HOUSE OF ASSEMBLY

Tuesday 18 February 1986

The SPEAKER (Hon. J.P. Trainer) took the Chair at at 2 p.m. and read prayers.

DOG FENCE ACT AMENDMENT BILL

His Excellency the Governor, by message, recommended to the House of Assembly the appropriation of such amounts of money as might be required for the purposes mentioned in the Bill.

DEATH OF Mr A.R.G. HAWKE

The Hon. J.C. BANNON (Premier and Treasurer): I move:

That this House expresses its regret at the recent death of Mr A.R.G. Hawke, former member of the House, and places on record its appreciation of his long and meritorious public service and that, as a mark of respect to his memory, the sitting of the House be suspended until the ringing of the bells.

The Hon. Albert Redvers George Hawke (or Bert Hawke, as he was more familiarly known) died last Friday, aged 85. It was always easy to trace the age at which Mr Hawke's career achievements and advancements took place, because his age coincided with the years of the twentieth century. It is significant that Mr Hawke was a South Australian and was brought up in this State. He was a member of this Chamber for three years and, after he left public life and retired from office, he chose to return to South Australia. So, although the pinnacle of his career was reached in Western Australia and his greatest achievements in public service were in that State, he nonetheless felt himself to be very much a South Australian and demonstrated that feeling during his lifetime.

In that sense he was very much a member of his generation, as many South Australians over the years moved west, developed their careers, and made their fortunes and their contributions in that State. Some returned and some did not return. Although Mr Hawke held the highest political office that Western Australia could offer, he always retained those links and connections with his State of birth.

His career was certainly auspicious, although he was not born to circumstances that would suggest it. Born in Kapunda, he left school as soon as he reached the age at which one could do so in order to take a job because of the circumstances of his parents. Even at that early stage he was very interested in the political process. I think he became a member of the Australian Labor Party for the first time in 1917, when he was 16 years of age. Of course, he remained a member until his death.

His brother, Clem Hawke, chose to enter the church and conducted his ministry both in South Australia and subsequently in Western Australia. Bert Hawke's first job was at the Peterborough cooperative grocery store and it was probably from that base and the Party activism that he was displaying that he was nominated as a candidate for the House of Assembly in the days of multimember constituents for the electorate of Burra Burra. That election took place in 1924 and at that stage he was 23 years old, soon to reach his twenty-fourth birthday.

Among the three members for Burra Burra who were elected then were Messrs O'Halloran and McHugh. It is interesting to note that the late Mick O'Halloran subsequently moved on to a political career that encompassed both a period in the Federal Parliament in the Senate and also, for many years, as Leader of the Opposition and Leader of the Labor Party in this State.

Bert Hawke's period in the Parliament here was only three years. In 1927 he was defeated at the general election by 11 votes. It is interesting to reflect that if the result had been reversed it may well have been Bert Hawke and not Mick O'Halloran who would have been Leader of the Labor Party and, who knows, it may have been that Bert Hawke became the Premier of South Australia rather than the Premier of Western Australia. However, he had come into the Parliament as a member of the Government of John Gunn. In 1927, following his narrow defeat for the seat, he joined the Department of Marine and Harbors (its equivalent then was the Harbors Board) and worked in and around parts of the Yorke Peninsula area.

About 18 months or so afterwards the call came to him to move to Western Australia to become a country political organiser for the ALP in that State. Obviously, his reputation as a very young and dynamic campaigner had reached the West, and the fact that he had lost his seat meant that he was looking for other opportunities. He was invited to Western Australia to do what he had demonstrated he could do so well in South Australia.

Indeed, the demonstration went beyond organising other candidates, because in 1933 he took on the task of opposing the then Premier of Western Australia, Sir James Mitchell, in the rural electorate of Northam, a seat that had been held by Sir James since 1904 and was regarded as very much a traditional blue ribbon seat. In an amazing upset by dint of a brilliant campaign Bert Hawke defeated the Premier and won the seat; not only that, but he held the seat in many subsequent elections for 28 consecutive years. Indeed, the only defeat he suffered politically as a candidate was in the 1927 election in South Australia.

He entered government in 1933 and within three years was in the Ministry. He was Minister for Labour for a number of years right through the Second World War; a Minister of Industrial Development from 1936 to 1947; and was also involved as Minister of Child Welfare. This indicates the range of interests of Mr Hawke. Among other portfolios he held in Western Australia was that of Minister of Public Works and Water Supply. In 1947, following the defeat of the then Western Australian Labor Government, Mr Hawke became, first, Deputy Leader, then, Leader of the Opposition. In 1953 he successfully led his Party into the Treasury benches and repeated it in 1956. Therefore, for some six years he was Premier of the State of Western Australia.

He retired in 1968, still undefeated as the member for Northam, with a lifetime of political achievement behind him. It is interesting, incidentally, that he was elected to the premiership of Western Australia exactly 30 years before his nephew, Bob Hawke, was elected to the Prime Ministership of Australia, and each happened to be the same age when that occurred.

I have mentioned Mr Hawke's nephew because, in relation to Bert Hawke's later life, it is worth recalling that the Prime Minister has claimed him as a mentor and, even following Bert Hawke's retirement from politics, Bob Hawke consulted him on a number of matters and issues of political life that Bert Hawke's experience and knowledge of people qualified him to give.

Bert Hawke was very much a whole person. He was certainly part of that old nonconformist tradition in South Australia—a teetotaller and practising Christian throughout his life, but one who had worked and mixed with all classes of society, who had a very keen sense of humour and was an extremely active sportsman. He was a very good footballer and an even better tennis player. In fact, when he was asked recently what he felt had been his greatest

achievement in public life, he said he would find that very difficult to judge and somebody else would have to judge that, but he could say that, in both public and private life, his greatest mistake was to give up the game of tennis at the age of 75.

He was also renowned as a billiards player. I guess that skill was honed in the Parliaments of those days: it is something we seem to be neglecting a bit these days in this Chamber, but I am sure that in the period from 1924, when he was a member of this Parliament, he certainly would have improved his capacity in that area. I do not know whether this had an influence on Bob Hawke, but I understand that he spent many hours partnering Bob in games of bridge against Bob's parents, when Bert was away from Northam during the parliamentary session and frequently stayed with or visited his brother Clem and nephew Bob.

There is no question of his great influence, here and more particularly in Western Australia. On a personal note, let me say that I was very privileged to meet him, admittedly in the twilight of his life, when he returned to South Australia following his retirement. I was privileged to host him and one or two other survivors—regrettably not too many of whom are left—of those great days in the period immediately following the First World War and throughout: for instance, the late Les Hunkin, who was a member of the same 1924 Parliament and a colleague of Bert Hawke, and Mr Norman Makin, who entered Federal Parliament in 1919 and retired from that in 1963, and others who really have added lustre to our parliamentary political life in this State.

So, I am very proud indeed to have been able to meet Mr Bert Hawke and to understand why he proved so successful, why he was so highly respected on all sides of political life. There is a great deal of regret when all that experience and commitment and knowledge of people is no longer available to us, but I guess it is fair to say that Bert Hawke led an extraordinarily full and active and important life, contributing to this community and to the community of Western Australia, and we should be very grateful for that.

Mr OLSEN (Leader of the Opposition): I have pleasure on behalf of the Opposition in seconding the motion. Whilst I did not have the opportunity to meet Mr Hawke, I acknowledge the very significant contribution that he has made to community life, not only in South Australia but in Western Australia. Mr Hawke was the member for Burra Burra, as the Premier has pointed out, from 1924 to 1927, and that, of course, is part of the area that I now have the privilege of representing in this Parliament.

Elected to Parliament at the very early age of 23 years, he went on to make a very significant contribution to political life in Australia, spending some 38 years in service in the South Australian and Western Australian Parliaments, and he had the honour of moving the Address in Reply in the year of his election in 1924. In that speech he commented upon the need for more young people to take a role in public affairs, and forecast:

> I make bold to say that in the debates of this Parliament youth will prove victorious.

It seems that that sentiment perhaps proves more true today in the makeup of this present Parliament than it did on that occasion in 1924.

After three years in the South Australian Parliament Mr Hawke moved to Western Australia, where he had a distinguished parliamentary and ministerial career, beginning in 1933 by defeating the then Premier, Sir James Mitchell, who had held the seat for some 28 years previously. Perhaps the experience in Burra Burra of losing by 11 votes spurred him on in Western Australia.

Mr Hawke served in a range of portfolios during his 17 years in the Ministry, becoming Premier in 1953 for a six year period. He obviously was an able man held in very high regard by his Party, the Australian Labor Party. He devoted his life to politics and to seeking to better the lot, as he saw it, of the working man. On behalf of the Liberal Party, I offer our condolences to his family at his passing.

Motion carried by members standing in their places in silence.

[*Sitting suspended from 2.17 to 2.25 p.m.*]

PETITION: INTEREST RATES

A petition signed by 140 residents of South Australia praying that the House do all in its power to reduce home loan interest rates was presented by the Hon. Lynn Arnold.

Petition received.

PAPERS TABLED

The following papers were laid on the table:

By the Minister for the Arts (Hon. J.C. Bannon)—

Pursuant to Statute—

South Australian Film Corporation—Report, 1984-85.

By the Minister for Environment and Planning—(Hon. D.J. Hopgood)—

Pursuant to Statute—

Planning Act, 1982—Crown Development Report by the South Australian Planning Commission on Grader Operator Training Courses, Kingston TAFE.

By the Minister of Transport (Hon. G.F. Keneally)—

Pursuant to Statute—

Supply and Tender Board—Report, 1985.

District Council of Naracoorte—By-Law No. 22—Traffic.

By the Minister of Labour (Hon. Frank Blevins)—

Pursuant to Statute—

Industrial and Commercial Training Act, 1981—Regulations—Declared Vacations (Amendment).

Long Service Leave (Building Industry) Fund—Actuarial Investigation of—Report to 30 June 1984.

QUESTION TIME

The Hon. D.J. HOPGOOD (Deputy Premier): I move:

That the time for asking questions be extended until 3.30 p.m.

Motion carried.

BUILDERS LABOURERS FEDERATION

Mr OLSEN: Does the Premier stand by the statement he made to this House on 5 November last year that deregistration of the Builders Labourers Federation is inappropriate because the union's record in South Australia does not warrant such action? If he does, just how much more time, money and jobs must be lost in South Australia's building industry before the Government takes a firm stand against the three month long blackmailing tactics of the BLF, in view of the fact that the BLF's refusal to return to work is costing the building industry at least $1 million a week; 300 people have already lost their jobs; many important projects such as the ASER project, the new STA headquarters and the Telecom building are held up, and this is adding to their cost; the union is insisting that employers breach agreed award conditions before there is any return to work; and the BLF obviously sees South Australia as a

haven for its guerilla tactics because the Federal, New South Wales and Victorian Governments have been prepared to seek its deregistration?

The Hon. J.C. BANNON: The way in which the Leader of the Opposition asked the question is typical of the whole approach that the Opposition has taken to this issue and to industrial relations generally in this State. Thank goodness for South Australia that the Opposition is not in charge of this area as a State Government. It is worth mentioning the record in terms of industrial relations in this State, which is very clear indeed. Under a Labor Government, with the right sort of policies applying (to the extent that we have influence in this area), we are able to secure an extremely favourable environment.

During the period of the previous Liberal Government there was a growth in industrial unrest. The average number of working days lost was more than double that which has been occurring under my Government. Incidentally, I will give credit where it is due (I do not want to paint a black picture), but even under a Liberal Government, with its confrontationist tactics, the average number of working days lost was still below the national average and now is even further below the national average. So, there is nothing else that members opposite can tell us about industrial relations and the way that the State Government should handle the matter.

In relation to the specific dispute that has been raised by the Leader of the Opposition, again I suggest that the way that the Opposition has used and treated this dispute has been aimed quite cynically, for its own purposes, to try to create disruption and to interfere with the process. It has no intention whatsoever to ensure that the interests of South Australia are protected. What it would like to do (and it has said this from day one) is that, because it sees what it would regard as great gung ho, aggressive confrontation taking place interstate, it wants it to happen here immediately. The Opposition wants to ensure that, if temperatures are high, they are made even higher; that, if there is a stoppage, it is protracted even further; and that, if there is economic loss, it will be trebled. That is what members opposite are all about.

My Government does not take that attitude. Members on this side value greatly, as do investors and others in this State, our industrial relations record. We recognise its fragility and that all the parties involved in the process must ensure that they know where they are going, what they are getting into and their respective roles.

Let me now turn to this specific dispute, questions about which were very adequately and appropriately answered by my colleague, the Minister of Labour, last week. Let me reinforce and underline what he said. First, we have not been and do not wish to be involved, unless it proves necessary, in the sort of proceedings that lead to the type of disruption and disputation that is occurring in the eastern States. The last thing that South Australia wants is to import those occurrences into this State. Secondly, the Federal Government is certainly involved in those proceedings in those States. It has not requested the South Australian Government to become involved, and at this stage we are not involved. Thirdly, the Master Builders Association and the building industry employers in this State have not requested the State Government to take deregistration proceedings.

The Minister has made it quite clear that if the official organisational policy formally adopts the proposal that that is what should happen—that we will cross the Rubicon and move into that area—the Government will obviously have to address that very seriously. However, they, like us, know that that is a major step to take. Unlike the position in the eastern States at present, if in fact deregistration took place and builders labourers were banned from sites, no-one else would be available to do the work, because the official position of the union concerned is that they would not do the work vacated and we would therefore not solve anything.

While those positions remain in force (and obviously meetings are being held), and the longer the steelfixers dispute is protracted, the more important it becomes to address a longer term solution. However, while this situation remains, we as a Government will not jump up and down unilaterally and provoke confrontation that is not desired by the industry or is not in the interests of the State.

Our present advice is that the meeting of steelfixers this morning rejected the proposal of last Friday based on a return to work. It may well be that one of the conditions under which they have couched that rejection means that they are inviting the Master Builders Association and its members to ignore the award. That will be dealt with this afternoon at a further arbitral hearing in which this Parliament should not get mixed up, contrary to what the Opposition would dearly love us to do. The United Trades and Labor Council also is having to consider its position, and the overriding aim of all of us who are not interested in disruption for its own sake and confrontation because it makes one feel good is to get this thing settled and business sites working, because the order books are full and there is plenty of work and development in this State. We risk our long-term industrial relations record only in an instance where there is no other way to avoid it, because so far that is our strength. I suggest that, if the Opposition is seeking to help in this matter, it stop stirring, agitating and trying to create confrontation. Instead, it should help those who are trying to resolve the dispute.

INTERNATIONAL YEAR OF PEACE

Ms LENEHAN: Will the Premier say what support the State Government is giving or is planning to give in connection with the celebration of 1986 as the International Year of Peace?

The Hon. J.C. BANNON: It is probably appropriate to talk about a year of peace after the year of disruption and confrontation that is desired by our friends opposite. A couple of years ago the Federal Government, as part of international decisions, decided that 1986 should be recognised as an International Year of Peace. Crossing both Party and national boundaries, this is part of a uniform and concerted effort. The committee in South Australia, a deputation from which called on me the other day, comprises representatives of Government, agencies, trade unions, employer bodies such as the Chamber of Commerce and Industry, the United Nations Association, and a whole range of community organisations interested in peace. In this respect, we do it much better than any other State, because we are able to establish these links better than is any other State. This relates back to my answer just now about industrial relations.

I know that some do not like that at all and instead denounce the involvement of groups such as employer organisations in these activities. The Prime Minister wrote to us and requested that this State support and assist with the International Year of Peace, and we readily agreed. Certain initiatives in the Education Department and in the educational sector were taken up by my colleague the then Minister of Education. In fact, about $40 000 is being allocated by the Education Department principally for a project officer, an adviser to work on certain programs being undertaken for the International Year of Peace.

The committee that has been formed will receive an allocation of funds from the Federal Government for a number of activities. I understand that many hundreds of activities throughout the State have been suggested as being part of the year, and that is assessed by this committee which, as I say, cuts right across all sectors of our society. Committee members came to see me recently because, apart from our educational allocation, we had not provided it with anything specific for its activities in addition to the federal moneys. They requested that we reconsider that and see whether some funds could not be found in order to assist in these activities.

In consequence of that approach, Cabinet has decided that it will match the Commonwealth contribution this financial year, which effectively means some $27 000, to aid a number of the activities that are taking place. We will look in the context of the 1986-87 budget at what further support we can provide relating specifically to activities being sponsored by various groups.

It is fair to say that those involved in this overall endeavour to highlight peace, the need for peace and what we can do about making awareness of peace much higher in our community are happy to see that the South Australian Government is fully endorsing those activities.

STEEL FIXERS DISPUTE

The Hon. E.R. GOLDSWORTHY: Will the Minister of Labour indicate whether the Government will support action by builders to bring the steel fixers dispute before the Supreme Court so that BLF officials will become subject to civil action if they do not obey orders to a return to work?

The Hon. G.F. Keneally interjecting:

The Hon. E.R. GOLDSWORTHY: If the Minister thinks that the question is hypothetical, I do not know what he thinks is real. I asked whether the Government would take action. I suppose it is hypothetical: we know that because the Government is loath to take action, particularly when it means taking on its union mates.

The SPEAKER: Order! I ask the honourable member to proceed with his explanation.

The Hon. E.R. GOLDSWORTHY: The Government has been informed that builders are prepared to take action under section 143a of the Industrial Conciliation and Arbitration Act to bring this matter before the Supreme Court if this dispute continues. I understand it is possible that initiatives will be taken this week to ask the full Industrial Commission to make a determination to allow the matter to go to the Supreme Court.

Mr Owens, the present State Secretary of the BLF, would be well aware of the implications of such a move, because he, along with another official of the BLF, was gaoled in 1972 as a result of Supreme Court action against the union. In view of today's decision by the union to ignore award conditions and refuse to return to work, I ask the Minister whether the Government will be prepared to intervene before the Full Commission to support any move by builders to expose the BLF to civil action in the Supreme Court.

The Hon. FRANK BLEVINS: I certainly have not seen any request from the Master Builders Association for that action. If it has come into my office today I certainly have not seen it. Until such time as I see precisely what the MBA is advocating I will certainly not commit myself, let alone the Government, to take any particular course of action.

I merely repeat some of the things that the Premier said in response to the Leader of the Opposition a moment ago. We are endeavouring to solve this dispute within the ambit of the State Industrial Commission and—where other parties have filed it into the Federal Commission—the ambit of the Federal Commission. Certainly, not just as a generalisation but I suppose as a very strong article of faith in this Party to which I belong, we do not believe in civil actions at all in the case of industrial disputes.

While in this particular instance it has not been brought to my attention, other than by the Deputy Leader of the Opposition (I am not doubting him at all), I am saying that if it is the case I certainly have not seen it. In general, I certainly do not believe—and the Party to which I belong does not believe; therefore the Government does not believe—that industrial disputes ought to be settled anywhere other than in industrial tribunals. Unless there was some extraordinary circumstance—and I cannot think of any at the moment—I cannot see why that position would change. I certainly would not be advocating a change.

MURRAY RIVER WASTE

Mr FERGUSON: Can the Minister of Water Resources inform the House whether any consideration has been given to stopping the discharge of waste into the Murray River? The towns of Mannum and Murray Bridge are still discharging sewage into the river. I understand that Albury, in New South Wales, and Echuca are about to switch to land disposal but are discharging sewage waste into the river. Probably three other small towns are discharging waste into the Murray River in other States. Constituents have stated that it is their belief that there should be no discharge of sewage into the Murray River. However, South Australians cannot be critical of other States until sewage disposal is stopped from entering the Murray River from this State.

The Hon. D.J. HOPGOOD: Consideration is being given to this. Perhaps I should explain (I am sure that this is what the honourable member had in mind, but in case people should misunderstand) that that which is being released into the river at Mannum and Murray Bridge is treated effluent, effluent which has had the organic load reduced from it and has been chlorinated. Certainly, there is no evidence that I have that any raw sewage is being put into the river. It is also true, as the honourable member says, that the city of Albury-Wodonga has been involved with the Victorian Environmental Protection Authority in a scheme that would involve discharge to land. The preliminary work that is being done by our own E&WS in relation to the Mannum and Murray Bridge discharges would relate to discharge to land for use on reserve areas, ovals and irrigation for dairy pastures.

There are a couple of problems which immediately come to mind and which we would have to overcome if we were to get into this scheme at all seriously. One, of course, is that most of the effluent material is available in the winter time, when it is least needed, certainly for general irrigation purposes; secondly, the areas that have so far been identified as appropriate are a fair way from the current discharges and therefore there are relatively high costs involved.

The context in which we are looking at this work is with regard to the whole question of the quality of water in the Murray-Darling system, and the impact of these two specific discharges that the honourable member has identified is very small in the total scheme of things. By the time the water has got to the Mannum/Murray Bridge area, it has a salinity level of something like 700EC and it would be part of the normal seasonal fluctuation that that would rise possibly by several hundred EC before any winter flows down the river would have any sort of mitigating effect. That is the cumulative effect of the return of water from irrigation and the like throughout the whole of the river system. It is the cumulative effect of certain natural processes which evolve from the flow of saline water at the

subterranean level into the river, and it is also related to the impact of overclearing in the catchment areas of the Murray, the Darling, and their tributaries.

The conference which was held in South Australia last year and which provided an historic breakthrough in the way in which the three Murray/Darling States and the Commonwealth would look at their responsibilities towards the Murray agreed that we have to look at the whole of the problems of the basin. Nonetheless, I would accept what is implied by the honourable member that South Australia has to get its house in order.

So, whereas the organic load on the river system which is contributed from these two towns—the saline load from these two towns—is very small in relation to the total contribution from, for example, irrigation in Victoria, nonetheless we accept that it is part of our responsibility to the new Murray/Darling agreement that we should minimise these effluent outfalls. So, the work is being done, but it will be some time before we are in a position to announce that we can eliminate completely treated effluent outfalls from those two towns.

BHP TAKEOVER

The Hon. JENNIFER ADAMSON: Has the Premier sought discussions with Mr Robert Holmes a Court to assess the impact on BHP activities in South Australia of any sucessful takeover bid and, if not, will he do so? In response to Mr Holmes a Court's first bid for control of BHP, initiated early this month, the Victorian and New South Wales Governments both said that they were closely monitoring the situation to determine potential effects in their States. Mr Holmes a Court had a meeting with the Victorian Premier, and the Attorney-General in that State later issued a statement calling on Mr Holmes a Court to spell out his plans for BHP and their likely effect on employment and general economic activity. Yesterday Mr Holmes a Court stepped up his bid, and market analysts now say it has a far greater chance of success.

