promoted as a remedy in the community?

The Hon. BARBARA WIESE: I will refer the honourable member's questions to my colleague in another place and bring back a reply.

HOUSING COOPERATIVES

The Hon. J.F. STEFANI: I seek leave to make a brief explanation before asking the Minister of Tourism, representing the Minister of Housing and Construction, a question about housing cooperatives or associations.

Leave granted.

The Hon. J.F. STEFANI: In his report for the year ended 30 June 1990, the Auditor-General advised that, as the cooperative housing concept is an integral part of the State's public housing program involving significant public funds, it is essential to ensure that all member units which join the scheme act strictly in accordance with the terms of the agreement entered into with the South Australian Housing Trust. The Auditor-General said that there have been cases of non-compliance with the agreement. He advised that the agreements entered into with the trust provided for the preparation of annual financial statements, the payment of any annual surpluses to the trust as well as an agreed percentage of average rentals collected throughout the year.

An internal audit review conducted during the year revealed that several associations and cooperatives have not met some of these conditions. The Auditor-General said that capital gains made from the sale of properties by some associations have not been accounted for as instructed. He further confirmed that similar problems associated with the standard of accountability within this scheme were brought to the Government's attention in his 1988 Annual Report. The Auditor-General expressed concern that, notwithstanding action taken or proposed to be taken, this situation still exists. My questions to the Minister are:

1. What is the total value of moneys unaccounted for?

2. Who conducted the internal audit review?

3. Which associations or cooperatives are in breach of the conditions of their agreement?

4. What action has been taken to remedy this alarming situation?

The Hon. BARBARA WIESE: I will refer the honourable member's questions to my colleague in another place and bring back a reply.

MULTIFUNCTION POLIS

The Hon. I. GILFILLAN: I seek leave to make an explanation before asking the Attorney-General a question relating to the Adelaide Airport and the MFP.

Leave granted.

The Hon. I. GILFILLAN: I have recently received a letter from a local community group, Better Environment for West Torrens, expressing concerns over what it alleges are proposed extensions to Adelaide Airport as part of the plan for the multifunction polis. The group claims the Government, through literature and public meetings, is consistently presenting maps showing the West Beach Airport expanded to three runways, two of which run across Tapleys Hill Road. In fact, from the $50 presentation 'MFP-Adelaide', figure 3.12 actually shows quite specifically the plan for an airport with that extra runway, with two running across Tapleys Hill Road.

The group is worried that if such a plan goes ahead it will have an adverse effect on the health and general well-being of many people living in areas under flight paths or near the airport. Specifically, they list Brooklyn Park, Lockleys, Underdale, West Beach, Mile End, Torrensville, Thebarton, Cowandilla, North Glenelg, and even suburbs as far afield as North Adelaide and Collinswood, as areas of major concern by residents. That is getting closer to the heart of the Attorney-General and other honourable members.

The airport runway extensions are part of the proposed MFP and the environment group's letter states:

> ... the addition of 100 000 people constantly doing business with their overseas connections, along with the extra freight to and from Adelaide, will inevitably mean a massive increase in air traffic over many suburbs, along with increased road traffic.

The letter goes on to state:

> ... the group warns that Adelaide could eventually face the same sort of crisis as Sydney already has with its airport, unless steps are taken now to prevent it.

I have been informed that Government representatives, when questioned about the airport plan, have admitted that they do not know why the three runway plans were included

and say that they are not aware of any plans to change the runway system. My questions to the Attorney are:

1. Does the Government have any intention of planning extensions to Adelaide Airport to accommodate increased traffic through the MFP?

2. If not, then why are maps with three runways on them being circulated widely by the Government? I refer again specifically to figure 3.12 in the Government document 'MFP-Adelaide'.

3. Are the Premier and his representatives distributing MFP plans showing runway extensions to prospective overseas investors?

4. If runway extensions are planned, will the Government be seeking approval of residents from the suburbs I have listed before proceeding?

The Hon. C.J. SUMNER: I will refer the question to my colleague and bring back a reply.

HOTEL AND MOTEL FAILURES

The Hon. L.H. DAVIS: I seek leave to make an explanation before asking the Minister of Small Business a question on the subject of hotel and motel failures in South Australia.

Leave granted.

The Hon. L.H. DAVIS: Industry sources have confirmed that at least 16 hotels and motels have gone into receivership this year in South Australia, and that there are more in the pipeline. These failures have occurred in both metropolitan and country areas. A number of reasons have been advanced for this record number of failures in the State's hotel and motel industry which directly employs some 15 000 people.

High interest rates have been a killer, particularly for proprietors who have recently purchased or refurbished their hotels or motels. The severe economic downturn has resulted obviously in a fall off in turnover and, in many cases, a decrease in real terms. Many metropolitan hotels have been savaged by sharp increases in land tax. For example, one southern suburbs hotel has suffered an increase in land tax from $11 000 to $35 000 over the past four years.

Prior to the introduction of WorkCover on average hotels paid a premium of just 2.2 per cent for workers compensation, but in the three years since the introduction of WorkCover the premium has soared by 70 per cent to 3.7 per cent and, in addition, hotels have to pick up the first week of any workers compensation entitlement. As the Minister would know, hotels and motels are a big employer of labour.

The Federal Government excise of 20 per cent sales tax plus the 11 per cent State Government licence fee has a multiplier effect and ensures that both taxes and beer prices increase at a rate greater than inflation every six months. As the Minister also would be aware, the recent State budget will not assist prosperity in this most important industry because larger hotel operators with annual wages bills in excess of $2 million will now pay an extra $25 000 a year in payroll tax following changes to the Act. The hike in financial institutions duty from .04 per cent to .1 per cent will be a further burden.

My questions to the Minister (given that she is not only the Minister of Small Business but also the Minister of Tourism) are:

1. Is the Minister aware of the fact that at least 16 hotels and motels have gone into receivership this year, which apparently is a record number in this State?

2. Does she agree that the collapse of these hotels and motels, many of which are in important tourism regions, will jeopardise South Australia's tourist industry?

The Hon. BARBARA WIESE: The honourable member says that 16 hotels or motels are in receivership and refers to that as business failure. The honourable member should be aware that when a business goes into receivership it does not necessarily mean that it has failed. What it means—

Members interjecting:

The PRESIDENT: Order!

The Hon. BARBARA WIESE: What it means is that the business is suffering financial difficulty. What the honourable member fails to point out is that many businesses that go into receivership in fact trade out of their difficulties and become lively and thriving businesses once certain management issues and other problems that have emerged have been addressed and overcome.

The honourable member uses very florid language, and talks about failure and financial difficulty all in the same breath, without really distinguishing between the various conditions under which businesses operate. The other thing that is interesting to note is that the honourable member does not point out that there are many hundreds of hotels in South Australia. The 16 hotels or motels that may be in financial difficulty comprise a very small proportion of that number.

The Hon. L.H. Davis: It is a record number.

The Hon. BARBARA WIESE: Whether or not it is a record number is something I will make inquiries about. It is certainly not something that I can confirm. What I do know is that there are many hundreds of such operations in South Australia and the number referred to by the honourable member is a very small proportion of the number of businesses operating in this sector.

The Hon. L.H. Davis interjecting:

The PRESIDENT: Order!

The Hon. BARBARA WIESE: The fact is that of the various sectors of our economy one would have to point to the tourism and hospitality sector as being one of the current success stories within our economy.

Members interjecting:

The PRESIDENT: Order! There is too much audible conversation.

The Hon. BARBARA WIESE: In fact, the increase in visitation to South Australia, the increase in visitor nights being spent in South Australia, the growth in tourism in various parts of the State and the anecdotal evidence that I and officers of Tourism South Australia receive from the various regions of South Australia indicate that most operators in this sector of our economy are doing as well as, and in the majority of cases better than, they have in recent years.

What we do not know—and the honourable member has provided no information for us to make any sort of comparison—is how this figure that he has struck upon measures up against the proportion of businesses in this sector of our economy which, on average, find themselves in financial difficulty for one reason or another. I do not think it would be reasonable to assume that every business that sets up in South Australia is setting up in the most appropriate location, has the most appropriate product to offer the public or indeed can be guaranteed success if they are not providing the sort of product that people are looking for. It may very well be that some of the businesses he refers to fall into that category.

It means that those people in those businesses need to examine the product that they are offering for the market that they are trying to satisfy, because those businesses in

this sector of our economy that are providing a product that people are looking for are doing much better than they ever have in South Australia. So, it is an interesting exercise, is it not?

I refer to one hotel that I know of—which is probably amongst the number to which the honourable member refers—that has been operating in South Australia, and another which is not yet operating but which was being constructed by the same company. It recently closed its doors not because it was running into financial difficulty as a going concern—it had hardly had the opportunity to test the water in that respect—but because it got into financial difficulty through being one of the customers of the failed Farrow Corporation in Victoria. So, there are many reasons that contribute to businesses in various sectors of the State running into financial difficulty, and hotels and motels will be no exception to that.

As to whether or not the honourable member's statistics are correct, and to gain a proper view of how serious the problem is, I will undertake to have more research conducted into this matter to see whether or not the number of businesses that he says are in financial difficulty is above or below average, or whether indeed the sorts of things that are happening in these cases are the kinds of things that will happen in the general course of events for the range of reasons to which I have just referred.

The Hon. L.H. DAVIS: As a supplementary question, can the Minister provide the Council with the names of any hotels, motels or tourist operators that have in fact traded their way out of receivership into profitability?

The Hon. BARBARA WIESE: I do know of at least one hotel in South Australia which was in very dire financial difficulty and which is still operating, as I understand it, very profitably. It strikes me as a pointless sort of question, because the fact is that companies do trade out of such financial difficulties. Although I cannot give an example off the top of my head, I am sure that if the honourable member bothered to research his topic—

Members interjecting:

The PRESIDENT: Order!

The Hon. BARBARA WIESE: —he would be able to find examples himself. The fact is that in this sector of the economy very few such operations fall into the category of financial distress to which the honourable member refers.

ELLISTON HOSPITAL

The Hon. PETER DUNN: Has the Minister of Tourism, representing the Minister of Health, a reply to my question of 2 August about the Elliston Hospital's Director of Nursing and, if not, why not?

The Hon. BARBARA WIESE: I certainly do not have a reply to that question with me. I was not aware that a reply had not been given. If that is the case, I shall certainly approach the office of the Minister of Health and seek a reply as soon as possible.

REGISTRATION CONCESSIONS

The Hon. J.C. IRWIN: I seek leave to make a brief explanation before asking the Minister of Local Government, representing the Minister of Transport, a question about registration concessions for local government.

Leave granted.

The Hon. J.C. IRWIN: In the Premier's budget speech, page 14, the Premier says:

> There will be no change to motor registration fees, including concessions provided to pensioners. However, some other concessions particularly applying to primary producers and local government will no longer apply.

In the Estimates Committee, the Minister of Local Government, in answer to the member for Light, said:

> There is still the same concession for registration of any vehicle associated with road building. That is what the concession was designed for and that is what it still is . . . it removes a loophole, if you like.

To the member for Bright, she said:

> However, I understand that the change is not an abolition of concessions to local government; it is to ensure that the concessions in motor registration which were given to local government for the vehicles used in road building and road making apply only to vehicles which are in fact used for those purposes.

The answers were neither bright, right nor light, and I want to know who is right: so, too, does local government. The Minister of Local Government, in the Estimates Committee, handballed the question to the Minister of Transport. They either have a concession or they do not have a concession. My questions are:

1. Will the motor registration fee concessions relating to local government no longer apply, or did the Premier mislead us in the budget speech?
2. To what extent were councils abusing motor registration concessions that used to apply?
3. What is the expected gain to the Registrar of Motor Vehicles for the cutting out of concessions?

The Hon. ANNE LEVY: I will refer those questions to my colleague in another place and bring back a reply.

PETROL PRICES

The Hon. J.C. BURDETT: I seek leave to make a brief explanation before asking the Minister of Consumer Affairs a question about petrol prices.

Leave granted.

The Hon. J.C. BURDETT: The high petrol prices payable at present are of concern to everybody. The issue has been raised before, and the Minister has said that she would make representations to the Commonwealth Government, and also monitor petrol prices in South Australia. The windfall gains for the Commonwealth Government are enormous, of course, and that has been highlighted in the press on many occasions.

As I came to Parliament House this morning, I noticed that the present price of petrol is mainly about 84c per litre or thereabouts, and there is a possibility of strike action, which has been mentioned in the press.

The Hon. R.I. Lucas: It is 82.9c.

The Hon. J.C. BURDETT: Yes, but I saw 84c. There is strike action in Victoria and the possibility of that happening in South Australia, which would push up prices further. My questions are:

1. What result has the Minister got from her representations to the Commonwealth Government?
2. What are the results of the monitoring that she has undertaken with regard to prices in South Australia?
3. In the light of the crisis situation, as a last resort would the Minister consider price control on a South Australian basis?

The Hon. BARBARA WIESE: I do not have the most up-to-date information about the monitoring of petrol prices in South Australia. However, I will certainly seek that information and give it to the honourable member. Suffice to say, officers of the Department of Public and Consumer Affairs, during the past several weeks since the Gulf crisis began, have been monitoring prices in the metropolitan area

in particular on a weekly basis and will be able to provide me with the latest statistics in that regard, which I will pass on to the honourable member.

In relation to the question about representations to the Commonwealth Government, I indicated a couple of weeks ago that it was the State Government's intention to write to the Commonwealth Government with the suggestion that the petrol taxing issue be reviewed again and that one of the issues that might be taken into consideration is whether those industries within our economy that have suffered specifically as a result of the effects of the Gulf crisis (in particular, the agricultural sector) might not be compensated in some way with any gains that are made through an increase in taxes.

The Government has not received any formal reply to those representations. However, I made informal inquiries of the Federal Treasurer's office to get some idea of the proposed actions to be taken by the Federal Government on the question of its taxing policy in this area. At this time, it is not the intention of the Federal Government to recommend any change in the taxing policy because this issue is, in fact, rather more complicated than it might appear to be on the surface.

Although there have been quite extensive claims that the Commonwealth Government is making extensive windfall gains through the current situation, the fact is, as I understand it, that the excise tax is based on volume, not on price and, although there is a period now during which there may indeed be an increase in the amount of money being collected by the Federal Government, should there be a change in petrol usage as a result of increased prices, that consumption of fuel may fall considerably, in which case the amounts of money being collected by the Federal Government in turn will fall substantially.

The matter is further complicated by the fact that, on the other side of the tax in question—the taxes that relate to crude oil prices—changes may very well occur over time, depending on what happens with the Gulf crisis, as well. Although that tax is paid by producers rather than consumers, it may have an impact on the amount of money collected by the Federal Government over time. It is the view of the Federal Government that further time should be allowed to pass before any decisions are taken about varying the tax in any way because, at the end of the year, we may find that the Federal Government has not made huge gains in revenue at all.

I might say that this view is supported by Dr John Hewson, the Liberal Leader of the Federal Opposition, who was recently questioned about these matters in a radio interview interstate. He made the same sorts of points as representatives of the Federal Treasurer made to inquiries I made of him. So, the view shared by both sides of the political fence at the Federal level is that further time should be allowed to pass before any decisions are taken as to whether relief can be given to particular groups of people who have been disadvantaged in the current circumstances, or, indeed, whether funds will be available to take such action.

MOTOR VEHICLES ACT AMENDMENT BILL (No. 4)

The Hon. DIANA LAIDLAW obtained leave and introduced a Bill for an Act to amend the Motor Vehicles Act 1959 and to make a related amendment to the Wrongs Act 1936. Read a first time.

The Hon. DIANA LAIDLAW: I move:

That this Bill be now read a second time.

It aims to facilitate the participation by approved private sector insurers in the underwriting of compulsory third party bodily injury insurance in South Australia. Members will recall that, since 1 July 1976, the State Government Insurance Commission (SGIC) has been the only insurer in South Australia providing compulsory third party (CTP) insurance for damages, death or bodily injury caused by the motorist's negligence.

SGIC assumed responsibility for CTP insurance following a decision by private insurers to vacate the field in South Australia in 1975, and I will address that matter in a little more detail shortly.

Notwithstanding SGIC's monopoly in this field in the past 14 years, section 101 of Part IV of the Motor Vehicles Act provides that approved insurers may apply to the Minister of Transport for approval to underwrite third party insurance. Specifically, subsections (1) to (3) of section 101 provide:

(1) Any person or body of persons, corporate or unincorporate, carrying on, or intending to carry on, the business of insurance within the State may apply to the Minister for approval as an insurer under this Part.

(2) The Minister may grant or refuse any such application.

(3) An application for approval under this section must be made on or before 1 April in any year, and the approval, if granted, will be effective as from 1 July in that year.

In effect, if an insurer seeks to apply to underwrite CTP insurance, it must lodge its applications on or before 1 April in any year with the approval, if granted, by the Minister effective from 1 July in that same year.

In 1989, Mutual Community lodged an application with the Minister to re-enter the CTP insurance market before 1 April of that year. However, Mr Blevins chose to ignore the application. Despite the rebuff, Mutual Community lodged a further application with the Minister before 1 April this year. This time, two further private insurance companies—FAI and Mercantile Mutual—joined Mutual Community in applying by the due date.

Perhaps it was the fact that, this year, three companies applied, not just one as in the past year, which persuaded Minister Blevins on this occasion to at least acknowledge the applications by 1 July, the deadline provided in the Act. However, in each instance his acknowledgements were accompanied by a blunt one line refusal. In each instance, no courtesy was extended outlining the basis upon which the Minister rejected the applications.

I accept that the Act provides in section 101 (2) that 'the Minister may grant or refuse any such application' and that section 101 does not specifically require an explanation from the Minister when refusing an application. However, the Minister's actions in the past two years in dealing with the applications according to the strict letter of the law highlight a major weakness in the legislation. The weakness is that, while the Motor Vehicles Act provides for private insurers to apply to underwrite CTP insurance, in practice, this process is positively discouraged because the Act:

1. does not specify the criteria which the Minister must take into account when considering the merits of any application;

2. does not require the Minister to specify any grounds for refusing a company's application;

3. does not specify that a company has a right to be heard on any subject before the Minister grants or refuses the application; and

4. does not specify that a company has the right to appeal to the Supreme Court in the event that an application is refused.

The Liberal Party believes that the absence of these basic provisions represents a major flaw in the current legislation. Yet, the issue is complicated further by 1986 amendments to section 35a (8) *(c)* of the Wrongs Act, when Parliament sought to reduce the cost of third party personal injury claims arising from motor vehicle accidents.

At that time, the amendments nominated SGIC as the sole third party insurer in South Australia. That change to the Wrongs Act, providing SGIC with the exclusive right to underwrite CTP insurance, is recognised to be in conflict with the provisions of the Motor Vehicles Act, which provides for other insurers to apply to participate. This Bill does not insist that private insurers apply to re-enter the CTP field in South Australia, nor does it insist that the Minister must approve all or even some of the applications from private insurers to underwrite CTP insurance.

The Bill merely complements existing provisions in the Motor Vehicles Act by inserting in that Act that the applications lodged by insurers be given a fair hearing and that the applications be judged on their merits according to identified criteria. The issue of criteria is central to this Bill and is an important development, because currently insurers seeking to operate in the CTP field operate in a vacuum.

The amendments will provide insurers with a guide to the matters that they can address when preparing their applications. The criteria will also inform insurers about the basis upon which the Minister will assess their applications and determine whether or not to grant or refuse them. I note that the insertion of a set of criteria in this Act would not be a novel move; in fact, this is a commonplace practice in South Australia in legislation of this kind. For instance, the legislation providing for the operation of building societies in South Australia incorporates criteria which a company must meet for its application to be approved by the Minister, as does workers compensation legislation in respect of the granting of self-insurer rights. The criterion is a facilitating process.

The set of criteria that I propose reflects the provisions of the New South Wales Motor Accidents Authority Act 1988. Assessment is made upon the suitability of the applicant, the financial position of the applicant, including the paid-up share capital and reserves; the applicant's memorandum and articles of association; and the reinsurance arrangements of the applicant. To this list, I have added a reference to the resources that the applicant has or could provide for the purposes of administering claims. This same provision is incorporated in the Workers Compensation Act in terms of applications by companies to self insure. The Bill provides also that, if the Minister refuses an application, he or she will be required to provide the insurer with a statement of the reasons for his or her decision. In such circumstances, it is proposed also that the insurer have a right to refer an application to the Supreme Court. The Bill also proposes related amendments to the Wrongs Act to overcome the difficulty to which I referred earlier.

In respect of the conduct of CTP insurance in Australia, it is interesting to note the variety of arrangements that currently exist in various States. For instance, in Queensland, two insurers (Suncorp and FAI) have been underwriting CTP insurance for many years. Two years ago the then National Party Government made plans for the entry of additional insurers, a course of action which has been endorsed by the current Labor Government. Accordingly, nine CTP insurers were approved in Queensland, earlier this year, and there are an additional five applications pending. Of this five I understand that two may not be approved because they are subsidiaries of companies already licensed. Whether or not this is so, it is clear that by early next year there will be at least 12 approved private insurers underwriting third party insurance in Queensland, all insurers (other than FAI and Suncorp) having been approved by the current Goss Labor Government.

It is interesting to note that this entry of private insurers is not encouraged only by a Labor Government. The Liberal Government in New South Wales has also been active in this field. In fact, on 1 July 1989 the Greiner Government established the Motor Accidents Authority with 13 insurers participating in the conduct of third party insurance business, compared with the previous situation where the Government Insurance Office conducted all business under that Act. The insurers are required initially under the Motor Accidents Authority Act to operate in specific market shares and at set premiums. However, from 1 July 1991—that is, two years after the establishment of the Motor Accidents Authority—the companies will be able to set their own premiums and will compete for the market share. By that time, it is anticipated that the unfunded arrangements and debts accumulated under the former Government monopoly CTP system will have been covered and that premiums will fall substantially. In the meantime, billions of dollars have been returned from Government sources to the private sector. In fact, I have not heard of any source in New South Wales or Queensland where there has been a grievance following the introduction of private insurers. Certainly, consumers have benefited and will continue to do so.

In Victoria, Western Australia, the Northern Territory, Tasmania and the ACT, legislation in each instance establishes a single insurer and makes no provision to admit the re-entry of private insurers. South Australia has a situation not reflected in any other State. Unlike Queensland and New South Wales, South Australia operates third party insurance through a single insurer and, unlike Victoria, Western Australia, the Northern Territory, Tasmania and the ACT, our Motor Vehicles Act provides for the re-entry of private insurers.

It is interesting to note the SGIC's reaction to competition in the underwriting of CTP insurance. I refer to comments by the Chief General Manager, Mr Denis Gerschwitz, in the *Sunday Mail* of 25 February this year. He stated that he would not mind other insurers re-entering the CTP field, but he considered that it made sense to keep CTP insurance to one insurer simply because it was easier to detect fraud. I accept that the detection of fraud is an important consideration in the third party insurance business. However, I do not consider that the issue overrides all other considerations, in particular, the issue of competition, accountability and/or lower premiums for consumers.

I note that the RAA expressed reservations to me—and I understand also to the Minister earlier this year—about the applications received by the Minister from several private insurer companies. As I understand it, the RAA was concerned about the ramifications of the additional number of insurers, arguing that the whole issue of the writing of CTP insurance was a complex and broad-ranging matter that should not be changed from current circumstances in any quick or rash way and without proper investigation.

I have some sympathy for those remarks by the RAA. Certainly, I believe that the Minister would (and there is nothing in the current Act that does not allow for this), in exercising his responsibilities, take into account the interests of the motorists. That has been the case in New South Wales and Queensland where the respective Labor and Liberal Governments have in recent years encouraged the participation of private sector insurers. Notwithstanding the fact that we have a Labor Government in this State, I believe that the Government would be equally concerned

about the interests of the motorist. The fact that such an investigation is called for by the RAA is not of such concern that it should necessarily prohibit the participation by other insurers in this field. In particular, I do not believe that it should be a reason to negate the amendments that I seek to move to this Bill.

As I have indicated, the Bill seeks simply to facilitate the entry by private sector insurers into the underwriting of CTP insurance in this State. It does not require a private insurer to apply or the Minister to accept one or all of any applications that he or she may receive within a given year. This is simply a facilitating Bill that complements the provisions currently in the Act and clarifies misunderstandings and discrepancies. In fact, I would argue that it clarifies flaws within the current Act where the criteria are not clear as to which private sector companies should design their application to meet criteria that the Minister will use to accept or refuse that application.

Lastly, I wish to refer to the subject of private insurers vacating the CTP field in South Australia in 1975, a matter which I have recently canvassed with insurers in this State. It is an important issue to raise again because there have been great changes in this State in the past 15 years, not only in the management of companies but also in the arrangements for the operation of CTP insurance, those changes, as I recall, having been supported by this Parliament in 1987-88. The economic environment in this State is also different from what applied 15 years ago.

I raise these concerns again and place them on the record because I would not wish to see today any company that may wish to apply to participate in the underwriting of CTP insurance prejudiced by the fact that some 15 years ago, when circumstances were very different from those operating today, they sought to withdraw from this field of underwriting of CTP insurance.

I refer briefly, first, to the interference in the recommendations of the premium-fixing bodies. It is a fact that, particularly, political interference from interstate had an effect on insurers in South Australia because the cost of their re-insurance protection tended to be fixed on the Australia-wide upturn of the business. However, questions of re-insurance aside, no premiums fixed had proved adequate at those times because they had been fixed on stale figures and had to apply until the next period of review, then usually two years hence. Although allowances for trends were included, the then accelerating rates of inflation and road injury toll always outstripped the generally conservative assessments of that premium-setting committee.

Secondly, it is important to note that in 1975 the inflation rate outstripped the interest-earning rate on invested funds reserved to meet claims and on premiums paid in advance to the extent that they had not been earned. Thirdly, interest on judgments legislation significantly increased the cost on claims. Fourthly, nominal defendant legislation made every insurer remaining in business liable to pay the debts of those becoming insolvent and the prospective snowball effect was a significant consideration by private insurers in 1975.

Fifthly, I make the point that there was the imminent possibility of a national compensation scheme. Faced with the problems and impositions already listed, insurers were accumulating losses on this business year after year. In the ordinary course of events their salvation would lie in better days ahead, with inflation controlled and perhaps a more conducive political climate but, with the prospect of a national scheme soon to cut off their premium flow and deprive them of hope of future recoupment of their accumulated losses, there seemed little point in private sector insurers at that time, considering all the other matters that I have mentioned, not getting out of the field and cutting their losses while they could. It was seen at that time that that was in the best interests of their clients and the community.

I also note that private enterprise insurers were then faced with all those problems without the comfort of having any Government guarantee, such as State Government officers enjoyed at that time and continue to enjoy. As I said earlier, it is important that all of those matters be placed on the public record because the private sector companies withdrew from this field some 15 years ago, certainly well before I came into Parliament, and it is important to remind members of the circumstances of the time, when we judge this issue today.

I believe very strongly that, because the Motor Vehicles Act in this State provides the opportunity for private insurers to participate in the underwriting of CTP insurance in this State, it is important that the legislation is clarified in the manner that I have suggested, that the legislation facilitate the re-entry of private insurers, that it complements the current legislation, and that we seek to help private sector insurers in undertaking the very expensive and time-consuming process of submitting their applications to the Minister by making them well aware of the criteria and the information they should advance in those applications, upon which the Minister will be making his or her assessment at the appropriate time.

As I indicated, the Bill does not insist that there be private sector involvement once again in CTP insurance in this State, although I must acknowledge that that would be my favoured position, particularly having noted the successful re-entry, not only for consumers but also for the companies concerned, in both the Labor State of Queensland and the Liberal State of New South Wales in the past two or three years. With those remarks, I hope that members will support this facilitating Bill. I seek leave to have the detailed explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is formal. Clause 2 provides various amendments to section 101 of the Motor Vehicles Act 1959. In particular, an application for approval as an insurer under Part IV will need to be accompanied by such information as may be prescribed or determined by the Minister. A new subsection will set out the main criteria that should apply when the Minister assesses an insurer's application for approval. If the Minister refuses an application, the Minister will be required to provide the insurer with a statement of the Minister's reasons for his or her decision. A right of review on application to the Supreme Court is also proposed.

Clause 3 will amend the Wrongs Act 1936, to ensure that any approved insurer under Part IV of the Motor Vehicles Act has the benefit of the operation of section 35a (8). This provision is designed to discourage persons instituting proceedings in other States in respect of motor accidents that occur in this State with a view to obtaining higher awards. The provision does this by allowing the State Government Insurance Commission or the Crown to recover in this State an amount equal to any additional damages that may be awarded by the court in the other State. The provision is to be amended to give such a right of recovery to any insurer approved under Part IV of the Motor Vehicles Act (not just State Government Insurance Commission).

The Hon. T.G. ROBERTS secured the adjournment of the debate.

ROAD TRAFFIC ACT AMENDMENT BILL (No. 3)

The Hon. DIANA LAIDLAW obtained leave and introduced a Bill for an Act to amend the Road Traffic Act 1961. Read a first time.

The Hon. DIANA LAIDLAW: I move:

That this Bill be now read a second time.

This Bill to amend the Road Traffic Act aims to encourage the installation of coin operated breath testing machines in licensed premises. The Liberal Party views this measure as an important road safety initiative. Alcohol is a major cause of road accidents. Between one-third and one-half of the drivers killed in accidents each year have illegal blood alcohol concentration levels, with the majority being above .1 milligrams per 100 millilitres. By educating drivers about their capacity to absorb alcohol, we believe that the machines help to encourage responsible behaviour, and individual responsibility for one's actions is a goal which we strongly believe the Parliament should be promoting, particularly in the area of road safety.

Since 1967 it has been illegal in South Australia for fully licensed drivers to operate a motor vehicle with a blood alcohol concentration limit exceeding .08 mg/mL. For learner and probationary drivers the limit is .02 . Of course, as part of its 10-point road safety package, the Federal Government is insisting that the State adopt a .05 BAC limit for fully licensed drivers and a .02 limit for all novice drivers irrespective of age. Associated with the State's BAC limits, the Parliament imposed (and has more recently increased) severe minimum and maximum penalties for offenders.

