

HOUSE OF ASSEMBLY

Thursday 11 October 1979

The House met at 11 a.m. pursuant to proclamation issued by His Excellency the Governor (Mr. Keith Seaman).

The Acting Clerk (Mr. G. D. Mitchell) read the proclamation summoning Parliament.

OPENING OF PARLIAMENT

At 11 a.m., in compliance with summons, the House proceeded to the Legislative Council, where a Commission was read appointing the Honourable Leonard James King (Chief Justice) to be a Commissioner for the opening of Parliament.

SWEARING IN OF MEMBERS

The House being again in its own Chamber, at 11.10 a.m. His Honour Mr. Justice King attended and produced a Commission from His Excellency the Governor appointing him to be a Commissioner to administer to members of the House of Assembly the Oath of Allegiance or the Affirmation in lieu thereof required by the Constitution Act. The Commission was read by the Acting Clerk, who then produced writs for the election of 47 members for the House of Assembly.

The Oath of Allegiance required by law (or the Affirmation) was administered to and subscribed by all members.

The Commissioner retired.

ELECTION OF SPEAKER

The Hon. D. O. TONKIN (Premier and Treasurer): I remind the House that it is now necessary to proceed to the election of Speaker. I move:

That Mr. E. K. Russack do take the Chair as Speaker of this House.

In my time as a member of this House, four members have been elected to the office of Speaker. It is appropriate on this occasion to reflect, for the first time in many years, on the significance of the Speakership and on the personal qualities that are required of any occupant of this office. Perhaps those qualities were best stated by Sir William Harcourt, member of the House of Commons, Chancellor of the Exchequer and later Leader of the British Liberal Party, when he said:

They are qualities not common in their single excellence, most rare in their happy combination. We expect dignity and authority, tempered by urbanity and kindness, firmness to control and persuasiveness to counsel; promptitude of decision and justness of judgment; tact, patience and firmness, with an inbred courtesy so as to give, by his own bearing, an example and a model to those over whom he presides; an impartial mind, a tolerant temper, and a reconcilable disposition.

That splendid description was given 84 years ago, and was delivered 12 000 miles away in the Mother of Parliaments, but neither time nor distance has eroded its relevance to the Speakership of this House. Indeed, the greater strength of political parties in modern times, the greater polarity of public opinion, and the lower esteem in which our Parliamentary institutions are unfortunately now held in certain quarters have redoubled the need for excellence

in the Speaker's chair.

We need, in this office, a member who is distinguished by his impartiality, tolerance and equity. Our Speaker must be a man of strength and courage; he must, by his nature, command the respect of all members; he must be endowed with a natural dignity, not with pomposity or a pretence of dignity through ceremony.

It is with all of these requirements very much in the forefront of my mind that I nominate Keith Russack to fill the highest office that this House can confer.

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I have much pleasure indeed in seconding the nomination of Edwin Keith Russack as Speaker of this House. I think it is true to say that since Keith Russack has been a member in this place he has gained the respect of members on both sides of the House. For that reason, and for those reasons enunciated by the Premier, I have pleasure in seconding this nomination.

Mr. RUSSACK (Goyder): In compliance with Standing Orders, and in accordance with the traditions of this Parliament, I humbly submit myself to the will of the House.

The ACTING CLERK: Is there any other nomination?

Mr. BLACKER (Flinders): I move:

That Dr. B. C. Eastick do take the Chair as Speaker of this House.

I give the following explanation for making this nomination: Two days after the election the press was promoting only one name for the position of Speaker in this House, that of Dr. Eastick. At that time I gave Dr. Eastick a firm undertaking about this matter. I believe he is a worthy member who can adequately and with distinction carry out the duties associated with the position of Speaker in this House. I indicated to him on that occasion that I should be happy to support his nomination as Speaker. Within 24 hours, the name of Mr. Keith Russack came forward in relation to the position of Speaker, and this placed me in a dilemma. Having given an undertaking to Dr. Eastick that I would support his nomination publicly if necessary, I have now decided to nominate him for the position of Speaker. No member of either Party from either House has solicited my support for any candidate for this position. I have nominated Dr. Eastick for the position of Speaker because I believe he is an admirable nominee for that position.

Mr. BANNON (Leader of the Opposition): I second the nomination of Dr. B. C. Eastick as Speaker of the House of Assembly. I do this without reflecting in any way on the ability or merit of the earlier nominee for this important office. However, it is my view that Dr. Eastick, because of his fund of experience gained at various levels within this Parliament, within his Party and in the community at large, would worthily discharge the office of Speaker of this House. Accordingly, I have pleasure in seconding his nomination.

Dr. EASTICK (Light): The basic tenet of this Parliament is that members have rights; they have the right to decide on the who will lead them. That being the case I give them that opportunity now at ballot.

The ACTING CLERK: Two members having been proposed and seconded, it will be necessary for a ballot to be taken in accordance with Standing Order 13. I ask the Premier and the Leader of the Opposition to come to the table to act as scrutineers.

A ballot having been held:

The ACTING CLERK: The voting shows that Dr. Eastick has received 24 votes and that Mr. Russack has received 22 votes. As Dr. Eastick has received an absolute majority of votes of the members present, I declare Dr. Eastick duly elected as Speaker.

The Hon. B. C. Eastick then took the Chair as Speaker.

The SPEAKER: I appreciate the honour that has been bestowed on me by members. I come to this position with due humility and with a belief in the Parliamentary system requiring that there shall be total impartiality from the Chair.

Mr. BLACKER (Flinders): I take this opportunity of offering my heartiest congratulations to you, Mr. Speaker, on your appointment to the position. When I made the nomination, I had done no lobbying in respect of the position. I trust that your election to the Chair will be to the benefit of the House and of all members concerned. Once again, I offer you my congratulations.

Mr. BANNON (Leader of the Opposition): On behalf of the Opposition, I congratulate you, Mr. Speaker, on your attaining this office. I think the remarks made earlier by the Premier would be fully endorsed on our side as to the nature of the responsibilities and heavy duties that your position imposes. Whilst it is true that the position of Speaker derives from that ancient office in the House of Commons, in the course of translation to the colonial and, subsequently, State and Dominion Parliaments, some aspects of the office have changed.

Within the House itself the principles on which the Speaker has traditionally operated are most important, that is, to sit impartially over debate, to maintain order in the House, and to ensure that all members (whether of the Government Party or on the Opposition side) have rights equal in terms of the Standing Orders. The Opposition has full confidence in your abilities in this respect. We believe that ultimately the Speaker must be that person who represents the will of the House at large; that is the essential role of the Speaker. The will of the House is that you take the Chair, and in doing so you have our full confidence and support.

As much has been written and spoken of the personal qualities required for the Speakership, I do not intend to go into that matter at length in this instance. They have been referred to on previous occasions, and we believe that you have the qualities required. An apt summary of the nature of the ideal Speaker in our Parliamentary system was made by a Speaker of the House of Commons, Mr. Speaker Lowther, who said:

The office of Speaker does not demand rare qualities: it demands common qualities in a rare degree.

It demands, therefore, qualities that place you, in a sense, above the strife in debate on the floor between the Government and the Opposition; and you must preside over such debate impartially and fairly. We have full confidence in your ability to do so.

In supporting your nomination, we believe that, under our system, it is important that someone from the Government Party, where the situation is appropriate, should be Speaker. To that extent, I do not see a departure from any kind of principle or constitutional propriety in this matter. It is essential that the Speaker represent the will of the House of Assembly itself, and we have full confidence that you do.

The Hon. D. O. TONKIN (Premier and Treasurer): Mr. Speaker, I add congratulations, from the Government side

of the House, on your election. This Parliament is most fortunate in having a number of people of the qualities I outlined when I nominated Mr. Russack. Nevertheless, I am certain that we can look forward to your presiding over the deliberations of the House, with every confidence that you will do so with courtesy, impartiality, and firmness. The fact that you have been nominated and elected to this high office by members of the Parliament is a perfect example of democracy at work and of how the Westminster system of Parliament should be applied. In reiterating my congratulations, Sir, I wish you a most successful term as Speaker of this House.

Mr. MILLHOUSE (Mitcham): Lest it be thought that the Leader of the Opposition was speaking for me when he referred to members on his side of the House, I desire to express my congratulations to you, Sir, on your election as Speaker. I agree with what the Leader of the Opposition has said, and eventually I had the same view of the matter as he did. I must confess that, when I came into the Chamber, I had not proposed to give you my support. However, as I listened to the roll of qualities required for a Speaker, as set out by the Premier, quoting from Sir William Harcourt, I began to waiver and, metaphorically only, I weighed you up against the other candidate. After a great deal of hesitance I gave you my vote. I am probably not giving anything away, because those who are interested in this matter probably are doing the sums already to see just what happened.

I hope that you have a happy term of office, and I hope that we are happy under your Speakership. With due deference, I remind you of the roll of qualities enumerated by the Premier, and of what you yourself said, Sir, in accepting the office.

The SPEAKER: I thank honourable members for their confidence, and for the challenge which they have placed before me. I indicated earlier that I believe that democracy at work requires that every member in this place has a right to exercise a vote, and all members have had that opportunity. I thank them for the honour they have bestowed on me, and I reiterate my intention of total impartiality in the interests of all members.

The Hon. D. O. TONKIN (Premier and Treasurer): I have to inform the House that His Excellency the Governor will be pleased to have the Speaker presented to him at 12.20 p.m. today.

[Sitting suspended from 11.53 a.m. to 12.10 p.m.]

The SPEAKER: It is now my intention to proceed to Government House and present myself as Speaker to His Excellency the Governor, and I invite members to accompany me.

At 12.10 p.m., accompanied by a deputation of members, the Speaker proceeded to Government House.

On the House reassembling at 12.26 p.m.:

The SPEAKER: Accompanied by a deputation of members, I proceeded to Government House for the purpose of presenting myself to his Excellency the Governor, and informed his Excellency that, in pursuant of the powers conferred on the House by section 34 of the Constitution Act, the House of Assembly had this day proceeded to the election of Speaker, and had done me the honour of election to that high office. In compliance with the other provisions of the same section, I presented myself to his Excellency as the Speaker, and in the name and on behalf of the House laid claim to our undoubted rights and privileges, and prayed that the most favourable

construction might be put on all our proceedings; whereupon his Excellency has been pleased to reply as follows:

To the Honourable the Speaker and members of the House of Assembly: I congratulate the members of the House of Assembly on their choice of the Speaker. I readily assure you of my confirmation of all constitutional rights and privileges of the House of Assembly.

[Sitting suspended from 12.28 to 2.15 p.m.]

SUMMONS TO COUNCIL CHAMBER

A summons was received from His Excellency the Governor desiring the attendance of the House in the Legislative Council Chamber, whither the Speaker and honourable members proceeded.

The House having returned to its own Chamber, the Speaker resumed the Chair at 2.43 p.m. and read prayers.

COMMISSION OF OATHS

The SPEAKER: I have to report that I have received from the Governor a commission under the hand of His Excellency and the public seal of the State empowering me to administer the Oath of Allegiance or receive the Affirmation necessary to be taken by members of the House of Assembly.

CHAIRMAN OF COMMITTEES

The Hon. D. O. TONKIN (Premier and Treasurer): I move:

That Mr. G. M. Gunn be Chairman of Committees of the whole House during the present Parliament.
Motion carried.

GOVERNOR'S SPEECH

The SPEAKER: I have to report that, in compliance with the summons from His Excellency the Governor, the House attended in the Legislative Council Chamber, where His Excellency was pleased to make a Speech to both Houses of Parliament, of which I have obtained a copy, which I now lay on the table.

Ordered to be printed.

SITTINGS AND BUSINESS

The Hon. D. O. TONKIN (Premier and Treasurer): I move:

That Standing Orders be and remain so far suspended as to enable Government business to be considered as required and to have precedence over other business, except questions, before the Address in Reply is adopted.

Mr. MILLHOUSE (Mitcham): I have not been consulted about this move, and I ask the Premier whether he could (and I think under Standing Orders he or some other member—perhaps his Deputy—could make a speech in reply to me and tell me and other members who may not be in the secret just what programme the Government has for the sittings of the House. I understand from reading the newspaper (and I have known no other way) that the Budget is to be introduced

today. I presume that that is the main purpose of this motion, although it is much wider than that. I should very much appreciate knowing just what programme the Government has ahead—whether it is going to have the Budget dealt with straight away, and have no Address in Reply debate until afterwards. Obviously, no legislation is ready, judging from the Speech we have just heard.

Members interjecting:

Mr. MILLHOUSE: Well, it was a very old-fashioned document, but that is by the by. The purpose of my rising is to ask whether we can know from the Government just what it proposes to do. It is asking the House to suspend Standing Orders like a pig in a poke.

Mr. Gunn: Are you planning your legal practice?

Mr. Becker: Yes, he is.

Mr. MILLHOUSE: The members on the Government side are teasy already.

Members interjecting:

Mr. MILLHOUSE: I thought I detected some tension. All I ask is that we know what the programme of the Government may be and what it proposes for the sittings of the House.

The SPEAKER: Standing Orders provide for two speakers to such a motion. The Premier having spoken, and now the member for Mitcham, and there being no dissentient voice, I put the question.

Mr. MILLHOUSE: On a point of order, Mr. Speaker, I suggest, with the greatest of respect, that the Premier did not speak to the motion; he merely moved it. In that case, as has happened many times in the past, someone else can speak to the motion.

The SPEAKER: I do not uphold the point of order. The Premier's having spoken is tantamount to his having spoken to the motion. Those in favour say "Aye"; to the contrary "No."

Mr. MILLHOUSE: No.

The SPEAKER: There being a dissentient voice, it is necessary to hold a division.

The House divided on the motion:

While the division was being held:

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

Motion thus carried.

APPROPRIATION BILL (No. 2) AND PUBLIC PURPOSES LOAN BILL

His Excellency the Governor, by message, recommended to the House of Assembly the appropriation of such amounts of the general revenue of the State as were required for all the purposes set out in the Estimates of Expenditure for the financial year 1979-80 and the Appropriation Bill (No. 2), 1979.

His Excellency the Governor, by message, recommended to the House of Assembly the appropriation of such amounts of the revenue and other moneys of the State as were required for all the purposes set out in the Loan Estimates for the financial year 1979-1980 and the Public Purposes Loan Bill, 1979.

The Hon. D. O. TONKIN (Premier and Treasurer): I move:

That the Standing Orders be so far suspended as to enable the Appropriation Bill (No. 2) and the Public Purposes Loan Bill to be—

(a) presented and read a first time together and one motion moved without delay and one question put in regard to, respectively, the second readings, the Committee's report stage and the third readings of both Bills together; and

(b) considered in one Committee of the Whole.
Motion carried.

The Hon. D. O. TONKIN obtained leave and introduced a Bill for an Act for the appropriation of revenue of the State for the financial year ending on 30 June 1980 and for other purposes, and also a Bill for an Act to authorise the Treasurer to borrow and expend money for public purposes, and to enact other provisions incidental thereto. Read a first time.

The Hon. D. O. TONKIN: I move:

That these Bills be now read a second time.

In doing so, I am following a practice, introduced last year, of bringing in the two Bills simultaneously so that all Members have the opportunity to understand more clearly, and consider more effectively, the Government's overall financial plans.

The Government's Revenue and Loan Budget proposals for 1979-80 plan for a small surplus of \$2.1 million on the years combined operations. That prospective result, if achieved, will increase the small accumulated surplus of \$600 000 held on the combined accounts as at 30th June, 1979, to \$2.7 million at 30th June, 1980. It is the Government's intention to hold those funds in reserve and to use them for major developments of economic and social significance to the State. Infrastructure for the Redcliff proposal is the first in order of priority.

In presenting my first Budget to Parliament, I intend to be brief. I do not propose to speak at length about the budget and economic policies of the Commonwealth Government. Nor do I propose to dwell at any length on South Australia's sorrowful decline under the previous Government. These matters have been discussed widely during recent weeks.

However, certain facts must be realised before the enormity of the task of economic reconstruction in this State can be appreciated fully.

In just two years South Australia's annual rate of population growth has fallen from being higher than the national growth rate to a level which is only one-third of the national growth rate.

During the last eight years of office of the previous Government, private sector employment in the other five States grew four times faster than in South Australia. In the recent period, from September 1977 to June 1979 (the last month available), private employment actually fell by 4 900 in South Australia, while in the rest of Australia there was a growth of 28 600 persons employed by private enterprise.

The rate of unemployment in South Australia has been higher than the national average for 16 consecutive months, and is now the highest amongst all the States.

This State's share of the nation's advertised job vacancies has fallen by 32 per cent in the last five years.

The annual growth of retail sales in South Australia has fallen by 37 per cent in the last two years, and in this same period this State's share of national retail sales has declined by the equivalent of \$110 million.

South Australia's share of committed and likely capital investment in major mining projects is now only 1.5 per cent of the national total, and our share of committed and likely capital investment in major manufacturing projects is only 3.1 per cent of the national total.

South Australia's share of new dwelling commencements has fallen by almost 50 per cent in the last three years, and recovery in this vital sector is being impeded by the fact that South Australia has the fastest rising house-building costs in Australia.

South Australia's share of new business written by finance companies has fallen by 21 per cent since 1976.

As I say, it is against the backdrop of these facts that the

task of economic recovery in South Australia assumes both magnitude and urgency.

The State Budget and the Economy

The prime concern of this Government is the economy of South Australia. We will do everything we can, responsibly, to encourage and assist its growth. We propose to work in co-operation with all sections of the community to remove impediments to that growth. We see this as the best long term approach to the problems of slack economic activity and high unemployment which currently afflict the State.

In setting its financial plans for 1979-80 and the years beyond, my Government recognises the importance to the State's economy of a strong and expanding private sector, complemented by an efficient, well-managed public sector. In particular, our financial planning recognises:—

- the present depressed state of the building and construction industry and the need to support that industry to the greatest extent practicable.
- the importance of the Northern Power Station, Redcliff and Roxby Downs developments.
- the need for the Government, in co-operation with private enterprise, to accelerate the exploration programme in the Cooper Basin and elsewhere in order to locate further urgently needed resources of hydro-carbons.
- the need to create long term employment opportunities, particularly for those seeking their first job.

It is the firm belief of this Government that lower State taxation will act as a stimulus to development, encourage investment and create employment opportunities. This budget is based on that belief. It provides for:—

- the abolition of succession duty on the property of a person who dies on or after 1st January, 1980.
- the abolition of gift duty on all gifts made on or after 1st January, 1980.
- the abolition of stamp duty on the purchase of the first home, or housing allotment, up to the value of \$30 000—with effect from 1st November, 1979.
- the basic exemption level under the Payroll Tax Act to be increased from \$66 000 to \$72 000, tapering back to \$32 400 at a payroll level of \$131 400—with effect from 1st January, 1980.

Those concessions are estimated to cost about \$4.1 million in 1979-80 and about \$20 million in a full year.

Because of administrative difficulties it will not be possible to abolish land tax on the principal place of residence until the beginning of next financial year. There is a considerable amount of preparatory work which must be done within the department and the identification of properties which properly qualify for the exemption is a major task. However, the concession will be introduced with effect from 1st July, 1980. It will have an annual cost of about \$5 million. I can assure people living in their own homes that the land tax they pay in this financial year, on those homes, will be the last such payment. Further, we are taking steps to see that increases in valuation levels will not be reflected in increased land tax bills on the principal home in this last year.

During the next few weeks we will examine the extent and the value of the various incentive schemes currently available to industry. We will do so in a proper and responsible manner and in co-operation with industry. In the meantime, provision has been made in the Budget for the payment of incentives to industry, including rebates of payroll tax for specified additional employment (with effect from 1st October, 1979), rebates of payroll tax and

land tax for selected decentralised industries, for the continuation of the Establishment Payments Scheme, the Motor Vehicle Industry Assistance Scheme and schemes in the Riverland. \$6 million has been provided for these purposes.

The Government is committed to a policy of lower taxation. It is committed also to the development of the State's natural resources. In common with other State Governments it faces a difficult financial situation with major uncertainties in the area of Commonwealth funding. Our plans for taxation and development must take account of that fact. I will return to this matter in more detail in a moment.

Against this background, the Government has little choice but to take a number of hard and unpopular decisions now. We believe that in the longer term those decisions will prove to be in the best interests of South Australia.

First, we propose to hold the public service to a no-growth constraint in 1979-80 and to seek actual reductions in numbers of people, wherever possible. We will review services, improve efficiency and redeploy staff, where appropriate, in order to meet urgent needs and new initiatives as they arise. We will cut out any functions and activities which are no longer effective.

Second, there will be a major thrust by the South Australian Health Commission to further rationalise services and reduce hospital running costs. This move will be undertaken in a proper and responsible manner to ensure that the presently high standards of patient care are not undermined.

Third, the Public Buildings Department will be held to tight financial constraints in 1979-80. This is a first step in a longer term plan to wind down, progressively, the activities of the Department, through a planned programme of natural wastage, so that a proper balance may be achieved between public sector and private sector resources in the provision and maintenance of government buildings.

Fourth, the Education Department and the Department of Further Education are both being held to tight financial allocations in 1979-80. The Government will be looking to a reallocation of resources, rather than to further increases in funds, to enable electoral commitments and new initiatives to be undertaken in both of these areas.