In view of the increasing speculation about ownership of BHP and its considerable activities in South Australia, particularly the employment in Whyalla of more than 4 000 people who have faced great uncertainty for a number of years about the future of the steel industry, it would be appopriate for the South Australian Government to seek discussions with Mr Holmes a Court about his plans for South Australia should his bid be successful. I understand that Mr Holmes a Court has told Mr Cain that he is available at any time for discussions. The South Australian Government also should take up this opportunity to clarify any uncertainty about BHP's future in South Australia.

The Hon. J.C. BANNON: Arrangements are in fact in train for such discussions to take place, not only with Mr Holmes a Court but with the current management of BHP who, of course, will be, as we are advised, making some kind of defence and counteroffer. I am interested in the honourable member's question and appreciate her concern. No doubt exists that South Australia has a very keen interest in the outcome of these proceedings, because it has been an active participant in and supporter of the steel industry plan, which has helped to successfully consolidate BHP operations at Whyalla, and much employment depends on it. I also welcome the question arising from one asked last week by the honourable member indicating her conversion as a born again socialist because, like her, I agree that we should not sit back and let the free market forces operate in this area. If it becomes necessary to do so, we should perhaps intervene to protect our employment base.

PORT RIVER

Mr De LAINE: Will the Minister for Environment and Planning say what action has been taken or what action he intends to take to monitor waste substances entering the Port River? The Governor's opening speech stated:

> Amendments will be introduced to the Dangerous Substances Act and regulations to protect the marine environment from chemical spillage and mishandling of dangerous chemicals.

Since the recent chemical spill at Gillman there has been considerable public concern in the Port Adelaide area about the possibility of future spills of this nature.

The Hon. D.J. HOPGOOD: The honourable member's question raises two matters. First, the comments in the Governor's speech were consistent with an announcement that the Governor made last year that, in the light of the severity of the spill and the possibility of other such misadventures, it felt that it could not wait for the complementary State/Commonwealth legislation on hazardous chemicals but should immediately bring down regulations under the Dangerous Substances Act. My colleague the Minister of Labour has carriage of that Bill, that being the responsibility of his department. I am sure that the honourable member could obtain more specific details from the Minister if he so desires. The matter is proceeding and those regulations I understand will be available soon.

The other matter is the ongoing monitoring of water quality in the Port Adelaide area generally. This matter spills over various Government departmental responsibilities: for example, the Department of Fisheries and my own department have certain responsibilities in this case. The Department of Marine and Harbors keeps a general eye on things, and the Corporation of the City of Port Adelaide has been involved, I think, with one of the academic institutions in getting some work done.

First, we know the location of the specific discharges into the estuary. Although no regular chemical monitoring of the contents of those discharges takes place, regular contact is made with the various industrial concerns that are responsible for those discharges. However, there is general heavy metal monitoring at various places in the estuary, and those figures are, as I understand, collated by the Department of Fisheries. A good deal of work has also been done on a very large number of readings that were taken in the North Arm and Magazine Creek as a result of the spillage that occurred last year.

That is the present situation. Much information is building up as to the general concentration particularly of heavy metals, but also organic wastes in the estuary generally. Such information as I have available to me would suggest that, certainly in the North Arm generally, in Lipson Reach and in Barker Inlet on the eastern side of the island, concentrations of pollutants are not such as to put at risk our ability to enjoy any fish stocks that are taken from there although, as the honourable member would know, most of the professional people are involved well out into the gulf. We will continue to put the present level of effort into the monitoring of the situation, and when the new regulations are available they will be policed very severely indeed.

KEVIN BARLOW

The Hon. B.C. EASTICK: Does the Deputy Premier agree that, contrary to the Premier's answer in this House last Thursday, the letter the Deputy Premier wrote to the Federal Government about the case of Kevin Barlow contains a presumption of innocence? In statements about this matter last week, including the answer in the House on Thursday by the Premier, the Government was at pains to

emphasise that, in approaching the Federal Government for legal aid for Barlow, it was offering no opinion about Barlow's guilt or otherwise. However, in his letter to the Commonwealth, the Deputy Premier said that the South Australian Government supported the petition which Mr Frank Galbally had lodged on Barlow's behalf. I understand that the petition calls, in part, for an absolute pardon, a call which clearly relates to the question of innocence and not just to the commutation of the death sentence.

The Hon. D.J. HOPGOOD: I do not have that letter immediately before me; I will obtain it. The Government's concern was merely with the conduct of the case, and no intention was implied in the letter to suggest that in any way the Government had any presumption as to the guilt or innocence of the person concerned.

HUMAN PRODUCTIVITY AND CAPITAL GROWTH

Mr DUIGAN: Is the Minister of State Development, aware of the latest report, entitled 'Human Productivity and Capital Growth' from the Economic Planning and Advisory Council? Comments on that report make a number of serious allegations about the inadequacy of the education system to meet the needs of the business community and the labour market. What is the Minister's reaction to these allegations in the light of his present responsibilities for State development, technology and employment and, indeed, from the point of view of his past responsibilities as Minister of Education?

The Hon. LYNN ARNOLD: The report in the news media has contained comments on a number of issues that have been addressed for some years in South Australia. They are by no means new issues with respect to the recognition that the education system has some serious obligations to meet in relation to facing the technological future in South Australia. The issues to do with retention rate, and the importance of young people in our community going on to further education and getting a kind of education better attuned to the economic demands of the 1980s and 1990s are things upon which work has been done for some time now.

The present package of portfolios that I represent is a recognition by the State Government of the importance of this issue—the recognition that indeed there is an important contribution to be made to the development of this State and to the employment prospects of people within this State by the amalgamation of State development, technology, employment and higher education within the one package of portfolios. To indicate that that is not a Johnny-come-lately attitude by the South Australian Government, I can identify that there are many occasions over the past three years where the State Government realised that changes had to be made. The creation of the Senior Secondary Assessment Board of South Australia, providing the vehicle whereby new subjects attuned to the needs of our students could be introduced, was a significant part of that.

The contribution of significant resources by the State Government to that body was another significant part of that. But, there were also the other occasions when, in an intercessory capacity, this Government, or Ministers of it, including myself, chose to argue the case for change. I can recall that in May 1984 I said to an international conference held in Adelaide:

> I have held a view that indeed we will face a serious economic bottleneck in the late 1980s and the early 1990s if we do not do something about the capacity of the education system to provide the necessary skills, capacities and capabilities to our young people. In particular, I am concerned about the level of funding that is being made available to engineering education, for example, at the various levels for which that applies, and I believe a lot more work needs to be done on getting that particular message across.

It was not simply a matter of making that statement to an international conference: I make those comments in other appropriate forums as the need arises.

I suppose more pertinently, as Chairperson of the National Education and Technology Task Force, a role which I filled, in preparing a report that will be publicly released within the next few weeks, I was party to deliberations which also addressed this very important problem. I may give some advance notice of one of the recommendations that that task force will make. The task force, which reports to the Education Council of Ministers, recommends as follows:

> That State and Territory Ministers for Education urgently develop policies and practices which will develop the confidence and skill in using technology needed by all citizens if they are to participate in shaping the ways technology is used in the community and in the world of work; and develop in all students an understanding of technology, its likely impact on those aspects of our lifestyle that we most value, and its potential to improve the social and economic life of Australia.

I think that indicates the concern that this Government has had and the way that we are pushing this at every opportunity possible. However, there are some facts that could be identified where change has taken place. We can be proud of the fact that we are anticipating concerns that EPAC is now choosing to identify. I can identify that retention rates, as my colleague the Minister of Education could well detail, have improved dramatically over the past few years. Indeed, at the year 12 level they have improved from 38.9 per cent in 1981 to 50.1 per cent in 1984. The figures for Australia lag significantly behind that, with an increase from 34.8 per cent to 45 per cent.

However, addressing EPAC's other point concerning the nature of the subjects taken by students, the figures are interesting. Regarding secondary education, which is administered by my colleague, the Minister of Education, as a proportion of all subjects taken by matriculation students, science and techology based subjects (that is, accounting, all mathemetics subjects, physics, chemistry and economics) increased from 34 per cent in 1976 to 44 per cent in 1985. The nature of the system is changing, and that included the introduction of such exciting new subjects as small business management, technology studies, and computing studies as matriculation level subjects.

In the tertiary arena (the area in which I have the immediate responsibility), again change has taken place, although admittedly more needs to be done. The proportion of university and college of advanced education students undertaking more scientifically based courses has increased in South Australia over the period 1976 to 1984 from 28 per cent of all tertiary education students undertaking courses in agriculture, applied science, architecture, commerce or engineering to 40 per cent in 1984. In the TAFE sector, which is a significant part of tertiary education in terms of meeting in a sensitive way the economic and social needs of the community, we expect that between 1984 and 1990 TAFE enrolments in the 15-19 year age category will increase by 59 per cent.

Although EPAC has identified serious issues that need addressing, I believe that in some ways it has been simplistic without taking account of what has actually happened, whereas here in South Australia we have been addressing these needs for some time. We identified them before EPAC chose to do so, and we are implementing the sorts of changes in our education system and in our training mechanisms to make sure that young people in South Australia can meet the challenges of the late 1980s and the 1990s.

STATE BANK BUILDING

Mr BECKER: Will the Premier say whether the Government has discussed with the State Bank its $85 million development proposal for the south-west corner of King William and Currie Streets and, if it has, whether the Government has indicated its support for the proposal and whether it intends to take office accommodation in the development?

The Hon. J.C. BANNON: The bank has foreshadowed this development at meetings both with me and, during my absence in January, with the Deputy Premier. It has been a long term plan by the bank. The proposal for development is based on the bank's assessment not only of its own needs but as appropriate investment and development in the city. The first response of the Government has been to see that the proposal should move through the orderly planning procedures, which the bank is undertaking. Incidentally, this sort of investment is essentially something that is generated from the bank board itself: the Government does not seek to interfere with such decisions, although obviously the Government requires that it be kept advised on developments of this magnitude. It has simply been going through that process. The longer term implications of the development are still being assessed internally, and the bank will make a further presentation to the Government at some stage.

METROPOLITAN AREA PLANNING

Ms GAYLER: Can the Minister for Environment and Planning say to what extent urban consolidation within the existing metropolitan area could contribute to Adelaide's needs for further housing to the year 2010? On Friday last (14 February), a report entitled 'Long Term Development Options for Metropolitan Adelaide' was released canvassing alternative new development areas on the metropolitan fringe. Its publication was accompanied by a freeze on land subdivision while consultations take place and subsequent selection of a growth area or growth areas on the fringe is made. On Friday also, under the auspices of the Commonwealth Commission for the Future, an Adelaide conference discussed the scope for providing future housing within established suburbs. It has been put to me that means of consolidating housing in existing developed areas should be pursued in tandem with fringe growth needed in the long term.

The Hon. D.J. HOPGOOD: The background to the Kinhill Stearns report is that the staging sequence which has been adopted by successive Governments, under which Morphett Vale East, Seaford, the Aldinga coastal strip in the south, Tea Tree Gully, Golden Grove, Munno Para, and Evanston in the north should accommodate our future growth at existing densities, will mean that we will run out of land by about 1999.

I requested from my department some time ago information as to what impact a 25 per cent increase in density in the older metropolitan area—by which I mean Darlington to Grand Junction Road—would have on that timetable. Members would agree with me that a 25 per cent increase over the whole area would be seen as a fairly optimistic target in the time available, given people's general perceptions as to what they see as desirable urban living.

The answer from the department was that it would extend that timetable by about 10 or possibly 15 years, and that we would then still be back to the matter of, at the fringe, moving broadacres into urban development. I then went on to pose the question, 'What if we were able to achieve a 25 per cent increase in density over the whole of the projected urban area to 1999?' (that is, the area covered by the whole of the staging study). I think that that pushed the whole thing out to about the year 2030, by which time it would be necessary to be looking to areas that are currently rural to move into urban use.

I believe that there are some opportunities for urban consolidation. The Government is taking those opportunities and trying to maximise them in the inner western suburbs. I notice now that the demographers, despite what was shown up in the 1976 and 1981 censuses, are now predicting continued growth for the Corporation of Hindmarsh as opposed to the demographic decay that was occurring before that time. So, we take the opportunities that are available and maximise them, but nonetheless this only has an effect at the margin on the overall shape and growth of metropolitan Adelaide.

The other thing that is frequently commented on is that in some of those areas where there has been considerable renewal of the urban built fabric in recent years—and the City of Adelaide is the classic case—there has been no increase in population, because there has been an ageing of those areas, and the older housing stock, which once perhaps housed five or six people, now houses at the most one or two people, and the new urban stock tends to attract not younger people with families but younger people in the pre-family stage or perhaps younger people who have no intention of raising families.

One can increase the number of houses or dwelling units in some of these inner city or mid-ring suburbs and still get an actual decline in the population numbers. Nonetheless we will be discussing this matter very closely with local government to ensure that where we can get cooperation from local government for some urban consolidation we will take that opportunity for all of the good reasons of the more effective use of existing infrastructure and that sort of thing.

The Hon. B.C. Eastick interjecting:

The Hon. D.J. HOPGOOD: If the honourable member has not yet received his copy I will certainly see to it, particularly because of his position in the Opposition ranks as a spokesperson, that he gets two copies. In conclusion, it is a matter, I believe, of maximising our opportunities in the older metropolitan area for consolidation. That in itself will not be sufficient to preclude the necessity of moving into new areas that are currently under broadacres by the end of the 1990s.

ENTERTAINMENT CENTRE

Mr S. G. EVANS: Will the Premier indicate what progress has been made by the Government in establishing an entertainment complex at Hindmarsh? No mention was made of the complex in the Governor's speech, although this matter was given publicity on 19 and 20 November last year, some 18 days before the election. It was then stated that a project, which could cost up to $60 million, was to be established at Hindmarsh, and that two consortia had put in proposals for this complex, the report stating that this would be narrowed down to one. It was also stated that there had to be some modification in relation to costs, because the 8 000 seat complex did not justify spending that sort of money.

Concern was expressed about business houses in the area, and the Premier may care to indicate what will happen to them. I believe that they will have to be relocated, and that about 60 per cent of the land in question is owned by the Highways Department. The report indicated that the project would be well on the way towards getting off the ground this year, with final decisions to be made on which consor-

tium, the style of building and finance, and a completion date some time in 1988.

In fact, the Chairman of the Adelaide Entertainment Centre Committee, Mr Inns, was reported as saying that the finance of the project would be the next stage, that there were some imaginative borrowing and leasing schemes to be examined and that, if one ignored the capital servicing costs, the centre would make money. In reply, the Premier might like to pick up the point as to whether the capital servicing costs on a project of this size should be considered or ignored.

The Hon. J.C. BANNON: The honourable member, in his question, adequately canvassed most of the facts in relation to the matter. The only thing I can really add to what he said which summarises the state of play is that the two consortia chosen to do the detailed design and financing work—Colliers International and Hassell Pty Limited—are working on that brief and expect to have their proposals finished some time towards the end of April.

The Government has a coordinating committee, which is looking at other aspects of the proposal. In terms of the cost of an entertainment centre we must take into account the capital costs involved and servicing of the loan borrowing debt. The point being made by Mr Inns is that, at least in recent times, nowhere in the world has such a centre been successfully established on a profit-making basis. In Western Australia, for example, a centre was originally constructed and operated as a private sector venture, but eventually the Government had to step in and take it over because it was unprofitable. Similarly, the Sydney Entertainment Centre development involved large public money support. One should try to ensure that at least the recurrent expenditure (that is, the day-to-day running costs, the ingoings and outgoings in any financial year) are in surplus or at least are no drain on revenue. However, how one deals with the capital costs and the servicing of interest rates is another matter: the extent to which one can recoup that is questionable.

The honourable member would be aware that there is wide community support for this proposal. In fact, the Opposition has stated that if elected to Government it would be going down this path as well. There is a community demand evidenced for it, but a price has to be paid for that. One of the committee's briefs is to ensure that the means of financing put the least possible pressure on our Treasury and State finances. However, the fact has to be faced that we are not going to be able to create a centre that will repay all its debts, certainly in the short term. It will be a marvellous asset for the community: there will be ancillary expenditure and spin-offs from it for our tourist and entertainment industry. However, the bottom line is still that, if it could have been successfully completed and operated by private sector interests, no doubt they would have considered it long before this. It is only by the Government taking a hand that we can get something like this off the ground, and that is exactly what we are doing.

I assure the honourable member that we are closely looking at the cost and minimising that cost to the taxpayer. In relation to the businesses that are occupying the site, the initial complaints arose, in part, because it was not possible, prior to an announcement, to indicate to some of those businesses, many of which are on leasehold bases, the Government's intention for the site. As the honourable member would know, if inside information about a decision that the Government was making was abroad in the community then the opportunity for manipulation of land values, and so on, is immediately raised.

However, I can assure the honourable member that any relocation will be done sensitively and efficiently and will certainly protect the businesses involved. We chose the site recognising that, wherever we put it, there was going to be some kind of disruption to existing owners or leaseholders unless, of course, we chose an open field parkland site which would not be acceptable to the public. Any site would involve that sort of disruption. Obviously, it is in the interests of the consortia looking at the proposal and the Government to keep that disruption to a minimum.

RUBBISH DUMPING

Mrs APPLEBY: Will the Minister of Transport ask the Minister of Local Government to investigate the procedure adopted by local councils in relation to the dumping of rubbish in prohibited areas? Recently a constituent, who was in a very distressed state, sought my assistance relating to a letter that she and her husband had received from a council. The letter states:

> Dear Sir and Madam,
> Evidence has been supplied to council that refuse from your premises was recently deposited on Whites Road, Parafield Gardens. Council views this type of offence seriously and fines up to a maximum of $500 can be awarded.
>
> The Local Government Act, section 748a, provides for the court to accept evidence by inference and the defendant shall prove to the contary; however, the offence can be expiated by the payment of $20 under the same section. Payment to the council of the sum of $20 within 14 days from the date of this letter will avoid legal action being taken.

It appears that the evidence referred to was a 1984 envelope with my constituents' name and address on it. As both my constituents are in their mid to late 70s, they became very distressed on receipt of this letter, and it was evident that they were not likely to have travelled from Marion to Parafield Gardens for the purpose of dumping rubbish. However, it would seem from the letter I have quoted and the attached account for the fine that my constituents were presumed guilty by letter without any verbal contact or investigation prior to the receipt of correspondence. I understand from my discussions with Australia Post that the type of action that has been taken could hypothetically be used by a person wishing to be vindictive by placing a business or personally addressed envelope in any rubbish dumped illegally anywhere, and thus the person named on the envelope would be deemed guilty of an offence and held responsible for the payment of the fine.

The Hon. G.F. KENEALLY: I thank the honourable member for her question and I will certainly relay it to my colleague the Minister of Local Government. Perhaps the honourable member could inform my colleague of the council involved? I can only say that I regret any distress that may have been caused to the elderly couple. Frankly, I would expect that the council itself, once aware of the situation (if it is not aware already), would also have consideration for that distress. It is true to say that councils need a provision that will allow them to reduce or stop altogether the indiscriminate placing of rubbish throughout their council areas. I can quote a number of instances that occurred when I was Minister of Local Government that would show the evidence for that. However, the honourable member has pointed out clearly to the House a situation where people not guilty of disposing of their rubbish illegally can be faced with the possibility of follow-up action from councils, and that is a matter that needs to be looked at—

The Hon. B.C. Eastick interjecting:

The Hon. G.F. KENEALLY: I am not suggesting that. I understand that it is a difficult area, but certainly the member for Hayward has brought to the Parliament's attention the concerns of her constituents that should be followed up, and I will ask my colleague to do so.

PETROL RETAILING

Mr BLACKER: Can the Premier advise this House whether he is able to accede to my request for an extension of the terms of reference of the committee that the Government has set up to examine certain aspects of petrol retailing? In late January the Government announced by way of public advertisement that it had set up a committee, under the chairmanship of the Hon. G.T. Virgo AM, to review and report on particular aspects of petrol retailing, including a number of criteria. At that time I wrote to the Premier asking whether the criteria could be extended to cover fuel pricing on a State wide basis. I apologise for raising this matter in the House at this time, because I know that the Premier has not had time to respond accordingly, but, as the closing date for submissions was 20 February, it is important that the matter be dealt with as soon as possible or, if we obtain an extension of the terms of reference, there should be an extension of the time by which submissions should be lodged.

The Hon. J.C. BANNON: The honourable member mentioned to me last week his interest in this matter, and in fact wrote on 4 February setting out some of the matters referred to in his question. I have replied to the honourable member—I know I have signed the letter, and I am surprised that it has not reached him yet. Unfortunately, I do not have with me a copy of it, but from memory—and the honourable member will get the full reply very shortly—a similar question was asked of my colleague the Attorney-General, who is handling this matter in another place. He mentioned a number of problems in broadening the terms of reference to this sort of referral, not the least of which are the requirements of the Trade Practices Act and the difficulty that oil companies have in taking part in such an exercise where the question of some sort of uniform pricing or pricing policy comes up.

The federal laws in this area to prevent price fixing deals and retail price maintenance are extremely draconian, and that was one reason that the terms of reference of the committee are drawn in that way, because it was felt that, unless we could get the wholehearted involvement of all sections of the industry, it would be very difficult to deal with the problems. In order to get that wholehearted support, we had to be sure that we did not place any of the participants in legal jeopardy.

In brief summary, that is one aspect of it which is fully covered. Certainly, I share the honourable member's concern about this issue of petrol prices, particularly as it affects country users, and no doubt that has got to be a key factor in the Commonwealth Government's consideration about to what extent and in what way they pass on the current world oil price reductions. In that area, it is not just petrol that we are looking at, but the cost of diesel fuel, which is a very large part of the cost structure of anybody involved in primary industry. I thank the member for his proposal, but in summary, the sort of change in the terms of reference that he envisages is not possible although some of the matters that he raised will, I think, be peripherally dealt with.

JUSTICE INFORMATION SYSTEM

Mr M.J. EVANS: Is the Minister of Education, on behalf of the Attorney-General, able to confirm that the Government is proceeding with the option of separating the judical and non-judicial functions of the Justice Information System now under development and, if this is the case, what will be the additional cost of implementing the system in this form? As the House is aware, one of the main advantages of the JIS is that it will integrate all the information necessary for the administration of justice in this State. Expert advice indicates that many of these advantages will be lost if parts of the package are implemented separately.

I understand that the original proposal for the JIS included the separation of functions at the request of certain judicial officers of the State. I have been advised that, given the sophistication of computer technology now available, there is no longer any need for this separation as it is possible to guarantee the integrity of confidential data on the system and restrict the access to those with a right to know. Any such separation would, however, cost more and would significantly reduce the effectiveness and efficiency of the system.

The Hon. G.J. CRAFTER: I will obtain a report on this matter for the honourable member.

At 3.20 p.m., the bells having been rung:

The SPEAKER: Call on the business of the day.