Over the past year the appropriate BAC limit for drivers has been the subject of heated debate in South Australia. But it is my strongly held view that whether the prescribed limit is .08 or .05 this is not the real issue. My concern is the fact that, whatever the limit, few of South Australia's 908 321 fully licensed drivers (as at July 1990—I could not obtain more up-to-date figures because of problems that the Motor Registration Division has had with its computer) have any idea how much alcohol they can consume in varying circumstances and remain within the limit. Most fully licensed drivers have little or no idea when it is legally safe for them to drive after consuming alcohol. There is no standard intake common to all men or all women in any given situation. Absorption rates vary greatly from person to person depending on body weight, gender, the rate of metabolism and physical or medical condition. Also, the type of drinks one is consuming plus one's stomach contents at the time, including how much one has eaten, what has been eaten and when, affect absorption rates.

In a matter as important as road safety it is ludicrous that the ability to gauge one's BAC limit has tended to be a process of hit and miss or trial and error. In fact, for most drivers their first and only practical opportunity to learn their BAC limit has been when they have been pulled over by the police and obliged to undergo an official breath alcohol test. This situation represents an abrogation of responsibility by the State Government, and in our opinion should be reversed. Any Government which sets a BAC limit and insists on imposing severe penalties for offenders also has a social and moral obligation to educate drivers regarding their capacity to drink and drive within the established legal limits.

In 1982 and again in 1985, select committees of the Legislative Council investigated the issue of random breath tests. On both occasions the committees noted research which identified that the measurement of breath alcohol was a convenient and accurate method of measuring blood alcohol because a direct relationship had been found to exist between the blood and breath alcohol concentrations in exhaled air from the lower lungs. However, in 1982 the committee determined that:

> . . . although there is a need for the public to have access to a cheap, convenient and reliable means of self-BAC measurements, no such means was brought to the attention of the committee.

In 1985, the committee made the following references to self-testing devices:

> There have been regular attempts to develop a self-testing device for drink drivers which is simple to operate, accurate and inexpensive. The select committee was invited to the launch of one such device in February 1985. A self-testing unit which was said to provide an accurate reading was installed at a metropolitan hotel. Unfortunately, a loose connection in the unit caused obviously inaccurate readings. This highlighted a disadvantage of such devices—namely, that they may require close monitoring to ensure results are accurate.
>
> The committee was advised that similar units interstate have been used by drinkers to measure a race to a specified blood alcohol level. Such devices may also encourage a person to drink up to the legal blood alcohol level. In addition, there is a danger that persons will be unaware their blood alcohol level continues to rise for at least 20 minutes after the last drink.

There was concern also about the cost of the machines, and the select committee noted further as follows:

> The select committee is aware that new testing devices appear on the market from time to time and believes that there is merit in continuing to monitor developments in this area. However, at this stage the committee believes that such devices should be treated with caution. The committee also noted that the Police Department shares this view.

It is true that in the past the alcohol breath testing instruments available for public use, as opposed to police use, have not been specific to alcohol, have not been accurate and have not been serious in intention. They tended to use inferior semi-conductor measuring principles and were offered as cheap fun machines because the cost of use was only 20c (which did encourage overuse), while the back-up service available was not sufficient to ensure that the reading was credible.

Since 1985, when the last select committee reported, an enormous amount of time and money has been devoted to the research and development of a high quality breath testing instrument for public use. Australian companies have led the world in the research and development of such instruments, principally because Australia remains the only country enforcing a random breath testing policy. As a result there are machines on the market today which provide accurate and reliable breath test readings to the public.

The self-testing breath alcohol machines, to which this Bill relates, are equipped with the same scientific fuel cell analysing devices used by Australian police forces. The cell is specific for breath alcohol and has been scientifically proven to correlate breath/blood alcohol relationships. The cell measures alcohol at very low concentrations without any effects for cigarette smoke, water vapour, acetone, exhaled oxygen or other breath contaminants.

The machines are designed to be mounted on the wall in general public areas. Instructions for operation are clearly printed on the front together with warnings about the fact that the blood alcohol level continues to rise for at least 20 minutes after the last drink. The machines are operated by single or multiple coins, generally to a value of $2, but this can be set to suit the licensee. The charge of $2, rather than the earlier 20c, has proven to be effective in deterring those people who previously used to simply play with the machines, and urge their mates to drink up to and above the legal limit and then to reach the maximum limit that the machines

would record. They were using those machines for games rather than for the purpose for which they were designed, and that is for education. However, I understand that steep increases from 20c to $2 per time has encouraged the responsible use of the machines and it has not deterred the number of people using those machines.

The user takes a straw, inserts it into the sample point and blows continuously and firmly for about three seconds. The pressure required to activate the injection mechanism is variable to 2.3 kpa over a 3.4 second period. These two functions ensure that deep lung air is expired into the analyser giving a fully representative measurement. When the breath sample is drawn into the fuel cell the electrochemical reaction with alcohol generates a small voltage, proportional to the alcohol concentration. This voltage is amplified and appears as a read out of the percentage BAC on a large three digit display; for example, .076. The fuel cell will reset ready for another use within about 30 seconds.

The machines on the market today come with a guarantee that the BAC measurement is accurate to plus or minus .003 per cent, depending upon calibration frequency. The machine with which I am most familiar, due to a demonstration by the Director of the breath test company based in Sydney and through a trial exercise at the Hackney Hotel one evening, is guaranteed to maintain its accuracy within 10 per cent for a period of two months or 3 000 tests of normal operation. The breath test company, for example, offers two types of machines: one with a manual calibration using an external certified cylinder of calibration gas, the other equipped with an automatic calibration electronic circuit which, on a daily basis, uses internal calibration gas.

Over the past 18 months about 100 of the breath testing machines have been on trial in hotels in Victoria. During the trial the operation and usage of the machines was monitored by the Coordinating Council on Control of Liquor Abuse. The council, in a report to Consumer Affairs Minister Keenan in March this year, recommended that the machines be supported as a safety education initiative. Based upon a survey conducted last year the council discovered that nearly half the drivers interviewed underestimated their alcohol level and were surprised by the actual reading. Also, more than 90 per cent of interviewees considered the units should be more widely available as a valuable way of advising drivers whether or not they were at risk on the roads.

However, the council also discovered that hotel licensees in particular were concerned about questions of legal liability. They did not want to be made legally liable for the accuracy of the BAC reading nor find they were in court on a regular basis whenever a drink driving offender sought to claim that the BAC reading they had obtained from a self-testing machine at a licensed premises identified that their BAC limit was below the legal limit.

Acting on the council's findings, the Victorian Government announced in March that legislation would be introduced to amend the Road Safety Act in that State to provide:

1. that it should not be compulsory for licensees to install the breath analysing machines;
2. that protection be given to the Minister, the State, the manufacturers, the distributor, the licensee and the owner of the premises and those involved in the installation, testing and maintenance of the machines; and
3. that the units meet Australian Design Standard 3457 and that they are maintained according to the manufacturer's specifications.

Since March, the Victorian Government has determined that it will address the question of legal liability by enacting legislation to ensure that the readings taken from public use breath testing machines are not permitted to be entered as evidence in court. This move reflects the fact that breath alcohol levels taken by police are not permitted to be entered as evidence in court and must be substantiated by compulsory blood alcohol tests.

In these circumstances it is only fair and reasonable that licensees should not be vulnerable to offenders seeking to claim that the self-testing machines gave them reason to believe they had a clean bill of health to drive after consuming alcohol. Licensees cannot and should not be held responsible for the actions of an individual who may not heed the warnings on the machines that blood alcohol levels will continue to rise for at least 20 minutes after the last drink, or for the actions of individuals between the time of the reading and the time they may be picked up by the police.

My Bill mirrors the proposed Victorian legislation. It also responds to the concerns of the South Australian Branch of the Australian Hotels Association (AHA) and the Licensed Clubs Association of South Australia. At the present time the executives of both associations are enthusiastic about the potential of the machines to educate drivers. Yet both associations remain loath to positively recommend the installation of the machines due to concerns about legal liability. Therefore, the number of machines currently installed in South Australian hotels is but a handful, while I understand that there are no such machines in licensed clubs.

The Bill does not require that licensed premises install the machines, nor that patrons use the machines; both those matters are on a voluntary basis. The Bill, by addressing the issue of legal liability, simply facilitates the installation of the machines as an educative, user pays service to the public.

I believe that the Bill I have introduced will help to ensure that coin operated breath testing machines will become a common sight in our hotels and licensed clubs. And, while the machines are not a substitute for a person exercising individual responsibility, they should help people exercise that responsibility by encouraging individuals generally to learn when it is legally safe to drive after consuming alcohol. Such knowledge must be regarded by the Parliament as a positive initiative to reduce our current level of alcohol related road accidents and fatalities, irrespective of the prescribed BAC limit in South Australia. I urge honourable members to support the Bill. I seek leave to have the explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is formal. Clause 2 amends section 47g of the Road Traffic Act to provide that in any proceedings for an offence against the Act, no evidence can be cited as proof as to a blood alcohol reading obtained from a coin operated breath testing or breath analysing machine installed in any hotel or other licensed premises.

The Hon. M.S. FELEPPA secured the adjournment of the debate.

COUNCIL AMALGAMATIONS

The Hon. J.C. IRWIN: I move:

That this Council condemns the Minister of Local Government for the damage she has done to the process of the examination of Council amalgamation proposals in South Australia and calls on the Minister to suspend all amalgamation proposals before

the Local Government Advisory Commission to allow negotiation with the Local Government Association on a new set of procedures to ensure that decisions relating to local government boundaries are not dictated by the Minister and are subject to parliamentary review.

It does not give me any pleasure once again to move a motion in this place reprimanding the Minister of Local Government for her incompetent handling of the Local Government portfolio, in particular, her handling of council amalgamation proposals. This Council passed a censure motion on the Government and the Minister of Local Government in September 1989. The motion, as amended, stated that this Council censured the Bannon Government and the Minister of Local Government for their inept and undemocratic handling of the Mitcham debate, which led to the proclamation of the city of Flinders.

Prior to the November 1989 election, I supported, on behalf of the Opposition, a motion moved by the Hon. Trevor Crothers, which stated:

That this Council reaffirms its support for the independence of the Local Government Advisory Commission.

The motion was supported by the Democrats, and would have passed had the election not cut short the session. The Hon. Mr Crothers, in opening the debate, said:

I have moved this motion primarily to reassert my belief—and I hope that of Parliament—that the Local Government Advisory Commission should conduct its affairs free from political interference.

Naturally, I look forward to the support of the Hon. Mr Crothers and the Parliament on the serious and major issues which I raise in my motion today. I will show again that nothing has changed since the Mitcham and Flinders censure debate in this Council in September 1989. Either the Minister is very slow at learning, does not listen to her own advice or chooses to treat this Council and the local government community with contempt. The motion I am moving now has two parts, and I intend to deal with them separately. The first part deals with the examination of council amalgamation proposals; the second part deals with how amalgamation procedures should be considered in the future.

Honourable members may recall that the Minister of Local Government made a ministerial statement to the Council on 22 August this year announcing her decision on the Henley and Grange amalgamation proposal and the release of the final report of the committee of review into the procedures of the Local Government Advisory Commission. The Minister must have thought that all her dreams had come true with one remarkable or orchestrated coincidence—the Henley and Grange decision and the review committee report all happened to become available at once. She was able to use one to justify the other and attempted to hoodwink the people into thinking that all is well that ends well.

It is my aim to expose the web of intrigue that this Minister has been attempting to weave at the expense of ratepayers and local government communities around South Australia. Since the Minister's statement was made on 22 August, this Council did not sit for a month, until it resumed last Wednesday. It is unfortunate that so much time elapsed before I had an opportunity, on behalf of the Opposition, to respond to the Minister's statement and to try to stop the Minister doing any more damage to local government in this State.

I should provide members with a brief background. We can all recall the turmoil of the Mitcham and Flinders debacle when the Minister rushed to proclaim the city of Flinders on the advice of the Local Government Advisory Commission. After considerable public demonstration, the Minister asked the commission to undo this Flinders proposal and leave Mitcham council as it was, and is, today. The Minister's rule book at that time said that she would always take the advice of the commission. She was able to keep her record intact by referring back to the commission until she got her way. She has changed her way, of course, because of the power of the people who were opposed to her, and the fear of a backlash from the people during the November election.

The Government would be foolish to think that Fisher was the only marginal seat to be affected by the Government's handling of the Mitcham affair. Out of the background came another player on the amalgamation field—Henley and Grange. In July 1989, the commission advised the Minister that the Henley and Grange council should be split between West Torrens and Woodville. The Minister changed her game plan on this, and referred it back to the commission rather than jeopardise another Government marginal seat, Henley Beach, by rushing over the road for a proclamation, as she did with Mitcham. She was also able to convince herself that, by referring back to the commission for more consultation, she kept intact her record of always taking the commission's advice. No-one was fooled. Again, I remind honourable members, we were in a pre-election mode in July/August 1989.

In August 1989, the Minister set up a committee of review, a move that was designed to take the heat off the Minister and the Government before that November 1989 election. In April this year the committee of review produced an interim report and a final report in August 1990. Again, I commend—as I have commended before—the review committee for its detailed hard work and recommendations as a basis for change. However, through this debate, I will not make any reference at all to the individual recommendations that it made. The Henley and Grange decision broke an undertaking made to this Council in a ministerial statement and an answer to a question that only the Mitcham proposal and the Jamestown amalgamation, where I understand all the parties agreed, would be made prior to the review report being released and new procedures being adopted after extensive consultation on the report's finding.

On 22 August 1990, the Minister reported to the Council that Henley and Grange would not be amalgamated with one or two other councils, that is, Woodville and West Torrens; it would stay as it was. What a remarkable decision!

The Hon. Anne Levy: Do you agree with it?

The Hon. J.C. IRWIN: It does not matter whether or not I agree with it. What a remarkable decision!

The Hon. Anne Levy: I asked whether you agreed with it.

The Hon. J.C. IRWIN: I am asking what the decision was based on—certainly not the advice of the independent commission. We find that the commission, after another year of deliberation, at great cost to everyone, and a poll, had advised the Minister that a four to one majority had recommended that Henley and Grange be split between Woodville and West Torrens. The Minister finally tore up her private rule book, threw away whatever pride and standards she had left, and went with the minority decision. We can be thankful that decisions of courts and judges are not able to be treated like this.

Do not think that Mr Bannon and the Cabinet are not implicated up to their necks in this tacky, unprincipled decision, because they are. This is what the Editor of the—

The Hon. Anne Levy: Do you agree with it?

The Hon. J.C. IRWIN: It does not matter whether or not I agree with it. I am condemning you for the way you

handled it. It is fairly obvious whether or not I agree with it. I have made it pretty well publicly known. This is what the Editor of the *Messenger* had to say:

Anne Levy's days as Local Government Minister surely must be numbered following her weak-kneed response to the Henley and Grange boundary fiasco.

The Hon. T.G. Roberts: What date was that?

The Hon. J.C. IRWIN: It was after that decision was made.

The Hon. T.G. Roberts: That was a long time ago and she is still there.

The Hon. J.C. IRWIN: She mightn't be for long. The *Messenger* continued:

Cabinet Ministers must show their leadership. They must take the hard decisions, even unpopular and uncomfortable ones. They cannot let sectional interests override the broader community benefit. By allowing Henley and Grange to remain as a council, Ms Levy missed her last chance to make a name—

The Hon. Anne Levy: What did Mr Randall say?

The PRESIDENT: Order!

The Hon. J.C. IRWIN: I do not think that has much to do with Mr Randall. It is the Editor of the *Messenger* making that comment.

The Hon. Anne Levy interjecting:

The PRESIDENT: Order! The Hon. Mr Irwin has the floor.

The Hon. J.C. IRWIN: The *Messenger* continued:

By allowing Henley and Grange to remain as a council, Ms Levy missed her last chance to make a name for herself as a Local Government Minister of foresight and reform. She should be replaced. Or, in a spirit of political compromise, she could be given the portfolio 'Minister Assisting the Premier in Local Government Affairs'.

I do not know how much the Editor knew about the events that would become obvious in the next few months. The editorial continued:

Premier Bannon—a former Local Government Minister himself—should take it upon himself to give strong direction, to fix the council map of Adelaide and, while he's about it, to wield the axe in the Local Government Department as well.

How prophetic! The Premier never has and never will take a strong stance on anything. He is hardly a good model for his Ministers to follow, for he is usually invisible. Sometimes the Minister is pretty invisible, too. How many times do we read in the paper a spokeswoman for the Minister making media comment on behalf of the Minister? Who is the mysterious spokeswoman? How many spokeswomen are making these media responses on behalf of their Minister?

The Premier has obviously been observing the lamentable performance, again, of one of his Ministers. What a nonsense this decision on Henley and Grange makes of the Minister's own statement to the House in October 1989:

In 1984, legislation had a clear purpose to keep State political factors out of local government boundary changes and to establish an independent, objective and sensitive system through which local government and electors could define change. The Government's role was to that of a facilitator or to establish the system and formally implement its decisions and monitor the smooth functioning of the process.

The Minister stands damned and condemned by her own statement, one of many. In the 1989 censure debate, the Minister said this about the Local Government Advisory Commission:

It is an independent body. It is not possible for me to instruct it to undertake any course of action, and I would not propose to do so.

The Minister and Premier did instruct the commission to advise a new proclamation regarding the Flinders proposal. She instructed the commission to have another look at its advice on Henley and Grange in 1989. It is a—

The Hon. Anne Levy: I did not.

The Hon. J.C. IRWIN: We have been through all that before, and you did. It is a nonsense to try to say that she does not interfere with the commission. The Minister went on to say about the commission—

Members interjecting:

The PRESIDENT: Order!

The Hon. J.C. IRWIN: The Minister went on to say about the commission:

It dealt with it according to the law and followed the procedures which it followed on 34 previous occasions. It came to its conclusions which it presented to me as Minister and I accepted those recommendations, as did all previous Ministers in the 34 preceding cases. I took the matter to Cabinet which, in turn, accepted the recommendations of the independent commission, just as it had done in the 34 previous cases. I acted according to precedent and according to the law. Is the honourable Mr Irwin suggesting that I should have rejected the commission's recommendations?

I ask members to think about what happened later.

The Hon. Anne Levy: Tell us.

The Hon. J.C. IRWIN: I am talking about something before this. The Minister continued:

This would be an action totally without precedent, an action which would have allowed political influence to override the independent commission's considered view, an action which would have undermined the commission, which would have insulted local government, and which would have completely undermined the value of our independent commission in determining local government boundaries. Had I followed the action that the Opposition seems to be suggesting and gone against the commission's recommendations, I most certainly would have been undermining the integrity of the commission and would have destroyed local government's faith in it ... Was I to overturn its expert independent and carefully formed opinion at the stroke of a political pen? On what possible basis could I have done so without intruding Party politics?

Well, I ask members present who could possibly have said it better than the hapless Minister of Local Government?

The Hon. Anne Levy: You censured me for saying it.

The Hon. J.C. IRWIN: Well, you didn't take your own advice when you replied to me.

The Hon. Anne Levy: You censured me for saying it; now you are censuring me for not—

The Hon. J.C. IRWIN: That is pretty loony logic, isn't it.

The Hon. Anne Levy: Yes; that is your logic, though.

The Hon. J.C. IRWIN: Well, let the Council decide who is right. That is far more important. As soon as the Minister decided the Henley and Grange matter, she hanged herself, or she was foist onto her own petard—whatever that old expression is.

The Hon. Anne Levy: Hoist—it comes from Shakespeare.

The Hon. J.C. IRWIN: Hoist or foist?

The Hon. Anne Levy: Hoist. It comes from Hamlet.

The Hon. J.C. IRWIN: Perhaps you ought to go back and stick to the arts. The commission was undermined in the Mitcham case. From then on, it was open slather time, time to make new rules on the run—pure unadulterated politics. I need say no more. The Minister condemns herself again with shameful doublespeak, but she is not done with that easily because she hatches this other plot of using good community people to carry out a review for her. It assumes major importance for her and the Government as it becomes the vehicle for more manipulation, intrigue and lame excuses.

The Minister has been exposed by her arrogant tactics. This Council and the people must not let her think that she has got away with it. The Minister has done unpardonable damage to the independent commission. As I indicated before, her own colleage the Hon. Trevor Crothers moved a motion in this place supporting the independence of the commission. We supported that and, presumably, the Minister supported that notion.

To make matters worse regarding the Henley and Grange decision, the minority Commissioner was from the Minister's own department. According to a Department of Local Government advertisement, departmental officers are to:

develop and implement innovative and constructive policies, practices and procedures to ensure effective achievement of Government and departmental objectives.

That leaves no doubt about where a departmental officer's loyalty lies—certainly not with local government. If an officer wants to avoid the accusation of conflict, he or she should do as the Minister's Chief Executive Officer (Anne Dunn) did, and declare an interest in either the department or the Grants Commission when that body was looking at Stirling's finances some time ago. If it was good enough then, it ought to be good enough on other occasions.

Presumably this departmental officer knew of the committee of review, the interim report and the final report. The Minister's statement of 22 August confirms this. For those who want to see, the web of intrigue is pretty clear. An orchestrated release of the Henley and Grange decision, the final review committee report and the acceptance by the Minister of the minority report were all part of the odorous plot.

The Hon. Anne Levy: I didn't think you had so much imagination.

The Hon. J.C. IRWIN: I must have imagination when I am shadowing you, Minister. In her statement of 22 August, the Minister had the gall to say:

There remains today a widespread recognition that many of our council boundaries are outdated and do not serve the best interests of local residents, of the local government sector, nor the best interests of the State as a whole.

The Hon. Anne Levy: Do you believe that?

The Hon. J.C. IRWIN: I am going to ask you: exactly who is expressing these widespread views? In the only two major proposals in the metropolitan area so far tested, polls in both cases have rejected that outlandish statement. In the Premier's words, Flinders would have been unworkable because the people would not accept it, and in Henley and Grange the Minister herself supported the majority view of the local residents.

The Hon. Anne Levy: So did you.

The Hon. J.C. IRWIN: It does not matter what I did, I am not the Minister. I am not the Government; you are.

The PRESIDENT: Order!

The Hon. J.C. IRWIN: I would have thought that the Minister—

The Hon. Anne Levy: He's criticising me for having done what he wanted me to do.

The Hon. J.C. IRWIN: I am glad you do what I want you to do.

The PRESIDENT: Order!

The Hon. J.C. IRWIN: I should have thought that the Minister would be the first to react to a widespread view. This widespread view is not there or, if it was, it has evaporated. The Minister goes on:

In this area of change, of micro-economic reform in all sections of our economy, it is vital that mechanisms exist for reform to occur where it is in the best interests of the wider community.

In this exceptional piece of gobbledegook, the Minister is saying—and she has repeated it elsewhere—that micro-economic reform really means that local government should pick up the tab for all the ills foisted upon it by Federal and State Governments' inept and incompetent economic decisions over the past eight years, and that council amalgamation should occur in the best interests of the wider community.

The Minister does not yet understand local government. It is the only Government tier that is still receptive to the people and it does not cause economic and family hardships, as other tiers do and have. The Minister had better tear up the review report now, disband the commission and make her own decisions and be honest for a change because the commission's legislation and the review findings do not address the wider community. They should address fairly narrow amalgamation proposals, unless there is a grand plan—and we have been told that there is no grand plan. The academics and theorists can say what they like, it is the ordinary people in whom I and the Opposition are interested. In the end, it is the people in the community who make the decisions.

As the Council knows, the Opposition believes that the people should have the final say—and we have argued this point a couple of times. Obviously, the Government has not yet got the message that big business, big unions and big government have brought this country to its knees. The Minister's statement of 22 August went on:

The Local Government Advisory Commission which has been in place since 1984, has significant achievements to its name, and it is widely acknowledged throughout Australia . . . Since 1984 there have been . . . amalgamations or pending amalgamations of 13 councils resulting from recommendations of the commission.

It must be said again, loudly and clearly, that all of these amalgamations so far achieved are rural amalgamations, and that none in the city has succeeded so far. Rural people cannot march on Adelaide; they do not have political clout. The Minister and the Government stand condemned and should be reprimanded for their dismal performance when put to the test on council amalgamations so far. They stand condemned for the unpardonable treatment of the commissions for wasting hundreds of thousands of dollars on funding the commission and for the money wasted by councils in fighting proposals.

I now turn to the second part of my motion. It is important not to lose sight of what I have already said because, unless the Minister and the Government are held accountable for the mess that they have created already in local government amalgamation, and real changes are made, the same thing will happen over and over again. Members will know that the 1984 changes to the Local Government Act in respect of setting up a commission arose from the perception amongst some that the previous method of looking at amalgamation proposals by a select committee of this Council should be replaced.

I put it to members very strongly that if this Minister of Local Government or any other is allowed to tamper with the process of the commission, and if one person is to make the political decision to allow or not to allow an amalgamation or proclamation to proceed, the majority of the Parliament may well look towards reverting to the select committee process or to designing another process that will remove any chance of political interference. The previously perceived political interference by a select committee had nothing on what we have seen for the past couple of years. It is six years since the commission was set up, and we have heard already that there have been about 13 boundary alterations which, as I said before, are all in rural areas.

For reasons I have already given, we have been given a false sense of security about how good the system really was. Country people must accept the umpire's decision; they simply do not have the political clout that Mitcham and Henley and Grange councils have. It remains a tragedy to me that some extremely efficient small councils have been allowed to go under to predators around them. No question has been raised with me about the commission's work on altering ward boundaries and councillor composition in 90 of the 121 councils. Some of these have been drawn out and are, no doubt, contentious locally—or they were in my

old council area—but changes have occurred and in the end are accepted by councils as they seek to get on with their work.

Sadly, in 1989, after five years of commission operation, major problems started to emerge; first, with the Mitcham-Flinders proposal and, secondly, with Henley and Grange. It is history now—and I have already touched on this matter today—that no amalgamations have emerged in the metropolitan area. Currently, 25 councils are involved in proposals before the commission, many in rural areas. On past practice, despite some recent window-dressing, they will probably proceed. On past practice, this Minister will allow this to happen because there is no political worry for her or the Government in rural South Australia. About six proposals are in the metropolitan area and, on past performance, they will cause major headaches before they are over. Not only will there be headaches but there will also be major costs to councils and the commission and some very unprincipled manoeuvring of the type which has undermined the commission.

My major concern—and that of the Opposition—is with what will happen now. We know what the Minister is capable of and can do; I have already spelt it out. If the correct changes are not made, decisions can and will go very wrong again. This is too important for responsible people to allow that to happen again. The committee of review was set up and produced an interim and final report. It was chaired by the Chairman of the Local Government Advisory Commission. All I know about future Local Government Advisory Commission processes is that the Minister has asked the commission to look at the review report recommendations. In the light of these recommendations, the commission will look again at the proposals before it.

The review committee's recommendations fall into two areas: first, processes from inception of a proposed idea to the commission and the follow-up which may or may not require legislative change; and, secondly, that the commission itself should be changed and made independent, and it will need legislative change if that is to be the case. The Minister must not be allowed to pick off those things that she would like and leave the others for some other time—maybe never! This is one sure way of perpetuating the existing problem. The review committee stresses this in its final report as follows:

> While this is the final report, the committee stresses that the conclusions and recommendations suggested in the report should be the subject of considerable further consultation. It does not regard the report as being a suitable basis for implementing change without this consultation having been undertaken and the results documented and carefully analysed.

The Opposition wants to see the conclusion process after the report is tabled. We want to see laid out and documented the results of the consultation and analysis. We want to see that a total package has been accepted by all those who would be affected by any change.

The Minister cannot just throw away a major recommendation of the review committee. The people who served on it deserve better than that. For the information of members those people were: Mr John McElhinney, Chairman of the Local Government Advisory Commission; Mr Bert Taylor, a commissioner; Mr Theo Marks, Local Government Advisory Commission Deputy Commissioner; Alderman Tony Piccolo of the Gawler council; Mayor Schaeffer of the Burnside council; Mr Chris Russell, Local Government Association; Mr Ian Cambridge, AWU; Mrs Wendy Sarkissian, a planner; and Dr Andrew Parker, Flinders University.

But when I read the Minister's statement of 22 August I can find no joy. The Minister has already been judge and jury. She said, 'I have satisfied myself that procedural changes can be achieved without legislative amendment to the Local Government Act at least for the moment.' So, we have a classic case of adhockery. She says she has formally forwarded a report to the LGAC, which has ultimate responsibility for implementing the new procedures. The LGAC has on it three members of the review committee, including the Chairman. The Minister said:

> I will be meeting with the commission within the next week to discuss the forms of those new procedures and I anticipate the commission will, very soon thereafter, be able to release detailed new procedures to councils and other interested parties.

It sounds pretty close to a *fait accompli* to me. I simply hope the charade will not be allowed to continue much longer.

This motion calls on the Minister to freeze everything before the commission until we are presented with a total package. This Parliament has a right to be involved with its own legislation and to review its workings. The actions of this Minister frighten me and the Opposition. She has proved unable to handle amalgamations in the past and will continue to be incapable in the future. The only thing she has proved to me is that she and she alone will make politically expedient decisions no matter what advice is given or the costs involved. Two out of two where the *status quo* has remained is not a bad record of non-achievement.

The Minister's statement of 22 August is littered with a series of revealing comments: 'I was keen for local government . . .'; 'I chose not to nominate . . .'; 'I understand . . .'; 'my desire for key issues . . .'; 'I am very pleased . . . to publicly release the report . . .'; 'I have satisfied myself . . .'; 'I have formerly forwarded . . .'; 'I will be meeting with . . .'; 'I anticipate the commission will . . .'; 'I have carefully considered this matter and have concluded . . .'; 'I am very pleased with the report's recommendations . . .'; 'I believe they establish a framework . . .'; 'I am currently reviewing the support services to the commission . . .'; 'I am confident changes in these areas will ensue . . .'; 'I do not consider that immediate changes to the composition of the commission are desirable . . .'; I support the view that local government could have more direct input into commission membership . . .'; 'I will be raising this matter with the association . . .'; 'I raised this matter directly with the commission . . .'; 'I feel it best to apply a fairly strict test of public support . . .'; 'The commission's report acknowledges my view and agrees that the Woodville proposal does not enjoy the level of support favoured by me . . .'; 'In discussion with me, the Commissioner opposed the view . . .'; etc. The 'I's' have it, and those quotations are from only about two pages of a longer statement.

What on earth is the Minister doing sticking her nose into every situation? We write to the commission; we talk to the commission; we manipulate; we manoeuvre, we do everything behind doors, but leave the independent commission to do its own work. Whatever happened to the lofty views expressed only last year, which I quoted earlier? She said:

> It is an independent body. It is not possible for me to instruct it to undertake any course of action and I would not propose to do so.

Finally, when the Minister gets to micro-economic reform, the new buzz word in her 22 August statement, she said:

> It is my firm belief that the new procedures will achieve at least as much change in structural arrangements as did the old procedures and will have the potential to accelerate the changed process.