Finally, as a longer term measure, we will begin to examine critically all existing programmes and activities and, where possible, we will divert resources so as to achieve further economies of operation consistent with an acceptable level of service to the public. We will maintain the firmest control over all expenditures and look to value for each dollar spent.

Loan Account will be under considerable pressure in future years with the expected development of a petrochemical complex at Redcliff and other projects. In order to establish some modest reserves for these purposes and reduce the impact in future years, steps have been taken to contain government building programmes. In an effort to reduce the pressures, I propose to transfer \$6 million from Revenue Account to Loan Account in 1979-80.

While payments from Loan Account in 1979-80 are expected to be below the level of 1978-79, in cash terms, I expect the effects of that shortfall to be offset partly by:—

- non-budgetary measures such as building and construction projects undertaken by the State Government Insurance Commission.
- the expanded programmes of the Electricity Trust and the State Transport Authority, financed in part from their internal funds.

- increased activity in the private sector, generally.

Against that broad policy comment, let me now give Members a brief overview of the total financial position.

1978-79—Combined Accounts

Members will recall that the 1978-79 financial year commenced with an accumulated deficit of \$6.5 million on the combined accounts. The previous Government proposed to maintain a balance on the operations of those accounts in 1978-79. In particular, it was planned to achieve:—

- a balance on Revenue Account after providing \$4.7 million for unemployment relief, recalling \$17.5 million from the Pipelines Authority and making a transfer of \$5 million from Loan Account.
- a balance on Loan Account after providing for the transfer to Revenue Account.

On Revenue Account, receipts fell \$5.9 million below estimate, largely because refinancing arrangements saw only \$7 million recalled from the Pipelines Authority. That shortfall was offset, partly, by an improvement in receipts from Personal Income Tax sharing and a greater than planned transfer from Loan Account (actually \$5.7 million). After providing \$9.2 million for unemployment relief programmes, including \$4.5 million for a 1979-80 programme, payments were below estimate by \$12.4 million. This was mainly as a result of lower than expected increases in wage rates following the introduction of half-yearly wage adjustments by the Arbitration Commission.

The final result was an excess of receipts over payments of \$6.5 million on Revenue Account for the year.

On Loan Account, receipts fell \$2.5 million below estimate mainly as the result of lower than expected departmental recoveries. Payments were below estimate by \$3.1 million. The main falls were in the areas of waterworks and sewers and forestry. They were offset partly by increased payments to the State Transport Authority for Advances for Housing, and for other Government buildings, and a larger than planned transfer to Revenue Account.

The final result was an excess of receipts over payments of \$600 000 on Loan Account for the year.

Of course, there were many variations from estimate in both receipts and payments in 1978-79, on both accounts, and these are documented fully in Attachment I to the printed Financial Statement.

With a surplus of \$7.1 million on the combined accounts for 1978-79, it was possible to convert the accumulated deficit of \$6.5 million at the beginning of the financial year to an accumulated surplus of \$600 000 as at 30th June, 1979. That accumulated surplus is recorded as being held on Loan Account.

Mr. Bannon: A pretty good financial situation.

The Hon. D. O. TONKIN: The financial situation that we have inherited is not as bad as it might have been, but the prospects, because of the attitude of the previous Administration, were rapidly getting worse.

1979-80—Combined Accounts

I have said already that the Government's proposals provide for a surplus of \$2.1 million on the 1979-80 operations of its combined accounts.

As to Revenue Account, the prospect is for a balance after providing for the transfer of \$6 million to support Loan Account.

As to Loan Account, the proposal is for a surplus of \$2.1 million on the year's operations after allowing for the support from Revenue Account.

That result, if achieved, will increase the accumulated surplus on the combined accounts to \$2.7 million as at 30th

June, 1980. The small surplus will be held in reserve on Loan Account and set aside for the capital development of major projects.

Before turning to the detailed explanations of the budget proposals, I would like to comment, briefly, on several important issues.

Personal Income Tax Sharing

We have had three years' experience of an arrangement between the Commonwealth Government and the States for the sharing of personal income tax collections. We have now entered the fourth year of that arrangement. For the third time in the four-year period, the States face the prospect that they will receive no more than they would have received under the old Financial Assistance Grants Formula.

There are two important aspects of the arrangements which should be brought to the attention of Members. They have implications for our plans for taxation and development.

The first aspect is the possible extension of the present guarantee arrangements beyond 30th June, 1980. The record shows that over the period of tax sharing, circumstances have changed so much that the States are heavily dependent on the continuation of the guarantee arrangements. Without the guarantee, their entitlement from personal income tax collections would remain uncertain, and the benefits of forward planning, which is an essential ingredient of sound financial management, might be lost.

I assure all Members and the people of South Australia that, at the proposed Premiers' Conference in November, I intend to fight vigorously for the retention of a guarantee and for an adequate proportion of income tax collections.

The second aspect is the review of State relativities which is now being made by the Commonwealth Grants Commission and which is to be completed before 30th June, 1981. It is a review which may place in jeopardy the financial benefits obtained in transferring the non-metropolitan railways to the Commonwealth Government. While the Government will make available to the Grants Commission all information relevant to the review, including information in respect to the railway transfer agreement, we will also be making the strongest possible case for the new relativities to not take away any of the financial benefit under that agreement.

For 1979-80, the Commonwealth Government has estimated that South Australia's formula guarantee will be \$631.4 million. This estimate assumes that average wages for the year to March, 1980 will be nine per cent greater than average wages for the year to March, 1979. That estimate has been incorporated in the State Budget.

Attachment II sets out in more detail the course of recent events in the personal income tax sharing arrangements.

Financing of Major Development Projects

In June, 1978, the Australian Loan Council approved guidelines under which State Governments could seek special additional borrowing allocations for their statutory authorities in order to finance major projects, particularly the infrastructure for significant development proposals. In November, 1978, Loan Council approved a number of projects which had been put forward by the six States. For South Australia, infrastructure for the proposed Redcliff petrochemical complex was accepted as a project which could be financed under these special arrangements. At mid 1978 prices, the infrastructure was estimated to cost about \$253 million and a special additional borrowing authority of \$186 million was approved in principle. This

left the State with the responsibility to find some \$67 million from its normal resources.

At the meeting of the Australian Loan Council in June, 1979, the Commonwealth Government indicated that it would support proposals for the States to borrow special additional amounts (possibly overseas) for further major development projects, provided they conformed with the guidelines established earlier. South Australia has responded to this indication of support and has submitted a proposal for special borrowing authority for the Electricity Trust to finance construction of the new Northern Power Station and associated developments at Leigh Creek. The amount sought for 1979-80 is \$10 million.

If that application is approved, and I am confident that it will be, the Government will be able to use some of its normal semi-government borrowing authority to accelerate exploration for natural gas and for replacement of diminished Commonwealth housing funds.

Cooper Basin

The Cooper Basin is a most important factor in the economic development and industrial security of this State.

The proving of further natural gas reserves is vital to future development. Through the South Australian Oil and Gas Corporation (in which the Pipelines Authority and the Gas Company are the shareholders), a major exploration programme is being undertaken in the Cooper Basin in order to assure future gas supplies for Adelaide and both feedstocks and gas for the proposed Redcliff petrochemical complex.

The Government proposes to continue and expand the exploration programme. We plan to allocate \$10 million of semi-government borrowing authority in 1979-80 to the Pipelines Authority in order to finance S.A.O.G. for further exploration work in the Cooper Basin. Our ability to do this will be influenced by the Loan Council decision about the special Electricity Trust borrowing.

Redcliff

The proposed development of a petrochemical complex at Redcliff, between Port Pirie and Port Augusta, is vital to the effective use of the gas and liquids of the Cooper Basin. It is also of considerable importance to the industrial base of the State and to the creation of employment opportunities. The favourable effect on the nation's balance of payments will be significant.

The first major step towards the development of this project has now been achieved. After detailed submissions, the Loan Council accepted Redcliff as a development project qualifying for special financing arrangements.

The next major step, the detailed feasibility study by Dow Chemical (Aust.) Ltd., is now proceeding and a decision should be reached early in 1980 on this matter. I am confident of a favourable result.

State Unemployment Relief Scheme (SURS)

From 1975, when the Regional Employment Development Scheme of the Commonwealth ended, the previous Government appropriated \$55.7 million to finance unemployment relief projects.

At the beginning of 1978-79 the special deposit account used to finance these works had a balance of just under \$10 million and during the year a further \$9.2 million was appropriated for further projects. This comprised \$4.7 million appropriated in the Budget and \$4.5 million appropriated at the end of June using the authority of the Governor's Appropriation Fund when some improvement

in the overall budget situation made it practicable. Total payments during the year were just over \$9 million and, accordingly, the balance in the deposit account at 30th June, 1979, was almost \$10.2 million. This balance was available for further payments on projects which had been approved previously and for the financing of new projects which the previous Government expected to approve in 1979-80.

While my Government is most concerned at the high unemployment level in this State, we do not believe that unemployment relief programmes are the most effective way of tackling the problem. We believe, strongly, that the best long term solution is through development of the economy, expansion of the private sector and the consequent creation of permanent jobs.

Given that belief, we propose to recall to Revenue Account those funds in the Deposit Account which have not already been committed to specific projects. We expect a transfer to Revenue Account of just over \$3 million in 1979-80.

A number of community bodies have received assistance from unemployment relief funds in the past. The Government hopes that in future, appropriate bodies of this kind in local government areas will be assisted by local government authorities, themselves, using funds from the State Grants Commission. In addition these bodies could qualify for assistance from special funds made available to the Minister of Local Government and the Minister of Community Welfare.

Effective Use of Resources

My Government places great emphasis on efficient management and the effective use of resources.

We will continue present planning procedures, and where necessary review and improve them. We plan to give priority to the development, by the Public Service Board and the Treasury Department, of budgets and financial management systems which place greater emphasis on individual responsibility and accountability.

Treasury is working on the detailed design and development of the first stage of an overall programme. It is a major task and the aim is for introduction of the system in 1981. One of the manifestations of the move towards more effective procedures is the elimination of the coding of accounts from the detailed Estimates of Expenditure and we hope that next year, more information will be available in respect to some one line appropriations, such as the Health Commission. The Public Service Board is working with individual departments in the development of their systems which are to be compatible with the overall system.

I expect Treasury, the Public Service Board and the Premier's Department to work in close co-operation with, and to assist where necessary, those Departments undertaking a review of their operations. I emphasise the words "co-operation" and "assist", because responsibility for reviews, and implementation of the changes flowing from those reviews, must rest, properly, with the Permanent Departmental Head and the Responsible Minister.

Matters raised by the Auditor-General and action taken in response to his comments are set out in detail in Attachment III.

Changes have been made to the functions and titles of a number of departments. These are set out in Attachment IV.

At this stage, I record my grateful thanks to the officers of Treasury who have done so much, under difficult conditions, to complete the preparation of this Budget by today. We have every reason to be most grateful to them,

and the people of South Australia can be proud of those dedicated officers.

I seek leave to have the remainder of the speech incorporated in *Hansard* without my reading it.

Leave granted.

THE REVENUE BUDGET

The forecast for 1979-80 is for a balance on the year's operations after providing for a special transfer of \$6 million to Loan Account. The transfer has been possible only by applying the most stringent measures to the allocation of funds for expenditure within Revenue Account and by funding many new initiatives through the reallocation of existing resources.

Aggregate receipts and aggregate payments are each expected to total about \$1 377.8 million.

The forecast of payments comprises provisions for—

- normal running expenses of \$1 310.8 million at salary and wage rates as at 30th June, 1979 (but excluding the June, 1979 national wage increase which did not become payable until July), and at price levels which include some allowance for inflation.
- a round sum allowance of \$56 million for the possible cost of new salary and wage rate approvals which may become effective during the course of the year (including the June, 1979 national wage increase).
- a round sum allowance of \$5 million for the possible cost of further increases during the year in prices of supplies and services.
- the special transfer of \$6 million to Loan Account.

The necessary detailed appropriations for the bulk of future wage awards will be arranged under a special provision which is included in the main Appropriation Bill each year. In respect to supplies and services, where departments can demonstrate that cost increases are greater than the allowances included in detailed appropriations, extra funds will be made available from the round sum of \$5 million. There is no special provision in the Appropriation Bill to cover this procedure, so it will be necessary to call on the authority of the Governor's Appropriation Fund and eventually of Supplementary Estimates. The latter procedure will be necessary also for a small part of the cost of wage increases.

REVENUE RECEIPTS

General

Overall, if we leave aside the special recall of funds from the Pipelines Authority and the special transfer from Loan Account, both made in 1978-79, then revenue receipts are expected to increase by \$125.8 million (10 per cent) from \$1 252 million last year to \$1 377.8 million in 1979-80.

The estimate for receipts takes into account specific taxation concessions which will be introduced in 1979-80 to give effect to the Government's electoral commitment to reduce the burden on the South Australian taxpayer. Unfortunately rising costs have caused some charges to be increased to enable the Government to recover the cost of services provided to the public.

Taxation

The Government has announced that it will exempt from land tax a property used solely as the principal place of residence by the owner. While we would like to give early effect to this commitment, there are a number of detailed arrangements which need to be made for its

effective and proper administration. I regret that it will not be possible to introduce this measure until 1st July, 1980. In the meantime, we are taking steps to see that increases in valuation levels will not be reflected in land tax bills on the principal home this year. Receipts from land tax are expected to reach \$22.4 million in 1979-80, slightly below the level of 1978-79.

Receipts from stamp duties are derived from a number of commercial transactions, including property. The Government's decision to abolish stamp duty on the purchase of a first home or housing allotment, up to a value of \$30 000, from 1st November, 1979, is likely to reduce receipts from this source by about \$1.1 million in 1979-80. However, given the slight improvement in the number of property transactions processed in recent months and in the expectation that there will be some growth in ad valorem duties, by virtue of a continuing increase in prices, we anticipate that receipts from all forms of stamp duty will increase from \$83.1 million to about \$87 million.

There are time lags between a person's death, the preparation of a succession duty return, the issuing of an assessment and the payment of succession duty. As a result the Government's decision to abolish succession duty on the property of a person, who dies on or after 1st January, 1980, is likely to have an impact of only about \$2 million on receipts from this taxation source in 1979-80. The present expectation is that receipts for this financial year are likely to reach \$15 million. The full effect of the abolition will be felt in 1980-81.

With the abolition of gift duty on all gifts made on or after 1st January, 1980 it is expected that receipts from this source will fall from \$1.3 million to about \$800 000 in 1979-80. The full effect will be felt in 1980-81.

While the employment situation is still far from satisfactory, there have been some signs recently that economic activity is beginning to pick up. A sustained improvement would have a marked effect on employment and payroll tax receipts. Our decision to increase the present exemption level from \$66 000 to \$72 000 from 1st January, 1980 will have some effect on collections, probably about \$500 000 loss in 1979-80. However that reduction will be far more than offset by the effect of expected wage increases. The estimate is for receipts of \$162.5 million in 1979-80.

Some aspects of the firearms control system still need to be resolved before its introduction. The estimate of \$750 000 for fees collected by the Police Department assumes that the system will be implemented during 1979-80.

Public Undertakings

Receipts from charges levied by the Department of Marine and Harbors are expected to increase from \$17.4 million in 1978-79 to about \$19 million in 1979-80. This increase takes into account the full year effect of the increases which operated from 1st March, 1979 and the effect of increased tonnages through the ports.

The price of water has been increased from 22 cents to 24 cents per kilolitre in 1979-80 and water and sewer rates have been increased by about 7.5 per cent and 12.5 per cent respectively. These higher charges are expected to raise cash receipts by the Engineering and Water Supply Department from \$94.6 million to \$101.8 million.

The Woods and Forests Department has adopted a new accounting system from 1st July, 1979, which is more in line with the commercial timber industry. As a result the Department will be making a contribution to Revenue Account of \$8 million in 1979-80 with a lesser call on, and contribution to, Loan Account. Overall the Department's

impact on the combined accounts will be much the same as in 1978-79.

Recoveries of Debt Services

Recoveries of interest from the Pipelines Authority are substantially reduced following the conversion to a grant of \$5 million of previous advances from Revenue Account and the repayment to Revenue Account in 1978-79 of a further \$7 million of those previous advances. Recoveries of interest from the authority are expected to reach only \$1.5 million in 1979-80.

Departmental Fees and Recoveries

The decline in real terms in the level of Commonwealth Government assistance for government schools is reflected in the estimate of specific purpose grants for the Education Department. The estimate for 1979-80 of \$28.8 million is 8.3 per cent above the 1978-79 money amount—a rate below the expected rate of inflation.

Technical and Further Education is one area in which the Commonwealth Government has increased its support. The estimate for receipts for 1979-80 is about \$8.2 million of which \$790 000 relates to the previous financial year.

Receipts of the Law Department are expected to increase from \$8 million to \$9.1 million. This increase reflects the full year effect of increased fees which were implemented during 1978-79.

Receipts of the Public Buildings Department are expected to increase from \$9.1 million to \$11.1 million. The increase reflects an anticipated reduction in outstanding accounts from the South Australian Health Commission for hospital maintenance and a full year's rental from South Australian Frozen Food Operations Pty. Ltd. in respect to its lease of the Frozen Food Factory at Dudley Park.

The large reduction anticipated in receipts from the Government Printing Division of the Department of Services and Supply is due to a change in the method of financing the operations of the Division. It is operating as a self-supporting unit with effect from 1st July, 1979. The estimate for receipts for 1979-80 of about \$720 000 is for the collection of accounts relating to 1978-79 and a contribution to Revenue Account from surpluses likely to be achieved by the Division in 1979-80.

Following the abolition of road maintenance charges from 1st July, 1979, the previous Parliament passed legislation which enabled a fuel licensing system to operate from 1st October, 1979. To offset the effect of that system on the private motorist and, as far as practicable, place the burden where it belongs, registration charges on private and light commercial vehicles have been reduced and registration charges on heavy vehicles have been increased, both with effect from 1st October, 1979. Receipts from those sources, shown under Transport Department, less expenditure from other Revenue Budget areas, including the Highways Department, form part of a net transfer to the Highways Fund. Thus they have no net impact on the Revenue Budget.

The continued success of the Lotteries Commission has allowed the Government to increase the contribution from the Hospitals Fund to an estimated \$27 million for 1979-80. This will go part of the way towards financing the net cost of operations of the South Australian Health Commission.

South Eastern Drainage Board rates are expected to bring in \$140 000 in 1979-80. The Government will co-operate with appropriate local government bodies in moving towards the abolition of these rates.

Territorial

As a result of the increased production of natural gas, it is estimated that mining royalties to the State will reach about \$5.1 million in 1979-80, some \$1 million more than for 1978-79.

Commonwealth

In an attachment to this Statement (Attachment II), is set out in some detail the information about the increasing disparity between State entitlements under the tax-sharing arrangements and the amounts produced by the formula guarantee. For 1979-80, the amount available to the States under the tax-sharing arrangements is \$5 051.9 million, which is equivalent to 39.87 per cent of Commonwealth personal income tax collections in 1978-79. Based on current population estimates for 31st December, 1979, South Australia's share of this amount would be \$584.9 million. However, there is little chance that the general purpose funds received by the States during 1979-80 will be determined by reference to these arrangements. Instead, it seems certain that entitlements will be in accordance with the formula guarantee.

The base for the calculation of the guarantee is the amount of \$559.8 million received in 1978-79. The Commonwealth Government has advised that it expects an increase in average wages for the year to March, 1980, over the year to March, 1979, of nine per cent. Together with the population factor and the betterment factor, it is expected that this increase will result in a grant for South Australia of about \$631.4 million in 1979-80. This figure is the realistic basis upon which to plan the Revenue Budget and it has been included in estimated receipts.

REVENUE PAYMENTS

The Government's financial planning for 1979-80 and the years beyond has regard to two major considerations.

The first is the uncertainty which exists in the area of Commonwealth-State financial arrangements, in respect to the possible extension of the tax sharing guarantee and the review of relativities between the States. There are possible courses of action in each of those two areas which could affect the State's financial position adversely.

The second is the need to finance major development projects. The development of a petrochemical complex at Redcliff is expected to commence next financial year and we believe that the opening up of Roxby Downs will follow. Some special financing arrangements have been made already in respect to Redcliff, and while eventually, the projects will add to State revenues through royalties, it must be emphasised that their impact on the State's limited financial resources will be heavy during the development stages.

Given those considerations the only responsible course of action for the Government to follow is to tighten further the management of existing programmes and services, to reassess their relevance and priority and wherever possible to fund essential new initiatives by the reallocation of existing resources. This is the strategy of the payments side of the 1979-80 Budget.

Special Acts

The provision for the Government's contribution to the South Australian Superannuation Fund has been increased from \$23 million to \$25.5 million. This reflects an increase in pensions in line with an anticipated increase in the Consumer Price Index, the attractiveness of the scheme which is encouraging people to retire at 60 years of age and the difference between the pension levels of those

receiving pensions for the first time and those whose pensions cease.