WORKERS REHABILITATION AND COMPENSATION BILL

Adjourned debate on second reading.
(Continued from 12 February. Page 91.)

Mr OLSEN (Leader of the Opposition): In participating in this debate I indicate that the member for Mitcham, as shadow Minister, will be the lead speaker for the Opposition, but I wish to make a number of comments prior to his speaking at some length in this debate.

The industrial relations policy that the Premier released on behalf of the Labor Party at the last election included the following statement:

> The reform of the workers compensation system by the Bannon Government will be one of the most important social reforms of the decade.

This is one statement the Government has made about workers compensation with which the Liberal Party agrees. This is a vital Bill. It is vital for workers, vital for business, and vital for South Australia's economic future. It is so vital that the Premier must enter the debate, and I challenge him to do so. I challenge him to explain why the Government welshed on its agreement of last August with unions and employers. I challenge him to explain why the Government will not await the Auditor-General's Report on costings before proceeding with consideration of the legislation. I challenge him to explain what the Government has in mind about reform to industrial safety legislation, because this Bill may be only the thin end of the wedge so far as reform to legislation covering the workplace is concerned.

Workers compensation and industrial safety go hand in hand. At the beginning of each of the two previous sessions of Parliament the Government promised to bring in its industrial safety legislation, but it failed to do so. This time, for this session, there is no mention of that legislation. This House is entitle to ask why. Is it because the win that the unions have had with this worker compensation legislation will be small beer compared with the power the Government proposes to give union officials through industrial safety reform?

It is obvious that South Australia, and this Parliament, are gearing up for a major debate about the extent of union power in this State and the influence that key union officials have over this Government. There can be no other conclusion. The workers compensation and industrial safety legislation have been deliberately delayed until after the election

to avoid the Government's having to answer embarrassing and revealing questions about how much it is prepared to give in to union demands.

Gradually, during this year, as both pieces of legislation unfold, the public and the business community in particular will become aware of the extent to which they have been misled by this Government. They will become aware that the so-called agreement on workers compensation between the Government, the unions and the employers that the Premier announced in August was a sham. It was a deceitfully drawn veil intended to mask, until after the election, what this Labor Government is all about—deals and sell-outs: deals with union officials and a sell-out of South Australia's economic future.

If the Premier disagrees with this scenario, let him come into this House and challenge it. Let the Premier explain why he announced on 18 August that he was confident the Government's Work Cover plan, mark 1, would get the backing of major business and union groups. Let him explain why, in that announcement, he promised premium cuts of some 44 per cent, investment in South Australia of $200 million from the new compensation fund to be created, and the creation of more than 2 000 jobs through Work Cover. Let him explain why he authorised the spending of many thousands of dollars of taxpayers' money in a completely misleading advertising campaign about the so-called agreement between business and unions.

Let the Premier explain why the Government did not proceed with this legislation before the election. Let him admit that introduction of this legislation before the election was never this Government's intention. It simply wanted the public to believe that Labor can get on with business, that it can control the unions, when the legislation now before us exposes just how false are both those perceptions.

This Government's double dealing is compounded by the explanation it has given when introducing this legislation. The Minister's second reading explanation contained not one word of criticism of those union officials who broke the agreement the Premier announced in August—not one word of attempted justification for the way in which the Government has reneged on employers. That is not surprising, of course, from a Minister who is a deeply committed socialist (and he has acknowledged so in debate), who has never had experience of running a business. In his second reading explanation the only criticism was directed to the insurance industry. But, he refuses to take on his mates—the union officials who have pushed the Government to introduce legislation which this State simply cannot afford. Small business, least of all that section of the business community, can ill afford the imposition of this legislation.

Nor have we heard any criticism of unions from the Premier, who, like the Minister, has had no experience in running a business. Again, that is hardly a surprise, because it was the Premier's own former employer, the Australian Workers Union, which began the attack on the Government over workers compensation legislation last August.

On 20 August, when the ink on the Premier's so-called agreement was hardly dry, the Australian Workers Union condemned the Work Cover agreement, saying it wanted more benefits for workers. So, we now have before us Work Cover mark 2, which has met most of the union demands but which is now strongly opposed by employers—the people who know (unlike the Premier, the Minister or indeed any other member of this Ministry) how much it costs to run a business and how much more prohibitive this expense will become if this legislation is passed in its present form, and how it will inhibit maintenance of jobs in the business community now, let alone the capacity to create jobs in the business community for South Australians of the future.

While I have said that the Premier has had no experience himself of running a business, he is, at the same time, well aware of the resentment in the business community that this legislation is generating. He knows the business community will not wear it. The Government has been told that the business community will not wear this legislation. So, he is hoping to be saved by the Liberals and the Democrats in the Upper House. He is hoping that the numbers in another place will amend this Bill to a form more acceptable and less costly to business.

Then, the Premier will be able to go to Trades Hall (on South Terrace) and complain to his masters about those Liberals and Democrats who would not let the Government have its way. That will be one tune for South Terrace, but it will be another tune in the boardrooms around this town and with the business community and employer groups. There the Premier will tell the business community that the Bill as amended by Parliament is not so bad after all—that they can wear it: more double dealing and more deception. Unlike the Government, the Liberal Party has been consistent and responsible in dealing with this vital issue.

We announced a policy in March 1984. In some important respects, our views were not accepted by some business leaders, but we have held to them nevertheless, because they fulfil the criteria we have set for workers compensation reform. Those criteria are: that the policy must be fair to all concerned, employers and employees alike; that it must give maximum incentive to an injured worker to return to work, with more emphasis on rehabilitation to assist him to do so; that, where possible, the impact on the general community and the economy must be limited to ensure that, in seeking to alleviate the suffering and trauma associated with work related accidents, we do not add to the problems of the long-term unemployed; and that any delays in settling claims are minimised.

The specifics of the policy we have developed, based on those criteria, include streamlining court proceedings to avoid delays; no lump sum awards at common law except for compensation for loss of future earning capacity, payable periodically, with contributory negligence by the worker being given real weight in assessing the worker's entitlement against the employer; weekly compensation payments to be 95 per cent of average weekly earnings; no double dipping in relation to benefits; no payment for travel accidents to and from work unless travel is performed as part of employment; employers to carry the first week of payments if they wish to; and director-employee members of small businesses be able to opt out of cover for themselves.

Our proposals will cut premiums by 40 per cent and at the same time provide much more satisfactory means for injured workers to seek compensation and, most importantly, rehabilitation. Our proposals are infinitely better than those contained in this legislation.

The legislation was introduced several days ago to be debated today, yet before we have even begun to debate it the Minister has put on the table three pages of amendments. That indicates the way in which this Government has introduced the legislation: it has not thought it through. It does not have the agreement of the major groups within the community. It might have the agreement of the unions, but certainly it does not have the agreement of the employers, and there are two sides to the coin in this legislation as the Government, the Minister and the public know.

An honourable member interjecting:

Mr OLSEN: Obviously it does not have the full agreement of the unions; that is why the amendments include benefits that were not in the original legislation introduced several days ago.

Mr Duigan: You're contradicting yourself.

Mr OLSEN: I am not contradicting myself. If the honourable member would listen he would understand what I am saying. We now have three pages of amendments increasing the benefits contained in the original legislation. I give even the honourable member enough credit to be able to assess with a cursory glance what the amendments will do.

Experience overseas shows that the Government's monopoly approach may produce some illusory short-term benefits, but in the longer term huge unfunded liabilities will accumulate which our children and their children will have to pay. Instead, we support the competitive private sector maintaining a role in providing workers compensation. The shadow Minister will foreshadow in detail the amendments we propose to this legislation. If they are unsuccessful in this House, they will be pursued with equal vigour in another place.

In closing, I repeat my challenge to the Premier to enter this debate to explain the Government's deceit and double dealing. If he refuses to do so, I invite the member for Hartley to tell the House what his experiences have been of the deals and sell-outs which have marked the wrangling within the Labor Party over this legislation. It is noticeable that the member for Hartley is now absent from the Chamber on the occasion when this legislation is before us. He was not supported in the Party room.

An honourable member interjecting:

Mr OLSEN: We know that there was a brawl in Caucus last week over this legislation. The Liberals have been saying for two years that workers compensation reform is necessary and urgent. We have put our cards on the table; there have been no shady backroom deals. In the interests of workers, businesses and the State economy, this issue is too important for the sort of face-saving devices in which this Government has been indulging. Let the Premier now come clean. He has a duty to this Parliament and to the people to do so.

In issuing this challenge, I make clear to the Premier that the Opposition does not believe that the Government has a mandate for this legislation. The proposals for workers compensation reform that were before the public at the last election have been changed in some significant ways in this legislation. It is legislation which must not be allowed to pass this Parliament without some major surgery.

Mr S.J. BAKER (Mitcham): Last Saturday the *Advertiser* reported that Minister Blevins was a razor sharp politician. I concur entirely. Who other than this Sweeney Todd of politics could have designed a more efficient weapon to cut the throats of business, large and small, in this State?

The Bill marks the start of a legislative program by the Bannon Government which will surely explode the 'Honest John' image. Bloated by victory at the polls, penance must now be paid to those powerful elements within the Labor movement. My remarks will be directed towards the Minister of Labour. However, all South Australians should clearly understand that the ultimate responsibility rests with Premier Bannon, for it is his Caucus and his Cabinet which approved all the measures contained in this Bill. Bannon and Blevins stand jointly condemned for their blatant dishonesty. They have preyed on the emotions of the South Australian business community, which has been pleading for meaningful reforms to workers compensation. Many supported the Government at the December poll the mistaken belief that the Government's undertaking would be honoured. They were like lambs being led to the slaughter.

Bannon and Blevins stand condemned for their utter contempt of workers in this State. This Bill will cost many thousands of jobs. Employers will be forced to shed labour or submit to bankrupcy. Workers will find it difficult to obtain workers compensation benefits on the dole.

What happended to rehabilitation? It takes up but three of 127 clauses in the Bill. Jack Wright said it was rehabilitation first and compensation second. Obviously the friendship that Minister Blevins enjoys with the former Minister does not extend to honouring his undertakings. One might cynically suggest that Premier Bannon is so anxious to get his hands on the $300 million reserves to be accumulated by the scheme that he has failed to insist on more than five minutes thought being given to the future health and welfare of the injured workers.

Let it be clearly understood: there must be reform of workers compensation in this State. There is widespread support, particularly from the Liberal Opposition, on this matter. Indeed, we developed a scheme some 24 months ago to meet that end. Everyone in this House can provide evidence of the resentment directed against lawyers because of burgeoning common law claims, at the Judiciary for their determinations, at the courts for their delays, at the insurance companies for spiralling premiums, at unions for their aggressive pursuit of compensation, at the dishonest for their manipulation of the system, and at the Government for its intransigence. The main losers have been the honest workers and the business community. Do not accuse us of failing to understand the problems which exist today.

I will now deal with the Minister's second reading explanation. It is totally dishonest and an insult to this Parliament, reflecting once again the contempt shown by members on the other side towards parliamentary democracy. I hope members opposite have all read the Minister's explanation of the Bill.

The Minister commented on the massive underwriting losses being experienced. He does not say how he can deliver a compensation package predicated on there being a 9 per cent profit within the system, as calculated by Mules and Fedorovich? He quotes Victoria as having introduced a Work Care scheme that has reduced premiums by $600 million—another untruth. Prior to the introduction of Work Care, premiums from the private sector in Victoria were of the order of $700 million. In the next paragraph he explains that average premiums have halved, not reduced to one sixth as the above would suggest.

Further, he failed to mention that South Australia has been operating at a premium level approximately 80 per cent of that in Victoria. He did not clarify that more businesses in Victoria are paying higher premiums than have enjoyed a reduction; nor did he mention that the level of benefits under Work Care is significantly lower than those proposed in this Bill. He blatantly suggested that the new scheme will significantly reduce premiums—another untruth, as will be revealed by the Auditor-General. According to my calculations, the Wright scheme would have increased premiums marginally. Under this package, the sky is the limit.

He mentioned that a 'new directions conference' had been called, and such notables as Professor Terry Ison of Canada and Justice Owen Woodhouse of New Zealand were contributors. The Minister should be reminded that the Canadian scheme, under Ison's astute management, is some $C5 billion underfunded, and the New Zealand scheme is currently sinking in Auckland harbor for the very same reason, along with a few other vessels. The Labor Government displayed remarkable acuity in its choice of lead speakers.

The Minister of Labour referred to the conscious decision to closely involve employee and employer organisations in reform proposals. As events have unfolded, the dialogue has been restricted to the former only. I can only assume that this decision was taken during a period of unconsciousness. He referred to disincentives to rehabilitation under

existing arrangements. I would ask: who would wish to re-enter the work force if they were receiving the lucrative rewards on offer under this Bill?

The Minister of Labour referred to re-employment of previously injured workers through the Secondary Disabilities Fund program. The Bill is remarkably silent on this matter. The Minister believes that there will be substantial savings accruing from the rehabilitation measures. I simply ask to what measures he is referring. He also mentioned the board and its composition of four employee and four employer representatives, but he failed to divulge the potential for imbalance created by the other three positions. He also suggested that the Bill largely mirrors the white paper, but there is a rider: the benefits are different.

He costed the increased benefits contained in the maims table, together with residual common law, and suggested a 3 per cent to 5 per cent loading in premiums from this factor. What he failed to reveal is that the premium base will have to expand considerably to cater for the new pension base. Mules and Fedorovich estimated a 30 per cent additional impost from that area.

The Minister believes that the improved benefits are affordable. I would suggest he discuss this matter with the bill payers. He also suggests that the benefits are broadly comparable with Victoria's Work Care—another blatant untruth, unless there is a broader definition of 'broadly' than is currently accepted. Victoria has set a maximum pension at $400 per week, but this Bill proposes about $950. Victoria reduced the pension to 85 per cent of average weekly earnings after the first week—the Bill proposes three years before the decrease occurs. These are the main differences, but there are others.

The Minister suggests that there will be savings of about 30 per cent—another blatant untruth. He declared that provision had been made for reserve funds to be invested in the State, with a rider that they would be used elsewhere if higher returns were available. Not only have I failed to find the reference, but also I question how such a concept can survive the acid test, unless, of course, the Government intends to milk the fund.

The Minister of Labour suggested that the costings provided by the Employers Federation were very close to those of the Government. My most constructive suggestion is that the Minister undertake a course in remedial arithmetic. The Bannon Government must believe that Walt Disney is alive and well and Fantasyland still exists. To have been swayed by Trades Hall to the extent revealed in this Bill clearly demonstrates that it does not have the capacity to lead this State. It assumes that business can continue to be overtaxed, overregulated and bear the burden of Government largesse. It is wrong. I can assure the Premier and the Minister of Labour that these same people who are the creators of employment in this State are angry.

Before proceeding to cover some of the background to and elements of the Bill, I will briefly lay down the Liberal Party's position. We believe that the Auditor-General's Report should be made available before the Bill proceeds, as promised by the Minister.

Mr Olsen: With the insurance count, time to assess the Insurance Council books as to profitability.

Mr S.J. BAKER: Yes, indeed the benefits prescribed in the Bill are beyond the capacity of the business community. The establishment of a public monopoly is at variance with efficiency and cost savings. We are concerned that injured workers will never have the opportunity to re-enter the work force. The inclusion of subcontractors and other working arrangements within the province of principal contractors will create greater anomalies and confusion than currently exist.

We oppose the inclusion of overtime earnings in average weekly earning assessments and object to upgrading earnings through the consumer price index mechanism. We oppose the broadening of the rules governing journey to work and we condemn the lack of detail on rehabilitation. We do not subscribe to the way in which partial incapacity has been treated. We are concerned that businesses with low accident rates will subsidise those which make little effort to maintain a safe working environment or those which are more risk prone.

We are concerned that there are insufficient safeguards to prevent the reserve funds being manipulated by the State Government, that the scheme could be unfunded to the ultimate cost of business in the future and that employers may have little say in medical assessments and rehabilitation. The Bill is a disgrace.

Over a period of time I have gathered certain information concerning workers compensation. The question of workers compensation has been with us for many years. Indeed, in the Minister's explanation and in many of the pronouncements the suggestion has been made that reform is overdue. I agree that reform is overdue, but this is not reform because reform suggests some improvement to the system.

Before I go to some of the more essential elements of the scheme, I refer to some statements that were made. In particular, I refer to a document that is fairly readily available in terms of a pronouncement by the Government. The book is titled 'Limbs, Lungs and Lives; Occupational Health and Safety Reform' and was written by none other than one of our new members, Mike Rann. The interesting part about this report is that it spends a great deal of time talking about occupational safety, health and welfare. It amazes me that the Government's Minister of Misinformation, Mike Rann, who published this document, spent a great deal of time extolling the virtues of a safe working place, but this Government has not had the good sense to combine two Bills, or even to introduce the safety measures first.

The Hon. Jennifer Adamson: There should be cognate debate.

Mr S.J. BAKER: There should indeed. The Opposition is of the belief that we should do a lot more to create a safe working environment. Indeed, the Mike Rann document points to some of the problems experienced in the work place and it states:

> By the end of this year, more than 300 Australian workers will be killed and over 300 000 injured at the workplace. This carnage will result in 2.5 million bed days in our hospitals. Rightly, we hear a great deal about our road toll. But few Australians realise that for every person injured on our roads each year, five will be hurt at work.
>
> A considerable amount of newspaper space and television time is devoted to crime in Australia. Yet in New South Wales in 1981 there were 176 deaths at the workplace which were the subject of workers compensation cases, compared with 115 homicides. A comparison of assaults and worksite injuries is even more revealing. In 1980, according to Peter Grabosky, former Director of Research at the N.S.W. Law Foundation, 1 388 serious assaults (generally involving bodily harm) were reported to the N.S.W. police.
>
> During the same period, 129 419 injuries resulting in three or more days incapacity were reported to the Workers Compensation Commission in the same State. The injuries involved included 10 000 fractures, 20 000 lacerations and 400 amputations. By any comparison these figures demonstrate that occupational accidents are a major threat to the health of our community. But when have industrial accidents ever been made an election issue?

That is the foreword to this document. The document continues:

> Apparently workers' lives and livelihoods, lungs and limbs are less newsworthy than strikes and lockouts. Such a bias betrays a fundamental lack of understanding of our industrial scene. In 1980, 3.3 million working days were lost in Australia because of industrial disputes. By contrast, more than five million working days were lost because of industrial accidents. In South Australia, the State with the lowest rate of disputation, the difference is

even more stark. For every day lost through industrial disputes in South Australia, more than four days are lost because of reported accidents.

The personal, family and community costs of industrial accidents are enormous. The financial cost to industry is no less severe. In 1982 the former Federal Minister of Employment and Industrial Relations, Ian MacPhee, admitted that work accidents and injuries cost Australia at least $4 000 million and one million person/weeks each year. The losses in terms of production were estimated at nearly $470 million in 1980/81. Significantly, the value of production lost through industrial disputes was $270 million.

That is the opening gambit to this paper, so what happened to occupational health, safety and welfare? What happened to Jack Wright's statement that it would be rehabilitation first and compensation second? Was the demand such that the system be changed in terms of benefits before it was changed in respect of the working environment?

The Hon. H. Allison: That was before the election.

Mr S.J. BAKER: Yes. Perhaps it was before the author of this document became a member of Parliament. I wish to share with members another couple of references, because they demonstrate that the Government of the time had sufficient background information to make a decision on workers compensation completely different from the provisions in this Bill. The Opposition is not asking for information that has never been made available. The member for Briggs has presented a paper in which this information is readily available, and any member can read it in the Parliamentary Library. Yet the honourable member has been party to a decision to introduce a Bill prescribing benefits totally outside anything else in the western world, certainly in the underdeveloped countries. He has been party to introducing this Bill, knowing full well that we will be out of kilter with the rest of the world and with the rest of Australia. We simply cannot afford that.

The Hon. H. Allison: What are the benefits like in the Soviet?

Mr S.J. BAKER: I suggest that the Minister go there and he may be better served instructing them. Under 'Reforms under way' the document states:

The Bannon Government has quickly come to grips with many of the problems affecting Occupational Health and Safety in South Australia. At the Federal Conference of the VBEF in March 1983, Mr Bannon said his Government has been elected on a program of major industrial safety reforms.

We intend to implement legislation that will place the responsibility for Occupational Safety and Health on the joint shoulders of the employer, union and Government appointees of a new Occupational Safety, Health and Welfare Authority. With four State Labor Governments and now a Federal Labor Government, we have a mandate to bring Occupational Health and Safety laws into the last quarter of the twentieth century. I believe it must a campaign central to any Labor program of reform.

If the Bill before us is any indication of the effort to be made by the Labor Party in terms of an occupational safety Bill due to come before Parliament at the start of the next session, employers in this State had better start packing their bags, because there will be no room for them to carry on business here. There are other references in the report which I shall quote. Indeed, I owe a debt to the member for Briggs, because he has told the Government a little about the benefits offering in other countries. When I was considering workers compensation, I made an effort to find out a little more, but unfortunately some of the detail has been lost. The document states:

Workers Compensation in Australia is big business. But only one third of the money that changes hands in compensation cases goes to the victims. Doctors and lawyers are the principal beneficiaries.

Here we have the underlying theme. The document continues:

In South Australia the Workers Compensation Act is fragmented and unwieldy and pays little attention to the rehabilitation of injured workers. Our outdated system of workers compensation needs a major overhaul. Employers frequently complain that their workers compensation premiums have jumped astronomically in recent years. They may have a case. Increases of 300 per cent during the past three years have not been uncommon. For workers, coverage is pretty much a lottery. Some strike it lucky. Many don't.

The honourable member talks about the scandalous problems causing injury in the workplace, and he says that we must change the way in which we operate. However, as a result of information that he has gleaned from overseas, he states:

Canada and many European nations are far more advanced than Australia in the provision of occupational injury insurance. In Canada, workers compensation is generally the responsibility of provincial parliaments. Like Australian States, the Canadian Provinces differ in their approach to occupational health and safety, and workers compensation. However, in all Provinces, compensation is provided for personal injuries sustained at work unless the disablement is for less than a set number of days or where injury is due to the worker's serious and wilful misconduct and does not result in death or serious disablement.

That is similar to the position we have today. The document continues:

Compensation is also payable for industrial diseases arising from work. In Canada premiums are determined according to the degree of hazard posed by each class of industry. Various types of benefits are provided for injured workers. Benefits for disability are based on a percentage of average weekly earning, subject to an annual ceiling. Workers suffering permanent or temporary total disability are presumed not to be able to work at all and receive 75 per cent of gross average weekly earnings (90 p.c. of net earnings in Quebec) as long as the disability lasts.

