

HOUSE OF ASSEMBLY

Thursday 28 August 1980

The **SPEAKER (Hon. B. C. Eastick)** took the Chair at 2 p.m. and read prayers.

ADDRESS IN REPLY

The **SPEAKER**: I have to inform the House that His Excellency the Governor will be prepared to receive honourable members for the purpose of presenting the Address in Reply at 2.10 p.m. today. As the mover is unavoidably absent through sickness, I ask the seconder of the Address, and such other members as care to accompany me, to proceed to Government House for the purpose of presenting the Address.

[Sitting suspended from 2.2 to 2.20 p.m.]

The **SPEAKER**: I have to inform the House that, accompanied by the seconder of the Address in Reply to the Governor's Opening Speech, and by other honourable members, I proceeded to Government House and there presented to His Excellency the Address adopted by the House yesterday, to which His Excellency was pleased to make the following reply:

I thank you for your Address in Reply to the Speech with which I opened the second session of the forty-fourth Parliament. I am confident that you will give your best attention to all matters placed before you. I pray for God's blessing upon your deliberations.

SUPPLY BILL (No. 2)

His Excellency the Governor, by message, intimated his assent to the Bill.

APPROPRIATION BILL (No. 2)

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 forth in the Estimates of Expenditure for the financial year 1980-81, and the Appropriation Bill (No. 2).

PUBLIC PURPOSES LOAN BILL

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 1980-81, and the Public Purposes Loan Bill.

PETITION: EDUCATION FUNDING

A petition signed by 95 parents, teachers, and members of school councils and committees praying that the House oppose a 3 per cent cutback in funding for the Education Department was presented by Mr. Whitten.

Petition received.

PAPERS TABLED

The following papers were laid on the table:

By the Premier and Treasurer (The Hon. D. O. Tonkin)—

By Command—

Loan Estimates, 1980-1981.

House of Assembly

Standing Order No. 297

Certificates required.

Estimated Revenue of the Government of South Australia—for the year ending 30 June 1981.

Estimates of Expenditure, 1980-1981.

Treasurer's Financial Statement, 1980-1981.

QUESTION TIME

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

That Standing Orders be so far suspended as to allow the asking of questions without notice until 3.28 p.m.

Motion carried.

REDCLIFF PROJECT

Mr. BANNON: I thank the Government for its courtesy in extending the time in which to ask questions. Will the Premier say what specific action the Government intends to take to ensure that the Cooper Basin producers do not raise the price of feedstock to such an extent that effectively removes the competitiveness of the Redcliff petro-chemical project? The Premier will be aware of newspaper reports that the proposed Dow Redcliff petro-chemical project is in danger of collapsing. He has made a statement to the press in which he said that he would do everything possible to ensure that this did not occur. It has been reported that Dow is concerned about the economics of the project, if the price of natural gas liquids is too high. I am told that Dow wants the producers, which the *Australian Financial Review* says are now controlled by Alan Bond interests, to supply the company with liquids at prices below world parity. I hope that the Premier, unlike his Deputy, will not regard this as a "stupid question".

The SPEAKER: Order! The honourable Leader's comment is unnecessary and out of order.

Mr. BANNON: Thank you, Mr. Speaker. I will refrain from commenting. When will the Government act to ensure the viability of the project, and what action will be taken?

The Hon. D. O. TONKIN: Far from being a stupid question, I think the Leader of the Opposition has asked one of the best questions he has asked in this session. It is a matter of great concern to everyone.

Mr. McRae: How can it be stupid and the best question at the same time?

The SPEAKER: Order!

The Hon. D. O. TONKIN: I think the member for Playford is doing himself a disservice. It is a very serious matter indeed, and one which concerns the Government considerably. Quite detailed negotiations are going on at this moment. Those negotiations will continue tomorrow, and they are the culmination of a large series of discussions between Dow Chemical and the Cooper Basin producers. At present, they are, I am informed, very close to an agreement on a price for the feedstock for the petro-chemical plant at Redcliff. However, there are some indicators that it may not simply be the price of the feedstock that is in doubt. There is no way that the

Government is in a position to coerce the producers, any more than it is in a position to coerce Dow Australia. Obviously, the whole matter must be one for negotiation between the two parties. That negotiation is going on, and I do not think it proper to comment any further at this stage. We should have some indication of the results of those negotiations very shortly.

In relation to the project itself, I must say that there has been some conjecture in the business community that, because of some difficulties which Dow International is having (an over-commitment to various projects which it has), there may be some doubt as to the project's going ahead. I cannot in any way comment on that one way or the other, except to say that it causes me grave concern. It is a matter that I will continue to monitor, as I am reported in the press as having said. I will continue to monitor it, and whatever action appears necessary will be taken.

We are constrained as a Government to act within the Constitution of this State and within the powers which the Government has. I would very much hope that the Dow result and the Dow decision will be positive. As members will know, the company has agreed to make that decision by 10 October. I believe that that is a responsible situation. After all, without going into the background of it, we have been looking at this project since 1973, and I believe that we all very much want it to go ahead (I think I speak for all members in the House). We will watch the situation very carefully indeed, and I will take whatever action is possible. I will keep in close contact with the Cooper Basin producers and with Dow Chemical.

There is one matter which I think is worth mentioning to honourable members, and that is that there is still being expressed in Japan, notably by Mitsui, but also by other companies, an interest in a petro-chemical project if Dow Chemical does not wish to go ahead with its project. The Mitsui company in particular has been most assiduous in following up this line. It has sent representatives to Adelaide on two, possibly three occasions, since I visited there earlier this year. It has done a preliminary feasibility study and is most anxious to move in if there is any problem with Dow Chemical. I would regret the need for that to happen, because an enormous amount of money has been spent, not only by Dow and the producers, but by this Government and previous Governments. I believe that the time which would be lost could not in any way be an advantage to South Australia. Nevertheless, I undertake to keep the House fully informed on developments over the next week or so, and I will certainly do everything possible to make sure that Redcliff and the Dow petro-chemical plant become a reality as soon as possible.

STUART HIGHWAY

Mr. GUNN: Will the Minister of Transport inform the House of the sum of money which the Government intends to allocate during the current financial year towards the construction of the Stuart Highway? Will he further inform the House how that sum compares with the sum allocated over the previous three years? Will he indicate to the House the likely amount of money to be made available for future construction on this project in the forthcoming financial years?

The Hon. M. M. WILSON: It happens that I have those figures with me. In answer to the honourable member's specific question regarding the amount spent in construction over the past three years, I can say that, in 1976-77, \$34 000 was spent on actual construction on the Stuart Highway. I point out to the House that there is also an

allocation for maintenance of that highway. In fact, the honourable member's question relates to construction, and in that year \$34 000 was spent on construction. In 1977-78, \$2 000 was spent on construction of the Stuart Highway; in 1978-79, \$838 000; and, in 1979-80, there was an increase to \$3 628 000. Members would be aware that, before the September election, it was very much one of the most important planks of the then Opposition's transport policy that it would increase the amount of money being spent on the Stuart Highway and would, in fact, enter into negotiations with the Commonwealth Government to achieve that end.

As I announced elsewhere, during the coming financial year \$9 100 000 will be spent on construction alone of the Stuart Highway. I believe that that shows this Government's dedication to forging those very important transport links with the Northern Territory. Members on both sides of this House have pointed out how desirable it is that the Commonwealth should construct the Alice Springs to Darwin railway line. Of course, this Government supports that project very much, indeed. Equally important is the forging of road links with this State, and construction on the Stuart Highway is absolutely vital to further that end.

The member for Eyre asked about amounts to be spent on construction in the future. This Government has given an undertaking that other work on major national highways in South Australia will not suffer because of this project. I pointed out to members of this House on another occasion the amounts being spent on the Dukes Highway and on the Virginia deviation on Highway 1. I expect that work to be completed within 12 months, and that after that time we will be able to spend considerably more money on the Stuart Highway so that we may be able to proceed with our plan to have the Stuart Highway sealed within a maximum period of seven years, and I hope, certainly, sooner than that.

SANTOS

The Hon. J. D. WRIGHT: Will the Deputy Premier say whether the Government will amend the Santos (Regulation of Shareholdings) Act, 1979, in line with section 14 of the South Australian Gas Company's Act Amendment Bill, currently before the House, to enable the Corporate Affairs Commission to take court proceedings to ascertain whether the Act has been breached? On 13 August, the Leader of the Opposition raised the issue of the control of Santos Ltd., which is the major producer in the Cooper Basin consortium. This was prompted by claims in the media that the interests of the Bond and Ansett groups were in effective control of Santos. It also followed the inadequate replies by the Minister to my questions (in which he alleged that I was stupid) concerning the impact on the State's Cooper Basin reserves of changes to the board of Santos.

The thrust of my questions and the Leader's comments was that the Government should investigate whether the provisions concerning shareholdings were in fact being breached. The Minister's response was to accuse the Opposition of advising him to assume Draconian powers and to act in a Draconian fashion. Now that the Government has given itself those powers of investigation in relation to the South Australian Gas Company, will it also take similar action concerning Santos? This is very important to the State.

The Hon. E. R. GOLDSWORTHY: No consideration has been given to amending that Act at present. The Government is not in the habit of acting on press

speculation about what might be happening, for instance, in relation to the Delhi company, which I think was the burden of one of the questions from the Opposition in recent days.

The Hon. J. D. Wright: I'm not quite so stupid—

The Hon. E. R. GOLDSWORTHY: The question is completely hypothetical and, as I pointed out then, I would have needed a crystal ball of great intensity to know what was down the line, and the Deputy Leader knows that perfectly well. I even give him credit for not answering hypothetical questions as to what might happen in three months or two years time. If the Deputy Leader takes umbrage at the fact that I called the questions stupid, that is too bad.

The provisions of the Santos legislation are stronger than those currently applying in relation to the Gas Company. The Government has given no consideration to amending the Santos legislation to accommodate a hypothetical situation about which there is no evidence at the moment.

DINGOES

Mr. RUSSACK: Can the Minister of Agriculture say whether the dog currently held by the Munno Para District Council authorities has been identified as being a dingo and, if so, whether it will be destroyed, and on what authority that destruction order can proceed? There has been considerable public interest in this matter, and an article headed "Without papers he must die" in the *Advertiser* yesterday stated:

This friendly little fellow is doomed unless somebody claims him by Friday. He is a prisoner in Munno Para council's pound . . .

The Munno Para dog catcher, Mr. David Kent, caught him wandering in a residential area on 6 August. Mr. Andrew Staniford, adviser with the vertebrate pests control authority at the Department of Agriculture, decided the catch was part dingo.

That was the death sentence because the Vertebrate Pest Act demands the destruction of any dingo or dingo cross found in settled areas—and a \$200 fine for any person keeping or letting loose such a dog.

This matter has also been mentioned in today's paper.

Mr. BANNON: I rise on a point of order, Mr. Speaker. I think this question might more properly be directed to yourself as someone having professional knowledge in this area.

The SPEAKER: The point of order is not upheld. I call the Minister responsible, the Minister of Agriculture.

The Hon. W. E. CHAPMAN: In answer to the first question as to whether the dog held by the Munno Para council has been identified as a dingo, or having dingo breeding, "Yes, it has been positively identified as a dingo". Accordingly, unless an accredited zoo within this State agrees to take that dog, it shall die. There are no areas for compromise in this situation. In the third part of the question the honourable member asked on what authority that action can be taken. Indeed, the State has a law covering this subject, and that law is administered by the Vertebrate Pests Control Authority.

The law against keeping dingoes in places other than accredited zoos reflects the State's dingo policy, which protects the livestock industries of South Australia and at the same time ensures the survival of the dingo as a wild life species. That policy, which was drawn up jointly by animal control and conservation authorities, makes the point that domestication leads to changes in the genetic characteristics of dingoes—changes which must be

opposed by those interested in conserving a truly wild life species. The District Council of Munno Para is simply carrying out a community responsibility which is faced by many councils.

Last year the council impounded more than 500 dogs. Only about 100 were claimed by their owners, 100 were placed in houses, and more than 300 were destroyed by that council. Twenty-seven other dogs were shot by council officers while the dogs were found killing sheep.

I ask those who have been critical of the system, which provides for the destruction of a dog (and some people do object, as the media recently confirmed), what they would do for the 300 dogs in one council district alone that have to be killed each year. I believe it is fair to ask that critical group what they would do to prevent the continuing, agonising deaths of innumerable sheep. On that point, not only am I responsible for administering the law but I am also concerned because there have been too many reports in this State about dogs, not necessarily dingoes, attacking livestock.

The practice must not be allowed to continue, in the interests of those whom I directly represent (the primary producers). In this instance, I have no sympathy for those who seek to harbour dogs of the dingo breed in places other than accredited zoos as dictated by the law. I hope that in this case I receive the co-operation of everyone in the House and in the community at large to ensure that the law is upheld and, in turn, to ensure that the livestock of our primary producers is appropriately protected.

REDCLIFF PROJECT

Mr. SLATER: Will the Minister of Environment tell the House whether his department's assessment of the Redcliff proposal has been completed and when he will be able to submit it to Cabinet prior to release to the public?

The Hon. D. C. WOTTON: The answer is "No". I believe that the first question asked was whether the assessment had been completed. I have received a draft copy of the assessment, which will go to Cabinet as soon as I am sure that it is ready to go before Cabinet for a decision.

GRANNY FLATS

Mr. GLAZBROOK: Will the Minister of Planning explain the idea behind the announcement that the Government is anxious to have granny flats permitted in residential zones? I have received inquiries from constituents and members of local government who are anxious to know more about the proposed plan. An article in the *Advertiser* of 26 August, under the heading "South Australian Government approves granny flats", states:

The South Australian Government has approved "granny flats" under a plan announced yesterday. House owners in metropolitan Adelaide in many cases will be able to make self-contained additions to their houses for relatives or for rent. At present, even in the inner suburbs, zoning regulations exclude all dwellings other than detached houses.

It has been stated to me that the report in the *Advertiser*, in essence, could be somewhat misleading, and I seek the Minister's clarification on this issue.

The Hon. D. C. WOTTON: I thank the honourable member for providing me with the opportunity to clear up this matter. The policy outlined by the honourable member is certainly the Government's policy, and the Government believes that the scheme will be welcomed generally by the community. The honourable member's

background in local government has probably made him aware of the fact that self-contained additions to existing dwellings are, in many parts of the Adelaide metropolitan area, prohibited by zoning regulations. This can lead, and has led in the past, to hardship, particularly for aged people who wish to live with a married son or daughter. It also unnecessarily restricts people's housing choice. We are concerned about this, and we want to do something about it.

The Government's housing policies are directed towards revitalising established suburbs, reducing housing costs and increasing the choice that people have in regard to housing. For this reason, the State Planning Authority has been asked to initiate discussions with metropolitan councils, and in fact those discussions have commenced. Letters have been sent out to councils requesting their views in regard to zoning regulations being amended, to allow those councils to consent to one self-contained addition to a single detached dwelling in any residential area. At this stage, the response that I have received from some of the councils has been very good indeed. However, such consent would be subject to conditions designed to ensure that proposed additions or alterations do not have an adverse effect on the character and amenity of existing residential areas.

I should emphasise that any proposed variations to zoning regulations will be placed on public exhibition and members of the public will, quite rightly, have an opportunity to comment before amendments are authorised. The report in the paper the other day was designed to let people know what we want to do in this area and that we are doing something positive in this way. We are waiting for further response from other councils, but I believe that the scheme and the policy will be welcomed by the majority of councils in the metropolitan area.

PUNALUR PAPER MILLS

Mr. McRAE: Can the Premier explain the contradictions in statements made by himself and the Minister of Forests about the future of the Punwood Company's activities in South Australia. On the afternoon of 31 July the Premier stated in this House that Punalur Paper Mills of India was to spend \$50 000 000 and that this would create up to 500 new jobs. The Premier said that the programme would include a major wood pulping plant. Yesterday, the Minister of Forests said that on the morning of 31 July the principals of Punalur Paper Mills, for the purposes of the agreement of the Government, lodged in his hand a submission that was deficient. I have been reliably informed that the Minister misinformed the House, because he was interstate on 31 July and did not return until a week later. Also, I have been informed that the Minister received the Punalur submissions some days before 31 July and that he informed the Premier that the submission was deficient. However, the Premier chose to forget this when boasting about that project in this House on 31 July, even though he knew by then that the deficient proposal was to be rejected. I hope that in considering this question the Premier will treat the matter with the gravity that it deserves, although he did not appear to be giving it much consideration, and in fact was laughing, as I was attempting to explain this very serious matter.

The Hon. D. O. TONKIN: We are all well aware of the tensions opposite, but the member for Playford really is not selling himself; he really is deserving of tremendous notice, and I am sure his colleagues are noticing him. I would have thought that it would be much more sensible for the member for Playford to ask the Minister of

Agriculture direct. I am not in the slightest bit aware of the day-to-day, hour-to-hour, minute-to-minute activities of the Minister.

Mr. Millhouse: But you remember he was overseas—that was the first day of the session, and he was not here; everybody knows that; you should remember that.

The SPEAKER: Order!

The Hon. D. O. TONKIN: I do believe that the most vociferous member for Mitcham and the member for Playford would be interested to hear that the Minister of Agriculture, in fact, did receive a copy of the documents; they were delivered to him on an aircraft in Melbourne—not here. If the member for Playford, the Perry Mason of the Chamber, is to make anything more of that—

Mr. McRAE: On a point of order, Mr. Speaker. In legal parlance the words "Perry Mason" are the equivalent of a "shyster lawyer". I treat this matter seriously, and I am sure I will have the backing of the member for Mitcham.

Mr. Millhouse: You have my backing.

Mr. McRAE: If I were to refer to the Premier as a quack doctor, that would be very wrong. It is an insulting remark. His remarks were insulting and patronising, and we know that the Premier always tries to be patronising.

The SPEAKER: Order! Will the honourable member come to the point of order?

Mr. McRAE: My point of order is that the remark is contrary to Standing Orders, because it is deliberately insulting to and derogatory of another member.

The SPEAKER: I accept the point of order. In the direction I gave to the House last April, I said that, if words used by any member on either side of the House cause distress to another member, and that matter is drawn to the attention of the Chair, the Chair will ask the person who made the statement to withdraw.

The Hon. D. O. TONKIN: I certainly will withdraw in those circumstances. I must confess to having been entirely unaware of the specific interpretation the remark had to the member for Playford, and I certainly would not in any way reflect on him. It was indeed a term used in a degree of affection for a long-time friend in this Chamber.

DRIVER TESTING

Mr. OSWALD: Is the Minister of Transport satisfied with the current standard of driving licence tests in South Australia, and are there any plans to upgrade standards to ensure that drivers are psychologically suited to drive a vehicle and have had adequate practical training in all traffic conditions? I refer to a letter to the Editor of the *Advertiser* on Monday 18 August over the signature of the Hon. Secretary, Institute of Professional Driving Instructors of South Australia Inc. Part of the letter states:

Even now, residents in the country areas can be tested in a small town with only one main street, no traffic lights or laned roads and little traffic. In Adelaide and elsewhere potential drivers can elect to be tested the easy way in an automatic vehicle. All will get the same licence, and can drive both manual and automatic vehicles. Even with the present testing systems, it is not necessary for a licence applicant to be able to steer correctly or change gears correctly. The standard of driving that is required of potential drivers is far below that required in most Western countries, and is not consistent even within the licensing department. The inevitable result is that a successful licence applicant may not even have been taught correctly.

The Hon. M. M. WILSON: The Government places a great deal of importance on driver testing, and obviously on road safety generally, and that, again, was a very strong plank in our transport platform before the last election. I

am convinced that our standard of driver testing is certainly no worse than is applied in other States. As regards road safety, we must be ever vigilant. However, I point out to the honourable member that it is also the policy of this Government not to over-regulate if it can avoid doing so, because, obviously, that brings about the difference when we are talking about road safety. I have great faith in the driver-testing officers in this State, and certainly in the Road Safety School, at Warradale, which, I believe, is a very good operation indeed. Honourable members will be aware that next week the school will be starting another of its school holiday courses, and I commend those courses to the general public, because they are excellent.

Mr. Slater: Will you commend the former Minister?

The Hon. M. M. WILSON: Yes, I would be happy to do so. I will commend anyone who takes initiatives in the area of road safety.

The member for Morphett has mentioned the matter of psychological testing, and I have to inform him that a committee was set up in South Australia late in 1979 to look at this and at driver testing generally, but that committee has gone into recess pending reports from an Australia-wide committee which in fact has invited an eminent American road safety expert to Australia to discuss the matter. All I can tell the honourable member at the moment is that we are awaiting reports on the question.

RENAL UNIT

Mr. MILLHOUSE: I would like to ask the question, which I promised last night, of the Minister of Health. She promised she would have the answer today. The question is as follows: will the Minister please take urgent action to rectify the matters about which I complained in my letter to her of 26 May concerning the renal unit at the Royal Adelaide Hospital? You may remember, Sir, that last night, during the Address in Reply debate, I canvassed this matter, and pointed out that I wrote to her on 26 May, which is more than three months ago. She replied on 9 June with inaccurate information, and I wrote back and told her that. I wrote a month later, because I had had no response, and then, on 15 August, I had a message from someone in her office saying that it would take a few weeks yet whilst she consulted with the department. I went over these facts in some detail last night, and I will not go over them again. I remind her—

The SPEAKER: Order! I would draw to the honourable member's attention the duty and decorum that he has to refer to the honourable Minister as "the Minister", and not consistently as "her".

Mr. MILLHOUSE: I will do my best, Sir. I thought I was being utterly respectful to her—to the Minister, I mean. If that is your insistence, of course I shall. I mentioned those matters last night, and I also mentioned that, in sheer frustration, I had a letter yesterday from Dr. Clarkson, and I quoted it. The only additional matter that I can give in explanation for the honourable Minister is that Dr. Clarkson sent to me a copy of a four-page report which he forwarded (it is dated July 1980) to the Minister so that she could answer my letter. A summary of that, a few lines at the end, is this:

It is my opinion that the Royal Adelaide Hospital renal unit is working to or above capacity. At present, I consider it is understaffed in the medical, technical, nursing and secretarial areas. Space is at a premium and yet efficiently used, and equipment is numerically deficient and over-used. If current trends in patient referral continue, serious problems may emerge.

I hope that is sufficient to show the Minister the gravity of the matter and to make her get a move on, as I hope she did this morning, after what I said last night.

The Hon. JENNIFER ADAMSON: Thank you, Mr. Speaker, and I thank the member for Mitcham for his courtesy in giving me warning of this question and for the manner in which he has asked it. It is not necessary for him to recommend that I get a move on. The matters to which he referred were well in hand before he spoke last night. Perhaps the honourable member might be interested in the sequence of events.

In response to his second letter, the Health Commission prepared a reply. I saw that reply a fortnight ago, and I was not satisfied with it. Therefore, I sent it back to the commission for redrafting. I will explain to the honourable member the reasons why. Dr. Clarkson's report certainly did indicate that he believed the staffing was inadequate and the facilities were inadequate, but I am well aware and, if the honourable member were to take any notice of current trends in health services, he would also be aware that there is an urgent need throughout the nation, and particularly throughout South Australia, to rationalise high cost technology health services.