Following abolition of road maintenance charges on 1st July, 1979, a fuel licensing system has been introduced and motor registration fees have been varied, both with effect from 1st October, 1979. As a result of these changes the transfer to the Highways Fund of the net proceeds of motor vehicle taxation and fuel licensing fees is expected to be \$26.1 million in 1979-80. This is an increase of \$5.1 million over the net transfer in 1978-79. It approximates the value of the proceeds received from road maintenance charges, which were handled outside the Revenue Budget.

Interest payable on the public debt of the State is estimated at about \$141 million in 1979-80. The increase from \$128.9 million in 1978-79 is attributable to the full years cost of loans raised last year, the conversion of old loans at significantly higher interest rates and the estimated impact of the proposed new borrowing programme for 1979-80.

Development of the State

Trade and Industry

The Government will promote and foster the development of industry in South Australia through the Department of Trade and Industry. Development and expansion of the economic base of the State is a prime objective of this Government and \$1.4 million has been provided to the Department for this purpose.

Also, the Government will offer a range of incentives to selected decentralised manufacturing and processing industries, to firms wishing to establish their operations in South Australia or wishing to expand their local operations to take advantage of new product development or export markets. Incentives will include payroll tax rebates for specified increases in employment, payroll tax and land tax rebates to industries which decentralise and, subject to review of their effectiveness, continuation of the Establishment Payments Scheme, the Motor Vehicle Industry Assistance Scheme and schemes in the Riverland. \$6 million has been provided for all of these purposes.

Agriculture

The estimated expenditure for 1979-80 is \$22.9 million.

The Department is continuing its programme of regionalisation and establishment of the Northern, Eyre and Central Regions will be achieved by the redeployment of existing resources. Departmental advisers in the country areas are continuing to develop a whole farm management approach in relation to advisory services.

A significant reduction in extension services grants from the Commonwealth will necessitate a further redeployment of Departmental resources to enable completion of existing research programmes.

Support is continuing for the Bovine Brucellosis and Tuberculosis eradication campaign which is essential to our beef industry. Commonwealth funds are again available towards this campaign in 1979-80.

The aphid control programme is planned to conclude this year with emphasis being given to the distribution of parasitic wasps and the development of aphid resistant lucerne and medics. The Department will continue to meet the threats to the State arising from outbreaks of locusts, fruit fly and argentine ant.

The estimated expenditure takes into account the need for Government support to SAMCOR for excess capacity at Gepps Cross.

Fisheries

There is a major development potential for the fishing industry in South Australia. The opening up of the 200

mile fishing zone and the identification by the fishing industry of vast deep sea resources are significant factors in that development.

To meet this challenge the Government has established a separate Department of Fisheries (previously a division of the Department of Agriculture and Fisheries) and \$1.7 million has been provided for the operations of that Department in 1979-80.

Mines and Energy

The Government will give high priority to programmes of mineral and energy exploration and energy research.

The total provision for Mines and Energy in 1979-80 is \$8.9 million.

The Department, in response to the national need to discover additional hydro-carbon resources, has directed funds to two recently formed study groups examining the petroleum potential of the Officer and Eromango Basins. Well drilling in these areas and the subsequent discovery of oil shows in the drill core formed part of the programme which will continue through 1979-80 and into future years.

The Energy Division will continue its research, development and resource management activities, with particular regard to the availability of alternate energy and liquid fuel resources.

The provision also allows for an on-going programme for the rehabilitation of underground water wells and deep gas exploration wells in the Great Artesian Basin.

The Government's concern for future fuel and energy supplies is reflected in the provision of \$300 000 for energy research grants in 1979-80. Funds have also been provided to meet the State's commitment to a national publicity campaign for the conservation of liquid fuels.

Tourism

Expenditure on tourism is estimated to rise from \$2.6 million to \$2.8 million.

The Government views the involvement of Local Government and private enterprise as essential to the development of tourism. Accordingly, funds have been made available to develop tourist potential in the South East of South Australia through the formation of a South East Region Tourist Association. Funds will also be provided for regional tourism in the Riverland area.

Additional funds have been provided to promote tourism through advertising to encourage an awareness among people in other States of the attractions of South Australia. To combat the inhibiting effect on tourism of the increasing cost of fuel, it is planned to continue and further develop the Department's new inclusive tour programme by the addition of many tours by private sector organisations. The encouragement of separate inclusive tour programmes by the airlines, railways and coach companies has produced a significant response.

Business Undertakings

Water Resources

The total provision for water resources in 1979-80 is \$67.6 million.

The second water filtration plant to service the Adelaide metropolitan area will be commissioned shortly. Work is almost completed on the plant at Anstey Hill and funds have been provided to meet estimated operating costs in 1979-80. In addition, it is expected that several new water treatment and chlorination stations will become operative during 1979-80 and the estimated expenditure includes the likely costs of operating those stations.

An amount of \$300 000 was provided in 1978-79 to cover an operating deficit at the Ottoway Foundry caused by the decline in subdivisional activity and the

Department's water supply activities. The level of production at the Foundry has declined to the extent that it is unable to absorb overheads and the Department is taking action to reduce the workforce in this area by redeployment and natural wastage. This is becoming increasingly difficult with the decline in the Department's workload and it is again necessary that an amount of \$300 000 be provided to meet the possibility of a further operating loss in 1979-80.

The Department's allocation of \$63.8 million allows for a programme of natural wastage in the overall departmental workforce. This reduction, together with the recent increase in the price of water, will enable a balance to be achieved on operations in the metropolitan area but will leave a deficit on country operations of approximately \$20 million for the year.

Marine and Harbors

The estimated expenditure of \$12.5 million will permit the Department of Marine and Harbors to maintain the present level of port services and marine activities throughout the State. The Department is actively promoting the operations of the State's commercial ports and attempting to attract direct shipping services between South Australia and important trading centres in Japan and Europe.

The Department has intensified its promotion of the industrial estates adjacent to the Port of Adelaide with a view to attracting port related industries. This will continue during 1979-80.

Community Services

Education

Expenditure on primary and secondary education is the largest single item in the State Budget. Restraint by the Commonwealth in this area and the overall restrictions necessarily applied to the whole State Budget have meant a standstill allocation in real terms to the Education Department in 1979-80.

In money terms, the Department's allocation will increase from \$318.3 million in 1978-79 to \$324.7 million in 1979-80. This allows for a continuation of existing programmes at levels comparable with last year. In addition the Department will call upon the round sum allowance to meet the costs of teacher increments, teacher qualifications and wage award increases.

Commissioning of new schools and expansion in existing schools to satisfy population shifts will be met by redeployment of resources from other areas. Variations to existing programmes and efforts to reduce the burden of cost to parents will also be made through the redeployment of existing resources. A major thrust will be made to get the most effective use out of the Department's resources, with care being taken to ensure that classroom standards are not undermined.

Aid to independent schools has been increased by \$1.4 million to \$10.3 million in 1979-80. Of the increase, \$1.1 million is in line with previous guidelines and \$300 000 is a special first provision towards meeting our electoral commitments.

Further Education

Expenditure on Technical and Further Education will increase from \$42.2 million to \$43.3 million in 1979-80.

Despite continued growth in demand in this area of education, it has been necessary to review the level of resources being made available to existing colleges with a view to redeployment and rationalisation. This will enable new college facilities to be staffed and equipped to a minimum level within the constraints of existing physical

resources. No major new initiatives will be undertaken at existing colleges during 1979-80.

The Government would like to see further improvements in Technical and Further Education services but, with the current financial limitations, it is unable to allocate additional funds for this purpose.

Arts

The Government recognises the importance of the arts in a balanced community. It recognises also the need to improve and strengthen the co-ordination and administration of the Government's support of the arts in South Australia. We have established a Department of the Arts to work in close co-operation with appropriate community bodies in this area.

This budget provides \$10.1 million for this purpose. Almost \$2.2 million has been provided for grants and provisions for the arts. While contributions to the Adelaide Festival Centre Trust and the Film Corporation, at \$2.3 million and \$1.1 million respectively, are less in real terms than in 1978-79, they reflect the positive efforts being made by those bodies to improve the efficiency of their operations and to rely less on Government support.

Local Government

The Government believes that support for local organisations and groups involved in a wide range of community activities is more effectively administered at the local level. Accordingly, a Department of Local Government has now been established to take over many of the functions of the former Department of Community Development.

Within the total allocation of \$11.7 million for 1979-80, \$2.5 million has been provided for the establishment of community based library services. In addition \$1.4 million has been provided for community centres, including the Parks Community Centre which will become fully operational in 1979-80. That centre will provide an extensive range of community based services and will offer a wide range of recreational and artistic programmes. Wherever practicable, emphasis will be placed on helping individual services to become financially self-supporting.

Health

The allocation of \$172.6 million of State funds for health purposes will require further tight controls on the management and operation of all aspects of the State's health services. Emphasis on resource reallocation and efficient management will be essential. Budgets for individual health units will be tightened and a great responsibility lies in the hands of those responsible for the operation of those units to ensure the continuation of service of high quality.

Generally, the funds available for existing health services in 1979-80 will decline in real terms. This will require reallocation of resources for the commissioning of a limited range of new facilities including the funding of new areas at the Flinders Medical Centre.

Welfare

An allocation of \$31.7 million has been made for the Department for Community Welfare in 1979-80. This compares with expenditure of \$30.7 million last year.

As has been the practice in recent years, the level of funding for financial assistance payments to sole supporting parents, the unemployed and others in circumstances of special need has been based on about the same numbers as those receiving assistance at the time of the Budget. Should the numbers change significantly, then this level of funding would not be appropriate.

This year will not see the introduction of any major new

initiatives following the introduction of the Intensive Neighbourhood Care Scheme late in 1978-79.

The allocation of \$12.6 million for Minister for Community Welfare—Miscellaneous, includes \$10.3 million for remissions of water and sewer rates, land tax and council rates for pensioners and other persons in need. Transport concessions to the unemployed, which were introduced late in 1978, are estimated to cost \$500 000 in 1979-80. The amount provided for the Community Welfare Grants Fund has been reduced following the transfer of some grants to the Department of Local Government.

Police

Expenditure by the Police Department is estimated to increase from \$62.4 million to \$67.2 million. During the year, it is proposed to continue the general review of procedures commenced in 1978-79. This initiative has been undertaken to determine productivity and workload indicators aimed at ensuring the most effective and efficient use of resources in the operational areas of the Department.

In an effort to reduce the number of road accidents, it is proposed to recruit additional manpower and increase the number of radar and amphotometer units to enable a greater number of speed detection units to operate throughout the State.

Provision has been made for introduction of a firearms control system, but some aspects of that system still need to be resolved before its implementation.

Correctional Services

The estimated expenditure for the Department of Correctional Services is \$10.4 million compared with expenditure of \$10 million last year.

It is intended that the Department establish a crime statistics documentation system on microfilm and microfiche to replace the existing file system which is causing storage problems. The Department will also establish a joint prisoner education programme with the Department of Further Education to provide improved training and rehabilitative opportunities for offenders.

Legal Services

The allocation of \$9.8 million to the Law Department takes into account the full year cost of increased jurors and witnesses fees introduced in 1978-79.

The Government proposes to continue legal aid during 1979-80 in the form of a contribution to the Legal Services Commission. The Commission was established to combine the legal aid schemes operated by the Law Society of South Australia Incorporated and the Australian Legal Aid Office and commenced operations on 30th January, 1979. Under an agreement the Commission's operating deficit for 1979-80 will be shared between the Commonwealth Government, 65 per cent and the State Government, 35 per cent.

Payments for some work briefed out to private practitioners in 1979-80 will fall due in future years. The State's contribution in 1979-80 is estimated to be \$484 000.

Other activities

Environment

The allocation of \$8.7 million to the Department for the Environment will allow it to embark on a programme of regionalisation with offices being established in Port Augusta and Naracoorte initially. That allocation also provides for:—

- implementation of a system of budgetary control over all departmental operations including those

of the National Parks and Wildlife Service.

- a Botanic Gardens Division, which has been transferred from the former Department of Community Development.

Planning

The allocation of \$4.4 million to Minister of Planning includes \$1.3 million for the Monarto Development Commission.

The major portion of the Commission's expenditure relates to debt servicing and the Government proposes to take steps to see what action can be taken, responsibly, to reduce the burden of these costs. The Commission's activities were financed previously from Loan Account.

Corporate Affairs

Expenditure by the Department of the Corporate Affairs Commission is expected to be about \$1.2 million in 1979-80. The Commission proposes to install a microfilm system, which will be a more efficient and secure system for the registration and recording of company documents, and will facilitate access to those documents.

THE LOAN BUDGET

The forecast for 1979-80 is for a surplus of \$2.1 million on the year's operations after taking into account a transfer from Revenue Account of \$6 million.

Aggregate receipts are expected to total \$220.6 million and aggregate payments are expected to total \$218.5 million.

The total works programme of \$218.5 million is well below the 1978-79 programme of \$232.2 million (after excluding the transfer of \$5.7 million to Revenue Account). The fall reflects the reduction in general purpose loan funds available from the Commonwealth Government through Loan Council. Those funds are the lowest in cash terms since 1974-75.

The Government is aware of, and concerned about, the adverse effect which those reductions will have on industry and on employment in this State. We believe that those adverse effects will be offset, in part at least, by the involvement of the State Government Insurance Commission, the State Transport Authority and the Electricity Trust of South Australia in other building and construction projects, and an improvement in the economy generally.

LOAN RECEIPTS

At the meeting of the Australian Loan Council in June, 1979, the Commonwealth Government announced it would support a total programme of \$1 245 million for State works and services. South Australia's share of this programme is to be \$162.2 million, of which \$108.1 million will be made available by way of loan, subject to repayment and interest and \$54.1 million by way of capital grant. Further loans amounting to about \$600 000 will be raised on our behalf to cover the costs of discounts and premiums on loan issues and redemptions. The other major sources of funds for the Loan Account are specific purpose funds from the Commonwealth Government and the repayment and recovery of amounts made available to departments and authorities in previous years. For 1979-80, funds from these sources are expected to amount to \$51.8 million, giving a total of funds available from all sources, including the transfer of \$6 million from Revenue Account, of \$220.6 million.

The emphasis which the Commonwealth has placed on

Technical and Further Education will continue in 1979-80 and this is reflected in the increase in specific purpose grants to the Department of Further Education from \$7 million in 1978-79 to \$8.9 million for 1979-80. Increased Commonwealth Government support will be provided under the Water Resources Programme, mainly for water treatment and salinity control projects.

Unfortunately the benefit which the State will receive from those programmes has been offset by reductions in other areas, including the urban public transport, school building and community health programmes.

Total specific purpose funds are expected to decline from \$25.7 million in 1978-79 to \$24.9 million in 1979-80.

Repayments and recoveries from State sources will provide \$26.9 million in 1979-80 compared with actual repayments and recoveries of \$25.7 million last year. State Bank repayments will amount to \$2.1 million with the major contribution coming from the Loan to Producers Scheme. An amount of \$1 million will be repaid by the Highways Department from advances previously made to that Department. With the adoption of the sustained yield accounting system, the Woods and Forests Department's repayment of \$1 million in 1979-80 is considerably less than in previous years, due to the retention of earnings for afforestation. \$11.6 million is expected from the Engineering and Water Supply Department in respect of depreciation provisions, preliminary investigation recoveries, the sale of plant and other assets and house connection charges. An amount of \$2.3 million will be recovered from the Public Buildings Department from the sale of assets and recoveries of amounts paid on behalf of client bodies for specific purposes.

The Government will continue a review of the amount of land held by departments and of the funds tied up in financing deposit accounts. Any surplus funds from these areas will be repaid to Loan Account.

Semi-Government Programme

In addition to funds allotted to the State Government loan programme through the Loan Council, funds are available also to the State through semi-government borrowings under two separate programmes; the larger and the smaller statutory authorities borrowing programmes.

For the larger authorities the Loan Council sets a limit on the total borrowings for a year and within that total leaves it to the State Government to set priorities. The limit for South Australia for 1979-80 is the same amount as was allotted in 1978-79, that is \$56.8 million. It is planned to allocate that sum as follows—

	\$ million
Electricity Trust of South Australia	18.5
South Australian Housing Trust	24.0
Pipelines Authority of South Australia	10.0
City of Adelaide	2.3
City of Enfield	2.0
	—
	56.8
	—

That planned allocation of \$56.8 million assumes a favourable response from the Australian Loan Council in respect to a special Electricity Trust borrowing. If approved it would increase the Trust's allocation to \$28.5 million and the total allocation to \$66.8 million. In the event that the response is unfavourable, we will need to review the above allocations.

In respect of the smaller authorities programme, the Loan Council does not set limits on total borrowings by the State. Instead, the limit is applied to borrowings of individual authorities. The limit of \$1 million for each

authority in 1978-79 has been raised to \$1.2 million for 1979-80. For 1978-79 the small statutory authorities in South Australia borrowed a total of \$26.6 million. It is expected that in 1979-80 loans of about \$30 million will be raised.

For both the larger and smaller authority programmes, the necessary funds must be raised by the State or the individual bodies concerned. The success of these programmes, therefore, depends on the liquidity of institutional and other lenders and their willingness to make money available for the terms and at the interest rates set by Loan Council. In the past we have experienced good support from lenders and I am confident that this will continue and enable the Government to raise the funds it needs. The Government is grateful for that support.

LOAN PAYMENTS

Welfare Housing

The Housing Assistance Act, 1978, authorised the operation of a new three-year Housing Agreement with the States to cover the period from 1978-79 to 1980-81.

Funds made available under that new Commonwealth-State Housing Agreement are advanced to the State at concessional rates of interest of 4.5 per cent in respect of advances for home purchase and 5 per cent in respect of advances for rental housing. As to home purchase advances, the Agreement requires the initial interest rate to home purchasers to increase by a half per cent at the end of each financial year which wholly occurs after the advance is made until the interest rate is one per cent below the long-term bond rate. There is room to consider cases of genuine hardship. In the case of rental homes, the Agreement requires that rents be reviewed and be market related.

The Agreement lays particular emphasis on:—

- assisting those in most need. In this regard, approval of a loan will be granted or the allocation of a house will be made primarily to an applicant who falls within the limit of a defined means test on income.
- gearing assistance to the degree of need and limiting it to the time of need.
- making effective use of past investments in welfare housing.

The Commonwealth has announced a further reduction in funds for housing for 1979-80 and there are substantial changes in the conditions on which the funds will be provided.

South Australia received \$47.4 million in loans under the Commonwealth-State Housing Agreement last year and a grant of \$1.3 million under Part III of the Housing Assistance Act. For 1979-80, South Australia's allocation has been reduced by \$12.9 million to \$35.8 million. \$24 million will be provided by way of loans under the Agreement and the remainder will be provided as Part III grants. These grants are to be used for housing assistance for:—

	\$ million
Pensioners	2.8
Persons eligible for assistance under Part V of the Agreement	7.5
Aboriginals	1.5
	—
	11.8
	—

The loan funds will be subject to matching arrangements similar to those introduced last year.

A further review of State Bank and Housing Trust

finances will be undertaken this year to determine whether scope exists for refinancing some aspects of the housing assistance programmes in the interests of needy applicants. The Government will provide a total of \$11 million to supplement Commonwealth funds, \$3.5 million from Loan Account to the State Bank and \$7.5 million to the Housing Trust from the Advances for Housing Account. \$24 million will also be made available from the larger authorities borrowing programme. Of that amount, up to \$10 million is subject to a favourable decision from Loan Council in respect to a special Electricity Trust borrowing.

Woods and Forests

The Woods and Forests Department is undertaking a programme to modernise its milling and forestry activities. The programme is designed to improve the efficiency and profitability of the Department and so enhance its capacity to contribute towards the cost of Government activities in other areas.

A large part of the allocation of \$6.8 million for 1979-80 is for the reconstruction of the Mount Gambier Log Mill which will be completed in 1979 and for improved stacking facilities at Mount Gambier and Nangwarry.

The allocation takes into account the recent adoption of the sustained yield accounting system by the Department.

Marine and Harbors

The provision of \$7.1 million for Harbors Accommodation purposes will permit further deepening and widening of the Port River to enable larger trading vessels access to the inner harbor. Further work proposed in 1979-80 at Outer Harbor includes increasing the depth of the new swinging basin and reclamation work at Pelican Point. The allocation also allows for modification of harbor facilities to cater for direct shipping lines with overseas countries and for the replacement of the old timber shipping pier at Port Lincoln.

The provision of \$1 million for fishing havens allows for the construction of new facilities at Streaky Bay and Port Lincoln and provision of a new slipway in the South East to accommodate larger fishing vessels.

Engineering and Water Supply

The allocation of \$67.1 million for waterworks, sewers and irrigation is below the 1978-79 expenditure level in real terms and reflects the continued decline in the Department's capital works programme, particularly in the water supply and subdivisional areas.

It is anticipated that the Commonwealth will contribute \$4.7 million under the National Water Resources Programme for 1979-80. Of this amount, \$2.6 million will be made available for metropolitan water filtration and \$1.4 million for salinity control.

The allocation of \$15.1 million for metropolitan waterworks includes \$7.9 million for the water filtration programme. This will allow for the completion of the Anstey Hill water filtration plant, continuing work on the Barossa water filtration plant and commencement of the Little Para filtration plant. In addition, it provides for the continuation of design and investigation into the Happy Valley and Myponga filtration plants.