This is the information that the Premier's right hand man obtained overseas and presumably in the intervening period transmitted to the former Minister of Labour (Mr Jack Wright) and the current Minister (Mr Blevins). The document refers to 75 per cent of gross average weekly earnings. Members should keep that figure in mind, because I will tell them what has happened in Canada, where the basis is only 75 per cent of earnings. The document continues:

Partial disablement entitles a worker to proportionate compensation. Medical and hospital benefits are also provided. Unlike Australia Canada makes rehabilitation the principal thrust of its workers' compensation initiatives.

This is again from the marvellous member!

Mr Rann interjecting:

Mr S.J. BAKER: Obviously, from the new member's outburst, he has either not conveyed to his colleagues what is happening in the rest of the world or he knows what is happening around the world but is not willing to communicate it because he fears that we will suffer job losses. If he cannot accept that statement, perhaps he will tell the House about the information that he collected and how he communicated it to his Minister. This interesting document continues:

In Sweden 'occupational injuries' include injuries resulting from accidents at work, other harmful influences at work, infection and accidents en route to or from work. Disease is also covered and where there is dispute over whether disease is occupationally induced, a special rule of evidence for occupational injury insurance provides that recognised 'harmful factors' at the workplace must always be deemed to have caused the disease, unless there is powerful evidence that the disease the worker is suffering from was not work induced. The burden of proof never rests with the injured party.

That element has now been embodied in this Bill. The benefits are referred to as follows:

A person suffering from illness as a result of occupational injury is entitled, during the first 90 days off work, to the standard sickness benefits. This is calculated to correspond to 90 per cent of the income which the beneficiary would have earned if he or she had not been ill.

Members know that Sweden has the highest level of social security per capita in the world. Therefore, we can assume that the Swedish scheme probably represents the top of the rung. From my research—and I sent out a number of requests

for information—that does not comply. Unfortunately, many countries did not respond to my request, but I did glean a little information from one or two others. In relation to Austria, we read:

Workers compensation in Austria covers people who have accidents at work, on the way to or from work, or travelling from work to a doctor's consulting rooms if the person has to consult a doctor during working hours.

This information contains a number of instances of occupational diseases, and it continues:

A heavy emphasis is placed on rehabilitation. During vocational training, the injured worker is entitled to a transitional allowance amounting to 60 per cent of his or her earnings before the accident.

Mr Rann interjecting:

Mr S.J. BAKER: I am drawing a parallel between the figures contained in the document that the honourable member produced, which I presume is accurate and which I find a useful source, and the benefits contained in this Bill. I congratulated the member for Briggs on his thoroughness in giving information about what is happening in the rest of the world; it is a pity that he did not communicate that information to his friends. Continuing:

Pensions for injured Austrian workers are calculated according to previous income and according to the degree of incapacity resulting from the occupational accident or disease.

It talks about the degree of incapacity and not about whether or not a person can obtain a job. It continues:

If a worker is totally incapacitated, the annual pension will amount to two-thirds of his or her previous income. They receive an additional supplement to their pension amounting to 20 per cent of the basic pension.

They also receive supplements for children. I have more information on the New Zealand scheme, which received a great deal of attention at the time. People were visiting this country, and I understand that one or two members—

The Hon. Frank Blevins interjecting:

Mr S.J. BAKER: Indeed, that was the most unfortunate incident of them all. I quote from the useful summary provided by Jack Wright. Whilst full of rhetoric some of the sums are right. It states:

In June 1983 Jack Wright, South Australia's Deputy Premier, visited New Zealand to examine that country's advanced workers compensation arrangements . . .

The New Zealand scheme rests on four broad principles. First: No satisfactory system of injury insurance can be organised except on the basis of community responsibility—

I do not disagree—

Second: There must be comprehensive entitlements. Equal losses must be given equal treatment. Third: There must be complete rehabilitation and there must be real compensation. There has to be income related benefits for income losses, and payments throughout the extra period of incapacity. There must also be a recognition that bodily impairment is a loss of itself . . . As a result the amounts levied in respect of employers vary from ½ per cent to 5 per cent of payroll. However, the average premium levied amounts to only 1 per cent of payrolls. In South Australia, premium levels range from 0.48 per cent to 15.77 per cent although the average would be around 8 per cent.

What he failed to reveal is that the New Zealand scheme is grossly underfunded and that someone will have to pay the bills. Referring to benefits, the report states:

After the first week, the rate of payment for temporary or permanent total disability is 80 per cent of pre-accident weekly earnings with a maximum compensation benefit currently standing at $600. These benefits may continue until the age of 65.

Members should bear in mind that this document was prepared as a result of concern expressed not only about workers compensation but also about occupational safety, health and welfare in this State, and it was put together by none other than one of the newer members of this House. It is a very competent document in many ways, as it draws together many of the threads, and it clearly shows that in the different legislatures the amount of benefit is well below anything provided for in this Bill. If the member for Briggs participates in this debate, I ask that he try to be honest for a change and that he shed some of the shackles of his past and tell the House why, if he had this information available, the Minister concerned was not apprised of it; or, if he was apprised of it, why no notice was taken of it.

This Bill is not just about benefits: it is about mechanisms and improvements to the current system. Holland runs a scheme similar to the Austrian scheme, the basic benefit in Holland being 65 per cent with a top up provision of a further 15 per cent. In Austria the maximum total benefit is some 80 per cent of earning capacity. I ask members to bear that in mind and then consider the provisions in the Bill, because what we have here today is something that will bankrupt employers in this State.

It is useful to refer back to the white paper, which at the time heralded, some people claimed, a new era in relation to workers compensation. I made no secret of the fact at the time that I had severe reservations about the document, as I did not believe that it would be the vehicle that employers perceived it to be for a marked diminution in their premium responsibilities. I believed that the basic tenets of the provisions were wrong.

However the business world was desperate to have reform of the system, and the Government was taken at face value. The only problem was that it did not realise that the Labor Government was giving the undertakings. The document prepared suggested that there was at least a 30 per cent saving in the scheme funding. There has, in the newspapers and between interested persons, been an extensive debate on costs. After this document was released, I spent some time taking apart the costs of the proposals, and I will give that detail to the House. They do not fall on the side of the insurance companies and, believe it or not, they do not fall on the side of the Government, but somewhere in between. The Government has somehow convinced employers that there is a great pot of gold stuck in this system and that by transferring the gold from this pot it will give lower premiums to the employers of the State.

First, the fundamental question of having someone check the costing was never undertaken. Therefore, since that time there has been no critical analysis of the basic costing of the new scheme. The former Minister has become totally defensive about the costings because, without the benefits shown in those costings, there could be no new Bill which prescribed higher benefits. For the Minister and whoever was involved in these original costings to rely in this regard on one major insurer and one Government insurer, and for the Minister and whoever did the costings not to get the premium disbursement but rather the claims disposition, was a fundamental error.

For that Minister and the people who did the original work not to check with some of their interstate counterparts to see whether they were even in the right ball park is indefensible. One of the great problems today is that we had a costing which showed that there was all this excess in the system; the union movement out there perceived that it was in the system; and all the Government Ministers perceived that it was in the system. It was fair game because, if there had been an honest costing from the very beginning, the Government would have had either to come clean with the employers and say, 'You will have to pay higher premiums for those benefits', or alternatively to say to its union colleagues, 'We cannot afford to pay more. We just have to fix up the system so that it works better.'

Let me say very briefly that, although the system had an enormous number of problems in it, it was fixable. Submissions have been made by the Law Society and by the insurance company. It may well have been too far down the track for the Minister to depart from the course that he

had set but, given the fact that there was no benefit within the system, prescribing higher benefits as has been done now has made this Bill a farce.

I would like to mention some of the areas which were canvassed in the white paper. It states (and this is only a very minor point):

> It is proposed that the existing exclusions of categories of 'worker' be maintained with the exception of outworkers, who it is now intended should be given protection under the Act.

Again, that is not quite adhered to. I will go on to the more serious defects. The first is headed 'Bars to claims':

> The substance of the existing provisions are to be retained with certain qualifications as follows:
>
> *(a)* limit barring of claims to cases where the disability was substantially attributable to serious and wilful misconduct and did not result in the death or permanent total disablement of the worker.
>
> *(b)* Claims are not barred:
>
> (i) unless *(a)* above applies, because the worker—
>
> *(aa)* was acting in contravention of any statutory or other regulation applicable to employment; (existing) *(bb)* was acting in contravention of an instruction of the employer; (new provisions), or *(cc)* was acting without instrucitons form the employer, (existing),

Whilst I marked that section, it is an area that I will be addressing later. It does not reflect on the area of benefits, but certainly raises some questions on how workable that situation is when an employee refuses the justified instructions of the employer.

Returning to page 11 of the white paper and the prescription that there shall be a maximum lump sum benefit of $30 000 and that common law provisions will be excluded. We know that that is no longer the case; that there is a residual common law right under this Bill and the maims table now specifies $60 000. So, the original proposition has been deviated from. There is also some reference to the fact that the period was to have been two year during which people would reap that weekly benefit before reverting to 85 per cent of their weekly earnings.

We are told that where a worker is partially incapacitated (that is, capable of earning some degree of income) but is unable to obtain suitable employment, the current concept of, partial deemed total, will apply for 12 months from the date of medical stabilisation of the disability or from two years after the commencement of benefits if that is sooner. We are all aware that medical stabilisation can take place over a period of time. To get over the problems the Minister said that we might as well have three years. In some cases medical stabilisation can take place within six months; other cases do indeed wander along for at least two years. At the end of the spectrum, the Minister is probably right; three years at the end. Now, he has put in the Bill that everything shall be on the three year time cycle.

There is a reference to overtime and there are some difficulties in even accepting the amended version from the Minister which is somewhat different from the draft Bill. It is certainly not as satisfactory as far as employers are concerned and raises some serious questions about whether overtime should or should not be included under certain circumstances. Again, we have the refference to two years for medical stabilisation. A number of references have been departed from.

Each Minister has the right to make his own decisions, and certainly the Minister has seen fit in this circumstance to make his own decisions. However, he has departed from an undertaking made at the time—an undertaking and agreement reached between both employer and employee representatives, an undertaking which I believe was wrong because I felt that the benefits offered under the original Wright proposition were unaffordable; they simply could not be afforded in the South Australian context.

For the Minister then to go down the track further than was provided I find very difficult to understand. Perhaps when the Minister responds to this debate he can tell us why there was such a radical departure from the original Wright proposition. It has caused considerable heartache to the people concerned. I would hazard a guess that certain members of the union movement have been whispering in his ear, and have said that all bets are off because the benefits are not quite high enough. The benefits were more than high enough under the old Bill and certainly under these circumstances they will bankrupt industry. As I said earlier, we had a paper submitted by the member for Briggs and then we had the white paper, which was radically departed from.

The Liberal Party is totally and utterly opposed to the establishment of a pubic monopoly. We on this side of the House do not believe that monopolies, public or otherwise, contribute to the health and well-being of the country because, unfortunately, whilst they may be set up with the best will in the world, eventually they use their monopolistic power to the detriment of the people concerned.

The DEPUTY SPEAKER: Order! I request members on both sides of the House to take their seats, please.

Mr S.J. BAKER: We have a classic case with ETSA, an organisation which has served this State well. Members may well recall that it was set up by Sir Thomas Playford, I think in about 1943, to overcome problems associated with small electric light companies. I think 13 different phases of electricity were used in those days to supply South Australia's electricity. He believed that it was more efficient for one distributor to meet that end, so he set up the company. Since that time and probably until recent years it has served this State extremely well. It has managed, because of its size, to benefit from the economies of scale and, through astute management, to make the right decisions as far as its fuel sources are concerned.

However, that situation has changed with the change in management brought about by the Labor Government. It is now the plaything of various representatives who are put on the board. No longer do we have the expertise previously available to the Electricity Trust of South Australia. We have pay-offs for friends, with certain past Ministers having been placed on the board. When we get into a situation where the benevolent monopoly is the plaything of the politicians, we get into the situation where the benefit to the community at large is severely diminished.

I refer now to a speech given by Michael Porter who is at the Centre of Policy Studies at Monash University. I shall read the whole speech. He really deals with the question of QUANGOs.

Mr Rann interjecting:

Mr S.J. BAKER: The member for Briggs says that I am wasting time. I am trying to point out to him some of the weaknesses inherent in the Bill. We are totally opposed to the establishment of a public monopoly. This speech, which expresses far better than I ever could the problems involved in the setting up of QUANGOs, states:

> State enterprises are owned by everybody but can be sold by nobody except the government. While the T-shirts proudly proclaim 'I Own an Airline' or 'I own a Sewerage Authority', reality is that these enterprises are 'owned' by shareholders without certificates.
>
> QUANGO's or quasi autonomous non-government organisations, are organisations run by committees and government appointed officials. If I were to add 'QUANGO' to my dictionary, it would be 'an almost immortal animal, protected but not endangered, eats almost anything and everything, essentially wild and uncontrollable, and liable to make a mess which only governments are financially able to clear up.

That is a superb definition of a QUANGO and that is what we are setting up—a *quasi* autonomous non-government organisation called the workers rehabilition and compensation corporation. Michael Porter states:

State enterprises such as Telecom, the gas and electricity utilities, and Australia Post, also have legislative monopoly status for most of their activities such that it is often not possible to compete with them. Consumers who might like another supplier have little choice. In more ways than one then, State enterprises are protected firms. We have no reason to expect them to innovate, be dynamic or efficient. When they are efficient, as has been known to happen, we should be grateful that the management has been well chosen and operates on sound principles.

Michael Porter, to his credit, said that ETSA was one such organisation many moons ago. He continues:

But we should never expect too much from the incentive structure inherent in State enterprises.

Converting State enterprises to private ownership involves no more than issuing citizens with shares for what they already own. For some reason a vision of the 'Sale of the Century' has emerged in the UK, with the UK Government netting cash as part of the privatisation process. Far better, it would seem, just to mail out our shares in TAA, QANTAS, Telecom and so forth, and let us sort out who wishes to keep their eggs in the TAA or Telecom basket. By adding cash to the governmental kitty as part of the privatisation process we may allow government to grow more easily and so postpone fundamental expenditure and tax reforms.

That is a dialogue for which I have some sympathy. Obviously, it is important to me that, whatever enterprise we have in this State, whether publicly or privately owned, is subject to competition, it obeys the rules of the market, and, if so, it will be to the ultimate benefit of consumers. The public corporation will not be to the ultimate benefit of consumers because it is set up under State laws with prescriptions. The prescriptions are that it shall lean heavily in favour of employees as far as benefits are concerned.

The Hon. Frank Blevins interjecting:

Mr S.J. BAKER: For the benefit of the Minister, I said that public corporations can have the ability to perform as private firms. They do not perform as private firms only when they do not subject themselves to the market and fail to have the management expertise necessary to innovate. Once upon a time here in South Australia we had a number of Government and semi-government organisations which did have an ability—

The Hon. Frank Blevins interjecting:

Mr S.J. BAKER: The article, under the heading, 'What do State Enterprises Achieve?' states:

I shall be arguing in this brief talk that despite the rhetoric about public interest and natural monopolies, State enterprises are really about assiting key interest groups in ways which are not readily observable—they facilitate disguised subsidies.

We know that that is happening and will happen with workers compensation. The article continues:

And there is sound analytical and empirical evidence for State enterprises (A) operating at very low levels of efficiency; and (B) being virtually impossible to make accountable in the same manner as private businesses.

It is in the Government's best interests to ensure that these things do not work. Michael Porter continues:

They have too many quasi-political objectives and diverse objectives to ever by judged by normal standards. State enterprises readily become preoccupied with interests of their own employees.

The reason politicians of all Parties have typically preferred State enterprises, despite the known inefficiency which results from committee 'control', is that this enables them to hide from taxpayers and 'bill payers' the true subsidies involved. The reason privatisation is politically tough is not that the gains in efficiency are small or questionable—research shows them to be large to enormous. It is simply that so many interest groups are receiving indirect subsidies that it is hard for politicians to move.

The article goes on to refer to the 'Yes Minister' syndrome, accountability and inefficiency, and who benefits from State ownership. The article contains some superb language and if anyone would like to borrow it—

The Hon. Frank Blevins interjecting:

Mr S.J. BAKER: If members have time to get hold of this document, I ask them to make a check list of things that have been highlighted. If members wish, I am quite willing to read the rest of the document.

Members interjecting:

The SPEAKER: Order! Interjections are out of order and I request the member for Mitcham not to rise to them.

Mr S. J. BAKER: The document contains some superb quotes, and I will make it available to my colleagues opposite who may learn a little more than they know today. The principle about which we are talking in this debate is whether we should construct a public monopoly to look after the interests of workers. I hope that the member for Hartley is able to enter the debate and comment on some of the provisions in the Bill. If there are certain areas that he wishes to pass over, I am sure we can assist him to deal with them. I am sure that he was upset, as were many people in the business enterprises out there, by the way in which the Bill was handled. That deals with the question of public monopolies. I now turn to the vexed area which—

The Hon. Frank Blevins: Why don't you deal with the Queensland system?

Mr S.J. BAKER: If the Minister is extremely patient, and if I still have a voice when I have dealt with all other material—

The Hon. Frank Blevins interjecting:

Mr S.J. BAKER: I am well aware of that and in fact have a little yellow book in my bag that deals with schemes around Australia, if the Minister is interested.

The Hon. Frank Blevins: This is your speech; I will give you a copy of it.

The DEPUTY SPEAKER: Order!

Mr S.J. BAKER: I will deal with the Queensland scheme very briefly for the Minister. At the very end of the day, if we are still here and everybody is listening intently, we will further develop the Queensland situation. There are some advantages to the Queensland system, as the Minister is well aware. The advantages come in two forms: one is the ultimate cost, and the other the speed of delivery. There are advantages in any system of workers compensation. The Minister will find that my statements previously have been consistent with that, and I hope that he will find the appropriate reference to show that they are.

The Hon. Frank Blevins: That's not what you said.

Mr S.J. BAKER: The Minister had better reread it. When we examined the situation some two years ago, we urged the Minister to canvass the alternatives before he put his size 10 hoof into it. Unfortunately, he did not canvass the right alternatives, because he did not listen to the member for Briggs.

I wish to go on to the question of costs. For many people in the system it is the most serious question that must be answered. I do not know (and the Minister may wish to tell the House when he responds) about the terms of reference under which the Auditor-General is working at present. Indeed, I would ask that the Minister jot it down so that he will not forget. He should tell us when the Auditor-General intends to deliver, and exactly the words that he has been given as to the form of direction that he will use in assessing the scheme.

The Hon. Frank Blevins interjecting:

Mr S.J. BAKER: '"Direction" is not the right word,' says the Minister. I hope that the Auditor-General will look at the estimated premium disbursement of workers compensation benefits collected by private insurance companies over the past five years. I hope that the validity and reliability of the sample data provided, and the conclusions drawn from that, are under scrutiny by the Auditor-General. This is indeed the information that was provided to Mules and Fedorovich for their report. I hope that the Auditor-

General is able to capably assess the two pieces of information and whatever other information is available from the insurance industry to determine where the actual cost distributions, or the claims distributions plus the premium disbursement, lie.

Perhaps he can also explain the differences involved and why somebody did not get it quite right. It would be of interest to the public at large, who have been harangued on this subject over the past week. I know, from information which I have collected from independent sources as well as those in the industry, that costings that are in the Mules Fedorovich report are under extreme strain. Most importantly, we would also like the Auditor-General to look at the ramifications of the new scheme of prescribed benefits, because that is important in considering the matter now before us. In now reading (and I am sure the member for Briggs, who has left the Chamber will bear with me)—

Mr Groom: Read his report.

Mr S.J. BAKER: I have already dealt with his report, which is excellent; it is a pity the Government did not read it. I will read excerpts of some of the information provided to me on the question of costs. I hope that members will bear with me, and I may have to incorporate some statistical information. On 13 August 1984, I did a cost analysis of the scheme as proposed. I will give the House the bottom line. I found that some minor cost saving could accrue on the figures available. However, I must comment that the commitment to pay 100 per cent of earnings is economic madness. To my knowledge, no European country operates with that type of benefit. Even the Canadian system is based on a 75 per cent to a maximum limit. I said that this matter would be discussed in a later paper.

The abolition of the common law was estimated to save between 9 per cent and 12 per cent of premiums, based on the common law representing 18 per cent of costs. We have been given further information that the common law is as high as 34 per cent of costs. If we take the Mules/Fedorovich figures of about 2½ times the maximum compensation payment of $50 000, it can be assumed that common law payouts predominate in the more disabling class of injury. That is really intuitive.

Given the Sainsbury point that only a small part is for pain and suffering and most is for compensable items, such as loss of earnings and medical care, the saving will be far less than it would first appear. Without a distribution of common law claims, it is impossible to arrive at a genuine assessment. In any event, the point becomes academic because Mules and Fedorovich estimate that under existing conditions both common law and redemption result in underpayment of 33 per cent. This is in the report, and is something which the Minister does not wish to highlight. Mules and Fedorovich said that, under the Wright scheme, there will be a 33 per cent increased cost by moving from common law to pensions.

I have said that it is somewhat by accident that we arrived at a saving zero for the total changeover. I had estimated a zero changeover or a marginal increase on the Wright scheme. This, of course, presumes that the accidental profile of claims will remain unaltered. Of course, that will not happen, because it will be more profitable under a 100 per cent guaranteed earnings scheme to be on compensation. Overseas literature suggests that, even when workers compensation is pitched at 75 per cent to 90 per cent of average earnings, it represents a growing burden of employers.

Indeed, the literature from Canada suggests that even at its lower level of benefits it has workers going on to workers compensation because of the vagaries of the economic market. On the basis of the information coming from Canada (and perhaps the member for Briggs can comment on this) that is happening with a scheme which is paying far lower benefits. Perhaps the Minister can say what will happen in Australia.

The Hon. Frank Blevins: What level of benefits was included in the Liberal Party scheme?

Mr S.J. BAKER: I will tell the Minister about that later. Further, the paper is silent on rehabilitation mechanisms and costs. Under the Government proposal, employers can be assured that a trade union controlled rehabilitation program will be ultra expensive. The net benefit of the Wright scheme in bland statistical terms is zero. However, put into practice it is more likely to increase significantly employers' costs. Due to false economies in the short-term, for example, in the first five years it will be impossible to set lower premium rates than exist today. That is a simple and acceptable proposition.

Mr S.G. Evans: Will you talk about the victim?

Mr S.J. BAKER: That is a relevant point, and I will deal with it. The victim was addressed in three clauses of the Bill. It is all right to pay out money, but if the honourable member does not conceive that there should also be rehabilitation mechanisms—

Mr Hamilton: What about Brown? He didn't talk about rehabilitation. He wasn't concerned about the rehabilitation centre at Royal Park.