Well, I leave it to members to judge; the score so far, excluding rule amalgamations, is nil, nought, zero, zilch. If the proposed changes, whatever they are, decided in splendid isolation by this Minister, are to achieve at least as much as they have already achieved, the score after two

more years and many thousands of dollars will still be nil, zero, nothing, zilch. On my reading, this Minister thinks that micro-economic reform means that local government should pick up the tab for all the ills foisted on the community by her Government and by Federal Governments. This Minister cannot hide behind micro-economic reform as an excuse for making councils think that the only way ahead is to amalgamate. Councils will go on providing the services their ratepayers can afford. That is the base philosophy of everyone I know. Their ratepayers will tell them that in no uncertain terms, and they will tell them what they can afford.

Members will note from my question of the Minister yesterday that there is something odd about another committee to be set up by the Minister. It is a committee on structural change which, amongst other things, will look at boundary reform. When in doubt, set up another costly committee. It has not yet met, I am told, and will be set up in a climate of the dismantling of the Department of Local Government. No-one knows yet what will be negotiated out of that department's demise. The Minister's final sentence in the 22 August statement is by far the most potent when talking about the structural change committee, and I quote:

> It is an initiative which also recognises that local government is a more mature partner in the Government system and that reform and change can and must be led by local government itself.

With respect, Minister, will you get out of the way and let local government manage itself, which it has done for over 100 years. We all have the Local Government Association annual report, celebrating 150 years of local government. It has been pretty good over that time. It is perfectly able to go on doing it itself. It has been a mature partner for many years, in case the Minister has not worked that out. It is not a tool for the State Government to manipulate. With its very narrow financial base, it cannot and should not do the dirty work of the Minister or the Government.

This afternoon I have laid down reasons why the Minister of Local Government should be condemned for the damage she has done to the amalgamation process. I have also laid down reasons why the Local Government Advisory Commission process should be halted so that, on the whim of a Minister, it does not lurch from one crisis to another. The motion suggests that any new procedures should be spelt out and publicly agreed on, including in this place, before any more attempts are made to set up the Minister's idea of a framework for more political interference—the Minister's new rule book, if you like.

As I said at the beginning, this is a very serious matter, and I look for the good sense and support of the Democrats. I believe that at least some of the members of the Government benches will have the courage to support the principles which they laid down last year and which are the basis of this motion.

The Hon. R.J. RITSON secured the adjournment of the debate.

COUNTRY RAIL SERVICES

Adjourned debate on motion of Hon. I. Gilfillan:

1. That, as a matter of urgency, a select committee of the Legislative Council be established to—
   (a) inquire into Australian National's conduct of South Australia's country rail services and;
      (i) to investigate previous management and future plans for passenger services intrastate;
      (ii) to investigate previous management and future plans for freight services intrastate;
   (b) consider the role of the Federal and State Governments in the provision of rail services in South Australia;
   (c) make any recommendations considered effective in improving rail passenger and freight services to the people of South Australia.
2. That Standing Order 389 be so far suspended as to enable the Chairperson of the committee to have a deliberative vote only.
3. That this Council permits the select committee to authorise the disclosure or publication, as it thinks fit, of any evidence or documents presented to the committee prior to such evidence or documents being reported to the Council.

(Continued from 10 October. Page 839.)

The Hon. T.G. ROBERTS: I oppose the establishment of a select committee to inquire into a federally constituted public body such as Australian National. I support some of the sentiments expressed by the Hon. Mr Gilfillan, but I feel that a more appropriate response to the Federal Government's position would be to run a State and community-based campaign, which I understand is on the way at the moment, aimed at educating the community about some of the issues involved in the restructuring process of the railways, and hopefully, target the community's responses to the Federal Government, where the responsibility lies.

The State sold its country railway services to the Federal Government and AN was the presiding body by which the administration of the railways was carried out. If members are serious about strengthening our public rail transport system, including our intrastate passenger services, the directions and actions that we take must be productive and directed in the right areas to achieve the qualitative and quantitative improvements in AN's public rail passenger and freight transport services and systems in South Australia.

A select committee will only go back over information that has been canvassed already by the community. The responses by the community have been very good. People have come to the defence of the railway services, particularly over the past 12 months since they have been under review. Many words have been spoken, and there has been much action and activity at community level, and that is the way to go, rather than have a select committee at a parliamentary level directed at a Federal body which will only collect information that is, by now, old news.

A cursory reading of both the Australian Constitution and the Railways (Transfer Agreement) Act 1975 shows that the State Government's powers are limited in seeking arbitration in matters of disputation between the Commonwealth and the State, but it has happened. In the Australian Constitution, where Federal law which is constitutionally valid overlaps with State law, the Federal law operates and the State law becomes invalid. Section 109 (page 28) of the Constitutional Commission edition of the Australian Constitution states:

> When a law of the State is inconsistent with a law of the Commonwealth the latter shall prevail and the former shall, to the extent of the inconsistency, be invalid.

The State's power to influence is limited by section 9 (1) *(a)* and *(b)* of the Transfer Agreement, which comes under Part II, Transfer and Interim Administration, Maintenance and Operation of Non-metropolitan Railways. I must emphasise 'Interim'. Any administrative authority that the State Government held was during the transition period of the transference of our State railway network to AN and the Commonwealth. The only available course of action open to the Government now in matters of disputation is through arbitration.

In his contribution, the Hon. Mr Gilfillan pointed out, quite rightly, that forwarding disputed matters to arbitration is open to the State Government. However, the honourable member was wrong when he stated that this has not been done in recent years by the South Australian Transport Minister, as I am reliably informed that the State Government opposed the withdrawal of the Victor Harbor rail passenger service and went to arbitration and the State Government lost.

I know that the Hon. Mr Gilfillan has an interest particularly in the South-East rail services because I have seen his photograph on the front page of the *Border Watch* and the numerous statements he has made about his concerns for the rail links in the South-East. I have been working behind the scenes as well, although I do not have a publicly planted photograph in the local paper. In fact, the local paper has not even contacted me for any statement.

It is perfectly clear that, on constitutional grounds, AN would be within its rights to refuse to cooperate with a State parliamentary select committee of inquiry. However, if one is set up, I hope that AN will cooperate to allow a free flow of information. The select committee could become an adjunct or a clearing house for information back to those community organisations which have been set up and which are operating. It has brought together many country-based community defenders of rail, from Broken Hill to Whyalla and down to the South-East. They are protecting not just the rail services but part of the lifeblood of country transport infrastructure. It is not just the passenger rail services that they want to support and protect but also the freight services which are an integral part of the railway system.

The wording of the motion, to allow the select committee to authorise the publication as it sees fit of any documents presented to it, means that AN would almost certainly be nervous about providing any costing figures for its freight operations on the grounds of commercial confidentiality. I would not use those grounds to protect AN, but I can understand why it would be nervous. Certain cooperative ventures take place between the road transport system and the rail transport system, and I am sure that each State has different ways of handling its agreements in relation to interstate and intrastate freight. Some documentation would be commercially confidential between competing road transport hauliers because of some of the changes that are now starting to occur in the rail networks, using some of the newer systems for transporting road freight or piggybacking road freight onto rail.

The Government has reservations as to the effectiveness of the establishment of the parliamentary select committee to overcome the economic and infrastructural difficulties presently facing AN's railway system in South Australia. At the beginning of my address I stated that the community approach to the Federal Government would have far more value, particularly as it would be a means whereby community concerns could be aired and an education program commenced. The more information that the broad-based communities pick up and the more effectively they are able to deal with the Federal Minister and the Federal Government, the more that information will flow back out to the communities and we can get good educative programs rolling where people—

The Hon. I. Gilfillan: You are recommending local community meetings/conferences, are you? I am not sure what you are recommending.

The Hon. T.G. ROBERTS: I am opposing the setting up of the select committee but am endorsing what is already happening out in communities. If members of Parliament were involved in individually supporting the various local communities in getting a free flow of information, then they could look at the total restructuring program that is going on within AN, not just the passenger service programs that are being put into place through the new restructured program. This applies to the whole transport system as it applies to rail freight, rail/road freight and all the other issues connected with what one hopes will be the improved rail services. That includes the environmental effects of rail competing with road transport, which includes road systems, the effective use of energy, the build-up of interstate and intrastate rail services, tourism, and all sorts of other things.

I think that, with the makeup of the delegation that went to see Bob Brown, I understand last week, we have the making of a pretty good intrastate lobby group. The delegation that saw Bob Brown, the Federal Minister for Land Transport, included the Mayor of Mount Gambier, Mr Don McDonnell—

The Hon. I. Gilfillan: Don McDonnell didn't go.

The Hon. T.G. ROBERTS: He was supposed to go; he must have had other duties—he probably doubled up on the day. He is a very busy and effective mayor. The delegation comprised Mr Peter Black, the Mayor of Broken Hill; Aileen Ekblom, the Mayor of Whyalla; Joy Baluch, the Mayor of Port Augusta; Alderman Allan Aughey, the Deputy Mayor of Port Pirie; Mr Neil McGarry, the Tourism Development Manager of the Broken Hill City Council; Mr John Crossing; and a Federal organiser of the ARU (but I am not sure which one). However, I spoke to both Frank Lacey and Ralph Taylor who are organisers with the ARU at the Federal level, and they were certainly lobbying in this and other States for the restructuring of the intrastate and interstate rail services.

I would like to place on record my appreciation for the work done by Ralph Taylor, who I understand is approaching his retirement. Ralph Taylor has been a tireless worker on behalf of the ARU and the rail unions in supporting the restructuring of the railways, to make them more efficient and competitive. He has worked tirelessly over many years, and I wish him well in his retirement.

As a result of the delegation, the Federal Minister (Mr Brown) acknowledged that the delegation had a case and he has currently put things on hold, as I understand it, until further investigations are complete. I congratulate these community representatives on undertaking this initiative. As I said before, I think it is those sorts of initiatives that ought to be advanced and supported as opposed to the setting up of yet another select committee. I am not quite sure of the final count of select committees that the Legislative Council will have to deal with, but I am sure that communities (such as those I have mentioned) will probably have access to more resources, time, energy and a broad base of support than we will have.

One notes that currently seven select committees are up and running, with possibly another three to be set up, plus the joint committees that are running. So, not only will we have resource problems but also time problems in being able to pull the committees together in a time frame that will be acceptable to those communities. As I said, I think we would be better off as individual members, serving those communities in a bipartisan way, to form an effective lobby group to take our case to the Federal Government. Some initiatives have already been taken in that way, and at least we have an undertaking by the Federal Minister (Mr Brown) to put on hold any of the structural changes that he was going to put into place in the short term.

Community initiatives should examine all aspects of the current restructuring plan. People should look at not only

the impact of restructuring but also the social impact. If we are able to supply an argument around the social use of rail, particularly in the passenger area, I think that is where the States have a case. That is where we should concentrate our efforts.

I have already stated on the record that a number of Governments, both State and Federal, Labor and Liberal, have neglected the infrastructure of rail, and it is only now that with the collective wisdom of all Parties, to varying degrees, we have started to look at rail as a way of presenting a restructured program for transport to the year 2000 and beyond. It has taken a while and much dismantling has gone on. It will take a bit to turn it around, but I think enough people now are able to point to the economic and social benefits that come from maintaining complete rail services.

Both major Parties have been busy restructuring and winding down the rail services. I will quote some figures from 1979 to 1982 which indicate that; the number of services was reduced by 21 per cent; and that services were withdrawn to Hendon, Finsbury, Port Dock and Semaphore; that 13 ticket offices were closed; that the number of staff was reduced by 16 at seven stations; and that the estimated saving was about $1.1 million. Since then, a number of other changes have occurred, and efficiency has increased. However, a lot more still needs to be done.

It is my wish that both the political and financial commitments and contributions which have enabled the development of National Rail Freight Corporation to be established on 1 July 1991 will put rail back into the No. 1 position regarding passenger and freight carrying services in Australia. Anyone who listens to *Australia All Over* on Sunday morning—and I gather that there are probably a few—

The Hon. R.I. Lucas: Some of us are at church.

The Hon. T.G. ROBERTS: Church does not go from 6 a.m. till 10 a.m. *Australia All Over* is a part of my religious service in the morning. I listen with one eye open and one ear open, and I think about how I will start my lawnmower on Sunday mornings—

The Hon. Diana Laidlaw: Not before 9 o'clock.

The Hon. T.G. ROBERTS: No, not before 9 o'clock—while listening to *Australia All Over*. Country people ring through to that program and talk about, in a nostalgic way sometimes and in a constructive way at other times, saving the railways. It is one thing to have a nostalgic view about railways, but it is another thing to have an economic and realistic view about how the rail system can be used. I think there is a growing commitment—in a bipartisan way, I hope—to two rail services and, hopefully, we can put pressure on our Federal counterpart to ensure that intrastate and interstate rail services, particularly in relation to passengers, are improved.

At the request of the Federal Government, AN operates some non-profit making services, including TasRail and all the passenger services there. The loss-making services are classified as community service obligations. AN is reimbursed by the Federal Government for the losses incurred in providing these services. It is thus the Federal Government that decides the non-commercial services that are provided. Ministerial direction, not the management of AN, dictates the number and level of loss-making services. I recommend that this is where the people who are trying to protect the country rail services point their energies and attention. It should be directed straight at the Minister for the loss-making services, and there is no doubt that those country rail services are there to make a profit, and they would have to be subsidised by the cross-subsidisation of freight services to enable them to continue.

It is refreshing to see that the Liberal Party, which has been adopting a very New Rightish approach to economics lately, adopts a user-pays system. I notice that Mr McLachlan, the member for Barker, did not make a commitment towards cross-subsidisation of country rail services, but at least he did not rule it out. I know the terminology used in his press statement was ambiguous—and it was probably meant to be like that. I read into it that he was prepared, after coming from a business organisation into Parliament, to look at being pragmatic about his approach to economics generally, and there was a case for cross-subsidisation for social benefits, at least, in maintaining the infrastructure for country people. I hope that I have not misquoted him, that his intentions are honourable, he will support the case that I have been arguing, namely, that cross-subsidisation is, or should be, on the Opposition's agenda, and that the infrastructure should be maintained for country people as much as possible, while showing some economic responsibility.

As I said, it is one thing to have a nostalgic view on the use of rail, and another to have an economic and responsible view. However, I think in the end that the arguments that we must use with the Federal Government are based on social justice, to try to convince the Minister that AN should be free to cross-subsidise the country rail services, using the profits of some of the freight services. Within the next five years, I hope that, with many of the initiatives that are being shown by AN and the unions in terms of that grievance with restructuring, those sorts of cross-subsidisations can take place and that the restructuring program for country people can be protected and supported.

The Hon. I. GILFILLAN: I welcome the contribution from the Hon. Diana Laidlaw and, in its way, from the Hon. Terry Roberts, which I thought reflected serious concern about rail and put forward some valuable areas for consideration which I hope that the select committee will pick up and deal with in its own way.

I do not share the concerns that the Hon. Terry Roberts has with regard to the working of the select committee. I think AN should be able to view it as a forum for getting a fair hearing—an opportunity where it can really put its case and get a fair go. The clause to which the Hon. Terry Roberts refers relating to the publication of documents is a standard clause which goes into all select committee motions. Of course, the select committee, being privy to confidential material, would be expected to react, being conscious of that.

I do not intend to take any further time to debate this matter. I believe that it is reasonable to expect that the motion will be carried. It will give an opportunity for the State, through this Parliament, to express its wishes and recommendations. The Hon. Terry Roberts regretted that there was not the scope for an analysis of environmental consequences and the pros and cons of rail. I feel that that debate and assessment, as serious as it is, could and should take place in other forums. It may be the subject of some submissions that are made to the committee, and I would not reject those submissions. However, I do not believe that the select committee is set up to assess the pros and cons of various forms of transport, serious though that aspect may be. It is designed specifically to look at the rail system. So, I thank members for their contributions to the debate, and I urge their support of the motion.

Motion carried.

The Council appointed a select committee consisting of the Hons Peter Dunn, I. Gilfillan, Diana Laidlaw, R.R.

Roberts and G. Weatherill; the committee to have power to send for persons, papers and records, and to adjourn from place to place; the committee to report on Wednesday 21 November.

STATUTORY AUTHORITIES REVIEW BILL

The Hon. K.T. GRIFFIN obtained leave and introduced a Bill for an Act to establish a Committee of the Legislative Council to be entitled the Statutory Authorities Review Committee; to provide for the review of certain statutory authorities by the committee; and for other related purposes. Read a first time.

The Hon K.T. GRIFFIN: I move:

That this Bill be now read a second time.

It is one of a number of measures which the Liberal Party proposed at the last State election under the general title of 'freedom package'. The measures in this package were designed to give greater information on public administration to the public generally as well as to individuals who may be affected by Government action, to provide opportunities for the review of Government administrative decisions and to provide more freedom of association and choice in some areas of public and private life.

The Freedom of Information Bill which has been before the Legislative Council and passed by it on at least three previous occasions is a key measure in the freedom package. It provides for access to a significant body of Government documentation relating to Government decision-making. This Bill, the Statutory Authorities Review Bill, makes the operations of statutory authorities more open to detailed scrutiny by a parliamentary body to determine the desirability of their continuation and the propriety of their activities and actions. While the institution of the Ombudsman is an important aspect of review of Government administrative acts, it does need to be reinforced by some form of administrative appeals procedure to give an ordinary citizen a right to have reviewed by some independent body such as the courts administrative decisions affecting him or her. The right for a citizen to have a Government decision reveiwed is an essential ingredient in ensuring that the Government department or agency remains accountable and knows that it remains accountable.

The topical question of preference to unionists and conpulsory unionism is another target of the Liberal Party's freedom package. Denying freedom of choice to a worker whether or not to join a union is a denial of a basic human right, and denial of the freedom of an employer to choose the best worker, irrespective of union or non-union involvement, again is denial of an essential right of an employer.

Voluntary voting at State elections is the ultimate democratic right. The right to join or not join a student association is another aspect of individual freedom which the Liberal Party freedom package proposed to protect.

While the recent Public Accounts Committee report (the 61st report) on Accountability of Statutory Authorities, Government Companies and Non-Government Organisations in Receipt of Government Funding recommends the exercise of caution in establishing some additional review body for statutory authorities, it does not address the real objective of any such separate statutory authority review committee.

One should not in any way downplay the significance of the Public Accounts Committee and its work in relation to all areas of Government financial activity, but it has not in any way addressed the issues proposed to be addressed by this Bill. If one looks at some of the Public Accounts Committee's more recent reports, one will see that in relation to statutory bodies they have tended to focus upon particular aspects of the administration of those authorities. In 1984, for example, the Public Accounts Committee reviewed numerous statutory authorities and published a report on 'Post Implementation Review of Computer Systems'. In 1986, a report on Electricity Supply Asset Replacement by the Electricity Trust of South Australia was published.

In the same year hospital asset replacement was the subject of a report involving the South Australian Health Commission. In 1987, the 50th report related to transport asset replacement in the State Transport Authority, and another 1987 report was entitled 'Summary Report on Asset Replacement' dealing with several statutory bodies. In annual reports since 1985 reference has been made to various statutory bodies specifically but not in depth.

This Bill is not in any way a reflection on the work of the Public Accounts Committee but is designed to complement that work and to create an opportunity for much more in-depth examination of the activities of statutory bodies. The purpose of any review undertaken by the Statutory Authorities Review Committee will be to determine whether or not in the opinion of the committee the statutory authority should continue in existence. In carrying out a review, the committee may inquire into a number of matters including the following:

(a) whether the purposes for which the statutory authority was established are relevant or desirable in the circumstances presently prevailing;

(b) whether the cost to the State of maintaining the statutory authority is warranted;

(c) whether the statutory authority and the functions it performs provide the most effective, efficient and economic system for achieving the purposes for which the statutory authority was established;

(d) whether the structure of the statutory authority is appropriate to the functions it performs;

(e) whether the work or functions of the statutory authority duplicate or overlap in any respect the work or functions of another authority, body or person; and

(f) any other matter it considers relevant.

In carrying out these reviews the committee is to have wide powers. The committee is required to report as soon as practicable after completing a review of a statutory authority, and that report must contain findings on the review, recommendations as to the continuance or abolition of the statutory authority and the reasons for those recommendations.

A number of important consequences flow from the report. It is not sufficient for any report to lay in the pigeon holes of the basement of the Legislative Council gathering dust. Where the committee recommends that a statutory authority continue in existence it can include recommendations:

(a) the time at which the statutory authority ought again to be reviewed;

(b) any changes that ought to be made to the structure, membership or staffing of the statutory authority;

(c) any changes that ought to be made to the powers, funcions, duties, responsibilities or procedures of the statutory authority;

(d) any provision that ought to be made for the reporting, or better reporting, of the statutory authority to its Minister and to Parliament;

(e) such other matters as the committee considers relevant.

If the committee recommends that a statutory authority be abolished, the committee may include recommendations as to:

(a) the time at which, and the method by which, the statutory authority ought to be abolished;

(b) the administrative or legislative arrangements for implementing the abolition of the statutory authority, and for dealing with any matters ancillary or incidental to that abolition; and

(c) such other matters as the committee considers relevant.

The committee may append a draft Bill to the report. The matter does not rest there. Within four months of a report of the committee being laid before Parliament, the Minister responsible for the statutory authority must respond to the committee's recommendations stating:

(a) which (if any) of the recommendations of the committee will be carried out;

(b) in respect of recommendations that will be carried out, the manner in which they will be carried out;

(c) in respect of recommendations that will not be carried out, the reasons for not carrying them out;

(d) any other response which the Minister considers relevant.

A copy of the response has to be laid before Parliament.

The Bill requires a much deeper investigation of individual statutory bodies than is currently undertaken by the Public Accounts Committee and which, I would suggest, the Public Accounts Committee, in the context of its other work, would not have time to undertake. If any substance is to be given to the movement for deregulation which obviously includes elimination of statutory bodies, there must be a much more aggressive and in-depth investigation of the operations of bodies established by statute.

The Public Accounts Committee refers to some 280 bodies established by statute. While there are a number of those which it would not be necessary to review because of their small size and a number of bodies, such as the State Bank and State Government Insurance Commission, as well as bodies whose principal function is the provision of tertiary education, are excluded from the operation of the Bill, there are others which perform substantial public functions which ought to be the subject of review.

The recent review of the South Australian Timber Corporation by a Legislative Council select committee demonstrated clearly the desirability of undertaking in-depth reviews of a body which spends significant taxpayers' moneys (and wastes them) and is actively engaged in the private sector world of business. One could equally see good reason to review the operations of the Electricity Trust of South Australia, the South Australian Health Commission and incorporated health units, the State Transport Authority and similar bodies. There is no justification (and this is excluded from the Bill) for the committee to inquire into tertiary institutions such as the universities because that would impinge upon the desirability of retaining academic independence free from Government control.

While the accountability structures identified by the Public Accounts Committee, such as accountability to a Minister, presentation of an annual report and audit by the Auditor-General, are important aspects of public accountability, they do not address, as indicated, the issues proposed to be addressed by this Bill. These areas tend to step aside from major issues of the existence and scope of activities of a statutory body as well as the desirability for it. These issues must be addressed and a committee in the Legislative Council to complement the Public Accounts Committee in the House of Assembly would, in the view of the Liberal Party, be a desirable means to establish that accountability.

The committee is proposed to comprise six members of whom two or three will come from the group led by the Leader of the Government in the Legislative Council and at least two will be appointed from the group led by the Leader of the Opposition in the Legislative Council. It is important that the Government group not have a majority on the committee which would enable it to dictate the direction, and the structure which is being proposed in the Bill would enable representatives from groups other than the Government and Opposition groups in the Legislative Council to be represented on the committee if the Legislative Council believes that that is important.

Finally, one should note that there is a move at the Federal parliamentary level to improve its own committee system to ensure greater accountability of the Executive arm of Government. In Victoria, the Public Bodies Review Committee undertakes a systematic review of statutory bodies, and in other parts of Australia there is a move towards ensuring that the Parliaments are not mere rubber stamps for Government but do ensure that Governments do not abuse their powers, and that agencies which have been accepted without question are put under the microscope of significant parliamentary review.

It is important not to be complacent about statutory bodies. They do become, as it were, a part of the public furniture of government and tend to be accepted without serious question. The mood of the 1980s was to begin to question the operations of statutory bodies. At the beginning of this decade, with the economic crisis bringing home to Governments around the world the need to examine how and where taxpayers' moneys are spent, there is a growing momentum for greater public accountability, a rapid divesting from government of functions which can be better performed by the private sector and a questioning of both the need for and the desirability of Governments spending public assets on providing services and facilities which are not the essential obligations of government.

There is a recognition that uncompetitive Government monopolies can grow fat because of the lack of scrutiny and public accountability. This Bill seeks to provide a procedure for independent parliamentary review and public accountability away from the Executive arm of government. This Bill reflects provisions which were similar to the provisions in the Bill introduced by Mr Graham Gunn in the House of Assembly prior to the last election, and I record the work that he has done in preparing this initiative. I commend the Bill to members and seek leave to have the detailed explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clauses 1 and 2 are formal.

Clause 3 is an interpretation provision. The central concept of a 'statutory authority' is defined as a body corporate that is established by an Act and—

(a) has a governing body comprised of or including persons or a person appointed by the Governor, a Minister or an agency or instrumentality of the Crown;

(b) is subject to control or direction by a Minister; or

(c) is financed wholly or partly out of public funds,

but does not include—

(d) a council or other local government authority;

(e) the State Bank of South Australia;
(f) the State Government Insurance Commission;
(g) a body whose principal function is the provision of tertiary education;
(h) a body wholly comprised of members of Parliament;
(i) a court or a judicial or administrative tribunal; or
(j) any other body excluded by regulation.

Clause 4 establishes the Statutory Authorities Review Committee. It consists of six Legislative Council members appointed by the Legislative Council, two or three from the group (excluding Ministers) led by the Leader of the Government in the Legislative Council and at least two from the group led by the Leader of the Opposition in the Legislative Council. Membership is for the life of the Parliament in which the member is appointed.

Clause 5 provides for removal from, and vacancies of, the office of a member of the committee. The Legislative Council may remove a member from office. One of the grounds for an office becoming vacant is if the member becomes a Minister of the Crown.

Clause 6 gives the Remuneration Tribunal jurisdiction to determine the remuneration of members of the committee.

Clause 7 provides that a vacancy in the membership of the committee does not invalidate the acts or proceedings of the committee.

Clause 8 requires the Governor to designate one of the members as the presiding officer of the committee.

Clause 9 deals with the manner in which the committee is to conduct its business. A quorum is three members, one of whom must be a member who was appointed to the committee from the group led by the Leader of the Opposition in the Legislative Council.

Clause 10 provides for the central function of the committee—to review statutory authorities. The committee may carry out a review on its own initiative and must do so at the request of the Governor, the House of Assembly or the Legislative Council.

Clause 11 sets out the purpose of a review of a statutory authority—whether or not, in the opinion of the committee, the statutory authority should continue in existence. In carrying out a review the committee may inquire into—

(a) whether the purposes for which the statutory authority was established are relevant or desirable in the circumstances presently prevailing;
(b) whether the cost to the State of maintaining the statutory authority is warranted;
(c) whether the statutory authority and the functions it performs provide the most effective, efficient and economic system for achieving the purposes for which the statutory authority was established;
(d) whether the structure of the statutory authority is appropriate to the functions it performs;
(e) whether the work or functions of the statutory authority duplicate or overlap in any respect the work or functions of another authority, body or person;

and

(f) any other matter it considers relevant.

Clause 12 gives the committee certain powers to ensure that it is able to get information needed to properly carry out a review. A person appearing before the committee need not give answers to questions tending to incriminate him or her. The statutory authority under review and the responsible Minister are entitled to appear personally or by representative before the committee and to make submissions to the committee. The committee must meet in private (unless the committee decides otherwise). It is not bound by the rules of evidence. Persons appearing before the committee may be represented by counsel. The committee may, in its discretion, allow the statutory authority or responsible Minister access to evidence taken. The committee may authorise a member to enter and inspect, at any reasonable time, any land, building or other place.

Clause 13 provides that a review being carried out by a committee which comes to an end when a Parliament lapses may be completed by the committee established during the life of a subsequent Parliament.

Clause 14 compels the committee to prepare a report on the completion of a review, containing its findings, its recommendations as to the continuance or abolition of the statutory authority and its reasons for those recommendations.

In respect of the continuance of a statutory authority, the committee may further recommend—

(a) the time at which the statutory authority ought again to be reviewed;
(b) any changes that ought to be made to the structure, membership or staffing of the statutory authority;
(c) any changes that ought to be made to the powers, functions, duties, responsibilities or procedures of the statutory authority;
(d) any provision that ought to be made for the reporting, or better reporting, of the statutory authority to its Minister and to Parliament; and
(e) such other matters as the committee considers relevant.

In respect of the abolition of a statutory authority, the committee may further recommend—

(a) the time at which, and the method by which, the statutory authority ought to be abolished;
(b) the administrative or legislative arrangements for implementing the abolition of the statutory authority, and for dealing with any matters ancillary or incidental to that abolition; and
(c) such other matters as the committee considers relevant.

A copy of the committee's report must be laid before each House of Parliament.

Clause 15 requires the Minister responsible for a statutory authority to respond to the committee's report on the review of that authority within four months of a committee's report being laid before Parliament. A copy of the response must be laid before each House of Parliament. The response must set out—

(a) which (if any) of the recommendations of the committee will be carried out;
(b) in respect of recommendations that will be carried out, the manner in which they will be carried out;
(c) in respect of recommendations that will not be carried out, the reasons for not carrying them out; and
(d) any other response which the Minister considers relevant.

Clause 16 prevents further reviews of a statutory authority for a period of four years, unless such further review was recommended in the committee's report or both Houses of Parliament resolve that the statutory authority should be further reviewed.

Clause 17 provides for staff and other resources of the committee.

Clause 18 provides that the office of a member of the committee is not an office of profit under the Crown.

Clause 19 provides that the money required for the purposes of the measure must be paid out of money appropriated by Parliament for the purpose.

Clause 20 provides that an offence against the measure (see clause 12 (2)) is a summary offence.

Clause 21 gives the Governor-General regulation-making power.

The Hon. T.G. ROBERTS secured the adjournment of the debate.

TOBACCO PRODUCTS CONTROL ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 10 October. Page 842.)