The fact is that in this State alone health costs in the 1970's increased almost ten-fold (876 per cent in 10 years), which was a far higher rate of increase than in any other State in Australia. I acknowledge that measures have been taken over the past three years to redress that, but further measures need to be taken. As a result of Dr. Clarkson's report, which he has taken up with the member for Mitcham, I point out to the honourable member that he will shortly be receiving a letter from me stating that I have asked the Health Commission to conduct a review of renal services throughout South Australia with a view to rationalising them. For the honourable member's information, I would like to quote from a report from the Health Commission of Victoria in its guidelines for the estimation of needs of hospital services. It states:

The skills and equipment employed to treat many illnesses and injuries are becoming increasingly complex and costly, so that it is sometimes more economical to bring patients to a central point for investigation and treatment rather than disperse and duplicate safe but costly services throughout a community.

Mr. Millhouse: You can't get anything more central than the Royal Adelaide Hospital.

The Hon. JENNIFER ADAMSON: The honourable member has obviously forgotten (if he ever knew) that the Queen Elizabeth Hospital was the first hospital in this State to set up a renal service, and an excellent service it is. It is renowned throughout the country. It is quite inappropriate to compare the staffing and facilities at the Queen Elizabeth Hospital with those at the Royal Adelaide Hospital, without being fully aware of all the ancillary services provided at the Queen Elizabeth Hospital and the degree of involvement in the training programme.

The Hon. H. Allison: Dr. Mathew is the specialist, isn't he?

Mr. Millhouse: I know him well.

The Hon. JENNIFER ADAMSON: Yes, Dr. Mathew is the specialist there. This is a very important matter, one which is central to the Government's policy of imposing cost controls and economic restraints, and of making certain that the taxpayers of South Australia get the best value possible for the health dollar. That review of services was prompted by Dr. Clarkson's report to me. Who knows what that review might determine? One thing I am sure of—

Mr. Millhouse: I hope it doesn't put him out of business.

The Hon. JENNIFER ADAMSON: It will put no-one out of business; it is very likely to result in an integrated service. The honourable member might be interested to know that in 1976 the commission agreed to dialysis being undertaken at the Royal Adelaide Hospital. I think, with hindsight, that that was a very bad decision and that the taxpayer has lived to regret it. The fact is that we propose to rationalise those services, and the renal services are not the only ones involved.

Last night, in his Address in Reply speech, the member for Mitcham demonstrated his ignorance of the fact that these services need to be supplied efficiently by saying that if we have X number of technicians and doctors at the Queen Elizabeth we should have at least the same number or more at the Royal Adelaide Hospital; that is patent nonsense. He went on to imply that I had visited the renal unit of the Royal Adelaide Hospital for no reason other than a P.R. exercise. For once in his life, the honourable member was perfectly correct. I was invited by the Australian Kidney Foundation to present a cheque for no purpose other than a P.R. exercise, to bring to the attention of the people of South Australia the importance of preventive measure to combat kidney disease.

If the director of the renal unit at the Royal Adelaide Hospital chooses to go to the member for Mitcham and imply that I did not take sufficient notice of the needs of the hospital, that is his prerogative, but I would think that the director of any unit in any hospital would take up these matters with the board of management, because that is the appropriate body, and the only body, with whom employees of hospitals should deal. The member for Mitcham made some slighting remarks about the Health Commission and said he had a number of complaints to make. I should be pleased if he would specify those complaints and make them to me directly. I shall be pleased to take them up with the Chairman and supply the honourable member with a report.

I should say in conclusion, in response to the honourable member's implied and specific criticisms of my visit to the renal unit, that for the past six months I have been making monthly visits to the Royal Adelaide Hospital in order to familiarise myself with each of the departments. That is something which I doubt any previous Minister of Health has done. I am doing it with all the approved teaching hospitals—

The Hon. R. G. Payne: Check Donny Banfield's record.

The Hon. JENNIFER ADAMSON: Yes, I have done that and I think you will find that no other Minister has consistently, on a monthly basis, visited the teaching hospitals. To answer the member for Mitcham's question, I certainly am giving urgent attention to the provision of renal services throughout South Australia. There will be action to review those services, but whether that results in increased staffing at the Royal Adelaide Hospital is a matter for the Health Commission to determine. Quite frankly, I would think it is most unlikely.

MEAT

Mr. BLACKER: Can the Minister of Industrial Affairs say whether the Government has given any consideration to amending the Shop Trading Hours Act to include the sale of red meats, and, if it has, is it intended that the legislation will be changed during this present session? Members will be aware that when the legislation was debated in this House red meats were excluded. Red meat producers believed that they are being disadvantaged, since their commodity is not being exposed to the local

market to the same extent as are its competitor commodities. When the matter was debated before this House, 14 speakers were in favour of red meat being included in the full hours of shopping; 12 of them are present members of the Government, several being Ministers of the Government.

The Hon. D. C. BROWN: I thank the honourable member for his question. The Government has considered allowing the sale of red meat after the present time of restriction. In fact, the previous Government sent out a letter late last year asking whether the sale of red meat should take place during the late night shopping period before Christmas. In fact, a similar letter has been sent out by my department this year. Also, the Government has considered a more general amendment to the Act to allow this, and we have received submissions both for and against this proposal as part of the overall submissions received when I invited submissions on proposed alterations to the Shop Trading Hours Act in February and March this year. We have examined those submissions and, when the final draft of the proposed Bill is prepared, I will certainly bring it before the House, when the honourable member will have a chance to examine it.

EDUCATION FUNDING

The Hon. D. J. HOPGOOD: My question is to the Minister of Education. I hope he has been drinking lots of fluids in view of the Minister of Health's recent reply. Has the Minister of Education agreed to a reduction of over 400 jobs in the Education Department? I am told that in today's Budget there will be a cut-back in staff that will reduce teaching jobs by over 200 in the Education Department, and non-teaching jobs by about 200. I am told that the education budget, combined capital and recurrent, has been increased by only 6 per cent against an increase in costs of 10 per cent and that provision for school buildings has been cut in absolute terms, as I predicted in the House the night before last. Does the Minister agree that the feared 3 per cent cut in education spending in fact is 4 per cent?

The Hon. H. ALLISON: The honourable member will, as he knows, have to restrain himself for a short while longer. I can assure the honourable member that the degree of speculation that has been rife during probably the last 10 months is still considerably off the mark. Certainly, I have not agreed to a cut of 400 staff members.

VEHICLE TITLES

Mr. LEWIS: Will the Minister of Transport consider ways in which it might be possible for the State Government through, say, the Motor Registration Division, to register certificates of title for all vehicles that require registration under law in South Australia, such as cars, trucks, earth-moving vehicles, trailers and boats, so that any encumbrance, such as hire purchase agreements, bills of sale or other charges over their ownership-title, can be registered on such certificates of title by the financial institution, or personal interest having such an interest, other than the registered owner?

Several of my constituents inform me that at present there is no mechanism by which a purchaser of a vehicle can find out whether or not he can buy that vehicle with a clear title. People claim to have suffered some loss and misfortune in instances in which they have purchased such a vehicle (or other registered article to which I have

referred) over which some other party had a charge, that is, an encumbrance. That second party, I am told, can then reclaim the vehicle and this, I understand from the remarks made to me, leaves the new owner with nothing and no way of recovering his money from the vendor, who is probably in such financial difficulty as to make it futile to pursue him in court.

The SPEAKER: Order! The honourable member is now debating the question.

The Hon. M. M. WILSON: I commend the member for Mallee for his interest in this matter. In fact, his interest is shared by many others in the community. Once again, I have to say at the outset that the Government is not keen to regulate for the sake of regulating, but where there is an apparent anomaly or problem in the community obviously the Government has to take note of that. Earlier this year, the Minister of Consumer Affairs and I met to discuss this matter. We set up a joint departmental working party of the two departments, headed by the Director-General of Consumer Affairs, to investigate this whole question of certificates of title for motor vehicles. At the same time the Victorian Government also set up a committee to investigate the matter. I believe that the two committees are in the process of exchanging information at this stage. I will certainly keep the honourable member informed as to how the matter resolves itself.

QUEEN VICTORIA HOSPITAL

Mr. HEMMINGS: Does the Minister of Health still maintain that there has been absolutely no suggestion, even by clear implication, that a task force of the Health Commission has recommended the closure of the Queen Victoria Hospital? Yesterday, for the second time in eight days, I asked the Minister to state categorically that the Queen Victoria Hospital is in no danger, and I asked her to state whether she personally was in favour of its closure. In reply, the Minister lectured me on my lack of knowledge of health planning and the need to locate obstetric and gynaecological services in the best place. I admit quite readily that I have a lot to learn, but I did not really learn a great deal from the Minister's repeated statement that the task force had not suggested closure. It was all a matter, she said, of delivery of services, and closure was just not in it. She told the House that the report "raised options as to the relocation of services". What I want to know is whether she is willing to minister to my great ignorance by telling me what will happen to the Queen Victoria Hospital when all its services are relocated elsewhere? Will it then close, not having any services left to deliver?

The Hon. JENNIFER ADAMSON: The member for Napier seems quite determined to make sure that the Queen Victoria Hospital will close: he will have it no other way. He is determined that that will happen. I repeat, as I said in an answer to a question from the member for Mitcham, that the rationalisation of high-cost, high technology health service needs to be accomplished if we are to release funds for the extremely important areas of health promotion and health prevention. When one is looking at obstetrics and gynaecology one finds that in terms of clinical treatment they are inseparable. To look at a super specialty in gynaecology one has to look at servicing a population of at least 1 000 000 people.

If more than one central unit provided those services, not only in cost terms would the Government spend more than it needs but in clinical terms (that is to say, in the delivery of treatment and the quality of treatment delivered) the units could not respond as well as they

should. Therefore, there should be one central unit. The location of that unit is yet to be decided, but, if the Government was, for example (and I raise this as an option only), to provide what the Queen Victoria Hospital Board wants, namely, greatly improved capital facilities—

Mr. Hemmings: For which they can pay.

The Hon. JENNIFER ADAMSON: I think that \$1 000 000 for an operating theatre is what the Queen Victoria Hospital Board can pay at present. If the board was to rebuild in the manner in which it wants to build in order to provide the services that young women, particularly, seek when giving birth to a baby, it would certainly not have the capital funds and would have to come to the Government for those funds. If those buildings were to be relocated in a central site, if the hospital was to remain under its existing management as a separate entity, I do not believe that the honourable member would say that that is closing a hospital, and neither would anyone else. On the contrary, it would be tantamount to upgrading the hospital.

I remind the honourable member that the Government grant to the Queen Victoria Hospital is \$7 600 000 a year. That is the extent to which that hospital has to be deficit funded to make up the difference between its revenue and its outgoings. If the honourable member thinks we will permit a situation to continue whereby operating costs continue at a far higher level than is necessary, he has obviously not got the interests of either the economic concerns of the South Australian taxpayer or the clinical concerns of the medical profession at heart.

SCHRADER-SCOVILL

Mr. ASHENDEN: Will the Minister of Industrial Affairs inform the House about the outcome of his meetings with the management and unions involved in the industrial dispute at the Schrader-Scovill car parts plant?

The Hon. D. C. BROWN: The answer is "No". I met with the management of the company on Monday afternoon and I met with the trade unions involved on Tuesday afternoon. At both discussions I agreed to ensure that what was discussed and the decisions made would be kept strictly confidential. I do not believe that it would help the resolution of the dispute for me to come out and say what was discussed at those meetings or to indicate any subsequent action that arose from the meetings. However, it is appropriate that I comment particularly on the behaviour of the Labor members of this Parliament in regard to this dispute, and in particular I refer to the member for Elizabeth.

Members interjecting:

The Hon. D. C. BROWN: I would confront him; he has not yet asked a question across the House, and he has had the opportunity to do that for the past seven weeks.

The Hon. Peter Duncan: You just said you wouldn't say anything.

The Hon. D. C. BROWN: No, but I will comment about your behaviour in the dispute. The honourable member and his colleagues have deliberately set out to inflame this dispute.

Members interjecting:

The Hon. D. C. BROWN: They do not want to listen. We know that the member for Elizabeth has deliberately attempted to polarise the parties involved. He has attempted to use this dispute to further his left-wing political objectives, because a multi-national company is directly involved. We all know about his left-wing politics, and we know the extent of his hatred for multi-national

companies. We also know the extent to which he does not wish to see this dispute resolved, because it involves a multi-national company. It is interesting to note that the Labor members of Parliament have not put forward one constructive suggestion as to how to resolve this dispute; they have done just the opposite. They have attempted to polarise the parties and to keep them polarised.

After talking to all of the parties involved in the dispute—the company, the industrial advisers to the company, the trade unions involved and the shop stewards of the unions involved—I believe that the parties' key interest is to resolve this dispute. The company wants to recommence production; the employees want their jobs back; and the unions want the dispute resolved, and I am satisfied with the role they have played. But I am far from satisfied with the role played by the Labor members of Parliament and the way in which they have deliberately attempted to inflame and keep the dispute inflamed. We have seen this occur not once or twice but throughout the entire dispute.

It is interesting to note that even the Opposition expert, so-called, in industrial matters (the Deputy Leader) did not even bother to get his facts correct before making his public utterance about the dispute. Of course, his statement, and those made by the member for Elizabeth and others, have done absolutely nothing to resolve the dispute. I make one request to members opposite: stay out of this dispute unless you have something constructive to offer in resolving it. Members opposite have done nothing to indicate that they want to do that.

PRISON DEATHS

The Hon. PETER DUNCAN: Will the Chief Secretary make available all reports of investigations into the death of the following prisoners: Prisoners Capping, Mogaroff, Bowman, Essa, Sullivan, Ash, Alchin, Brown, the prisoner whose death was reported in the *Advertiser* on 3 July 1980, and any other prisoners who have died since 1978?

The Hon. W. A. RODDA: This information is confidential, and I do not propose to make those reports available.

DESERT RECLAMATION

Mr. RANDALL: Will the Minister of Agriculture say whether the Department of Agriculture is involved in the reclamation of desert areas and, if so, what is the department doing, where are experiments taking place, and what success has been achieved?

The SPEAKER: In calling the honourable Minister of Agriculture, I draw his attention to the time.

The Hon. W. E. CHAPMAN: There are no true deserts in South Australia; by accepted definition, a desert is land that is unfit for human habitation. However, in the State's low rainfall pastoral zone, we, as a Government, are undertaking some reclamation of lands through techniques liking dispitting, and I notice that the Leader of the Opposition frowns—obviously, he has not heard of that term. Other techniques like contour furrowing are used. I will refer to that in a moment. The reclamation is limited to a few hundred hectares per annum, and the main thrust of the department's activities consist of the assessment of land and vegetation conditions. The current Federal Budget does not contain any specific annual commitment of funds for soil conservation of this type. "Dispitting" I

will explain at another time.

At 3.28 p.m., the bells having been rung:

The SPEAKER: Call on the business of the day.

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

The Hon. D. O. TONKIN (Premier and Treasurer) obtained leave and introduced a Bill for an Act for the appropriation of the revenue of the State for the financial year ending on 30 June 1981, 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 two Bills be now read a second time.

In doing so, I am following the recently established practice of bringing in the two Bills simultaneously so that all Members may 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 1980-81 plan for a small deficit of \$1.5 million on the year's combined operations. It is planned to finance that small deficit by using the accumulated surplus of \$1.5 million held on the combined accounts as at 30th June, 1980. Accordingly, it is expected that the combined accounts will be in balance as at 30th June, 1981.

While the Budget of a State cannot be regarded as an instrument of economic policy in the same way as the Budget of the Commonwealth, it is, nevertheless, influenced significantly by, and to some extent can influence, general economic trends and developments in the State. I believe it would be useful therefore to refer briefly to the economic background against which the Budget has been framed.

In general terms, economic performance among the western industrialised nations is currently weak, with problems of recession in the United States being a most important factor. Inflation and unemployment, although varying markedly from country to country, both remain generally at high levels. This picture is not likely to improve rapidly.

In Australia, the national economy continues to grow modestly. In 1979-80, non-farm product is estimated to have been about 3 per cent higher than in the year before, while total employment in the economy, on average over the year, was 2.4 per cent higher than the average for the previous year. However, that growth in total employment was accompanied by an increase in the numbers seeking employment, with the result that the number of unemployed remained virtually constant.

The Commonwealth Government's economic policy, as reiterated by the Federal Treasurer last week, continues to be based on fiscal and monetary restraint, designed to keep inflation under control and below the level of our trading and investment partners. The Commonwealth Government sees this strategy as the most effective way of improving the economic conditions of this country, particularly of employment.

I turn now to South Australia. When I presented the Budget to this House in October last, I stressed the enormity of the task of economic reconstruction in this State. Experience since then has underlined that point.

Although confidence is returning to the South Australian economy, unemployment in the State remains

at an unacceptably high level. This matter is of great concern to my Government. I am sure it is of concern to every Member of this Parliament. It is a situation which results from an accumulation of factors operating over a number of years and my Government does not believe, nor has it ever pretended, that this tragic problem can be solved overnight.

My Government has set in train policies which it believes will encourage broad economic growth in this State and create jobs. There are favourable signs in terms of particular natural resource and industrial development projects and we will continue to do everything we can, responsibly, to encourage and assist the establishment of those projects. However, it needs to be recognised that the main impact of these policies and developments will be felt in the medium to longer term. It needs to be recognised also that economic conditions in South Australia are heavily dependent in some areas on levels of demand in the country as a whole. Motor vehicle production is one example, but by no means the only example.

The Government perceives its task in this area as doing all within its power to establish the pre-conditions for economic growth in the State. However, it should be emphasised, and emphasised strongly, that, although we see certain actions by the Government as necessary to create the climate for economic growth, they are not by themselves sufficient to ensure that growth. Ultimate success will depend on other factors, including decisions taken in the private business sector, consumer confidence, the attitudes of employees and their representatives and economic management at the national level.

It is the belief of the Government that there are a number of inter-related factors which are pre-requisites for renewed and sustained economic growth:—

- low levels of taxation
- firm control over public sector expenditures
- the provision of essential infrastructure, including that associated with major development projects
- responsible programmes to encourage specific industries and firms to establish or expand operations in this State
- reduction in direct Government involvement in the economy and in controls over the private sector
- responsible restraint in the growth of wage and salary rates and other incomes
- an appropriately trained workforce ready to take up employment opportunities as they arise.

I would like to discuss, briefly, each of these seven factors.

Taxation

In the Budget introduced to Parliament last year, I announced major taxation changes in accordance with our election undertakings. Those changes involved the abolition of stamp duty on first home purchases up to \$30 000, with effect from 1st November, 1979, the abolition of succession and gift duties from 1st January, 1980, increases in the exemption levels for pay-roll tax with effect from 1st January, 1980, together with payroll tax concessions for additional youth employment and the abolition of land tax on the principal place of residence from 1st July, 1980.

The cost to Revenue Account in 1979-80 was some \$5 million. The full effect will be felt in 1980-81, when the cost is expected to be about \$28 million.

I regret to say that, with one exception, it is not possible to introduce further taxation reductions this financial year. That is not to say, of course, that we believe nothing further should be done. On the contrary, we will continue to pursue a policy of lower taxation. A review of possible

changes to the existing structure and the practicability of further reductions is being made.

In respect to pay-roll tax, however, we believe that some further relief is necessary. The Government proposes to increase the present exemption level of \$72 000 to \$84 000, tapering back to \$37 800 at a pay-roll level of \$153 300, with effect from the 1st January, 1981. This (as many people have been widely proposing) will bring the exemption level into line with the level operating now in Victoria. It will be above the level currently operating in all other States, with the exception of Queensland.

The Government believes that a sustained policy of reduced taxation is essential to encourage private spending and investment. We are committed fully to that policy and we will continue to pursue it in a responsible way as circumstances permit. Implementation of that policy requires restraint in public spending. It requires also that charges for business undertakings, operated by the Government, keep pace with increased costs in order to avoid deficits by those undertakings with consequent ill-effects for the Budget and for taxation.

Therefore, we propose to keep the adequacy of charges under close scrutiny, with particular emphasis on equity and efficiency. In that context a thorough review of the policy and charging system for water and sewerage services in this State is being undertaken.

Expenditure Control

Firm and responsible control over all public expenditure represents the single most important element in the financial policies of this Government. The 1979-80 Budget result bears testimony to that policy.

In pursuing that policy, the Government has had regard to three key factors:—

- holding the aggregate level of expenditures within the level of available funds
- ensuring that, within the aggregate, individual allocations are made responsibly to reflect community needs
- ensuring that resources are used to provide for those needs in the most effective way so that maximum benefit is obtained for each dollar spent.

In preparing this Budget, the Government has paid considerable attention to the third of these elements. In respect to Revenue Account, it has had all departments and relevant statutory bodies examine carefully:—

- their objectives
- the specific functions they perform
- the effectiveness of those functions in meeting the needs of the community
- the resources allocated to the performance of those functions
- savings which might be made.

The result has been most encouraging. It has enabled the Government to do two things.

First, we have been able to reallocate almost \$10 million of existing resources, to enable us to take on a number of important new initiatives. We will use those reallocated resources to:—

- undertake, as a matter of urgency, a detailed technical study to maximise resources from the Cooper Basin
- provide bridging financial assistance to small businesses, pending receipt of their Commonwealth export rebates
- mount an expanded and co-ordinated programme to promote and develop the State's tourist potential

- introduce new courses for apprenticeship training
- provide a subsidy for children in isolated areas who need to board in Adelaide to undertake their education
- introduce a home handyman scheme for unemployed youth for this year
- establish an Art Gallery of South Australia Foundation
- fund the operations of the newly established Constitutional Museum.
- implement a number of other initiatives which are taken up in comment on the 1980-81 Revenue Budget, later in this document.

Second, and in addition to the reallocation of \$10 million, we have been able to save a further \$2.5 million and so reduce the extent to which the Government needs to call on Loan Account (and the capital works programme) to support Revenue Account in 1980-81.

That reallocation of resources and saving is not being achieved at the expense of a diminished or less effective service to the community. It is being achieved by:—

- improved efficiency
- eliminating unnecessary expenditure
- using natural wastage as a planned means to reduce gradually the size of the public sector.

We shall be monitoring expenditure trends with the utmost vigilance during 1980-81. We will ensure that departmental expenditures are kept within the limits set by this Budget, unless exceptional circumstances arise or there is an unavoidable requirement.

As to Loan Account, it will be under considerable pressure in future years with the expected development of a petro-chemical complex at Redcliff and other projects, including Roxby Downs and a North East Transport System. In 1980-81, it will be under further pressure due to the need to support Revenue Account.