The allocation of \$19 million for metropolitan sewerage allows for further work on a number of projects. These include:—

- a comprehensive sewerage scheme through the north east suburbs to eliminate overflows into the River Torrens, flooding of private property and to cope with development in the north-east of Adelaide.

- the provision of trunk sewers and extension of existing liquid treatment facilities in the rapidly developing area of Christies Beach.
- trunk sewers to provide adequate facilities in the Tea Tree Gully-Golden Grove area.
- installation of trunk sewers in the Noarlunga District to cope with the development of the Reynella, Happy Valley and Aberfoyle Park areas.

The provision of \$5.7 million for country waterworks will allow work to proceed on the replacement and construction of a number of depot facilities and the installation of relay mains in the Hundreds of Mortlock and Cummins to satisfy demands for improved water supplies. In addition, further repairs to the No. 1 Morgan-Whyalla pipeline will be carried out during 1979-80.

The sum of \$7.6 million for country sewerage works will permit the completion of major projects currently under construction. Work is continuing on a scheme in Port Augusta to improve sewerage facilities and to provide disposal facilities to the South Australian Housing Trust areas and outlets for areas served by common effluent drains. The outfall sewer at Mount Gambier is being enlarged to cope with increased flows from this area. A sewerage reticulation scheme is under construction in the Stirling-Aldgate-Bridgewater area to provide adequate waste disposal facilities where disposal of septic tank effluent is difficult and creates a health hazard. Sewerage reticulation of Port Pirie in areas where there are problems of effluent disposal will be completed this financial year.

An amount of \$7.4 million has been set aside for irrigation and drainage purposes. Work will continue on rehabilitation of the pumping and distribution systems in the Berri and Cobdogla areas. The allocation also provides for the rehabilitation of the existing Berri-Cobdogla comprehensive drainage scheme which is in poor condition and has become overloaded.

It is anticipated that work will commence on a major salinity control programme in the Riverland during 1979-80. A scheme is being planned to pump high saline drainage water from several evaporation basins on the River Murray flood plain to a new evaporation basin at Noora. The scheme, expected to cost approximately \$13 million over a period of almost four years, will be constructed by contract.

With the Dartmouth Dam nearing completion, South Australia's contribution towards capital works carried out under the River Murray Waters Agreement is expected to be \$1.4 million for 1979-80, compared with \$2.7 million in 1978-79.

Public Buildings

Hospital Buildings—\$14.9 million

The hospital building programme has been subject to a critical review by the South Australian Health Commission and priorities have been reassessed in many areas of hospital development.

Provision of \$1.8 million has been made to commence a redevelopment programme at the Hillcrest Hospital which includes:—

- a 40-bed diagnostic and assessment unit for psycho-geriatric patients.
- an additional 40 places in day hospital accommodation.
- a single storey 128-bed psycho-geriatric ward block for the use of chronically handicapped patients.

Work will continue on Phase I of the redevelopment of Whyalla Hospital, which involves the construction of the initial two storeys of a six storey wing. This work includes

a new pharmacy, facilities for a splintmaker, a central sterile supply department, provision of a new energy plant and conversions of existing areas to provide scientific workshops, laundry stores, workshop and electrical plant.

Existing buildings will also be altered to expand laboratories used by the Institute of Medical and Veterinary Science.

Work will commence on Phase II of the redevelopment in 1979-80 involving the construction of the remainder of the new six storey wing to accommodate accident and emergency services, a day surgery, the outpatients department, medical records, a new operating theatre suite and general, maternity, paediatric and psychiatric patients.

The total amount provided for redevelopment of the Whyalla Hospital in 1979-80 is \$8 million.

The single storey extensions to The Queen Elizabeth Hospital Emergency Department will continue this year and \$1.7 million has been provided for this purpose.

Provision has been made for the establishment of five new dental clinics during 1979-80 of which \$250 000 (50 per cent) will be recovered from the Commonwealth Government.

These comments should be read in conjunction with the comments on Non-Government Hospitals and Institutions which appear later in this document.

Primary and Secondary Schools—\$37.5 million

Commonwealth support for the State school building programme will continue to decline in real terms in 1979-80. This factor and the need to reallocate funds for major development projects has seen the allocation for the school building programme decline from \$39.7 million in 1978-79 to \$37.5 million in 1979-80.

With careful planning and effective use of available resources it will be possible to mount a comprehensive programme which will enable the critical needs of education to be catered for. Provision has been made for expenditure of \$1.5 million for the establishment of holding schools at Moana, Salisbury Heights, Salisbury West, Yetto East and Mount Barker. The holding school concept is an important innovation. It allows for provision of high-quality temporary school facilities in the initial growth stages of a local community and permits permanent school facilities to be deferred until static population information is available.

Renmark High and Meningie Area Schools are expected to be completed during early 1980 and \$2.7 million has been allocated in 1979-80 for these works.

Work is expected to commence on replacement of facilities at Barmera and Largs Bay Primary Schools which are estimated to cost \$2.1 million and \$1.5 million respectively.

Stage I development of Reynella East High School, estimated to cost \$4.8 million, is due to commence and \$1.1 million has been allocated in 1979-80 for this project. Stage I will cater for a student population of 1 050 with an initial enrolment of 650 in 1981. It will comprise accommodation for administration, library resource, senior science, art and craft, commerce, recreational and classroom facilities. Specific provision will be made within the development for the accommodation of handicapped persons, community access to grounds and facilities, and for integration of the Primary and Secondary Schools.

Redevelopment of Thebarton High School is to commence during 1979-80 by integrating the school into the proposed Community Centre. It is intended to provide technical studies, music, library resource, drama, physical recreation and welfare facilities for about 650 students.

Adelaide High School is to be extensively redeveloped

at a cost of \$2.7 million to provide additional accommodation for a library-resource centre, language area, music, drama, art and home economics facilities. Construction will take place over two years and \$850 000 has been allocated for this project in 1979-80.

Upgrading of the Mount Barker and Willunga Primary Schools is planned to commence during 1979-80 to cater for increasing enrolments in the southern metropolitan fringe areas.

Further Education Buildings—\$14.1 million

Specific purpose payments by the Commonwealth Government are expected to amount to \$8.9 million in 1979-80 which will enable the State to continue with the provision of facilities in the Technical and Further Education area.

Provision of \$5 million has been made for continued construction of Gilles Plains Community College which will provide the North Eastern suburbs with access to a major facility. Scheduled completion of the project is April 1980.

Construction of Stage III of the Elizabeth Community College is to commence in 1979-80 and \$1.7 million has been allocated for construction in this financial year. Stage III is designed to provide additional classroom and lecture theatre accommodation, a School of Business Studies and facilities for staff and students.

Work is continuing on construction of a major classroom block at Regency Park Community College which will enable more effective use of the engineering and electronic facilities recently relocated to the campus. \$2.4 million has been allocated for this purpose in 1979-80.

Provision of \$1.5 million has been made for the commencement of a major centre in the Noarlunga area. The centre, estimated to cost \$15.5 million over a period of three years, is designed as an integrated concept and is being constructed in conjunction with a shopping and business centre. The focus of the College is an extensive theatre complex provided for college and community use. A comprehensive community-college library is to be incorporated into the complex in co-operation with the Noarlunga District Council and the Libraries Board of South Australia. The centre will incorporate technical studies, hairdressing, business, secretarial and general studies.

Other Government Buildings—\$24.5 million

A total of about \$11.4 million has been planned for work on the relocation of the Automatic Data Processing Centre which has outgrown its present accommodation. It is proposed to demolish the existing Menz Biscuit Factory and erect a new four storey building to house the Centre. The southern facade of the factory building is to be retained. \$900 000 has been provided in 1979-80.

Provision of \$1.3 million has been made in 1979-80 for construction of two stages of a five stage Industries Complex at Yatala Labour Prison. This project provides for the establishment of a spray-painting and sheetmetal workshop of approximately 3 550 square metres and the erection of a complex providing tailoring and boot repair facilities.

Construction of the new Wakefield Street Government Office Block is being financed by the South Australian Superannuation Fund Investment Trust. On completion, the Public Buildings Department will commission the new office complex for Government accommodation. The allocation includes almost \$950 000 for the provision of partitions, furniture and service facilities.

Work is proceeding on renovations to the Art Gallery Building including the upgrading of existing air-

conditioning and lighting facilities necessary for the proper functioning of the Gallery. An amount of \$950 000 has been provided for this purpose in 1979-80.

The allocation includes an amount of \$1.2 million for work to be continued on the Parks Community Centre. On completion, the centre will provide the local community with a wide range of essential services and leisure facilities. The provision also allows for existing wards at the Magill Home to be converted into hostel type accommodation at a cost of \$400 000.

Electricity Trust

The Trust faces a major capital works programme over the next ten years to ensure that adequate power supplies are available to industrial and private consumers. That programme includes the construction of the Northern Power Station, relocation of the Leigh Creek township to gain access to further coal deposits, and further development of the Torrens Island power station. The Government has endeavoured to maximise funds available to the Trust for those important projects. Because of the reduced allocations from the Australian Loan Council, the Government has been unable to provide any allocation to the Trust from the State loan programme and has had to reduce the allocation under the large semi-government borrowing programme to less than the 1978-79 level of borrowing. The Trust borrowed \$39.3 million last year and \$18.5 million is proposed for 1979-80. An application to the Australian Loan Council for approval to borrow special additional funds for the Northern Power Station including the relocation of the Leigh Creek township has been made. It will be considered at a meeting of the Loan Council later this year. If approved, it would increase the Trust's borrowing capacity to \$28.5 million.

The proposed semi-government loans, together with the Trust's internal funds, will be used to finance a capital programme of \$76.1 million this year. About \$22.4 million will be spent at Leigh Creek on civil works, water and electricity supply and commencement of the construction of houses, community services and recreation facilities. Also included in this amount is a provision for the purchase of overburden removal equipment, workshop extensions and construction of roads. Of \$30.3 million expected to be spent on power stations, \$22.3 million is provided for Torrens Island and about \$7.5 million for the Northern Power Station where the construction of special foundations will account for the major part of the expenditure. Over \$16.4 million will be spent on further development of the distribution system and about \$7 million on minor works and the purchase of plant, equipment and vehicles.

State Transport Authority

The State Transport Authority has planned a capital works programme of almost \$31.9 million for 1979-80. Of this amount, \$7 million will come from Loan Account, \$1.2 million from the smaller authority borrowing programme and the balance from funds made available by the State in previous years, from Commonwealth payments towards urban public transport and from the Authority's internal funds.

An allocation of \$13.2 million to the Bus and Tram Division includes \$2.2 million for the purchase of buses, \$10.7 million for land, depots, workshops, plant and equipment and the balance for minor works. Of the \$18.7 million provided for the Rail Division \$14.5 million will be spent on replacements and additions to rolling-stock, \$2 million on signalling, communications and electrical works and \$2.2 million on minor works, buildings and equipment.

The Authority is facing a major capital programme over

the next few years to complete an upgrading of the urban transport system. The importance of this upgrading could become more significant as the increase in fuel prices makes the public transport system a more attractive alternative to private transport.

Non-Government Hospitals and Institutions

An amount of \$8.8 million has been allocated for expenditure on non-Government hospitals and institutions. More than \$6.6 million will be required for the continuation of major developments at the Adelaide Children's Hospital. Those developments comprise:—

- erection of an energy-workshop complex built on an adjacent site and connected by tunnel to the first stage of a new building to house additional bed and clinical accommodation.
- erection of a new building and alterations to existing buildings to provide a new casualty department, specialist outpatient clinics, radiology and nuclear medicine departments, new operating theatres and new laboratories.
- erection of the Good Friday Building which will provide replacement ward accommodation.

Development at the Adelaide Children's Hospital has been in progress since about 1970 and current indications are that all work should be completed by the end of the 1980-81 financial year.

The clauses of the Public Purposes Loan Bill and of the Appropriation Bill (No. 2) 1979, are in the same form and give the same kinds of authority as the Acts of last year.

ATTACHMENT I

THE YEAR 1978-79

The Revenue and Loan Budgets presented to Parliament last year forecast a balance on the operations of those combined accounts for 1978-79. Accordingly, it was proposed that the accumulated deficit of \$6.5 million would remain unchanged as at 30th June, 1979. On Revenue Account, receipts were expected to total \$1 270.6 million, after providing for the recall of \$17.5 million from the Pipelines Authority of South Australia and a transfer of \$5 million from Loan Account. Payments also were expected to be \$1 270.6 million. As to Loan Account it was anticipated that \$240.9 million of funds would become available and that payments, including the transfer to Revenue Account, would amount also to \$240.9 million.

In the event, Revenue receipts totalled \$1 264.7 million, \$5.9 million below estimate. Payments at \$1 258.2 million were below estimate by \$12.4 million. For capital works the State received \$238.4 million and spent \$237.8 million, including a transfer to Revenue Account of \$5.7 million. Thus, the excess of receipts over payments on the two accounts combined was \$7.1 million.

That favourable result has enabled the State to eliminate the accumulated deficit of \$6.5 million and commence the 1979-80 financial year with a small reserve of \$622 000 on its combined accounts.

The principal factor contributing to the shortfall of \$5.9 million in receipts on the Revenue Account was the recall of only \$7 million from the Pipelines Authority compared with the original estimate of \$17.5 million. This was partly offset by the State's tax-sharing entitlement which exceeded expectation by \$2.4 million and an increase of \$2.2 million in all other receipts.

The under-expenditure on Revenue Account of \$12.4 million was due principally to the change from quarterly to half-yearly wage indexation adjustments, with only the

December 1978 wage adjustment having a major impact on Revenue Account in 1978-79. Wage and salary awards are estimated to have cost only \$24.8 million, instead of the \$33 million allowed in the Budget estimates. The call by departments on the round sum allowance for wage increases is incorporated in the actual payments of those departments which are picked up in comment later in this document.

As with the allowance for wages, the call by departments on the round sum allowance of \$2.5 million for price increases is also incorporated in the actual payments for those departments. However, unlike wages, it is very difficult to isolate the effect of unavoidable price increases from other factors which increased expenditures in those departments.

In all areas, variations occurred both above and below estimate. A major variation was in Special Acts where interest on the public debt, the transfer to the Highways Fund and the Government's contribution to the South Australian Superannuation Fund were, in total, \$3.7 million below estimate.

Repayments and recoveries to Loan Account were \$2.1 million below estimate. Loan payments were \$3.1 million down on estimate, largely as a result of the reduced activity of the Engineering and Water Supply Department and forestry, offset in part, by increased payments to the State Transport Authority, Advances for Housing, for other Government buildings and a larger than planned transfer to Revenue Account.

There were a number of other variations both above and below estimate which contributed to the net shortfall of \$3.1 million in payments from Loan Account. Details of the main variations are given later in this document.

REVENUE ACCOUNT

RECEIPTS

Taxation

Land tax collections were \$825 000 below estimate. There was an unusually high number of reassessments of land which resulted in a reduction in taxable values and revenue.

In 1978-79 collections from stamp duties exceeded the estimate by \$4 million. That improvement reflected an increase in the average value of dutiable transactions rather than a general increase in the level of activity in these areas, although property transactions showed signs of a slight improvement towards the end of the financial year.

In summary, the results for the year as compared with estimate were:—

	\$ million
Annual licences (insurance)	- 1.1
Cheques	+ 0.2
Conveyances on sale	+ 3.2
Credit and rental returns	- 0.3
Mortgages	+ 0.2
Registration of Motor Vehicles	+ 1.2
Other	+ 0.6
	+ 4.0

Receipts from succession duties in 1978-79 fell short of the estimate by \$1.4 million. That reduction was due to a number of factors. Statutory rebate allowances were increased from 1st January, 1979. There was also a reduction in the number of estates lodged for assessment in 1978-79 and an increase in the number of estates subject to exemption.

Payroll tax collections were \$1.3 million below the original estimate.

Recoveries of Debt Services

Receipts from interest on investments and current accounts exceeded the original estimate by \$2.1 million. This was due mainly to the higher than expected interest rates earned on funds invested on the short term money market in the first half of 1978-79.

Public Undertakings

With the exception of irrigation charges and Marine and Harbors collections, earnings and contributions by business undertakings were close to estimate. Increased rates in relation to the irrigation schemes administered by the Engineering and Water Supply Department were proclaimed later than was anticipated resulting in revenue being \$939 000 below the estimate.

Revenue collected by the Department of Marine and Harbors was \$1.7 million above estimate. The increase in grain movements and the improvement in port activity in terms of gross tonnage of vessels and cargo throughput at Port Adelaide contributed to higher revenues. In addition, all charges, except bulk handling charges, were increased by 12 per cent from 1st March, 1979.

Departmental Fees and Recoveries

Receipts of the Department of Further Education fell short of the estimate by \$1.1 million due largely to the timing of receipts from the Commonwealth Government.

Higher court fees along with the increased number of traffic offences resulted in receipts from court fees and fines exceeding the estimate by \$822 000.

Receipts from motor vehicle registration and drivers' licences fell short of the estimate by \$1 million. That decrease was due to a lower growth rate in registrations than was originally estimated.

The contribution by the Commonwealth Government for drought relief was \$1 million less than originally estimated due to improved seasonal conditions. This shortfall was matched by a reduction in payments from Revenue Account.

Commonwealth Receipts

At the beginning of the year, South Australia's entitlement under the tax sharing arrangements was estimated to be \$551.6 million. However, the Commonwealth Government expected the formula guarantee to produce a figure of \$562.6 million for South Australia and so incorporated that figure in its 1978-79 Budget.

One of the elements in the formula guarantee is an estimate of the increase in average wages for the year to March. The Commonwealth used a figure of 8 per cent for this factor to arrive at the estimate of \$562.6 million. At the time, this was considered too high and a figure of 7 per cent was adopted for the State's Budget. This produced an estimate of \$557.4 million which was included in the Revenue Estimates for 1978-79.

In the event, South Australia's tax sharing entitlement turned out to be only \$548.7 million but under the formula guarantee we received \$559.8 million.

The wages increase for the purposes of the formula guarantee turned out to be 8.2 per cent but the effect of this increase in wages was offset to a large extent by the slower population growth in South Australia relative to other States. The net effect of these two countervailing factors was an entitlement of \$559.8 million, which was \$2.4 million more than the figure included in the State Budget and \$2.8 million less than the figure included in the Commonwealth Budget.

PAYMENTS (see note on page 31)

Special Acts

The Government contribution to the South Australian Superannuation Fund was \$636 000 less than had been anticipated. It is difficult to estimate accurately the number of people likely to retire in any year and, for 1978-79, the estimate was too high.

The transfer of the net proceeds of motor vehicle taxation to the Highways Fund was \$1 million less than estimated due to lower growth in motor vehicle registrations than anticipated.

The interest bill incurred by South Australia in 1978-79 was \$2.1 million below estimate. This was mainly due to variations in the interest dates selected for Commonwealth securities resulting in lower payments than anticipated.

Chief Secretary

Expenditure by the Police Department was almost \$1.5 million above estimate. The cost of salary and wage award increases was about \$1.1 million and a further \$194 000 was incurred on terminal leave and pension payments as a result of an increased number of retirements.

Minister of Works

After allowing for wage and salary awards of \$875 000 expenditure by the Engineering and Water Supply Department fell \$1.8 million below estimate. The need for pumping of water was lower than expected due to the more favourable seasonal conditions. Cost savings resulted in electricity for pumping, chlorination of water and a reduced maintenance requirement for pumping equipment.

A decline in sub-divisional activity and a reduction in the Department's water supply activities impacted heavily on the operations of the Ottoway foundry. Despite a reduction in the work force, as a consequence of natural wastage, an operating loss of \$300 000 was incurred in 1978-79. That operating loss was funded from Revenue Account.

Although wage and salary awards increased the cost of the Public Buildings Department by \$643 000, total expenditure by the Department fell \$3.8 million below estimate. Of this amount, \$2.9 million related to the introduction of new accounting arrangements which necessitated funding of a special Deposit Account from Loan Account, with equivalent savings under Revenue Account. In addition, delays in filling vacancies and greater involvement of day labour personnel on capital works accounted for expenditure being less than anticipated on Revenue Account.

Minister of Education

Expenditure by the Education Department was \$10.3 million above estimate. However, when adjustment is made for the transfer of the Museum and Botanic Gardens Divisions to a new Department of Community Development, the expenditure on educational services was \$12.6 million above estimate.

Of this amount \$5.2 million was the direct result of salary and wage award increases and \$6.3 million was required to meet salary and wage increases which did not come within the scope of the Appropriation Act provision. It also included the employment of an additional 116 staff for which approval was given during the year. Contingency expenditures were greater than estimate by about \$1.1 million mainly as a result of increased costs of goods and services.

Expenditure by the Department of Further Education exceeded budget by \$1.5 million. Salary and wage awards

accounted for about \$866 000. A significant increase in the Migrant Education Programme funded by the Commonwealth was offset by an increase in revenue receipts.