Mr S.J. BAKER: If members are patient, I will deal with their points, as I appreciate their questions. Later we will give a summary of our position on the Bill, and they can see what we intend by looking at our amendments. Also, we will give you the Liberal position, which you already have before you. So, if members opposite just withhold their eagerness I am sure that we can deal with those. But, members opposite should not talk to me about the victim until they can assure me that the victim will actually benefit in a way that helps him—

Mr Tyler: Or her.

Mr S.J. BAKER:—or her develop under this scheme. It is simply not good enough that you pay enormous benefits and then ostracise people as a result.

In his second reading explanation the Minister referred to workers compensation in Victoria. I think it is worthwhile noting that a tremendous amount of criticism is coming out of the system at the moment. We have had a number of submissions from employers in Victoria about the problems experienced over there. As members who have done some research would be aware, the amount of benefits available in Victoria are far below those which operate in South Australia. I refer to some information which was provided to me by a consultant, as follows:

> Reform of workers compensation in Victoria is part of the Government's vision of a new industrial regime in the State. The vision is one of a fresh new era of prosperity marked by a higher productivity, greater competitiveness, nationally and internationally; and lower unemployment—

We do not have any of those high ideals here. They may have missed the mark, but we have seen nothing in relation to what the Government aims to do with workers compensation.

If you read through the explanation very carefully, they and I will probably reach the same conclusion, that is, that the Minister is involved in the immediacy of today and there is no thought for tomorrow. That is not good enough. At least the people in Victoria actually specified some targets. Some people may be aware that they set themselves some targets to reduce the real cost of workers compensation premiums (I think it was by about 10 per cent) and to reduce the number of people on benefits over a period. However, we do not have any of those high ideals in this Bill. It is all about what is there today. The document further states:

. . . where the purpose of the workers compensation is to contribute to a safe and healthy work environment wherein the social and economic benefits of the system reinforce each other. The vision is appealing. Is it also realistic? What are the key elements of the realisation of the new regime? To quote Cooney, in the foreword to his report of June 1984, 'The (existing) system merely establishes a price for injury.'

That is exactly what this system does—it establishes a price, which is far higher than the business community in this State can afford. The document continues:

The Government's report has taken to heart much of Cooney's sentiment and is advocating not just a revised compensation system but a comprehensive system of accident prevention, rehabilitation and compensation.

I suggest that the first two elements are missing from our jurisdiction. The document continues:

Accident prevention and rehabilitation are practised to some extent at present, and their impact appears to be growing among many large employers.

There are certain employers in South Australia who have some of the safest working environments in the world but, when the Labor Party is on the rampage, we never see them quoted. The document continues:

It is fair to say, however, that for medium and small employers there is no legislative or commercial framework and no ethos which lead them or their insurers actively and comprehensively into accident prevention and rehabilitation.

That has been one of the great deficiencies in the system here in South Australia. As somebody commented to me (and I make the statement advisedly), there have been too many snouts in the trough; there have been too many people receiving something out of the system, and the people who should have benefited from it have not done so.

Mr Tyler: Your mates in the insurance industry.

Mr S.J. BAKER: Do not talk to me about my mates. The member for Fisher suggests that it is my mates in the insurance industry. I have no particular feeling of goodwill or ill will towards the insurance industry. Perhaps he could refer, albeit briefly, to the 1984-85 report of the Insurance Commissioner, and then he could perhaps inform the House as to what that contains. The document further states:

Reform of the system in Victoria is a prominent issue because of major problems perceived as adversely affecting the Victorian economy.

I will point those out, because again the Bill and the second reading explanation do not really develop the background that I think is essential in any Bill. In fact, I think that on the front of the Bill one should set out one's concepts and what one believes one is trying to achieve, but this Bill does not do either of those things. The document further states:

- The high cost of workers compensation insurance (whether measured by premiums or claims);
- high uninsured costs (due among other things to disruption in the work place when an injury occurs);
- long delays in the satisfactory resolution of many claims (that is, slow 'delivery');
- inappropriate benefits in some cases (difficulties with lump sum benefits); and
- high social cost due to limited rehabilitation services.

The Victorian and the South Australian Byrne reports identified those problems, and the white paper made some mention of them, although it dealt mainly with mechanisms. The report continues:

These are all sensible, rational observations which are accurate enough and which justify reform. The fundamental goals of the Government's proposals are stated on page 2 of the report. They are—

(1) Better safety and accident prevention procedures.

What happened in South Australia? the report continues:

(2) Improved system of rehabilitation and compensation (of severely injured workers)—

Again what has happened in South Australia? It continues:

(3) Reduced cost (to the community as a whole).

What happened to South Australia? The report continues:

It should be obvious that if goals (1) and (2) are achieved, (3) will follow.

If you have better safety, you will have fewer accidents at work. The report continues:

How does the Victorian Government propose to achieve these goals? Stripped of their finery, the main proposals are—

(1) new accident prevention procedures
(2) new rehabilitation arrangements—

we are missing out on both numbers (1) and (2)—

(3) faster delivery of benefits—

we will certainly get that—

(4) reduced taxes and levies
(5) a central administrative body (and elimination of private insurers), and
(6) elimination of insurance brokers.

Proposals (1), (2) and (3) are paramount.

Again, they are missing in South Australia. The report continues:

If they succeed, reform will be achieved, and the overall costs of claims will undoubtedly fall. If they do not succeed, proposals (4), (5) and (6) will at best be irrelevant; they could conceivably be costly to taxpayers and embarrassing to the Government.

There is some mistaken belief on the opposite side of the House that, if you get rid of insurance companies, the inequalities in the system will suddenly disappear. There is also a mistaken belief that, if you get rid of the common law procedures, inequalities will disappear and that the whole system is rotten and there can be no reform within the system.

I will deal with those matters later, but it is worth reflecting on the comments that have been made in the report, which states:

What is the financial significance of these proposals? The report says that in 1985-86 alone they are worth $600 million to employers, being the difference between projected premiums of $1 261 million under the status quo and $663 million under the proposals.

I mentioned earlier that the current arrangement suggested that there was no more than $700 million at the last count, so there is a difference from that level. This report is a little kinder. It states:

The accuracy of these cost predictions is under question. On attempting to reproduce the Government's figures, using their assumptions, we have been able to account for only $1 160 million, leaving a $100 million shortfall. Furthermore, analysis we have done using our own expectations suggests that premiums under the existing system in 1985-86 will be between $800 million and $1 000 million—a shortfall of between $260 million and $460 million on the Government's figures of $1.261 million.

So, the comments that were made in the second reading explanation and the claims that were made at the time by the Victorian Government were untrue. By taking on board those same comments, the Minister has obviously shown that he has little regard for the truth. The report continues:

Our analysis of the $500 million shortfall that we can explain is approximately—

	$ m
Accident prevention	30
Outstanding claims June 1985	100
New claims 1985-86	100
Rehabilitation	120
Administrative changes	110
Gift (abolition of stamp duty)	40
Total	$500 m

So there are things that were not in the system at that time, and there has been this fantasy land concept introduced by the Victorian Government in respect of the scheme introduced in that State to explain that there were savings of $600 million. So, the principle was that, to be able to say that savings of $600 million were to be made in the system, they had to up the ante for the changes taking place and say, 'With these changes we have an overload of an extra $500 million; therefore, with the $100 million that we will

save, we will have a saving of $600 million.' The document continues:

Note that the $200 million saving on benefit delivery is derived about 50 per cent or $100 million from abolition of the supplementation fund levy—

we have the same situation in South Australia—

which is said to be no longer required due to the reduced cost of claims that have already occurred but not yet been finalised. The other 50 per cent or $100 million is due to lower average claim costs said to apply to claims occurring in 1985-86.

The report then discusses some of the elements of the Victorian scheme and lays to rest the assumptions and the statements of the Minister and the Premier of that State that the new workers compensation arrangements will save $600 million for the billpayers in Victoria. That is the carrot that has been dangled in front of the employers in South Australia. We are all aware that the Victorian legislation has made changes that benefited certain elements in industry. Principally, that legislation has reduced one end of the spectrum and a maximum benefit applies. The Victorian system has been held to a certain percentage over the next five years, and in the process employers have been saved a sum by way of levies conservatively estimated at $200 m. However, the system is unfunded or underfunded, and at the end of five years a sudden shock wave will hit the Victorian employer community because there will be insufficient money in the kitty to pay for the long-term liabilities that have built up over the five years.

The point has been made earlier (indeed, it is contained in the Minister's second reading explanation) concerning the massive profits being made by the insurance industry. In this respect, I refer to page 6 of the Insurance Commissioner's report for 1984-85, where the following statement appears:

The employer's liability class of business which covers both the compulsory statutory workers compensation schemes and common law employers' liability is the largest single class of insurance business. In the year ended 31 December 1984 the private sector direct underwriters returned earned premium for the class of $1 231 million. This amounted to 35 per cent of the total earned premium of the direct underwriters. The class produced an underwriting deficit of $211 million, but this appears to have been more than offset by the investment earnings derived from funds which may be attributed to the class.

Notwithstanding the availability of this investment income, the class has been a difficult one for the industry over recent years. It returned underwriting losses of $256 million in 1981, $253 million in 1982 and $159 million in 1983. It therefore contributed significantly to the total underwriting deficit recorded by the industry, particularly in 1981 and 1982.

I have quoted that passage because, when the South Australian reformed scheme was started, we had a set of figures predicated on there being profit in the system. I seek leave to have included in *Hansard*, without my reading it, a statistical table entitled 'Underwriting trends in the private sector by class of business in Australia 1980-84'.

Leave granted.

UNDERWRITING TRENDS IN THE PRIVATE SECTOR, BY CLASS OF BUSINESS—IN AUSTRALIA—1980-84

Class of Business		*1980*	*1981*	*1982*	*1983*	*1984*
Fire	Loss Ratio per cent	79.19	84.62	80.03	78.21	71.61
	Expense Ratio per cent	42.50	44.12	43.07	46.40	43.99
	Total Ratio per cent	121.69	128.74	123.10	124.61	115.60
	Surplus (Deficit) $m	(45)	(65)	(60)	(73)	(48)
Houseowners and Householders	Loss Ratio per cent	81.03	73.77	65.23	67.54	60.79
	Expense Ratio per cent	45.90	41.96	40.26	41.13	38.91
	Total Ratio per cent	126.93	115.73	105.49	108.67	99.74
	Surplus (Deficit) $m	(57)	(41)	(17)	(33)	1
Contractors	Loss Ratio per cent	81.95	85.48	97.64	95.61	97.30
	Expense Ratio per cent	39.64	37.03	54.55	39.06	44.16
	Total Ratio per cent	121.59	122.51	152.19	134.67	141.46
	Surplus (Deficit) $m	(3)	(3)	(10)	(7)	(8)
Marine	Loss Ratio per cent	77.58	78.31	81.63	73.42	64.79
	Expense Ratio per cent	29.42	29.97	28.18	28.33	30.83
	Total Ratio per cent	107.00	108.28	109.81	101.75	95.62
	Surplus (Deficit) $m	(7)	(9)	(12)	(2)	6
Motor Vehicle	Loss Ratio per cent	79.58	85.61	87.86	79.62	78.95
	Expense Ratio per cent	25.88	25.77	26.12	25.18	23.98
	Total Ratio per cent	105.46	111.38	113.98	104.80	102.93
	Surplus (Deficit) $m	(36)	(81)	(109)	(43)	(29)
Compulsory Third Party	Loss Ratio per cent	100.49	128.86	123.47	107.75	105.77
	Expense Ratio per cent	13.91	11.70	12.20	11.50	11.23
	Total Ratio per cent	114.40	140.56	135.67	119.25	117.00
	Surplus (Deficit) $m	(5)	(16)	(16)	(12)	(13)
Employers' Liability	Loss Ratio per cent	94.81	124.25	112.21	97.55	103.61
	Expense Ratio per cent	22.94	22.32	20.02	16.80	15.12
	Total Ratio per cent	117.75	146.57	132.23	114.35	118.73
	Surplus (Deficit) $m	(82)	(256)	(253)	(159)	(250)
Public Liability	Loss Ratio per cent	69.12	86.33	76.66	87.33	96.41
	Expense Ratio per cent	43.20	39.53	37.70	36.06	39.20
	Total Ratio per cent	112.32	125.86	114.36	123.39	135.64
	Surplus (Deficit) $m	(9)	(24)	(18)	(33)	(61)
Other	Loss Ratio per cent	62.93	54.92	59.63	58.45	57.32
	Expense Ratio per cent	43.90	42.05	44.76	43.71	27.05
	Total Ratio per cent	106.83	96.97	104.39	102.16	101.64
	Surplus (Deficit) $m	(18)	9	(15)	(8)	(7)
All Classes	Loss Ratio per cent	80.91	89.75	87.97	82.45	83.51
	Expense Ratio per cent	32.06	31.32	30.38	28.46	27.05
	Total Ratio per cent	112.97	121.07	118.35	110.91	110.56
	Surplus (Deficit) $m	(261)	(486)	(510)	(369)	(408)

Mr S.J. BAKER: There is no doubt that that table displays the cross-subsidisation of the various premiums offered by insurance companies. I have no special friendship with insurance companies: they make significant profits in some areas and significant losses in others. The total loss ratio of 146.57 per cent for 1981 would suggest that the companies did not make much profit in that year, but other figures show that the industry is viable. In some areas the com-

panies must buy business, and I shall refer to problems in the insurance industry later if I have time.

Another statistical table deals with a comparison between the information supplied by Mules and Fedorovich and that supplied by the Employers Federation and private insurers, which gives a breakdown of premium disbursement. I seek leave to have that table inserted in *Hansard* without my reading it.

Leave granted.

DIRECT PREMIUMS AND PREMIUM INCOME BY CLASS OF BUSINESS AND SECTOR—IN AUSTRALIA—1980-84 ($m)

Class of Business	*Sector*	*1980*	*1981*	*1982*	*1983*	*1984*
Direct Premium						
Fire	Private	401	437	507	576	637
	Public	31	35	32	36	45
Houseowners and Householders	Private	365	450	538	627	683
	Public	71	88	105	128	147
Contractors	Private	27	39	51	52	56
	Public	1	3	3	4	6
Marine	Private	145	157	172	167	183
	Public	6	5	9	9	12
Motor Vehicle	Private	760	829	925	1 043	1 131
	Public	163	171	208	250	257
Compulsory Third Party	Private	36	42	52	66	86
	Public	638	736	865	974	1 090
Employers' Liability	Private	599	735	1 049	1 359	1 567
	Public	266	299	430	582	705
Public Liability	Private	105	133	179	196	238
	Public	7	9	16	22	29
Other	Private	325	379	437	458	523
	Public	25	26	21	24	47
All Classes	Private	2 762	3 201	3 911	4 543	5 104
	Public	1 210	1 372	1 689	2 028	2 338
Premium Income						
Fire	Private	214	241	277	305	318
	Public	16	21	19	23	24
Houseowners and Householders	Private	228	276	341	407	455
	Public	47	64	73	95	107
Contractors	Private	13	16	20	22	18
	Public	—	2	1	1	3
Marine	Private	102	110	123	125	132
	Public	4	3	6	5	8
Motor Vehicle	Private	671	721	835	963	1 028
	Public	157	166	203	244	250
Compulsory Third Party	Private	37	42	52	66	86
	Public	636	734	862	969	1 085
Employers' Liability	Private	468	574	847	1 167	1 375
	Public	258	291	418	563	683
Public Liability	Private	80	102	136	150	182
	Public	5	8	14	18	17
Other	Private	278	322	355	378	450
	Public	23	23	18	21	41
All Classes	Private	2 091	2 404	2 986	3 582	4 044
	Public	1 147	1 312	1 614	1 939	2 217

NOTE: Inward treaty reinsurance premiums are not included in direct premiums in this table.

Mr S.J. BAKER: I draw to the attention of members the major points in the document 'Margin for profit risk'. On the Mules and Fedorovich assumption we have a profit margin of 9 per cent. Originally, we were told that this was an actual profit margin, but since then we have been told that it is the profit margin at which the industry should aim. On the other hand, the Employers Federation's data shows a 20 per cent loss. The major insurers have come up with a figure, in 1984-85, of a 16 per cent loss and, in 1983-84, of a 14 per cent loss. Therefore, the critical question is whether the industry is making a profit and, if it is, whether that profit can be used to distribute benefits more widely than they are being distributed today. The Minister has told the media that, if the new scheme costs more than the old one, it will be withdrawn. He has given that undertaking.

Now, he is singing another tune, and we are not sure whether or not he is interested in what the Auditor-General's Report may contain. Is the system making a profit or is it making a loss on first bases? I will read this document so that members may understand that the industry may survive although suffering a loss ratio of about 120 per cent. I did not believe it but, mathematically, this information shows that the industry can run at a loss of 116 per cent within the industry because that can be offset from reserves revenue. The article states:

The critical difference between the figures is indeed that 9 cents of each premium dollar is underwriting profit. On top of that there are investment earnings of another 6 cents, so it is 15 cents in total out of every dollar.

The other figures suggest that the cost of the system is $1.20 and $1.16 respectively, i.e., insurers must apply at least 20 cents or 16 cents of investment income simply to meet the costs of the system. This conclusion is independently supported by all recent reports of the Federal Insurance Commissioner. To the extent that the cost of the system is met out of investment income, insurers therefore subsidise premiums paid by employers.

I would not have put it quite that way because, as some income is from premium and other from reserves, it happens that, because there are underwriting losses, the system balances itself out as a result of earnings on reserves. The document states:

A Government monopoly, therefore, cannot save margins that simply do not exist. The challenge for the Government is to demonstrate that the investment performance of its monopoly will be sufficient to pay for the benefit levels which are currently being sustained out of insurers' investment income and if, as some have suggested, Work Cover actually costs more than the present system, then the investment performance of the monopoly must improve commensurately if employers are not to pay more.

The only alternative would be for the system to become unfunded: that is, for the Government to defer debts into the future.

We have a great deal of concern about that, and I will refer to it later. A paper entitled 'Work Care and Work Cover' supplied a comparison of the two and enlarged on some of the similarities and differences. It states:

1. Both propositions presupposed a much higher cost being charged by insurers than was the fact. Both these started from an assumption that savings of the order of 30 per cent of cost could be made merely by getting rid of insurers. Both were totally wrong in this respect. Both failed to realise that premium rates were cut to the bone and that investment income was used to pay expenses and benefits.

That has certainly been the case in recent history—during the past five years—but was different 10 years ago. It continues:

2. Both propositions played up the legalistic nature of the system, and both suggested changes. Whilst people see those changes as good, in neither system will there be any realistic cost saving—at least not of the order suggested—maybe 1 or 2 per cent of total cost.

3. Both systems realised that medical procedures needed looking at. Both wanted to emphasise rehabilitation, but again the savings are difficult to quantify and when one looks at New South Wales figures, one can be forgiven for assuming there will be no savings.

That is a very important conclusion because, if there is successful rehabilitation, with this system of benefits there will be many well people on permanent compensation. It continues:

Not that rehabilitation isn't desirable—it just does not seem to effect the results. (In New South Wales the Government service had 6 824 referrals one year and got only 45 back to work).

4. Neither set of original proposals specified the benefits knowing full well there had to be discussions and negotiations with the trade unions before any suitable Bill could be passed.

There must have been better discussions in Victoria than in South Australia because our benefits are less, but not unreasonable, in terms of what has to be faced. It continues:

Here the similarities end and some important differences follow:

5. In Victoria the Government gave specific agreement to the employers very early on as to premium rates. Employers held the Government to those promises, and this in turn dictated the framework upon which benefits could be structured. No specific premium rates have been promised in South Australia—merely a general expectation of savings in the order of 30 per cent.

The Victorian Government has locked itself into promised premium levels. That will be an important factor, because either it will have to change the basis and break the promise of five years staying on the same premium schedules or the scheme will become more and more under-funded. I have received information from independent actuarial observers about the Victorian scheme which indicates that 10 years down the track with no proportionate alteration in the payroll tax being paid there will be an under-funding to the tune of some $8 billion. Obviously, we do not want to go down that track in this State, and this means we have to be honest from the start. It also means that under the benefits prescribed the cost of premiums will be higher than they have ever been in South Australia. The comparison continues:

6. In Victoria the scheme was costed actuarily, albiet on assumptions set by the State which are probably not achievable. No actuarial costing has been published by the South Australian Government.

All members have asked for that, and we are hoping that the Auditor-General will come up with something. It continues:

7. In Victoria the Government claimed the scheme would be fully funded within 10 years. To do this they need to meet very difficult targets and they make absolutely no allowance for non-achievement which will lead to an unfunded arrangement. The wording of the S.A. Bill is sufficiently vague to seem to allow anything.

8. The common law element is open in both States but there seems more room for action in S.A.

9. The maximum benefit in Victoria is $400 a week irrespective of earnings, whereas the money limit in S.A. is 2½ times average earnings (around $950).

10. Victoria uses the claims handling expertise available to it in the insurance industry to reduce costs. No such proposal exists in S.A.

The comment states:

In Victoria the scheme is already supposed to be running over budget and the promise of a fully funded operation seems to have disappeared.

Mr Becker: It's a disaster.

Mr S. J. BAKER: As my colleague the member for Hanson says, it is a disaster. The report continues:

Indeed, unless some penalty rates are involved (up to five times the normal rate) the scheme could easily be headed for under-funding, thus requiring either cost increases or benefit reductions. Because no rates have been published in S.A. it is not possible to make comments on funding, but if the promises of rate reductions are in fact made, then S.A. will be in the same position as Victoria, that is, heading rapidly for under-funding. The Victorian Government said that its new Work Care scheme promised:

50 per cent reductions in premiums;
aggregate savings of $600 million in the first year; and based on these savings, the creation of 25 000 new jobs.

Work Care has so far delivered:

some premium reductions, but a significant number of employers now pay more—

and I suggest that over half of them do—

(Employers now also carry a one week plus $250 medical expenses excess together with all costs associated with accident prevention.)

The information from Victoria is that, to meet their commitments under the scheme, coupled with the premiums they are paying, the total commitment to workers compensation either through premiums or cost is greater for more than half of industry than it was under the old scheme. The report continues:

> as a consequence, criticism of the Government from Work Care's staunchest employer supporters, the MTIA, and other employer groups are united in their view that any savings will be temporary and will not create new jobs.

Indeed, a number of people in the insurance industry have lost their jobs over this, I am told. I will now explain to members why one can run up a loss ratio of 20 per cent and still manage to survive, given that we are dealing with a problem of costs. I quote the following information:

Assume that the insurer we are considering:

- writes workers compensation premiums of $10m at the beginning of a particular year;
- incurs initial expenses, including brokerage, at the time the premiums are written of 12 per cent, i.e., $1.2m;
- incurs total claims of $10m exactly two years after the premiums are written;
- incurs expenses of 5 per cent, i.e. $0.5m in connection with the settling of claims;
- can invest shareholders' funds at 15 per cent p.a. and premiums, net of expenses, at 10 per cent p.a., this rate being lower because of the constraint of having to have money readily available to meet claims;
- has shareholders' funds of 20 per cent of premium income, i.e. $2.0m, as required by the Insurance Act.