While payments from Loan Account in 1980-81, excluding the transfer to Revenue Account of \$16 million, are expected to be below the level of 1979-80, it needs to be remembered that, in 1979-80, significant amounts were set aside for housing and transport, to be spent in 1980-81 and in future years. Also, I expect the effect of any shortfall to be offset, in part at least, by:—

- non-budgetary measures such as building and construction projects undertaken by the State Government Insurance Commission and the South Australian Superannuation Investment Trust and other projects
- the expanded programmes of the Electricity Trust financed in part from its internal funds
- increased activity in the private sector generally, including the proposed construction of an International Hotel.

At this point, I would like to lay to rest, once and for all, a belief which seems to exist about the Government's policy in respect to the public sector as a whole. It is not, as some appear to believe, an unrestrained and indiscriminate attack on the public sector, based on a view that services provided by the public sector are unnecessary, undesirable or both.

Of course, the public sector provides many essential services, some of which are vital to the economic growth of the State. Of course, there are many in our community who, for various reasons, depend on the protection and assistance provided by government agencies. Of course, there are more people still who rely directly and indirectly on the public sector for their livelihood.

However, unless those of us who are responsible for making decisions in Government can demonstrate that we

are taking steps to ensure that public moneys are not being spent in unnecessary areas and that they are not being used inefficiently or inequitably, then confidence in Government by those who are capable of investing in the State's development and by the community generally will be eroded, seriously. In that situation, it is the less advantaged sections of the community who generally suffer the most. This Government will not permit that situation to happen.

I will return in a moment to another vital aspect of expenditure control—effectiveness reviews incorporating full disclosure of financial information.

Provision of Infrastructure

The provision of basic infrastructure is an essential requirement for the development and expansion of industry in this State and, in particular, for the development of our natural resources. In framing its capital works programme for 1980-81, the Government has sought to strike a balance between those works which are productive, in the sense that costs are recovered through appropriate charges, and those works of a more social nature. We make no apology for believing that, in the current circumstances, major emphasis should be given to the first of these two categories.

Clearly, within this broad context, energy supplies are of vital importance to this State. The Government is giving top priority to this area. Let me outline briefly some of the main developments.

Construction of the Northern Power Station at Port Augusta and the associated development of the Leigh Creek coalfield, including relocation of the Leigh Creek township, is well under way. Following detailed submissions, Loan Council in December last accepted the Northern Power Station and the associated works as a development project qualifying for special financing arrangements under the infrastructure programme. Loan Council approved a special borrowing of \$10 million which was taken up in 1979-80. For 1980-81, a further special borrowing of \$15 million has been approved as an interim arrangement and we are seeking to have that amount increased by a further \$20 million.

The Electricity Trust is engaged also in work necessary to prove the suitability of a coal deposit near Port Wakefield. We hope that this deposit, and other known coal deposits in the State, including at Kingston in the South-East, will provide a useful base for the expansion of South Australia's electricity generating capacity. Testing and development work is proceeding as rapidly as possible.

As Members already know, natural gas from the Cooper Basin is a key source of energy in this State, both for direct use by domestic consumers and industry and also in the generation of electricity. Because a major portion of currently proven reserves is committed to New South Wales by a previous agreement, supplies to South Australian consumers cannot be assured beyond 1987. This is a matter of grave concern to the Government. Therefore, we propose to see that further funds are made available through the South Australian Oil and Gas Corporation in 1980-81 for continued exploration in the Cooper Basin and other areas. Those funds will be provided by way of the Pipelines Authority of South Australia, much of them coming from a levy on the transport of gas. The Government has established a Committee, under the leadership of Sir Norman Young, to examine all aspects of natural gas availability and usage in order to assist the Government in its consideration of this vital matter. The report by this Committee is expected to

be available in October 1980.

Recent exploration activity in the Cooper Basin has resulted in further discoveries of oil and further reserves of natural gas liquids have been proven. Appropriate means of transporting hydrocarbon liquids from the Cooper Basin to the coast, and associated questions of organisation and finance, are under consideration by the Government in conjunction with the Cooper Basin producers and the Pipelines Authority of South Australia. We hope to be able to take basic decisions on these matters shortly.

Closely associated with these matters, of course, is the development of the proposed Redcliff petro-chemical complex. The State has undertaken to provide the necessary infrastructure, including a power station, gas and liquids pipelines, port facilities and housing if Dow Chemical (Australia) Ltd. decides to proceed. As I mentioned last year, Loan Council has accepted Redcliff as a development project qualifying for special financing arrangements for infrastructure and has approved a special borrowing of \$18 million for this project in 1980-81.

I have been advised by the company that a decision will be made known to the Government by 10th October 1980. Negotiations with the company are well advanced and it should be possible, all being well, for detailed planning and construction work to commence quickly once Dow has indicated its preparedness to proceed.

Encouragement of Industry

In addition to various general measures which the Government has introduced with the aim of establishing a climate favourable to industrial and commercial growth in this State, and in addition to the major resource development projects to which I have referred already, the Government sees it as important that every effort be made to encourage specific firms and industries to establish or expand in South Australia. The active programme being pursued by the State Development Office and the Department of Trade and Industry has achieved considerable success and signs for the future are encouraging. Some of the specific developments proposed by individual companies in recent months were referred to in His Excellency the Governor's speech on the opening of this Parliament.

I would also refer Members to the recent survey of major mining and manufacturing investment projects released by the Federal Minister for Industry and Commerce in June 1980. It shows that, at May 1980, capital committed to manufacturing projects, involving \$5 million or more, already under way in this State, or reasonably expected to commence within three years, amounted to some \$140 million. This was well above the figure at October 1979. I might add that further projects have been announced since the survey was made.

A solid start has been made. It is, however, only a start and the Government's efforts to encourage expansion will be maintained at the highest level practicable.

Reduced Government Involvement in the Economy

The Government is committed, firmly, to a policy of reducing unnecessary government interference and involvement in matters which are best left to the private sector and to the operations of the market place. A recent study of Commonwealth Government regulatory activity, made by the Confederation of Australian Industry, confirms this Government's view that compliance with government regulations imposes a heavy cost on industry. Some controls and some of the associated costs are, of course, unavoidable if the community interest is to be protected properly.

However, there are some controls which appear to have outlived their usefulness, or which can be streamlined or otherwise improved. In South Australia, there are more than 500 Public Acts on the Statute Books, spanning a period well in excess of 100 years. There are some 2 000 gazetted regulations.

A detailed review of this legislation is now well under way. This review will focus on obsolete legislation and on areas of legislation which involve apparent overlap or duplication. The deregulation programme is aimed at reducing or eliminating unduly restrictive or unnecessary controls. It is aimed also at minimising the cost of regulatory controls which are necessary in the public interest.

South Australia has approximately 260 statutory authorities. A review of the number and functions of these authorities has been commenced. Reviews of the future of the Monarto Development Commission and of the Land Commission have been completed and a review of the future role of the South Australian Development Corporation has commenced. Others are planned.

The scope for rationalisation of the functions of statutory bodies, for their absorption into departmental operations or for transfer to the private sector, will be examined.

The aim is for smaller government, lower costs, improved efficiency and the development of a vigorous and expanding economy.

Wage and Salary Restraint

The departmental allocations proposed from Revenue Account in this Budget are based on wage and salary rates in operation as at 30th June 1980. The Revenue Budget also incorporates a round sum allowance of \$79 million for increases in wage and salary rates which have occurred since 30th June 1980 or which might occur during the rest of 1980-81.

I am sure that every Member in this House realises the importance of wage restraint in both the public and the private sectors. It is vital if inflation is to be kept under control. It is vital if employment prospects are to improve as rapidly as we would like. It is vital if the security and well being of those people on fixed (and often low) incomes are to be protected.

The relationship between wage and salary increases and unemployment is not a matter of economic theory. It is a matter of very real and practical relevance. In the case of our own Budget, higher wage and salary costs have to be financed one way or another. In current circumstances, the most likely outcome would be a lower capital works programme than would otherwise be possible. The adverse employment consequences, in the building and construction industry in particular, are very clear and very real. Those adverse consequences may be less direct or obvious if other means are used to finance the increases. They would be nonetheless real.

This Government will continue to support, vigorously, responsible restraint in national wage cases and in other arbitration matters. Increases for our own employees will be kept to a minimum, consistent with the indexation guidelines and with decisions made by Commonwealth and State arbitration bodies.

If, notwithstanding our efforts, the allowance of \$79 million should prove to be inadequate, it will be our intention, subject to a review of the overall budgetary position, to seek to offset those additional costs by expenditure savings elsewhere.

In calling for wage and salary restraint, it behoves those of us in positions of influence, whether in government or industry, to show restraint also. It also behoves us to

ensure that wage and salary earners do not have reason to feel that they are being called on to make greater sacrifices than other sections of the community and to bear a disproportionate burden. It is for that reason, among others, that my Government supports fully the efforts of the Commonwealth Government to crack down on tax avoidance schemes.

An Appropriately Trained Workforce

It is essential that, as employment opportunities arise, an appropriately trained local workforce be available to take advantage of them.

One of the objects, although by no means the sole object, in establishing the Committee of Enquiry into Primary and Secondary Education, was to review the education system as it relates to this question.

The Government has announced already that it plans to introduce major new legislation to increase the number of skilled tradesmen through the apprenticeship system and other means of training. It has announced also the establishment of a manpower forecasting unit within the Department of Industrial Affairs and Employment.

I should mention also the school to work transition programme initiated by the Commonwealth Government. The aim of this programme is to better equip young people to enter the workforce. It has the strong support of this Government. However, along with other State Governments, we have expressed concern about the detailed arrangements for the programme and the Commonwealth has undertaken to review them. In the meantime, it has made funds available to the States for the programme.

The most valuable training takes place on the job. It is for this reason that the Government introduced last year its special pay-roll tax exemption and rebate schemes in respect of additional staff taken on by employers after the end of September 1979. The scheme presently applies to approximately 1 700 employees. Following almost twelve months experience, the effectiveness of the scheme is being assessed.

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

1979-80—Combined Accounts

Members will recall that the 1979-80 financial year commenced with a small accumulated surplus of \$600 000 on the combined accounts. It was planned to achieve a surplus of \$2.1 million on the operations of those accounts in 1979-80. In particular, the plan was for:—

- a balance on Revenue Account, after providing for a transfer of \$6 million to support Loan Account
- a surplus on Loan Account of \$2.1 million, after allowing for the transfer from Revenue Account.

The intention was to hold the accumulated surplus of \$2.7 million as at 30th June, 1980 in reserve for major developments of economic and social significance to the State.

On Revenue Account, receipts exceeded estimate by \$6.8 million, largely as a result of an improvement in receipts from State Taxation, \$4.4 million, and from public undertakings, \$3 million. That improvement was offset, partly, by the fall in the State's tax sharing entitlement, \$1 million, and by the net effect of a number of other variations both above and below estimate. Leaving aside the transfer to Loan Account, payments were below estimate by \$2.7 million, mainly due to the control exercised over all expenditures, and a less than expected call on funds provided for industry incentives. The need to provide funds for natural disaster relief and to finance the State's offer to the Commonwealth for Monarto partially offset those savings.

This improvement of \$9.5 million, coupled with the original Budget provision of \$6 million, enabled \$15.5 million to be transferred to Loan Account. That transfer left Revenue Account in balance.

On Loan Account, receipts, including the transfer from Revenue Account, exceeded estimate by \$6.3 million. As to payments, net savings in the areas of waterworks and sewers, school, hospital and other government buildings and in forestry, harbour and other works, amounted to \$29 million. The combined effect of those two variations from estimate increased the planned surplus of \$2.1 million to an actual surplus for the year of \$37.4 million.

The Government set aside \$36.5 million of that surplus by two special transfers:—

- one of \$26.5 million for housing, of which \$8 million was towards housing for Redcliff
- the other of \$10 million to the State Transport Authority towards the cost of a North East Transport System.

After allowing for those two special transfers, the Government finished the financial year with a surplus of \$900 000 on Loan Account.

That favourable result increased the surplus on the combined accounts to \$1.5 million as at 30th June 1980.

Further information about the 1979-80 transactions is set out in Attachment I.

1980-81—Combined Accounts

I have said already that the Government's proposals provide for a small deficit of \$1.5 million on the 1980-81 operations of its combined accounts.

As to Revenue Account, the prospect is for a balance after allowing for a transfer of \$16 million from Loan Account.

As to Loan Account, the proposal is for a small deficit of \$1.5 million, after providing for the transfer to Revenue Account.

That result, if achieved, will be financed by using the accumulated surplus of \$1.5 million held on the combined accounts as at 30th June 1980.

The prospect is for the combined accounts to be in balance as at 30th June 1981.

Before turning to the detailed explanation of the Budget proposals, I would like to comment, briefly, on three important issues.

Commonwealth Funds

This State, like all others, relies heavily on Commonwealth Government funds to finance a major portion of both its recurrent and capital expenditures. The provision of Commonwealth funds at an appropriate level and in a suitable form is therefore of vital importance to the State.

In Attachment II to the Budget papers, I have summarised recent developments in Commonwealth-State financial relationships, together with the Government's broad views on the way in which it would like to see those relationships improved.

The personal income tax sharing arrangements between the Commonwealth and State Governments are to be reviewed before the 30th June 1981. The six State Premiers had a most useful discussion on the nature and aims of the review at a meeting in Melbourne on 8th August 1980. Arrangements have been made for the preparation of a submission by the States to the Commonwealth Government. In broad terms, our aim is to secure a set of arrangements which do not leave the States exposed, as they would be if current Commonwealth legislation were not changed, to unpredictable and uneven movements in Commonwealth personal income tax revenues, especially those due to policy changes made

in isolation by the Commonwealth Government.

The Government of this State is concerned also to see maximum flexibility in the use of funds from Commonwealth sources. We would like to see less reliance on specific purpose funds or tied programmes and more on general purpose funds. We are pursuing this concept with the Commonwealth as a matter of some urgency.

Effectiveness Reviews

I mentioned earlier that effectiveness review is a vital element of expenditure control.

While some progress in expenditure control has been achieved so far, there is still a long way to go. To speed up progress, the Government is putting considerable emphasis on improved budgetary procedures and presentation and has allocated additional staff resources to Treasury to work in co-operation with Departments. There are three levels at which we see improvement as being necessary and achievable.

First, we believe that the Government, the Parliament and interested members of the public should have access, and timely access, to better information on the overall operations of the public sector. The operations of the Revenue and Loan Accounts cover only part, though a most significant part, of the financial transactions of the Government. The operations of Trust and Deposit Accounts of one kind and another and the operations of statutory authorities are important also. The situation is complicated by transfers between the various Accounts and between the Government and its authorities. I hope, by the time the next Budget is presented, to be able to go part of the way towards presenting material which summarises, in broad terms at least, the financial operations of the State Government sector as a whole in a consolidated form.

Second, we need information on expenditure programmes which enables us better to evaluate those programmes in terms of overall benefits and costs to the community and to determine priorities between them. I am pleased to say that this year the Government proposes to present, in new (and at this stage draft) form, some supplementary material which represents the first stage of the introduction of a programme and performance approach to our expenditure plans. I shall comment further upon the form and detail of these supplementary papers in a moment.

As to Loan Account, some change has been made to the presentation of the Loan Estimates for 1980-81. In that presentation, emphasis has been placed on information which will assist Members in identifying the probable cost of individual projects as compared with estimate as well as the planned expenditures in 1980-81 on those individual projects.

The third level at which we are seeking improvement relates to financial management and control within departments and authorities. As I mentioned last year, priority is being given to the development of financial management systems which place greater emphasis on responsibility and accountability. I believe that in some departments this approach will need to be strengthened by the appointment of people with practical financial management experience at the executive level. Of course, there are links between this work and the programme and performance budgeting exercise.

Programme and Performance Budgeting

The gradual transition from conventional line budgeting to programme and performance budgeting, of which the supplementary material I referred to earlier forms the first stage, represents a substantial reform of the existing

method of Government financial management.

Heavy demands have been placed upon all departments to define corporate goals and functions, to provide details of specific programmes undertaken, and to relate departmental activities to Government policy. Considering both the brief time which has elapsed since this major review was commissioned and the inadequacies of current accounting systems, to which I shall later refer in more detail, the results to date are a credit to the officers responsible and constitute significant progress in achieving the Government's pre-election policy on budgetary matters.

I would remind members that the basis of that policy is a commitment to inform Parliament fully of public expenditures, and to do so in a manner which permits Parliament to measure Government performance more effectively than has been possible in the past. In short, the change from line budgeting to programme budgeting is a pioneering expression of this Government's commitment to be fully accountable for the purpose, the relevance, and the amounts of public expenditure, and thereby to strengthen the system of responsible Government in South Australia.

The essential difference between conventional and programme budgeting is that in the new form, proposed Government expenditures will be related both to the purposes of the expenditure, which are the objectives already achieved and still to be achieved, and to the relationship between those objectives and Government policy, whereas the old form, though focussing attention on the amounts to be appropriated, failed to elucidate the relevance and effectiveness of those appropriations.

In financial management terms this means that programme budgets will shift the emphasis from the inputs to the outputs of Government expenditures.

The budget format adopted to achieve these new goals is divided into three categories. The first is a definitive statement of the objectives of the department concerned. The second is a broad summary of the functions undertaken to achieve those objectives, and the third is a separation of each function into its specific programme components. Separately identifiable programmes are then described both by a statement of purpose and by a financial statement which includes actual appropriations from both Loan and Revenue Accounts in the previous year, proposed appropriations from both accounts in the current year, and manpower levels for both years.

Wherever possible the vagueness and imprecision of conventional lines will be avoided by subdivision into specific allocations. For example, the broad description of "contingencies" which hitherto has appeared in most, if not all, departmental budgets, will be subdivided into more specific items.

Furthermore, each programme statement will eventually be required to show the actual aggregate and net costs of the programme after taking account of the value of all resources and fixed assets, the offsetting of any receipts and the transfer of costs to or from other departments where applicable.

As I mentioned earlier, however, there are inadequacies in the accounting systems currently used by Government departments. One of these is the inability in many cases to quantify the value of all assets employed by Government. Another is that existing systems do not always provide separately itemised costs at the sub-divisional level required of detailed programme budgeting.

Members will appreciate that these deficiencies cannot be corrected in the space of a few months. Indeed the previous Government was fully aware, as is the present Government, of the long term requirements of the

Government accounting system review which is presently underway. Ultimately the implementation of these review procedures will provide on-line retrieval of all the separate costs that should be included in comprehensive programme budgets, but for the present such precise costs are not always available. Notwithstanding this difficulty, the Government has pressed ahead in this first year of operation with the preparation of prototype programme budgets. We believe that circulation of an improved budget format and the benefits to be gained by Members from these prototypes should not be delayed for want of a few separate item costs.

Accordingly, in the detailed supplementary programme budgets relating to Premier's, Engineering and Water Supply and Mines and Energy Departments, every effort has been made to identify all relevant programme costs accurately, but in certain cases the stated cost of services or value of assets has, of necessity, been estimated. All such estimates are appropriately footnoted and explained.

I emphasise therefore, that the supplementary papers are not to be taken as official and precise statements of account. For this reason they will neither be tabled, nor printed as part of the official business before this House. Instead, they shall be circulated to all Members before the Estimates Committees deliberate, and will, I am sure, prove to be an invaluable asset to Members who attend those Committees.

It will be found that programme budgets will identify aggregate and net costs, relate departmental activities to a statement of departmental objectives, and match physical performance to cost, all of which are necessary pre-requisites to the evaluation of programme performance. They will assist Members in determining the relevance of objectives and programmes to Government policy, the relationship between programmes and objectives, and the true cost of programmes.

As with the establishment of Estimates Committees, which further demonstrate the Government's commitment to public accountability, I would like to assure this House that any observations upon the draft programme budgets which may be made by the Committees, or by individual Members, will be taken into account fully as this work develops.

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

Last year, changes to the functions and titles of departments were shown in Attachment IV to the Budget speech. No such changes have been made since presentation of the Budget in October 1979. That attachment is now a brief note in respect to the Appendices to this document.

Before concluding my remarks, I should like to express both the Government's and my personal gratitude to the Treasury officers who shaped this Budget. The task of translating Government policy into Estimates is a formidable challenge at any time, but in the current financial climate and with added demands from the Government to design new Budget formats the task has become even more demanding than in earlier years. The Government is, and certainly I am personally, most grateful for their help and I would suggest that every member of this Chamber should be very pleased and grateful for their effort. The Under-Treasurer (Mr. Barnes), the Deputy Under-Treasurer (Mr. Sheridan) and many members of their staff, whom I cannot possibly name, have responded superbly to the new challenges. I thank them for their achievements. I seek leave to have the remainder of the Financial Statement inserted in *Hansard* without my reading it.

Leave granted.

Remainder of Financial Statement

THE REVENUE BUDGET

The forecast for 1980-81 is for a balance on the year's operations after providing for a special transfer of \$16 million from Loan Account. The full effect of taxation concessions announced in 1979-80 and the need to make a significant provision for likely wage increases in 1980-81, have made support from Loan Account necessary. The level of that support has been contained by applying the most stringent measures to the allocation of funds for expenditure within Revenue Account and by funding new initiatives through a reallocation of existing resources.

Aggregate receipts and aggregate payments are each expected to total about \$1 510.7 million.

The forecast of receipts includes a special transfer of \$16 million from Loan Account.

The forecast of payments comprises provision for:—

- normal running expenses of \$1 423.7 million at salary and wage rates as at 30th June 1980 and at price levels which include some allowance for inflation.
- a round sum allowance of \$79 million for the possible cost of new salary and wage rate approvals which may become effective during the course of the year. (Some of these have already occurred).
- a round sum allowance of \$8 million for the possible cost of further increases during the year in prices of supplies and services.

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 \$8 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 on Supplementary Estimates. The latter procedure will be necessary also for a small part of the cost of wage increases.

REVENUE RECEIPTS

Leaving aside the special transfer from Loan Account, revenue receipts are expected to increase by \$110.1 million (7.9 per cent) from \$1 384.6 million last year to \$1 494.7 million in 1980-81.

The estimate for receipts takes into account the full year impact of taxation concessions which were announced 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

As from 1st July 1980, land tax on a property used solely as the principal place of residence by the owner was abolished. As a result, it is expected that land tax collections will fall to \$16 million in 1980-81 as compared

with \$21.9 million in 1979-80.

The estimate of receipts from stamp duties in 1980-81 takes into account the full year effect of the Government's decision to abolish stamp duty on the purchase value of a first home or housing allotment, up to \$30 000, effective from 1st November 1979. It also anticipates that receipts from property and motor vehicle transactions will increase with inflation rather than through any upturn in the market and that the recent increase in share market activity attracting duty will be sustained. We expect that receipts from all forms of stamp duty will increase from \$87.4 million to \$95 million.

The abolition of succession duty on the property of a person who died on or after 1st January 1980 is the reason for receipts from this source falling from \$17.7 million in 1979-80 to an estimated \$1 million in 1980-81. The estimate for 1980-81 reflects the expected finalisation of outstanding transactions.

Receipts from gift duty are down from \$842 000 in 1979-80 to \$50 000 this year for similar reasons.