Minister of Labour and Industry

At the end of 1978-79, a further \$4.5 million was appropriated towards unemployment relief programmes for 1979-80. This amount was in addition to the amount of \$4.7 million included in the Revenue estimates.

Minister of Agriculture

The Department of Agriculture and Fisheries incurred salary and wage increases amounting to \$285 000 which approximated the amount by which actual expenditure exceeded budget expectation.

A significant underspending of \$1.9 million was recorded for Miscellaneous Lines, due mainly to the declining need for drought assistance.

Minister of Transport

Expenditure by the Department of Transport was \$276 000 above estimate which included salary and wage award increases of \$151 000.

The expenditure by the Highways Department was \$325 000 in excess of estimate. This amount was slightly less than the cost of salary and wage awards.

At \$44.2 million, the contribution towards the deficit of the State Transport Authority was \$3.9 million above the original estimate. The cost of wage and salary awards, increased fuel costs and the funding of higher interest and depreciation charges than was originally anticipated were the major factors contributing to the increased contribution. The later than anticipated introduction of the revised fare structure for bus and rail services also added to the final deficit.

Minister of Tourism

The transfer of functions to the Minister of Community Development resulted in an underspending of about \$1.2 million on the departmental allocation and a further \$817 000 on the Minister of Tourism—Miscellaneous Lines.

Minister of Community Welfare

Increased payments made by the Department for Community Welfare of \$687 000 were partly due to salary and wage increases of \$379 000. Financial assistance to sole supporting parents and other persons was \$824 000 above estimate as a result of a further increase in the number of applicants for assistance, and a higher rate of assistance to maintain parity with the level of Commonwealth benefits. Other variations, resulting in an underspending of \$516 000, included a delay in implementing the Intensive Neighbourhood Care Scheme and a transfer of some responsibilities to a new Community Development Department.

Minister of Health

The cost to the State of supporting Government and non Government hospitals, and a number of related bodies, exceeded the original estimate by \$8.8 million. Salary and wage award increases amounted to about \$5.8 million and \$1.5 million was provided to enable the South Australian Health Commission to meet its liability to the South Australian Superannuation Board in respect to the employer's contribution on behalf of staff contributing to the scheme. A contribution of \$740 000 was made to the Commission in respect of the operating loss incurred by

the Frozen Food Factory prior to the transfer of this operation to the management control of the South Australian Development Corporation.

LOAN ACCOUNT

RECEIPTS

Loan Council Programme

Loan raisings and capital grants in 1978-79 were as originally included in the Loan Estimates.

Repayments and Recoveries

The 1978-79 estimates presented to Parliament stated that the extent of land held by departments and the extent of funds tied up in financing various deposit accounts would be reviewed with a view to recovering some of those funds to Loan Account. While recoveries were made in a number of instances, total recoveries were about \$2.1 million less than anticipated.

PAYMENTS

Treasurer

Provision of \$10.3 million was made in the Loan Estimates for all functions of the State Bank which are financed from Loan Account. Later in the year the provision was increased to almost \$14.2 million. Three million dollars was added to Advances for Housing pending determination of Commonwealth support for housing in 1979-80. The provision for Loans to Producers was increased by \$930 000 to meet increased requirements of fish processing and grape processing industries.

An additional advance of \$1 million was made to the South Australian Development Corporation to finance assistance under the Motor Vehicle Industry Assistance Scheme. It is now proposed to finance this assistance from Revenue Account and the above advance will be repaid to Loan Account in 1979-80.

Minister of Works

Payments from Loan Account by the Engineering and Water Supply Department fell \$9.2 million below estimate. Wastage of the Department's workforce in line with the reduction in the capital works programme occurred at a faster rate than anticipated. Expenditure on contract work and equipment purchases was also lower than estimate as a result of the reduced level of subdivisional work.

Expenditure by Public Buildings Department on Other Government Buildings was \$3.2 million above estimate. The over-expenditure resulted from the introduction in June 1979 of new accounting arrangements which necessitated the financing of a special deposit account to the extent of \$3.2 million. Off-setting savings of \$2.9 million were made in payments from Revenue Account.

Minister of Education

Expenditure on school buildings was contained at a level \$1.1 million below the original estimate.

Minister of Forests

Expenditure by the Woods and Forests Department was \$2.4 million below estimate due to delays in the reconstruction of the Mount Gambier Log Mill.

Minister of Marine

Expenditure by the Department of Marine and Harbors

fell \$1.7 million below estimate. The decision to defer construction of the roll-on/roll-off facilities at Outer Harbor combined with a reduction in expenditure on equipment accounted for most of the shortfall.

Minister of Transport and Local Government

Advances made to the State Transport Authority were \$4 million above the original estimate. Those additional advances followed a reassessment of the major capital projects of the Authority including the acquisition of new generation rail cars.

Payments from Loan Account to subsidise expenditure by local authorities on stormwater drainage and effluent drainage schemes were below estimate by \$323 000 and \$734 000 respectively. These projects are initiated and managed by local authorities and their claims were lower than had been anticipated.

An advance of \$1 million was made to the Highways Fund to provide temporary finance following the abolition of road maintenance charges.

General note on payments from Revenue Account

It has been normal practice in the past to ensure that actual payments for the preceding year, as shown in the Estimates of Expenditure document, have matched expenditures shown for that year in Statement A attached to the Report of the Auditor-General. Because of the number of changes made in 1978-79 and 1979-80 to departmental functions, adherence to this practice in 1979-80 would have resulted in many expenditure lines appearing in three separate places. For ease of reference and to reduce the already considerable number of footnotes required to explain changes in departmental responsibilities, it has been decided to depart from past practice, where appropriate, and to show actual expenditures alongside the proposed appropriations for 1979-80.

ATTACHMENT II

THE NEW FEDERALISM

Each of the last three Financial Statements has included an attachment which has set out in some detail the most recent developments in the policy of the Commonwealth Government for the sharing of personal income tax collections. Should members wish to trace the quite complex history of the present arrangements, they may find those attachments useful. In brief, however, the original proposal was for the States to receive 33.6 per cent of net personal income tax collections of the current year. This applied in 1976-77, the first year of the new arrangements, subject to the support of the guarantee—the amount which would be yielded to each State by continuation of the old Financial Assistance Grants formula. Following downward revisions of estimates of tax collections in 1976-77, the States became aware at the Premiers' Conference in July 1977 that all but Queensland would be entitled to receive no more than the formula guarantee.

As a consequence, it was decided to alter the base for the calculation of the States' entitlements to the collections of the previous year so that the uncertainties of 1976-77 would not be repeated. For the year of transition, 1977-78, the sum of \$4 336.1 million was made available to the States and for 1978-79 their entitlement was 39.87 per cent of Commonwealth personal income tax collections in the 1977-78 financial year. This percentage was derived by applying the sum of \$4 336.1 million (the States' 1977-78 entitlements) to Commonwealth personal income tax

collections in the 1976-77 financial year. For 1979-80, the notional entitlement of the States from tax sharing will be determined by applying 39.87 per cent to the personal income tax collections of the Commonwealth Government in the 1978-79 financial year.

In practice these tax sharing entitlements have proved to be of little significance. With the exception of 1977-78, when the Commonwealth Government proposed a fixed all-States entitlement at the beginning of the year, the amounts which South Australia has received have been determined by the formula guarantee.

When negotiations were taking place about the introduction of tax sharing, it was agreed that, until the end of 1979-80, each State would be guaranteed in each year at least as much as it would have received had the previous formula grants arrangements continued. In 1976-77 and in 1978-79, this guarantee was invoked for most States. For South Australia the formula figures exceeded the tax sharing entitlements by \$3.7 million and \$11.1 million, respectively.

While these differences were significant and while the extra funds received from the guarantee enabled the Government to hold services at a level higher than would otherwise have been possible, it would be an overstatement to say that the differences were critical. In 1979-80, however, there is every indication that the difference between South Australia's tax sharing entitlement and its guarantee will be critical to the finances of the State. Present advice is that the formula is likely to yield about \$631.4 million for South Australia in 1979-80. Our tax sharing entitlement, on the other hand, would be about \$584.9 million, a difference of \$46.5 million. It would not be possible for the South Australian Government to handle a shortfall of this magnitude in available revenues without making serious in-roads into the real value of programmes and services.

As long as the guarantee is in operation, of course, there is no likelihood of such a shortfall occurring. I point out, however, that the arrangements between the Commonwealth and the States provide for the formula to cease to have effect at the end of this financial year. In the absence of indexation and in the light of the very substantial increase in primary producer incomes in 1978-79, Commonwealth personal income tax receipts are expected to grow by some 18.2 per cent in 1979-80. Provided this growth is achieved, the entitlements of the States under tax sharing should be sufficient to enable them to sustain a reasonable level of activity into 1980-81. Beyond that year, however, it is not possible to make firm predictions. Should the Commonwealth not restore indexation, State entitlements might grow more rapidly than would grants derived from the operation of the formula. On the other hand, should indexation be restored and should the Commonwealth follow a policy of placing emphasis on indirect rather than direct taxation, State entitlements would be unlikely to expand at a rate sufficient to permit services to be maintained.

Extending the Guarantee

Armed with their experience of several years of the new arrangements, the Premiers endeavoured to persuade the Prime Minister, at the June 1978 Premiers Conference, to agree to extend the formula guarantee. The matter was referred to officers for advice and their report was duly considered at the June 1979 Conference. No decision was reached at that time, however, and the matter will be raised again at a further Conference to be held later this year.

Since tax sharing commenced, the Commonwealth has introduced a number of personal income tax reforms,

including the replacement of tax rebates for dependent children with increased family allowances (which increased the tax sharing base), indexation and the introduction of a different rate scale. On the basis of reasonable assumptions, these changes have resulted in a reduction in the tax sharing pool of about \$2 800 million in 1978-79. The changes have not only reduced the rate of growth of the pool to date but have implications for its future rate of growth.

For the five years to 1976-77, personal income tax revenues averaged about 51.2 per cent of total Commonwealth taxation revenues and for the 10 years to that year they averaged about 47.5 per cent. In recent years the relationship has been as follows:—

	Excluding health insurance levy	Including health insurance levy
	%	%
1976-77	55.4	56.3
1977-78	55.3	56.8
1978-79	54.4	55.0

After a lengthy period of increasing reliance on revenue from income tax, the Commonwealth Government appears to have tried in recent years to arrest the trend and to place greater emphasis on other measures such as the crude oil production levy. At the same time, it has excluded the States from a share of those income tax collections which it has designated as being for a particular purpose.

These two factors, the apparent move to switch emphasis from direct to indirect taxation and the exclusion of the States from the benefits of some measures, have curtailed the rate of growth of the tax sharing pool. As a result doubts have been raised about the likely future benefits from tax sharing and Premiers have sought an extension of the guarantee.

As I have explained, personal income tax collections are expected to rise sharply in 1979-80 because of special factors. Further, as a percentage of total Commonwealth taxation revenues, they are expected to rise in 1979-80. Therefore, it might be argued that the fears of the Premiers are groundless. However, such an argument would miss an important point of the States' case.

I believe that all Premiers see great advantages in there being a smooth flow of funds to the States, not subject to the sharp ups and downs which are likely to occur under tax sharing without the backstop of the guarantee. In the most recent report of Treasury Officers to Premiers' Conference, State officers put this view and I find myself in accord with it.

Among other things, State officers pointed out that the Commonwealth Government carries the prime responsibility for influencing the economic climate of the country and it is an advantage to it to have freedom to make budgetary changes (including changes which affect the collection of personal income tax) in order to give effect to its economic policies.

On the other hand, State Governments have a heavy responsibility for the provision of a wide range of services and facilities to the community, services and facilities which are not given in cash but rather by the provision of capital works and staffing of services. The effective use of resources in the provision of those facilities and services is enhanced by longer term planning. The latter would be assisted by a high degree of stability in the financial resources available to State Governments and, in respect of recurrent services, by a continuation of the guarantee. The cessation of the guarantee and the uncertainty which would follow would inevitably reduce the effectiveness of planning by State Governments and lead to less effective use of resources.

For these reasons, the South Australian Government has as a high priority in its negotiations with the Commonwealth the continuation of a formula guarantee. Tax sharing has not proved an altogether satisfactory substitute for the formula over the three-year period for which it has been in force and it is expected to produce entitlements which are inadequate for State needs in 1979-80. In 1980-81 and the years immediately thereafter the prospects are uncertain but, while income tax remains an element of Commonwealth economic policy, it is difficult to see how tax sharing (without some form of underpinning) can be a satisfactory substitute for a formula designed to provide the States with a firm basis for longer-term planning.

Review of Tax Sharing

Treasury Officers also reported to the June Conference on the request by the Premier of New South Wales for a review of the tax sharing arrangements in the light of changes in Commonwealth tax legislation. A decision on this matter, too, has been deferred until a further Premiers' Conference to be held later this year.

The matter which is of concern to the Premier of New South Wales is the changing emphasis within total Commonwealth taxation collections which I have mentioned. He has suggested an increase in the States' share of the tax sharing pool to offset the reduction in State entitlements flowing from recent changes in legislation.

For reasons which I have set out in preceding paragraphs, I do not see such an increase as a permanent solution to the problems of the States. At best, it would provide some respite from the immediate effects of measures which reduce the tax pool but it would leave the States tied to a tax which recent developments suggest may become progressively less important. The most likely outcome for the future would be a series of Premiers' Conferences at which the States endeavoured to persuade the Commonwealth to increase further their percentage share of the personal income tax pool in order to maintain some continuity in their revenue base and thus, in their planning for the provision of services and facilities.

If the Commonwealth Government were to refuse to extend the formula guarantee in one form or another, South Australia would certainly consider an increase in the States' share of the personal income tax pool to be an essential step.

Stage II

Several commentators have expressed the view that the ultimate aim of the New Federalism is to force the States into a position where they have no choice but to impose an income tax surcharge. A different view is that the policy is not so much designed to force the imposition of a surcharge as to oblige the States to choose between a surcharge and a reduced level of public sector activity.

In either case, it does not appear to me that the availability of a surcharge and the likelihood of its use depend upon linking State entitlements to income tax, with all the attendant disadvantages for the planning of State budgets. A situation in which the States' basic entitlements were determined by a formula similar in some respects to that currently in operation as a guarantee, would not be irreconcilable with a Commonwealth policy of encouraging the States to make their own choices between a reduced level of public sector activity and the imposition of additional revenue raising measures (including a surcharge, if thought appropriate).

It would be preferable, however, if such choices were made in the context of a guaranteed basic source of

revenue rather than the more volatile tax sharing arrangement which currently faces the States after 1979-80.

Consultation

If, however, the Commonwealth decides not to extend the guarantee, there is a strong argument for the States to become far more involved than they have been in the past in the process of deciding appropriate levels of income tax. This matter of consultation with the States prior to changes in Commonwealth income tax legislation was referred to officers at the June 1978 Premiers Conference for report.

In the early days of tax sharing, States were concerned mainly about consultation in relation to changes in personal income tax rates announced in the Commonwealth budget and their effects on State budgets. These problems were largely overcome by the change in the tax sharing base from current year collections to previous year collections. The States now have time to adjust their planning for the following year in the light of income tax changes, although for longer term planning difficulties arising from continual alterations to tax rates remain.

As I have mentioned, the prime responsibility of the Commonwealth lies in the area of economic management. While the States have an important role to play in providing an economic environment which is conducive to growth they also have a responsibility to provide a wide range of services and facilities to the community. The effective use of resources in the provision of these services and facilities is enhanced by longer term planning which, in turn, is assisted by a high degree of stability in the financial resources available to State Governments. It is principally because this longer term planning is affected by changes in Commonwealth policy on personal income tax that I consider it important for the States to be consulted before tax changes are introduced.

Quite apart from the longer term considerations, however, there may be short term problems created for the States when the Commonwealth alters income tax rates during the course of a year, as has happened recently. States do not have a great deal of flexibility in their recurrent expenditures, and so may not be able to adjust readily to post-budget income tax changes even though the effects of such changes will not be felt in State revenues until the next financial year.

Officers reported on the matter of consultation at the June 1979 Premiers' Conference. Consideration of that report was deferred until a subsequent Conference to be held later in the year.

The Guarantee for Queensland

Following the 1976 Census, the Australian Statistician revised upwards the population estimates for all States except Tasmania. In Queensland's case, the upward revision was much greater in percentage terms than in the cases of the other States.

On the assumption that the financial assistance grants would have remained unchanged in all other respects regardless of what happened to population estimates, the under-estimation of population could be said to have caused a cumulative reduction in the grants of all States except Tasmania, with this being reflected in the guarantee under the tax sharing arrangements. The effect on Queensland's guarantee was much greater than the effect on the guarantees of other States.

There is, of course, no objective way of determining what changes might have been made in the past to financial assistance grants had different population estimates been available. Some of the changes which

occurred might not have been made or might have been made differently. For this reason, Queensland is seeking to have its guarantee increased by part only of the figure which fully reflects the effect of the population revisions.

A report by officers on this matter was presented to the June 1979 Premiers Conference. Consideration of that report was deferred until a subsequent Conference to be held later in the year.

Points of Understanding

From time to time, the Premier of New South Wales has expressed concern about the lack of precision in many of the points of understanding relating to Stage I of the tax sharing arrangements. During 1977-78, therefore, he asked his officers to examine the basis of the agreement between the Commonwealth and the States and to elaborate on particular clauses, where necessary, in order to clarify their meaning. The resulting document was welcomed by the Prime Minister and referred to Treasury officers for detailed examination.

A report on this matter was presented to the June 1979 Premiers' Conference. Consideration of the report was deferred until a subsequent Conference to be held later in the year.

Review of Relativities

After considerable debate between the Commonwealth and the States, particularly about terms of reference and the membership of the review body, legislation to provide for a review of relativities between States in their shares of Commonwealth general revenue assistance was passed by the Commonwealth Parliament late in 1977-78. Almost immediately, the matter was referred to the Commonwealth Grants Commission (the review body) for report and States were invited to nominate persons for appointment to an expanded Commission. In addition to the permanent members of the Grants Commission, the review body comprises Dr. John Donovan, the nominee of New South Wales and Victoria, and Sir Leslie Melville and Mr. Ernest Eyers, the nominees of the other four States. Sir John Crawford was one of the original nominees of the four smaller States but he was obliged to resign for health reasons and his place was taken by Mr. Eyers.

South Australia accepts that it is appropriate from time to time for an independent body to examine the distribution of funds between the States in the light of changes in their financial circumstances, their revenue raising capacities and their expenditure needs. In the course of this review, the financial benefits to South Australia of the transfer of the non-metropolitan railways to the Commonwealth will come under discussion. The manner in which the Grants Commission decides to treat these benefits will be crucial to the outcome of its investigations from South Australia's viewpoint. Therefore, we will be placing all the available facts about the transfer before the Commission in the belief that they demonstrate that all States were given the same opportunity and those which chose to retain their railway systems did so as a deliberate act of policy.

The Chairman of the Commission visited each of the State Treasury Departments early in 1978-79 and subsequently wrote to Under Treasurers requesting detailed information about the taxable capacity and expenditure needs of the respective States.

In March, 1979, the Commission conferred with Commonwealth and State officers in Canberra to discuss in very broad terms the principles and methods which it might adopt for the purpose of the review of relativities. Also, at that Conference, a paper was distributed setting

out a proposed work programme for the Commission and a proposed timetable of Conferences, Hearings and Inspections for 1979 and 1980.

As its next major step in the review process, the Commission visited each State and carried out inspections of services and facilities in much the same way as it has

done for many years with claimant States. The Commission then held a further conference in Melbourne to discuss methods of approach. The next major step is for the States to prepare their principal submissions to the Commission in time for the formal Hearings which are planned to commence early in 1980.