The Hon. R.J. RITSON: In speaking to the second reading of this Bill, I want to deal with matters in a sequence which begins with the context within which the amendment is moved and then discusses the principles of accountability, the particular criticisms levelled against the foundation, the difficulties posed by earmarked taxes generally, and possible formats for future parliamentary oversight.

Historically, the principal Act was passed amidst considerable controversy. The Liberal Party opposed it and the Democrats supported it together with the Labor Party. In particular, the Liberal Party objected to a number of hypocritical aspects of the Bill, which included exemptions for the big money sponsorships of cricket and motor sport.

My own position is—and was then—that I do not oppose the legislation. I am very conscious also of the damage done to the health of the nation by smoking. I am very conscious of the fact that a thriving tobacco industry, which is making money out of addicting people to the process of putting dead leaves in their mouth and setting fire to them, is somewhat of an obscenity in this day and age when the rural industry is failing and we are shooting sheep and stockpiling surplus wool and wheat. So, it is neither of any use to Australia on the macro-economic scale nor is it any good for our health, and I cannot in all conscience oppose a measure which would shift the ambient culture towards a reduction in tobacco usage. Therefore, I did not oppose the original Bill.

I informed my Party of my position several weeks before the vote and, as a symbolic gesture, abstained from voting. Of course, this had no effect on the result because the numbers were such that it did not matter which way I voted, but I felt that I did not want my name to appear in opposition to this legislation even though it had those fairly major defects of a hypocritical element which, like my colleagues, I saw as false.

That legislation had certain consequential political effects. It threatened a number of vested interests apart from the tobacco companies. For example, the then Leader of the Opposition (John Olsen) was threatened with political oblivion by one prominent citizen with strong sporting connections, if the Liberals failed to oppose the Bill. The Bill also threatened media and advertising interests with loss of advertising revenue. The Government did the obvious and natural thing and enacted provisions for financial compensation for the threatened secondary losses by creating an earmarked tax.

Consequential on not wanting to cop all the flak and bickering—flak which even blind Freddie could anticipate once a cornucopia was established to hand out money selectively—it naturally put the foundation, which was created, at arm's length from the Government. Indeed, members on this side sought to do this even more strongly than the Government, and we asked many probing questions and sought assurances about the freedom from Government direction of this fund.

This contextual view is absolutely pivotal because, if there is one thing that the foundation is not, it is not a body that has been primarily formed to promote health, to produce ideal funding for the arts or to relieve the Government of other funding obligations. It is a body that was formed to deflect the flak consequent on the imposition of an earmarked tax which was necessary to compensate or buy off the people threatened by the ban on tobacco sponsorship. This is what the foundation is in political terms; I did not oppose it then, and I do not oppose it now.

The question of accountability has arisen because a body of criticism has arisen. So, I want to move on now to principles of accountability, which are very relevant to the principles that have just been espoused by the Hon. Trevor Griffin in speaking to the Statutory Authorities Review Committee Bill, because Foundation South Australia is part of the broad body of statutory authorities. I am talking about bodies which, in some cases, have huge financial power and, in other cases, substantial *quasi* legislative power or substantial *quasi* judiciary power. Some are audited by the Auditor-General and some not; some report extensively to Parliament, but in the case of others reporting is absent or superficial.

Overall, this broad body of statutory authorities may have immense underwritten liabilities. They may represent liabilities, as large as the State budget itself. This body of authorities may represent sort of an underbudget, so the arguments that are applicable to the broad body are also applicable to the particular authority dealt with in this tobacco products legislation. The solution posed here can only, at best, be temporary and less than ideal. The ideal eventually, in my view, is to deal with Foundation South Australia in the same way as the broad body of statutory authorities, namely, subject to review or potential review in a broad range of its aspects rather than appended to the Public Accounts Committee. However, in the absence as yet of the successful passage of the Statutory Authorities Review Committee, I will support the second reading of this Bill.

It is unfortunate that in the whole history of this matter the Minister responsible for the Act chose to take refuge in the concept of a non-examinable quango during the 1989 Estimates. The foundation officers, of course, are not bound by Public Service rules of loyalty to the Minister, and they may and do give detailed information and policy explanation to any member of Parliament of any Party. Had the Minister invited foundation officers into the Estimates Committees in 1989 I am sure the committees would have had frank and cooperative assistance from those officers. However, that did not happen and it heightened the feeling amongst a number of members and the public of lack of accountability.

What is accountability of a body such as this? Is it sufficient that it is audited publicly and reports publicly as to whom it has given the money, or should the people to whom it has given money, in turn, be responsible to the foundation and should that responsibility to the foundation be further examined; for instance, conditions of subsidies and that sort of thing? I ask that because I think probably that true accountability does involve the true accountability of bodies that receive funding.

In terms of generating complaints, this has been one of the factors. The foundation has in fact insisted on signifi-

cant accountability from the people it sponsors. Many of these bodies have probably felt that they should not be asked so many questions. I suppose the difficulty here is that the foundation, coming into being as it did after the pioneering legislation in Victoria, had to look to Victoria for some of its guidance. Victoria has very strict rules of accountability, much stricter than South Australia was prepared to adopt.

For example, a proposed theatrical production, when applying to Vic Health for sponsorship, is required to give a great deal of fine detail, including matters such as the curriculum vitae of its actors. This very close examination is required by Vic Health and yet, in South Australia, a lesser accountability when asked for is complained about as interference in management.

It would be very interesting if a committee such as the Public Accounts Committee, in the absence of a proper statutory authority review committee, were to look at the sort of accountability that should be required of the people who are funded by the foundation and see whether that has been adequate, in the light of the Victorian experience, and whether or not the complaints generated by such demands for accountability are justified. That could be one of the functions of the committee.

I want now to make some remarks about the general body of criticism levelled at the foundation which has been most unfair. I say that because, when examined, the individual criticisms are in many cases not founded on fact or they are mutually inconsistent and tend to cancel out one another. For instance, the foundation is compared unfavourably with Vic Health, yet, historically, the Victorian foundation has allocated 7 per cent of the funds to the arts, increasing currently to 10 per cent, whereas Foundation SA funds arts and culture to the order of 25 per cent or 30 per cent.

We have the complaint that the arts are under-funded in South Australia. We have the complaint that the arts are under-represented on the granting body, yet we have the complaint that the appointment of one member to a salaried position should not have taken place because the person had strong connections with one particular form of theatre and therefore would be biased. That complaint was made notwithstanding that the person was appointed to a salaried position with no voting power on the allocating committee. So in one breath, as it were, various citizens complained of under-representation of people with artistic qualifications and also complained that a person appointed to a non-voting position had artistic qualifications and would therefore be biased. There was criticism of the level of that person's salary, even though the appointment was at the recommendation of a consultant who recommended that it would give rise to a good deal of savings compared with the previous practice of using individual fee-for-service outside consultants to perform that function.

I now want to raise the subject of Mr Clifford Hocking, because he is a man of unassailably good character and unquestionable high talent and yet he leapt into politics with a strident criticism of the foundation, using surprisingly familiar clichés. He blamed it for under-funding the Festival of Arts, in a way whereby he seemed a little confused between the functions of the Department for the Arts and the foundation. One might have been forgiven for believing that Mr Hocking had made some application to the foundation or had been badly treated, but he had not. He has never had any dealings with the foundation or, for that matter, with Vic Health. Obviously, the familiar clichés he used in his criticisms were things that he was told, and he was firing the bullets for someone else. It is a great pity that a man of such standing was shoved into the political arena in that area.

I was particularly disturbed when channel 9 broadcast a dramatic evening news report that the Anti-cancer Foundation had severed all links with Foundation SA. This was in the context of an alleged dispute between the two bodies. So, I telephoned the Chairman of the Anti-cancer Foundation and he was dumbfounded and outraged at the inaccuracy of the report. He told me that the two bodies were working closer together than ever before and that the broadcast was simply not true. Also, he was quite put out that the particular television journalist did not bother to check with him. I pondered how this could come about.

Over the past 12 months the two organisations have increased their cooperation steadily, to the point where there is a lot of joint funding. It so happened that the person who used to be the Chair of the Anti-cancer Foundation was also serving on the committee which advised the foundation as to the disbursement of medical health promotion funding. It really got to the stage where this one person, serving on the two bodies, was almost in a position to sign cheques to himself wearing the other hat. Therefore, he decided that he had better relinquish the Chair of the other body to avoid a conflict of interest, and someone else took the Chair of the Anti-cancer Foundation and they have continued to work closely together.

The only thing I can imagine is that someone around the gossip traps had heard that the professor on the foundation had given up his chairmanship, and in some way this got garbled into a rumour of a split and someone took that up for the purpose of damaging the reputation of the foundation. The television station broadcast it without the slightest attempt to verify it with a quick telephone call. I do not know whether that was just carelessness or whether it suited the journalist concerned to continue to attack the foundation. We will never know.

It is against that background that I think there is a need to examine the reality, not the rumour. The Hon. Ms Laidlaw is quite right when she says that there have been all these goings on and that it would be helpful to look into them.

I just want to make a comment about the criticism of self-promotion and the question of billboards and insignias, because the foundation has been unfavourably compared to Vic Health in this matter. It has been said that Foundation South Australia put up billboards everywhere with its prominent logo and no health message whereas Vic Health keeps its own identity and profile low and simply has health messages everywhere. However, my inquiries reveal that, in both the Victorian and the South Australian instance, at the moment of their inception, the bodies felt obliged first to deal with the tobacco advertising subsidy and to dish out the compensation component before looking at new funding for other bodies.

It is actually stated in Vic Health literature that it considered its responsibility also to compensate the advertising industry by taking up at least as much space as was previously occupied by tobacco advertising. In fact, so did Foundation South Australia, and it automatically took over those billboards which previously had tobacco advertising on them, whether or not they had planned a program to go up on them.

This was at the moment of inception, and in fact it did not have anything to go up on them because that takes time; you need consultants to plan a program and you have to have a message and graphic artwork to go on the board. So, instantly upon its coming into being, those billboards were taken over and up went a big white thing with 'Foun-

dation South Australia'; then it sat down and worked out what to put up on them.

Now, 18 months down the track they have been progressively replaced with planned health messages but, as I say, that initial action of just sticking its logo on all these blank billboards was not to promote itself but was to take up immediately the cost replacement of that advertising space. In fact, Foundation South Australia promotes itself far less than does Vic Health now. Recently I travelled to Victoria and spent many hours with Vic Health officials, and they have realised that they need to anticipate the politics of this tobacco money replacement and explain it to people.

It not only now has the prominence of the logo—and I have seen the big Vic Health logo on the spinnaker of a yacht—it insists on a prominent display of the logo at functions it sponsors. Not only that: it does more than is done in South Australia, and wisely so; it has quite tripartisan support for its foundation. It is not a political football at all; it is tripartisan support. It has agreements about members and Ministers appearing; it uses prominent figures such as Sir Gustav Nossal and it explains all around the countryside with promotional kits what Vic Health is, what it can do, how to apply for grants, etc.

We have done very little of that in South Australia. In fact, I am told that when the foundation first came into being and all the sporting clubs pounced for their subsidies many of the arts and cultural groups did not even think to apply because in previous publicity the emphasis had been on sport; and the foundation itself went out into the highways and byways of the arts world and told them they could apply.

So, I wish that, first of all, we had tripartisan support for this whole body of legislation. I wish that the Liberal Party had not opposed it in the first place. I wish that we would use the tripartisan goodwill to go around and put out false fires. We should by all means investigate the real ones, but put out false fires and make the system work, instead of attempting to destroy it.

For a moment I want to talk about the difficulties with ear-marked taxes. If you ear mark a tax and then spend it invisibly it gives rise to a great deal of public suspicion. It makes it possible for that ear-marked tax to be spent in a way which relieves the Government of normal obligations of departmental spending, and that has the effect of displacing the revenue benefits of the ear-marked tax into general revenue. On the other hand, if you spend an ear-marked tax very visibly and detail it, certainly it is all seen to be going to the purposes for which the relevant legislation was designed but, because of the detail and the visibility, it gives an opportunity for everyone who did not get as much as they wanted out of it to say, 'Such and such got that. I am more important. Why didn't I get that?'

As I say, blind Freddy could have foreseen that sort of flack coming, and blind Freddy did foresee it and established this body to take the flack. At least one journalist actually understood that, and that was Mr Pearson in the *Adelaide Review*. He alone, of all the journalists who recounted that this mishmash of criticism that was going on, actually understood that the legislation had placed the foundation in this position, and that the functions of the foundation were not the primary purpose of the legislation: the primary purpose was to ban tobacco advertising, and everything else was consequential upon that.

The Hon. Anne Levy: The same was true of Vic Health.

The Hon. R.J. RITSON: Yes. I do not deny that.

The Hon. Anne Levy: You say it has no problems.

The Hon. R.J. RITSON: It has no problems because it is a tripartisan agreement, and it uses MPs from each of the Parties to hose down dissident MPs and make the thing work. It has big self-promotion kits.

The Hon. Anne Levy: But its legislation is the same.

The Hon. R.J. RITSON: Its legislation would not really suit the particular body of critics that are behind this criticism because their legislation reserves, in the principal Act, a huge slab of money for sport. I think it is 30 per cent.

The Hon. Diana Laidlaw interjecting:

The Hon. R.J. RITSON: No, it relies in some cases on discouragement. It is a different Act, and it has a different emphasis on the disbursement of moneys. As I say, the emphasis on the disbursement of moneys to the arts has resulted in 7 per cent of the total disbursements up until now, and it is currently being increased to 10 per cent. I agree with the Hon. Anne Levy that in other matters it works quite well.

I want to depart for a moment from the general discussion of the criticisms and the problem of earmarked taxes to address some remarks to the Hon. Ian Gilfillan about the use of language. The Democrats have adopted many minor causes, and that is their function. It is a justifiable function. It is the sort of thing that a 10 per cent Party should do. The causes he adopts have a right to representation in this place. One of the causes that he has adopted is the East Torrens Cricket Club, which, alone—amongst other cricket clubs—forwent tobacco sponsorship some years ago, and sought a large grant of about the same amount of money that went to the Festival of Arts from the foundation. The foundation did not see fit to give it that much money. There was an argument that it normally only funds umbrella bodies, and the Cricket Association still accepted tobacco funds. There was an argument, which I do not want to try to refine. In the event, it was given some funding, but very much less than it wanted.

I think that the Hon. Mr Gilfillan is entitled to say anything he wants about that. He is entitled to disagree entirely with the argument. He can come in and say what he likes. However, he said in public that the foundation was immoral: he was reported in the *Advertiser* as saying that the foundation was immoral—not that the foundation made a wrong decision for the following reasons, or anything like that. It is almost a case of, 'He has done it again.' The word 'immoral' is quite a slur on people's character. I remind Mr Gilfillan that members of an easily identifiable group can be defamed even though they are not named, and that if he has not received a writ, it is probably because of the goodwill of the trustees. I do not think it does Mr Gilfillan much credit to continue to make those sorts of inflammatory and defamatory remarks when a more analytical criticism and statement of his defence of the East Torrens Cricket Club's argument for more money—a rational argument—would carry more weight with intelligent people. I wanted to say, and to have it on public record: it was quite unnecessary for him to accuse those men and women of being immoral. Unfortunately, however, it was not out of character.

What shall we do about it? The limitations and inappropriateness of Public Accounts Committees have already been discussed by Mr Griffin in speaking to the Statutory Authorities Review Bill. I hope that if that Bill succeeds it could overtake the reference of this matter to the Public Accounts Committee. In the Committee stages of the Bill, I will consider whether we can put in a small amendment to effect that, as well as the inbuilt sunset in the amendment as drafted, we could provide that upon enactment of a Bill such as Mr Griffin's, it would also sunset, and become one of the bodies—but not the most important body—that a Statutory Authority Review Committee would look at. After

all, other bodies that it would look at would be megabucks stuff, not just the small stuff. It would involve the State Bank, SGIC, and so on. I will be holding discussions and considering the possibilities of an additional sun setting mechanism along those lines.

I have a slight concern with the amendment as worded, in that it requires the reporting of the policies and practices applied by the trust. I suppose because it only reports that is all right. However, the word 'practices' is getting fairly close to the question of influencing management. I think it is appropriate for Parliament, upon receipt of a report, to put policy in a principal Act, just as has been done in Victoria, where it has a statutory reservation of a substantial percentage to sport—and we all know what the national religion is in that State, although they do fund other things such as bowls.

This Parliament could, upon receipt of a report, decide to alter the principal Act in a particular way. However, if the practical effect was that the members of the committee, through the hearings and through the reports, were to influence management decisions, that would be unfortunate. Again, looking at some of the criticisms levelled at the foundation operating at arm's length, it is said it does not have sufficient arts expertise (although looking at it there are some people who on paper look to be pretty well connected with the arts) to assess the applications properly.

The question arises as to how much arts expertise the Public Accounts Committee has. The question arose in relation to the main body of criticism as to whether one salaried officer, having previous connection with the arts, would therefore be biased in favour of the arts. I do not know how one can win.

In relation to the question of bias, a committee such as the Public Accounts Committee consists solely of members of the House of Assembly who each have an electorate and constituents lobbying for changes in the emphasis. If one looks at the strength of lobbies between House of Assembly constituents, guess what? Sport wins every time. I rather think that is why it is 30 per cent, 7 per cent in Victoria. I think that it would be possible if the committee had the capacity to influence management decisions. However, I do not think that at the end of the day the Government of the day will depend solely on the opinion of the Public Accounts Committee. It will be one factor to be taken into account when the Government of the day considers whether or not a shift in emphasis of the disbursement of these funds is desirable and whether it was desirable to amend the Act accordingly, or put some policy in the Act.

On balance, I am happy to support this Bill, with a minor anxiety about the meaning or the effect of including "policies and practices" in it, and I would examine the merits of moving an amendment for a sunset provision if the Statutory Authorities Review Committee became law.

Finally, let me say something that only partly results from my experiences with this Bill, which has contributed to perhaps 20 per cent to 30 per cent of my views. Other events over the past two or three years have also contributed to those views. That is to say that the famous Adelaide rumour machine is not simply a quaint device that is known about nationally. It is not based merely on ignorance and a bit of a giggle. It is not even nasty: it is quite evil. Having said that, I support the second reading of the Bill.

The Hon. PETER DUNN secured the adjournment of the debate.

[*Sitting suspended from 6.3 to 7.45 p.m.*]

VIDEO MACHINES

Adjourned debate on motion of Hon. M.J. Elliott:

That the regulations under the Casino Act 1983 relating to video machines, made on 20 March 1990 and laid on the table of this Council on 3 April 1990, be disallowed.

(Continued from 10 October. Page 855.)

The Hon. R.I. LUCAS (Leader of the Opposition): I rise to oppose this disallowance motion and, in doing so, to support the introduction of video gaming machines in the Adelaide Casino. In my time in politics, I have heard a few nicknames attributed to me, some friendly and some not so friendly. As I left the Chamber this evening, one of my colleagues told me that my latest nickname is Cool Hand Luke, referring to my announced support for video gaming machines and the Casino and, I guess, my general attitude over the past seven years to gambling matters before Parliament.

It is fair to say that, more often than not, I have supported gambling issues that have been debated in Parliament. On reflection, I cannot think of one issue that I have not supported. When the Casino legislation was debated many years ago, together with a handful of my colleagues I supported the introduction of the Casino. I have also supported minor gambling matters such as betting on the Bay Sheffield, which for some strange reason required legislation; the introduction of TAB betting machines in hotels; and three or four other pieces of what could be termed gambling legislation.

As has been indicated by the Hon. Mr Griffin and other members who have spoken on this motion, this matter is deemed by the Liberal Party to be a conscience vote for its members. It is always a good indication of the breadth of opinion that exists within the Liberal Party when we as a Chamber debate an issue such as this or, indeed, any other issue that relates to gambling.

I believe that the Casino has been a great asset to South Australia. Whilst it was steeped in controversy in 1983 or 1984 soon after I came into this Chamber, I remember with some trepidation the arduous task as a new member in trying to decide my own personal conscience on the issue. My conscience was easy enough to decide but the question was whether I was game enough to vote that way, because it was a controversial issue at the time. I suspect now that it would not be as controversial, although I do not know. In the Liberal Party, opinion is still divided about the introduction of the Casino but, on that occasion, I think three or four members in this Chamber voted with Government members, as did two or three members in the other place, to introduce it. It is my feeling that it would not be such a controversial issue if it were debated during 1990, but that is speculation.

In retrospect, most South Australians would judge that the Casino has been a great asset to South Australia from the point of view of tourism, recreation and entertainment. On a number of occasions in recent months I have looked on a Saturday evening at the queues some 200 metres long at 11, 11.30, 12 and in the early hours of Sunday morning. They stretch from the Casino front door to North Terrace, with couples wanting to get into the Casino for entertainment and recreation. Obviously, whilst Saturday night is the peak period, if one goes to the Casino on odd occasions through the day or through the week, there is always a good amount of activity going on.

Whilst I support the Casino and have been to it with family and friends on a number of occasions, at this stage not a dollar of my money has been lost or gambled on the tables. I am sure that there are members in this Chamber

this evening who could not say that, and who have enjoyed the gambling at the Casino. Nevertheless, I enjoy the experience whether I am with friends or family. We take visitors to the Casino and invariably they are very impressed with the splendour, the layout and its general feel.

Whilst I disagree with some aspects of what other members in this Chamber have said in relation to their final decision on video gaming machines—and we have reached different decisions—I agree with all of them and, in particular, with the Hon. Mr Griffin and the Hon. Mr Burdett in relation to the concern that they have expressed about the way in which the Parliament and its members are debating this issue.

I will not go over in great detail the arguments developed by the Hon. Mr Burdett and the Hon. Mr Griffin in relation to a substantive policy such as this being debated as a result of a change in regulation, rather than a Government of the day introducing an amendment to the parent Act which is then debated as a substantive issue. I share the concerns of the Hon. Mr Griffin and the Hon. Mr Burdett and would have preferred to debate this issue in that way. Nevertheless, my concern about the way in which the Government is seeking to introduce video gaming machines into the Casino does not override my general view that we should have these machines in the Casino. Therefore, as I said at the outset, I will oppose this disallowance motion.

The Hon. Mr Burdett referred to the Act as a bit of a pig's breakfast. I have not heard that phrase used before—'a dog's breakfast' is one with which I am familiar, but I can only assume that a pig's breakfast is even messier. I agree with my colleague that the legislation is a bit all over the place because poker machines are specifically excluded. However, what we are debating here is a regulation which exempts video gaming machines from the definition of 'poker machines'. It is very untidy and messy and is not a preferred way for the Parliament to legislate but, whilst I express concern, it is not an overriding problem from my personal viewpoint.

The other matter that has been raised with me, which is of interest and of which I was not aware, is the suggestion that the Lotteries Commission, under its parent Act, already has the power to introduce poker machines or video gaming machines into any establishment in South Australia that it might choose. For example, I am informed that the Lotteries Commission Act currently allows—and certainly the officials of the Lotteries Commission believe this—the introduction of video gaming machines or poker machines into licensed clubs or hotels should the commission make that administrative decision, in much the same way as I understand the commission introduced Club Keno into clubs and hotels.

My Party debated whether a substantive policy issue such as this ought to have been determined by an administrative act in accordance with the Lotteries Commission Act rather than by specific amendment to the legislation. This may be a matter which this Parliament, as a result of action by other members, may wish to address at some time in the future.

The Adelaide Casino is the only casino in Australia which does not have video gaming machines. I do not have the figure before me, so I may stand corrected, but I understand that tens of thousands of South Australians go out of the State each and every year to gamble on poker machines or video gaming machines in other States. The figure which is at the back of my mind is over 100 000 people per year. The evidence before the Joint Committee on Subordinate Legislation will confirm whether that figure is accurate.

This week I had the opportunity to go to the Casino to be briefed on the types of video gaming machines and the layout for their introduction. I must say that a video gaming machine is much different from what I—and I suspect, most of the general public—understand a poker machine to be: a machine with a lever on the side of it which you feed continuously with money and get RSI of the elbow hoping for three lemons in a row to come up and lots of 20 cent pieces to tumble out on the floor. The video gaming machine is different from that.

The Hon. M.J. Elliott interjecting:

The Hon. R.I. LUCAS: The Hon. Mr Elliott displays the typical ignorance of the Democrats on some matters and, in particular, in relation to the contribution that I am making about the difference between a video gaming machine and a poker machine. I will not go over what I have just said for the benefit of the Hon. Mr Elliott, but the poker machine as I have described it is what most of the general public would think is being introduced into the Adelaide Casino.

There is no degree of skill involved in the use of a poker machine. I know, Mr Acting Chairman, that you appreciate the finer points of some games of chance and some aspects of gambling. That type of poker machine requires no skill; it is just a question of feeding money into the machine and pulling a lever, and it is a case of whether you happen to be lucky or, in most cases, unlucky.

Three sorts of machines will be introduced at the Casino. The first one I want to address is the blackjack machine. The blackjack machine requires virtually the same degree of skill as one requires when one plays blackjack down on the tables currently at the Casino.

As a punter or as a gambler you are playing against somebody, against the dealer. Downstairs you actually see the dealer and hope perhaps to read the dealer's mind or face but, generally, you cannot. You certainly cannot do that in relation to the machine. It is just a hand there but you are, in effect, gambling against the dealer. You are, in effect, trying to beat the dealer and you have to make some judgments. Do you want to draw another card or not? Do you want to sit? But you, as the gambler or the punter, have to make a choice. A degree of skill is required. It is not just a mindless pulling of levers on the side of the machine. You have to make some decisions. You have to try to work your numbers as best you can and the good ones are going to do a bit better than perhaps punters or gamblers like me.

I think that is an important point that many in the community, and perhaps even the spokesperson for the Australian Democrats on this matter, have not really grasped. These machines require an element of skill, an element of choice, as opposed to the old mindless pulling of levers.

Two other general machines will be used. One is the keno machine and the other is the draw poker machine. The keno machine, frankly, does not require too much in the way of skill but, indeed, it is much the same as playing keno downstairs on the tables, and that does not require too much skill, either. It really requires an option of choosing some numbers, and that is all you have to do on the keno machine. So if you compare the keno video gaming machine with keno as it is played down on the tables, you can say that it requires about the same degree of skill, which is really not much skill at all.

The draw poker machine certainly requires some element of choice as well. You have a hand of cards. You have a series of odds about whether you will get a flush, a straight, three of a kind or four of a kind. You have your cards and you have to discard some of those five cards. Then you take a punt on what your chances are of getting either three

of a kind, four of a kind, a straight or whatever. Again, there is a moderate amount of skill required. Those who have played poker before will know that the chances of drawing a card for an inside straight are a little more difficult than (and I am not sure of the correct term because I am a mere novice in this area) when you have four cards in a row and you are looking for a card at the end—

The Hon. R.J. Ritson: That's the open-ended one.

The Hon. R.I. LUCAS: My colleague calls that an open-ended one. I do not know what it is called but if you have four in a row and you are looking for a straight you have a greater chance of drawing a card at either end of that particular sequence of cards. If you are going for a card for an inside straight, your chances are certainly much less. So, certainly, with that machine a degree of skill is required if one is to play the draw poker video game machine at the Casino. Those three key types of game will be introduced at the Casino if this Parliament allows it.

Certainly, in the case of the blackjack machine, and to lesser degrees, in the case of the draw poker machine and the keno machine, one can argue persuasively in my view that they are machines much different to the old pokies, much different to what the general public believes might be being introduced into the Adelaide Casino.

I have also looked at some sketches of the proposed layout for the gaming machine room at the Casino. They were provided as part of the briefing. As I said at the outset, the casino is a terrific asset for South Australia. Some concern has been expressed to me that the poker machine room will be some beer swilling front bar with people paddling their way through spilt beer. However, the drawings and sketches that I have seen indicate that the splendour and general feel of the Adelaide Casino will be maintained. Punters will be perched on little stools in front of their little machine—

The Hon. R.R. Roberts: Flushed with enthusiasm!

The Hon. R.I. LUCAS: Yes, flushed with enthusiasm but perhaps not flushed with money for too long. But they will have made a conscious decision to walk through the front door of the Adelaide Casino to enjoy an evening's entertainment and recreation. In most cases, although not all, they will know how much they will punt or gamble for the evening and how much they can afford to lose for the evening. They will go to the casino after making a conscious decision to have some fun and enjoy the spirit of the Adelaide Casino. I do not believe that we, as a Parliament, ought to prevent those people who wish to gamble on video gaming machines in the Adelaide Casino—

The Hon. M.J. Elliott: Would you put them into hotels, too?

The Hon. R.I. LUCAS: I have an open mind about where video gaming machines are put. We are not being asked to debate that at the moment. The Hon. Mr Elliott raises the question of where else they might be introduced. Certainly, if he wants to introduce equity into the argument by allowing them into hotels and clubs, I would be happy to discuss that. I have indicated to the Hotels Association and to the Licensed Clubs Association that I have no fixed position on it. I believe that one can distinguish between the casino and clubs and hotels in relation to the degree of supervision provided in the casino as opposed to that provided in clubs and hotels. This Parliament laid down some very strict provisions under the terms of the Casino Supervisory Authority. It provided for officers independent of the casino to ensure that corruption is prevented within the operation of the casino.

Therefore, I believe that the supervision of the video gaming machines by those independent officers will ensure that we do not have the problems within the casino with respect to those machines that have been referred to perhaps in Royal Commissions in other States. I have said to the Hotels Association and the Licensed Clubs Association (and anyone else who wants to raise the matter with me) that before we agree to the introduction of these machines into clubs and hotels, we must resolve as a Parliament the degree of supervision, perhaps through some regulatory authority or agency that is provided, for those machines in clubs and hotels.

The Hon. M.J. Elliott: Perhaps you should do that before you let them go to the casino.

The Hon. R.I. LUCAS: I do not believe that, for the reasons I have just given. A recent parliamentary committee of inquiry in Queensland has raised the question of a supervisory or regulatory authority for the introduction of poker machines in that State, and certainly that is a matter of debate in Queensland at the moment. I have no doubt that those who wish to see the introduction of video gaming machines in clubs and hotels will need to address themselves to the question of how the Parliament and the general public can be convinced that there is proper supervision and oversight of the operation of those machines in clubs and in hotels.

The Hon. Mr Elliott deflects me from the matter before us at the moment, the matter of video gaming machines in the casino. When considering these three types of video gaming machines, I want to refer to a concept or consideration—that is, the return to the player as a percentage of the turnover on those machines. It has not been decided finally in South Australia, although recommendations have been made by the casino to the appropriate authority. The casino cannot set the amounts itself: it must make recommendations and the appropriate authority makes the final determination as to what the return to the player, or the win as a percentage of turnover, will be.