Receipts from pay-roll tax have regard to expected wage increases in 1980-81, the effect of the Government's proposal to increase the exemption level from \$72 000 to \$84 000 with effect from 1st January 1981 and the possibility of some modest increase in employment during the year. The estimate is for receipts of \$184 million in 1980-81.

Receipts from the tobacco franchise tax are based on consumption and price levels of an antecedent period. Receipts from this source are expected to increase from \$10.3 million to \$12.5 million in 1980-81.

The new firearms control legislation introduced in 1979-80, provided for a once only registration fee to be paid by the owners of firearms, as well as an annual licence fee. As a result receipts from this source are expected to be only \$418 000 in 1980-81.

Receipts from the liquor franchise tax are based also on consumption and price levels of an antecedent period. Receipts from this source are expected to increase from \$12.5 million to \$14 million in 1980-81.

Public Undertakings

The estimated revenue of \$24.2 million to be collected by the Department of Marine and Harbors in 1980-81 allows for a continuation of the record levels of grain exports experienced last financial year. It also takes into account a 5 per cent increase in port dues and other cargo related charges (apart from wharfage on grain) effective from 1st July 1980 and an increase of 30 per cent in pilotage fees from the same date.

It is expected that revenue collected by the Engineering and Water Supply Department will increase from \$102.4 million in 1979-80 to \$110 million in 1980-81. That increase reflects an increase in the price of water, from 24 cents to 27 cents per kilolitre, and in water and sewer rates of 6.4 per cent and 6 per cent respectively, both effective from 1st July 1980.

The contribution by the Woods and Forests Department for 1980-81 is expected to be \$9 million compared with \$6 million in 1979-80. The increased contribution in 1980-81 will be offset partially by a lower repayment to Loan Account.

The contribution to Revenue Account by the Electricity Trust of South Australia for 1980-81 takes into account the recent general increase in tariffs of 12.5 per cent. The estimate for 1980-81 is \$12.2 million.

Recoveries of Debt Services

Recoveries of interest from the State Transport Authority will increase substantially from \$5.6 million in

1979-80 to \$7.1 million in 1980-81. That increase reflects the special transfer of \$10 million to the Authority in 1979-80 towards the cost of a North East Transport System.

The anticipated increase in interest earned on investments and current account from \$15.6 million in 1979-80 to \$21.5 million in 1980-81 takes into account the level of funds likely to be available for investment and the effect of higher interest rates.

The final repayment was made to the Commonwealth in 1979-80 under the Natural Gas Pipelines Agreement and, as a result, there will be no recovery of sinking fund contributions in 1980-81.

Departmental Fees and Recoveries

As from 1st July, 1980, the Commonwealth Government is taking over the responsibility for people previously assisted under the States Grants (Deserted Wives) Act. The estimated recoups under that Act of \$1.9 million for 1980-81 reflects a carry-over of commitments by the State from 1979-80. The reduction in receipts is accompanied by a decrease in payments from Revenue Account.

The increase in Commonwealth Grants for Education from \$28.7 million in 1979-80 to an expected \$31.5 million for 1980-81 maintains Commonwealth support in this area at about the same physical level.

Receipts from the Commonwealth for Technical and Further Education reflect a late payment in respect to 1979-80. Commonwealth support in this area has been maintained in real terms.

Receipts of the Law Department are expected to total \$9.7 million in 1980-81 compared with \$8.8 million in 1979-80. This reflects an increase in fees under the Justices Act, 1921-1980 which came into effect on 21st July, 1980.

The estimated contribution to Revenue Account by the Government Printing Division of the Department of Services and Supply in 1980-81 is \$600 000. This figure reflects the expected net effect of the Division's operations in 1980-81.

The estimated increase in receipts from the fuel licensing system from \$14.2 million in 1979-80 to \$18.5 million in 1980-81 arises from the first full year of operation of the new system. The system came into effect on 1st October, 1979.

The expected reduction in receipts from motor vehicle registrations and drivers' licences from \$43.2 million in 1979-80 to \$42.2 million in 1980-81 allows for the full year effect of the reduction in registration fees for private and light commercial vehicles effective from 1st October 1979, and on heavy commercial vehicles, effective from 9th January, 1980.

Provision has been made for \$850 000 to be recouped in 1980-81 from the Commonwealth Government in respect of the Rail Standardisation Agreement.

A sum of \$3.7 million is expected to be recouped from the Farmers Assistance Fund in 1980-81 in relation to repayments by the State of loans received from the Commonwealth in respect to natural disasters relief in 1977-78. \$1.5 million of those receipts is to reimburse Revenue Account for making the first repayment in 1979-80.

It is expected that, as a result of the cessation of the State Unemployment Relief Scheme, a further \$900 000 will be available to be repaid to Revenue Account in 1980-81.

The continued success of the Lotteries Commission has allowed the Government to increase the contribution from the Hospitals Fund to an estimated \$30 million for 1980-81. This will go part of the way towards financing the net cost of operations of the South Australian Health Commission.

Commonwealth

As indicated elsewhere in this statement, the formula guarantee negotiated by the Premiers in 1976 expired at the end of the 1979-80 financial year. At the Premiers' Conference held on 7th December, 1979, the Commonwealth agreed, for 1980-81, to guarantee the States at least the same amount (in real terms) of general purpose revenue assistance as they received in 1979-80. This guarantee ensures that each State will receive no less than the amount it received in 1979-80 increased by the measure of the Consumer Price Index for the four quarters to March 1981 compared with the four quarters to March 1980 in the capital city of the State.

South Australia's estimated share of Commonwealth personal income tax collections for 1980-81 is \$690.2 million. On the assumption that the Consumer Price Index for Adelaide increases by 10.5 per cent on the basis described above, our entitlement under the one year guarantee will be \$696.6 million. The latter figure has been included in the Estimates for this year.

REVENUE PAYMENTS

The Government's financial planning for 1980-81 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 these 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 petro-chemical complex at Redcliff is expected to commence soon and we believe that the opening up of Roxby Downs and the development of some known coal reserves 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 and the impact of taxation concessions announced in 1979-80 and of possible wage and salary increases in 1980-81, 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 to fund essential new initiatives by the reallocation of existing resources. This is the strategy of the payments side of the 1980-81 Budget.

Special Acts

The provision for the Government's contribution to the South Australian Superannuation Fund has been increased from \$27 million in 1979-80 to \$32 million. This reflects an increase in pensions in line with the increase in the Consumer Price Index and the difference between the pension levels of those receiving pensions for the first time and those whose pensions cease.

The transfer to the Highways Fund of the net proceeds of motor vehicle taxation and fuel licensing fees is expected to be \$26.3 million in 1980-81. The transfer allows for the full year effect of the introduction of the fuel licensing system on the 1st October, 1979 and of reduction last year in motor registration fees.

Interest payable on the public debt of the State is estimated at \$149.2 million in 1980-81. The increase from \$138 million in 1979-80 is attributable to the full year cost of loans raised in 1979-80, the conversion of old loans at

significantly higher interest rates and the estimated impact of the proposed new borrowing programme for 1980-81.

Development of the State

Mines and Energy

The Government will continue to give high priority to programmes designed to encourage and facilitate the development of the State's mineral and energy resources so essential to the economic prosperity of South Australia. We have instituted a detailed technical study of the Cooper Basin gasfield development to ensure maximum recovery of in-place gas reserves in order to protect long term supplies for the South Australian consumer and the proposed petro-chemical plant at Redcliff. We will support programmes for energy conservation and alternative energy use as well as programmes for underground water resource assessments.

We have allocated \$10.4 million for these purposes in 1980-81.

Trade and Industry

We will continue to 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 high priority of this Government. An allocation of \$1.3 million has been provided to the Department for this purpose.

The Government will continue also to offer a range of incentives to selected decentralised manufacturing and processing industries and 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.

In addition to the incentives already available, the Government proposes to assist South Australian manufacturing industry further by establishing an export bridging finance scheme. Temporary finance will be provided to those manufacturers who are waiting for payment from the Commonwealth Government of approved rebates, of their eligible expenditure, under the Commonwealth Export Market Development Grants Act.

A sum of \$7.2 million has been made available for incentives to industry in 1980-81.

Fisheries

The total provision for the operations of the Fisheries Department in 1980-81 is \$2.1 million.

An increase in the level of surveillance of South Australian fisheries during 1980-81 will protect the continued development of the fishing industry and access to fish resources by professional and recreational fishermen.

Agriculture

The estimated expenditure for 1980-81 is \$23.3 million.

The Department has almost completed its programme of regionalisation by a redeployment of existing resources. Country based operations have improved the quality of extension and information services provided to the rural community.

The Bovine Brucellosis and Tuberculosis Eradication Programme will continue, with Commonwealth funds being made available again in 1980-81. This programme is vital to the preservation of the beef industry in this State.

It is anticipated that inspections under the Meat Hygiene legislation will be undertaken by the Department in 1980-81.

The special emergency three year funding programme for combating aphid infestations has now been concluded. It has been successful in establishing initial biological

control, and in boosting the development of resistant cultivars of lucerne and annual medics. Longer term research and development projects are now being provided for within the department's allocation.

Funds have again been provided for payment to SAMCOR in relation to the excess capacity at Gepps Cross and in respect to the transfer of the Port Lincoln Abattoirs to the Corporation.

Tourism

The Government is committed firmly to the promotion and development of tourism in this State. A co-ordinated development and promotion programme is being planned and the role of the Tourist Bureau is being reviewed. The opening of new tourist offices outside South Australia will be examined.

\$3.5 million is being provided for these purposes in 1980-81.

Business Undertakings

Marine and Harbors

The Department will continue to actively promote the industrial estate adjacent to the Port of Adelaide and the operations of the State's commercial ports. The attraction and retention of direct shipping services between South Australia and the important trading centres of Japan, North America and Europe is a major objective and is being pursued vigorously.

The provision of \$15.1 million will permit the Department to maintain its present level of port services and marine activities throughout the State while achieving some reduction in its workforce by natural wastage. It provides also for a recreational jetties programme.

Water Resources

The total provision for water resources in 1980-81 is \$71.5 million.

The Engineering & Water Supply Department's allocation of \$67.2 million provides for the full year operation of the Anstey Hill water filtration plant, which was commissioned in February, 1980, and the operation during 1980-81 of new sewage treatment plants at Heathfield, Port Augusta East, and extensions at Christies Beach.

For some years, the Department has been taking positive and responsible steps to reduce its workforce in line with its reducing construction workload. While constrained by a no-retrenchment policy, the rate of natural wastage and an increase of 210 employees transferred from the Department of Lands in 1977-78, it has nevertheless managed to reduce its labour force, significantly, from about 5 400 employees at 30th June 1977 to about 4 350 employees at 30th June 1980. It will continue to do so, although the achievement of a proper level will take some time.

Control of costs, together with the recent increase in the price of water and in water and sewerage rates will enable a balance to be achieved on metropolitan operations. It will leave a deficit on country operations of about \$22 million for the year.

Provision has been made also for some modest increase in the programme for the protection and improvement of the River Torrens.

Community Services

Law

The allocation of \$9.9 million to the Law Department provides for the anticipated replacement of police officers on court duty, by staff employed by the Department.

An increase in the level of support to the Legal Services Commission from \$441 000 in 1979-80 to \$618 000 in 1980-81 reflects the effect of the first full year of operation. It includes the carryover from 1979-80 of financial commitments for work briefed out to private practitioners. The allocation supports the existing level of activity.

A sum of \$150 000 has been made available for the International Year of the Disabled Person.

Industrial Affairs and Employment

Unemployment, particularly among young people, and the lack of skilled tradesmen are areas of major concern to the Government.

We propose to establish a manpower forecasting unit to determine the specific areas where a shortage of skilled tradesmen exist and the extent of the need or the expected need in those areas. We will establish also a technological change centre.

The Budget provides \$6.1 million for the Department of Industrial Affairs and Employment for these and other purposes.

We intend to extend the range of assistance to unemployed youth and \$350 000 has been provided under Minister of Industrial Affairs—Miscellaneous.

Education

Expenditure on primary and secondary education is the largest single item in the State Budget.

The appointment of a Committee of Enquiry, under the Chairmanship of Dr. Keeves, to make a detailed examination of the State's education system, underlines the Government's desire to ensure that education in this State is geared to assist students to equip themselves best to meet their responsibilities in the work place and also to ensure that the best use is made of the significant resources provided to achieve that important task. The Committee's report will no doubt influence the direction of education in this State in future years.

In money terms, the Department's allocation will increase from \$348.4 million to \$372 million. That allocation will be maintained in real terms by the Department calling on the round sum allowance for anticipated wage increases as they occur in 1980-81.

The Department will continue classroom teaching services at existing levels, commensurate with the continuing decline in student enrolments. Overall State wide pupil-teacher ratios will be maintained.

The commissioning of new schools and essential expansion and redevelopment in other schools will be met by redeployment of resources from other areas. A major thrust aimed at achieving the most efficient use of resources was commenced in 1979-80. It will be continued in 1980-81 with care being taken to ensure that classroom standards are maintained.

Provision has been made for the payment of a subsidy to the parents of children in isolated areas who need to board in Adelaide to undertake their primary and/or secondary education. Provision has been made also to increase the text book allowance for primary students.

Aid to independent schools has been increased by \$2.5 million to \$12.8 million in 1980-81. That allocation takes into account the commitment of this Government to increase the level of assistance from 20 per cent of the cost of educating a student in a government school to 25 per cent, over the next five years.

Further Education

Expenditure on Technical and Further Education will increase by \$2.6 million to \$48.3 million in 1980-81.

In 1979-80, it was necessary to review the level of

resources available to the Department with a view to rationalisation and redeployment to meet the urgent needs of industry and commerce. That review placed a greater emphasis on the development of vocational skills, assistance in the development of basic skills for school leavers attempting to enter the workforce and the retraining necessary to meet changes in work technology. This redirection of resources will continue in 1980-81.

Police

Expenditure by the Police Department is estimated to increase from \$70.9 million to \$72.7 million in 1980-81. The Department will continue its general review of procedures to determine productivity and work load indicators aimed at ensuring the most effective and efficient use of resources. This review, together with the replacement of police officers with court orderlies, may offer some scope for the reallocation of resources to meet new initiatives.

Correctional Services

Expenditure by the Department of Correctional Services is expected to increase from \$11.7 million to \$12.4 million in 1980-81.

Provision has been made in the allocation for upgrading equipment for use in the recently completed workshop complex at Yatala Labour Prison. The Department's ability to produce its own consumable items, particularly at Cadell, enables it to maximise the use of the funds available to it.

Local Government

The Government will continue its high level of financial and advisory support to local government bodies and groups in 1980-81. Grants to local organisations have been increased to \$500 000 and the Government's contribution to subsidised libraries will be increased from \$2.5 million to \$3.9 million in 1980-81. Support for the Parks Community Centre is being maintained with control of the proposed Thebarton Community Centre now being transferred to the Thebarton Council. A sum of \$1.6 million is being made available for these centres in 1980-81.

Ethnic Affairs

Legislation will be introduced shortly to establish an Ethnic Affairs Commission. This is consistent with our election commitments and the importance the Government places on the needs of this section of the community. It is proposed to expand the interpreting and translating service operating within the South Australian Health Commission.

Arts

The provision made for the Arts is \$10.8 million.

\$8.3 million of this amount consists principally of grants to art bodies throughout the State. While contributions to the major bodies have not increased significantly in money terms, levels of activity will be maintained by sustained efforts to achieve greater efficiency in the operation of these bodies.

The Constitutional Museum has been opened and will operate under a Government grant equivalent to the difference between its operating costs and the revenue received.

The Art Gallery of South Australia is to celebrate its centenary in 1981 and planning is under way to make this a memorable occasion in the history of the Gallery. For this purpose, the Government will provide a dollar for dollar subsidy, up to a maximum of \$500 000 over five years for

the establishment of an Art Foundation to assist the Art Gallery Board to maintain, improve and develop the State collection of works of art and the facilities of the Art Gallery.

Welfare

From 1st July, 1980, South Australia withdrew from the States Grants (Deserted Wives) Act, which provided for up to 50 per cent reimbursement to States providing income support to sole supporting parents. Under new arrangements, the Commonwealth will pay eligible sole parents a special benefit, with the State providing a Children's Allowance to bring payments up to the current Supporting Parent Benefit rate. Savings achieved with the introduction of this arrangement will enable the State to reallocate resources to other areas of need.

As a result the Department's allocation for 1980-81 is \$27.4 million compared with an actual expenditure of \$31.4 million last year. That allocation should enable the Department to maintain existing services.

The allocation of \$14.9 million for the Minister of Community Welfare—Miscellaneous includes \$11.4 million for remissions of water and sewer rates and council rates for pensioners and other persons in need. Transport concessions to the unemployed are estimated to cost \$795 000 in 1980-81. The amount provided for remission of Land Tax for pensioners and other persons in need has been reduced with the abolition of land tax on the principal place of residence from 1st July, 1980.

Consistent with the Government's policy of encouraging voluntary welfare organisations, the allocation for Community Welfare Grants has been increased significantly from \$697 000 in 1979-80 to \$980 000 in 1980-81.

Health

The South Australian Health Commission has continued to place emphasis on careful resource management and to seek further efficiency in the provision of health services. This is reflected in the allocation for the Commission of \$175.4 million, which takes into account the balance of \$3.6 million in the Commission's Trust Account as at 30th June, 1980. Close co-operation between the health units and the Health Commission will be needed to ensure the continued provision of high standard services at an appropriate cost.

By calling on the round sum allowance for anticipated wage increases as they occur in 1980-81, the Commission will be able to maintain its health programme in real terms. However, it will need to plan its operations carefully and reallocate resources in order to undertake some new initiatives.

Other Activities

Treasurer

A provision of \$1.6 million has been provided in 1980-81 under Treasurer—Miscellaneous to enable the State to make a payment of \$5.1 million to the Commonwealth Government in full and complete satisfaction of its obligations to the Commonwealth in respect to Monarto. \$3.5 million was provided for this purpose in 1979-80.

A provision of \$2.2 million has been made also for a repayment due to the Commonwealth in respect to natural disaster relief in 1977-78. This payment will be received from the Farmers Assistance Fund and is shown under Revenue Receipts—Part II—Other Departmental Fees and Recoveries, Treasurer, Miscellaneous.

Subject to the implementation of a scheme of arrangement for Riverland Fruit Products Co-operative Ltd., the Government has undertaken to arrange an interest free loan of \$4 million to the Co-operative to enable it to make an immediate payment to creditors. An

amount of \$500 000 has been made available under Treasurer-Miscellaneous to service that loan so that the arrangement may be implemented.

Planning

The provision of \$4.3 million under Minister of Planning includes \$1.2 million for the Monarto Development Commission, the major portion of which is for debt servicing charges arising from previous loans taken up by the Commission.

The Government will be looking to absorb the Commission's activities within another appropriate area of Government, pending disposal of the Monarto land.

Environment

In recent years, significant areas of land have been acquired and dedicated for national park purposes. As a result, there is now an urgent need to properly maintain, protect and develop these areas. Management generally and law enforcement need to be upgraded.

\$10 million is being provided to meet these urgent needs.

Corporate Affairs

Expenditure by the Department of the Corporate Affairs Commission is expected to be about \$1.4 million in 1980-81. Further improvement in the investigation and registration branches of the Department is envisaged.

The newly established National Companies and Securities Commission relies on funding from all participating States and provision has been made to meet this State's contribution of \$100 000. In addition, equipment will be purchased to enable the Department to participate effectively in the co-ordination of national operations.

Premier's

A sum of \$4.3 million is being provided for the Department in 1980-81. That provision takes into account a substantial increase in the rental of the premises for the Agent-General in England.

Services and Supply

Expenditure by the Department is expected to increase from \$4 million to \$4.2 million in 1980-81. Upgrading of the systems of the State Supply Division is envisaged.

Transport

A provision of \$900 000 under Transport-Miscellaneous, has been proposed for a grant to the Racing Industry in 1980-81. That provision is well below the level of assistance provided in 1979-80 and reflects the improvement in the profitability of the Totalizator Agency Board. The Committee of Inquiry into Racing will be providing its final report to the Government shortly on financial and other related matters in respect to the racing industry.

THE LOAN BUDGET

The forecast for 1980-81 is for a small deficit of \$1.5 million on the year's operations after providing for a transfer to Revenue Account of \$16 million.

Aggregate receipts are expected to total \$226 million and aggregate payments are expected to total \$227.5 million.

While payments from Loan Account in 1980-81, excluding the transfer to Revenue Account, are expected to be below the level of 1979-80, it needs to be remembered that, in 1979-80, significant amounts were set

aside for housing and transport, to be spent in 1980-81 and in future years. Also, it is to be expected that any shortfall would be offset, in part at least, by the involvement of the State Government Insurance Commission, the South Australian Superannuation Investment Trust and the Electricity Trust of South Australia in other building and construction projects, the proposed construction of an International Hotel, and an improvement in the economy generally.

LOAN RECEIPTS

At the meeting of the Australian Loan Council in June, 1980, the Commonwealth Government announced it would support a total programme of \$1 307.2 million for State works and services. South Australia's share of this programme is to be \$170.4 million, of which \$113.6 million will be made available by way of a loan, subject to repayment and interest, and \$56.8 million by way of capital grant. Further loans amounting to about \$300 000 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 1980-81, funds from these sources are expected to amount to \$55.3 million, giving a total of funds available from all sources of \$226 million.

While the Commonwealth Government has increased its support for technical and further education in 1980-81 it has reduced further its support for the school building programme. We expect increased support under the National Water Resources programme, mainly for water treatment and salinity control projects, although allocation to the States have yet to be advised. Receipts for 1980-81 also reflect a late payment from the previous financial year.

Total specific purpose funds are expected to be \$26.2 million in 1980-81 as compared with \$24.3 million in 1979-80.

Repayments and recoveries from State sources are expected to provide \$29.1 million in 1980-81 compared with actual payments and recoveries of \$24.5 million last year. State Bank repayments are expected to amount to \$2.2 million with the major contribution coming from the Loans to Producers Scheme. An amount of \$3.5 million is expected to be recovered from the South Australian Land Commission and \$2 million is anticipated from the Highways Department. Repayments from the Engineering & Water Supply Department are expected to be \$14.8 million in respect to depreciation provisions, preliminary investigation recoveries, the sale of plant and other assets, house connection charges and a repayment of moneys previously advanced as Deposit Account working capital.

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 Programmes

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 1980-81 is the same amount as was allotted in 1979-80, which in turn was the same amount as for 1978-79. The Government proposes to hold \$10 million of that borrowing allocation in reserve for major development projects such as Redcliff and allocate the remainder of that amount as follows:—

	\$ million
Electricity Trust of South Australia	26·8
South Australian Housing Trust	16·0
City of Enfield	2·2
City of Salisbury	1·8
	—
	46·8
	—

In addition to that borrowing, the Loan Council has approved two special borrowings under the infrastructure programme. One of \$15 million for the Electricity Trust of South Australia for the Northern Power Station and one of \$18 million in respect of the proposed Redcliff petro-chemical complex. As to the Northern Power Station, negotiations are proceeding with the Commonwealth Government to increase that special borrowing by a further \$20 million.