ATTACHMENT III

REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30TH JUNE, 1978 RESPONSES BY DEPARTMENTS

Auditor- General's Report page reference	Auditor-General's Comment	Action taken	Present Position
1	<p><i>General</i></p> <p>"... there is some improvement in financial management in some Departments and improvement planned in others. However, I should point out that there are still many areas which require examination and upgrading and that there is a continuing need to review systems to assess their effectiveness."</p>	<p>Recognising the need to improve Financial Management in the Public Sector, the Public Service Board has initiated the following—</p> <ul style="list-style-type: none"> ● the development of a Common Accounting Reporting System for use in medium to small departments, especially where individual systems development is unwarranted ● the establishment of an Operational Review function ● the continuation of its Financial Management Development Programme. ● the establishment of a Management Accounting Development Scheme to broaden the experience of suitable persons to enhance Financial Management in the Public Service. 	<p>Development of the first three phases of a computer based system is complete. To date the system has been implemented in three departments. Further implementation will occur throughout 1979-80. The system currently caters for management reporting, budgetary control and control of commitments.</p> <p>The Operational Review function has been established to conduct reviews leading to appropriate change in selected government activities and to promote internal review-processes in departments.</p> <p>This programme has continued throughout 1978-79, being modified to suit demands.</p> <p>The development scheme is currently underway with placements being made in appropriate departments.</p>
7	<p><i>Review of Treasury Accounting System</i></p>	<p>A full-time Project Team has been set up to investigate and develop an appropriate system.</p>	<p>The team has commenced work under the guidance of a Steering Committee.</p>

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
7	<p><i>Internal Audit</i></p> <p>"... the importance of adequate internal audit as an aid to management in strengthening the responsibility and accountability aspects within Departments. It was pointed out that, although some progress had been made, this was not considered adequate, especially in some of the larger Departments."</p>	<p>The Internal Audit Committee analysed existing internal audit functions in departments and recommended that the function be upgraded.</p>	<p>The Public Service Board is currently considering action to promote the development of improved internal audit processes within departments.</p>
67	<p><i>Art Gallery Department— Collection Stock Checks</i></p> <p>"As reported last year several collections had not been physically checked in accordance with stocktaking policy. Of these, oil paintings, water colours and pastels remain unchecked and two other collections, prints, and non-gold coins and medals require cataloguing before a check can be undertaken."</p>	<p>The Art Gallery has devoted more resources to the cataloguing checking function, however, the acute shortage of expert staff has limited the rate of progress.</p>	<p>The cataloguing of prints is proceeding. Steps are currently being taken in respect of the coins and medals to determine the most appropriate forms of display and storage. It is planned to eliminate the backlog of stocktaking during 1979-80.</p>
90	<p><i>Education Department— Incorrect Salary Debits</i></p> <p>"The system for debiting salaries and wages was not satisfactory."</p>	<p>All incorrect salary debits were subsequently adjusted and salary records amended. Appropriate procedures have been introduced to ensure correct debiting in the future.</p>	<p>No further action required.</p>
92	<p>"Audits of the accounts of a number of Regional Offices revealed unsatisfactory accounting methods."</p>	<p>Instruction on accounting responsibilities to personnel and documentation of accounting procedures have been carried out. A proposal to establish working accounts has been made.</p>	<p>Action to improve accounting methods continuing. Officers have been instructed in new procedures. An audit programme has been developed by the School Audit Section and Working Accounts opened.</p>
92	<p>Inadequate controls and authorisation on the issue of air travel vouchers.</p>	<p>Instructions have been issued, and procedures carried out to correct inadequacies.</p>	<p>No further action required.</p>

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
93	<p>"In 1975 a Steering Committee, comprising representatives of the Department and the Financial Management Advisory Committee was formed to review all aspects of the accounting activities of the Department. A systems Review Group comprising mainly departmental officers has been working under the control and direction of the Committee since that date, with the objective of improving the standard of accounting and financial control. The Systems Review Group has concentrated mainly on the development of a computer based system to improve the Personnel and Payroll Functions. It is now expected that the system will be implemented during 1978-79."</p>	<p>Implementation, planned for 1978-79 was delayed due to a number of factors. The principal reason being the need to extensively test this very large and complex system, to ensure that payment of employees was not jeopardised. Development testing and staff training has now reached the stage where full implementation is proposed for 1979-80.</p>	<p>The system was implemented in June 1979 for a specially selected group of teaching staff. Very satisfactory results have been achieved from this test implementation. Both system and conditional testing is on schedule and implementation of the system will occur during August/September 1979, for the balance of the teaching staff and progressively throughout 1979 for other staff.</p> <p>The system will be implemented for Further Education staff early in 1980.</p>
95	<p>"The standard of accounting at the Wattle Park Teachers Centre was unsatisfactory..."</p>	<p>Instructions have been issued to strengthen this function.</p>	<p>Further action is considered necessary concerning bank accounts and attendance records. The department is planning to investigate the feasibility of working accounts at institutions such as Wattle Park.</p>
96	<p>"During 1977-78 audits of 35 schools conducted by my officers encompassed the accounts of School Funds, Grants, School Councils and affiliated parent bodies and canteen accounts. The results indicated that at many of the schools audited, the standard of financial management exercised over funds held by all bodies was unsatisfactory. Budgets were inadequate, considerable sums, surplus to immediate requirements were left in current accounts at low interest rates and accounting and reporting methods were not of a standard commensurate with the amount of funds involved."</p>	<p>Documented procedures on School Fund Accounting were issued to all schools. These procedures contain instructions on standards of financial management and budgeting requirements in schools. Officers of the Department conducted follow-up visits to all schools audited by the Auditor-General's Department, and gave advice on budgeting and investment policies. The audit programme of the School Accounts Inspectors has been upgraded to incorporate an examination of these matters.</p>	<p>The department is currently considering ways of improving further the financial management and accounting of school funding.</p>
97	<p>"... for 1977-78 as compared with 1976-77, the number of teachers employed increased by 193; ancillary staff increased by 522; there were two additional schools in operation and the number of pupils decreased by 404."</p>	<p>Department reported that employment of additional staff was necessary to provide resources in areas of growth. Reduction in enrolments overall has resulted in the total drop in student population.</p>	<p>Constant monitoring of new appointments is part of the new Personnel and Payroll System.</p>

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
106	<i>Department of Further Education—</i> Inadequate control and lack of internal check of air travel vouchers.	Series of internal controls instituted in 1978.	No further action required.
106	"The poor accounting standards of some Colleges of Further Education were emphasised, by the difficulties experienced and, in some cases, by the inability of certain Colleges to prepare an annual reconciliation of fees received with roll books, etc."	A number of accounting procedures have been issued in 1978, as well as training and assistance given to Registrars.	A Senior Internal Auditor has been appointed and will regularly review and check accounting procedures and standards at Colleges.
106	<i>South Australian College of External Studies.</i> "An audit of the accounts of the South Australian College of External Studies revealed several unsatisfactory matters, including inadequate control over cash receipts, especially moneys received through the post, and lack of adequate internal checking."	Revised procedures have been instituted.	Situation now under review by Departmental Internal Audit.
108	<i>Youth Work Unit</i> "Inadequate financial control was exercised over this scheme and the following matters were reported to the Department— • All salary payments applicable were not charged to the scheme with the result that full reimbursement from the Youth Work Unit was not obtained. • Equipment was hired without complying with determined procedures. • Premises were hired under verbal agreements. • Advances made for petty cash were not recorded."	Detailed investigation concluded. Controls introduced provide adequate managerial control.	Following a review of youth policy at the expiration of the Unit's planned life, it was disbanded. A Youth Bureau has since been established and is part of the Department of Industrial Affairs and Employment.
145	<i>Highways Department—</i> "Development of a Financial Management Accounting System continued; system and programme testing was undertaken with a view to implementation in April, 1979."	Development continued through 1978-79. Delays due to resource problems have led to the target date being revised to September, 1979.	In order to meet the revised implementation date priorities and staff resources are being reordered. The Highways Department and the Public Service Board are currently conducting an organisational review of the department.

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
158	<p><i>Department of Lands—</i></p> <p>"In 1975 work commenced on the development of a computerised system of land ownership and tenure information at an estimated cost of \$455 000 (revised in 1976 to \$641 000) to be expended over two years. Costs to date are estimated to exceed \$1 000 000 and significant deficiencies in the design and development of the system led to a complete review of the objectives. Approval has been given to proceed with the development of an enhanced system, estimated to cost \$2 200 000 for implementation in 1980."</p>	Further work undertaken by the Department as approved.	The system is currently proceeding in relation to approved cost estimates and implementation target.
158	<p>"Last year, attention was drawn to weaknesses in the cost reporting and budgetary control of the Survey division.</p> <p>... the Department agreed that improved budgetary control was necessary. Development of a management information system has commenced."</p>	The Survey Costing System was implemented in October 1978 and has resulted in improved estimating of costs, additional recharging and comparison of actual hours worked with estimates. The Management Information System has been operating for contingency expenditure since July 1978.	The Management Information System is currently being developed to include salaries and wages as well as other expenditure commitments.
191	<p><i>Department of Mines and Energy—</i></p> <p><i>Financial Management</i></p> <p>"The inadequacies of the project costing system were referred to in the previous Report. During the year the Director-General requested the assistance of the Financial Consulting Unit of the Public Service Board, in formulating a revised system of budgetary control and project costing for the Department.</p> <p>Following a preliminary review of existing financial systems by an officer of the Financial Consulting Unit, it was proposed that assistance be given to undertake a review of the financial accounting and management reporting systems of the Department."</p>	<p>During the year a Steering Committee and Project Team were established to review the financial accounting and management reporting systems of the department.</p> <p>The project team's report makes a number of recommendations all of which hinge on the adoption of the Common Accounting and Reporting System as the basis of the department's financial recording, budgetary control and management reporting system.</p>	The report was forwarded to the Director-General by the Steering Committee in June 1979 and its implementation is currently being considered.

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
223	<i>Public Buildings Department—Approvals</i>	While action has been taken to reduce the excess amounts and to better monitor and control expenditure in excess of approval, the department reports that it will never be possible to eliminate these amounts altogether. Approvals are based on estimates and variations will always occur in contracts.	Department continuing to minimise variations from approved estimates where possible, and to seek appropriate approvals at reasonable stages.
234	<i>Department of Services and Supply—State Supply—Sundry Debtors</i>	Tighter control of inputs, weekly reconciliations and deployment of staff resources have resulted in more effective procedures and controls of the Stores Inventory and Sundry Debtor and Computer Systems.	Revised procedures and controls have been implemented and are working effectively.
250	<i>South Australian Health Commission—</i>	A major investigation of the S.A. Health Commission was undertaken following the release of the Public Accounts Committee's report, in February 1979.	Organisational changes have been made and action is currently being taken to correct deficiencies along the lines of the recommendations of the reports.
252	<i>Financial Control</i>	The report prepared by the investigating Committee has been made public.	
252	<ul style="list-style-type: none"> ● budgetary control ● staff establishments ● food costs ● rights of private practice ● trust funds, transport, uniforms ● etc. 		
240	<i>Frozen Food Service</i>	An investigation of the Frozen Food Service was made by a Committee which recommended that the Frozen Food Factory, at Dudley Park, be placed under managerial and operational control of the S.A. Development Corporation.	S.A. Frozen Food Operations Pty. Ltd., which is wholly owned by the S.A. Development Corporation, was established in November, 1978. Since then the Frozen Food Service has operated under their control.

ATTACHMENT IV

SUPPLY BILL (No. 3)

AMALGAMATION OF DEPARTMENTS, ETC.

Set out below is a schedule of the amalgamation of departments and the transfer of functions which have taken place in the last 12 months. These changes are reflected in the Estimates of Revenue and the Estimates of Expenditure:—

(1) The transfer of the Ethnic Affairs Branch from the Premier's Department to the Department of Public and Consumer Affairs.

(2) The transfer of the Chief Secretary's Office from the Department of Services and Supply to the Police Department.

(3) The creation of a Department of Community Development which included the transfer of:—

- the Museum and Botanic Gardens Divisions from the Education Department
- the Arts Development Division from the Premier's Department
- the Community Development Branch from the Department of Community Welfare
- the Local Government Office from the Department of Transport
- the Recreation and Sport Division from the Department of Tourism, Recreation and Sport
- the Libraries Department to the new Department.

(4) Creation of a new Department of Local Government with transfer of the Local Government Division, the Libraries Division, the Community Division and the Management Services Division from the Department of Community Development and transfer of the Ethnic Affairs Branch from the Department of Public and Consumer Affairs.

(5) Creation of a new Department for the Arts with transfer of the Arts Development Division and the Museum Division from the Department of Community Development.

(6) Transfer of the Botanic Gardens Division from the Department of Community Development to the Department for the Environment.

(7) Change of title of the Department of Labour and Industry to the Department of Industrial Affairs and Employment and transfer to that Department of the Youth Affairs Bureau from the Department of Community Development.

(8) Transfer of the Recreation and Sport Division from the Department of Community Development to the Department of Transport.

(9) Abolition of the Department of Community Development.

(10) Transfer of the Office of Deputy Premier from the Department of Tourism to the Department of Services and Supply.

(11) Creation of a new Department of Fisheries with transfer of the Fisheries Division from the Department of Agriculture.

In addition the title of the Department of Economic Development has been changed to the Department of Trade and Industry and the title of the Department of Housing, Urban and Regional Affairs has been changed to the Department of Urban and Regional Affairs.

Mr. BANNON secured the adjournment of the debate.

His Excellency the Governor, by message, recommended the House of Assembly to make provision by Bill for defraying the salaries and other expenses of the several departments and public services of the Government of South Australia during the year ending 30 June 1980.

The Hon. D. O. TONKIN (Premier and Treasurer) obtained leave and introduced a Bill for an Act to apply out of the general revenue a further sum of \$60 000 000 to the Public Service for the financial year ending 30 June 1980. Read a first time.

The Hon. D. O. TONKIN: I move:

That this Bill be now read a second time.

It provides \$60 000 000 to enable the Public Service to carry out its normal functions until assent is received to the Appropriation Bill.

Members will recall that it is usual for the Government to introduce two Supply Bills each year. This year, because of the intervening election, introduction of the Appropriation Bill has been delayed, and it will be necessary to introduce a third Supply Bill. Altogether, the earlier Bills provided \$470 000 000, which was designed to cover expenditure until about the middle of November. The Bill now before the House is for \$60 000 000, which is expected to be sufficient to cover expenditure until debate on the Appropriation Bill is complete and assent received.

The Bill provides the same kind of authority as has been granted in the Supply Acts in previous years.

Mr. BANNON secured the adjournment of the debate.

PETITION: NET SCHEME

A petition signed by 17 electors of South Australia praying that the House would reject any legislation which would enable the Government to adopt the proposed North-East railway transit route through Botanic Park and along Victoria Drive was presented by Mrs. Adamson.
Petition received.

PETITIONS: SUNDAY TRADING

Petitions signed by 738 electors of South Australia, all praying that the House would oppose any legislation to permit hotels opening their bars on Sundays, were presented by Messrs. Allison, Corcoran, Abbott, Gunn, Ashenden, Olsen, Whitten, Millhouse, Hamilton, and Trainer.

Petitions received.

PETITION: HELICOPTER

A petition signed by 4 771 electors of South Australia praying that the House would immediately implement the promised emergency helicopter ambulance service announced by the Premier in August 1977 and provide the necessary additional "Em-Care Plus" ambulances complete with the latest life support equipment announced by members of the Government in April 1978 for the new St. John Ambulance Centre at Christie Downs was presented by Dr. Hopgood.

Petition received.

PETITION: UNIONISM

A petition signed by 34 electors of South Australia praying that the House would respect the democratic rights of the individual by not compelling anyone to violate his convictions in order to obtain work by being forced to join a union was presented by Mr. Gunn.

Petition received.

PETITION: COMMUNITY CENTRE

A petition signed by 379 electors and workers of Bowden-Brompton and surrounding areas praying that the House would support the services provided by the Bowden-Brompton Community Centre by urging the Government to increase funding to the centre to a workable level of \$28 000 was presented by Mr. Abbott.

Petition received.

PETITION: PROPERTY VALUATION

A petition signed by 28 property owners and electors of the Henley and Grange Corporation praying that the House urge the Government to revalue all properties assessed this year to ensure that property valuation should not exceed 90 per cent of current market values and abolish land tax on all residential properties immediately was presented by Mr. Becker.

Petition received.

PETITION: SUCCESSION DUTIES

A petition signed by 34 electors of South Australia praying that the House would urge the Government to amend the Succession Duties Act so that blood relations sharing a family property enjoy at least the same benefits as those available to other recognised relationships was presented by Mr. Langley.

Petition received.

PETITION: DAYLIGHT SAVING

A petition signed by 154 electors of South Australia praying that the House would take action for a referendum to be conducted on daylight saving so that the true wishes of the people residing in South Australia can be known was presented by Mr. Gunn.

Petition received.

AUDITOR-GENERAL'S REPORT

The **SPEAKER** laid on the table the Auditor-General's Report for the financial year ended 30 June 1979.

Ordered that report be printed.

PUBLIC WORKS COMMITTEE REPORTS

The **SPEAKER** laid on the table the following reports by the Parliamentary Standing Committee on Public Works, together with minutes of evidence:

Elizabeth South Primary School, Junior School and Special School—Redevelopment,

Little Para Dam (Water Filtration Plant),
Mitcham Primary and Junior Primary Schools—
Amalgamation.

Ordered that reports be printed.

MINISTERIAL STATEMENT: BANK OF ADELAIDE

The **Hon. D. O. TONKIN (Premier and Treasurer)**: I seek leave to make a statement.

Leave granted.

The **Hon. D. O. TONKIN**: I consider it desirable that I should make this Ministerial statement today on the subject of the Bank of Adelaide because I believe that the air should be cleared as far as possible before the meeting of the shareholders on Monday next, 15 October, to consider the offer from the A.N.Z. Banking Group. I believe that, when they vote, shareholders should be informed, as far as possible, of all the issues involved and that they should not be influenced by the speculation which has taken place, much of it poorly based. Before commenting on what could happen in future, I would like to comment briefly on the history of events and on the present position.

Representatives of the Bank of Adelaide and F.C.A. first approached the previous Government on 27 April last with a proposal to attack the problem at its source in F.C.A. The then Premier indicated that the Government would be prepared to lead a consortium approach along the lines suggested by the bank's representatives. The bank then sought support from the A.B.A. The A.B.A. established a working party to examine the consortium proposal.

On Friday 12 May, the Chairman of the Bank of Adelaide advised the Premier that urgent merger moves were being considered on the advice of the Reserve Bank. There was some confusion as to what had happened to the A.B.A. consortium and the Premier flew to Sydney with the Chairman to meet with the Commonwealth Treasurer, the Governor of the Reserve Bank and the Chairman of the A.B.A. on Sunday 13 May.

The Premier and the Chairman of the bank were subsequently advised that the A.B.A. working party had reached the conclusion that \$58 000 000 was an appropriate provision for write-downs in F.C.A.'s accounts. Until that time, the appropriate provision had been assessed in South Australia at about \$30 000 000. Obviously, serious measures were necessary to maintain the stability of the bank group's situation. The nature of the rescue operation then devised is now so well known as to require no further explanation from me.

Apparently, it was the only basis upon which the Reserve Bank and the A.B.A. Banks were prepared to issue the necessary statements and, to that extent, there was very little the Chairman of the Bank and the Premier could do but accept it. I understand that other possible solutions, including South Australian solutions, were canvassed at the meeting, but the Reserve Bank and the A.B.A. would not support them. Regret has been expressed in a number of quarters that the board of the bank did not handle the matter of F.C.A. in a different way both before and after the announcement of the solution currently being pursued. Whatever may be the rights and wrongs of those expressions of regret, the board was in no position on Sunday 13 May 1979, to insist upon a different method of avoiding the impending crises while it searched for better long-term solutions. The central fact was that the board of the Bank of Adelaide had run out of time.

That is no longer the position. The operation mounted

by the A.B.A. and the Reserve Bank has stabilised the situation and has shown that the bank is able to meet its commitments as long as the A.B.A. and Reserve Bank support remains in place or other suitable arrangements are made to replace it. This second point is the key to the situation which exists now. The board of the bank, even if it had so wished, has been unable to negotiate replacement arrangements because it was a condition of the support made available that a package involving a full solution to the F.C.A. problem should be pursued. The agreement which followed has prevented the directors from discussing alternatives.

The appropriateness of that agreement may be the subject of debate. I have taken an active interest in the matter and, since taking office, I have discussed it with the Governor of the Reserve Bank, the Prime Minister and other interested parties. All I am prepared to say at this stage is that there are arguments on both sides which could be persuasive, depending upon one's view of the situation as at 13 May.

It is no secret that I was disappointed with the outcome of my discussion with the Prime Minister. I had hoped that the Commonwealth would recognise the special nature of the problem and open the door to participation by a foreign bank. One advantage was obtained from my meeting with the Prime Minister. I came away quite certain that no arrangement involving acquisition by an overseas bank of a substantial interest in the Bank of Adelaide could work because it would not attract the necessary Commonwealth approval.

One other thing is quite certain; there is no point in the shareholders of the bank choosing to vote against the merger with the A.N.Z. unless an alternative fall-back arrangement is available. By an alternative fall-back arrangement I mean an arrangement which has been thought through in detail and which is administratively workable.

Most of the schemes which have been suggested require Commonwealth Government approval either in relation to foreign ownership of the bank (which the Commonwealth will not contemplate) or in relation to foreign ownership of F.C.A. The Commonwealth's foreign investment guidelines are very much more stringent with regard to foreign investment in financial institutions, including finance companies, than for manufacturing or primary industry. As I see it, three possible courses of action are open to the bank, should the shareholders choose to reject the A.N.Z. scheme on Monday. Members will realise as I explain these courses of action that they are not alternatives to the A.N.Z. scheme. However, it is a reasonable and responsible approach for interested parties to take to consider what could be done should the A.N.Z. offer not be accepted.

The first of these options is the one I discussed with Mr. Holmes a Court last night. It would involve a share or notes issue of \$40 000 000 by the Bank of Adelaide to replace the \$40 000 000 borrowed by the bank from the A.B.A. banks and the Reserve Bank. The essential differences between Mr. Holmes a Court's proposal and some others which may have been considered is that Mr. Holmes a Court was able to present to me last night a letter from a major Australian underwriting firm which stated that the firm "is prepared to underwrite an issue of new capital in an amount of \$40 000 000 for the Bank of Adelaide".

The only other scheme I have seen so far, which would be anywhere near workable, is one worked out by people concerned about the bank. Because of the agreement under which the support operation was mounted, the bank is not able to discuss alternatives to the A.N.Z. scheme.