The results of this company over the two year period during which this block of business in force are:

		$m	$m
	Premiums received		10.0
Less	Initial expenses	1.2	
	Claims	10.0	
	Claims expenses	0.5	11.7
	Underwriting loss		1.7

When one takes into account insurance earnings and investments on the reserves, a small profit is possible. Because that small profit is made on a very large basis, it is possible to obtain high earnings on that shareholders' capital. One report indicates that if the 9 per cent that is in the Mules-Fedorovich report was true, shareholders would obtain a 100 per cent return on funds every year. These are some of the problems that we have. If any members want to avail

themselves of the reason behind this, I have the information available.

Because most people have not had the benefit of the vast number of submissions that have been made, I would like to read some of them to the House. Various groups have written to the Minister and have explained to him where they disagree with the benefits proposed by the Bill. The Minister has had that information available, as I have, but the people out there certainly have not. So, to educate the House, I intend to read some of the submissions that have been received. A press release recently put out by the President of the Australian Small Business Association states:

The workers compensation system needs reform, having regard to small business's decreasing capacity to pay premiums, but the present Bill is likely to worsen the situation for small business. In its present form the Bill is a further disincentive to small business to hire additional labour. Operation of the Act, in practice, is likely to be biased against reasonable employer interests. Independent costing suggest that the proposed new 'Work Cover' scheme is unlikely to be self supporting financially.

Creation of another, intrusive, statutory corporation, not accountable in stringent private enterprise terms, is likely to result in administrative and financial inefficiencies and waste. Eventually the taxpayer will have to foot the bill for these outcomes. The State Council of the Australian Small Business Association has detailed many amendments to the Bill to improve it, not only for small businesses but for all South Australians.

The press release adds that the association is working actively to have these amendments incorporated.

I know that many members have received a roneoed sheet from the Automobile Chamber of Commerce, but for those who have not seen it, I will read it. It states:

I, as a concerned member of the South Australia Automobile Chamber of Commerce constantly struggling to minimise the cost of workers compensation premiums each year, was alarmed to learn of the contents of this Bill and the Government's intention to push it through the February session of Parliament. My concerns are outlined for your immediate response:

1. Costing of the Bill—

The South Australian Government has made substantial conceptual changes to the original white paper proposals (see items 3, 4 and 5 below) which will drastically alter the estimated cost of the scheme. This scheme has not been actuarily costed and it is difficult to estimate its full impact other than on a company which is self-insured. Preliminary estimates from some major self-insurers indicate that their premiums will increase by up to 100 per cent. The former Deputy Premier and Minister for Labour commended the original inquiry with cost savings to employers as one of his major objectives.

2. Timing of the Bill—

I, as a business person, believe that serious practical problems will arise if the Bill is rushed through the February session of Parliament in its present form. The new Victorian workers compensation scheme, when introduced six months ago, contained changes which were far less radical that the South Australia scheme, but it is still reeling from the effects of unnecessary teething problems and needs significant legislative amendments because it was forced through in one short parliamentary session.

3. Inclusion of common law action for non-economic loss—

I voice the strongest objection to the inclusion of a worker's right to take action at common law for non-economic loss (pain and suffering) as an additional right to the provision for a lump sum payment for non-economic loss available under the Workers Compensation Scheme 3. The Government has agreed to the abolition of common law action for economic loss . . . and yet it allows the retention of both actions for non-economic loss. I firmly believe that inclusion of common law action for non-economic loss will lead to creative litigation—and the cost of non-economic losses arising from common law actions will more than double the cost under the present Act. The worker should not be given right of action at both common law and the statute, particularly where he/she is given a pension for income loss and Mr Jack Wright (as former Deputy Premier) identified a major problem with the current system as one where workers were treated unequally in compensation, some having obtained statutory benefits while others could have better financial gains at common law.

4. A double counting element in the Bill achieved by excessively increasing the lump sum payout to $61 750—

The Bill seeks to remove the concept of common law action for economic loss and average weekly earnings up until payment of a lump sum, replacing it with average weekly earnings until the period of medical stabilisation, and thereafter an income-related pension of 85 per cent (until normal retirement pension), together with a lump sum payout for any permanent total or permanent partial disability. The problem is that the Bill seeks to increase the maximum lump sum payout from $30 000 to $61 750, the figure in the Victorian scheme (which does not include any pension payment at all). In my opinion the $61 750 lump sum in Victoria represents a payment for both the permanent disability and a statutory lump sum for the resultant economic loss. Apart from the danger of importing lump sum limits under a different scheme into the administrative scheme proposed by the Bill, I believe there is a clear element of double counting in terms of receiving both a lump sum component for economic loss (income) and income maintenance in the form of a pension.

5. The change from a pension based on the assessed disability of the worker to one based on the employment test—

The South Australian Government's white paper proposals outlined a pension based on 85 per cent of the employee's assessed disability. This meant the injured employee could return to work and earn an income supplemented by his disability based pension. However, the Bill changed the basis of the pension to one based on the availability of suitable employment for such workers. This change not only mitigates against the worker finding alternative employment and represents a disincentive for rehabilitation, but also places the employee in a privileged position *vis-a-vis* his fellow workers who are retrenched.

Before I finish this submission, I think it is worth mentioning that members would be aware, if they looked at the disbursement of workers compensation premiums in those States that keep records, that they are heavily concentrated in industries where there is an economic problem. So, if the industry is in economic good health, very little change is found in the premiums. However, where that industry suffers a downturn or the firm suddenly finds it has no markets, there is an enormous increase in workers compensation costs.

Members opposite have suggested that it is stress related to the possible loss of employment. It is recognised throughout the industry that this occurs because people want some form of income and will use workers compensation as the vehicle for achieving it. Indeed, under the benefits prescribed, there is a positive incentive to seek that avenue. We are all aware, and it is appropriate to state at this time, that South Australia is heading into a year of fairly solid economic uncertainty. There has been a rapid downturn in building approvals, and it has been suggested that by the end of the year the number of commencements will fall by up to 50 per cent.

We know that our other major industry in South Australia, the motor vehicle industry, is suffering from Hawkeitis in terms that it will fail to sell as many cars as it has in the past. There are a number of reasons for that, and I am sure that members do not need me to reiterate them. A number of changes were made to the taxation laws, and there are questions about non-leaded petrol and whether people are buying cars. Taking these factors into account, we will have a reverse multiplier effect in South Australia. That is not the voice of doom and gloom: it is a matter of reality. It is coming from the economic analysts, who are saying the same things. Therefore, any measure before this Parliament actively encouraging people within those industries to seek compensation as their income maintenance form will further disadvantage this State.

For the benefit of members I will go over that point. During times of economic downturn, people seek workers compensation as a means of maintaining their income. It is a statistically provable fact: in South Australia towards the end of this year that because of the problems industry is facing on a number of fronts, we will see workers use this as a means of ensuring that they have sufficient income to sustain them until they find their next job or until

retirement. No. 6 in the submission of the Automobile Chamber of Commerce states:

6. Lack of firm basis on which premiums are set—

I believe that the Government must give me an opportunity to critically evaluate the basis on which premiums are calculated (e.g. New Zealand or Victoria or Queensland bases) before the Bill is introduced—to date I have nothing but promises that it will save employers 25-32 per cent of premium-income in workers compensation. I frankly doubt that employers in the motor trade with good health and safety records will achieve the low premium levels they have worked for over the last 5 to 10 years. They will be paying higher premiums to subsidise the industry level set by Government. I believe the problems experienced by the Victorian scheme with regard to premium fixing and inadequate rebates to safety conscious employers will be exacerbated under the present scheme.

6. Other objections.

I have instructed the South Australian Automobile Chamber of Commerce to voice my objection to other specific issues, drafting problems . . .

It should be remembered that the Automobile Chamber of Commerce operates in an industry that is risk prone and has a much higher than average premium schedule. As members would be well aware, employees who work at a service station or in a repair business incur a higher premium per payroll in that industry than average. So, here we have an industry paying higher than average premiums and having real concerns about whether indeed it will be benefiting under the proposed scheme.

I have a submission from the ANZ Bank and it is useful to look at this industry because it is divorced from any real compensation problems and operates on about .5 per cent of payroll as its workers compensation premium base. It has expressed concerns and obviously is having difficulties in Victoria. It perceives that such problems will arise in South Australia. As a preamble, it states:

Australia and New Zealand Banking Group Limited is a company incorporated in the State of Victoria, and licensed pursuant to the Banking Act of the Commonwealth.

The paper continues:

The bank's concerns are—

1. Departures of the Bill from the scheme of the white paper.
2. Several significant changes to the scope of cover under the present law which change the nature of workers compensation from compensation of the individual worker for work caused or work related injury to a general social welfare benefit provided at the cost of employers.
3. Looseness and defects in the language of the Bill.

The submission addresses those concerns in turn. It had about eight pages on drafting improvements and notified the various departures from the original Bill. It is of no benefit to go over them again. It places store on the problem of common law liability, and states:

The white paper made it plain that there are several reasons for the abolition of common law liability. The first reason is the conflict between the concept of the Bill, with its emphasis upon rehabilitation, and the traditional concentration, for the purposes of litigation, on proof of injury. The white paper criticised the adversary system of legal proceedings as harmful to the process of rehabilitation.

I believe that we can live with them all and only have to improve them a little. It further states:

The adversary system appears in its most florid form in proceedings in the Supreme Court or the district court by a worker against his employer for damages for negligence. Such proceedings are frequently bitter. They exhibit all of the undesirable features of the adversary system—on the one hand, an obsession of the worker with his injury, frequently resulting in compensation neurosis, and on the other hand, an attempt by the employer and its medical experts to minimise the injury, and observation and filming of the worker.

We all know of stories of people who have made rather doubtful claims and have been photographed playing tennis on Sunday afternoons. It does happen, as everyone is aware. The paper goes on to refer to some of the problems with the common law situation, and expresses the belief that the common law should be taken out. It states:

If not abolished, common law actions by workers against employers may be expected to become more common in the future. The community generally shows a greater readiness to resort to litigation today than in the past. This may be seen in other areas—a good example is the increase in legal proceedings by patients against their doctors for 'malpractice'. In this respect, Australia seems to be following the American experience. Thus it should be expected that the undesirable effects of common law proceedings will become more frequent in the future, if such actions remain permitted by law.

In the Bill's proposals there is nothing to stop an escalation in the amount of litigation in this area. Under the existing arrangements, anyone who loses a hand or foot or suffers back injury has a prescribed lump sum benefit. Sometimes that lump sum benefit is inadequate to meet the difference in circumstances associated with that injury. People can all point to cases where someone who has been negligent has received more compensation for the same injury than has someone who has taken an enormous amount of due care, but has had some problem with his employer or one of the facilities. There is acrimony in the system on the basis that people are unequal in some way, and that it is a bit of a lottery as to who will benefit.

The suggestion by the ANZ bank is that common law should be taken out of the system. Our belief is that if we have common law it should be restricted to a small group of people, those who have been severely disadvantaged by the wilful misconduct of employers. I will go on to explain that concept later. As the Bill stands today the reference to common law as proposed in the draft Bill has been taken out. Because no overriding provision has been placed in the Bill, the right of common law remains. So, we do have a problem. The bank questions the problem of recovery of amounts paid in compensation from a third party. The Bill allows for various people to be paid benefits. If indeed those claims cannot be justified, and no evidence is available that they can be justified, there is no right for the corporation as such to redeem its money.

Mr Lewis: Why do you suppose that is?

Mr S.J. BAKER: There is always the problem of a leaning in the Bill towards one side of the fence and, indeed, the Bill makes it worthwhile for the employee, if he has had a problem, to take two weeks sick leave and wait for the case to be contested as a workers compensation case. He gets his sick leave back in the system and also the first two weeks will be paid up because there is no stopping that under the Bill and no right for the corporation to redeem its money. That is an impediment in the Bill. We will obviously be moving amendments in that area.

I am not suggesting that people are dishonest by nature, but, because there are dishonest people in the system, we must allow for them. Members on all sides of this House could give examples of people who have dishonestly and fraudulently obtained benefits. Any system that makes it easy for people to obtain benefits runs the risk of everyone wanting to obtain them. For the very small percentage of people who consistently wish to abuse the system we cannot make the system easier, but those people who have justifiable rights to compensation we do not wish to restrict in any way.

The next item commented upon by the ANZ Bank was the right of appeal. As we are well aware, the Bill does not provide for a right of appeal in a number of areas as it relates to the exempt employer provisions and to the ability of the employer to contest the compensation arrangements once handed down by the corporation. Ultimately, it is the employer who is paying the benefit and the worker who is receiving it. We should be more equal in the way in which we distribute the benefits.

Another item canvassed by the ANZ Bank related to change to the scope of cover. We know, for example, that in the journey to work situation the provisions have been widened and the bank notes that there are a number of areas wherein the worker can go off in the meal break and

would be compensable under this Act when they would not have been compensable previously, despite provisions in the Bill about not placing themselves at risk.

We must view this Bill in terms of the extra rights it gives and those that it takes away. It gives considerable additional rights to employees, but it takes away existing employer rights. We on this side believe that there should be a balance between the rights, and we will move amendments to that effect.

The Bill refers to compensation for property damage and a review of payments to a partially disabled worker. I will deal with those matters later. There is real concern that workers will not be assessed as regularly as they should be. There may be two benefits. If they are undertaking the wrong program of rehabilitation or no program, their situation can be sorted out. Secondly, if their condition is medically stable, they can receive benefits in keeping with the Bill.

The Minister would not be surprised at, and I hope that he has taken the time to read, the submission from the Employers Federation. I am sure that the Minister will be able to quote that submission exactly, and that he would not want to be accused of bias. But, just in case the Minister has not bothered to read the submission, I will add to his stock of knowledge and that of other members so that they can understand what the federation is talking about. The Chamber of Commerce, the Law Society of South Australia and Mayne Nickless are some of the interested groups. The major points made in the summary of the Employers Federation submission are:

In the light of our actuary's advice, the Government should not proceed with the Bill in its current form.

There seems to be agreement that, until the scheme is properly costed, we should not continue. It further states:

A fully audited, industry wide survey, should be conducted regarding premium disbursements.

The original basis for the costings was the claims, not the premiums. It is further stated:

Industry must receive significant relief from the current enormous cost burden of workers compensation.

There is no disagreement about that, but there is disagreement about what this Bill will do. I am glad that members opposite are writing furiously. I hope that they will contribute before 10 p.m.—

An honourable member interjecting:

Mr S.J. BAKER: Perhaps I will ask the Speaker whether the debate will stop then. It also states:

The five major objectives of employers have not been achieved, and accordingly the federation calls on the Government to amend the Bill in the following areas.

Because of the changes made to the original Jack Wright proposal, the Employers Federation, the Chamber of Commerce and all the other employer groups have now seriously looked at the composition of the original proposals and certainly those put forward by the current Minister.

Mr Lewis interjecting:

Mr S.J. BAKER: Indeed, accordingly to my calculations, the proposals would increase the impost on the State, although fewer benefits were offered than under this Bill. The federation further believed that there should be:

Increased recognition of the role of employers in decision making, and in the system generally.

Mr Gregory interjecting:

Mr S.J. BAKER: I am not playing for a record. The other points were:

Total abolition of common law rights and the concept of employer liability for journey accidents and rationalisation of benefits to achieve essential cost reductions.

That is what the Employers Federation has told the Government. It further stated:

The concept of averaging risk and premiums across classes of workers is rejected in favour of individual employer by employer consideration.

Admittedly, the Bill refers to the fact that people will be treated on an individual basis, but it does not go far enough or offer rewards for a safe working environment and attempts to keep down the number of accidents. It also states:

The proposed coverage of subcontractors is opposed.

While the provisions of the Bill are little different from those of the previous Bill, the Government has signalled its intention to include everyone and everything under the employer cum working arrangement cum understanding section, but somewhere along the line someone will have to foot the bill, and of course it will be the principal contractor in each case. The Employers Federation also opposes that concept. It further states:

The Government should immediately abolish stamp duty on all workers compensation insurance premiums.

Believe it or not, we have not heard a word about one of the great promises of the Government. Perhaps when responding the Minister can tell me when a Bill will be introduced to abolish stamp duty on premiums.

Mr Lewis: That is what they promised to do.

Mr S.J. BAKER: Indeed, and if the reference to the appropriate Bill is deleted, it will be all right, because under the new arrangements these matters will be handled differently. There will not be the same taxation mechanism as applied in the past, so all the Minister has to do is introduce a Bill to abolish that section. I hope that when responding the Minister will tell the House about his timetable, because both the Premier and the Minister promised such action.

To say that employer groups are angry understates the enormous concerns that exist. Members opposite will no doubt suggest that vested interest is involved, but I would suggest that it is important that the people who create the wealth and the energy in the State be given a fair hearing.

Mr Lewis: If they are red faced for the last time, they will be bled so white by this legislation that they won't have any red blood corpuscles left.

Mr S.J. BAKER: Yes, they will be. The Employers Federation submission further states:

Employers in general have been committed to reform of the workers compensation system and, in particular, have sought the following:

- An increased emphasis on efficient and effective rehabilitation—

and I do not have to repeat that that is missing—

- Lower premiums in both the short and long term.
- A system which is more responsive to a good safety record and a low claims experience.
- A quicker and more simple system of determining disputes between the parties.
- A more manageable system from an employer point of view.

It has set down its guidelines on what it would like to see. I do not think that anyone could disagree with the basic tenets involved. All those elements are important to the federation, and it asks the Government to consider them. The only area that perhaps could mitigate to a certain extent involves the benefits and the long-term cost to the industry. I will explain that further. If, on the one hand, the union movement demands greater benefits and, on the other-hand, the employer says that he wants lower costs, the two do not add up. Somehow it is the Government's job to rationalise the situation: somehow, it must make things quicker and more equitable, reducing the cost to the employers, or say to the employers, 'Quite frankly, your premiums will go up because we believe that there are more benefits for the worker.' But the Government did neither of those things.

The federation also expressed some concern about the Government's intention to link the proposed Bill with the possible implementation of the Mathews committee report

regarding occupational health and safety. We will question the Minister on that matter. It also states:

> Whilst we appreciate that a review in this area is required, we believe that, if a joint concept is being considered, the Government should at least disclose its basic intentions regarding the health and safety proposals before proceeding with this Bill.

We could not agree more. Members on this side would have said: safety first and compensation second.

Mr Tyler interjecting:

Mr S.J. BAKER: Obviously, the honourable member did not read our statements on occupational safety, health and welfare. In fact, if the member for Fisher has the time, I can lend him a document which was written some two years ago. The federation goes on to expand some of the comments that it made in regard to an increased emphasis on efficient and effective rehabilitation, stating:

> However, there are some aspects of the Bill which act against the interest of efficient and effective rehabilitation including: the lack of recognition of the employers' role in the rehabilitation proccess.

I think it is important to remember that there are some very large exempt employers in South Australia today who not only keep a very safe working environment, but also have industrial practices which are the envy of people interstate and indeed overseas. This has not been mentioned anywhere within the context of this Bill. In fact, there is some suggestion that employers' rights could be taken away under this Bill. There are a number of establishments which have their own rehabilitation system.

Mr Ferguson: Very few.

Mr S.J. BAKER: As the member for Henley Beach suggests, there are very few, and that is correct, but there are some models within those very few establishments that would be worthy of overall adoption. Whether they are adopted in conjunction with a large employer group getting together and operating them and using the principles of the larger establishments, or under some other arrangement, it is possible to achieve the change that we all desire.

The important thing is that the rehabilitation programs are realistic, humane and ultimately the pride of the worker. After visiting various places and talking to various people, I know that there is no doubt in my mind that these schemes have been to the ultimate benefit of the workers concerned. However, if you take a sample of the people who have been through St Margarets, Alfreda or other schemes, you will find that the ability of those establishments to get people back into the work force is much more limited than are the employer schemes.

Mr Ferguson: You can't get workers in there in the first place—there are not enough places for them.

Mr S.J. BAKER: The member for Henley Beach has made a good point: it is hard to get people in there. I suggest to the House that there are some very good rehabilitation models, and in this area employers are concerned that this Bill will detract from their ability to continue doing what they have done so well in the past. Members opposite may have some anecdotes to point out that those systems are not working well, but my unbiased information obtained from the people who have been involved, suggests that some of them are excellent in the way that they treat the worker; they allow that person to slowly develop the skills that they lost during the accident, and the end result is that the person is back, perhaps not doing the job that they had before, but doing a job which is useful.

The employers have a point here. There has already been some discussion, and a paper has already been delivered relating to the fact that one of the major thrusts in rehabilitation will be through the trade union controlled centres. I am opposed to that concept.

Mr Tyler: You're paranoid!

Mr S.J. BAKER: I am not paranoid at all. Under the mateship concept, you cannot suggest that an effort will be made. Under the scheme of benefits proposed in this Bill, who in their right mind would want to be rehabilitated? They can earn more money and incur less expense when they are on compensation as opposed to working.

Mr Tyler: That is insulting to the workers.

Mr S.J. BAKER: It is a statistical fact. I will not indulge in worker bashing in this House, because I do not think it is appropriate. But, if you prescribe benefits, it is a little like leaving lollies out on the counter: you know that some child will pinch them.

An honourable member: Workers are children, are they?

Mr S.J. BAKER: They are human, just like those who rob and steal. If some elements of the population are given a free meal or lolly, they will take it, and the more free lollies you leave out, the more they will take. A statistical analysis was undertaken in relation to car stealing, and it was found that cars that were left unlocked were more frequently stolen than cars that were locked. That is not surprising, because the cars were available and that applied even to cars which did not have the keys in them but which could be wired up quickly. Those cars were more readily available than the locked cars and, by the same token, if you prescribe benefits greater than are received in the normal working environment, which option do you think they will take? It is simply nonsensical to suggest that everybody will be honest and do the right thing. We know that there is a small element in industry today who, if the lolly bag is made large enough, will then say, 'I can have this available to me.'

Mrs Appleby: I thought that we were talking about human beings rather than lollies.

Mr S.J. BAKER: We are. If people were not human beings, we would have no rapes, murder or stealing—

Members interjecting:

The SPEAKER: Order! Interjections are out of order. It would assist if the honourable member would address the majority of his remarks to the Chair rather than across the Chamber Sir.

Mr S.J. BAKER: I thank you, Sir, for your protection and reminder. I simply said that people are human and that, if the benefits under this Bill are greater than they receive in a work situation, some of them will be tempted to take those benefits. That is not insulting. If it was insulting, or if I was saying something unusual, we could talk about all the dishonesty that is occurring in the streets and all the things that we regard as wrong. We have actually made laws against those things.