In respect to 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 for 1980-81 is \$1·2 million, the same as for the previous year. For 1979-80 the small statutory authorities in South Australia borrowed a total of \$24·3 million. It is expected that, in 1980-81, loans of about \$20 million will be raised.

For both the larger and smaller authority programmes, the necessary funds must be raised by the State on behalf of 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

Premier and Treasurer 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 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 purchase assistance agencies 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. The Agreement envisages similar increases being passed on to borrowers but 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.

South Australia has continued to participate in the 1978 Commonwealth-State Housing Agreement and will receive further funds under that Agreement during 1980-81. The Agreement expires on 30th June, 1981 and a new Agreement, probably covering a period of five years to 1985-86, is being negotiated.

South Australia received \$24 million in loans last year and \$11·8 million in grants under Part 3 of the Commonwealth Housing Assistance Act. The allocations for 1980-81 announced by the Commonwealth at the June Premiers' Conference are:—

	\$ million
Loans	25·0
Grants—	
Pensioners	2·9
Aboriginals	1·6
Others	7·8
	—
	12·3
	—
	37·3
	—

Funds provided by the Commonwealth represent only part of the total amount used for welfare housing. Recycled funds from prior loans and grants (both Commonwealth and State) and semi-governmental and other borrowings by the State Bank and the Housing Trust provide most of the finance for the programme. These funds are supplemented by State allocations from Loan Account and the Advances for Housing Account.

Allocations to the Advances for Housing Account from Loan and Revenue Accounts during 1979-80 totalled \$30 million. \$8 million of this was earmarked for housing developments likely to be required in the Iron Triangle to support the proposed Redcliff petro-chemical complex. The remainder will be distributed to the Trust and the State Bank over the next two years to support their normal programmes and meet an urgent need in the provision of low cost rental housing. It is expected that the provision of those additional funds will have an immediate and beneficial effect on employment, particularly in the building and construction industry.

Because of the urgent need for low cost housing the Government proposes to allocate a further \$18·5 million to the Advances for Housing Account in 1980-81.

New funds to be made available in 1980-81 to the State Bank and the Trust from State Government sources are:—

	\$ million		
	State Bank	Housing Trust	Total
State resources (Advances for Housing Account)	6·5	13·2	19·7
Semi-government programme	—	16·0	16·0
	—	—	—
	6·5	29·2	35·7
	—	—	—

Minister of Public Works

Public Buildings

Primary and Secondary Schools—\$33·1 million

With careful planning and effective use of available resources, it should be possible to mount a comprehensive programme in 1980-81, which will enable the critical needs of education to be catered for.

It is proposed to commence the construction of a new primary school at North West Mount Gambier. Major additions and upgrading are to be commenced at a number

of existing primary schools throughout the State.

Appendix I to the Loan Estimates specifies the major projects.

Further Education Buildings—\$12 million

The construction of Technical and Further Education buildings has depended heavily in recent years on Commonwealth support. The 1980-81 allocation includes \$10.9 million from this source.

Work is expected to commence this year on the redevelopment of the Marleston College to allow for the consolidation of existing facilities into one campus. It is proposed also to commence work on the transfer of the School of Plumbing to the Regency Park Community College. New facilities at Elizabeth, Gilles Plains, Regency Park and the South East Community College are all expected to be commissioned in 1980-81.

Planning for the Riverland Community College is under way with the aim being to commence construction in 1982.

Other Government Buildings—\$22.1 million

Work will be undertaken for a wide range of departments in 1980-81. Details of the major works are shown in Appendix I to the Loan Estimates.

In particular, it is proposed to:—

- commence work on Stage III and IV of the Industries Complex at Yatala Labour Prison involving garage, carpentry and engineering workshops, a classroom block and office accommodation.
- provide for an integrated security system, incorporating television surveillance, at the Adelaide Gaol and Yatala Labour Prison.
- provide for the upgrading of the Youth Remand and Assessment Centre and the Youth Training Centre at Magill.

Minister of Marine

Marine and Harbors

The provision of \$9.5 million allows for the continuation of the dredging programme for the Port of Adelaide and the improvement of channels at South Australian outports.

It provides also for the development of small recreational boating facilities and for the rehabilitation or replacement of the damaged dredge—the *H. C. Meyer*.

Minister of Forests

Woods and Forests

The Woods and Forests Department is undertaking a programme to upgrade its milling and forestry operations. The programme is designed to improve the efficiency and profitability of the Department and results so far have enhanced its capacity to contribute towards the cost of Government activities in other areas.

New trassers, kiln trucks, destacking and grading equipment, improved storage, moulding and packing facilities will be introduced to handle the increased production from the modernised Mount Gambier saw mill.

Minister of Transport

State Transport Authority

The State Transport Authority has planned a capital works programme of almost \$11.2 million for 1980-81. It is lower than in previous years largely because the Authority's programme for upgrading its bus depots and workshops has been almost completed and a substantial part of the cost of the 30 new rail cars has been paid already to the manufacturer, as progress payments under the terms of the contract, even though only six rail cars

have been delivered at this stage.

Of this amount, \$8 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.

The planned capital programme for 1980-81 provides for the purchase of new rail cars and other rolling stock, the upgrading of signalling and communication equipment and depots and workshops.

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 the upgrading could become more significant as the increase in fuel prices makes the public transport system a more attractive alternative to private transport.

Minister of Health

Health Commission

The State's total hospital programme is planned and coordinated by the South Australian Health Commission. In previous years, the allocation for hospital capital works was provided under government hospitals, non-government hospitals and community health.

For 1980-81, the total hospital programme has been consolidated under one line and a total of \$19 million has been provided.

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

Appendix I to the Loan Estimates gives details of the 1980-81 programme which include:—

- erection of a new hospital at Coober Pedy to replace the existing one
- erection of a new hospital at Leigh Creek as part of the relocation of the township.

Minister of Water Resources

Engineering and Water Supply

The allocation of \$63.5 million for waterworks, sewers and irrigation includes an anticipated Commonwealth contribution of \$5 million under the National Water Resources programme for 1980-81. It is expected that the Commonwealth will make available \$2.6 million for water treatment and \$2.4 million for the further development of salinity control programmes in the Riverland.

The Department will undertake a wide range of works during the year and investigation and design work will be undertaken on a proposed sewage treatment plant for Mount Gambier. The aim is to commence construction of this project in 1982.

Appendix I to the Loan Estimates outlines the programme for 1980-81.

Minister of Mines and Energy

Electricity Trust

While the Trust is not planning to call on State Loan funds in 1980-81, I thought it would be appropriate to make some brief comment about the Trust's activities.

The Trust faces a major capital works programme during the 1980's 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, the testing and development of known coal reserves, particularly at Port Wakefield, and the final stages of development of the Torrens Island power station. The Government has endeavoured to maximise funds available to the Trust for

those important projects.

The Trust borrowed \$40 million in 1979-80, which included a special borrowing of \$10 million approved by Loan Council as part of the infrastructure programme. The proposal for 1980-81 is for a borrowing of \$41.8 million, including a special borrowing of \$15 million in respect to the Northern Power Station. It is hoped to have that special borrowing increased by a further \$20 million subject to Loan Council approval.

The proposed semi-government borrowings, including that special borrowing, together with the Trust's internal funds, will be used to finance a capital works programme of about \$129 million for the above purposes.

The clauses of the Public Purposes Loan Bill and of the Appropriation Bill (No. 2) 1980, are in the same form and give the same kinds of authority as the Acts of last year.

ATTACHMENT I

THE YEAR 1979-80

The Revenue and Loan Budgets presented to Parliament last year forecast a surplus of \$2.1 million on the operations of the combined accounts for 1979-80. Accordingly, it was proposed that the accumulated surplus of \$600 000 at 30 June 1979, would increase to \$2.7 million at 30 June 1980.

On Revenue Account, receipts were expected to total \$1 377.8 million. Payments also were expected to be \$1 377.8 million, after providing for the transfer of \$6 million to the Loan Account.

As to the Loan Account, it was anticipated that \$220.6 million of funds would become available, including the transfer from Revenue Account of \$6 million, that payments would amount to \$218.5 million and that a surplus of \$2.1 million would be achieved on the year's operations.

In the event, Revenue receipts totalled \$1 384.6 million, \$6.8 million above estimate. Leaving aside the transfer to Loan Account, Revenue payments at \$1 369.1 million were below estimate by \$2.7 million. This improvement of \$9.5 million, when coupled with the original Budget provision of \$6 million, enabled \$15.5 million to be transferred to Loan Account. The recorded result on Revenue Account was a balance for the year.

For capital works, the State received \$226.9 million, including the transfer of \$15.5 million from Revenue Account, and spent \$226 million. The excess of receipts over payments on Loan Account was \$900 000.

Thus, the result on the two accounts combined was a small surplus of \$900 000.

At 30 June 1979, there had been a small accumulated surplus of \$600 000 on the combined accounts. At 30 June 1980, this was increased to \$1.5 million.

The principal factors contributing to the improvement of \$6.8 million in receipts on the Revenue Account were receipts from State taxation and from public undertakings which exceeded expectation by \$4.4 million and \$3 million respectively. This was partly offset by the State's tax sharing entitlement which fell \$1 million below the Budget expectation and by the net effect of a number of other variations both above and below estimate.

The under-expenditure on Revenue Account of \$2.7 million was due principally to the control exercised over all expenditures, coupled with a less than expected call on the funds provided for industry incentives. Those savings were offset partly by the need to provide \$3 million for natural disaster relief and \$3.5 million in respect to the State's offer to the Commonwealth for Monarto.

Wage and salary awards are estimated to have cost \$59.2 million as against the Budget estimate of \$56 million. 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 \$5 million for price increases is incorporated also in the actual payments for these departments. However, unlike wages, it is very difficult to isolate the effect of unavoidable price increases from other factors which increased expenditure in those departments.

In all areas, variations occurred both above and below estimate and contributed to the net overall improvement on Revenue Account of \$9.5 million. Details of the main variations are given later in this document.

As to Loan Account, receipts, including the transfer from Revenue Account, exceeded estimate by \$6.3 million. As to payments, savings in the areas of waterworks and sewers, school, hospital and other government buildings and in forestry, harbour and other works, amounted to \$29 million. The combined effect of those two variations from estimate increased the planned surplus of \$2.1 million to an actual surplus for the year of \$37.4 million.

The Government set aside \$36.5 million of that surplus by two special transfers:—

- one of \$26.5 million for housing, of which \$8 million was towards housing for Redcliff
- the other of \$10 million to the State Transport Authority towards the cost of a North East Transport System.

After allowing for those special transfers, the Government finished the financial year with a surplus of \$900 000 on Loan Account.

That favourable result increased the surplus on the combined accounts to \$1.5 million as at 30 June 1980.

REVENUE ACCOUNT

RECEIPTS

Taxation

Land tax collections were \$508 000 below estimate. An amendment to the Land Tax Act in 1979 to protect owners of residential properties, occupied by them as the principal place of residence, from an increase in land tax in 1979-80, together with the delay in the commencement of billing (and consequently recovery) until that legislation was passed, were the main factors contributing to the shortfall.

Collections from stamp duties in 1979-80 exceeded estimate by \$403 000. That improvement reflected an increase in the average value of dutiable transactions rather than a general increase in the level of activity. The response to the first home exemption, brought into effect on 1 November 1979, was greater than first anticipated and a total of 5 558 concessions were granted at a cost to Revenue Account in 1979-80 of \$2.7 million.

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

	\$ million
Annual Licences (insurance)	+ 0.1
Conveyances on sale	+ 0.3
Credit and rental returns	+ 0.6
Mortgages	- 0.5
Registration of Motor Vehicles	- 1.5
Other	+ 1.4
	—
	+ 0.4
	—

Receipts from succession duties in 1979-80 exceeded estimate by \$2.7 million. While the time lag between a person's death, the preparation of a succession duty return, the issuing of an assessment and the payment of succession duty were taken into account in determining the effect on receipts in 1979-80, of the Government's decision to abolish succession duty on the property of a person who died on or after 1 January 1980, two other factors emerged which improved the position. First, a greater than anticipated number of large estates were lodged for assessment and, second, two large outstanding transactions were finalised during the year.

Pay-roll tax collections were \$2.5 million above estimate. An examination of the available statistics gives no clear indication of the reasons for this increase, but it seems that the major element was an increase in average earnings greater than had been expected.

Receipts from the tobacco franchise tax were down on estimate by \$1.2 million. It was anticipated that litigation in respect to outstanding payments by two merchants would be finalised in 1979-80. While the Supreme Court has ruled in the Government's favour, an appeal to the High Court has now been lodged.

Public Undertakings

Revenue collected by the Department of Marine and Harbours was \$4.1 million above estimate. An improvement in port activity in terms of cargo throughput, principally record shipments in bulk grain exports, contributed to higher revenues.

Revenues from water and sewerage rates, excess water and other earnings by the Engineering and Water Supply Department exceeded estimate by \$582 000. This was due largely to a reduction in the level of outstanding accounts.

The contribution from the Woods and Forests Department in 1979-80 was \$2 million below estimate. This shortfall was offset by a corresponding increase in the Department's repayment to Loan Account.

Departmental Fees and Recoveries

The contribution from the Commonwealth Government in respect to the Bovine Brucellosis and Tuberculosis Eradication programme fell short of estimate by \$492 000. The shortfall reflects reduced expenditure by the State, mainly because compensation payable on infected animals was lower than expected and the timing of some other expenditures will occur later than anticipated.

Recoups from the Commonwealth Government in respect of the Deserted Wives Act fell short of estimate by \$748 000. This was due mainly to improved administration practices between the Department for Community Welfare and the Commonwealth Department of Social Security.

Commonwealth grants for Technical and Further Education fell short of estimate by \$1.9 million largely because of a grant received after 30 June 1980.

A change in the method of accounting saw the cost of court reporting services charged to client departments for the first time in 1979-80. The receipts of the Law Department reflect this change.

The method of accounting for the operations of the Government Printing Division of the Department of Services and Supply provides that the net effect of the Division's operations appear in the Budget. A reduced volume of work affected profitability and the Division's ability to contribute to Revenue Account in 1979-80. There was a consequent shortfall of revenue of \$720 000.

Receipts under the Business Franchise (Petroleum Products) Act, 1979 were \$1 million above estimate. The

Act came into operation on 1 October 1979 and the improvement reflects the uncertainty in estimating the volume of product covered by the licensing arrangements. This item forms part of a net transfer from Revenue Account to the Highways Fund and has no impact on the Revenue Budget.

Revenue collected on motor vehicle registrations and drivers' licences was \$690 000 greater than estimated.

Recoups from the Commonwealth Government under Minister of Health exceeded estimate by \$513 000. That increase reflects the Commonwealth Government's support for the establishment of senior citizen's homes and aged care centres in 1979-80.

Commonwealth Receipts

South Australia's entitlement for 1979-80 under tax sharing arrangements was estimated at \$631.4 million. This figure was the product of the "guarantee" negotiated by State Premiers at the time of the change from the previous financial assistance grants formula arrangements to the personal income tax sharing scheme and was derived by increasing the 1978-79 entitlement of \$559.8 million by the expected increase in average wages for Australia as a whole (9 per cent), the expected increase in the South Australian population (0.46 per cent) and the betterment factor (3 per cent). Our notional entitlement for the year to Commonwealth personal income tax collections was estimated at the time at only \$584.9 million.

As a result of minor variations from estimate in rates of population increase in the various States, our final entitlement under tax sharing was \$584.5 million. However, the formula "guarantee" yielded a figure of \$630.4 million and so determined the amount of general purpose assistance received by the State in 1979-80. The betterment factor remained fixed, of course, at three per cent but average wages rose by only 8.8 per cent while population increased by 0.47 per cent.

PAYMENTS

The Estimates of Expenditure for the Department of Mines and Energy and the Department for Community Welfare are based on the recently introduced financial management systems for those departments. As a result it is not possible to directly compare voted and actual expenditures for those departments in 1979-80 in the Estimates of Expenditure document. However that comparison can be made by reference to Statement A attached to the Report of the Auditor-General.

Special Acts

The Government contribution to the South Australian Superannuation Fund was \$1.5 million higher than expected. That increase was due mainly to more people taking advantage of early retirement than anticipated.

The interest bill incurred by South Australia in 1979-80 was \$2.8 million below estimate. The timing of the Commonwealth Government in the issuing of loans open for public subscription and in introducing the replacement system of "tap issues" of Commonwealth stock were the main factors in the underspending.

Treasurer

The Government agreed to exempt South Australian Life Offices from the payment of stamp duty on the investment portion of their premiums for deposit administration business, to take effect from the com-

mencement of the 1980 licence period. Exemption was given also to the payment of stamp duty on the purchase of a first home. Remission of duty, pending the passing of legislation, was the major factor in Treasury Department exceeding estimate by \$593 000.

The first repayment to the Commonwealth Government in relation to loans received for natural disasters relief in 1977-78 became payable in 1979-80. Pending the passing of necessary amendments to the Primary Producers Emergency Assistance Act, to enable payment to be made from the Farmers Assistance Fund, an amount of \$1.5 million was made available from Treasurer—Miscellaneous. It is planned to recoup that amount to Revenue Account in 1980-81.

An amount of \$3.5 million was provided also under Treasurer—Miscellaneous to meet the State's offer to the Commonwealth Government in respect to Monarto. This amount was paid into a Deposit Account and held pending the final negotiation of that offer.

Deputy Premier

After allowing for wage and salary awards of \$176 000, expenditure by the Department of Services and Supply was about \$115 000 below estimate. This reduced level of expenditure was achieved mainly by deferring appointments to vacant positions pending a re-organisation, not filling selected vacant positions which became surplus to requirements and through some savings in general administration.

Attorney-General

Although wage and salary awards increased the cost of the Law Department by \$427 000, total expenditure by the Department was in line with estimate. While the cost of printing Hansard and the cost of operating the Courts Administration Division were up slightly on estimate, reimbursement of jurors and witnesses were down \$288 000 due to the number and length of court sittings being lower than anticipated.

Recharging the cost of court reporting services by the Law Department was the main reason that the Supreme Court Department exceeded estimate by \$384 000.

Minister of Corporate Affairs

The purchase of micro-film equipment to improve the efficiency of its operation and its service to the public was the major factor in the Department of the Corporate Affairs Commission exceeding estimate by \$187 000.

Minister of Industrial Affairs and Employment

Expenditure by the Department of Industrial Affairs and Employment exceeded estimate by \$501 000. Wage and salary awards comprised \$233 000 of this amount. The balance was associated with court reporting services provided by the Law Department.

Expenditure under Incentives to Industry fell \$3.5 million below estimate. Initial delays in receiving applications under the Pay-roll Tax Rebate Scheme and the lead times involved in the completion of expansion proposals by industry in order to qualify for payment for approved projects under the Establishment Payments Scheme were the main factors in the under-spending.

Minister of Public Works

Expenditure by the Public Buildings Department was \$823 000 above estimate. Wage and salary awards of \$1.2 million, an additional cost of \$417 000 for projects not proceeded with and the writing off of obsolete stocks of \$403 000, were offset partly by not filling vacant positions arising from the natural wastage of the workforce and

savings in other administration and operating costs.

Minister of Education

Expenditure by the Education Department was \$23.6 million above estimate. Of this amount, \$17 million was the direct result of salary and wage award increases. A further \$5.6 million was required to meet the cost of teachers' increments, replacement of teaching staff on long service leave and terminal leave payments. Contingency expenditure was greater than estimate by \$1.2 million due mainly to the increased costs of certain goods and services.

Expenditure by the Department of Further Education exceeded the estimate by \$2.5 million. Wage and salary awards accounted for \$2.1 million and the cost of increments for lecturers and the replacement of teaching staff on long service leave amounted to a further \$400 000.

Chief Secretary

Expenditure by the Police Department was \$3.7 million above estimate. The cost of salary and wage awards was about \$3 million. The annual bonus payment to police officers amounted to \$300 000 and the costs of goods and services, particularly fuel, were higher than expected.

Wage and salary awards of \$469 000 contributed to the Department of Correctional Services exceeding its estimate by \$1.3 million. An increase in the number of prisoners held in the Department's institutions resulted in additional wage costs of \$271 000 and in additional goods and services. The cost of goods and services were higher than anticipated.

A feasibility study concerning the provision of a helicopter service was achieved in a shorter period than originally anticipated and was the main factor in expenditure under Chief Secretary—Miscellaneous being \$246 000 below estimate.

Minister of Marine

Expenditure by the Department of Marine and Harbors was \$1.1 million above estimate. Wage and salary awards accounted for \$521 000 of this amount. The balance occurred largely as a result of increased operating costs associated with the movement of a record shipment of bulk grain exports and increased general cargo activity.

Minister of Agriculture

Salary and wage awards for the Department of Agriculture amounted to \$659 000 and approximated the amount by which actual expenditure exceeded budget expectation.

Expenditure on the Bovine Brucellosis and Tuberculosis Eradication programme was lower than expected due to the success of containing the disease in 1978-79. These savings were allocated, in large part, to combat outbreaks of fruit fly.

Expenditure of \$1.9 million above estimate was recorded on Miscellaneous Lines, due mainly to the provision of \$3 million for natural disaster relief in respect to wind and flood damage at Port Broughton, Virginia and the Barossa Valley in December last year and the disastrous bushfires in the Adelaide Hills in February of this year. This was offset partly by lower than expected payments to the South Australian Meat Corporation.

Minister of Transport

Increased payments by the Department of Transport of \$635 000 resulted mainly from wage and salary awards of \$449 000. The remainder was due to greater than anticipated terminal leave payments, a reduced level of vacancies in the Department and a decision to purchase

rather than lease some data processing equipment.

An expenditure of \$1.3 million above estimate by the Highways Department was mainly the result of wage and salary awards which amounted to \$903 000. Terminal leave payments and computing costs were greater than anticipated. Expenditure by this Department reduces the net transfer from Revenue Account to the Highways Fund and has no impact on the Revenue Budget.

The contribution towards the deficit of the State Transport Authority was \$3.6 million above estimate as a result of wage and salary awards. The Authority absorbed increased fuel costs mainly through the deferment of some planned projects.

Minister of Community Welfare

Expenditure by the Department for Community Welfare was \$379 000 above estimate after meeting wage and salary awards of \$950 000 and other payments in respect of salaries and wages which exceeded estimate by \$240 000. The level of funding necessary to meet the demand upon the State in respect to financial assistance under the States Grants (Deserted Wives) Act was \$789 000 less than expected.

Minister of Consumer Affairs

Expenditure by the Department of Public and Consumer Affairs was \$283 000 above estimate which reflected the cost of wage and salary awards incurred by the Department in 1979-80.

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 \$10.2 million.