However, the possibility of a decision by shareholders to refuse the A.N.Z. offer has given rise to some thought about a fall-back position which could be debated if this were to occur. I understand that this scheme was discussed with the previous Premier, and I assume it is the one to which Mr. Scott of Mount Gambier has referred recently.

The Government has made some modifications to the scheme suggested. As modified, it would require: a loan of a substantial amount by the Government to the bank; a Government guarantee related to a share or notes issued by the bank; a loan from F.C.A. to the bank; and a Government guarantee in relation to any losses on the problem land in excess of the \$41 400 000 included in F.C.A.'s accounts.

Mr. Bannon: What are the sums involved in option two?

The Hon. D. O. TONKIN: I will come to that in a minute. The third option is one which no reasonable or responsible person could contemplate while other options exist. It would be to allow the bank to run down and, eventually, to wind it up. Mr. Holmes a Court's proposal, by itself, assumes that, given appropriate management policies and board guidance, it would be possible to operate F.C.A. profitably at a lower level of operations and either carry it on or sell it (wholly or in part) at some later stage.

The examination I have had conducted would support the view that this would be possible, although some method, such as a Government guarantee, may be needed to assure future subscribers to debentures that F.C.A.'s losses in relation to the land could not affect F.C.A.'s ability to service its commitments to any greater extent than the \$41 400 000 to be provided in F.C.A.'s accounts.

Mr. Holmes a Court estimates that the initial asset backing for each share in the Bank of Adelaide, after allowing for F.C.A. losses offset by future tax savings, would be about \$1.65. Calculations I have had done would suggest a lower figure of about \$1.47. I believe the two may be reconcilable largely by about \$9 000 000 worth of tax deduction already taken by F.C.A. which cannot be counted again in the current assessment. Therefore, I believe my assessment to be closer to the mark. Calculations available to me indicate the net asset backing of the equivalent of one Bank of Adelaide share immediately after a merger with the A.N.Z. would be about \$1.62.

Future performance under the A.N.Z. scheme or either of these two options would depend on many factors and shareholders will have to make up their own minds about those factors. However, I believe it is appropriate to point out (using figures shown in the scheme documents) that the earnings per share of the equivalent of one Bank of Adelaide share in the A.N.Z. for the first half of the current year was about 13.6 cents. The Bank of Adelaide earned 8.8 cents a share in the same period.

Both of the options mentioned could result in some dilution of the Bank of Adelaide's capital. Whether that is an acceptable situation is, again, a matter for the shareholders to consider. The scheme the Government has had under consideration would require substantial guarantees. Shareholders should be aware that the Government would not be prepared to see them receiving cash benefits while the funds of the general taxpayer remained at risk. Therefore, if any solution involving significant Government guarantees were adopted, the Government would insist that no dividends be paid until the guarantees were discharged. The indications are that, on current performance, this would take about five years but I draw members' attention again to my comments on the imponderables in the future situation.

Shareholders could also expect, if there were to be a

pledging of the Government's credit-worthiness, that the Government would take steps to ensure that the commercial policies adopted in relation to both F.C.A. and the Bank of Adelaide were such that the Government's involvement would be as short-lived as possible.

The performance of the Bank of Adelaide to date, in a banking industry protected from overseas competition, is a matter of record. Given that the Campbell Committee of Inquiry may recommend the entry of foreign banks, members can make their own judgments as to how the bank would be likely to fare in the longer run in an atmosphere of fiercer competition and as to the future value of its shares.

There is one point on which I am not clear, and that is the extent to which modifications to the capital structure of the bank of the kind envisaged in both of these options would require the approval of the relevant Commonwealth authorities. Shareholders should be aware that no such approval has been sought or obtained.

In closing, I return to the thought with which I opened this statement. It is desirable that, when shareholders vote on Monday, they should do so in an informed way. The Government has no axe to grind in this issue and I have not set out to influence shareholders one way or another. They must make up their own minds about whether or not to accept the A.N.Z. offer. However, I have seen a responsibility to set out, as clearly as possible, what I see as the main relevant facts. Above all I must emphasise that, under the terms of legislation relating to banking, the bank's depositors can be assured that their money is at all times absolutely safe, whatever the outcome of the meeting on Monday.

MINISTERIAL STATEMENT: PAROLE

The Hon. W. A. RODDA (Chief Secretary): I seek leave to make a statement.

Leave granted.

The Hon. W. A. RODDA: On 2 August last my predecessor, the Hon. D. W. Simmons, made a Ministerial statement on the results of grants of parole since the inception of the present system in 1970. This involved an examination of the records of some 1 038 offenders, apart from 22 parolees who were released for deportation and 11 whose deaths occurred during parole supervision. The Minister presented for inclusion in *Hansard* a statistical table which summarised the results. Nine days later, on Saturday 11 August, he was informed that the department had discovered errors in the figures relating to 1978, owing mainly to the data held in the computer not being updated by a batch of changes to the status of parolees.

This considerably changed the picture for 1978 to the extent that an additional five parolees had their parole revoked because of subsequent violent offences. Of these, two had originally been sentenced for a violent offence, and three for a non-violent offence. The situation, therefore, is that a total of 21 parolees out of the 1 038 considered had had their parole revoked because of subsequent violent offences. This is 2.02 per cent of the total number. Of this number, 13 out of 331, that is, 3.93 per cent had originally committed a violent crime. Of 707 originally convicted of non-violent crime, eight, or 1.13 per cent, had subsequently had their parole revoked for violent offences. I seek leave to have a table incorporated in *Hansard* which will set out the true position.

The SPEAKER: Is it purely statistical?

The Hon. W. A. RODDA: It is.
Leave granted.

PAROLE RELEASES, 1970-1978

Year	Original Offence—Violent Crime							Original Offence—Non-Violent Crime							Grand Total
	Parole Revoked, by reason				Success-fully Completed	Still Current	Total	Parole Revoked, by reason				Success-fully Completed	Still Current	Total	
	Violent Offence	Non-Violent Offence	Breach Conditions	Total Revoked				Violent Offence	Non-Violent Offence	Breach Conditions	Total Revoked				
1970	1	—	—	1	16	1	18	—	1	—	1	28	—	29	47
1971	1	3	4	8	26	—	34	—	9	5	14	62	—	76	110
1972	—	9	4	13	22	1	36	—	6	5	11	62	—	73	109
1973	1	1	2	4	15	—	19	1	8	10	19	73	—	92	111
1974	3	3	—	6	24	5	35	1	10	3	14	43	—	57	92
1975	3	4	7	14	32	5	51	2	11	6	19	69	—	88	139
1976	2	1	4	7	32	8	47	1	9	7	17	75	2	94	141
1977	—	7	3	10	21	13	44	—	7	7	14	75	14	103	147
1978	2	1	3	6	11	30	47	3	12	5	20	37	38	95	142
1970-78	13 ^x	29	27	69	199	63	331	8 ^y	73	48	129	524	54	707	1038
% of Sub-Group	3.93	8.76	8.16	20.85	60.12	19.03	100	1.13	10.33	6.79	18.25	74.12	7.63	100	—
% of Total	1.26	2.79	2.6	6.65	19.17	6.07	31.89	.77	7.03	4.63	12.43	50.48	5.2	68.11	100

^x Represents 4.85 per cent of 268 cases already completed or revoked

^y Represents 1.23 per cent of 653 cases already completed or revoked

21 August 1979.

The Hon. W. A. RODDA: The Hon. Mr. Simmons was unable, because of the time involved in making the necessary thorough recheck, to make a Ministerial statement on the next sitting day, namely, 21 August, and the prorogation of Parliament on the following day precluded his doing so then. This statement is now made to set the record straight and to ensure that members will have the true facts on which to assess the value of the parole system.

QUESTION TIME

ROXBY DOWNS

Mr. BANNON: Will the Premier put an end to the considerable public confusion about possible employment gains from the Roxby Downs project by indicating the number of jobs to be created in construction and in mining and processing, and stating the years in which those jobs will be created? The confusion to which I refer can be seen from the statements that I will quote. The Premier, when Leader of the Opposition, said in this House on 6 February 1979 that the lead time for commercial production at Roxby Downs would be about eight to 10 years. The Deputy Premier was reported in the *Advertiser* of 21 September this year as saying that construction of an enrichment plant could begin in 1980. In debate on 6 February 1979 the Premier, who was then Leader of the Opposition, said that new employment opportunities could amount conservatively to 20 000 jobs.

The former Governor, Sir Mark Oliphant, was reported in the *News* of 25 September 1979 as saying that the impact of Roxby Downs on the general employment situation would be small, as few people were required for mining when compared to the number of jobs required to approach full employment. The Deputy Premier was reported in the *News* of 20 September 1979 as saying that it was fair to expect that Roxby Downs would have an initial work force of about 5 000 people with, ultimately, 50 000 to 60 000 people directly or indirectly deriving their incomes from the project. The Minister of Industrial Affairs was reported in the *Advertiser* on the same day, as follows:

We see immediately 10 000 new jobs being developed— compared to 5 000 in the other statement— with flow-on effects giving a potential of 30 000 to 40 000 new jobs.

That is opposed to 40 000 to 50 000 jobs mentioned in the other statement. Speaking in this House on 20 February this year, the Minister of Industrial Affairs said that a uranium enrichment plant would, conservatively, employ directly between 1 500 and 3 000 people and, indirectly, five times that number of people; yet the Deputy Premier was quoted in the *News* on 20 September 1979 as saying that normal operations of a uranium enrichment plant would require about 350 workers and that at the peak there would be 450 construction jobs.

The Hon. D. O. TONKIN: The Leader is desperately trying to muddy the waters in relation to the employment situation created by mining at Roxby Downs. I think that, if his research assistants go through the statements that have been made and take them in context (after all, the Leader did not seem to be quite sure whether he was talking about an enrichment plant or about Roxby Downs), and if the Leader goes through the various figures and takes them in context, he will find that the immediate number of people involved in a mining project or in the enrichment plant (that is, outside the

construction) is not large. But, taking into account the number of people employed in constructing the project, in site works, exploration, building of housing, furnishing of housing, and the multiplier effect which comes from this, it is true that a project the size of Roxby Downs will ultimately support a township of some 25 000 to 30 000 people, like Mt. Isa. Also, the number of people deriving their incomes directly or indirectly (not actually from mining—and I am quite sure the Leader does not expect that) from this project will be about 50 000; some people say 55 000 and some say 60 000 people, but it will be of that order.

That has been the exact situation in Queensland in relation to Mt. Isa. It is the situation that is pertaining in Western Australia, where the Government finds that there are now far more people deriving their incomes, because of Western Australia's vast mineral development, in the metropolitan area of Perth than there are outside the metropolitan area at the on-site projects. If the honourable member wants to knock (and it is interesting to hear that he has started doing so already) the employment opportunity that Roxby Downs presents to the people of South Australia, its tremendous potential for solving our unemployment problem, and the tremendous potential not only for royalties for this Government but, more particularly, for income for the people of South Australia, let him carry on; it will not stop this Government from pressing on with all due caution and adherence to safeguards. It will not stop us from pressing on with developing those sites and those industries and creating as many jobs as we possibly can. If honourable members opposite are going to adopt this attitude, they have very little regard for those people in South Australia who are currently out of employment and who desperately need it.

Mr. OLSEN: Will the Minister of Mines assure members that environmental matters in relation to the Roxby Downs development will be given appropriate consideration, so as to lay to rest the concern expressed in this morning's paper?

The Hon. D. C. WOTTON: I thank the honourable member for his question. I know that he, like other members in this House and the people of South Australia, is concerned about the environmental aspects related to development in this State. I am particularly concerned, as Minister responsible, and this Government is particularly concerned about this matter.

I wish to clear up a few points made in the paper this morning. I think that the Leader of the Opposition had something to say this morning about the environmental matters. He related particularly to the Commonwealth Government. That Government has undertaken an environmental review before deciding to grant foreign investment approval for Roxby Downs exploration to continue. That review advised that there was no significant environmental consequence to exploration continuing but that, during the exploration and feasibility studies, environmental information should be collected so that an environmental impact statement could be prepared prior to major development being approved. This is entirely in accord with the procedures being followed by my department. I assure members that an environmental impact statement will be prepared by the company, during its feasibility investigations, for assessment by my department prior to approval of major developments being given.

I also point out to the honourable member and to other members opposite that the procedure of carrying out a major environmental impact assessment in parallel with

the feasibility study is the same as that implemented by them for the Redcliff project, and it ensures that maximum environmental protection can be achieved without causing any significant delay to the development of major projects.

MEMBERS' PECUNIARY INTERESTS

Mr. WRIGHT: In order to dispel any public fears, will the Premier reveal to Parliament the pecuniary interests of any members of his Government, senior members of the Department of Mines and Energy, or members of the Uranium Enrichment Committee as regards shares they own or have owned in Western Mining Corporation or in any other companies currently engaged in the exploration of uranium in South Australia, and indicate when they were purchased?

The Hon. D. O. TONKIN: I take that question very seriously, because it is most appropriate. It was a matter taken up, I think, almost at the first meeting of Cabinet, or even earlier. An instruction has been issued and agreed to by members of Cabinet that they will disclose any such interest they have and will take immediate steps to dispose of those interests. I think that that is the appropriate course.

Mr. Wright: So they did have interests? That's the point.

The Hon. D. O. TONKIN: I am unable to say whether or not they had interests, for the simple reason that the report has not come to me and been completed. I can say that I do not own any Western Mining Corporation shares: in fact, I do not own any shares other than 1 000 of some obscure name which I cannot remember and which, I do not think, are worth more than the paper they are printed on. We will be obtaining a report on this matter, and we will, without doubt, be making the position clear so that members may reassure themselves that there is no vested interest, other than the interest in doing what is right and proper for South Australia, that is, motivating members of Cabinet.

ARGENTINE ANTS

Mr. MATHWIN: Will the Minister of Agriculture investigate the problem that has been experienced by a number of householders in the metropolitan area, whereby some homes are being infested by Argentinian ants, and see whether any relief can be given to these people by his department? This problem will increase if and when summer arrives. I wrote to the former Minister of Agriculture, who has since been removed from office, stating that a constituent of mine had claimed that, last February, she had an infestation of these creatures and that officers from his department had called to inspect the problem. They informed her that they would call back again and spray in the near future.

So far no-one has returned, although that was in February last. I should like the Minister to say what is the department's intention in dealing with the problem, as it was expected that the ants would spread considerably throughout the metropolitan area. I received a reply from the office of the previous Minister, since removed, to the effect that Mr. Chatterton was examining the matter and would write to me in due course. The letter stated that, in relation to the specific problem encountered by my constituent, the writer wished to confirm advice conveyed

to my secretary by telephone that the inspection had been carried out by departmental officers in February and was part of a survey aimed at ascertaining the nature and extent of the ant infestation. It also said that, when infestations were located, it was suggested that residents use an aerosol or similar spray.

A report in the *Advertiser* in January last stated that Argentine ants were on the march in Adelaide, and had been found in eight Adelaide suburbs. The Department of Agriculture, according to the report, wanted to tackle the problem quickly. Infestations were first detected by Glenelg residents, and since then specimens have been submitted by householders (and they are still collecting specimens, I understand) at Ridgehaven, Hindmarsh, Camden Park, Glenelg, Clovelly Park, Oaklands Park, Somerton Park, and Seacliff Park. Apparently, the department had received 200 reports in relation to the ants.

On 14 January last, the *Advertiser* contained a report stating that the ants could invade homes and were causing distress even to pets owned by people, especially those in the Glenelg area. The report states that the Argentine ant is a threat to crops, which makes the situation serious in South Australia. Can the Minister assist my constituents who have this problem?

The Hon. W. E. CHAPMAN: I am pleased to inform the member for Glenelg that I will pursue the matter, in accordance with his somewhat lengthy request. I am aware of the correspondence between the honourable member and my predecessor's office on the subject. Although members apparently regard this subject as something of a joke, it is quite serious for the people who are affected. The member for Glenelg referred to a number of suburbs in which the ants had been identified, and a recent report given to me by the department indicates that, as a result of a survey undertaken by the department, 67 suburbs between Belair and Elizabeth are identified as having within them this species of ant. Apparently, the ants were first positively identified in Adelaide in 1969, although they have been in the country for a longer period. Once established, the ant is alleged to be a most annoying and destructive household pest.

Mr. Keneally: Do they like millipedes?

The Hon. W. E. CHAPMAN: No. They enter houses in search of food. They are indirectly injurious to fruit trees and ornaments as they attack the blossoms and encourage aphids and scale insects. They are troublesome around beehives, aviaries, and poultry yards. I appreciate the importance placed on the subject by the member for Glenelg in his attempts to have the scheme brought under way, because the ants have been disturbing to families as they have invaded bedrooms and caused distress to adults as well as to babies.

Members interjecting:

The Hon. W. E. CHAPMAN: It is all very well for members to laugh, but, if they were in a situation where ants had entered their houses and were crawling into the ears of their sleeping children and causing other disturbances, they, too, would regard the matter as serious, as has the member for Glenelg. The member for Glenelg has asked me whether the department proposes to take action. The department has not been in a position to commit itself to an eradication campaign to date because of the heavy commitments created by unexpected winter outbreaks of fruit fly and also because of involvement in a serious locust plague in South Australia. However, it is proposed that eradication programmes will be commenced in 1980 when resources are available (with the blessings of the Premier and Treasurer), taking into account other heavy commitments.

URANIUM

Mr. PAYNE: Will the Minister of Mines and Energy tell the House what countries currently have in operation a safe means for the ultimate disposal of highly active nuclear wastes? I think members will know that international contracts require that each customer country be obliged to take and dispose of nuclear waste from its own reactors. Already, a number of countries, such as the United States, the United Kingdom, West Germany, Holland and France, have extensive stockpiles of temporarily stored, highly active wastes. These countries have yet to decide (let alone solve the problems) what to do with this highly dangerous waste permanently. This waste is now stored in tanks, usually in cooling ponds; however, it cannot be stored there indefinitely (I believe there is no quarrel on that point), and already difficulties are becoming apparent regarding corrosion and leakage.

The Hon. E. R. GOLDSWORTHY: During the course of this sitting I will outline to the House the correct details of the findings of the working party led by the then Premier, Mr. Dunstan, regarding inquiries overseas. From the information that has come to my notice, obtained from the reports of the two technical officers who accompanied the then Premier on that occasion (Messrs. Dickinson and Wilmshurst), I believe that this House was grossly misled by the then Premier, to an extent that was greater than any crime committed by Mr. Salisbury. I have in my possession the reports of Messrs. Dickinson and Wilmshurst.

Mr. McRae: I hope you will table them.

The Hon. E. R. GOLDSWORTHY: I will quote from the reports. Also, former Premier Corcoran, in reply to a question about the supply of uranium to Brazil, gave inaccurate information. Regarding final disposal of waste, technology exists in Sweden at the present time.

Mr. Payne: Rubbish!

The Hon. E. R. GOLDSWORTHY: The honourable member can say "rubbish". The Swedes have tested the technology, and it is available. I will give one instance of misrepresentation: it was stated by the then Premier when he returned from overseas that there were very few locations on the earth's crust where this material could be stored safely. In geological terms, the period involved is about 500 years. Professor Ypma from the University of Adelaide, who is Professor of Economic Geology, stated in the press the next day that the Premier was talking uranium nonsense. The Government is seeking to give the public accurate information; it does not want to put anything over the public. The Government wants to give the public the facts. The previous Government did not give the public the facts. By the time the information had been through the political stream (the propaganda department of the Premier's Department), the public did not get facts. This Government intends to put facts to the public in relation to the whole of the uranium issue.

Mr. Payne: Sweden is the only country you mentioned.

The Hon. E. R. GOLDSWORTHY: What I am saying is that technology has been proved up in Sweden. There are many locations on the earth's surface—I think Professor Ypma said that 90 per cent of the earth's crust had been stable for millions of years—so for the Premier then to assert that these locations were isolated is nonsense. What I intend to do in the fullness of time is put before the House the correct findings of that group which went overseas at the end of last year, and it will be shown that the advice of the two technical experts who accompanied the Premier on that occasion indicates that that problem is in fact solved. It is all very well for the honourable member to ask me to name countries. There are probably dozens of countries with stable geological formations.

Mr. Keneally: You don't know, do you?

The Hon. E. R. GOLDSWORTHY: I am saying I do know. There would be dozens of countries with stable geological formations which would be safe repositories for this waste material. The element we are concerned about in this regard is plutonium. Plutonium is dangerous if it is ingested into the body; it is not dangerous to handle as such. If in fact the fast breeder reactor is developed (and, indeed, it will be developed in some countries), plutonium will become a fuel for the fast breeder reactor, and a lot of this material will be dissipated. The indisputable evidence that the technical group which accompanied Premier Dunstan on the trip overseas came up with was the conclusion that this problem was solved and that the technology existed. I will make the appropriate quotes to the House in due course. There are two groups of people involved in this argument. There is the trade union group, consisting of people who are obviously divided amongst themselves. There is the federal body of the Australian Workers Union, which wants to go on with mining. The members of that union in Queensland are happily mining uranium; that group is convinced in relation to the safeguards. The group that seems to be out of step in this State in relation to uranium mining is the group comprised of the local members of the A.W.U., and they have internecine warfare.