The casino has been able to advise me in general terms of the average return to the player as a percentage of turnover in virtually all other casinos in Australia. Without giving me details of their submission, they believe that the return in the Adelaide Casino would not be much different from the national average.

When one looks at the blackjack video gaming machine, on average, the return to the player as a percentage of turnover is 96.5 per cent. That means that, as a percentage of turnover, the casino take on the blackjack gaming machine is approximately 3.5 per cent. I am told by the casino management that the return to the player at the blackjack tables downstairs, as a percentage of turnover, again is 96.5 per cent, and the casino take is 3.5 per cent.

When considering keno, the return to the casino from the video gaming machine as a percentage of turnover is 10 per cent. The return to the player as a percentage of turnover is 90 per cent. With respect to the keno downstairs at the casino, the comparative figures are 25 per cent return to the casino as a percentage of turnover and 75 per cent return to the player as a percentage of turnover. Finally, comparative figures for the draw poker video gaming machine are 90 per cent and 10 per cent, while for the tables downstairs it is 80 per cent and 20 per cent.

The reason I highlight this concept of the return to the player as a percentage of turnover is the view that I made known today, that is, when one looks at the return to the player as a percentage of turnover on the video gaming machine, it is always higher than the return to the player as a percentage of turnover on the same games downstairs.

The Hon. M.J. Elliott: A different speed of betting; that mathematically makes a difference.

The Hon. R.I. LUCAS: The Hon. Mr Elliott was a graduate in science, not mathematics: that is clearly evident. One can look at other concepts, at what I am told is the return to player as a percentage of drop and calculate that in relation to the tables downstairs. The Hotels Association and others have indicated to me that those figures, certainly for the casino, are higher, if you want to do those calculations. In relation to the video gaming machines, one cannot do those calculations because it is basically a question of how much coinage or money is going through the particular machine.

I certainly acknowledge that one can do other calculations and, as I said, one can do calculations in relation to the return to player as a percentage of drop. But, if one uses the figure of the return to player as a percentage of turnover and compares the gaming machines with the tables for the very same games, the percentage is always very much higher in the case of Keno and draw poker, and at least the same for blackjack.

The Hon. Peter Dunn: Lower trigger point.

The Hon. R.I. LUCAS: The Hon. Mr Dunn interjects that there is a lower trigger point. If he is talking about the amount of money being put in, the machines are geared for 20c and $1 coins, and that is the intention with the initial introduction of video gaming machines.

The Hon. Peter Dunn: It appeals to the lower socioeconomic group.

The Hon. R.I. LUCAS: It certainly appeals to those who perhaps come from a lower socioeconomic group; or certainly it might appeal to those who might be a bit reluctant to sit at a table with a number of other punters and try to play their particular game downstairs. Many people would like to gamble by themselves, if one can use that phrase, and to gamble in front of a video gaming machine. There is certainly no intention at the moment for a $2 video gaming machine, but I would imagine that some time in the not too distant future $2 video gaming machines will be introduced. The casino still has, as some members would be aware, $2 tables within the casino, but that is not making money for it. Whilst the casino has not indicated to me any intention, it would be my view that in the longer term, if the video gaming machine is introduced, we may well see the demise of the $2 gaming table and the introduction of $2 video gaming machines.

As I indicated at the outset, in my view good security will be provided within the casino for the video gaming machines. We were shown the inside of these machines. They contain a sealed microchip board and random checks will be made of these machines and boards and, if the seal is broken, the supervisory authority will be made aware of that and it will then initiate an investigation into what occurred.

The final issue I want to address is the question of whether we, as a Parliament, can protect people from themselves. It is my view, in relation to gambling and in relation to what we provide within the casino, that we cannot protect people from themselves within the casino. Already some one dozen games are provided within the casino and, as I said, thousands of people every year make a conscious decision to walk through that front door and to gamble. There are some who said that we should never have provided a casino in South Australia. As I said, that is not a view I share.

Those who want to gamble and those who, sadly, gamble to excess will, with or without the casino or with or without video gaming machines in the casino, find ways of gambling. So, I do not share the view, genuine though it might be, of members that by not allowing the introduction of video gaming machines into the casino we will prevent those people in our community from gambling to excess. If it is not at the casino it will occur at the dogs, the trots, or wherever they find an outlet for their gambling instinct.

I certainly share the view of some of my colleagues that, with the introduction of the casino, the Government promised, through Mr Groom, the member for Hartley, on behalf of the Premier, to conduct an inquiry into gambling in South Australia. That was a commitment made by the Premier. It is another promise made by honest John that has not been kept. I support the views of other members who have spoken in this debate that the Government should honour that commitment to conduct an inquiry into the range of gambling options and the effects of gambling on the community.

Rather than looking at just trying to establish an inquiry into gambling, I also think that the Government ought to be looking at providing assistance in whatever form—whether it be help for organisations like Gamblers Anonymous or extra counselling facilities through the Department for Family and Community Services—for those people in our community who are for whatever reason addicted to gambling. There are certainly many hundreds, perhaps even thousands, of those people in our community. They exist already before the introduction of video gaming machines. As a Parliament we ought to be calling on the Government to do more about the cry for help from many of these people.

I retain my view—a very strong personal view—that a decision to introduce video gaming machines within the Adelaide Casino will not increase or reduce in any way the number of those people in our community who are, sadly, already addicted to gambling or susceptible to gambling to excess. I indicate my support for the introduction of video gaming machines into the Adelaide Casino and my opposition to the motion to disallow the regulations.

The Hon. L.H. DAVIS secured the adjournment of the debate.

PARLIAMENTARY REMUNERATION ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 10 October. Page 848.)

The Hon. C.J. SUMNER (Attorney-General): The Government opposes this Bill but, in doing so, proposes to put in place a mechanism for resolving some of the concern expressed by speakers in this debate and by other members on other occasions. A number of speakers have claimed that the Government is discriminating against Liberal members of the Council by starving them of resources. The claim is that the Government is attempting to stifle the proper scrutiny of Government policy and legislation. The fallacy of that claim is exposed by the same speakers who, in their contribution, called on Labor members of this Chamber to support this Bill because they, too, were not receiving the resources that the Liberal members perceived to be necessary.

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: Why this call for solidarity if there is a genuine belief that it is only the Liberal members who have been denied resources? A consistent theme running through the contribution of Liberal members has been the perceived need to break Parliament's independence on

the Executive for resources. That is an interesting position given the performance of the Liberal Party when it had the opportunity to act on its principles—these so-called 'principles'—when it was in Government. I do not want to dwell on that—

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: It is all very well to say that it was nine years ago.

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: I do not believe that the work that members opposite do now is any more than I had to do between 1979 and 1982. In fact, I am absolutely sure that you have no more to do than what I had to do between that period.

The Hon. L.H. Davis: It is quite different.

The Hon. C.J. SUMNER: I would certainly have done considerably more in that period than what you do now, Mr Davis. You seem to have plenty of time to indulge your own personal interests, as indeed do a number of other members opposite who have their various businesses, whether it be farms, legal practices, or whatever. So, it is all very well for them to come into this Chamber and bleat about the lack of resources when we know full well that many of them are not devoting their full time to their jobs in the Parliament. What they want are resources so that they can spend more time in their private businesses than they spend at the present time.

Members interjecting:

The Hon. C.J. SUMNER: Well, you deny it if you are not running your private businesses.

Members interjecting:

The Hon. C.J. SUMNER: You do legal work; you have got a business.

The SPEAKER: Order! The honourable Attorney-General will address the Chair.

The Hon. C.J. SUMNER: The point I am making—

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: —which is a reasonable point, is that the work that is meant to be—

Members interjecting:

The PRESIDENT: Order! The honourable Attorney-General will address the Chair.

The Hon. C.J. SUMNER: What about interjections?

The PRESIDENT: Order! The honourable Attorney-General will address the Chair.

The Hon. C.J. SUMNER: The point I am making is that I do not believe members opposite have any more to do than I did between 1979 and 1982. The fact of the matter is that while they bleat about a lack of resources, I did that work, as Leader of the Opposition, with one steno-secretary; that is the only staff I had.

The Hon. L.H. Davis interjecting:

The Hon. C.J. SUMNER: Just a minute. All the other nine members who sat behind me between 1979 and 1982 had one secretary.

Members interjecting:

The PRESIDENT: Order! Members will have the chance to enter the debate if they so desire. The honourable Attorney-General.

The Hon. C.J. SUMNER: Just to show how generous the Hon. Mr Griffin was as Leader of the Government in this place in those years—

The Hon. K.T. Griffin interjecting:

The Hon. C.J. SUMNER: Well, you had a fair bit to do with it.

The Hon. R.I. Lucas: This is schoolyard stuff: listen to you.

The PRESIDENT: Order!

Members interjecting:

The PRESIDENT: Order! The honourable Attorney-General has the floor.

The Hon. C.J. SUMNER: You are putting on a very good performance.

Members interjecting:

The PRESIDENT: Order! The honourable Attorney-General has the floor, and honourable members will have the right to enter the debate if they so desire.

The Hon. C J. SUMNER: I will get onto the—

The Hon. R.I. Lucas: This is schoolyard stuff; get on with it.

The Hon. C.J. SUMNER: If you would stop interjecting, I will make the point.

The Hon. R.I. Lucas interjecting:

The Hon. C.J. SUMNER: Mr President, I seek leave to conclude my remarks.

The PRESIDENT: The Attorney has sought leave. There being a dissentient voice, leave is denied.

The Hon. C.J. SUMNER: Now that I am continuing, I hope I can make the point I was about to make in the absence of interjections from members opposite. I do not believe that members opposite have anything more to do than what I had to do as Leader of the Opposition between 1979 and 1982.

By the grace of the Tonkin Government, I was given one steno secretary. When I made the simple request to that Government that I have the right to choose that secretary at large with the same status and the same salary, no matter where she was employed, whether in the Public Service or outside the Public Service, that was refused by the Griffin led Government in this Chamber. I was forced to engage someone from within the Public Service and, in that sense, I was not even given a free choice. It is these very same people, particularly the Hon. Mr Griffin who was the Leader of the Government at the time, who are now bleating about the fact that they do not have adequate resources to deal with the business before the Council. With the one steno secretary, I did all the work that the Hon. Mr Griffin does now and more.

The Hon. Diana Laidlaw: Was that good enough?

The Hon. C.J. SUMNER: Well, I managed it. Since that time, members opposite have been given the right to employ the Leader of the Opposition's staffer as a research officer at a much higher salary than that at which a stenographer or clerical officer could be employed. That is a significant improvement in facilities that members opposite have over those that I had. An additional stenographer or clerical officer has also been provided to members opposite. I only raise that point, and I can understand why members opposite have got so excited about it. I have raised the point because I have no time for the Hon. Mr Griffin's bleating hypocrisy about this matter, coming into this Chamber bleating that he has no resources. He runs a private legal practice. He supplements his income with legal work and then complains when he gets in here that he does not have enough staff to do the work that he is paid to do by the Parliament. When I made that simple request to him in 1979, just to be able to choose my secretary at large, he refused.

Members interjecting:

The Hon. C.J. SUMNER: I am just making the point.

The Hon. L.H. Davis interjecting:

The PRESIDENT: Order!

The Hon. L.H. Davis: You have had a 40 per cent increase in ministerial staff over the past eight years, and that is a fact.

The PRESIDENT: Order! The Hon. Mr Davis will come to order.

The Hon. C.J. SUMNER: I was making the point that I have no time for his bleating hypocrisy on this topic.

Members interjecting:

The PRESIDENT: Order! The honourable Attorney.

The Hon. C.J. SUMNER: Having made the point about the failure of the—

Members interjecting:

The Hon. C.J. SUMNER: Well, members opposite are obviously getting excited about it because they know the truth of the matter. They are agitated about it, and so they should be.

The Hon. Diana Laidlaw: It is uncivilised, absolutely uncivilised, the way the staff is worked in this place.

The Hon. C.J. SUMNER: The Hon. Ms Laidlaw interjects.

The Hon. Diana Laidlaw: With good reason.

The Hon. C.J. SUMNER: I am just suggesting to members opposite that, when we were in Opposition, we were able to manage with the resources we were given. You are not.

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: And you run your own businesses while you are doing your work in Parliament.

The Hon. K.T. Griffin: You ask your backbenchers whether they can cope now.

The PRESIDENT: Order! The honourable Attorney-General has the floor.

Members interjecting:

The PRESIDENT: Order! The Hon. Mr Davis will come to order.

The Hon. C.J. SUMNER: All I am saying is that the generous Mr Griffin, in those days, would not even allow me to choose my secretary from outside the—

Members interjecting:

The PRESIDENT: Order! This is a very emotional issue. The Council will come to order. The honourable Attorney-General.

The Hon. C.J. SUMNER: It is not an emotional issue as far as I am concerned, I can assure you, Mr President. I am merely concerned to point out the facts. The problem is that members opposite do not like the facts.

Members interjecting:

The PRESIDENT: Order! The honourable Attorney-General has the floor.

The Hon. C.J. SUMNER: Thank you, Mr President. Having made the point about the failure of the Liberal Party to address the needs of members of Parliament in the past, it is important to note that the Labor Government's attitude to the Opposition Parties has not been driven by malice or the desire for retribution—

Members interjecting:

The PRESIDENT: Order! The Council will come to order.

Members interjecting:

The PRESIDENT: Order! Repeated interjections are out of order, as every member knows. The honourable Attorney-General.

The Hon. C.J. SUMNER: The Labor Government's attitude to the Opposition Parties has not been driven by malice or the desire for retribution. The Labor Government has a much better than average record for resourcing its political opponents.

First, I deal with the Leader of the Opposition. In July 1989, new arrangements for funding the Leader of the Opposition were adopted by this Government. The new arrangements give the Leader a high degree of autonomy and flexibility, which is not shared by Ministers. The main features of the new arrangements are: an annual grant to cover all office expenses; complete discretion as to how those funds should be allocated rests with the Leader; guaranteed funding in line with CPI increases; and the ability to carry over funds from one year to the next.

Furthermore, in March 1990, the Premier made an offer to the Leader to increase funding and to upgrade accommodation. The funding offer amounts to about $103 000 additional in the current year and has been accepted by the Leader.

In relation to accommodation, the offer involved leasing and commissioning accommodation to establish a suite for the Leader in a building within 100 metres of the Parliament. It is understood that the Leader rejected the proposal on the basis that the offer did not include any provision for additional offices outside the Parliament for Liberal members representing country electorates. It is unfortunate that the proposal was not accepted as it would have created the opportunity to improve accommodation, albeit marginally, within this building for Opposition members.

The Government's record in establishing and equipping electorate offices is very reasonable, given the budgetary constraints under which the three Bannon Governments have had to operate. Speakers in this debate have exhibited quite childish sibling jealousies in referring to some of the modest gains such as fax machines which have been agreed to for members of the other place. It should be recognised that, because the electorate offices of members of another place are remote from Parliament House, they do not have the capacity to share resources and equipment such as fax machines. Therefore, it is incumbent on the Government to provide facilities on an individual office basis.

I have outlined additional resources for the Leader of the Opposition, Opposition members and Government members in this place and, of course, the significantly increased additional resources for the Australian Democrats, so it would have to be agreed that the Government has been reasonable within its financial constraints in dealing with the claims of members for additional facilities.

The Government is not attracted to the proposition embodied in this Bill that the Remuneration Tribunal be empowered to determine staffing resource levels for members. The existing jurisdiction of the tribunal is quite another matter. It is appropriate that an independent body other than persons who are direct beneficiaries and recipients should determine electorate and expense allowances. Any increases to the allowances are not likely to have more than a very marginal impact on the budget. On the other hand, the provision of resources generally to the Parliament and to its members is likely to have a significant impact on State finances. Accordingly, it is not appropriate that an independent tribunal with no responsibility for managing State finances have jurisdiction to make decisions in this area.

The Parliament and its members should not stand separate from the community and be insulated from economic and financial imperatives which shape a budget—and I would have thought that members opposite would agree with that. It is most unreasonable to expect essential and other Government services to be subject to austerity measures while members of Parliament have access to a tribunal that is not required or in a position to assess the relative needs of the various agencies and services competing for

scarce funds. That is not a criticism of the tribunal, but merely a recognition of what the Government believes to be the proper limitation of its jurisdiction.

As I already indicated, the Government supports some aspects of the reasoning behind this Bill. It believes that the Parliament through its members should control its destiny and should set its own priorities for the allocation of resources subject, of course, to guarantees that individual members will not be unfairly discriminated against.

For several months now the Government has had under consideration a proposal suggested by the Independent Labor member for Elizabeth (Mr Martyn Evans) to reform the mechanism for funding Parliament. This proposal, if adopted, would guarantee the Parliament a high degree of autonomy and discretion in relation to the allocation of funds. The member for Elizabeth proposes that all moneys voted under various lines in the budget for the running of the Parliament or to support members of Parliament be consolidated into several lines and voted to the Parliament itself to manage and control.

Global limits will have to be set in the budget process, and this could be done possibly by way of a parliamentary appropriation Bill that would run in tandem with the regular Appropriation Bill or this could be done in the regular Appropriation Bill but with a separate and consolidated line relating to the Parliament. In the final analysis, of course, the Government, which has control in the House of Assembly—and that is why it is the Government—would have a say in the final determination of the budget. That is as it should be for the reasons I have already outlined, and, in our view, it is irresponsible to hand over to an independent tribunal the question of resources which may have significant impact on budgets, and to set parliamentarians and the resources they get apart from the general considerations that apply to budget preparation.

However, the important part of this proposal would be that representatives of Parliament would negotiate directly with, say, the Minister of Finance initially on budget levels from year to year. In this way, the Parliament would be able to argue its case as part of the budget process initially, and ultimately in the Parliament, without the competing interests of other agencies which form part of the process of bilateral negotiations between the Minister of Finance and different Ministers—and this is part of the problem—who are now responsible for the management of funds allocated to the Parliament. So, instead of having separate Ministers who would argue cases on behalf of the Parliament to the Minister of Finance, the Parliament itself would do this. This is constitutionally correct, recognising the fact that the Parliament is the legislative arm of government, from which the Executive arm of Government in any event derives its authority.

So, apart from the issue of principle, which I think is desirable, there is also the practical advantage of such a proposal in that those responsible for spending the money in the Parliament are also within a global amount that would be awarded. The managers in the Parliament—the President and the Speaker being their representatives—would determine the requisite allocations after discussions with the Parliament. In other words, the management of funds would be close to where the funds are being spent—and I think that is desirable from a practical point of view.

Clearly, this proposal needs further development to determine appropriate mechanisms for undertaking bilateral negotiations over global funding levels, to determine the allocation of resources within that global level and to determine delegations of authority. The Government accepts that, before this proposal could operate effectively, a proper base would have to be agreed to. In other words, I would not expect members opposite to accept the current base as appropriate. There would need to be negotiations about two matters: first, an appropriate base and, secondly, which matters now funded for the operations of Parliament would be part of the global figure.

Presumably, parliamentary salaries would not come into the global figure, but there are questions whether payments to the various committees, motor vehicles for various officers of the Parliament, and research officers for select committees would be included in that figure. Those issues would have to be determined. Indeed, the big question is whether electorate offices would come within the global figure to be allocated to the Parliament. The Government believes that there would have to be discussions to arrive at an agreed position on which items would be included in the global figure and what is an appropriate base.

Once those matters were agreed then, within the appropriation to the Parliament, it would then be possible for the Parliament to shift funds from one allocation to another. In other words, there would be one, two or perhaps three line funding. If within a particular appropriation adjustments have to be made because of overspending in one area and underspending in another, this could be done without having to go back to the Parliament. Under this proposal that same situation would apply to the Parliament as a whole. These issues will most likely require an examination, in determining who has the authority, of the role of the Presiding Officers and the Joint Parliamentary Services Committee.

The Government proposes that the proposal first floated by Mr Martyn Evans be referred to an informal working group of representatives of all Parties, Independent members, Presiding Officers, and the Clerks. A Government Minister—who, I believe, would be Mr Mayes—would chair the meeting, and it is proposed that a Treasury officer would attend to provide advice. The alternative of proceeding formally and establishing a select committee or a joint select committee was considered but not favoured by the Government. All Party and individual representation on a select committee would be made more difficult and delays are more likely to be encountered through the need to observe the formalities of a select committee.

The Government remains open on the question of a joint select committee but is concerned that such a course of action would put in jeopardy a timetable that would see implementation of the proposal in the 1991-92 financial year, subject of course to resolving the outstanding issues outlined above. In other words, the Government proposes the establishment of an informal working group, chaired by the Minister of Housing and Construction, to begin to deal with this issue immediately, if it is agreed upon, and if this Bill is not proceeded with.

A select committee, however, remains an option, if the Council would prefer to deal with this issue through a select committee. I only suggest to members that a select committee may delay the process, as such committees inevitably do. The Government would, in principle, wish to approach the question of increases to global allocation for Parliament in a similar way to other public sector spending.

First, increases would be subject to the State's capacity to bear the cost. Members opposite should support that proposition. After all, their Leader's response to the eighth Bannon budget was that it did not cut deeply enough into public sector spending. That is clearly the position of members opposite. Secondly, the Government would wish to encourage greater efficiency in the use of public moneys. In this regard, the Government believes some useful outcome

could be achieved through a more rational approach to the running of a Parliament. Greater cooperation and sharing of resources between the Houses is an area that requires serious examination, unfettered by historical jealousies between the Houses and anachronistic views on the running of Parliament which have characterised issues such as the opening of the centre doors.

Members interjecting:

The Hon. C.J. SUMNER: The only point I am making is that there is a distinct lack of cooperation in the running of the Parliament between the two Houses, and I do not want to go into the reasons why that has occurred. They are well-known to all members, and I do not say that the blame for the problem lies on one particular side or the other. The reality is that the Parliament, that—

The Hon. R.J. Ritson: The lack of a salary for another messenger—

The Hon. C.J. SUMNER: When global funding comes in, you can fix it all up. You can decide whether you want another messenger, a fax machine, a typist or whatever. What the honourable member says about the cost of an extra messenger raises the point very precisely. While the Legislative Council and the House of Assembly have their separate constitutional responsibilities, it seems to me that, if the Houses could cooperate more in the running of Parliament, savings could be made.

Some of the debates—the centre door debate, the debate about the billiard room and some of the other bizarre disputes that occur in this Parliament—are really a disgrace. One can only suggest to members that, if this global funding proposal came in, perhaps the responsibility for these matters would rest here in the Parliament and members would all have to start thinking about making their own responsible decisions about whether the billiard room should continue or not. It is an absolute disgrace that there are two billiard rooms sitting on the first floor that are hardly ever used; that is space taken up. It is a disgrace and yet it is members opposite, generally, who are the strongest proponents of retaining the Legislative Council billiard room. To try to get the billiard room removed, because it is a Legislative Council billiard room, is absolutely impossible. The Hon. Mr Griffin may have even tried it between 1979 and 1982. Certainly, the proposal has been raised—

The Hon. K.T. Griffin: The Executive didn't intrude into the affairs of the Parliament.

The Hon. C.J. SUMNER: Come on! It certainly interfered with my staffing arrangement pretty significantly.

The Hon. K.T. Griffin: Your staffing arrangements were no different from what Dunstan, Corcoran and, before them, Walsh imposed on us!

The Hon. C.J. SUMNER: I made a simple request; that is all.

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: I merely make the point that if the Council had greater responsibility for spending the funds one would hope that the jealousies, the arguments and the carry on which is enormously debilitating to everyone concerned would stop to some extent because there would be a certain amount of money and members would have to allocate it.

The Hon. K.T. Griffin: What is debilitating about a debate on—

The Hon. C.J. SUMNER: I am not in the least bit interested; I couldn't care less whether you—

The Hon. K.T. Griffin: What's debilitating? It's nonsense.

The Hon. C.J. SUMNER: It is not nonsense, as the honourable member knows. If the public knew how much time was spent in this House on arguing about billiard rooms, the opening of doors and all the other myriad things that members get uptight about, it would be a disgrace and the public would see it as a disgrace.

The Hon. K.T. Griffin: Those issues have not been debated in this House.

The Hon. C.J. SUMNER: Not yet, but if you go anywhere around in the lobbies outside it is about all members can talk about.

Members interjecting:

THE PRESIDENT: Order!

The Hon. C.J. SUMNER: I make the point that those matters would need to be resolved, obviously, and they would be resolved to a much greater extent if there were this global funding proposal. The Government does not support the Bill but invites members opposite to accept the proposal that I have outlined in principle, to establish the working group as soon as possible and to flesh out the proposals which I have outlined earlier.

The Hon. I. GILFILLAN secured the adjournment of the debate.

SOUTH AUSTRALIAN FILM CORPORATION

Adjourned debate on motion of Hon. Diana Laidlaw:

1. That a select committee of the Legislative Council be established to consider and report on—
   - *(a)* the circumstances surrounding both the appointment and resignation of Mr Richard Watson as Managing Director of the South Australian Film Corporation;
   - *(b)* options for the future of the corporation; and
   - *(c)* all other matters and events relevant to the maintenance of an active film industry in South Australia.
2. That Standing Order 389 be so far suspended as to enable the Chairperson of the committee to have a deliberative vote only.
3. That this Council permits the select committee to authorise the disclosure or publication, as it thinks fit, of any evidence presented to the committee prior to such evidence being reported to the Council.
4. That Standing Order 396 be suspended to enable strangers to be admitted when the select committee is examining witnesses unless the committee otherwise resolves, but they shall be excluded when the committee is deliberating.

(Continued from 22 August. Page 475.)

The Hon. I. GILFILLAN: The Democrats will not support the establishment of this particular select committee. The matters raised, quite properly in my view, by the Hon. Diana Laidlaw in regard to general issues relating to the Film Corporation Arts Department in general were ostensibly addressed by the Minister in her announcement to establish a particular task force to review the situation. I am prepared to give that an opportunity to address the problems. I will leave the matter until that has been considered both by the Minister and this Parliament before making any further decision as to whether a select committee is justified in that area. The first term of reference is:

- *(a)* the circumstances surrounding both the appointment and resignation of Mr Richard Watson as Managing Director of the South Australian Film Corporation;.

This was the main issue that delayed my decision on whether or not to support the motion. I have had opportunities to have discussions about that particular term of reference and have come to the conclusion that, on balance, there would not be the opportunity for report or for information of value to come forward from any person or organisation involved in that matter.

The Hon. Diana Laidlaw: Was it a secrecy contract?

The Hon. I. GILFILLAN: I am not prepared to disclose to the Chamber details of conversations. I have treated the motion seriously apropos the worth of a select committee. I have treated it responsibly, and I can only say that it is my balanced judgment, having taken into account all the comments and information that has come to me, that no useful purpose would be served by supporting the establishment of a select committee on that term of reference *(a)*. I am prepared to give the Minister's task force a chance to do its work in the other matters raised by the Hon. Diana Laidlaw, and I give her an undertaking that if, in the fullness of time, that is not found to be satisfactory, the Democrats will review the situation.

The Hon. L.H. DAVIS secured the adjournment of the debate.

ENERGY SOURCES

Adjourned debate on motion of Hon. J.C. Irwin:

1. That a select committee of the Legislative Council be established to inquire into, consider and report on—
   (a) alternative sources and types of energy for electricity generation and heating to those currently used to provide the majority of South Australian consumers with their personal, domestic and industrial needs;
   (b) methods of conserving this energy and the comparative economic costs and advantages in doing so;
   (c) the truth, or otherwise, of claimed environmental and economic consequences of using, or not using, any of the suggested alternative sources and types of energy which are drawn to the attention of the committee;
   (d) the Government decision to establish wind driven electricity generating equipment at Coober Pedy and the National Energy Research Development and Demonstration Council (NERDDC) and other expert opinion and recommendation relating to it;
   (e) the effectiveness or otherwise of the process of 'wide public consultation' to have been undertaken by the Government, in keeping with the commitment to do so given in the Address of His Excellency at the opening of the first session of the Forty-Seventh Parliament;
   (f) any related matters.
2. That Standing Order 389 be so far suspended as to enable the Chairperson of the committee to have a deliberative vote only.
3. That this Council permits the select committee to authorise the disclosure or publication, as it thinks fit, of any evidence presented to the committee prior to such evidence being reported to the council.

(Continued from 22 August. Page 477.)

The Hon. I. GILFILLAN: I move:

Paragraph 1—
Subparagraph *(a)*—
Leave out 'sources and types of'.
Leave out 'personal'.
Subparagraph *(b)*—
Leave out 'this'.
Leave out 'economic'.
Subparagraph *(c)*—
Leave out 'the truth, or otherwise of claimed'.
Subparagraph *(d)*—
Leave out 'the Government decision to establish'.
Leave out 'and other expert opinion and recommendation relating to it'.
Subparagraph *(e)*—
Leave out 'the effectiveness or otherwise of'.
Leave out 'to have been undertaken by the Government'.
Leave out 'to do so'.
After subparagraph *(e)*—Insert the following new subparagraph:
(f) amendments to the Electricity Trust of South Australia Act 1946, appropriate to subparagraphs *(a)*, *(b)*, *(c)* and *(d)*.
Subparagraph *(f)*—Leave out '*(f)*' and insert "*(g)*".

I indicate that the Democrats support the establishment of the select committee as called for by the Hon. J.C. Irwin. The amendments are aimed at tightening up the wording, with only minor variations as to intent. Concerning the more substantial amendment to the motion, that is, new subparagraph *(f)*, I believe that we will have to address the charter of ETSA in due course if there is to be a substantial and real difference made in the way electrical power is produced and used in South Australia.

I would not attempt to presume what the findings of the select committee will be, but I have had discussions with the Hon. Jamie Irwin and I understand that he is amenable to all these amendments. It may be that the select committee will not think any amendments should be made to the ETSA Act, but it would be unfortunate if the select committee did not have the opportunity to recommend amendments to the Act if, after having studied the matters and come to some conclusions, it did not have the power to make such recommendations.

I remind members that, to a large extent, the substance of this select committee actually picks up the shortfall on the select committee, formed on my motion originally, on energy and its sources in South Australia. However, it did not have the opportunity to fully address these matters. Therefore, it was with a quite considerable amount of satisfaction, and I might say gratitude, that I found that the Hon. Mr Irwin had picked up this matter and formed a motion for a select committee. I do not expect that the committee will bring in a report very quickly as the matters will take some time to properly consider.

All of us are aware that we have quite a menu of select committees before us in this Parliament, and therefore I certainly would not be impatient for this committee to present its report. However, that does not mean that it should not properly get started and have evidence and submissions prepared to bring before it.