Salary and wage awards amounted to \$15.3 million. The favourable effect of increased patient fees of \$5.9 million and lower operating costs of \$9.1 million, were offset in part by a reduction in Commonwealth receipts, particularly under the hospital cost charging arrangements, of \$6.7 million. The balance in the Commission's Trust Account as at 30 June, 1980 was \$3.6 million.

Minister of Water Resources

Expenditure by the Engineering and Water Supply Department was \$685 000 above estimate. Wage and salary awards cost \$2 million and were offset, partly, by a saving of \$1 million in pumping costs due to favourable seasonal conditions and by some reduction in administration and operating expenses.

Minister of Lands and Minister of Repatriation

Expenditure by the Lands Department was \$784 000 above estimate. The cost of salary and wage awards amounted to \$689 000 and terminal leave payments were \$40 000 above estimate due to an increased number of retirements.

LOAN ACCOUNT

RECEIPTS

Loan Council Programme

Loan raisings and capital grants in 1979-80 were as originally included in the Loan Estimates.

Repayments and Recoveries

In the 1979-80 estimates presented to Parliament, it was planned that recoveries would be made from a number of areas, including funds tied up in financing various deposit

accounts and that the extent of land held by departments would be reviewed. While recoveries were made in a number of instances, total recoveries, including funds from the Commonwealth, fell short of the estimate by \$3 million.

PAYMENTS

Treasurer

Provision of \$4.9 million was made in the Loan Estimates for all functions of the State Bank which are financed from Loan Account. The provision for Loans to Producers was increased during the year to meet the additional requirements of co-operative societies wishing to refinance old loans.

An amount of \$3.5 million was made available in the Loan Estimates for Advances for Housing. That amount was increased by \$26.5 million, \$18.5 million to meet urgent needs in the normal housing area and \$8 million towards the cost of housing for Redcliff.

Deputy Premier

The advance to the Services and Supply Department was about \$1.4 million less than originally anticipated. A re-evaluation during the year of computing and other equipment requirements and the level of working capital for the State Supply Division, together with a delay in the supply of equipment on order, resulted in the reduced level of funding.

Minister of Public Works

Expenditure by the Public Buildings Department on Other Government Buildings was \$5.8 million below estimate. The deferment of projects pending re-evaluation of requirements and a re-assessment of plant purchases were the major contributing factors to the shortfall.

Minister of Education

Expenditure on Primary and Secondary school buildings was \$3.9 million below estimate, mainly because contract commencement dates were later than planned. This factor also influenced expenditure on Further Education buildings which was \$1.3 million below the estimate.

Minister of Marine

Expenditure by the Department of Marine and Harbors fell \$2.6 million below estimate. The need to reassess some planned construction programmes and interruption to the dredging programme with the sinking of the *H. C. Meyer*, accounted for the lower than anticipated level of expenditure.

Minister of Housing

An advance of \$1.5 million was made to the South Australian Housing Trust to enable the Trust to purchase commercial land at Dudley Park. The purchase has enabled Simpson Pope Ltd to proceed with planned expansion proposals at Regency Park.

Minister of Agriculture

The Government is committed to a restructuring of SAMCOR's finances to ensure future accountability of the Corporation on an appropriate basis. Part of this restructuring involves a once only provision of \$4 million to establish a reasonable working capital base. The other major elements in the proposal are decisions about (and the separate identification of costs associated with) the need to provide capacity to deal with peaks in demand for slaughter facilities and treatment of redundant assets under SAMCOR's control.

The \$4 million was appropriated in 1979-80.

Minister of Forests

Expenditure by Woods and Forests Department was \$2.4 million below estimate due to delays in the delivery of equipment and the commencement of some projects.

Minister of Transport

Advances made to the State Transport Authority were \$10 million above the original estimate. This additional advance has been set aside, specifically, for the development of the North East Transport System.

Payments from Loan Account to subsidise expenditure by local authorities on stormwater drainage were below estimate by \$247 000. These projects are initiated and managed by local authorities and the respective claims were less than originally estimated.

Minister of Health

The South Australian Health Commission has undertaken a re-evaluation of all hospital and community health projects with a view to ensuring that a properly co-ordinated and planned approach is developed to meet the health needs of the community in the most effective and economic way. That re-evaluation has seen some delay in the commencement of some projects, as well as a re-arrangement of priorities. It led to an under-spending of \$8.3 million in 1979-80.

Minister of Water Resources

Payments from Loan Account by the Engineering and Water Supply Department fell \$10.3 million below estimate. The natural wastage of the Department's workforce associated with a reduction in the capital works programme occurred at a faster rate than expected. Expenditure on plant was lower than anticipated and the level of sub-divisional work continued to decline.

ATTACHMENT II

DEVELOPMENTS IN COMMONWEALTH-STATE FINANCIAL RELATIONSHIPS

The Commonwealth Government is by far the single most important source of funds for the South Australian budget. A measure of the importance of Commonwealth funds to South Australia may be obtained from Commonwealth Budget Paper No. 7 where provision has been made for the payment of \$1 366.1 million to this State in 1980-81.

With the exception of revenues from sources such as sale of assets, repayments of advances and provisions for depreciation, the entire Loan Budget is financed from Commonwealth sources, either through Loan Council arrangements or through grants and loans for specific purposes. On the recurrent side, Commonwealth funds for general and specific purposes comprise a little less than 50 per cent of the Revenue Budget. However, very significant Commonwealth payments for universities, colleges of advanced education and hospitals cost-sharing do not pass through the Revenue Budget and, if these are added to the funds credited to Revenue, well over half the State's recurrent responsibilities are financed from Commonwealth sources.

Other important payments which pass through neither Revenue nor Loan Account are advances for housing and grants for roads purposes. The significance of Commonwealth funds for State activities in these two areas merely underlines the extent to which the State relies on the Commonwealth for the financial resources to carry out its programmes.

It has been the practice in recent years to present information on developments in the area of tax sharing as an attachment to the Budget Speech. This year, the attachment goes beyond the confines of tax sharing in an attempt to give Members a broader perspective of the events which have affected financial relationships between South Australia and the Commonwealth. The emphasis is on developments which have taken place since the last Budget. For those who wish more historical background or detailed statistical information, Commonwealth Budget Paper No. 7—"Payments to or for the States, the Northern Territory and Local Government Authorities 1980-81"—should prove a valuable reference.

The Federalism Policy

In September, 1975, the Liberal and National Country Parties issued a paper setting out their support for the concept of Federalism and outlining what were seen as desirable features of the Federal relationship in Australia. It was seen as important that the States should be able to operate to a large extent in a way which was independent of the Commonwealth and that they should have the flexibility to set their own priorities and to be held accountable for their actions in achieving their aims. Common goals were to be achieved by co-operation rather than coercion.

The South Australian Government supports the philosophical approach to Federalism which is at the root of the policies outlined in that document. Since coming to Government, we have had occasion to make reference to the Federalism Policy in correspondence and in discussions with the Commonwealth Government and it will be our aim to ensure that, as far as possible, Commonwealth-State financial relationships develop in a way which is consistent with the principles espoused in the policy document.

The policy provided for the States to have access to personal income tax. However, it was recognised that the emphasis given to particular forms of taxation might change and provision was made for the States to suggest appropriate variations to the tax sharing base.

Another important feature of the policy was its commitment to a more selective use of specific purpose grants:—

"Many of the existing Section 96 grants are now part of well-established and universally-accepted programmes within the States. The moneys for such programmes could be transferred to general purpose revenue reimbursement and ultimately absorbed in the States' income tax revenue."

The question of specific purpose payments is discussed further below.

There was also provision in the policy for greater consultation between the Commonwealth and the States. Specific reference was made to pre-budget meetings of Premiers' Conference in addition to the other meetings of that body and, in a more general sense, the approach to Commonwealth-State relationships was to be one of co-operation between the two levels of Government.

Our aims in seeking to promote the concept of Federalism set out in the policy document are several. First, it is a means of ensuring that the States receive a fair share of Commonwealth tax revenues. Second, it provides a considerable measure of independence and flexibility for the States to set their own priorities and to be held accountable for the achievement of objectives in the expenditure fields which are principally their responsibility. Third, it entails a lesser degree of overlap of functions between the Commonwealth and the States, with consequential administrative and other savings. Finally, if

proper consultation takes place, it enables the States to influence the general direction of the Commonwealth's policies for economic management and national development where that is appropriate.

Tax Sharing

In the last few State Budget speeches, a comprehensive account has been given of the development of the present system of tax sharing. I do not propose to repeat that account here, or even to summarise it, but rather to deal with the relevant events which have taken place since the Premiers' Conference of June, 1979, which I reported on last year.

At that Conference, a number of matters were deferred for consideration at a later date. These included officers' reports on the extension of the "guarantee", the procedures to be followed for consultation between the Commonwealth and the States in relation to post-budget income tax changes, the level of Queensland's "guarantee" and a New South Wales document relating to the points of understanding under which tax sharing operates.

A Premiers' Conference was held on 7th December, 1979 and, at that meeting, the Commonwealth agreed to a form of "guarantee" for the States for the year 1980-81. The other matters referred from the June meeting were not discussed.

In order to provide the States with a basis for planning, the Commonwealth offered to ensure that each State's entitlement to income tax revenue in 1980-81 would be at least the same in real terms as in 1979-80. This was to be achieved by increasing the amount which each State received in 1979-80 by a proportion derived by relating the sum of the four-quarterly Consumer Price Index figures for the year ended March, 1981 to the sum of the four-quarterly Consumer Price Index figures for the year ended March, 1980. If the figure so derived exceeded the entitlement of the State to Commonwealth personal income tax collections, the State was to receive the higher amount.

The States were not happy with this offer. In the first place, it applied only for the year 1980-81 and left the principle of a "guarantee" open for re-negotiation at the time of the review of tax sharing in June 1981. In the second place, it contained no provision for population increases so that, while the absolute level of the grant was maintained in real terms, the per capita level was not. Finally, it contained no betterment factor, an element which had been a feature of Financial Assistance Grant formulae for 20 years.

Nevertheless, the "guarantee" was expected to be of some benefit to South Australia and, for that reason, was accepted. The latest estimates for 1980-81 suggest that it will produce a greater entitlement for this State than tax sharing and so, notwithstanding the fact that it is considered to be inadequate as a longer term measure of support for the States, it represents at least a gesture on the Commonwealth's part towards recognising the position of the States.

The Premiers' Conference of June, 1980 did not discuss any changes to the arrangements previously agreed and the States are, therefore, operating for 1980-81 under the "guarantee" offer made by the Commonwealth in December last.

One matter which was discussed at the June, 1980 Conference was the procedures to be followed in relation to the review of tax sharing which is required under the points of understanding agreed to when tax sharing was introduced:—

"There will be a review of the tax sharing arrangements as a whole periodically, with the first

review being made at some time before the end of 1980-81 with any revisions applying as from the beginning of the next financial year after the review . . ."

Subsection 13 (1) of the States (Personal Income Tax Sharing) Act 1976 imposes a statutory requirement for this review to be carried out.

On the last two occasions when such reviews have been held (1970 and 1975), the States have submitted a joint case to the Commonwealth setting out their views of the current arrangements and suggesting improvements. Following a most useful meeting of all States held in Melbourne on 8th August, the States propose to follow a similar approach on this occasion. Proposals for alternatives to the current system of tax sharing were discussed at the meeting. It was also agreed that pay-roll tax and possible alternatives to it should be examined.

Further work is to be carried out by officers to refine proposals discussed at the Melbourne meeting and another meeting of Premiers is to be held in Adelaide on 12th September. It is intended to have a joint submission ready to go to the Commonwealth some time in September. Premiers are proposing a meeting with the Prime Minister to discuss their proposals for a new basis for Commonwealth-State financial relationships shortly thereafter.

The review of relativities currently being carried out by the Commonwealth Grants Commission is proceeding independently of the outcome of the discussions referred to above since it is concerned only with the relative shares of the various States in whatever total is available to them and not with the basis upon which that sum is calculated.

In last year's Budget Speech, I mentioned the steps which the Commission had taken to that time to set the review in motion and the fact that it had conducted inspections in each of the States. Following those inspections and a Conference on issues of broad principle, the Commission invited submissions from the States to be made available by the end of February, 1980. Hearings were then held in each of the States to take evidence in support of those submissions. The Adelaide Hearings were held in June, 1980 and provided the Commission with an opportunity to question officers from the Treasury and other Departments on the material included in the South Australian submission.

The States were then invited to prepare supplementary submissions commenting briefly on the views of the other States. These were to be in the hands of the Commission by the end of July, 1980. Hearings were held in Canberra last week to consider these submissions and to provide an opportunity for States to discuss the particular disabilities claimed by each of the other States.

At this stage, the only further discussions planned by the Commission are Hearings in the first week of December at which the Commonwealth Government has been invited to submit its views on the principles which the Commission should adopt in carrying out the review. Prior to that time, it is hoped that the Commission will have made available to the States certain preliminary calculations based on possible methods of approach to its task. There will no doubt also be discussion at the December Hearings of the implications of these methods of approach if the Commission is able to complete its calculations in time.

The importance of the review for South Australia and for the other States cannot be over-emphasised. Quite small changes in percentage shares involve substantial sums of money and the Commission will have no easy task in reconciling the competing claims of the States. While some areas of activity lend themselves to precise calculations, in many cases the Commission will be

required to exercise commonsense and judgement. The recommendations of the Commission, particularly in those areas, will be awaited with great interest.

Loan Council

Loan Council borrowing programmes are an important source of funds for the States and their authorities, second in magnitude only to the personal income tax sharing entitlements.

These borrowings fall into three categories:—

- (a) borrowings by the State Governments; under the terms of the Financial Agreement these borrowings are, with limited exceptions, made by the Commonwealth on behalf of the States and they are shown by the Commonwealth as a charge on its budget;
- (b) borrowings by "larger" State authorities; at present these are defined as those borrowing more than \$1.2 million each in a financial year;
- (c) borrowings by "smaller" State authorities—that is, those borrowing \$1.2 million or less each in a financial year.

The amounts of programmes for the States and their "larger" authorities—that is, categories (a) and (b) above—are formally determined by Loan Council. In practice, the Commonwealth Government has been able to effectively decide these amounts by making Loan Council's acceptance of its views a condition of its undertaking to "underwrite" the level of the State Governments' programmes (that is, to subscribe funds from its own sources, if necessary). The borrowings of smaller authorities are not subject to overall limit.

The programmes for the State Governments and their authorities have normally been distributed between the States each year in the same proportions as in the previous year. However, from time to time, there have been special additions of one kind or another—of either a permanent or a temporary nature—to these "basic" programmes. These special additions have become more important in recent years, especially as a result of the programme of special infrastructure borrowings for semi-government authorities which was instituted in 1978-79.

Under Loan Council procedures, each State and the Commonwealth submits to Loan Council its borrowing proposals for the year ahead. For 1980-81, South Australia submitted programmes for the State Government itself and its larger authorities at money levels 12 per cent higher than in the previous year—that is, only a little in excess of expected increases in costs.

Following considerable discussion in Loan Council, it was decided that the State Governments' programmes for 1980-81 would be 5 per cent higher than in 1979-80 and that the normal programmes for larger authorities—that is, excluding special borrowings under the infrastructure programme and for other purposes—would remain at the same money levels as in 1979-80.

These decisions obviously imply a considerable decline in the real level of the 'normal' Loan Council programmes of the States and their authorities.

Under the infrastructure programme, Loan Council has approved special borrowings for State authorities in 1980-81 of \$632.3 million, compared with \$399.4 million in 1979-80. There are 27 projects involved, of which seven were approved at the June 1980 meeting, the remainder having been approved at earlier meetings. References to the two South Australian projects approved under the infrastructure programmes—namely Redcliff and the Northern Power Station—are made in the main text of the Financial Statement. Borrowings for these two projects

formally approved for 1980-81 total \$33 million but this is a preliminary figure only.

Clearly, the infrastructure programme has assumed major importance, representing this year about one-third of the total borrowings of "larger" State authorities.

Infrastructure borrowings approved for 1980-81 are subject to examination of the possibilities of re-scheduling and modification. This reflects concern, particularly on the part of the Commonwealth, about the size which the total programme has very quickly reached. Commonwealth and State Treasury officers have commenced this examination.

The South Australian Government supports the infrastructure programme, believing that it has added a necessary element of flexibility in Loan Council arrangements to handle the financing of large projects. However, there are some aspects which are of concern or potential concern to the State. One is that unduly large borrowings under the infrastructure programme may have adverse consequences for the level of normal programmes and, indeed, there is evidence that this has occurred already. Another point of concern is that, in a sense, the programme can be regarded as an extension of the concept of specific purpose programmes by which the Commonwealth is able to impose its priorities on the States or at least to heavily influence the determination of priorities. In this connection, it is to be noted that, in Loan Council, the Commonwealth has adopted the practice of making acceptance of a total package—including a particular pattern of infrastructure projects—a condition of its support for State Government borrowing programmes.

Associated with the infrastructure programme are revised arrangements under which State authorities can borrow overseas if domestic sources of funds prove inadequate to finance approved projects. Given the increasing demands on Australian capital markets, and considerable changes which are occurring in those markets, this too adds welcome flexibility.

South Australian authorities have not as yet borrowed overseas under these arrangements and the present assessment is that they probably will not do so before 1981-82. Firm decisions on that have not yet been taken.

Under guidelines approved by Loan Council, State authorities are restricted somewhat in terms of the form of borrowing they may undertake overseas. Borrowings are by way of loans from or through a commercial bank or other financial institution without bonds, notes or other negotiable securities being issued. These guidelines are being reviewed and adapted in the light of experience. Currently, various other procedural aspects of overseas borrowing arrangements are also being reviewed by Loan Council.

The infrastructure financing arrangements are continuing to evolve. Care will need to be taken to ensure that the long term interests of the States, conceived broadly, are not prejudiced.

Specific Purpose Payments

It would not be practicable to summarise here the great variety of programmes under which the Commonwealth provides specific purpose ("tied") funds to the States. The Commonwealth Budget Paper No. 7 contains information in consolidated and helpful form.

The Federalism Policy statement issued by the Liberal and National Country Parties in September 1975 envisaged major reform in this area. Such reform was further foreshadowed in a formal statement issued by the Prime Minister at a Premiers' Conference held in February, 1976. These two documents argued in favour of:—

- absorption of some specific purpose moneys into general purpose funds
- the amalgamation of some other programmes in block grants.

The main advantages which, in my view, would accrue from adopting this approach may be summarised as follows:—

- the freeing of the Commonwealth Parliament, Ministers and officials from concern with matters which do not warrant detailed attention at the national level, enabling greater focus on matters of a genuinely national nature.
- the avoidance of unnecessary, time-wasting and expensive negotiations between Commonwealth and State Ministers and Departments.
- other considerable savings in administration at both Commonwealth and State levels.
- the achievement of greater flexibility in financial planning on the part of the States, allowing them to spend in accordance with their own assessment of priorities and having full regard to local circumstances and local views as they vary from time to time.

These policies have not yet been put into effect. However, in correspondence with me, the Prime Minister has confirmed his Government's commitment to the concept of "absorbing" some specific purpose payments into general purpose funds and amalgamating others into block grants. He has also undertaken that the Commonwealth would join in a collaborative examination of areas where this might be done, if the States so wished.

I am hopeful that this important issue will be taken up in some detail in connection with the review this year of the tax sharing arrangements. It is relevant to note that there are several programmes in respect of which future arrangements are currently under review in any event. These include the programmes of assistance for roads,

housing and school to work transition. The South Australian Government will be seeking to ensure that decisions taken in these and other individual areas are consistent with the general principles referred to above.

Procedural Aspects of Commonwealth/State Financial Relations

The way in which decisions are taken can have an important influence on the quality and effectiveness of those decisions.

It is for this reason that, in discussions and correspondence with the Commonwealth and other States, I have been emphasising what I see as the need for improved procedures for information exchange and consultation between the Commonwealth and the States.

I think it is unfortunate, for example, that, on occasions, the Commonwealth has announced new or revised programmes and even introduced legislation into the Parliament without adequate prior consultation with the States. I also believe that there is scope for reform in relation to Premiers' Conference and Loan Council meetings. As an example, I have advanced the suggestion that the deliberations of the annual June meetings of Loan Council would be improved if the States were advised a little in advance of these meetings of the Commonwealth's views on appropriate levels of Loan programmes for the year ahead.

It is my intention to continue to seek better procedures in these and other areas.

Conclusion

An important period, in which major decisions will be taken on the future direction of Commonwealth/State financial relationships, lies ahead. Wherever possible, the Government has been endeavouring to influence the direction which those relationships take. We will continue to do so.

ATTACHMENT III **REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30TH JUNE, 1979** **RESPONSES BY DEPARTMENTS**

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
6	<p><i>General—Internal Audit in Departments</i></p> <p>"During the year the Internal Audit Committee, referred to in last year's Report, completed a survey of existing internal audit practices and resources in Government departments and submitted its findings.</p> <p>As a result of those findings the Public Service Board is now defining the nature and scope of internal audit requirements for public service organisations which, inter alia, recognise the differences in the operational requirements of those organisations. This documentation is taking into account the current Government commitment towards general review of operations in departments.</p>	<p>A joint report on internal audit in Departments was prepared by the Chairman, Public Service Board and the Auditor-General and submitted to the Premier. At the same time a joint paper was submitted on responsibilities for the review of Government activity. The Premier has approved in principle the establishment of internal audit functions in three departments on a trial basis.</p>	<p>A detailed proposal on the trial introduction of internal audit in three departments is being prepared by the Public Service Board.</p>

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
	It is understood that during the coming year the Board will be discussing implementation of internal audit processes, and the deployment of resources to that end, with Permanent Heads, with a view to introducing internal audit functions in selected departments during 1980."		
51	<p><i>Art Gallery Department—Collection—Stock Checks</i></p> <p>"As previously reported there was inadequate cataloguing and physical checking of collections (checking of paintings, photographs, furniture, coins, and stamps is overdue). The sculpture stock check is in progress and action has been taken to safeguard the coin collection until personnel with the required expertise can be obtained to catalogue it."</p>	<p>An expert in the coin field has been engaged for three months commencing 26th May, 1980 to catalogue and check the primary working collection of coins.</p> <p>Cataloguing and checking of paintings and prints, stamps, sculpture and furniture is nearing completion.</p> <p>Photography and primitive art collection checks will commence soon.</p>	<p>Following Cabinet's approval of additional staffing in relation to coins, medals and stamps the checking programme now embraces all categories of stock at the Art Gallery. There is a need to continue the stock checking programme of the States' assets on a regular basis.</p>
57 and 63	<p><i>Department of Industrial Affairs And Employment</i></p> <p>Community Improvement Through Youth—"The department (then Community Development) was advised of the unsatisfactory financial control over projects. New guidelines and procedures were designed to monitor and control project activities".</p>	<p>New accounting procedures implemented.</p>	<p>Although new accounting procedures and guidelines have been implemented these are not being completely followed as yet. Further staff training is in progress.</p>
57	<p><i>Department of Local Government (Community Centres)</i></p> <p>"The department was advised that internal, financial and physical controls were unsatisfactory at both centres (Parks and Thebarton Community Centres). Corrective action is being taken by a review of the control procedures. Additional administrative staff have been appointed at the Parks Community Centre."</p>	<p>Appropriate internal controls over finance, operating procedures, plant and equipment implemented.</p> <p>Approved financial budgets and budget control reports implemented (Common Accounting Reporting System at both Centres).</p>	<p>Controls in operation.</p> <p>Systems in operation.</p>
76	<p><i>Education Department</i></p> <p>"Annual financial statements—there is a need to improve the general standard to accurately reveal the extent of funds being administered and held in all accounts. To achieve this, standard financial statements have been designed for use by all schools and a common financial year to be introduced.</p>	<p>Adoption of a common financial year for schools is proposed from the beginning of November 1980, at which time the use of a common reporting format will also become obligatory.</p>	<p>Implementation to proceed.</p>

Auditor-
General's
Report
page
reference

Auditor-General's Comment

Action taken

Present Position

82

Investment of surplus funds—special attention was given to this during the year and more schools are investing funds which are surplus to immediate requirements. At the time of inspection the balances of those accounts examined during the year were \$5 700 000 of which \$2 608 000 was invested.