Mrs Appleby: What about the dishonesty of your speech?

Mr S.J. BAKER: That was a classic comment—dishonesty of my speech. I think I might have to refer to my original proposition about how dishonest and disgraceful the Minister of Labour was in presenting the Bill with the accompanying second reading explanation to this House in this form, because it contained many untruths. Far be it for the Government Whip to talk about the dishonesty of my speech. My speech is designed to enlighten members opposite because obviously they have not done any homework. If they had, we would not have the Bill before us now. My speech is designed to inform them as to how other people feel, about the Bill, because obviously they have done no homework.

Mrs Appleby interjecting:

Mr S.J. BAKER: I am trying to help you and assist your side of the House to learn a little more than you have been willing to learn to date. Members opposite are all taking notes, and they will have their turn to debate this Bill. I hope that they do, because as a result I am sure we will extend into Thursday or Friday. I trust that some of you

will speak; then, when we are dealing with the Committee stage of the Bill, I will have my chance to respond.

Mr Rann interjecting:

Mr S.J. BAKER: Someone suggested that my speech lacks substance. I would not like to respond to that, but I suggest that I started off with the honourable member's report—

Members interjecting:

Mr S.J. BAKER: If I remind members what is contained in the submissions that had been received by the Minister, they will have learnt something. Let us hope that they have done so and that by tomorrow they will have gone to the Minister and said, 'We have some problems with this Bill: we do not really believe that we are doing the right thing here.'

The Employers Federation made a number of important observations. I have dealt with effective rehabilitation, and item *(b)* refers to a reduction in workers compensation costs to employers. The federation made some comments about the Mules and Fedorovich report and the conclusion that it reached. Item *(c)* was a more responsive system. No doubt there will be a more responsive system. If there is any area on which we will congratulate the Government, it must be that the system will now be unfettered by delays that have caused an enormous amount of heartache. I can remember when I was doorknocking in 1970 in the seat of Mitchell.

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

SUMMARY OFFENCES ACT AMENDMENT BILL (No. 2)

Received from the Legislative Council and read a first time.

STATUTES AMENDMENT (CHILDREN'S BAIL) BILL

Received from the Legislative Council and read a first time.

WORKERS REHABILITATION AND COMPENSATION BILL

Adjourned debate on second reading (resumed on motion).

(Continued from page 220.)

Mr S.J. BAKER (Mitcham): Before the dinner adjournment I was going through the relevant points made by the Employers Federation, because I believed that the federation had taken much trouble to place the principles of management within its submission to the Minister. The federation suggests that we should have a simple and quicker method of determining disputes than we have under the existing system, which entails the adversary system and delays in our courts. The principles laid down by the Employers Federation are as follows:

the free right of the employer representatives at all levels of decision making and appeals;

an appeals mechanism available to workers and employers in the corporation;

questions of law to be determined by an outside court;

medical appeal panels only to determine questions of medical fact and not to determine questions of liability or entitlement.

The Bill contains some impediments in respect of those items that the Opposition will address later but, generally speaking, the Government's new proposals will eliminate undue delays. Paragraph *(e)* of the submission from the Employers Federation refers to a system more manageable from an employer point of view. Workers have certain views to express in this regard.

The Employers Federation refers to the free right to use of company doctors and company rehabilitation services if requested by the employer, to which I have already referred; the ability for employers to make payment of workers compensation benefits directly to the worker and for the corporation in these circumstances to reimburse such costs (as opposed to direct payment by the corporation). This matter is not dealt with by the Bill, but it would create a closer working relationship between the injured worker and the corporation, and the Employers Federation believes that it is important to maintain such a relationship, which will be lost under the provisions of the Bill. In Committee, I will ask the Minister to have such a provision included in the legislation. Surely it is healthy if employers and employees have at least a common ground, especially when someone is injured.

The submission from the Employers Federation also calls on the Government to amend the Bill to provide for the involvement of employers in decisions regarding rehabilitation, and the like, and free access to all relevant information for employers. Again, there is a difficulty, because the Bill is silent on this matter. Further, the Minister's second reading explanation contains no indication as to how this problem will be tackled. It is important that employers have a large say in this matter.

Earlier, I referred to employers' schemes that were operating successfully in South Australia and providing a model for the good health and welfare of injured workers. The submission from the Employers Federation makes specific comment on all the areas of the legislation on which it disagrees. Most of those have been brought to the attention of the House.

One item, however, has not been raised: this relates to the territorial situation. Members who have read the Bill will be aware of the possibility of double payment in respect of workers compensation where workers cross State borders. We believe that there should be reciprocal arrangements between States to overcome this possibility. Further, calculation of average weekly earnings has been questioned, and we shall be dealing with that matter in Committee. Certain other important areas are dealt with in the amendments to be moved by the Opposition. I have undertaken, where the Opposition disagrees with the thrust of the Minister's comments, that we shall question the Minister in Committee.

An important part of the Employers Federation's submission is the exercise conducted by Palmer, Gould, Evans Pty Ltd, which produced a new costing of the proposals. That was one of the most legitimate pieces of work done in this matter and it exploded the theory about the massive profits in the system. I trust that the Auditor-General will be able to sort out these matters.

Another submission has been circulated in roneoed form. I do not know who was the author, but I have received the same comments from many people. Their attitude is summed up by the following quotation from the *Advertiser.*

The Government seems to have lost its way on this vexing issue. It has produced a scheme revised largely to meet union interest which claims to reduce workers compensation premiums but gives little explanation as to how this will be done. Industry groups claim that amendments such as increasing the maximum lump sum payment to about $60 000 and the partial retention of the worker's right to take common law action could wipe out the projected savings in premiums.

The submission goes on to quote the rest of the report in the *Advertiser.* So, people around Australia who are not affiliated with any political Party are expressing their concern, the same as members of the Automobile Chamber of Commerce have done. I have received interesting infor-

mation about the various schemes operating in other parts of Australia. Most members will have received what I call the yellow book, which is a fine piece of research undertaken by the research staff of the Parliamentary Library. That document sets out the various schemes operating in this State. It also shows the differences between the schemes passed by the various State Legislatures.

I ask members to peruse that document, because it clearly outlines the disparities between the proposed South Australian scheme and the schemes operating in other States. It reveals that the benefits under the South Australian scheme will be far greater than those applying anywhere else in Australia and indeed anywhere else in the world. I commend the document to the perusal of members. I shall not spend the time of the House explaining each scheme. I have done a considerable amount of reading on the subject and have put on record certain information that has been provided for me and some of the submissions provided to me and the Minister.

We have received a submission from the Law Society, an organisation which has a vested interest but which also has the right to comment on the conduct of the existing scheme. Members should realise that legal practitioners spend many hours considering reforms to overcome delays in the present system, to shorten the process for settling claims and reduce some of the abuses that exist under the present system.

It is a pity that some of those proposals did not come to light four or five years earlier. Had the insurance companies got together four or five years ago, the story that they have to tell today would have been more acceptable to the Minister. True, the legal profession may have addressed this problem years ago, but we have seen the results of their deliberations only when the chips were down, whereas it would have been better for those people to recognise the problems in the system and to address them at that time and not wait until the system was falling apart, with premiums running away and claims reaching unmanageable proportions.

There have been some problems and it is important that Parliament recognise that. The Liberal Party believes that those problems could have been overcome, that we could have lived with a revised legal system and a better insurance industry. We believe that fundamentally there were some very good things about the system which needed to be tidied up and which were not tidied up. We are now faced with what I regard as a Bill which is reactionary in many ways and which goes much further than South Australia can afford.

I now refer to some of the matters in the Law Society's submission. The Minister has received submissions about prerogative rights and other areas of deficiency in the Bill, and some of those details have been attended to. The matters that still remain concern the single authority, the State insurer and costings—a big grab bag of items. The Liberal Party is opposed to the single authority. The Employers Federation has never felt that it was the right way to go, and the Law Society has also supported that position. We believe in competition and rationalisation of the market.

The Hon. Frank Blevins: Why have you changed your mind since you last spoke about this on 10 May 1983, when you said that the Queensland system is the best system working in Australia—and that is a soul insurer?

Mr S.J. BAKER: If the Minister wishes to take the time, he can respond to my remarks. I reiterate what I said previously: there were two great things about the Queensland system. First, it reduced the delays. At the time I originally researched the matter, no other scheme was operating which could deliver the benefits as quickly as was possible under the Queensland scheme. The other thing we did not have was a system of benefits that were equally accepted by employer and employee. Those were its great merits. There was trust and confidence in the system.

The Hon. Frank Blevins: You said:

It is the best system working in Australia and it seems to serve the workers far better than any other State.

Mr S.J. BAKER: That is right.

The Hon. Frank Blevins: You still agree with that?

Mr S.J. BAKER: If the Minister wishes to go on with that point, I have all night. At the time I said that that was the best scheme available in Australia. We had not put our house in order, and none of the other States had, either.

The Hon. Frank Blevins interjecting:

Mr S.J. BAKER: The Minister will have a chance to respond and quote what I said. I only ask that he quote it in full.

The Hon. Frank Blevins: I will put the reference in *Hansard*; I am sure that everyone will be interested.

Mr S.J. BAKER: I hope that the Minister quotes me accurately and fully, which would be unusual for him.

The Hon. Frank Blevins: Would you like a copy?

Mr S.J. BAKER: I am aware of what I said at the time. The Law Society raised some legal difficulties about the Bill, including rights of appeal, the reduced right to common law prerogative writs, and a number of other things. To its credit it also paid attention to the costs of shifting the responsibility of the first week's payment to employers, which could well add to the impost borne by the employers.

Earlier I stated that the total cost to employers in Victoria had increased for more than half the people in the system, and I stand by that comment. One of the great imposts has involved the first week's payment. The Law Society points out that there will be increased direct costs. It reflects on the Mules-Fedorovich costings and states that the 8 per cent abolition of stamp duty, which is on offer by the Government, should be on offer no matter what scheme is involved: if we are re-forming the scheme, we should not be charging stamp duty in the same form. The Law Society also tackles some of the questions about dispute resolution, medical review panels, the need for independent review and the conduct of hearings. If any members wish to acquaint themselves with the Law Society's submission or any other submission I will be delighted to provide them with a copy.

The Law Society had earlier prepared a lengthy paper on its response to the white paper. Again, I ask that members interested in the area read the material available. The Law Society and all citizens in South Australia have a right to indicate their point of view, and I hope that that right is preserved.

A large number of employers wrote to the Premier expressing concern that premiums would escalate under the revised proposals. Mayne Nickless brought up many of the points already raised by others, including the increased costs under this Bill compared to the costs in the original draft, the question of rehabilitation (which is not addressed), the problem of premiums and how levies will be set according to the accident history of the industry, and the question of exempt employers (and those exempt employers will not want to be pulled into a system if they have to comply with regulations that apply to most South Australian industries).

The submission also contains questions about evidentiary provisions, and I note that the Minister has changed his stance on this matter once again. We will be addressing the problem of heart disease when we come to the second schedule. Other matters raised that I had not addressed myself to are carbon monoxide poisoning and noise induced hearing loss. The question of independent subcontractors and payment of compensation was raised by many people who wrote to us. They were also worried about supplementary legislation on occupational safety and health, but I have already dealt with that tonight.

A very lengthy and well documented submission came from the Chamber of Commerce and Industry, expressing many concerns that other people have also taken the opportunity to respond to. It is not necessary to go through the fine detail provided in the submission because it reiterates many of the points that members have already heard tonight. The chamber is not too affected by the change to a single insurer, but has some reservations about changes to journey-to-work provisions, the level of compensation paid and the scope of people who are included under the new compensation provisions. It is concerned that employers will have less say in the rehabilitation of workers and in a number of other areas that have already been canvassed.

The Hon. T.M. McRae: Can you tell us whether they have a truthful position?

Mr S.J. BAKER: I heard that comment from I presume a lawyer, asking whether the employer groups had a truthful position. Their main objective is to express their concerns, as is the right of any citizen and any group in South Australia. I have not received a submission from the UTLC on this subject, nor have I received any submissions from any members of the union movement. Whilst I might have discussed the matter briefly with the UTLC last week, obviously we did not go into it at great depth, so I cannot comment on what would be the common ground with regard to our proposal. If we talk about truth, truth is the ability of anybody to express what they believe, and I hope that we in this Parliament would not prevent that process: indeed, we should encourage it.

I mentioned earlier the crises that have developed in New Zealand and Canada. Members here might recall that I placed a great deal of emphasis on the relative benefits available in other countries of the world, mainly well developed countries. Again I will refer to a document produced by none other than Mark Pickhaver, who is well known to members on the other side of the House, and headed, 'Report on workers compensation, Ontario, Canada, January 1984'—indeed, before our proposal had been firmed up. Part 1 is a general summary and annexures. I will not read the full report, because I am sure that members will avail themselves of the opportunity of doing so. I will make the document available to them. In it, Mr Pickhaver refers to the fact that, in the Ontario scheme alone, there is an unfunded liability of $1.6 billion. So, we have there a scheme of far lower benefits—indeed, 75 per cent—and we have an unfunded liability of $1.6 billion.

The Hon. P.B. Arnold: Who ultimately picks it up?

Mr S.J. BAKER: They have some enormous dilemmas over there. Either the taxpayer picks it up or the employers pick it up.

The Hon. T.M. McRae: What do you say is the deficit that is going to be picked up by somebody? What do you say the deficit is?

Mr S.J. BAKER: The member for Playford has asked, 'Who picks up the deficit?', Currently the system is in balance because people have to meet their liabilities as they come forward, and reserves have to be set aside. The system is in balance; nobody owes anybody anything. As soon as we go into a scheme such as this, there is the ultimate danger that, for political purposes, premiums will be set below what is needed for full funding. We will move an amendment hopefully to ensure that the system is fully funded.

The Hon. T.M. McRae: What do you say that deficit will be—not the projection of all your experts, but what do you say it is?

Mr S.J. BAKER: If the member for Playford had been listening to the debate and had spent all his time in the House, he would understand that, when a new scheme starts off (and I did not intend to speak for very long tonight but it is going to be one of those nights), the deferred liabilities build up. So, in the initial stages, it may well be that you can meet the liabilities for those people coming through the corporation's door with only half the premiums needed. With the long term liabilities which must be met, unless they are met at day one, they build up in the system. I hope that the member for Playford can understand that very simple principle, because the more people—

The Hon. T.M. McRae: It is very clear in that case. You are saying that $750 million of deferred liabilities will have to be picked up.

Mr S.J. BAKER: There is the deferred liability to be picked up, by either the taxpayer or the employer groups. In Canada they are still sorting through the problems because politically, if they made the employers pay, they would have some great difficulties with the election; this is during the reign of a socialist government. New Zealand is struggling with the same dilemma. We know that ultimately somebody will pay and employers may be the recipients of large bills five or six years down the track.

The Hon. T.M. McRae: You don't even attempt to quantify it.

Mr S.J. BAKER: I have just quantified it. I have said that, according to a report by a person well known to members opposite, the Ontario scheme alone is $1.6 billion behind its liabilities. That is a simple proposition which I hope the member for Playford can understand. If he cannot, I will let him borrow the document so that it can be clearly explained. The premiums have not been sufficiently high to meet the claims. The same situation applies in New Zealand and the same will be here—

The Hon. T.M. McRae: Is that relevant in this State?

Mr S.J. BAKER: Of course it is, because we are going into a single insurer scheme, a scheme which is orchestrated by the Government and which can be manipulated for political purposes. If members wish to do a bit of homework—and I am not sure whether members on the other side of the fence really get motivated to do some—I will refer to an article by Margaret Wente, who talks about the $5 billion crisis in the total Canadian scheme—remembering that $1.6 billion belongs to our friends in Ontario—because of the very reasons I have explained tonight.

The Bill before us has the same potential. In five years time, someone will have to make a decision (and certainly in Victoria). Hopefully, in South Australia we can get the scheme off on the right foot at the very beginning if we are to have a scheme at all. Hopefully, there will be no-one down the track who has to pay for our liabilities. Hopefully, we will not have the situation that exists with burgeoning deficits at the federal level with run-down reserves. I am saying that good economic planning must be that we provide from day one for liabilities. If indeed the scheme is not meeting its commitments six years down the track, then the price has to go up; otherwise, the benefits have to go down. That is the ultimate test.

The Hon. T.M. McRae: What is your foreshadowed liability down the track?

Mr S.J. BAKER: Nobody can tell what is going to happen here in South Australia. We have not got into that part of the Bill. I am just making the point very strongly. The Auditor-General should be able to cast some light on what will happen with the long term disabled. It is a very serious question, and one to be addressed properly.

The Hon. T.M. McRae: Do your clients ever give you the questions to ask?

Mr S.J. BAKER: For the edification for the member for Playford, our clients do not need to give us the questions. We can tell from submissions just where the problems lie. I hope he will also join in at the Committee stage.

The Hon. Frank Blevins: For all the insurance companies money, they are entitled to better representation than you're giving them tonight.

Mr S.J. BAKER: Anybody in South Australia is entitled to representation in this Parliament.

The Hon. Frank Blevins interjecting:

The SPEAKER: Order! Interjections are out of order.

Mr S.J. BAKER: I will read very briefly from the Margaret Wente paper. It states:

> Most employers don't know it yet, but they have a $5 billion bill coming due. Many of the hardest-hit industries will be those that least afford to pay up. And that $5 billion may be just a start.
>
> Five billion dollars is a rough but fairly conservative guess at the total unfunded liabilities in the nation's 12 workers compensation schemes. That's the difference between what we've set aside to pay future benefits to workers who've already been injured and disabled and what those benefits will probably cost. Unfortunately, the employers are about as eager to pay up as Argentina is. They're already yelling about having to fork over up to 20 per cent more money this year to compensation boards. They're also worried about social costs they figure somebody else should be paying for and about legislative changes they fear will cost them even more money. What they don't know yet is that, if they are ever forced to start paying the true costs of industrial disease, the bill will go out of sight.

That is a simple proposition, and I hope that members opposite can grasp it and perhaps make a personal resolution that it will not happen in South Australia.

I will also inform the House briefly what is happening with the Victorian scheme. Members should recall that the Victorian scheme offers far lower benefits than those available in South Australia. It has set a maximum average 3.8 per cent premium in Victoria. It would be useful to refer to the things it is now finding so that, whatever Bill is passed or not passed by this House, we can still undertake the research that is necessary to take us along the next step. If the Bill survives it is up to the people involved in the administration of the corporation to do the research on these various elements and to get it right from the start. If the Bill does not survive I hope that we can go back to cleaning up the system that we have got already and get a far better system than we have today.

The Hon. P.B. Arnold interjecting:

Mr S.J. BAKER: The Victorian scheme is already assumedly falling behind. It has been worked out that the difficulties as far as compensability and injury occur in the 40 plus years range. Victoria has the same retiring provisions as we have in South Australia and it has been worked out that there is an average benefit term of 23 years on 85 per cent: the average life on these benefits will be 23 years. If anybody wants to do some discounted values of 23 years at an average of $400 per week (I cannot say how many employees are involved), the sum is astronomical. The accrued liabilities are such that it is estimated that, unless radical changes are made in five years time, when the Premier's agreement with employers runs out, if we continue with that scheme another five years down the track there will be an $8 billion deficit.

The Hon. T.M. McRae interjecting:

Mr S.J. BAKER: That is actuarial, based on the preliminary findings.

The Hon. T.M. McRae: Who ordered the actuarial calculations?

Mr S.J. BAKER: It is up to all the players in the system to find out what is going on. An independent actuary, on the basis of the preliminary information made available, has come up with that estimate.

The Hon. T.M. McRae: Where did you get that information?

Mr S.J. BAKER: It is information given to me on the basis of what I believe is a very good source. I am not particularly interested, because I do not know whether that $8 billion is going to be $5 billion or $10 billion. It is much more money than I have in my pocket.

The Hon. T.M. McRae: How do we know whether it is true or false? Somebody must have ordered that actuary to prepare a report. Who was it?

Mr S.J. BAKER: This is the last question I will answer, as I had intended to finish earlier. Obviously some employers within the scheme are concerned about the problems that are arising. They are finding that more people than before are seeking compensation.

The Hon. T.M. McRae: Are we going to be able to see that or will it remain secret?

Mr S.J. BAKER: In five years time somebody will produce a report and, if the member for Playford is around, he will be able to share in it. There are teething problems, as with any scheme, with independent contractors. The specification of levels is far too high as far as exempt employers are concerned. Those who can run efficiently using their own resources bear the liabilities; the minimum of $50 million bank guarantee is outside the realm of 99 per cent of employers in Victoria. Under current exemption levels there are many more people in the system than that would provide for. The Minister must give some indication of where he is on that point. The commission has not repaid quickly. The commission is quite willing to order employers to meet the first weekly payments and the $250 worth of expenditure, but when they run over those amounts the commission is slow in paying.

The Hon. T.M. McRae: Are you saying that the commission cannot pay its debts?

Mr S.J.BAKER: I am not saying that at all. Another item is the calculation of compensation payments. There are enormous difficulties getting them out right. We have grave difficulties under the Bill here tonight deciding on what basis they will be paid out. Other items mentioned include the registration of industries, the definition of 'recurrent injury' and whether one falls into one category or another, and the termination of workers in receipt of compensation. It is the problem that I mentioned before.

The Hon. T.M. McRae: You are just on scare tactics. You are not prepared to disclose even basic information to the House. You are engaging in scare tactics—it is disgraceful.

The SPEAKER: Order! The honourable member is out of order.

Mr S.J. BAKER: Whether these are scare tactics or whether, I am providing information to the House, I am attempting to explain that this information has been passed on to me.

If there is no truth to the information, I will be delighted. However, if there is truth in it we will need to examine it before we go down the same track..I am not saying that these reports are truthful or otherwise. I am saying that I have a source in Victoria, a member of Parliament, who has stated that employers are coming to him with these problems. There have been questions about predominant activity.

For the media there is also a question: newspaper producers have been lumped in under the printing category. We are all aware that printers are far more risk prone than are perhaps clerks or journalists, but they are lumped into the printing category and therefore will be the subject of higher rates than previously. There is no effort at this stage to discount good record, and therefore there is no value in the system to make effort. There is no way that employers can contest the validity of medical statements made on behalf of injured workers. There is no supervision on claims. Problems arise for people partially or fully incapacitated wanting to leave for warmer climates. This information is provided by an MP and I can take his word for it. Members

should understand that these are some of the areas in which there can be some long term problems. We note that the lump sum benefit has had to be increased by $200 million as a result of the Bill. The estimate on the lump sum benefit is $200 million. On what they previously estimated. There are other difficulies.