I indicate, with the amendments I have moved, the enthusiastic Democrat support for the select committee. I look forward to its eventual report being accepted by this Parliament and having consequentially a substantial effect on the efficiency with which this State uses energy, the responsibility with which this State will use fossil fuels for its energy generation in the future and for what could and should be a very exciting avenue for this State to develop in the area of alternative energy generation.

As members know, for years I have held the view that there is an enormous and exciting prospect for real and innovative work to be followed by the development and manufacturing of products and technologies. We are fully capable of doing substantial work along those lines in South Australia which would benefit the State financially as well as having the desired effect in the amounts and origin of energy that we use in this State. I indicate the Democrats' support for the select committee.

The Hon. T.G. ROBERTS secured the adjournment of the debate.

FREEDOM OF INFORMATION BILL

Adjourned debate on second reading.

(Continued from 8 August. Page 90.)

The Hon. T. CROTHERS: When the Hon. Martin Cameron last spoke to this Bill in this Council on 8 August this year, he said:

I repeat that it would be far better for all concerned if we sat down and had a discussion about this Bill which is based on the

Attorney's own Bill. I remember the Attorney saying that the Bill seemed to have no great fault in it in relation to its content because it was based on his own report. Let us put the two Bills together and get the best out of each of them before we start debating them in this Council. For once in this place let us obtain a consensus view and introduce a Bill that will not involve any argument between the various Parties. I do not want an argument with anyone in this matter. It is a matter of commonsense and it is a basic tenet of democracy to have it.

I find myself in agreement with that gentleman for the way in which on that occasion he expressed himself on the matters of consensus and commonsense and, above all, there was his statement on the basic tenet of democracy. I know for a fact that the Attorney-General is also warmly disposed to consensus, commonsense and democracy, as members opposite will shortly find out.

Members opposite well know that the Attorney-General has been putting together a draft Bill on freedom of information and we on this side of the Council, including the Attorney-General, are disappointed that the Bill as yet has not been presented to this Council for its consideration. However, when members opposite are informed why this is so they too will have a better understanding of the reasons for the delay in presenting the Government's Bill.

Being mindful of the Hon. Mr Cameron's call for the development of a consensus position, in what is viewed by many, including some members of the Opposition, as a fairly important, somewhat delicate position, the Attorney-General determined to open up discussions with local government about its views on freedom of information. He did this because of his view that the affairs of local government should also be subject to the freedom of information legislation as it, in his view, is yet another arm of government in South Australia with legislative powers. He, too, like the Hon. Mr Cameron, believes that the best way forward on the matter of freedom of information is by consensus. These discussions commenced with local government back in May this year, and they are still at this time ongoing. I believe it is a fact that they are very nearly completed.

I do not know whether or not members of the Opposition intend to go to a vote on this matter this evening, or indeed how the two Democrat members in this Council will vote if the issue goes forward for consideration. However, let me say that the delay in the introduction of the Government's freedom of information legislation is brought about by the Government trying to ensure, first, a consensus position as appealed for by the Hon. Mr Cameron and, secondly, the widest possible access for members of the South Australian public to all levels of Government in this State whose activities members of the public may have an interest in. In the Government's view, this includes local government. Incidentally, this consideration was not in the Hon. Mr Cameron's Bill. I appeal to members of the Liberal Party and the Democrats to deeply consider the remarks I have made. I seek leave to conclude my remarks later.

Leave granted; debate adjourned.

HOMESURE INTEREST RELIEF BILL

Adjourned debate on second reading.

(Continued from 10 October. Page 861.)

The Hon. L.H. DAVIS: I thank members for their contributions. I am pleased to note that the Democrats support this important measure. As members will remember, this is in fact the second time this legislation has been before the Council, and indeed it was supported on the last occasion. Notwithstanding the fact that there has been a decrease in housing interest rates in recent days, the necessity for the Bill remains. One has only to read tonight's *News* to recognise that many people are still paying more than 15 per cent which, of course, is the rate that triggers support for Homesure interest relief.

Honourable members, particularly those opposite, will need no reminding of the fact that the Government blatantly broke its election promise with respect to Homesure, which was of course promised at the November 1989 State election. At that time Premier Bannon indicated that 35 000 families would qualify for Homesure benefits of $1 040 per annum at a cost of $36 million in the first 12 months. There was very little disagreement with that figure because, as members opposite will also remember all too well, the Bannon scheme largely mimicked the scheme which had been thoroughly costed and well thought through by the Liberal Party. That scheme was of course presented by the then Liberal Party Leader, John Olsen, as a key plank in the Liberal Party's election speech.

The fact that the Bannon Government hastily cobbled-together its promise was all too evident, in the fact that it actually had to change the name of its scheme because it had found that its chosen name had, in fact, already been registered. That in itself was a sure sign that very little thought had been given to the matter. In fact, it became all too clear that what is now known as the Homesure Interest Relief Bill was a 24-hour election fix by the Bannon Government.

Following the Bannon Government's re-election, it advertised the Homesure scheme, as it had been promised at election time, in early January and, subsequently, within a few days it changed the criteria of the scheme to severely limit the eligibility of home buyers to that scheme. In fact, the scheme was so tightened that it effectively excluded 90 per cent of home owners who otherwise would have been eligible. Put another way, instead of the promised 35 000 or 36 000 families qualifying in the first 12 months of the operation of this scheme, it appears now that something rather less than 3 000 families will qualify for Homesure.

The latest figures are not available. It was interesting to see that, of course, the Government in its contribution said nothing of substance whatsoever about this important measure. The fact is that in the almost 11 months since the election there have been substantially high interest rates—not only commercial rates but also home mortgage rates. For the most part of 1990, home mortgage rates have been well above 15 per cent. In fact, for most of 1990 the rates have been in the 16 per cent to 17 per cent band. In August 1990, when I first introduced this Bill, variable interest rate housing loans were 16 per cent. For much of 1990 before August, as I mentioned, the interest rate was 17 per cent.

Of course, the original promise was that, as long as home mortgage rates remained above 15 per cent, people would receive the benefit of $86 per month on an annual basis, aggregating $1 040 per annum. The Government even modified that promise by reducing the eligibility so that families did not receive the $20 a week promised to them at election time; they now receive assistance on a sliding scale ranging between $5 and $20, depending on the level of interest rates. In fact, it is true to say that at 17 per cent, when the rate was $20 a week, people in receipt of Homesure assistance were getting the full benefit. However, when the rate dropped to 16¼ per cent, which it has been until recently, they received only $13 per week. When the rate dropped further to 15¾ per cent per annum, they were in receipt of only $8 a week, which was less than half the promise made by the Bannon Government at election time.

The Hon. J.C. Burdett interjecting:

The Hon. L.H. DAVIS: And less than 10 per cent of the people that the Bannon Government claimed would qualify did, in fact, qualify. The reason for that was as simple as it was obvious: by changing the nature of the scheme, it disqualified 90 per cent of families who would have otherwise have been eligible.

Instead of people being in receipt of the Homesure benefit, if they purchased their first home after 2 April, or if they had bought a house and were paying more than 30 per cent of household income in home loan repayments, a restriction was introduced to ensure that one was eligible for Homesure only if paying more than 30 per cent of household income in home loan repayments. A fact which the Government refuses to admit, but which is quite clear from the discussions I have had with all the banks and major building societies in Adelaide, is that financial institutions simply will not allow home buyers to enter into an arrangement for mortgage moneys to finance a home purchase if the mortgage repayments exceed 25 per cent of gross family income.

By restricting the eligibility of Homesure to only those that were paying more than 30 per cent of household income in home loan repayments, the Government automatically disqualified 90 per cent of those people who were promised interest rate relief: people who, for the most part, were in marginal seats—people whose votes were up for grabs. This, of course, is represented as honest Government.

This is the honest face of the Labor Government in South Australia. I think it is one of the greatest scams that I have ever seen in my 11 years in politics: just a blatant scam. In fact, it was so clumsily done that the Government actually advertised the original scheme. What would the Attorney-General say if he was asked the question, 'What about the people who responded to that original advertisement and who subsequently were told they were not eligible because the Government had changed its mind?' If that had happened in the private sector, the person taking out advertisement would have been forced to publicly apologise and almost certainly would have been facing a fine of some description, there is no question about that. But, the honest Bannon Government is supreme, it is above honouring election promises. It is far too smart for that, because it had not costed that into its budget; it had not costed it into its election package at least until 24 hours before John Bannon—honest John Bannon—delivered his election policy speech.

So, the winner certainly was the Bannon Government, because it conned enough marginal voters with the Homesure scheme to support it at that election. But the losers were the people who believed in the honest John Bannon Homesure promise. Of course, their trust in him was sorely misplaced. Whilst interest rates have fallen, it is interesting to read today's *News* where it states that the REI, which is South Australia's oldest building society, still has rates of 16 per cent for existing home borrowers. Certainly, that is also true with respect to the major trading banks which, for the most part, still require people to pay 16 per cent on housing loan interest rates.

I believe that this Bill should pass this Council, and hopefully another place. It is giving effect to an election promise. We had the distinctly unedifying experience, which I suspect will be repeated tonight, of the Government voting against its own election promise. Some sort of record that, is it not—to find a Government actually voting against something it promised! It cannot explain that because it is beyond explanation. It cannot justify it because it simply cannot be justified. As my colleague said, it is the height of hypocrisy. The Attorney-General, who claims to walk tall in the halls of honesty, hopefully got buried in Cabinet when this decision was taken.

If the Attorney-General is true to his publicly stated standards, he could not have supported such a turnaround, such a twist, such a crooked deal for the people of South Australia. I hope not only that this legislation will pass this Chamber but also that it will be given a fair hearing in the other Chamber. I draw attention to the fact that, although the promise was made in November last year and could rightly be claimed to relate back to that time, for some strange reason which I find hard to justify at times, I have accepted the reality of the situation that the sands of time were against the Liberal Party in the last session of Parliament but, in this session, there is time for the Bill to pass. I therefore suggest that this Bill come into operation from 1 July 1990 rather than an earlier date.

The Hon. Ron Roberts made a meagre contribution. As the most junior member, he lost the toss and was required to bat for the Government on this very sticky wicket called Homesure. Quite clearly, the Government will vote against its own election promise but, hopefully, the people of South Australia will recognise that it has done so. Of course, it remains to be seen whether the Homesure Interest Relief Bill, which is designed to ensure that the people of South Australia are given what was promised to them, passes into law. Certainly, with the welcome support of the Democrats, at least justice will be done in this Chamber.

Bill read a second time.

In Committee.

Clauses 1 to 4 passed.

The CHAIRMAN: I point out that clause 5 is a money clause and that the Committee cannot vote on such a clause. A message will therefore be sent to the House of Assembly seeking its concurrence that, because the clause is important to the Bill, it be inserted.

Remaining clauses (6 and 7) and title passed.

Bill read a third time and passed.

APPROPRIATION BILL

Adjourned debate on second reading.

(Continued from 11 October. Page 954.)

The Hon. PETER DUNN: This Bill, as presented to Parliament a month ago, involves a huge sum of money, and in my opinion some of that money is misplaced. I will spend time tonight speaking about education, agriculture and hospitals, three areas for which a huge sum of money is appropriated. For instance, the hospital or health bill of this State amounts to about $1 063 million and, in anyone's terms, that is a huge sum of money. Consolidated and capital expenditure on agriculture amounts to about $77 million and capital expenditure for education is about $54 million. So it goes on.

Just to centralise our thoughts a little on the hospital issue, even with the huge sum of $1 063 million we see the Government trying to close down some country hospitals. It is happening for the second time. Eighteen months ago the Government tried to close down three hospitals in South Australia—Tailem Bend, Blyth and Laura—but it was unsuccessful. Recently, it tried to do it through the backdoor by saying that it would cut the budget to the Elliston Hospital. The Elliston Hospital is the most isolated hospital in this State in the inside country. Of course there are small hospitals in places such as Tarcoola, Coober Pedy, Marree and Oodnadatta. Elliston's population of about 1 300 is served by a doctor and the hospital.

The Hon. Anne Levy: Coober Pedy.

The Hon. PETER DUNN: The Minister interjects and says, 'Coober Pedy'. Coober Pedy has 4 500 people, while Elliston has 1 300 people and is isolated in that it is 80 kilometres to the nearest town, which has no hospital, and it has to share its Director of Nursing. Coober Pedy could not do that as it is even more isolated. I exclude areas such as Coober Pedy because they are funded differently and operate more independently than hospitals inside local government areas.

Being very isolated and small, the Elliston Hospital is open to Government pressure. This year it has a budget of about $711 000. However, earlier in the year the Heath Commission in its wisdom decided that that budget ought to be cut by about two-thirds. Not a lot of reason was given for that—simply that it needed to be cut by about two-thirds. That would have decimated that area and the town. The hospital is a focal point for the community, which relies on it enormously. If we take away the hospital, we take away a number of the older people who rely on it for constant care. If we take away the facilities by cutting the budget by two-thirds, we take away the doctor and ultimately the entire hospital and we will finish up with a very small medical centre. That would be the end of that community.

Elliston has a doctor who wishes to stay there. He is a very good doctor and, in fact, he is a hub in that town. He is involved in much community activity and is revered and admired by the people there. He performs a magnificent task in attending to the health of that community. Why has the Health Commission targeted that hospital? I presume that it is because it is one of the smallest hospitals with one of the smallest budgets in this State. The commission thought that the Elliston Hospital would not fight hard, but it was mistaken. The local community rallied and was able to convince the Health Commission that the hospital should retain a budget of $711 000. I have a letter saying that that is the global budget for the Elliston Hospital and that it should not go outside that figure and, if it does, it will have to take cuts elsewhere.

Elliston Hospital already shares its Director of Nursing—which is totally and utterly wrong—with the Central Eyre Hospital at Wudinna, some 85 kilometres across a dirt road. During winter sometimes the Director cannot get from one hospital to another. During an emergency, and because these hospitals have a relatively small staff, it is reasonable to assume that the Director of Nursing would take a pivotal role in assisting the doctor and guiding other nurses. It is reasonable to expect accidents on the main roads that run through Elliston and at the fishing port. So, it is important that both the Central Eyre Hospital and the Elliston Hospital have a Director of Nursing. I am vehemently opposed to the Health Commission's cutting back in this area so that one Director of Nursing has to service two hospitals.

The money spent on the people of Elliston amounts to $550 per person. It is interesting to note that, in the rest of the State, about $770 per person is allocated. There are specialist services in the city and it can be expected that those services will go up. A cut in the Elliston Hospital's budget is not acceptable, and if the Government cannot manage its affairs and health budget better than that, it does not deserve to be governing this State.

I will spend a little more time on the rural crisis. That has developed, as was so ably put by our Leader (Mr Dale Baker) the other day, at the speed of light, but the development has been in the wrong direction. The downturn in the rural economy has not occurred in any one specific area, but has occurred right across the State and across Australia. In particular, it has developed on those properties which traditionally are the income generators for this State, that is, in the wheat and sheep industries.

The areas particularly affected are the Eyre Peninsula, the mid-north, the South-East and the Murray-Mallee. I believe that the South-East is having considerable problems as a result of producing, basically, a single commodity. Although I know there is a great variation in the small amounts, the large income comes from sheep, and sheep and meat are the commodities that have been most affected. The income from wheat has fallen in the past two months by some 40 per cent; barley has fallen by 40 per cent, although in the past fortnight it has shown an increase of $10 to $15 per tonne; and wool prices have fallen, although not so much because of the wool support system. The support mechanism which is grower funded has increased by up to 18 per cent. It is now at 25 per cent, and there is talk of it going to 50 per cent. This means that the income to the farmer has dropped back again by 35 per cent to 40 per cent.

We have at present about 3 800 000 bales in storage and, on the bales that have been delivered overseas, we are owed by Russia alone $100 million. Also, some 140 000 bales per week were delivered to the wool stores for sale. So, the prospect is very bleak. If I said to any person here on a salary, 'Your salary has been cut by 20 per cent'—taking some expenses out of it—he would have a very dull feeling in his stomach when he went to meet his commitment at the bank next month to pay his overdraft on his house or property.

That is just what is happening in the rural community. It becomes even more dramatic when we consider that farming today is a very capital-intensive operation. The margins are fine, and I do not think that any community can stand variations in income of 40 per cent in light of a very good season. Had the season been a very poor one it would be understandable, and farmers could accept that, but it is extremely galling in the present circumstances. Let me demonstrate how I think the blame lies dramatically with the Premier of this State. He has shown very little inclination to influence the Commonwealth Treasurer. In the past week the value of the Australian dollar has been as high as 82 cents, although it has now dropped a little. In the past fortnight it went as high as 84 cents, and interest rates no more than six weeks ago were above 20 per cent for primary industry and today some high risk areas have interest rates above 22 per cent.

If the Premier—as Federal President of the Labor Party—does not have some influence with the Treasurer, it is a very sad indictment on his Party. I think he has done very little. He has shown very little inclination to get together to talk to him. He should look at the rural areas to see what is happening to those people. Some members do not understand what has happened in the rural areas. I will quote some case studies that have been done in the rural areas of this State by rural councils to demonstrate the amount of debt that is lying over our heads. Today, this debt might be in the rural areas, but tomorrow, next month or next year it will be in the city—and it will hit very hard.

I suggest that we are experiencing more than a recession. It is virtually a depression, because standards of living are falling dramatically because no money is coming into the country. I refer to a property of 1 779 arable hectares and a 350mm rainfall, a mixed wheat/sheep farm which has approximately 560 hectares of crop and 1 100 ewes. The farmer is self-employed, 55 years of age and has one dependent. He has no liabilities, and had an income in 1989 of $200 000 with a projected income in 1990 of $110 000, a drop of almost 50 per cent in one year. He has no debts

but now has a trading deficit of $40 000 through no fault of his own.

I notice that members opposite are breathing heavily. I presume that they are worried about their own income. I suggest that if they experienced a drop in income of that amount they would be breathing even more heavily. I refer now to a particularly bad case of a farmer with 1 600 hectares, wheat and sheep, 350mm of rain, 400 hectares of crop and 1 300 ewes. He has liabilities of $700 000 and received an income in 1990 of $105 000 with expenses of $80 000. This did not cover the interest on the liability of $700 000. So, there are some very sad cases in the country.

Before the interest rates increased markedly, this farmer was probably in a viable situation but, because of the financial management of the Commonwealth, that has gone by the way, and there is no way that he will get out of it. It is very easy to say—and this is often quoted to me—that people in the city are going broke every day. I know this, but they do not lose their house or have to shift from their community. Their children still go to school, and they receive unemployment benefits. This cannot be done on a farm where people lose their home and their community and have to shift out and buy something somewhere else. They are in the red—it is a totally different kettle of fish.

The techniques and methods used for farming today are highly complex and if farmers are lost they are not easily trained again. Most of them are trained by experience, not by being taught how to farm. Just about anyone could buy a corner deli and with hard work and commonsense, provided it is bought in the right area, could make a go of it. But this cannot be done with a farm. The very best of people could buy a property but, if they do not understand the area and know how to farm it, they will find it very difficult to make a go of it.

So, the problem that has developed in the country is rather dramatic. Probably the most dramatic fall has been in the live sheep trade. Prices of live sheep have dropped by more than 80 per cent in most cases. Four month old lambs were sold for $24 last year, but this year the same lambs in better condition were sold for $2.60. Ewes of about 4½ to 5 years were sold last year for $11 on the farm, but this year were sold for $2.50 with the farmer having to pay the freight to Adelaide.

So, in effect, he paid 70c to take those sheep off his property, and yet we are still paying very high prices for quality meat in the butcher shop. The reason for that is that it costs more than $8 to slaughter a sheep. It takes a farmer five years to grow and nurture that sheep and sell it at a loss, and it takes the slaughterman about four to five minutes to slaughter it, and he gets $8. There is something a bit out of kilter there somewhere, and that is what is fundamentally wrong with the deregulated part of the country: we have not deregulated all of it. We are still paying high prices in the butcher shop for good quality meat, but the primary producer is going backwards. We see pictures on the front page of the *Advertiser* of people destroying sheep, and that is soul destroying, in my opinion.

I do not believe that slaughtering sheep is the answer. I know there is a strong argument in favour of slaughtering sheep to drop wool quantities, but that is not the right solution. The reasons why I say that are fairly plain. During the second world war, an organisation was set up by the Government to acquire wool, called JO (Joint Organisation). It acquired all the wool for the duration of the war. It was put into storage and sold as needed. Some of the payments were made as late as 11 years after the wool was delivered to the store; however, the wool was there and the farmers made a handsome profit out of it, even though it was 11 years down the track before all the moneys had been paid out.

That indicates a couple of things: one is that it is possible to store wool for a long time and another is that it is always in demand. At the moment, wool is being stored. As I said, 3 800 000 bales are now in storage, but so what? The wool will not deteriorate: it will stay there and, when economic conditions improve in China and the eastern European bloc, now that these countries have embraced capitalism—and I am quite sure that the EEC and America will not see that experiment fall over—those countries will come up with some money when they settle down in the not too distant future and there will be a demand for more wool.

With regard to the 700c price for wool, the State Government has not helped in any of this, because it has kept prices and the cost of production up so high. When one is getting no money and the cost of production is so high, that is when the country reels off into a depression. So, I do not believe the slaughtering of sheep is very clever. The other point is that there may be a dramatic increase in the price of or demand for wool, and we saw that dramatic increase in 1986 when wool prices went to 1 100c clean. There were 1.3 million bales put into the market and held in store, but that did not control the price. That indicates to me that there is not enough wool around and that it will not hurt to have some wool in store. So, I oppose the slaughtering of sheep because, if the demand goes up shortly, it will take a long time to build up those flocks again.

The wheat industry is different again. It has been affected slightly by Iraq and Iran but, once again, the input costs are enormous. Under the last budget, the Premier in his wisdom as Treasurer decided that the primary producer registration exemption on utilities under two tonnes would be abolished; it was considered rather small. Let me assure the Premier that he will lose money on this, because I know a number of people who have relatively old vehicles but they were always registered purely because every now and again, they crossed the road to go to their property or they visited the neighbours, so they paid their $220 in registration and third party fees.

The primary producer registration cost was reduced to $100, but now people will not register their vehicles. They will leave them on the property. When they want to go across the road, they will get into a car that is registered. In effect, the Premier has done himself in the eye over that. That is typical of what we have come to expect from members of this Government. They cannot see much beyond their nose. That is just one clear example of how decisions made by this Government have not helped the people in the bush. That has been quite clear for the past eight to 10 years. I do not know of a new sealed road that has gone into the bush anywhere. A few have been patched up or realigned, but certainly there have been no new sealed roads. A good indication of how a Government is performing is in relation to capital works in the country.

Wheat prices are interesting. At this time last year, wheat was approximately $A185 a tonne, but today it is $A130. In fact, we have been informed that the first advance on wheat is $A95 a tonne, while last year it was $A150. Therefore, the farmers will be in diabolical trouble. That is why we read in the paper everyday that people are walking off their properties and, if they do, the banks have a big problem. In the long term, I guess that is what will happen and ultimately the city will hurt. When the city hurts, that is when something will be done. Nothing much happens when the bush hurts, because the Government cannot see it. It is fairly myopic and can only see a bit beyond the end of its nose.

The real wealth of this country is generated outside the 30 mile radius of Adelaide. It is high time that something was said and done. It is about time that voters voted with their feet and decided there should be a change. Certainly, given the Attorney-General's outburst tonight that all of us on this side have other jobs, accusing me of having a farm when that is my home, his thinking has gone totally and utterly awry. I want to keep in touch with the people who generate some wealth, who assist this budget and who make some money so that we can have an Appropriation Bill. I suggest that the Attorney perhaps go out into the country. He may have gone as far as Kadina on one occasion. In fact, if I recall correctly, he used to have a—

The Hon. J.F. Stefani: He went to Port Augusta.

The Hon. PETER DUNN: Did he go to Port Augusta? I bet he roared home from there. He used to go up to Kadina or Moonta Bay. I think he had a beach shack up there. Fancy spending his time at a beach shack when he had all this work to do in his office, as he was telling us earlier.

The gloom and doom has been brought about by the Government, there is no doubt about that. The people in the country have a great spirit and they will ride over the top of it. Interest rates have been at 19 per cent to 22 per cent, running rampant through the country. They are just beginning to drop, and I note that 90 day bank bills are down to about 15 per cent, so we would expect interest rates to be closer to that than they are. I guess the banks have some explanations to provide. The banks have some big debts, and so have the primary producers. It is an old addage that, if you have a debt of $10 000, it is yours but, if you have a debt of $500 000, it is the bank's.

That is what is happening when I go through some of the case studies these days. Shortly the banks will be putting pressure on the Premier and others to lift their game, be more efficient and get rid of some of the dead wood in order to bring down the cost of production. To demonstrate that the Government does not really understand what bankruptcy is, I refer to the statement today by the Minister of Tourism. Her comment was superb: she believes that organisations can go into the hands of receivers and yet can trade their way out later and become profitable organisations. The very fact that an organisation goes into the hands of receivers is because they are beyond the point of no return. The banks will not lose their money if they can help it, otherwise they would have helped such organisations out earlier.

That is the level of understanding of the Government today. Indeed, no Government members have ever gone to a bank and borrowed funds and risked their own capital. They have never had to get out and earn money this way and deal with the seasons and changes in market—as well as dealing with governments. There is not one member of the Labor Party, either in this place or in the other House who has ever been in business. Government members have no idea what it is like to get out there and risk your money. They have all been on salaries. If people cannot budget on a salary, then they are really in a lot of bother.

The Hon. K.T. Griffin: In the rarefied atmosphere of unions with—

The Hon. PETER DUNN: Exactly. That fact was demonstrated beautifully this afternoon by the Minister of Tourism's statement about people going into receivership and then trading into profit. What has the State Government done to assist people in the bush? The statement by the Minister of Agriculture last week was absolutely useless—it contained absolutely nothing. True, it will allow some farmers to borrow some money now at a slightly cheaper rate, but not for long as it goes up to commercial rates rapidly, once they borrow that money.

However, that scheme has been in operation for 20 years; there is nothing new in it. So, the Minister did not do very much. He has, of course, been party to the increase in the Financial Institutions Duty from .04 per cent to .01 per cent. That is great, because people in the rural community move money in bank accounts much of the time. They shift it around in accounts that they hope will earn a little, for example, in investment accounts. Funds are then withdrawn monthly to pay bills, but each time money is moved one must pay this insidious FID. Interestingly, the Queensland Labor Party does not see the necessity to impose FID. However, South Australia introduced FID six years ago and we have just increased it by 250 per cent. That is not a bad increase: it is what we would expect from people on salaries.

I have already talked about how the registration on primary producer vehicles has been so helpful. The Government has poked itself in the eye with that. Less money will come in because farmers will not register their vehicles, merely using them around the farm, while on occasions they will probably break the law and drive them to the property over the road and take the risk of crossing the road. There is a chance that they will be picked up 20 km or 30 km out of town on a dirt road. However, with some of those dirt roads they are the ones who ought to be paid to go on them.

Further, we have seen the introduction of an increase in the payment for advice from the Department of Agriculture. Years ago the department was set up to assist the whole community by offering advice in advance of new technologies and applied sciences to farmers because of their isolation. Today, farmers have to pay for it and buy that advice. Some of the payment can be justified, but much of it cannot. I also refer to the pastoral rentals. We had the great debate on the pastoral industry last year and the new Pastoral Act. The Government—and I think the Democrats can take some blame for this—decided that there ought to be an increase to about 80c rental per head of sheep in the pastoral industry. I have been talking recently to assessors and I can report to the Parliament that at the moment they cannot get it above 13c. Assessors were then sent back individually—not as a group—to do the assessment again, and they have got it up to 18c.

However, the assessors have been told that it has to be higher than that, otherwise they will not be able to afford all the people who will tell the pastoralists how to run their country. Those people need to be paid for, and will have to be paid for by the pastoralists. The Government was warned. I warned it; the Hon. Martin Cameron warned it; the Hon. Trevor Griffin warned it; and a number of others did the same. We told the Government that it does not work like that: you cannot do those things because of the great variation in the pastoral industry.

A group of people are now being trained to tell the pastoralists how to run their country. In fact, I am told by the oldest people who live in that area that the pastoral country is in the best condition it has ever been in; they cannot recall it ever being in a better condition than it is in today. But they are going to be told how to run their country, and I suggest that they will have to pay dearly for that privilege.

It is an absolute waste of manpower for the Government to tell the pastoralists how to run their country. There will be 20 or 30 people. They will all be on a very good salary, it will not be possible to sack them. They will do very well, and the pastoralist will just have to put up with it when he gets his next long drought period.

The Government has spent money on circuses and has not really put it into practical application. The prime example of this is the $50-odd million Entertainment Centre on the corner of Port Road. What a beauty! I was a member of the Parliamentary Standing Committee on Public Works when this reference was considered. I opposed the project on the basis that it was a circus—it still is and I am not convinced that it is anything other than a circus. It will always run at a loss. Tonight we heard the Attorney-General tell us about the monetary constraints on the three Bannon Governments, that the Government has been unable to be generous with its money—yet it can still find $50-plus million to build the Entertainment Centre.

The Hon. Diana Laidlaw: There was an option for the private sector to build it.

The Hon. PETER DUNN: Oh yes, certainly. The Government was so thick it would not even agree to the Basketball Association sharing costs. While on the subject of sport, I turn to the matter of the velodrome which the Parliamentary Standing Committee on Public Works will see in a fortnight and which I understand will cost $18 million. Although it has been announced in the paper, it is not yet before the Public Works Committee—but it is coming. I do not know how many bike riders in this State will use that velodrome, but if that is not circuses I will eat my hat, especially considering that we cannot get rid of wheat, gypsum and salt out of the Thevenard terminal because it is too shallow. An expenditure of $6 million—a third of the cost of the velodrome—would rectify that and bring to this State a considerable sum of money. But, no, the Government will spend that money on a velodrome that will cost an enormous amount of money in upkeep.

The Hon. Diana Laidlaw: And the debt servicing.

The Hon. PETER DUNN: Yes, and debt servicing is getting greater and greater. But, what can you expect from people who have only ever known their wages being paid by someone else, not by themselves. I believe that the Government has got itself into a terrible bind with this bread and circuses—not too much bread but a hell of a lot of circuses.