Budgeting—although most schools prepare annual budgets these are not in all cases used to measure performance or provide information to aid in controlling expenditure. The formation of Financial Advisory Committees at some schools has improved financial management and action is to be taken to introduce cash flow budgeting into schools.”

Department of Further Education (Accounting Standards in Colleges)

“Last year reference was made to poor accounting standards at some colleges. During 1978/79 . . . the standard of accounting for fees and cash was still poor and the security and control over stores and equipment at some colleges inadequate.

In response to matters raised the Department took the following action to improve accounting systems and stores control:

- A senior Internal Auditor was appointed in January 1979.
- A Supply Officer was appointed in June 1979.
- Corrective action was taken on all matters raised with individual colleges.
- Procedural instructions were issued to colleges on all aspects of fee collection and control over cash.
- A review of stores operations and procedures is being undertaken by the Supply Officer.
- A Working Party was established to review the operations of college and school fund accounts and to determine policy guidelines.”

A circular was issued to schools detailing legislative requirements and administrative guidelines affecting the investment of school funds. A considerable improvement has been noted in the level of funds invested.

The Schools Management Systems Team has been promoting the elementary budgeting process in schools through the medium of seminars in all regions. Promotion of more sophisticated approaches (e.g. cash flow) will follow.

A bulletin was issued by Head Office to colleges in December 1978 outlining procedures for fee collection.

In July, 1979 the Senior Internal Auditor prepared a report which recommended a completely revised system for receipting and fee collecting in colleges.

The Supply Officer submitted an interim report in December 1979 which contained a review of stores operations and procedures.

The report on college and school fund accounts has been completed and accepted by Departmental management.

Other proposed action in the planning stage includes:

- a new personnel/salaries system
- a departmental data base system
- a financial management training programme.

Monitoring and encouragement continuing.

Efforts continuing but improvement can only be gradual.

Specific results from these initiatives are difficult to identify as yet.

The report on receipting and fee collection is being assessed by an officer of the Public Service Board.

Proposals on fund accounts are being further discussed with Principals prior to implementation.

Work on other planned developments is proceeding.

Auditor-General's Report page reference	Auditor-General's Comment	Action taken	Present Position
109	<p><i>Highways Department</i> —<i>Financial Management</i></p> <p>“Reference was made in last year’s Report to an anticipated implementation date of April 1979 in respect of the Financial Management Accounting System. Development of the system has progressed and work on the documentation of clerical procedures has commenced. It is anticipated that the system will become fully effective in late 1979.”</p>	<p>Financial Management Accounting System commenced parallel running in January 1980 and was operational from March 1980.</p>	<p>System in operation.</p>
165	<p><i>Department of Services and Supply</i>— (<i>A.D.P. Centre Security</i>)</p> <p>“In 1977/78 it was reported that the Working Party Report had been submitted to the A.D.P. Advisory Panel. The report identified a number of weaknesses in computer file integrity procedures and access to terminals, data preparation and input/output areas. During the year the A.D.P. Centre commenced implementation of some recommendations of the Working Party in regard to computer file integrity and physical access to restricted areas. However, due to structural limitations of the existing building an acceptable level of security cannot be achieved until the proposed new A.D.P. Centre is constructed.”</p>	<p>Tighter controls over terminal use, and security procedures have been implemented. A Tape Management System has been investigated but cannot be established under the current operating system and equipment configuration.</p>	<p>Security is not as strong as desired. Further improvements will be made. However, a completely satisfactory situation cannot be achieved while present data processing activities are based at the existing location. Planned relocation of the Centre is still under consideration by the Government.</p>

ATTACHMENT IV

GENERAL NOTE ON APPENDICES TO THIS FINANCIAL STATEMENT

As part of an overall review of the effectiveness and efficiency of Government activities, several statements previously forming part of the Appendices to this Statement have been amended or abolished. This action takes account of some duplication of information in the past and the need to modify other statements to make them more meaningful.

Appendix 3 has been modified to report and compare actual expenditure on Revenue Account for the last two years on a functional basis. In recent years, the figures presented on individual departments have required considerable explanation and adjustment to reflect amalgamation and regrouping of departments and, in some cases, it has not been practicable to provide direct comparisons. The information previously included in this Appendix is contained in Statement A of the Treasurer’s Statements and Accounts published in the Annual Report of the Auditor-General.

Last year’s Appendix 10 was of minor historical interest and has been abolished. The information can be obtained from an examination of Statement E in the Treasurer’s Statements and Accounts for the current and previous years.

The information previously presented in Appendix 11 duplicates information provided in Statement E and in the annual accounts and statements of statutory authorities and departments which are published in the Report of the Auditor-General.

Information previously provided in Appendix 13 can be obtained from the detailed statement on the State’s Public Debt (Appendix 10).

Mr. BANNON secured the adjournment of the debate.

FIRE BRIGADES ACT AMENDMENT BILL

The Hon. W. A. RODDA (Chief Secretary) obtained leave and introduced a Bill for an Act to amend the Fire Brigades Act, 1936-1976. Read a first time.

The Hon. W. A. RODDA: I move:

That this Bill be now read a second time.

Its purpose is to modernise the administrative structures of the South Australian Fire Brigade. Fire brigades are currently maintained and administered under an Act of 1936 which consists basically of a consolidation of an earlier Act of 1913, with some subsequent amending Acts.

A Committee of Inquiry into South Australian Fire Services reported on the administration of fire brigades

last year. The committee was under the chairmanship of Mr. G. J. Inns, Director-General of the Premier's Department, and comprised a number of other distinguished experts. After hearing and considering a good deal of critical evidence, the committee found that the present administrative structures are antiquated and quite inadequate for the needs of a modern fire fighting and fire prevention service. It found that deficiencies and ambiguities in the organisational structures had led to unnecessary friction between officers of the board and within the board itself. It therefore recommended a substantial revision of the present Act in order to overcome the present administrative deficiencies.

The committee identified the following reasons justifying change to the present structures:

- (a) The board members and Chairman are all part-time. However, the Act does not contain a power of delegation and so all but the most minor decisions must be made at board level.
- (b) There is not a full-time "Chief Executive" who is responsible for ensuring that all board policies are put into effect and that all aspects of the brigade's activities are effectively planned, managed and co-ordinated. The committee felt this to be a major deficiency, especially in view of the fact that the board is a large and expanding organisation with a budget of over \$14 000 000 per annum, 860 employees, responsibilities in all settled parts of the State, and a 10-year plan under consideration which if approved would involve additional extraordinary expenditure of \$10 000 000;
- (c) There is a lack of clarity regarding the areas of responsibility of the board's two most senior officers—the Chief Officer and the Secretary—which at times makes working relationships unnecessarily complicated.
- (d) There are no specialist staff groups or individuals to assist in areas where line managers should expect to receive specialist advice, e.g. personnel, staff development, industrial relations, forward planning, organisation and methods studies, etc.
- (e) The complex committee structure appears to be largely ineffective.
- (f) The size of the brigade and its expenditures have increased rapidly in the last five years. Fire fighting techniques are changing and industrial and personnel problems becoming more demanding. This requires management skills of a high order and an organisation designed to meet the contemporary situation.
- (g) The role of the brigade is changing in emphasis as more attention is placed on fire prevention.

The Government accepts the revised administrative structure proposed by the committee. Accordingly, the board will consist of part-time members directly responsible to the Minister. It will consist of a Chairman, Deputy Chairman and four members, all of whom will be appointed for a period not exceeding five years.

The members will be selected for their experience in management, finance, industrial and employee relations, fire engineering and so on, and the board will thus cease to be a representative body as it is at the present time. The board will have a full-time Director or Chief Executive Officer. The Director is to be selected for his ability to plan and manage in accordance with legislative requirements, and policy directives, the operations of a large, technically complex public authority. His skills will be in the area of administration and management, and he will

not necessarily have a fire fighting background although, as the committee of inquiry observed, experience or knowledge of fire engineering will be a distinct advantage. There will be three senior officers who report to the Director and are responsible to him for various aspects of the board's functions.

There is to be a Chief Fire Officer who is to be responsible for the discipline and control of fire brigades and who will retain the quite explicit powers of the position presently designated Chief Officer. There is to be a Chief Administrative Officer who will be responsible for the business side of the board's administration. All of these positions will be advertised nationally, some probably overseas. There will be an industrial or personnel officer responsible for the industrial relations policies of the board. The Government agrees with the committee that administration should be as simple and flexible as possible so as to shorten lines of communication and maximise efficiency. The board will have a wide power of delegation, thus making possible much more flexible and responsive administrative structures.

The present legislation gives the Government no opportunity to require its policy objectives to be accepted by the board. The committee of inquiry recommended that provision should exist for the Minister to issue directives, and this has been accepted by the Government. One of the first directives I propose to issue under this provision is to require the board to review manpower levels as a matter of urgency. A review of funding arrangements, authorisation for the construction of a new headquarters building and the implementation of new training proposals and other recommendations of the committee of inquiry will also be early directives issued by me to the board. All of this will, no doubt, fall within the operative responsibility of the Director. I seek leave to have the explanation of clauses incorporated in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clauses 1 and 2 are formal. Clause 3 sets out various definitions required for the purposes of the amendments. Clause 4 continues the board in existence but provides that as from the commencement of the Fire Brigades Act Amendment Act, 1980, the board shall be known as the "South Australian Fire Brigades Board". A new provision inserted by this clause provides that the board shall be under the control and direction of the Minister.

Clause 5 repeals section 9 of the principal Act and substitutes a new provision. This new section provides that the board will, in future, consist of a Chairman, a Deputy Chairman and four other members appointed by the Governor. Upon the commencement of the amending Act, the present Chairman and members of the board are to vacate their respective offices. Clause 6 repeals various sections of the principal Act which presently provide for members of the board to be elected by sectional interests. A new section is substituted, which provides for members of the board to be appointed for a term not exceeding five years.

Clause 7 is a consequential amendment. Previously, the Chairman of the board was not subject to any specific term of office. However, in future the Chairman, like the other members, will be appointed for a term not exceeding five years. Paragraph (d) of section 15, which is removed by this clause, is therefore no longer required. Clause 8 repeals section 19 of the principal Act and enacts a new section in its place. This is purely a procedural provision dealing with the question of who is to preside at a meeting

of the board and the manner in which questions are to be decided by the board.

Clause 9 repeals section 20 of the principal Act and enacts a new section in its place. This section enables the Governor to determine a remuneration for the Chairman, Deputy Chairman and members of the board and permits the board to determine expenses. Clause 10 amends section 21 of the principal Act. This section deals with the custody and use of the common seal of the board. The amendment provides that the seal is not to be affixed except in the presence of at least two members of the board. An evidentiary provision is included providing that an apparently genuine document executed in accordance with the requirements of the section shall be presumed in legal proceedings, in the absence of proof to the contrary, to have been duly executed by the board.

Clause 11 repeals and re-enacts section 22 of the principal Act. This section sets out the functions of the board. The revised statement of functions gives rather more emphasis than previously to the fire prevention aspects of the work of the fire brigades. Clause 12 repeals section 23 of the principal Act. This is, at present, an antiquated transitional provision. A new section is enacted which invests the board with the general power of delegation. This power will be a very effective and useful tool in the hands of the board. Clause 13 amends section 24a of the principal Act which deals with the provision of residences for officers of the board. The amendment is purely consequential.

Clause 14 amends section 30 of the principal Act. It removes a reference to the secretary of the board. It is felt that the office of Secretary should not continue as a statutory office. Clause 15 amends section 31 of the principal Act which deals with the power of the board to make by-laws. The amendment proposed by paragraph (a) is purely consequential. Paragraph VI is removed partially because of the obsolete terminology that it contains and partially because its contents are effectively contained in paragraph X. Clauses 16, 17 and 18 make consequential amendments.

Clause 19 contains the provisions relating to the new command structure. New section 40 provides that the board shall have such officers as it thinks fit to appoint. However, it is required to have a Director and a Chief Fire Officer. A specific provision is included requiring an officer or employee of the board to carry out the directions of the board, or of any officer to whom he is responsible by virtue of the Act, or who has been placed in a position of authority over him by the board.

New section 41 defines the responsibilities of the Director and the Chief Fire Officer. The Director is to be responsible to the board to carry out the policies and implement the decisions of the board, for the general administration of the business of the board, and for such other responsibilities as are assigned to him by the board. The Chief Fire Officer is responsible to the Director for the discipline and control of the fire brigades maintained by the board and he is also responsible to carry out other duties assigned to him by the Director. A fire brigade that is maintained by the board is to be under the command of the Chief Fire Officer himself, or a commanding officer who is responsible to the Chief Fire Officer for the discipline and control of the fire brigade.

Clauses 20, 21 and 22 make consequential amendments. Clause 23 repeals section 47 of the principal Act. This section deals with various duties of the Chief Fire Officer. It is now felt that these duties would be better imposed simply under the normal administrative procedures. Clauses 24 and 25 make consequential amendments.

Clause 26 repeals and re-enacts section 50 of the

principal Act. New subsection (1) provides that, where a fire occurs in a locality to which the Act applies, the Chief Fire Officer, or in his absence the most senior commanding officer present at the scene of the fire, shall have command of all fire brigades at the scene of the fire. Thus, the purpose of subsection (1) is to make clear the chain of command where more than one fire brigade attend at the scene of the fire. Subsection (2) deals with the case where a fire is situated outside a fire brigade district or commences outside a fire brigade district but spreads into a fire brigade district.

This subsection is designed to ensure that the Director of Country Fire Services retains ultimate control of fire-fighting operations in such cases. However, it should be noted that this principle will not apply in respect of the Adelaide Fire Brigade district or other major centres of population. In these latter cases, the commanding officer of the fire brigade will have absolute control within his own district. Subsection (3) deals with the case where a fire brigade is called to a fire outside a fire brigade district. In such a case, the Director of Country Fire Services must be informed of the call and of the position of the fire.

Clauses 27 to 36 make consequential amendments and remedy antiquated powers. Clause 30 amends section 60a (3) of the principal Act by removing the requirement of the Chairman and Secretary to sign certificates and placing this responsibility with the Director.

Clause 37 repeals section 74 of the principal Act which is an obsolete provision providing for the removal of employees of the board from premises of the board. Clauses 38 to 43 make consequential amendments.

The Hon. R. G. PAYNE secured the adjournment of the debate.

SOUTH AUSTRALIAN ETHNIC AFFAIRS COMMISSION BILL

Second reading.

The Hon. D. C. WOTTON (Minister of Environment): I move:

That this Bill be now read a second time.

The purpose of this Bill is to establish an Ethnic Affairs Commission in South Australia. In accepting the need to promote the concept of a multi-cultural society, the Government has undertaken the establishment of such a body, which is in accordance with initiatives in ethnic affairs which have been taken at the Federal level and elsewhere in Australia. In formulating its attitudes in this area, the Government has reviewed the present administrative and legislative approaches to ethnic affairs that have been adopted in the other States and assessed their strengths and weaknesses. In particular, it has found the experience of New South Wales particularly relevant, and has adopted some aspects of the legislation of that State in this Bill.

In putting forward this proposal, the Government acknowledges the usefulness of the interpreter, translation and information services to the ethnic communities that have been provided by the Ethnic Affairs Branch, which was established by the previous State Government. While these services will continue, the Government feels there is a need for a more broadly based and authoritative body through which people from ethnic communities can work out their problems and become involved in the social and economic life of South Australia. A body of this kind is also needed to provide sound advice to the Government and its agencies on matters relating to ethnic communities from an independent position.

This Bill, then, establishes a corporate body to undertake these, and other operations. It will be known as the South Australian Ethnic Affairs Commission, and will consist of one full-time member, who will be the Chairman and Chief Executive Officer, and seven part-time members. These will be appointed on the basis of their knowledge of, and involvement in, the affairs of the ethnic communities in this State. The functions of the commission will include carrying out research and reporting in the field of ethnic affairs, providing approved services to the ethnic communities of South Australia and co-ordinating initiatives in ethnic matters. The commission will receive its funds from the Government and will be required to operate within a financial framework approved by the Minister. I seek leave to have the explanation of clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clauses 1, 2 and 3 are formal. Clause 4 defines certain expressions used in the Bill. The most important definition is that of "ethnic affairs". This is defined so as to include any matter relating to the language, traditions and culture of an ethnic group, that is a group of persons within the community who share a common language, traditions or culture. Clause 5 establishes the commission and sets out its basic corporate powers.

Clause 6 provides for the constitution of the commission, which is to consist of one full-time member, who will be the Chairman and Chief Executive Officer, and seven part-time members. The Governor will appoint members of the commission on the nomination of the Minister, who, in selecting nominees, will be required to take into account the knowledge, sensitivity, enthusiasm and personal commitment in the field of ethnic affairs of those who come under consideration. This clause also provides for the appointment of a Deputy Chairman, and deputies for other members of the commission. Members of the commission will not, as such, be public servants.

Clause 7 empowers the Governor to determine the salaries and other allowances payable to members of the commission. Clause 8 sets out the provisions relating to the removal of commission members from office, and the filling of vacancies, and clause 9 provides for the procedure to be adopted at meetings of the commission. Clause 10 provides that acts or decisions of the commission shall not be invalid because of any vacant office on the commission, or the defective appointment of a member. This clause also provides that no personal liability attaches to members of the commission in the *bona fide* exercise of powers and functions, or discharge of duties, under the proposed Act; rather, any such liability that might arise, attaches to the Crown.

Clause 11 provides that the commission shall be subject to the control and direction of the Minister, and clause 12 sets out the objects of the commission. These are to promote greater understanding of ethnic affairs within the community, to assist and encourage the full participation of ethnic groups in the community in the social, economic and cultural life of the community, to promote co-operation between the various ethnic groups within the community, and to promote co-operation between bodies concerned in ethnic affairs.

Clause 13 defines the functions of the commission, which are to investigate problems relating to ethnic affairs and to advise the Minister and make reports and recommendations on the basis of those investigations, to undertake research and compile data relating to ethnic groups, to advise on the allocation of funds available for

promoting the interests of ethnic groups, to provide services approved by the Minister to ethnic groups, to consult with other bodies and persons to determine the needs of ethnic groups, and the means of promoting their interests, and to co-ordinate initiatives in the field of ethnic affairs. In carrying out these functions, the commission is to encourage participation by voluntary organisations and local government bodies wherever possible.

Clause 14 empowers the commission to delegate its powers or functions to committees, commission members, or commission officers and clause 15 enables the commission to appoint advisory committees, with the approval of the Minister. Clause 16 empowers the commission to appoint staff, who are to be public servants, and also, to utilise the services of other public servants where this can be arranged satisfactorily. In addition, clause 17 enables the commission to make use of the gratuitous services of voluntary workers.

Clause 18 provides that the funds required for the purposes of the proposed Act shall be paid out of moneys provided by Parliament for that purpose, and clause 19 sets out the banking procedures required of the commission. Clause 20 requires the commission to present an annual budget to the Minister for his approval. The commission will be unable to make any expenditure which is not approved. Clause 21 requires the commission to keep proper accounts, and a statement of account is to be audited by the Auditor-General each year, and laid before each House of Parliament.

Clause 22 requires officers of the State Public Service or any public authority to provide the commission with any assistance and information that it may reasonably require, and clause 23 provides that the commission present the Minister with a report of its operations each year and that this report be laid before each House of Parliament. Clause 24 empowers the Governor to make any necessary regulations under the proposed Act.

Mr. McRAE secured the adjournment of the debate.

THE BANK OF ADELAIDE (MERGER) BILL

In Committee.

(Continued from 27 August. Page 719.)

Clauses 5 to 9 passed.

Clause 10—"Officers and employees."

Mr. McRAE: The Opposition is most concerned about this clause in the sense that, while it clearly deals with the problem of wages and conditions of employment for those persons transferring from one bank to the other or becoming part of the merged bank, it does not seem to provide any security of tenure. In other words, so that the Minister will be quite clear, I make the point that, as at the point of merger, there is a certain total number of employees, which will include a wide range of managers, accountants, tellers, clerks, etc. The merger then occurs and this Act comes into force.

As I see it as a matter of logic, immediate conflict will be created. The example that I gave last night in foreshadowing my concern was of a country town, and in the meantime I have found a number of other instances. For example, I understand that Port Lincoln is a good example because in that town there is a Bank of Adelaide and an ANZ Bank. I believe that there are other examples in the Mid North, in towns like Burra and Peterborough.

The current situation is that there are two separate buildings which house two separate banking facilities. Obviously, each has its manager as principal officer, each

has its accountant, and the other range of employees to whom I have referred.

It is rather obvious that as a result of the merger there will be no point whatsoever in the combined bank keeping each of the buildings in operation. There seems to be no sense in that whatsoever. Even if they were kept open, that would not affect the force of my argument. The fact is that in each of those situations, in particular there will have to be a manager and an accountant. There cannot be two managers, although there could be two accountants. However, there cannot be two principal officers.

This is most disturbing, because it would appear quite clear that one of two things will occur, on past history, on these mergers. The most obvious thing that will occur is that the totality of employment will be considerably reduced. I think probably the member for Hanson is in a better position than I to know the fine details of this particular industry. However, the totality of employment stands to be reduced. Secondly, if that is not the case (and it seems to me quite obvious that it is), there are immediate problems in terms of the classification structure inside the town in the instance I gave.

Since there can be only one manager, what happens to the one who misses out? It is in that area that the Opposition is most concerned, and we question the Government as to precisely what arrangements have been made, if any, through the offices of the Government (in particular, I suppose, the Department of Labour and Industry) with the merged bank—simply put, I suppose, for the ANZ to ensure (a) that there will be no reduction in the totality of employees, and (b) where there is a conflict of clarification structure that the person currently receiving benefits will not lose.