The Leader of the Opposition is a former industrial advocate of the A.W.U., and the Deputy Leader of the Opposition was an officer of the A.W.U. They are at war with their federal body. We also have within the community a group of concerned citizens, and these are the people to whom we wish to tell the facts. Those in the trade union movement cannot make up their own minds. We wish to put the facts before those people in the community who are concerned about this issue. We are concerned about the safety aspects. I repeat again what I said publicly and what the Minister of Health will say publicly: that no mining will proceed in this State until we are convinced that it is safe for miners to mine uranium and that these problems in relation to disposal are solved. We believe they have been solved. Any mining in this State will be carried on under the auspices of the South Australian Health Commission. Let me make that perfectly clear. There will be no uranium mining in South Australia unless the sort of conditions the Minister for the Environment mentioned are satisfied; until the necessary environmental impact studies and statements have been made and satisfied; and unless we believe the safety of the miners is assured, and that will be monitored by the South Australian Health Commission. In brief, I am saying that we will not permit the mining and export of uranium unless we believe these problems have been solved, and I believe that they have been solved.

NORWOOD UNITS

Mr. WEBSTER: Will the Minister of Health, representing the Minister of Community Welfare, investigate the situation existing in relation to a block of units in Bridge Street, Norwood, and take appropriate action to deal with the situation? From my investigations to date it seems that over the past few months about 30 residents of Norwood have purchased strata-title units in Bridge Street. All of these owners have brought to my attention the present condition of these units, which includes extensive cracking, extensive dampness in all of the walls and floors, an absence of any satisfactory damp course treatment in the building as a whole, installation of non-specified drainage piping, and extensive peeling of paint work over the building as a whole, together with a

variety of other associated complaints. I am told that the vendor building company is now in liquidation and that the major shareholder of that company is living in Italy. The two building inspectors attached to the Norwood council during the construction of these units have resigned, and present estimates of immediate repair costs to the units are about \$50 000.

The Hon. J. L. ADAMSON: I will ask my colleague in another place to bring down a report in reply to the honourable member's question.

URANIUM

Mr. MILLHOUSE: I should like to ask a question of the Premier, and it is supplementary to the question asked a few minutes ago of his Deputy, the Minister of Mines and Energy, by the member for Mitchell. I have substituted this question for another question that I was going to ask about member's perks but, because of the extraordinary answer we have just had, I must ask the question, which is as follows: to clear up the confusion caused to me, at least, by the answer of the Deputy Premier, will the Premier, within no longer than the next week, make a considered statement on the policy of the Government with regard to the mining of uranium in this State? I listened with fascinated interest to the Deputy's answer to the last question, and I discovered from that what I would have thought would be world headlines, if it were accurate, that the question of the disposal of waste products has at last been solved, and that this is a matter beyond doubt and debate. That is the first time I have heard that asserted with such utter confidence by anyone. People have said that it is on the way to being solved and that perhaps it can be tried out, but here we have it stated that it is definitely solved. With great respect to the Deputy, I find that hard to believe.

We are also told as I understand it by the honourable gentleman, that mining is to go ahead in this State when the Government is satisfied that it is safe to mine, but we heard nothing more about that, except that the Minister of Health was dragged into it in some way, and she is going to do something about it. We were not told what was going to be done.

Members on this side of the House had better remember a few things now. In the past few months I have written both to the former Minister of Health (Mr. Duncan), and the former Premier about the plight of a number of miners at Radium Hill in the 1950's who believed, on what looked to me to be good grounds, they and their dependants suffered serious sickness because of their contact with the minerals in that area at the time they were mining. I have never had a letter in reply.

I wrote twice to the member for Elizabeth when he was in the office, twice to the Premier asking for a reply, and once to this Government asking what it would do about those people who have already suffered. I have not heard a damned thing! Nor have they! That is the situation, yet this Minister, this new man, has the effrontery to say that the question of safety is solved and that the Government is going ahead when it is satisfied that mining is safe. We cannot even look after the people who have already suffered from this! I know that the Labor Party has niggled at this matter today and that it is a good issue for that Party politically, but it is bigger than a Party political issue, and that has been realised by many members on both sides of the House. It is about time we had something more than mere puff and stupid assertions such as we have just had from the Government. Therefore, I put to the Premier, as head of the Government, that he should make a

considered statement setting out Government policy and what the Government's proposals may be.

The Hon. D. O. TONKIN: That is a very long way to ask whether I will make a statement setting out the policy of the Government in relation to uranium. Statements were made before the election which quite clearly set out the Government's policy on uranium. I am quite happy to state that policy to the member for Mitcham. During the course of this session further statements will be made by the Minister of Mines and Energy (the Deputy Premier) on this subject. I do not think that anyone has been left in any doubt at all that this Government will proceed with the mining of uranium under appropriate safeguards and safety conditions. That has always been said, and always will be said. The Minister of Environment has made quite clear in the past few days that environmental impact statements and requirements will be scrupulously observed. I do not know what the honourable member is fussing about.

SURREY DOWNS PRE-SCHOOL

Dr. BILLARD: Will the Minister of Education tell me the current position regarding the provision of urgently needed pre-school facilities at Surrey Downs? Some three years ago parents at Surrey Downs Primary School, because of the rapid growth of the area, recognised the need to provide kindergarten facilities and began negotiations with the Education Department, Kindergarten Union and the Childhood Services Council. The position was reached where, early this year, parents had formed a child-parent centre management committee. They had received assurances that funding for a multi-purpose unit, costing about \$250 000, had been approved and that, subject only to confirmation of the site, the child-parent centre would be ready for occupation prior to the commencement of term 1 in 1980.

Subsequently, they received letters dated 27 June and 15 August indicating that the multi-purpose brick unit was now to be a transportable unit to be placed on a different site in Surrey Downs. Moreover, it appears that there may be some complications, since the new site does not currently have direct access to a street. Members will realise the importance of this facility to Surrey Downs and to parents who have fought hard for its provision and believed promises made to them by the previous Government. It is of little satisfaction to these people to see facilities finally provided when their children, and those of a significant number of parents in the area, are too old to use them.

The Hon. H. ALLISON: I believe that the member for Newland has largely answered his own question quite correctly. This goes to show how well informed he is about local matters. I remind members on the other side of the House that the former member for Newland (for whom I had some respect) was also interested in this problem. In fact, the Kindergarten Union previously expressed a wish to locate this pre-school unit near the newly proposed Surrey Downs High School.

The Education Department, I understand, preferred the site nearer to the primary school. I am sure that the former Minister of Education would recall that negotiations were under way (they may not yet have been finalised) by the Land Commission, the Education Department and the Kindergarten Union to determine whether the new site was the best possible site. The question of access certainly has been a problem and, to the best of my knowledge, access will be provided to the new site from Casuarina Drive, Surrey Downs. Whether this is the best site for the

Kindergarten Union and for the parents of the district has still to be determined.

For that reason, the cost of over \$250 000, which was originally budgeted for the Kindergarten Union in the 1978-79 Estimates, was not availed of. Instead, a temporary construction was proposed on the newly negotiated site so that, in the event of a future change of heart over sites, the construction could be removed easily.

I have had no part in any of these decisions and, in view of the honourable member's apparent concern, both for the parents and children of his district, I will undertake to reinvestigate the matter with the Kindergarten Union to see whether any change can be effected simply and rapidly. The most pressing concern is obviously that some accommodation be provided for the children of the district, and it is possible that this temporary solution is the best in the short term. I believe that is the advice which the former Minister would have given to his former colleague.

URANIUM

Dr. HOPGOOD: Can the Deputy Premier say whether it is his policy and that of his Government to allow inspectors, resident or otherwise, from an international authority such as the International Atomic Energy Agency, access to all parts of any uranium enrichment plant built in South Australia to ensure that dangerous fuels and by-products are not misused or allowed to go astray? I understand that Australia's representatives at international forums on nuclear energy have asked that there should be resident inspectors from an international authority to ensure that dangerous fuels and by-products are accounted for and are not diverted for improper use (the so-called audit arrangement). At present, however, this safeguard does not exist anywhere. In addition, I am led to believe that visiting inspectors from the International Atomic Energy Agency and Euratom, the E.E.C.'s own nuclear inspectorate, are not allowed to inspect certain parts of civilian nuclear enrichment plants in Great Britain and Holland because the operators, including URENCO Centec, consider them too commercially sensitive. In the light of the Minister's forthcoming discussions with URENCO Centec, the South Australian Government's position on inspections badly needs clarification.

The Hon. E. R. GOLDSWORTHY: The first point I make is that at least the Government recognises that the actual operation of the enrichment plant is safe. I think that even the former Premier, Mr. Dunstan, said in the House that there was no problem in relation to safety with uranium enrichment. At least, we do not have to educate the Opposition in relation to that exercise. Two processes are involved in the enrichment process, namely, the refining process, and the final enrichment process. I think it is true that URENCO Centec, the company involved, is somewhat jealous of its technology; nonetheless, it is also true to say that we are vitally interested in the question of monitoring the operations of the plant. As these are early days in the life of this Government, it would be unreasonable of the Opposition to expect "Yes"/"No" answers to some of the questions it is asking at present. That point has been raised with me.

Mr. Wright: You were on the front page.

The Hon. E. R. GOLDSWORTHY: We were not on the front page in relation to uranium enrichment. The question of having somebody resident at the plant to monitor what is taking place (the health aspect was referred to) will not receive unsympathetic consideration from the Government. It is unreasonable for the shadow Minister to expect "Yes"/"No" answers to detailed

questions. That is the type of knee-jerk reaction we received from the Leader of the Opposition in the series of questions he asked about Roxby Downs, when he asked where the water and power were coming from. That is why these companies are spending \$50 000 000; that is what the feasibility study is all about. The Opposition cannot expect instant answers to a list of questions about a foot long. Those questions were put to the Government by the Leader of the Opposition for instant response. Those matters will require a great deal of study and investigation, and that is why companies are prepared to spend \$50 000 000 to get some answers. The Government is certainly prepared to abide by any international safeguards that are required for the mining, enrichment and disposal of uranium.

PUBLIC SERVANTS

Mr. BECKER: Is the Minister of Agriculture guilty of political victimisation against public servants in his department? In this morning's *Advertiser* I noticed a statement attributed to the former Minister of Agriculture, (Mr. Chatterton).

Mr. Mathwin: Since removed.

Mr. BECKER: Yes, and he was a lightweight Minister as it was.

Mr. Keneally interjecting:

Mr. BECKER: The member for Stuart has now realised what the situation really is. The allegations were that there was a political witch-hunt against public servants, and the former Minister referred to professional public servants who had won responsible positions within the department. One paragraph of the report states:

Officers in the Unit for Industrial Democracy, the policy division of the Premier's Department, the overseas projects division of the Department of Agriculture and Fisheries, have all felt the force of the present witch-hunt.

Is this allegation a fabrication of the former Minister's imagination, or are his spies feeding him incorrect fodder?

The Hon. W. E. CHAPMAN: I am not guilty of political victimisation within my department, so far anyway. Indeed, I am not likely to be guilty, if I am to be furnished with the grace and attention that has been directed to me by the staff whom I have met and with whom I have been involved so far in my department. However, I did see the report referred to by the member for Hanson; I have it with me. The part that interested me most referred to the officers in a unit of industrial democracy, the policy division of the Premier's Department, and specifically the overseas projects division, which is a division of much interest to me and my department. As a result of noting that point in the *Advertiser* report, I asked officers of my department whether there had been any retrenchments or breaking of contracts within the department in relation to the overseas project unit employees in particular. Mr. Chatterton, who was responsible for the report, may, by some stretch of imagination have been referring to two people who had discussions with officers of my department before the last State election.

Mr. D. O'Neill, for example, was involved in discussions which were proceeding regarding a contract—not a Public Service appointment. Mr. O'Neill is an officer of the Commonwealth Public Service, the Department of National Development, and has never worked in the overseas project unit. We decided not to proceed with that arrangement. It may be said that there were political connotations or involvement between the parties involved in those discussions, but I have never met the gentleman and, on the advice received, I have not proceeded with his employment.

The second person who may well have been in the mind of my predecessor when reporting to the newspaper could have been Mr. R. Antoun, a clerk in the rural assistance branch, who was seconded to the overseas project unit and stationed in the previous Minister's office to provide Arabic translations of Ministerial letters and special publications. On the change in Government, he, understandably, was moved back to the overseas project unit, and is still there. His status after 30 October is under review.

It is not my intention to enter into a witch-hunt within my department and to investigate politically the employees in that department. If their politics interfere with their function and role as employees within the department, I will have something to say about it, but my personal view is that their politics are their own personal business; while they keep it that way, I will not be seeking to dispense with, retrench, or, as put by the member for Hanson, politically discriminate against those persons.

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I move:

That the time for moving the adjournment of the House be extended beyond 5 p.m.

Motion carried.

URANIUM

Mr. HEMMINGS: Will the Minister of Health say when the South Australian Health Commission study on the health of former Radium Hill workers will be completed, whether it will be made available to the public, and what steps the Minister intends to take to ensure that the health of workers engaged in uranium mining is protected from dangerous levels of radiation to which Aborigines are reported to have been exposed at the Ranger exploration site at Jabiru, in the Northern Territory?

A report in the *Advertiser* on Wednesday 5 September states that uranium ore samples found scattered at a former Queensland Mines site in the Northern Territory were found to have 85 times the radiation safety level, according to a Mines Department report. The report was made by the Northern Territory Mines Department to the Jabiru supervising scientist, Mr. R. Fry, and states that open bags of ore samples were found at the camp site in an area in which Aborigines live and hunt.

The Hon. J. L. ADAMSON: In relation to the Radium Hill report, I think it is important that members should realise that, following the irresponsible statement by the former Minister of Health, the member for Elizabeth, about the health of Radium Hill workers, many families of people who had been working in that mine were extremely distressed; it was as a direct result of the former Minister's irresponsible actions that they were distressed. One of my constituents rang me and said that on one day hers had been a happy family and that, on the following day, after the former Minister's statement, they were in a state of deep distress. They felt extremely bitter and angry that the whole aspect of their lives had been changed by what they considered extremely thoughtless and ill-founded statements.

Following those statements, the Health Commission has made investigations, which are continuing. I see no reason why they should not be made public when they are completed. The investigation is in relation to the effects on miners that occurred many years ago. We have much to learn from what may have occurred, and for my part I see no reason whatever why the reports should not be made public.

Regarding the further details of the honourable

member's question, I inform the House that I consider it extremely important that the Health Commission develop and maintain a surveillance system to take account of the safety of anyone engaged in mining or milling uranium. That process is in train. It is obviously essential that the Health Commission monitor these effects and keep a surveillance on safety in a way that is quite independent of the same procedures embarked upon by any mining company or, indeed, by the Department of Mines and Energy. I know that the Minister of Mines and Energy acknowledges that.

The honourable member might also be interested to know that the Health Commission already has a representative on a State interdepartmental committee which is working with the Commonwealth Government on the study of Commonwealth legislation into the safety of mining. I will certainly call for a report on the matters raised by the honourable member in relation to the safety of Aborigines near Jabiru. When that report is available, I will make sure that a copy is sent to him.

DENTAL TECHNICIANS

Mr. ASHENDEN: Can the Minister of Health say whether legislation will be introduced for the registration of dental technicians and, if it is, when? Several constituents in my electorate have expressed concern that presently no legislation recognises the registration of dental technicians. They believe that legislation is necessary to regulate the profession and, at the same time, give it recognition in the community.

The Hon. J. L. ADAMSON: I am aware of the concern of dental technicians about the need for legislation. I am meeting members of the committee of the technicians' association tomorrow morning to discuss the proposed legislation with them. I have not had a chance to look at that legislation, but having discussed it with them—

Mr. Payne: There's a draft Bill on this.

The Hon. J. L. ADAMSON: I am aware that a draft Bill is in the pipeline. I said that I have not had a chance to have a look at it. There would not be much value in my looking at it without consultation with the dental technicians. I intend to do that. No doubt the legislation will take its course, but I am not able to comment further until I have seen it and seen the technicians.

URANIUM

Mr. SLATER: Can the Chief Secretary say whether a special police or security force will be created to safeguard the transportation of uranium or enriched uranium in South Australia and secure any proposed enrichment plant? If it will, what powers in addition to ordinary police powers will be given to such a force?

The Hon. W. A. RODDA: The honourable member raises great fears that the Opposition must have about the Government's proposal to get on with the job that those members were so tardy about. The police powers in South Australia are sufficient to cover any emergency that the honourable member seems to fear. We have sufficient powers to take care of all those things.

Mr. Bannon: Are you aware of the nuclear—

The Hon. W. A. RODDA: The Leader of the Opposition is expressing equal fears about what this new industry could do to South Australia. If there are any specific problems, this Government will not be unwilling to look at them.

Mr. Slater: Terrorists.

The Hon. W.A. RODDA: That is one such problem. I

am sure that the macroscopic view of this Government will be abreast of all these things before there is any likelihood that they come about. I can give the Government's assurance that it is looking at the widest possible attitudes that could be concerned with any industry that this Government proposes to set up in South Australia.

SCHOOL DAMAGE

Mr. GLAZBROOK: Will the Minister of Education assure the House that every endeavour is being made in relation to the security of educational establishments to minimise vandalism and arson, and the needless waste of money, as recently happened at Marion High School? It occurs to me, and to many other residents of South Australia, that the needless waste of an estimated \$50 000 of taxpayers' money has resulted from the incident at Marion High School; this money could well have been used and well spent in more fruitful and valuable areas. The disruption to students and teachers provokes an unnecessary strain. Because this is not an isolated case, I seek the Minister's assurance that action is being taken to solve this grave and costly problem.

The Hon. H. ALLISON: It seems only a short time ago that I was addressing the same questions to the former Minister of Education; at that time I proposed that perhaps the illumination of all schools in South Australia might be the best solution. There is a rapidly increasing fuel and energy shortage, and costs are rising. There are about 1 000 schools in South Australia. I propose to address myself to this problem in two directions. I cannot speak very much about the Marion High School situation, because I believe that charges have been laid against the alleged culprits and therefore the matter might be deemed *sub judice*. However, suffice to say that the two conflagrations on two separate nights follow closely upon the heels of others at Gilles Plains. I am not sure whether those schools were highly illuminated. I find this interesting, because some two or three years ago I was assured by the police that illumination was one of the cheapest forms of insurance, because miscreants generally flee from light and go into darkness. However, illumination is possibly not the solution.

As youngsters were allegedly involved not only in this recent conflagration but in others, perhaps student attitudes should be examined to see whether they are different from school to school. Perhaps a grudge factor is involved, and child psychology techniques may need to be used. The other two aspects are that there are certainly particular areas of the State that might be deemed to be more accident prone or vandal prone than are others, and I will certainly ask my officers to look at this aspect. Child psychology, greater illumination, and attention to specific areas (if areas can be isolated where vandalism, arson, etc., are more prevalent) may be a first approach.

ADELAIDE UNIVERSITY COUNCIL

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I move:

That three members of the House be appointed, by ballot, to the Council of the University of Adelaide as provided by the University of Adelaide Act, 1971-1978.

Motion carried.

A ballot having been held, Messrs. L. Arnold, Billard, and Webster were declared elected.

FLINDERS UNIVERSITY OF SOUTH AUSTRALIA COUNCIL

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I move:

That three members of the House be appointed, by ballot, to the Council of the Flinders University of South Australia as provided by the Flinders University of South Australia Act, 1966-1973.

Motion carried.

A ballot having been held, Messrs. Evans, Schmidt, and Trainer were declared elected.

SESSIONAL COMMITTEES

Sessional committees were appointed as follows:

Standing Orders: The Speaker and Messrs. Duncan, McRae, Russack, and Webster.

Library: The Speaker and Messrs. L. Arnold, Billard, and McRae.

Printing: Messrs. Mathwin, Plunkett, Randall, Schmidt, and Slater.

JOINT HOUSE COMMITTEE

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I move:

That, in accordance with section 4 of the Joint House Committee Act, the House of Assembly members on the committee be the Speaker and Messrs. Becker, Gunn, and Langley.

Motion carried.

PUBLIC ACCOUNTS COMMITTEE

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I move:

That pursuant to the Public Accounts Committee Act, 1972, a Public Accounts Committee be appointed consisting of Messrs. Becker, Duncan, Keneally, Olsen and Oswald.

Motion carried.

JOINT COMMITTEE ON SUBORDINATE LEGISLATION

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I move:

That the House of Assembly members on the committee be Messrs. Evans, Glazbrook, and McRae.

Motion carried.

ADDRESS IN REPLY

The Hon. E. R. GOLDSWORTHY (Deputy Premier): I move:

That a committee consisting of Messrs. Evans, Goldsworthy, Olsen, Oswald, and Tonkin be appointed to prepare a draft Address to His Excellency the Governor in reply to his Speech on opening Parliament and to report on Tuesday next.

Motion carried.

ADJOURNMENT

At 5.19 p.m. the House adjourned until Tuesday 16 October at 2 p.m.