I now turn to what the Government has done to people on Austudy. That was designed to assist children to get to secondary and tertiary education. The Government started with a theory and a great noise about how this scheme would help 'smart' Australia; and, we are the smart country. Unfortunately, the Government does not have enough money to pay for it. We have the bizarre situation of country people, with assets of $400 000, being asset rich and income poor; their children are not eligible for Austudy. Yet, the Hon. Ron Roberts, say, can have a house in Adelaide worth $300 000 and have no other income; and his children would still be eligible for Austudy. That is most unfair. He can have a big fat salary on top of that, but someone with some assets cannot get it. That demonstrates that the Government of the day has absolutely no understanding of the realities in this country.

The Premier has made very little effort to assist this State, which is on its knees. I do not want to sound pessimistic; I think it is bad for the State and for the country when we talk it down, because that causes a drop in values. As with the stock exchanges, it is all talk—in reality, there are better values out there—and I do not want that to happen in this country.

The Premier has done very little. He is pretty weak-kneed at the best of times; he is a pretty good runner, but he is not too good when it comes to negotiating on behalf of the State. Increases in land tax, payroll tax, financial institutions duty and some licence fees indicate to me that the Premier has very little feeling for the country, for the State and for the people of South Australia. They are suffering, and it is a very painful process. This Appropriation Bill has some fairly large holes in it and, if the Premier were half smart, he would introduce a mini-budget and direct some assistance to the country and to those industries that generate money for the well-being of this State.

The Hon. I. GILFILLAN: In speaking to this Appropriation Bill, I will make some observations in relation to the proposed multifunction polis. It has been involved to a minor degree in appropriations to date, but it looms large as a substantial burden on appropriations in budgets to come if it proceeds in anything like the form in which it is currently presented.

In 1969, at a location 10 kilometres from the world famous French Riviera, scientist Pierre Lafitte established the foundations of a new and revolutionary science and technology park, named 'Sofia Antipolis'. Now, 21 years later, there are more than 30 established 'technopoles' in France dedicated to research, business and academic pursuits in a geographically concentrated area. 'Sophia Antipolis' is the leading example of a so-called environmentally designed futuristic city, housing 12 000 people and accommodating approximately 700 international high technology companies from more than 50 countries.

The experimental scheme has become a focus of the South Australian Government's desire to create its own version of a Sophia Antipolis at the environmentally degraded Gillman site bordering Adelaide's northern suburbs. Like his French counterparts, the Premier, John Bannon, has linked his vision to that of the ancient Greeks in the pursuit of 'wisdom and knowledge', a multifunction polis leading Adelaide into the twenty-first century; Adelaide, at the leading edge of world-wide technological development in exchange with the industrial giants of the world such as Japan, the United States, Germany, France, Britain, and so on.

Since winning the dubious honour of playing host to the 'multi-fantasy polis' earlier this year, the Premier and his MFP staff have been consumed by the promotion, development and selling of the project to the people of South Australia. For the Premier, the MFP is an economic cure-all, a panacea to heal the wounds of years of Government mismanagement of the State; a State with chronic economic ills. South Australia is in a period of economic decline that at best could be labelled stagnation and at worst a recession.

The symptoms are becoming increasingly visible to the observer; symptoms characterised by a shrinking job market, growing indebtedness, high interest rates, failing infrastructure, large-scale selling of State assets, a stagnation in population growth and record bankruptcies. Attracting major new projects, developments and investment to the State under such circumstances is difficult, especially given the fierce competition of the richer and more industrialised Eastern States.

Premier Bannon has taken full advantage of the senior position he holds within the ranks of the Labor Party in his role as Federal President. He has prevailed on the Federal Labor Government to open its purse and provide South Australia with projects such as the submarine contract, related defence technology developments, Commonwealth grants for massive road-building projects totalling more than half a billion dollars and now, of course, a multi-billion dollar city of the future.

The MFP is an energetic exercise in flag-waving by the Premier: billions of dollars in investment, claims that Adelaide will become the gateway between east and west, 100 000 new settlers, leading edge technologies, environmental land

management development, design concepts, joint ventures . . . the list is virtually endless. MFP-Adelaide is dressed in all the catch phrases and labels associated with the economic success of cultural development and expansion. Can it work? I believe the answer is 'No'.

To look seriously at the future one must examine the mistakes of the past to ensure they are not repeated. Ignoring past errors virtually guarantees their repetition, and this is exactly what the Bannon Government has done with the MFP.

Survival and progress in the twenty-first century will hinge on the ability of governments, the private sector and the community to deal effectively with two main issues: they are the environment and energy. The Government's MFP project fails to deal effectively with either issue and demonstrates clearly that, despite claims of it being possessed of vision and foresight, Labor is in fact still locked into a nineteenth century mentality—a mentality that lives by the dictum that economic development produces profits, which in turn creates employment, growth and continued expansion. It is the voice of industrialisation, not the twenty-first century; a voice that has allowed the Labor Party to abandon the moral highground on nuclear power to mine and export uranium.

It is the same voice that has gradually reintroduced fees for tertiary education and embarked on a reckless program of higher education amalgamations. The same voice has steadfastly refused to acknowledge a growing rate of homelessness and teenage street kids, and has begun the planned shut-down of Department for Family and Community Services offices around the State, proudly labelling its action as 'social justice'.

It is the thinking of senior public servants who took it upon themselves to justify Adelaide's bid for the MFP by commissioning a public opinion poll on community attitudes to the concept. The same people published only 49 per cent of the results and then went to the Federal Government claiming the majority of South Australians supported an MFP in Adelaide. This is the new philosophy that drives the Labor Party in South Australia as it prepares to move into the twenty-first century.

Let me now address just two specific points of the Government's MFP process: first the site, Gillman, and the environmental implications associated with it, and, secondly, the public relations exercise undertaken by the Government to sell the MFP to the community and the impact it has on Government policy-making.

Gillman is a seriously degraded area of industral wasteland that has been a toxic dump for both the Government and private sectors, both legally and illegally, since the end of the Second World War. It is an area full of highly toxic heavy metals and chemicals that have combined into a sludge, virtually eliminating all plant and marine life that used to exist in the area.

Gillman is perched on the edge of the Port River estuary, bounded in the north by mangrove swamps. The Port River mangroves are the southern-most region of mangrove swamps in the world; they are crucial to the survival of fishing stocks in the Spencer Gulf and, therefore, of paramount importance to the fishing industry. Mangrove swamps are the most productive area per hectare on the face of the planet, in terms of biomass, that is, the mass of living matter contained in it. Mangroves are rich sources of food and nutrients for a wide variety of marine life and act as the breeding ground for fish and birds.

The Government's MFP proposal demonstrates a complete lack of understanding of the complexity and sensitivity of the marine environment by including the mangrove swamps in the MFP development.

There currently exists a levee bank running from the North Arm causeway through to the salt pans at Dry Creek which acts as a barrier to the natural progression of the mangroves. The swamps need to expand to survive, because under greenhouse conditions sea levels will rise and unless the mangroves move to higher ground they will drown and subsequently destroy all marine and bird life dependent on them.

The Government claims it will protect the mangroves through new environmental techniques yet to be discovered. But in reality it has already sealed the mangroves fate and the fate of much of Spencer Gulf's marine environment.

The prestige accommodation of the MFP is to occupy riverfront sites, many with a choice view of the Torrens Island power station. This is a gas-fired power station that vents such large quantities of hot water into the adjacent river that one could not put one's hand into the water because of the temperature. The surrounding river bed is virtually devoid of any marine life and the mangroves that used to exist there have almost been killed off completely. Again, the Government claims it has a serious environmental policy.

Scientists with the United Nations Environment Program predict that sea levels around the world will rise by at least half a metre within 20 years. More than 90 per cent of the Gillman site is between zero and 10 centimetres above sea level, so, the Government's solution to the problem is to dump 1½ metres of topsoil on the entire site. The sludge that lies beneath it, leaching toxic waste, will remain. This is what the Government claims is a responsible environmental policy.

That aside, the sheer tonnage of topsoil needed to cover the site means that millions of dump-truck loads will be needed at Gillman, an activity taking decades to complete. As to the question of where the topsoil will come from, the Government is unable to provide an answer.

Gillman also contains the Wingfield rubbish dump, the largest metropolitan rubbish tip in Adelaide. The MFP proposal states that the Wingfield tip will have to be shifted elsewhere; just where no-one knows and how they propose to do this is also another unknown factor. Wingfield already contains so much fermenting rubbish emitting methane gas that some industrial complexes further north have found it cheaper to tap into it and use the gas to power their industry than to use conventional means.

The Government boldly plans to dig it up and transport it, presumably in open trucks, through the streets of Adelaide and dump it somewhere else, further out of town. The relocation of Wingfield and the development of a new metropolitan dump further out of the city will invariably lead to an increase in operator and transport costs for dumping. This increase will be passed onto the community.

Another environmental consideration is the adequate supply of water for the MFP. South Australia is the driest State in the country and water supply and, most importantly, water quality, is a continual problem for the State in general and Adelaide in particular. Increasing salinity problems in the Murray River, our main water source, have resulted in the allocation of a vast amount of State finances for the building of water filtration plants all around Adelaide.

Even at Adelaide's relatively slow rate of expansion, Government resources are stretched beyond their limits in trying to keep pace with water filtration demands. This will not become easier in the next 20 to 30 years as the greenhouse factor begins to take its toll on all Australia. United Nations predictions suggest the southern States of Australia will be

dramatically affected by climate changes resulting from greenhouse. Western Australia will become seriously drought affected, and Perth may be on permanent water rationing within 15 years.

South Australia will be marginally better off, but the State will be subject to long dry periods and there will undoubtedly be periods of water rationing for Adelaide. How does the Government propose to find enough water of sufficient quality to cope with the demands placed on existing resources by an increase in population of at least 100 000 people?

So far no answer has been offered, and I suspect it is an issue that has not been addressed seriously, either because those in Government are unwilling or unable to deal with the concept of greenhouse and the associated effects that it will have on Adelaide and the rest of this State.

My second point deals directly with the public relations campaign that surrounds the MFP. From the beginning the Government has pledged full and open public consultation on all aspects of the MFP with all interested parties, before any conclusive decisions about its future are taken. In a truly democratic society it is access to Government through public consultation that sets some societies apart from that of the iron-fisted dictator, the 'closed-shop' of a one-Party State or others which masquerade as open and democratic countries, but which, in reality, flaunt democratic principles through dubious means.

I would like to believe that South Australia is a democratic State and that its citizens can count on the process of Parliament and rely on the Government of the day to openly and honestly listen to its citizens and respond accordingly. The MFP debate brings many of these ideals into question, despite Government claims of open public consultation.

From the beginning the Bannon Government has attempted to control the debate through a number of ways. Initially it misused and misrepresented the results of its survey on community attitudes to an MFP that were published as part of the Government's MFP bid.

It surveyed 1 200 people from four regions around Adelaide; 49 per cent of the survey sample came from the northern and southern areas of Adelaide with 51 per cent from the western suburbs, city and eastern suburbs. It published only the results of the north and south, that is, 49 per cent of the sample, omitting the remaining 51 per cent of the survey.

Using a minority sample taken from the overall survey it extrapolated a series of results that appeared to indicate majority support for the MFP. The Premier claimed support of around 71 per cent for the MFP when, in reality, only 32 per cent of the published sample, that is just 188 people, supported what they understood to be an MFP. Meanwhile, of the remainder of the published survey, 29 per cent opposed the MFP while 39 per cent remained undecided. The Premier's MFP team simply added its 32 per cent 'yes' sample to the 39 per cent 'undecided' sample and claimed 71 per cent of people surveyed supported an MFP.

If we were to engage in the same type of dubious exercise, we could take the 29 per cent 'no' sample, combine it with the 39 per cent 'undecided' sample and claim that 68 per cent of the survey were opposed to an MFP! But we will not do that, because that type of faulty analysis would fail a first year sociology assignment in sample interpretation. Obviously, the Government's MFP team are not sociologists!

The Government has since embarked on a $4 million PR campaign of selling the MFP concept, which includes a $150 000 contract to a local firm to work on the people of Adelaide, at taxpayers' expense. The notion of 'public consultation' should be to hear from all interested members of the community, consider their views and then, based on that information, make a much more accurate decision about the MFP, including whether it should go ahead at all. This does not, however, form part of the Government's agenda.

It has already made up its mind, as the Premier has so clearly demonstrated by his recent visit to Sophia Antipolis in France. After spending four hours touring the town, the Premier proudly told the media, ". . . I now know we have made the right decision . . ." So, clearly the decision to embark on an MFP project has been made and the process of so-called 'public consultation' is nothing but a smoke screen. In fact the Government announcement of a special task force established to receive public submissions on the MFP allows only four weeks for submissions to be prepared.

It then provides the panel with the right to consider or reject any submissions it wishes and dos not guarantee the right of people or organisations making the submissions to appear before the committee. It would not be unreasonable to suggest that, considering the magnitude of the MFP, not only for Adelaide but for Australia, a little more time could have been allocated for the preparation of submissions.

The Government has also distanced itself from the general community by taking part in a number of special MFP seminars, sponsored by private companies, from which the average person is precluded. In November, the Premier will be the guest speaker at an MFP seminar held in Sydney, not Adelaide, making it difficult for those in the community without access to Government aircraft or vehicles. But, perhaps what sets it apart from most MFP meetings is the entry fee of $995 per person! I wonder how many residents from Port Adelaide or Rosewater will be able to make it to Sydney for that one.

In July, following the announcement that Adelaide would be the new home of the MFP, a special seminar was held at Technology Park. The fee was much more modest, around $20 a head, but it was not publicised among the community. this time the head of the Premier's Department, Bruce Guerin, was the guest speaker, extolling the virtues of the MFP project to mainly suited corporate businessmen.

During question time, one brave soul asked abut possible opposition to the project from within the ranks of the Labor Party itself. Bruce told the gathering that the ALP Left was like the Rainbow Alliance: ". . . it has little to do with its waking hours . . ." There was a certain irony at that seminar, because it was held at Technology Park. In the days of the Tonkin Liberal Govenment, it was Technology Park that was destined to put Adelaide on the world map at the leading edge of technological development. The Government may have changed but the rhetoric is still the same.

In closing, I must emphasise that the Australian Democrats are not Luddites wishing to oppose any new developments or ideas. In fact, it has been organisations such as the Democrats that have instigated many new ideas in this country in the past decade: energy, environmental initiatives, improved communication and enhanced education, Aboriginal landrights, foreign ownership, recycling, energy conservation and solar power.

But the Government's MFP project cannot be supported without a proper and genuinely open debate. If consultation is to be taken seriously, a number of basic requirements must be undertaken, for instance, consultation must have a national focus, especially in view of the three major players likely to be involved, that is, Japan, the Federal Government and the State Government. The option of not proceeding with the MFP project must be a serious option

and given equal weight in the debate by all parties, including the Government.

The panel taking submissions on the MFP must take account of community views in selecting the range of research topics, and full and factual information on this and past research results must be made available to all members of the public. At present, even a member of Parliament cannot gain access to geological surveys of Gillman because the Government claims it is 'intellectual property'. I know because I asked for those geological surveys. How can the community make a considered decision about the Gillman site if research material is being suppressed by the Government? Fortunately, we have been able to acquire and release some of the material. In addition, there must be adequate provision of time to consider all studies and research material; for example, the publication of a feasibility study on the project is not expected until March 1991, so there should be at least six months before any decisions are taken.

Most importantly, the Government must make available funding for community organisations to research the MFP and for the preparation of submissions. After all, the Government is using taxpayers' money to push its own view, so why not allow taxpayers to use their own money to push their views? The consultation process will be waste of time and money unless it is based on independent research and is conducted impartially—that must be guaranteed. The decision about MFP—Adelaide must, in the end, be made by the people of this State, not by a handful of politicians desperate to find a solution to the mistakes they have made.

The Hon. R.I. LUCAS secured the adjournment of the debate.

LAND AGENTS, BROKERS AND VALUERS ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 11 October. Page 946.)

The Hon. BARBARA WIESE (Minister of Tourism): I thank members for their contributions to this debate. I would like to make some remarks on those contributions and, in particular, to address some of the issues raised by the Hon. Mr Griffin. Information has been sought on the items proposed to be required to be disclosed on the required statement, information for which comes from the LOTS system. The proposed forms 18 and 19 contain:

1. A schedule, which contains 48 items which are mortgages, charges and prescribed encumbrances affecting the land.

2. All transactions involving transfer of title to the land, where the vendor obtained title to the land within 12 months before the date of the contract of sale.

3. 'Prescribed matters', being prescribed particulars relating to a strata unit, of building indemnity insurance, of waste disposal on the land, and of water allocation for irrigation purposes.

The proposed regulations contain a table which sets out clearly the authorities to whom inquiries are to be made to get the information to be disclosed. The sources are as follows:

1. Of the 48 items in the table of prescribed particulars of prescribed encumbrances, seven are answered only by the council for the area in which the land is situated; one is answered exclusively by the Corporation of the City of Adelaide (as it applies only to land within that council area); and 37 are answered by the Lands Title Office. Of these items, 10 are answered only by the Lands Title Office and the remainder can be answered either by the Lands Title Office or directly by the relevant Government authority; two items can be answered only by the vendor (these cover fences); and one item will not be in operation immediately, and that relates to building height restriction.

2. Of the prescribed matters, particulars relating to strata unit must be obtained from the Strata Corporation. Particulars about building indemnity insurance must be obtained from the local council. Particulars about waste management on the land can be obtained from the Lands Title Office or the Waste Management Commission. Particulars about water allocation for irrigation purposes can be obtained from the Lands Title Office or the Engineering and Water Supply Department.

Clearly, information relevant to the finance of a small business must be obtained by the vendor. It is anticipated that the proposed new forms will prove to be less costly to vendors and agents than the existing system. Because most of the information will be available from the 'one stop shop' offered by the Lands Department through the LOTS system, it will be more economical for agents and vendors to use that system than it is to make the inquiries required in form 18 of the individual agencies at present, or than it will be to make these inquiries individually under the new system. It is also reasonable to expect that individual Government departments and agencies will have fewer direct inquiries as increasing numbers of agents and vendors use the 'one stop shop'. This should reduce costs for the departments and agencies.

The honourable member also asks why it is proposed to repeal sections 88, 90, 91 and 91a of the Act, rather than amending them. Repeal and substitution of new sections is proposed because amendment would be extremely complex. From a drafting point of view, substitution is simpler. The Act already looks too much like a patchwork, and the path of amendment would have made it more so. The honourable member also suggests that the current law is working adequately and should, therefore, perhaps be left alone. This is not the case. Industry and professional groups have pressed for changes in the law in this area. Furthermore, it is vital to update disclosures required when land is sold. If, for example, the State of Queensland had required disclosure of past use of land as a toxic waste depot (as is being proposed in this State), it is unlikely that the tragedy in the Brisbane suburb of Kingston, where a suburb was built on a chemical dump, would have occurred. The Government takes the view that it is better to avoid such disasters by disclosing information, than to leave the current system unchanged.

The honourable member makes various inquiries about easements. He queries why the definition of 'encumbrance' in section 87a (1) excludes electricity, gas, water, sewerage and telephone easements. This is proposed because most of these are not disclosed at present. It would involve great cost to ETSA, Sagasco, the E&WS Department and Telecom to search through all of their records and pass all information on their easements to the Lands Department for recording on the LOTS system. It is likely that such costs would eventually be passed on to consumers.

To overcome this problem, and ambiguities concerning definitions of terms and to further clarity requirements. I will move a further amendment, namely, to substitute a new section 87 and (1) *(a)* which defines 'encumbrance' to exclude statutory easements that are not registered, and that relate to the provision of electricity, gas, water, sewerage or telephone to the land. Disclosure will still be required of easements that are not registered and that relate to the

provision of such services to other land, and of easements that are registered.

The honourable member also proposes (with respect to section 87a (1)) raising the monetary limit for coverage of a small business to $200 000. The Hon. Mr Gilfillan also raised this point and has an amendment of file. The Act at present (at section 91 (6)) refers to a 'total consideration of less than $70 000 or such other amount as may be prescribed'. The amount prescribed has been $150 000 for about 4 years. The proposal to raise it to $200 000 to reflect rises in the consumer price index, at first glance, looks attractive. However, other arguments should also be considered. The prices of small businesses have not necessarily moved exactly in line with the consumer price index. Many businesses are currently selling at prices below those of the speculative boom of the late 1980s.

There is a danger that, if the format envisaged in form 19, which is suitable for a small business, were applied to larger, more complex businesses, it could become less meaningful or even misleading. However, the Government is prepared to consider all arguments. I therefore propose that both the limit of $150 000 proposed in the Bill and the power to vary it by regulation (which already exists in the current Act) remain, but that the Government consult with relevant industry groups, including the Small Retailers Association, referred to by members, about the limit.

If necessary, it can then be changed by regulation. The honourable member suggests with respect to section 88 (7) *(a)* that a body corporate should retain the right to cool off with respect to the purchase of a small business. The general principle underlying the legislation is that cooling off rights should not apply to commercially sophisticated purchasers. Generally, bodies corporate have access to accounting and/or legal advice, even if otherwise only for taxation purposes.

The honourable member proposes that sections 88 (4) and (5) be amended to allow a vendor to require a 10 per cent deposit prior to the expiration of the cooling off period, as is the case for small businesses. The Government opposes this proposal. The proposal will involve for the agent the work of refunding such deposit, less the $50 which the vendor is entitled to retain. In circumstances where the vendor has been paid the deposit, there may be difficulties in recovering such a deposit from the vendor, particularly, for example, where the vendor is unscrupulous and has absconded.

The honourable member proposes that the purchaser of a business should have five days to consider and obtain advice on the vendor's statement and the financial details contained in it. The Government agrees with this proposal, and I will move an amendment to section 88 (7) to delete paragraphs *(e)* and *(f)* and substitute new paragraphs to achieve this result. The honourable member also suggests that the date of settlement is not defined. It is defined in section 6 (1) of the Act. He also suggests that the requirement under new section 91a for the vendor's agent to certify the statement of prescribed particulars is onerous and will add to costs. I do not agree that this is onerous, nor that it will add to costs, as certification is already required.

The honourable member further questions the status of information provided by the LOTS system. The section 90 statement from the Department of Lands includes a copy of the title. The accuracy of this is guaranteed by the Lands Department. The section 90 statement also includes information from other departments. With respect to this, the Lands Department guarantees only the fact that other departments have an interest. Details of that interest are guaranteed not by the Lands Department but by the other departments. In a few areas, information is recorded voluntarily. Such information is guaranteed by the authorities that provide it. In effect, the information on the section 90 statement is Government guaranteed. There is no requirement in the legislation for the agent or vendor to go behind information supplied from the LOTS system. Indeed, it is proposed that the new regulation will outline clearly the authorities to which particular inquiries should be addressed. This will help to overcome uncertainty as to the obligations of vendors, agents and authorities.

The honourable member seeks information in relation to section 87a (1) about the accountancy qualifications to be approved in the regulations. It is proposed that membership of the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in Australia or the National Institute of Accountants will be the approved qualifications in accountancy for the purpose of section 87a (1) of the Act. The Government believes there is good reason for granting the tribunal some discretion to approve other persons as qualified accountants. To allow only those persons who are members of these specified professional associations to practise would involve excluding other people without such membership who, in the past, have quite competently performed the type of work involved in making disclosures for the sale of a small business. It would not be desirable to deprive any competent existing practitioner of a livelihood. The honourable member expresses concern that the obligation of the qualified accountant to certify information is very superficial.

It is unclear how exactly it is proposed that an accountant is to make inquiries about the accounts that are presented. To require a full audit with the sale of every small business would add significantly to costs. The Government agrees with the sentiments expressed by the honourable member about the need for remedies against vendors who make false representations, and company directors who abscond with the assets of their companies. In such cases, contractual and criminal remedies are available. The most appropriate legislation that should be used to lift the corporate veil is the companies legislation, rather than this Act.

The honourable member also proposes in relation to section 91h that a purchaser related by blood or marriage to a vendor ought to have the opportunity to waive the obligation placed upon the vendor in relation to the sale of land or small business. It would be cumbersome to create waiver provisions specifically tailored for relations by blood or marriage. Such relatives are able to make use of the general waiver provisions in the Bill, which involve the purchaser receiving independent advice from a legal practitioner in relation to such waiver. In general, however, relatives should be entitled to the same disclosures as other purchasers.

The honourable member also proposes with respect to section 88 (7) *(e)* that the offer should date from the time when tenders close. The section has been redrafted to achieve this result. The honourable member also seeks further details about information provided through the LOTS system. The information of which it is proposed to require disclosure on the forms (of stock diseases, agricultural chemicals, fruit and plant protection and transportation of animals, plant or soil) is of specific notices or declarations issued by relevant authorities.

The honourable member asks why the non-derogation provisions have not been repeated in the Bill. This is a reasonable question and the reason is that sections 90 (12) and (13) and 91(5*a*) and (5*b*) have been omitted as they conflict with section 103, and are confusing. They are not required.

Section 103 allows civil remedies, other than those in the Act. Sections 90 (12) and 91 (5), on the other hand, restrict

civil, and even criminal liability, to that provided for in this Act. Confusion is increased in that, *prima-facia,* sections 90 (13) and 91 (5*b*) appear to mirror section 103, but they are expressed to be subject to sections 90 (12) and 91 (5*b*) respectively. To allow section 90 (12) and (13) and 91 (5*g*) and (5*b*) to stand, could involve, for example, excluding remedies under the Fair Trading Act 1987. The Government has, therefore, not reproduced these sections. Section 103 reflects the Government's policy.

That deals with the major issues that have been raised in the course of the second reading debate. Doubtless, there will be further discussion on these matters in the Committee stage, but I am pleased that I have been able to pick up some of the points made by the Hon. Mr Griffin during the course of the debate and no doubt we will be able to deal with those outstanding questions in Committee.

Bill read a second time.

LANDLORD AND TENANT ACT AMENDMENT BILL

In Committee.

Clauses 1 to 3 passed.

Clause 4—'Application of Part.'

The Hon. K.T. GRIFFIN: I move:

Page 2, lines 4 and 5—Leave out 'or such other limit as may be prescribed by regulation'.

This amendment is designed to remove from the Bill the power to vary the jurisdictional limit by regulation. I have consistently argued that, where legislation does have a provision which enables the jurisdictional limit to be varied by regulation, the power to make that variation should be deleted, and that if there is to be any variation in the limit it should come back to the Parliament and we can make a conscious decision as to whether or not the proposal from the Government of the day to vary the limit should be accepted, rejected, or varied.

Clause 4 seeks to provide that the commercial tenancy provisions of the Landlord and Tenant Act will apply where the rent does not exceed $200 000. That is quite a substantial increase on the present limit and, because of the wider powers that are to be granted to the Commercial Tribunal and the much more significant ramifications of the Bill for landlords and tenants, if all the amendments in the Bill are carried, it seems to me that there ought to be much closer control by the Parliament over the tenancy agreements to which it will apply. By eliminating the limit being fixed by regulation and leaving it at $200 000 annual rent, we believe the Parliament will retain that control.

The Hon. I. GILFILLAN: As we have consistently in the past supported the move that has just been taken by the Hon. Trevor Griffin to limit the regulating powers where other than a relatively trivial matter is involved in the legislation, the Democrats will support the amendment. I foreshadow that under clause 5 a similar amendment will be moved, and we will also support that.

The Hon. BARBARA WIESE: Of course, the Government's preferred position is the one that is contained in the Bill. However, I am aware of the positions that have been taken on numerous occasions by both the Opposition Parties and, therefore, I do not intend to go to the wall on this matter.

Amendment carried.

The Hon. K.T. GRIFFIN: Mr Chairman, perhaps we can talk about this issue before I formally move my amendment. I am pleased to see that the Government has an amendment on file that is almost the same as mine in respect of the application of this legislation. I am seeking to exclude from the operation of the commercial tenancies legislation tenants who might be bodies corporate carrying on the business of banking, building societies, credit unions, bodies corporate whose principal business is insurance and tenants who might be the Crown or an agency or instrumentality of the Crown in the right of the State or any other State or Territory or the Commonwealth or a municipal or district council on the basis that they can all look after themselves in any negotiation with prospective landlords.

I note that the Minister's amendment excludes credit unions so that they will still gain the protection of the legislation as tenants. My own view is that they, too, are big enough to deal with landlords on an equal basis, remembering that some of these credit unions are very large; for example, the CPS Credit Union, the Police Credit Union, and others are at least comparable to some of the smaller building societies—even the larger societies for that matter. My preference is to have my amendment adopted in *toto.* However, it might facilitate the work of the Committee if we were to get some indication from the Australian Democrats as to which amendment they prefer so that we can avoid the moving of an amendment, and then withdrawal or defeat, as the case may be.

The Hon. I. GILFILLAN: Subject to any further argument the Hon. Trevor Griffin might like to put up, my inclination is to support the Government in this matter. We would prefer to err on the side of caution and allow that there may be credit unions which do need, and which are justified in having, the extra protection afforded by the Government's amendment. In light of the fact that the Hon. Trevor Griffin has asked me to comment, without making any firm commitment, at this stage we are inclined to support the Government's amendment.

The Hon. K.T. GRIFFIN: I am not particularly fussed about this, because it is obvious that I have been successful in a very substantial part of the amendment that I had intended to move. I can understand the argument as to why credit unions ought to be put on the same basis as friendly societies, although, as with a number of other bodies corporate, there is a wide range of bodies from the smallest to the largest, the largest certainly being able to look after themselves. However, I appreciate the indication that the Hon. Mr Gilfillan has given and, because I have managed to gain 99 per cent of what I was after in relation to this amendment, I will not make a big issue of it. I will defer to the Minister to enable her to move her amendment.

The Hon. BARBARA WIESE: I move:

Page 2, after line 14—Insert new paragraphs as follows:

(e) Where the tenant is—

(i) a body corporate lawfully carrying on the business of banking; or

(ii) a building society under the Building Societies Act 1975;

(f) where the tenant is a body corporate whose principal business is insurance, or

(g) where the tenant is—

(i) the Crown, or an agency or instrumentality of the Crown, in right of this State or any other State or Territory, or of the Commonwealth; or

(ii) a municipal or district council.

I thank honourable members for the indications they have given on these matters. This amendment provides for banks, building societies and insurance companies to stand on their own feet when negotiating commercial leasing arrangements. I accept the argument put by the Hon. Mr Griffin that these corporations, whether or not they are public companies, are large and should be capable of negotiating

from a position of strength when looking at commercial leasing arrangements.