The Hon. H. ALLISON: The issues raised by the honourable member were also canvassed by members in the other place when the matter was before the Select Committee. Members on both sides of the other House raised issues which showed that they were equally concerned about the future welfare and well-being of employees of the Bank of Adelaide. It was ascertained at that Select Committee hearing that the 1 100 staff members referred to when I made the second reading explanation were in fact 1 100 employees of the Bank of Adelaide in totality—that is, they were predominantly employed in South Australia, but the total also includes those employed in the interstate and overseas establishments of the Bank of Adelaide, although there would not be very many of those.

The assurances that were given by bank officials questioned by the Select Committee members were that those 1 100 employees would be transferred to the new banking corporation, and that their services would be retained. There was a fear that some of those people might be retrenched. The response given to a question along those lines was that none was likely to be retrenched with the exception of those who elected to accept retirement. In fact, some of them might prefer to accept an early retirement, for which banks across the world are now making provision. I believe that a number of banks are allowing retirement as early as 55—at least some of the United Kingdom banks of which I am aware do that. There will be no compulsion on anyone to accept retrenchment, and their employment conditions will remain as they were.

The honourable member asked whether they would have to change, I assume, from one salary scale to another—if a bank manager's position was not available as a result of amalgamation, whether he would then be downgraded. The assurance given was that such people's employment conditions would remain as they were. The

point was made that every bank employee is currently on the same basis and that he or she is on a contract which is determinable on one month's notice each way. I assume that that automatically would make one ask whether, that being so, it is general bank practice to give notice and say "Right, you are out," and whether that could naturally arise as a result of a merger. In answer to a question about when the bank was last in the habit of terminating the services of bank employees (and we assume that any bank will automatically have rights when circumstances of misconduct, malfeasance and that sort of thing are involved), for reasons other than malfeasance, misconduct and defalcation of funds, it was stated that the bank had never known anyone to be dismissed for reasons other than those quite serious reasons.

So, the bank that is intending to amalgamate does not have a practice of dismissing people, and the assumption goes, rightly or wrongly, that upon the merger the bank will not enter into any change of practice. I believe the bank has such a high interstate and international reputation that it would be very anxious to guard that reputation. Certainly, when asked specifically whether that was the bank's intention, the answer was that the bank intended to maintain that reputation.

The possibility that two banks existing in one town would lead to transfer is certainly a distinct possibility, and questioning on that topic elicited the information that it could undoubtedly happen that some people would be asked to transfer, and that, indeed, some of the staff may prefer to move. That would be their decision, and there would have to be negotiations in cases like that. The existing major bank, the ANZ Bank, has a stated policy that all bank employees might expect to be transferred, and I believe that that is the case within the Bank of Adelaide, too. However, regarding the bank which will be the major trading partner, the ANZ Bank, it is that bank's practice not to transfer people compulsorily, but to put out each year a list to bank employees asking them whether they would like to be placed on a transfer list and, also, the availability of places to which one might transfer is made known to the employees.

Of course, the ANZ Bank's outposts include a number of overseas stations, such as London, Singapore, Hong Kong, New Guinea, and so on. The employees are then invited to put their names on a list of places on a roster basis for prospective transfer. I assume that that practice would also be kept up with the new merger and that the Bank of Adelaide employees would be included in that practice. It may mean that some of the employees, either from the Bank of Adelaide or from the ANZ Bank, would be asked whether they would move, given that two banks in one town are part of a merger. However, there has not been an element of compulsion in past days, and the bank would prefer to carry on the practice of negotiation and voluntary transfer of its employees.

I think that answers the matters raised—I cannot say conclusively, because the Government is not in a position to compel a bank to carry out any specific practice. We are observing the fact that the bank itself has a very high reputation, that its practices in the past have been honourable, and that over the last few years it has changed its practices in favour of its employees to the extent that they have had more say in the matters to which I have just referred. The banks have given an assurance that they will continue those practices. Those assurances were accepted by the members of the Select Committee, and I believe that the members of this Chamber would be in the same position, namely, that we accept people on trust. Negotiations have not been entered into specifically by the Government.

Mr. BECKER: The information we have had provided by the Minister is reassuring. However, I believe that, as a Parliament, we have the responsibility to our constituents and to those employees of the Bank of Adelaide to request a guarantee that their rights to terms and conditions of employment will be protected. I advise the Minister that, when the ANZ Bank took over the E. S. & A. Bank, a similar guarantee and undertaking was given, and I know of cases of personal friends who worked in the E. S. & A. Bank who were told, "If you seek promotion, you go to some outpost" or to some position which the bank knew was untenable to the employee. That is how you can effectively reduce your staff; in other words, you can manipulate the staff by forcing them into a position where they know that, if they take it, they will not be happy with it, or they seek alternative employment.

Mr. Trainer: An offer they can't refuse.

Mr. BECKER: That is right. They are real Mafia tactics. Presently within the take-over there is a surplus of 31 branch managers. The message has been given to them that anyone who defaults or does not shape up will be replaced, because someone is waiting to replace them. I was appointed a manager at the age of 31 in the metropolitan area and, in our banking system, that was an early age. In the ANZ Bank, you would be fortunate to be a second officer at that age. Prospects of promotion for the younger people in the Bank of Adelaide will be remote. Not many will make managerial status in their early 30's; probably, it will be in their mid or late 40's. I am not altogether pleased with the Minister's reassurances. I would like the bank to be bound down. As long as I live, I will not be convinced that this was not the greatest conspiracy of all time in the Australian banking system—to get rid of the smallest bank, the Bank of Adelaide.

It was an effective and successful bank in its own right, but it was a nuisance to the large banking organisations in the country. When the Cameron Report is brought down, there will be the opportunity for overseas banks to enter into the Australian banking system, and the Bank of Adelaide could have provided that avenue. There is still a chance that a new bank, with overseas connections, will start up in Australia, as a result of the loss of the Bank of Adelaide, and perhaps with the necessary funds to provide the assistance this country needs for its development.

Mr. Keneally: What about Nugan Hand?

Mr. BECKER: We should prevent that sort of organisation from setting up in Australia. Where the Federal Government has failed dismally in this deal is through the agency of the Reserve Bank. The Reserve Bank was there to protect the Bank of Adelaide or any other bank in similar circumstances.

The Hon. R. G. Payne: I think they wanted to get rid of it.

Mr. BECKER: As I said, it was a conspiracy. The Commercial Bank of Australia a few years ago ran into a similar problem to that of the Bank of Adelaide and F.C.A. The friends in Melbourne and Sydney of that bank helped it out, but on this occasion they did not want to do so. The whole matter is a tragedy. We have seen the intrusion into the finance field of overseas banks in the merchant banking area, where there are no guarantees. There is no real protection for public moneys in relation to merchant banks.

The Hon. R. G. Payne: What about Barclay's?

Mr. BECKER: You can only hope that the banks that come in have a reputation such as Barclay's or Midland, but other foreign banks have come in through the back door. The French bank, in Adelaide, is operating effectively. At one stage, it took in \$50 000 000 in deposits

through the fringe banking arrangement some months before the Bank of Adelaide and F.C.A. troubles began. Money is being siphoned off into the fringe banking areas, and the old Australian banking system, as we know it, has suffered in some respects.

I am concerned about the Bank of Adelaide employees who remain. I pay a tribute to the staff of the Bank of Adelaide and F.C.A., but, more so, to the bank staff who, in those months leading up to and following the take-over, have had to bear the brunt of the criticism and the task of having to explain to customers the problems of the Bank of Adelaide. They have had to continue public relations and retain customer loyalty to the bank. It has been a difficult time for the Bank of Adelaide staff, whether a junior clerk or particularly anyone who has recently joined the bank. They will wonder where their future lies. Those in the middle echelon, such as second officers and career officers, will wonder where their future lies, together with those in interstate offices and in the London office. The London office of the bank has been sold. The ANZ Bank has already stripped about \$27 000 000 in assets out of the take-over: it has done well.

The directors, who must take some blame for the whole fiasco, have been well and truly paid off, and have left. Some nice old golden handshakes were given out. The staff left to carry the burden have done extremely well in preparing the bank's records for the complete merger. I am concerned about their future. The staff and friends I have, in consultation, did everything they could to prevent the merger. One person who had no option other than to leave fortunately had the opportunity to take an executive position. I cite the man who should have been the General Manager, Mr. Denis Gerschwitz, who is now General Manager of the S.G.I.C. He could have carried the bank through the troubled period. Unfortunately no-one believed him or was prepared to accept his advice, and the S.G.I.C. is all the better for having him, and that will be proved in the years to come.

I am concerned over the employees and career officers who were contributing to the Bank of Adelaide Provident Fund. I had much to do with that fund over the years, and I had to stand considerable criticism from the former Chairman (Sir Arthur Rymill), because we did everything we could to upgrade and protect those who contributed to that fund. I was concerned over a circular issued by the management trustees on 18 May 1979. It is most important that the Committee consider this matter now, as this clause deals with protection for those who have contributed to the Bank of Adelaide Provident Fund. It will be interesting to know whether the ANZ Bank will ensure the viability of this Provident Fund. The circular, addressed to all members of the fund, states:

In the last 24 hours there has been publicity concerning the holding of bank shares by the provident fund. There have been misstatements made and we refer particularly to the statement that the Bank of Adelaide Provident Fund has been supporting the finances of the bank. The exact position is as follows:

As at 31 December 1977 the fund had a holding of 84 725 Bank of Adelaide shares; as at 31 December 1978 the fund had a holding of 134 725 shares; and on 28 February 1979, after the management trustees of the fund had considered the position, an order for 150 000 shares was placed to purchase at a price of \$1.50 or better. The purchase under the orders were completed by 12 March 1979. The total held then became 284 725 shares.

So, 150 000 shares were bought on 28 February 1979, at a time when troubles were revealed and were being experienced, at the market price of \$1.50 or better. The letter continues:

When allowance is made for a profit of \$20 427 resulting from previous realisation of Bank of Adelaide shares—the fund obviously was doing some trading in Bank of Adelaide shares—

the average price becomes \$1.57 per share. Based on an average price of \$1.57 per share the value in the fund of these 284 725 shares is therefore \$447 018. The value in the books of the fund of the holding of the Bank of Adelaide shares amounts to approximately 2.75 per cent of the total of the fund's portfolio of investments, most of which you know by reference to the Statement of Assets and Liabilities of the Fund (last audited statement 31 December 1978)—

and 15 months later we still have not got the latest one—are invested in mortgages secured over property valued on a conservative basis and the loans do not exceed 66 per cent of that conservative value.

At times when certain mortgage propositions were put to the bank, the bank was unable to provide funds for customers, and they would be referred to the Bank of Adelaide Provident Fund, which would lend money on first mortgage. It was not a bad arrangement and certainly it helped many farmers out of difficulties. At the same time, it was a bit more expensive funding for those clients of the bank, but the Provident Fund was used in that way. It will be interesting to know how those mortgages and investments are protected under the takeover arrangements. The letter continues:

The judgment of the Trustees at the time the purchase was made was considered to be quite realistic and for the ultimate benefit of the fund.

Fortunately, we have had a couple of good rural seasons. The letter continues:

In addition to the foregoing, on 6 April 1979 the fund purchased an F.C.A. Debenture with a face value of \$300 000 to give a yield of 16.02 per cent per annum.

That is a very good investment, but it is interesting to note that the fund purchased an F.C.A. debenture of \$300 000. It would be interesting to know who was the holder of that debenture.

The Hon. R. G. Payne: It was a bit greedy, too, wasn't it?

Mr. BECKER: Yes, they could see what was coming—inside information. They may have been convinced that the bank should survive, and under those conditions it should have survived, because the Reserve Bank should have carried out its charter, I believe, and certainly the rest of the Australian banks should have stood by the Bank of Adelaide. The circular continues:

For your ready reference, the assets of the fund totalled \$14 841 544—as at 31 December 1978.

It is signed by the Management Trustees. It is no mean fund for the number of officers of the Bank of Adelaide. However, we are not informed of any actuarial investigation into the fund. Parliament has not been advised of this.

As the member for Playford would know, about 50 per cent of that fund would not belong to anyone. The tragedy with superannuation funds and provident funds is that, when the beneficiary dies, if he does not have a survivor all his entitlement accumulates and remains in the fund, so most provident and superannuation funds build up a tremendous reserve that belongs to no-one. Will this money be allocated to the existing beneficiaries of the fund? What actuarial investigation has the ANZ Bank or the former Bank of Adelaide undertaken, and what guarantees will we be given that those who are contributors to the Bank of Adelaide Provident Fund will be the beneficiaries and that it will not, some day in the future, be lumped into the ANZ Bank Superannuation Fund.

Those are the reasons for my concern. I believe that the employees of the Bank of Adelaide deserve every consideration. I am not satisfied, on what I have heard or seen, that they will get it. I know the ANZ Bank of old. I have spent hours and days around the conference table trying to negotiate with that bank, and I know how ruthless and difficult it can be. I want these guarantees from the Minister. I want a guarantee that there will be no victimisation, and I want further guarantees about the secret dossiers kept on all bank officers.

The ACTING CHAIRMAN (Mr. Russack): Order! The honourable member's time has expired. Standing Order 422 provides that, in Committee, a member may speak for not more than 15 minutes on any one occasion, and that time has expired.

Mr. McRAE: I support what the member for Hanson has said, in every way. I am very disappointed, and I condemn the Government, on behalf of the Opposition, for not being able to secure in a more realistic way definite security of tenure for the totality of the employees of the merged banking group. That is our criticism in a nutshell in relation to clause 10.

Mr. LEWIS: I will not detain the Committee for any length of time, but I take this opportunity, since there will be no other opportunity, to express my concern for the welfare of the staff of the Bank of Adelaide. I support what the member for Hanson and the member for Playford have said when they expressed concern about the future of the assets in the Bank of Adelaide staff superannuation fund. It was a concern expressed and demonstrated by previous General Managers, many of whom, had they been there, I doubt would have allowed what has happened to happen. I simply refer to two of them in particular, Sir Oscar Isaachsen and his half brother, Mr. Alan West, both now deceased.

The Hon. H. ALLISON (Minister of Education): I move:

That the sittings of the House be extended beyond 5 p.m.
Motion carried.

Mr. LEWIS: The late Sir Oscar Isaachsen and his half brother, the late Mr. Alan West, were in turn, and for long periods in its recent history since the Second World War, General Managers of the Bank of Adelaide. They were responsible men, concerned for the welfare of the staff, who promoted a concern for welfare amongst all trading banks in this country. It may interest honourable members to know that the late Mr. Alan West was, for a considerable time, Chairman of the Australasian Free Trading Banks Association. He was my father-in-law.

It is out of respect for his concern for the staff that I rise on this occasion to endorse the remarks made not only about the exemplary job which the staff of such a small bank have done for South Australia and its commercial institutions over the years, but also for what the Bank of Adelaide, in turn, had done for them during the same period.

Mr. PETERSON: I would like to comment on some of the remarks made and to look at clause 10 (d) which, in part, states that a director, secretary or auditor cannot protect his position. If these people have no protection at all under this Bill, what protection is there for, say, a junior teller? At Port Adelaide there are major branches of the Bank of Adelaide and the ANZ Bank within a stone's throw of each other. There has been a decrease in trade in that area, as there has been everywhere else, and most other major banks have an office in that area, so I see a limited scope for alternative employment for these people.

With the down-turn in banking in general, due to the inroads of building societies and other financial institu-

tions, these people are at risk; there will not be any huge increase in banking to take up these people—they are going to be surplus to needs. There is to be a consolidation of the operation into one bank, and I cannot see how it will need two staffs for one bank. There was mention of transfers during the debate. I cannot see transfer options being open to junior members of the staff who have taken on banking as a career. Until recently it has been a secure, long-term career. People could take it on in their youth and be assured of progressing through the ranks to a position of seniority. That has been eliminated now because of this surplus of staff.

Another point that I think has been overlooked in this debate is the severe inroads that automation and new technology will make into the banking industry. Those effects have been flagged already. In the Eastern States there are threats of several hundred jobs disappearing because of automated banking techniques. Banking is also changing, and this is causing problems for staff members. I think the most telling comment was made by an earlier speaker who said that we have a responsibility to our constituents and to the people of South Australia to do what we can to protect their jobs. If we are going to pass Acts in this Parliament, we should do our very best to protect the people of South Australia whilst doing that. Therefore, I believe that this clause needs to be rewritten in a way that protects the employment of these people.

Mr. BECKER: The point made by the member for Semaphore is quite valid. The ANZ Bank has a reputation for moving far more quickly into a modern type of banking than has any other Australian bank. That is why that bank has been able to attain the position it has attained at present as the second biggest private trading bank in Australia. The ANZ Bank is moving into regional banking. That will have a tremendous effect on facilities and operations of banking in the country. There will be one large branch in a region serviced by what we have previously known as agencies, but probably with two or three staff members where there used to be five or six, so employment opportunities in the country within the next five to seven years in banking will be slashed—there is no doubt about that.

I believe that a similar system will come into operation in the metropolitan area. Take, for example, the city of Port Adelaide, where the Bank of Adelaide building has, I think, a national trust classification. It is a beautiful old building. The ANZ premises are nothing to write home about. To merge both banks would probably require new premises. It would be a tragedy to see anything happen to the facade of the Bank of Adelaide building in Port Adelaide. Other branches have been lost in the metropolitan area, and in the city I believe we will lose the Rundle Mall branch.

I want to be absolutely assured that the ANZ Bank will adopt a procedure that many members of the Bank of Adelaide did when I was a member of its staff. We were required to prepare reports on our staff. I made it a practice, because I do not believe in secret dossiers, that, if I prepared a report on a member of the staff, that officer was shown the report and signed it. That was an opportunity for people in management to move junior officers sideways and inhibit their promotion opportunities. No other organisation, I think, except for the Public Service, would keep a greater number of secret dossiers than is kept in banking.

Those "staff reports", as we called them, could be extremely damaging and an officer had little opportunity to protect himself or herself against what is written in them. If those secret dossiers, as we commonly refer to them now, were open to the officer involved to peruse

them, then I would be much happier. I hope that the ANZ Bank management takes note of the assurances that I have sought. It may not be happy about some of the remarks I have made but, having worked for the Bank of Adelaide for 20 years, I am not going to let that bank go without a bit of a fight, even at this late stage. I certainly feel for the staff and would like to place on record my appreciation of what they have done over the years.

The member for Mallee mentioned two of the Bank of Adelaide's great General Managers. Sir Oscar Isaachsen was, in the early 1950's, known as one of the great Australian bankers, and Alan West did more for the staff of the Bank of Adelaide in the 1950's and 1960's than any other General Manager. On many occasions he had to bear the brunt of industrial decisions taken with the unions on behalf of the banks. Alan West was one person who stood up for the staff and was severely criticised by boards of other banks for his actions. I have nothing but admiration for Alan West's banking ability and for what he did for bank officers, not only of the Bank of Adelaide but of banks throughout Australia.

We then had one of the most astute General Managers appointed, Mr. Bill Wright, an extremely competent and capable banker who was renowned overseas as well as in this country. Also, of course, the General Manager who had to carry the problems of the last few months was Lloyd Clifford, and the responsibilities involved, I think, unfortunately, affected his health. In summing up, I hope that the Government and the Minister will heed my remarks, and that the ANZ Bank will protect the employment opportunities of all those officers who will be transferred under its umbrella in this merger.

The Hon. H. ALLISON: The member for Playford intimated yesterday during the second reading debate that he was concerned about this clause and its implications. For that reason, I was at pains to ensure that I had some material available for him.

The Government has been handling this matter since late last year and I must admit that I am a little surprised to hear a number of speakers rising at what is virtually the eleventh hour and beyond. I hope that the sentiments that have been expressed have not simply been left to this time and that they have been passed on to the people who have been negotiating on behalf of the Government, namely, the Premier, the Attorney-General and others. If that is not the case, one would have to question a little of the sincerity, since the matter has been public knowledge for a considerable time.

I think we are all extremely worried about the future of people within the banking industry, and I do not simply say that on behalf of the Bank of Adelaide employees. The member for Semaphore raised two issues that were contradictory. He said that people within the banking industry had for a long time looked forward to their jobs as long-term, permanent career opportunities with promotion, and I think it is common knowledge within the industry, as was also said, that automation has been making inroads into, if not the older staffing, at least the prospects of young people entering the banking industry and having long-term solid promotion prospects.

I would say, even more than that, a number of young bank managers in their late 30's and early 40's of my acquaintance have recognised the lack of promotion prospects at the high levels of banking, and have voluntarily opted out of banking, not being prepared to wait, and have set themselves up in private business to make their way in a different manner. The question of long-term security within the banking industry for increasing numbers of people is indeed questionable, irrespective of whether this merger were before us.

I think one point which has been missed today, and which was made in the second reading explanation, emphasised that this legislation is of critical importance to South Australians. The Bank of Adelaide employees are predominantly South Australians, and it is their employment that this Bill is seeking to preserve for a long time. We have had undertakings in the form of solid assurances from the new parent bank that it is not its practice to retrench, that it does protect the conditions of its employees, and that it intends to carry on in that manner.

I would remind the House that, if this Bill did not go through and if clause 10 were to be deferred (if we were to have it redrawn and seek guarantees), that would be the single most certain way to have this legislation deferred to the extent where the legislation which is proceeding, following this model (we are the key State) in all other States of Australia, would be irrelevant and the future employment of those 1 100 employees would be in far greater jeopardy than is involved in the fears we are currently expressing on behalf of some employees of the bank.

Mr. Becker: Who said that employment would be in jeopardy?

The Hon. H. ALLISON: I believe that 1 October is the date when all the Bills will be co-ordinated, and the date of the takeover is announced. If that were to fall through, I think there is no guarantee that the legislation would be enacted again in all States of Australia. The timing of this legislation is of particular importance, and that is why we have tried to get this Bill through before we rise for the next Show fortnight.

I would suggest that we all hold fears not simply for people in this merger group but for banking people and other employees across Australia who may be threatened for the time being as a result of automation. I am optimistic enough, however, to believe that there will be a considerable number of new jobs in the communications

and services industries created over the next few years, and that our fears will not be nearly as justified as we may think.

Meanwhile, the passage of this clause and Bill will ensure, with assurances from the ANZ group, that these 1 100 employees will be protected. We must remember that most of these employees are South Australians.

Mr. McRAE: In view of the remarks that have just been made by the Minister, let me say this: there is no question of the sincerity of the Opposition.

The Hon. H. Allison: I gave you credit for forewarning me of your intentions.

Mr. McRAE: I am glad to hear that our credit is intact on that matter. We have no intention of delaying the passage of this measure. The reason I condemn the Government is that by no means is it clear from the Select Committee evidence or anywhere else that the sort of assurances that the Opposition, the member for Hanson, the member for Semaphore and the member for Mallee seek are available; they are all over the place, and there are self-contradictory statements. I do not want to delay the matter any further.

Clause passed.

Title passed.

Bill read a third time and passed.

CRIMINAL LAW CONSOLIDATION ACT AMENDMENT BILL

Received from the Legislative Council and read a first time.

ADJOURNMENT

At 5.20 p.m. the House adjourned until Tuesday 16 September at 2 p.m.