However, I feel that, as the Hon. Mr Gilfillan put it, we should err on the side of caution when looking at the position of credit unions. There are some very small credit unions in South Australia and they may well require the protection of legislation of this kind. By way of example, I point out that in the 1990 Credit Union Year Book there is a list of credit unions for South Australia, and among them are organisations such as the Polish Community Credit Union, which has only 333 shareholding members and total assets of $207 742, and there is an even smaller credit union—the Marine Credit Union—which has 103 shareholding members with an asset base of $66 262. Therefore, a number of organisations of this kind would not, I believe, be in a position of equality or strength in negotiating commercial leases, and we should continue to give them the protection of legislation of this kind.

Amendment carried; clause as amended passed.

Clause 5—'Distribution of jurisdiction between the tribunal and the courts.'

The Hon. K.T. GRIFFIN: I move:

Page 3, lines 11 and 12—Leave out 'or such other amount as may be prescribed by regulation'.

Again, this fixes the limit beyond which matters in dispute must be referred to a court. New subsection (7) provides that 'the prescribed amount' means $20 000 or such other amount as may be prescribed by regulation. It seems to me that, because of the significance of the power of the tribunal and the changes that we are making in the Bill to the whole area of commercial tenancies and the relationship between landlords and tenants, we should delete that reference which allows the sum of $20 000 to be varied by regulation.

The Hon. I. GILFILLAN: I support the amendment.

Amendment carried; clause as amended passed.

Clause 6—'Insertion of ss. 61a and 61b.'

The Hon. I. GILFILLAN: I ask that progress be reported and that the Committee have leave to sit again.

The Hon. BARBARA WIESE: The honourable member has indicated that he would like me to move that motion.

The Hon. I. GILFILLAN: I thought that any member could do it.

The CHAIRMAN: The usual courtesy is for the Minister to so move.

The Hon. I. GILFILLAN: Whatever is the right procedure.

The Hon. K.T. GRIFFIN: Before the Minister considers that request and before I move my amendment, I want to make a couple of observations on clause 6 in response to the Minister's comments in reply to the second reading stage.

Clause 6 seeks to set up a procedure by which commercial tenancy agreements may ultimately be translated into leases in registrable form. It seemed to me that the scheme which was sought to be established under clause 6 was complicated. It left a number of matters open to debate and carried with it the prospect of a commercial tenancy agreement being not in registrable form having been prepared and subsequently a request having been made at a time which was not fixed to have that in registrable form, so there could be overlap.

As I said, there was uncertainty as to when the request should be made that the lease be in registrable form and it seemed to me that one should, in effect, wield the broad axe and seek to identify a procedure which was not complicated, which was certain and which bore the minimum of pain for either the landlord or the tenant, and that any lease over a year ought to be in registrable form. I suggest that, contrary to the argument of the Minister that this would increase the costs and complexity, it would not do that. It is no more expensive to have a lease of commercial premises—not residential premises—prepared in registrable form than it is to have a lease prepared as a normal commercial tenancy agreement not in registrable form.

With a commercial tenancy agreement, it is my experience, and that of those who practise in this area of the law, as well as real estate agents, that commercial tenancy agreements, if not in registrable form, are prepared in a form which leaves very little to argument and very little to imagination, and are as comprehensive as leases in registrable form. If that is the case, as I am informed it is and as my experience indicates it is, there really is no difference in cost between the preparation of a commercial tenancy agreement in a form which is not registrable and the preparation of a lease in registrable form.

The only difference may be the size of the paper and, on the first page, the form of the description of the land, the landlord, the tenant, the term and the rent. The rest of it will be in an almost identical form. With word processors, they can be printed on A4 paper or on B4 paper, which is the size required by the Lands Titles Office for registration. If we eliminate the distinction between a lease in registrable form and an ordinary commercial tenancy agreement not in that form and accept my proposition that there is no difference in cost, we reach the next point at which the Minister said that, if the costs of preparation are split 50/50, it will mean, first, that there is no check on the cost which both landlord and tenant pay. I dispute that because, ultimately, there is a check, and that is that the cost can be taxed by the Supreme Court, by a party which is dissatisfied with them.

The Minister also said that, if the lease is prepared by the landlord, the tenant is less likely to get legal advice. I suggest that is not necessarily the case. The Minister suggests that, in the scheme of the proposals in the Bill, the tenant should be entitled to get his or her lease prepared, unless the landlord requires it to be in a particular form. My experience—and this is common to all those who have had something to do with commercial tenancies—is that, with a shopping complex, the landlord requires all the tenancy agreements, or leases in registrable form, to be in identical form, except in terms of rent and, perhaps, the term.

If they are not in a common form, there will be an additional administration cost, because the landlord will deal with one tenant on certain terms and conditions and with another tenant on other terms and conditions. With a shopping centre such as Westfield Marion, there might be 100 tenancies and, if they were prepared by the tenant, there would be variations. It also creates another problem, that is, if the landlord negotiates with the tenant either directly or through solicitors, the cost will be very much more because there will be consultations, negotiations, telephone attendances—a whole range of additional costs—in the negotiation of the agreement which might ultimately come back to what the landlord required in the first place as part of the agreement to enter into the tenancy.

I suggest that landlords will be unhappy with what I have proposed, and have already said 'Why this?' Tenants may be unhappy, but if you say from the start 'in registrable form', there is no argument about when the request for registrable form should be made. That is eliminated, it is clear; the broad axe has been wielded. If you say that each will pay 50/50, that is clear and that is the end of it. If the tenant then wants it registered, the tenant pays the cost of that registration.

To enable it to be registered, if a plan has to be lodged at the General Registry Office, as would have to be the case for a tenancy to be registered, the landlord is required to pay that cost; so that, as far as the title is concerned, the premises are in a position where the lease can be registered. It seems to me that that presents a very fair and reasonable compromise that has certainty. I suggest that the Bill's proposition does not have the certainty desirable in the relationships that exist between landlord and tenant.

I wanted to have that on the record as an answer to what the Minister had presented so that, if there is to be some further consideration by members, those two sides of the position have been put on the record and can now be considered side by side.

The Hon. BARBARA WIESE: I do not want to go over the ground that I covered in my second reading response; I will leave members to consider that contribution for themselves. There are, however, three points I should like to make in addition to the matters I have already put on record. First, I want to remind the Committee that the purpose of this clause is to encourage tenants to seek independent legal advice when entering into a commercial leasing arrangement.

Regardless of the points that the Hon. Mr Griffin has made about the cost of these legal documents, the fact is that the Law Society has acknowledged that there are wide variations in costs currently for the preparation of these documents, and the society believes that some of the costs that have been charged are excessive. To encourage tenants to shop around and to seek their own advice is prudent.

Another point to which I should like to draw attention is the question raised by the Hon. Mr Griffin early in his contribution when he indicated that, in the Government's proposition, there is no time limit on requesting that a lease be in registrable form. That, in fact, is incorrect. Certainly, that was so in an earlier draft, but the same query that has been made by the honourable member was raised by BOMA. New section 61a (1) incorporates a provision for any request to be made before entering into a commercial tenancy agreement. So, it is not open-ended, and BOMA, which raised the same concern, is, I understand, happy with this amendment.

New section 61a (1) provides:

> Where the tenant to a proposed commercial tenancy agreement requests that a lease embodying the terms of the agreement in registrable form be prepared . . .

This section is amended in this way to ensure that a request for a registrable lease is made before the commercial tenancy agreement is entered into. The important words are: 'proposed commercial tenancy agreement'. So, the request must be made before the agreement is entered into, and this satisfies the point made by the honourable member in this regard.

The Hon. K.T. GRIFFIN: The situation could have reached the point where the parties are in the office ready to sign the prepared commercial tenancy agreement. The matter must be looked at technically, but it could be at that point when the tenant says, 'It is still a proposed commercial tenancy agreement and I want it in registrable form.' I ask the Minister to give some consideration to explaining how the Bill will encourage tenants to shop around, in the first place, and to get independent legal advice. The shopping around aspect suggests that they will go to lawyers and say, 'Will you prepare this tenancy agreement for me and what will be your price?' The time available to prospective tenants to do that would be limited, but I suggest that that would not occur in real life. I suggest also that the fact that the tenant might be enabled to go out and get a tenancy agreement prepared will not necessarily mean that the tenant will get legal advice. The tenant may say, 'I have read through it and I am happy with it', although the tenant may still be naive and trusting.

I cannot understand from what the Minister has said how this will encourage a tenant to get legal advice and how it will result in reduced costs, because if a prospective tenant asks his or her own lawyer to prepare a tenancy agreement, whilst it may come off the word processor in a common form, it may not necessarily reflect all the terms and conditions which a landlord might want included in the agreement and which ultimately might have to be the subject of negotiation. My experience is that in that sort of negotiation the legal costs end up going through the roof, especially if there is a disagreement or if the landlord says, 'I want this' and the tenant says, 'I want that', and there is a lot of backwards and forwards activity. So, I would like some clarification, either now or the next time the Committee meets, on how all that will achieve the objective that the Minister has said she believes it will.

The Hon. BARBARA WIESE: I do not want to prolong this at all. I refer honourable members to my second reading contribution, which indicates my position on this question. I think, if honourable members read it carefully, they will find that it is clear why it is more likely that, under a proposal such as this, a tenant will seek independent legal advice in circumstances where currently they will not, because currently they must pick up all the costs.

Under this proposal, they are less likely to have to pay as much as they would have paid previously, and would therefore be more likely to seek their own legal advice. As we all know, very often under the current circumstances, tenants will not do so. They will accept the leases as presented to them by their landlords and, in many cases, they will sign leases that are not in their own commercial interests.

Sometimes, that is simply because they are naive or they do not understand legal documents or whatever it might be, and they have not sought appropriate advice to be able to base their decisions on what is in their interests. I leave it to honourable members to read the respective contributions and, perhaps, to consult with the relevant industry organisations that have some very strong views on these questions. I trust that, at the end of that process, the Committee will agree with the Government's position on this question.

Progress reported; Committee to sit again.

PAY-ROLL TAX ACT AMENDMENT BILL

Received from the House of Assembly and read a first time.

The Hon. ANNE LEVY (Minister of Local Government): I move:

That this Bill be now read a second time.

Due to the lateness of the hour, I seek leave to have the second reading explanation incorporated in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

During its entire term of office, the Government has never increased the rate of payroll tax, despite increases in every other State except Queensland. The only changes made have been to raise the exemption level (by much more than the growth in wages) and to extend the benefit of the exemption level to more taxpayers by reducing the

rate at which it tapers off. However the circumstances facing the Government in 1990-91 are such that an increase can no longer be avoided. New South Wales and Victoria have both announced increases that take the rate of tax in those States to 7 per cent. By concentrating its revenue-raising efforts as much as possible on other measures, the Government has managed to keep the rate in this State to 6.25 per cent.

The new rate will take effect from 1 October 1990. From that date also, the exemption level of $400 000 will apply to all taxpayers and will no longer reduce as payrolls rise. The effect of this change is that tax payable on payrolls up to $2 million per annum will remain the same and larger employers will pay the extra tax only on that part of their wages bills which exceed $2 million. As a further means of offsetting the effects of the rate increase, the exemption level applying to all taxpayers will increase to $414 000 from 1 January 1991 and $432 000 from 1 July 1991, thereby maintaining its value in real terms.

As well as these changes to the structure of the tax (which will make it much easier for taxpayers to assess their liability) the Government will legislate to bring fringe benefits into the tax base. Most other States have now moved in this direction in order to keep abreast of changes that are occurring in the marketplace in employee remuneration. To simplify the administrative task as much as possible for employers, the fringe benefits liable for tax will be those on which fringe benefits tax is payable to the Commonwealth.

The Government will also move against two practices that are becoming more prevalent as devices for avoiding liability for tax. The first of these involves establishing what purports to be a contractual relationship between employer and employee and which masks the true nature of the relationship. The second involves an arrangement whereby the employer makes payments to a third party (such as a trust) for the services of an employee. Payments made under such arrangements are already taxable in several other States. Genuine contracts will not be affected by the changes. In total, it is expected that these measures will result in a net addition to revenue of about $45 million in 1990/91 and about $70 million in a full year.

This Bill does not contain provisions dealing with contractual arrangements or payments to third parties. A separate Bill will be drafted for those purposes and circulated to appropriate bodies for comment. Where possible, the Government prefers to follow this practice in order to ensure that taxation legislation presented to the Parliament is effective and readily understood by taxpayers.

Since the introduction of the Pay-Roll Tax Act 1971 the methods of remunerating employees have altered dramatically. In recent years there has been considerable growth in the use of non-cash wages, resulting in considerable income tax loss. To prevent such loss, the Commonwealth introduced a fringe benefits tax (FBT) in 1986. The use of non-cash wages has also had a detrimental effect on pay-roll tax revenue, to the extent that it is now necessary to amend the Act to counter business practices which, although not designed specifically to avoid the tax, have resulted in the pay-roll tax base being significantly eroded.

Victoria has taxed 'benefits' which fall outside the conventional pay packet since 1980. New South Wales, the Australian Capital Territory and Tasmania have all enacted legislation to tax fringe benefits. The current definition of 'wages' in the South Australian Pay-roll Tax Act includes wages, salaries, bonuses, commissions or allowances paid in cash or in kind to an employee. Although this definition may well extend to embrace some fringe benefits payable in certain circumstances, the broad nature of the definition would inevitably be the subject of interpretation and require clarification in the courts.

It is proposed that the definition of wages under the South Australian Pay-roll Tax Act be extended to include as wages all benefits paid or payable to or in relation to employees. The value of such benefits is to be calculated on the same basis as specified in the Commonwealth's Fringe Benefits Tax Assessment Act 1986. This is a similar approach to that adopted in New South Wales, the Australian Capital Territory and Tasmania.

Under the new legislation, liability for pay-roll tax on fringe benefits paid will be determined by the Commonwealth fringe benefits tax legislation. The Commonwealth legislation specifies in great detail how to value benefits for FBT purposes. In general, the values are determined on the basis of the costs to the employer, rather than the value to the employee. As pay-roll tax is also calculated on the cost to the employer, rather than the value to the employee, the FBT approach is suitable for pay-roll tax purposes.

The major advantage of the FBT approach is that employers need not maintain a separate set of records to determine their liability. The same record for calculation of both FBT and pay-roll tax will be acceptable. This will significantly reduce the cost to taxpayers of complying with the proposed amendment. Such an arrangement also has administrative advantages for the State in that the method of valuation is determined by the Commonwealth. The State can rely on Commonwealth rulings and precedents, and each time the FBT Act is changed it will automatically apply for pay-roll tax purposes.

Employers are required to lodge only one fringe benefits tax return for all their Australian operations. South Australian employers will be required to furnish their returns on the basis of benefits provided to employees whose services are rendered in South Australia. Where this cannot be achieved through current wages systems, employers who also operate in other States will be able to submit a reasonable basis for apportionment for consideration by the Commissioner.

Under the proposed changes, cash allowances not subject to FBT are still taxed for pay-roll tax purposes unless they represent a direct reimbursement of employment related expenditure. The current prescribed values for meals, accommodation and quarters will be replaced by the FBT values.

Clause 1 is formal. Clause 2 provides for the commencement of the measure, which is proposed as 1 October 1990. Clause 3 makes a series of amendments to section 3 of the principal Act to include 'fringe benefits' within the definition of 'wages'. A fringe benefit will have the same meaning as in the Fringe Benefits Tax Assessment Act 1986 of the Commonwealth, subject to any exceptions prescribed by regulation. The value of any fringe benefit will be taken to be its value for the purposes of the Commonwealth Act.

Clause 4 amends section 9 of the principal Act to increase the rate of pay-roll tax from 5 per cent to 6.25 per cent, in respect of wages paid or payable on or after 1 October 1990. Clause 5 amends section 11 *(a)* of the principal Act in two respects. Firstly, the 'prescribed amount' under this section is to be increased to $34 500 per month from 1 January 1991, and $36 000 per month from 1 July, 1991. Secondly, the 'tapering' provisions that have applied under this section are to be removed.

Clause 6 provides for amendments to section 13 *(a)* of the Act that are consequential on the charge to the rate of pay-roll tax and the increases in the 'prescribed amount' under section 11 *(a)* of the Act. These amendments are related to the operation of sections 13 *(b)* and 13 *(c)* of the

Act. Section 13 *(b)* of the Act allows an adjustment to be made to the liability of an employer under the Act when it appears that the employer has not paid the correct amount of tax over a whole financial year. Section 13 *(c)* of the Act allows an adjustment when an employer ceases to pay wages during a particular financial year. The formulae set out in the amendments relate to the imposition of the tax over the relevant period and are necessary to ensure that alterations to the prescribed amount under section 11 *(a)* are taken into account in any relevant calculations, and that adjustments are based on the number of days in respect of which the employer paid or was liable to pay wages. Furthermore, it is necessary to relate the adjustments to two periods (or notional 'financial years') during the period 1 July 1990 to 30 June 1991 due to changes in the rate from 1 October 1990 and the abolition of 'tapering' from that date.

Clause 7 makes a consequential amendment to section 13 *(b)* of the Act on account of the introduction of two adjustment periods under section 13 *(a)* for the year 1 July 1990 to 30 June 1991. Clause 8 lifts the level (expressed according to the rate of wages paid per week) at which an employer must register under the Act. The increase is connected to the increase to the prescribed amount under section 11 *(a)*.

Clause 9 amends section 15 of the Act to allow an employer to apply to the Commissioner to use estimates in calculating the value of fringe benefits for the purposes of a return under the Act. The Commissioner will be able to grant an appropriate approval subject to the employer complying with conditions determined by the Commissioner.

Clause 10 amends section 18 *(k)* of the Act in a manner similar to the amendments proposed under clause 6, except that these amendments relate to the grouping provisions. The amendments are relevant to the operation of section 18 *(l)* relating to annual adjustments and section 18 *(m)* in cases where members of a group do not pay taxable wages or interstate wages for the whole of a financial year.

Clauses 11 and 12 are consequential on the introduction of two adjustment periods under section 18 *(k)* for the year 1 July 1990 to 30 June 1991.

The Hon. K.T. GRIFFIN secured the adjournment of the debate.

TOBACCO PRODUCTS (LICENSING) ACT AMENDMENT BILL

Received from the House of Assembly and read a first time.

The Hon. ANNE LEVY (Minister of Local Government): I move:

That this Bill be now read a second time.

In view of the lateness of the hour, I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

The levy on the consumption of tobacco products was increased in 1983 from 12.5 per cent to 25 per cent to help the Government overcome its inherited budget problems and the impact of the natural disasters early in that year. Since then the only increase in the duty has been the extra 3 per cent to finance the activities of Foundation SA in replacing tobacco sponsorship, promoting a healthy lifestyle, supporting sport and culture and preventing illness and disease related to tobacco consumption. The rate of duty in South Australia is now the lowest of all the States.

The Government has been encouraged by the Ministerial Council on Drug Strategy and by health bodies to raise the rate of duty as a further deterrent to smoking. The view has been urged upon us that price increases are the most effective way of preventing or reducing smoking particularly amongst young people.

There is now a large number of studies which show that demand for cigarettes varies inversely with price. The price elasticity of demand amongst teenagers is particularly high, which is significant in view of the fact that lifetime smoking habits tend to be set in the teenage years.

It is significant also that price increases have a greater impact on tobacco consumption by low income groups. Increasing tax on tobacco products is therefore likely to be less regressive than might be imagined from a simple analysis of tobacco consumption prior to a tax increase.

By way of response to these concerns and as a means of assisting with the difficult budget task for 1990-91 the Government proposes to increase the rate of duty to 50 per cent, which is equal to the highest rate applying elsewhere in Australia. The new rate will take effect from 1 November 1990 and is expected to raise an extra $27 million in 1990-91 and $40 million in a full year.

An amount equal to 3 per cent of the tax base will continue to be paid to the Sports Promotion, Cultural and Health Advancement Fund for application by Foundation SA in carrying out its charter.

Clause 1 is formal.

Clause 2 provides for the commencement of the measure.

Clause 3 varies the rates payable in respect of fees for tobacco merchants' licences. The new rates will come into operation on 1 November 1990. A provision will also be included to allow the Commissioner to reassess a licence fee if to do so is appropriate on account of amendments effected to the principal Act.

Clause 4 inserts a penalty provision at the foot of section 24. This corrects an oversight in the original measure.

Clause 5 varies the percentage of licence fee revenue that must be paid into the Sports Promotion, Cultural and Health Advancement Fund.

Clause 6 specifically provides that the amendments are to apply in respect of all tobacco merchants' licences that operate on or after 1 November, 1990.

The Hon. K.T. GRIFFIN secured the adjournment of the debate.

FINANCIAL INSTITUTIONS DUTY ACT AMENDMENT BILL

Received from the House of Assembly and read a first time.

The Hon. ANNE LEVY (Minister of Local Government): I move:

That this Bill be now read a second time.

In view of the lateness of the hour, I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

The New South Wales and Victorian Governments recently announced their intention to raise the rate of finan-

cial institutions duty in those States from 0.03 per cent to 0.06 per cent. The maximum duty payable on any one transaction will also be raised from $600 to $1200.

In order to help meet the cost of maintaining a more generous payroll tax regime in South Australia, the Government has decided to lift the rate of FID in this State from 0.04 per cent to 0.095 per cent. The maximum duty payable on any one transaction will be set at $1200, the same as in New South Wales and Victoria.

The revenue derived from these measures is expected to amount to $49 million in 1990-91 and $74 million in a full year.

The Government has also decided to establish a Local Government Natural Disasters Fund to meet the cost of providing assistance to local authorities which face unusually high expenditures resulting from natural disasters. Full details of the arrangements will be released when discussions with local authority representatives have been completed.

The fund will be financed by a surcharge of 0.005 per cent on FID which will remain in place for five years. By the end of that time it is expected that other sources of funding will have been developed. The first call on the fund will be repayment of the loans made available by the South Australian Government Financing Authority to pay the Stirling bushfire claims. The surcharge should produce about $4 million in 1990-91 and $6 million in a full year.

One of the chief attractions of FID is that it is a broadly based tax and so can be imposed at a low rate. Therefore it has little impact on the average family. On reasonable assumptions about income, mortgage repayment and loan repayment obligations it is likely that such a family would pay less than 40c per week at present rates.

Even after the proposed increase in the rate to 0.1 per cent the cost to the average family will be less than $1.00 per week.

The Government is conscious of the need to avoid raising the level of the duty to the point where it becomes attractive to companies to redirect their banking transactions outside the State. At the time FID was introduced in 1983 stories abounded of retail stores sending overnight bags out of the State carrying the weekly takings. While these stories have been exposed as nonsense the possibility of such practices developing becomes greater as the rate of duty rises. If the Government becomes aware of practices being adopted which avoid the receipting of money within the State then legislative action to protect the tax base will follow.

The provisions of the Bill are as follows:

Clause 1 is formal.

Clause 2 provides for the commencement of the measure.

Clause 3 inserts new definitions of 'the prescribed percentage' and 'the relevant amount'. These definitions are necessary on account of the changes to the rate of financial institutions duty.

Clause 4 deletes redundant matter from section 5 of the Act.

Clause 5 is an amendment to section 22 of the Act that is consequential on the changes to the amount of financial institutions duty payable under the Act. This is because it is relevant to identify in each return under the Act any amount that results in duty of or above the amount included in section 29 (2) of the principal Act (the maximum amount of duty payable in respect of a particular receipt).

Clause 6 amends section 23 of the principal Act in a manner consistent with the amendments effected by clause 5.

Clause 7 varies the rate of financial institutions duty payable under the Act. The rate is determined by the application of the definition of 'the prescribed percentage'. The maximum amount of duty payable in respect of a particular receipt is also altered.

Clause 8 deletes redundant matter from section 31 of the Act.

Clause 9 will allow Territories to be prescribed under section 32 of the Act. Section 32 allows short-term money market operators to establish exempt accounts. The provision specifies the classes of receipts that can be paid into these accounts. One class is receipts received from accounts located in any 'prescribed State'. It is now appropriate to refer to Territories as well.

Clause 10 is an amendment of section 37 of the Act that is consequential on the changes to the rate of duty.

Clause 11 makes consequential amendments to section 76 of the principal Act.

The Hon. K.T. GRIFFIN secured the adjournment of the debate.

LAND TAX ACT AMENDMENT BILL

Received from the House of Assembly and read a first time.

The Hon. ANNE LEVY (Minister of Local Government): I move:

That this Bill be now read a second time.

In view of the lateness of the hour, I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

In each of the past four or five years the Government has received complaints about land tax. Reduced to the simplest terms these complaints are:

- that liability for tax grows more rapidly than land values;
- that the tax is based on land values which do not reflect the capacity of existing owners to pay the tax.

Protests against the tax were particularly strong in 1989-90 and the Government responded by forming a review group with the task of reporting on possible changes to the present method of levying land tax which would be revenue neutral. The review group was instructed to consult with a reference group formed by the Chamber of Commerce and Industry representing the various industry bodies which wished to see changes to the land tax system.

The review group reported at the end of May, suggesting radical changes to the present system. In releasing the report the Government rejected two recommendations which advocated imposing land tax on the principal place of residence and on primary production land.

The other recommendations were:

- the abolition of the general exemption and the introduction of a proportional rate of tax;
- the adoption of capital value as the tax base for land tax purposes;
- the introduction of legislation to prohibit the inclusion in lease documents of provisions requiring tenants to bear the cost of land tax;
- the investigation of options for permitting at least those landowners with large tax accounts to meet their obligations in instalments rather than annually.

The Government has decided to introduce an amendment to the Landlord and Tenant Act to prohibit the inclusion

in lease documents of provisions requiring tenants to bear the cost of land tax. This will restore the appropriate link between increases in the value of property and the responsibility for land tax. It will also enable tenants to budget more reliably for outgoings during the term of the lease.

At present, land tax bills are paid in one annual instalment. Several submissions to the review group called for land tax payments to be spread more evenly throughout the year like other charges, such as water rates and council rates, where provision is made for quarterly payment of accounts.

Land tax is based on land ownerships at a specific date—namely, the 30 June immediately prior to the year in which the land tax account is payable. All changes in ownership effective at the 30 June date need to be notified and objections processed before land tax accounts are issued. It takes up to five months for these ownership details and valuation issues to be finally determined, which explains why land tax accounts are not ready to be issued until November/December.

Under the present system quarterly billing of the annual land tax account is not feasible. It would be possible to introduce a system which would allow the annual land tax bill to be paid in four instalments in the calendar year following the 30 June assessment. An interim arrangement would need to be devised in order to determine quarterly accounts for the September and December quarters of the financial year in which the new payment arrangements were introduced.

However, there would be significant additional costs due to the need to send out four land tax accounts per year, rather than one as at present; there would also be additional staffing costs due to the increased number of transactions and enquiries needing to be processed each year. The Government concluded that these extra costs (which would be met ultimately by taxpayers) could not be justified. Annual billing will therefore be retained.

The argument for a proportional rate of tax is that it removes any possibility that liability for tax will increase more rapidly than the rise in land values. This is a major criticism of the current land tax system. Moreover it removes all scope for tax avoidance and eliminates the need to aggregate properties in order to achieve equity—individual properties are taxed the same whether in single or multiple holdings.

However, a truly proportional tax structure would require the present general exemption of $80 000 to be eliminated (since the rate of tax in the 0 to $80 000 range is presently zero). This would add about 90 000 new taxpayers to the system.

A proportional tax rate would also produce a radical shift in the incidence of land tax in favour of larger landowners to the detriment of smaller landowners. Amongst existing taxpayers there would be many more losers than winners, all the losers would be in the lower value ranges and most would pay between $500 and $1 000 extra tax per annum.

Notwithstanding the attractions of a proportional tax structure it is considered that these incidence would be too severe for small businesses to bear.

The site value of a property represents the value which is attributable to the efforts of the community. The owner of a property does not contribute to its site value but reaps the benefits of the efforts of others both in the private sector (who enhance the value of other properties by developing theirs) or in the public sector (which provides a wide range of public services). Economists argue that site value is the proper basis for taxing land because it—

- appropriates for the community a share of the value which the community has contributed
- does not tax value added by the owner and so provides no disincentive to development.

Notwithstanding the strong theoretical argument for imposing land tax on the basis of site value those who have complained most about land tax have supported a change to capital value as the tax base. Their argument is principally related to one of the major complaints about land tax—the fact that it is not related to the capacity of the existing owners to pay the tax. It is their view that the more developed a property the better able is the owner to generate revenue to pay land tax.

This support for capital value as the tax base has one very important qualification—it must be introduced in conjunction with a proportional tax structure. No support has been expressed for a progressive tax structure applied to capital values since this would merely reallocate the burden of land tax (in an unpredictable fashion) amongst existing taxpayers.

To adopt only the recommendation relating to capital values might exaggerate the main problem (rapid increases in tax). It could also send the wrong signals to developers since they would not only pay higher tax as the development proceeded but a higher rate of tax.

While it is not proposed to adopt the review group recommendations for a proportional tax with no general exemption it would be desirable to take steps to address the problem which the group has identified with the present system by broadening the tax base. This will be achieved by retaining the present exemption threshold of $80 000.

In addition a revised tax scale will be introduced which incorporates lower rates of tax for all except the largest landowners. The new tax scale will be:

Value $	Rate of Tax
0- 80 000	Zero
80 001- 300 000	0.35%
300 001-1 000 000	$770 plus 1.50%
Over 1 000 000	$11 270 plus 1.90%

This will add an extra 6 000 taxpayers to the base (27 500 compared with 21 500 in 1989-90) because of valuation increases. The proposed rates compare with effective rates of 0.375 per cent up to $200 000 and 1.7 per cent above that value for 1989-90. The metropolitan levy of 0.05 per cent on values in excess of $200 000 will be abolished.

This scale will produce revenue of about $78.5 million. This represents an increase of 6.8 per cent over tax assessed in 1989-90 of $73.5 million which is broadly in line with CPI estimates for the year. One of the major demands of the various land tax protest groups was that increases in land tax be kept to the CPI.

The provisions of the Bill are as follows:

Clause 1 is formal.

Clause 2 provides for the commencement of the measure. The time chosen for the commencment is consistent with section 10 (3) of the Act that provides that taxes imposed under the Act are to be calculated as at midnight on the thirtieth day of June immediately preceding the relevant financial year on the basis of circumstances then existing.

Clause 3 deletes the definition of 'the metropolitan area'.

Clause 4 provides for a new scale of land tax under section 12 of the Act. The levy that applies in relation to the metropolitan area is also to be abolished.

The Hon. K.T. GRIFFIN secured the adjournment of the debate.

ADJOURNMENT

At 11.33 p.m. the Council adjourned until Thursday 18 October at 2.15 p.m.