I wish to refer briefly to rehabilitation. I could spend a number of hours before the House talking about rehabilitation and occupational safety and health. I have mentioned some of the key issues. It is interesting to note that Victoria set a strong store on having rehabilitation first and compensation second. Whilst it set itself a target—and we assume that it went down that road because these things are written into the Bill—it is interesting to note that Mr Jolly, in Victoria made four promises in 1984. He promised that four rehabilitation clinics would be set up by the corporation. Today there are none. He promised that there would be new courses to cater for the new people who would be involved in rehabilitation in all those areas associated with psychological problems, problems of hand movement and various other things. The course on vocational rehabilitation still has not been set up in Victoria. He mentioned that they would buy the Victorian Rehabilitation Service and adapt it to the needs of the new Bill. It has still not happened.

While I acknowledge that Victoria at least addressed the problems reflected in this Bill, the rhetoric has not been met with action. We must be very careful about the rehabilitation process. We will move amendments and attempt to include further principles in this Bill. We believe that the best rehabilitation involves both employer and employee with the outside assistance of trained medical people. We believe that trade union clinics are not appropriate for this day and age, and never have been appropriate; I am sure that in that regard there will be opposition from the other side. We believe also that accessibility to the various forms of medical treatment should be commensurate with the ability of those services to deliver. We believe too that there must be some radical rethinking in the medical arena if in the next 10 years we are to really embrace rehabilitation as a meaningful concept.

Members will note that at the beginning of this debate the Leader of the Opposition laid down a number of points relating to the history of the Bill and about the Liberal Party strategy. It is worth reiterating that we were committed to a change of the system. We had a firm commitment and we intended to undertake it. The elements of the scheme were:

- radically streamline court procedures to avoid delays;
- create a new division in the Industrial Court to hear all compensation cases, with appeals to the Supreme Court;
- set up informal hearings to settle claims up to $20 000;
- institute compulsory conferences between parties before a magistrate so that all 'cards' are on the table early;
- limit common law claims to loss of future earning capacity;
- insist that contributory negligence by a worker is assessed;
- pay weekly benefits of 90 per cent of average weekly earnings assessed over the previous six month's employment;
- avoid double dipping in relation to benefits;
- place greater emphasis on safety in the work place;
- replace the existing Rehabilitation Board with a Workers Compensation Advisory Committee and all the associated regimen that we should have for dealing with occupational safety;
- ensure effective discounts for employers with a good safety record;
- provide for directors of small businesses to opt out.

We believed that there would be savings and increased benefits in that people would not be left in the system wondering which lottery they would win or lose. Some people who participated in the system would be severely restricted under those terms, because we were intent on getting down the cost of workers compensation—but by administrative means, because we believed that enormous costs were being borne in the legal area and in other areas that really need not be borne.

That is the Liberal Party's position. Obviously, we have modified that stance as time has gone by. Nothing is set in concrete in this world and, of course, we would have adapted in response to the happenings around us and the schemes that have been introduced interstate. Before concluding, I reiterate the points that I made initially—and I make them again very forcefully.

We believe that the Auditor-General's report should be made available before the Bill proceeds. The benefits prescribed in the Bill are far beyond the capacity of the business community to afford. The establishment of public monopoly is at variance with efficiency and cost savings. We are concerned that injured workers will never have the opportunity to re-enter the work force. The inclusion of subcontractors and other working arrangements within the province of principal contractors will create greater anomalies and confusion than currently exist. We oppose the inclusion of overtime earnings in average weekly earning assessments as well as objecting to upgrading earnings through the consumer price index, and we have a more appropriate scheme.

We oppose the broadening of the rules governing journey to work. We condemn the lack of detail on rehabilitation. We do not subscribe to the way in which partial incapacity has been treated. We are concerned that businesses with low accident rates will subsidise those which make little effort to maintain a safe working environment or those which are more risk prone. We are concerned that there are insufficient safeguards to prevent the reserve funds being manipulated by the State Government. We are concerned that the scheme could be unfunded to the ultimate cost of business in the future. We are concerned that employers may have little say in medical assessments and rehabilitation. They are important points. In Committee I will address those and other issues. The Government stands condemned for the way in which it has introduced this Bill and for not producing its story on occupational safety and health. I can only assume, given the history of this Bill, that employers will have six months respite before the rest of the package is brought in, and they should be thankful for that.

If this Bill is any indication of the treatment that the business community in South Australia will receive, then, as I said before, they will really have to think seriously about their future. We on this side are fundamentally opposed to the Bill. We are opposed to the way in which it has been introduced into this House and to many of the principles that it contains. From the comments of my colleagues in this debate and in Committee, I hope that the people of South Australia will fully appreciate the way in which they are being treated and the way in which jobs in this State are being put at risk.

Mr S.G. EVANS (Davenport): In a way, one would have to claim that this debate is a farce, because it is important that we know (if it is possible to know) what the cost is likely to be in the end result. But we do not know that. The fact that a doctor in the economics department of the University of Adelaide undertook an assessment on behalf of the Government, working with an officer from the Department of Labour and Industry, does not in itself show what the costs will be. The State Auditor-General will bring down a report on what he believes the costs will be, but the Government is not prepared to wait.

It appears that the workers compensation legislation does not please many people in this State. The business community is opposed to it, the unions are opposed to it and some of those who are injured are not happy with it. How-

ever, others are thrilled with it when they prove a claim and come out with a lot of money.

The Hon. Frank Blevins: The lawyers and insurance companies like it.

Mr S.G. EVANS: There is no doubt that people who are working with the injured, whether doctors, lawyers, insurance people or rehabilitation people, make their income from that area. If the Minister suggested that, I agree with him.

The Hon. Frank Blevins: I didn't suggest that at all. I only suggested lawyers and insurance companies—

Mr S.G. EVANS: That is a way of making money. That is their profession.

The Hon. T.M. McRae: Try the bureaucrats and social workers. That would add a few cents.

Mr S.G. EVANS: The member for Playford suggests that the bureaucrats and social workers also get some of their income from this area. The honourable member is quite at liberty to make that interjection, and I just note that he has made it. However, the Parliament, on behalf of the people, has a right to ask the Government, 'Why the haste?' There was no haste just before the last election. We were not told that we had to put through a Bill in a night regardless. That was not done because the present Government, although with different personnel, wanted to ensure that it hung on to the vote of small business. That, and no other reason, caused it to be delayed until after the election. The Government wanted to hang on to the vote of small business.

The Hon. Frank Blevins interjecting:

Mr S.G. EVANS: I will admit quite openly that, because of the amount of money that was borrowed to put the State further into debt in order to promote small business, that was a reason why small business, and in some cases other business, would have supported the ALP at the last election. I do not deny that. I think that the member for Fisher was present at the declaration of the poll in my district when I said that quite openly; I am not denying it. I am saying that the Government of the day was not prepared to put it through before that election.

The Bill is now before us early in a parliamentary term. The Government knows that this Bill will cost the State more than we have been told and that humans learn to accept things. By the time that the next election comes around, in the main, most people will have forgotten about it and accepted it, because most people are concerned only about what happens today or in the immediate future and not in the long term.

If the Bill is passed in its present form, my concern is that it will put the State further into debt, but more importantly, it will make it more difficult for some people to obtain jobs. Those people who have never employed a person will say, 'We never had the opportunity,' or, 'We did not want to employ them. They could also say, 'Circumstances in life did not allow it to occur.' If they were in that position, and they had to be confronted with the context of what is before us now as a law, they would avoid employing people.

As a Parliament, one of the things that we should be trying to do is encourage employers, large or small, to employ people. There is no doubt that an argument from the other side of the House, and I suppose from any section of society, would be that there are some jobs that you cannot export out of the State: there are some jobs that will always remain here. Those jobs that require servicing of people, whether in the food, health, legal services areas or wherever, will stay, but the jobs that will not stay are those that can be exported to another State or, more particularly, out of the country.

The day has gone when we as a State and as a country can stand in isolation and say that it does not matter what our end cost structure is. Those words cannot be uttered any more, because the fact is that it does matter. Other countries are now breathing down our neck and taking away our jobs and also the opportunity, not just for young people but all people, to keep or obtain employment in this country and, more particularly, in this State.

When it comes to manufacturing or fields where we have to export out of the State, let us not kid ourselves that we can afford to push the costs up any more, because we cannot. There are about 15.75 million people living in Australia, with about 1.5 million living in South Australia and 12 million plus on the eastern seaboard. If any company on the eastern seaboard can employ people more cheaply than they can be employed here, because of the burdens placed on the companies by Governments, then the jobs will be exported. The Minister may very well smile and say that that is not the case, but if he ran a business—

The Hon. Frank Blevins interjecting:

Mr S. G. EVANS: I will deal with the employee soon, for the Minister's sake. If the Minister was in business and had the opportunity to employ people in another part of Australia a lot more cheaply than he could in South Australia, and if he could be closer to the markets where he had to sell the product, he would employ them on that eastern seaboard.

As the Minister walked along the Chamber, he made some reference to the employee. I also am concerned about the employee who is injured or likely to be injured, as well as the employee who wishes to remain an employee or those people who wish to become employees. We should be thinking of the total context. When the member for Mitcham was some way through his rather short speech, there was a little gibing about the attitude that we on this side of the House sometimes take by saying that it is all the employer. That is not true, but you cannot have one without the other. If you are going to make it all a one way street, you will not have either. That is where I believe we are heading with this Bill.

Considering that the Government had all the time in the previous Parliament to introduce this Bill, why does it want to force the Bill through so quickly now? The Government basically knew what it wanted within its own philosophies. I admit that there is a difference between our philosophies.

Mr Tyler: I thought that you were an Independent.

Mr S.G. EVANS: I stood as an Independent Liberal and that is my philosophy. The honourable member received and read some of my pamphlets. He kept them for future occasions. They are good reading and he will need them in future campaigns. It is quite clear that in this Bill we are giving more potential benefits to a group of people who unfortunately may perhaps be injured in their workplace and, if you give greater benefits, it will cost more. If the premiums are lower, it will cost more and, if the corporation is formed, it will have to get into debt—

The SPEAKER: Order! Could members on both sides please resume their seats.

Mr S.G. EVANS: —or the State will pick up the debt. I do not think that anybody can deny that is the way it must be.

The Hon. T.M. McRae: What do you reckon the debt will be? We didn't seem to get any answer on that.

Mr S.G. EVANS: The member for Playford makes a very good point in asking me what I think the debt will be. I would appreciate it if the honourable member supported me in the campaign to request that this debate be delayed until the Auditor-General brings down a report. The honourable member is concerned about what the debt is likely to be, and he wants me to state it, but I do not know what the figure is. But, I say that, if you give greater benefits and lower premiums, somewhere there has to be a loss factor.

If not, the honourable member might later on like to explain to me where the money will come from. More particularly, I would like him to support the move to delay this debate until the Auditor-General brings down that report. We all might then have some better understanding of what the cost is likely to be.

The Hon. T.M. McRae: Are you saying it's all up in the air?

Mr S.G. EVANS: As far as I am concerned, it is, and I openly admit that. The member for Playford is a lawyer and he may not understand, but I think he handles money. If you give away more money, or make more money available but you pay less premium, to maintain that service somewhere along the line somebody has to pick up the difference.

If there is an increased cost, I want to know where the money is coming from and, if the Auditor-General can tell us that and how much it is likely to be, we are entitled to know that before this Bill is passed. That is not an unreasonable request. I would like to see the situation reversed, with me on that side of the House and the ALP on this side. I wonder whether they would accept the argument that we cannot wait for the Auditor-General's report. I would like to see all the shouting, yelling and protests at such a move, in other words, as I think we have heard a person in this place say many times before: when things are different, they are not the same.

Many people have written to us expressing concern about this Bill, and the member for Mitcham read some of that material. I would like to read some of that material later, because it is important that one acknowledges those who have taken the trouble to write and express their concerns. I admit that some aspects of this Bill will be beneficial; I do not deny that. I know that some businesses, in particular some of the larger business houses which are guaranteed the ability to operate, and sell their commodities in the State and which do not have to shift out of the State, in the main do not really concern themselves with increased costs. They know that they can operate on a larger scale as against the smaller operator, so in that context they will survive.

Secondly, they know that their commodity cannot be brought in from another State, so they are guaranteed to stay in business. They know that the consumer must have their commodity and must pay for it and, if it costs more, they can say, 'The Government did it', so the Government of the day will carry the can. This Government knows that and that is why we are getting this Bill early in the session rather than later. So, some business houses are happier with some of the provisions of the Bill than many of the others. Especially small business is concerned. Some people would argue (and I would support the argument) that we should consider the health and safety aspects of employment at the same time. The letter from the AMA makes that point clearly. Why are we not considering these aspects together?

Some people would say that we must go much further in the safety area. One of the big things that we, as a Parliament, have overlooked is the responsibility that we place back on the employee as well as the employer. If an employee wants to, he can take risks which it is impossible for an employer to check out all the time. If something goes wrong, the insurer and the employer must pick up the tab. At other times, the procedures of the bureauracy or the regulations are so stringent that it is impossible for some people to operate within them.

For example (and I admit that this is only on the fringe of the subject that we are debating), I do not believe that it matters whether there is a toilet in a private home or in the workshop. A capable tradesman in my community wanted to employ an apprentice, but the Department of Labour and Industry refused to allow such an apprentice to use the hand basin and toilet in the person's home which adjoined the workshop. This case involves a man 50 years of age who wished to pass over the business, but no-one wanted to take it over. He said, 'That's it. I shall never again employ an apprentice.' Indeed, he has not done so, simply because of the stupidity of the bureaucracy and the regulations.

So, we must have flexibility, but in this Bill there are few areas of flexibility in the area of compensation. Many persons unfortunately are injured in the workplace, and it is sometimes hard to assess how bad is the injury. We all know that, and we also know that there are liars, whether employer, employee, insurer or whatever. That goes on throughout the community, especially where money is involved and people want to benefit. We have all heard of the case that was settled recently in which the wife vouched that her husband was handicapped by injury and that he could not drive the family car or do the gardening. Indeed, she swore in court that that was so. When the insurer produced a film showing the husband driving the car, with the wife as passenger, and also doing the gardening, the lady had to face the consequences of another court action because of her untruthfulness in court.

That is one extreme: the other concerns the employer who has exploited the situation and has not maintained the necessary safety standards in the factory or workplace. That will always be the case, but the harder jobs are to get the more likely will be abuse of the system. The member for Mitcham was trying to make that point earlier.

I refer now to the some long letters that we have received. The letter from the Australian Medical Association interested me in several respects. However, I do not wish to go through all of them because this will be a long debate. The introductory points made by the AMA reflect what we are all seeking to achieve. The letter states:

> Matters which legislation should encompass. It must provide for the needs of the patient and his family; the education of the patient and the medical profession with rehabilitation as the cornerstone.

No doubt, rehabilitation is really what we should be fighting for. We should somehow be making sure that that is the key of the overall situation: providing an incentive for people to be rehabilitated and to get back to the workplace rather than an incentive to avoid it. The second point made by the AMA is as follows:

> The worker must retain the right to choose his doctor, either a general practitioner or a specialist, free of coercion on the part of employers, unions, or Government. This is a fundamental requirement.

Surely, no-one would argue against that or try to deny an individual the right to choose his or her own medico. If a second opinion is necessary, no-one will argue against that. Surely the patient should have the right in that respect. The AMA's letter continues:

> Research needs to be specifically funded. Education of doctors and health professionals in all aspects of occupational medicine must be included. There must be an incentive to return to work. Similarly, an incentive must also apply to encourage patients to undergo treatment, particularly rehabilitation programmes to expedite their return to work.

They are key points made by the AMA as to what we should be looking for. Admittedly, the Bill picks up some of those points. The AMA makes other points, one of which interests me considerably. It is as follows:

> Powers of inspection under section 102. This outlines power given to authorised officers of the corporation to require people to provide information. This presumably applies to medical practitioners and as such is very different from the present situation where information may only be required on the authority of the courts. We think it is unacceptable that this section should apply to medical practitioners in its present form as it may require medical pratitioners to divulge information about their patients without the consent of those patients. The provisions about the

release by medical practitioners should be at least as favourable as those applying to the rehabilitation officers who are not required to provide information unless they and the injured worker consent.

Will the Minister explain to me, to the medical profession and to others why, if a doctor should be obliged to pass over information about an individual's health without the permission of that individual, a rehabilitation officer does not have to divulge such information unless the employee agrees? There is something fundamentally wrong with that and I hope that the Minister, in responding, will say why a doctor but not a rehabilitation officer should have to hand over such information. I believe that the argument advanced by the AMA in this respect is correct.

I do not object if a second or even a third opinion is required. That does not worry me at all, but I believe that, if a person can choose his own doctor, he or she should be entitled to do so. I further believe that the information between the medico and the patient should be as much in the control of the medico as the information between the rehabilitation officer and the worker is to that officer. I believe that that argument is a just one.

Clauses 100 and 101 deal with the employer's right to obtain medical and other information about the injured worker. Although the AMA does not consider that a third party should be privy to medical information without the consent of the injured worker, it seems curious that if an employer requires a medical examination of employees it must be done at his expense but by a medical practitioner appointed by the corporation rather than by one whom he chooses. This comes back to saying that if an employer would like a particular employee checked out the employer has to take the medico nominated by the corporation.

I do not mind if two opinions are obtained, but we again come back to the matter of distrust—the AMA (the doctors) might start thinking that the corporation is leaning only towards the employee (as the Residential Tenancies Tribunal leans only towards the tenant in most cases). Once that occurs it is very difficult to make the system work. Parliament would be wise to take note of this situation. The other matters raised in its letter can be clarified during the Committee stage.

I received a letter from a group of insurance brokers which expresses similar concerns. It also gives credit to the editorial of the *Advertiser* of Monday 13 January, and there is no need for me to read that to the House. The *Advertiser* indicated that Parliament had to be cautious of where it was going and of how quickly it was moving, as well as considering the likely overall effect it could have on the State's economy.

Earlier the Minister mentioned lawyers and insurance companies. I believe that some people in the insurance industry at times exploit the situation but that the vast majority are men and women who operate honestly, as do many other professions, even our own. The public may view that a bad comparison, but collectively we represent the society that elects us, and if people judge us that way they also judge themselves.

I received another letter from the South Australian Automobile Chamber of Commerce. As the member for Mitcham went through most of that letter I do not wish to read it in to *Hansard*. I support the views expressed therein, and during the Committee stage I am sure that many of the questions it contains will be asked of the Minister. I received many letters in a similar vein, particularly one from a nursing home outside my electorate: in fact in the electorate of an ALP member. I take it that that person and other members have also received a similar letter, which expresses doubts and concerns about the legislation.

It does not matter what members on this side of the Chamber have to say about this matter. The debate is a farce, because the Government will force this legislation through. It will not listen to any proposed changes. It believes that it is right, and it will impose this legislation on the State—not just on the employers, but on the State. If the legislation is put into operation as it is now proposed, quite a few people will not get jobs who could previously have obtained them.

Last week the Minister said that he would not wait for the Auditor-General's report and that we had had long enough to consider the Bill, but now he turns up with over two pages of amendments. He knows that this Bill is complex and that many people in the community are concerned about it. The Government knows that many people have written to members of Parliament expressing their concerns. There is no way to communicate these amendments to those people and ask them for their views.

They will have no knowledge of them until the information is published, if it is published in the newspapers tomorrow, or subsequently when they receive letters. Someone may say that those people can go to the Upper House and make representations, but that is not the purpose of Parliament. The purpose of Parliament is to give people the opportunity to make representations to their elected members, collectively as a Party or individually, in both Houses if necessary. In a case like this, that opportunity is needed. I oppose the legislation as it is now constituted and look forward to substantial amendments, or I will oppose it in the end result.

Mr M.J. EVANS (Elizabeth): This Bill is one of the most important measures to come before this House in many years. It is not just a social reform but an economic measure of considerable significance. As a community we must provide for the compensation and rehabilitation of injured workers and their dependants. However, the way in which we tackle this matter can have a dramatic impact on the economy of the State in terms of our ability to compete with other States. The rehabilitation of workers is important not only for the intrinsic personal gain to the individual, which is beyond financial quantification, but also for the benefit to the economy of the State in terms of reducing the cost of production.

Therefore, the Bill must be examined from all these aspects: the compensation of individuals (both economic and non-economic loss); the rehabilitation of injured workers; the cost to the State of achieving those objectives; and the efficiency and effectiveness of the chosen system. We are now seeing almost the end product of the process of change that was initiated as far back as 1978, as the second reading explanation pointed out, when the Hon. Jack Wright appointed the Byrne Committee. It is appropriate at this point that we recognise the contribution of the Hon. Jack Wright to this Bill.

While the final draft of the Bill is not exactly as I believe he might have wished to see it—and I take the liberty of making that statement and assumption on the basis of the number of years I have worked with him—it does achieve a level of reform that I am sure he would be very proud of and will strongly approve. As the Hon. Jack Wright often stated, the common law system that we have inherited is no particular friend of the worker nor, I would submit, the employer. At all costs, the adversary system of workers compensation that we now have in this State must be abolished if we are to achieve a system that will provide adequate compensation while encouraging full rehabilitation.

The common law lottery has certainly failed us in this regard. At the same time the absolute certainty of the rel-

atively generous provisions of compensation contained in this Bill merit a corresponding trade-off by the work force and, in my view, that is the complete abolition of common law, including those claims that now subsist in this Bill, for non-economic loss. In my view, while any element of common law claims remains, the lawyers will expand litigation to fill the available time of the courts. What is a relatively small area of litigation now will no doubt soon become a major area, and many of the benefits of this Bill will be lost.

It is essential to retain a flexible arrangement for compensation associated with non-economic loss. I see some merit in providing such a system, and then an alternative to the traditional common law system should be devised. For example, the corporation could be given the right to increase the scheduled benefits in special cases with the normal rights of appeal to the tribunal which this Bill provides subject to an overall limitation in the Act as an alternative to the provisions in the Bill which retain common law appeal rights for non-economic loss.

As an alternative this would provide the necessary flexibility, reduce the cost of the legal proceedings which now ensue while ensuring speedy determination of the claim, and give justice to all concerned at a cost which is at least quantifiable in advance. However, the principal benefit, in my view, of such an alternative to the common law would be the removal of any bar to the speedy rehabilitation of those concerned. The retention of even the limited form of common law now proposed in the Bill invites a return to all the worst features of the present system. That is why the original white paper advocated the total abolition of common law. I urge the Minister to reconsider this aspect of the legislation. I now turn to the administration of the scheme, which is an equally important area.

If we accept the benefits of a single fund (and that proposition is implicit in the proposal now before the House), then we should do everything in our power to reduce the administrative costs of the new corporation, as they will feed directly into the premium rates without providing any ancillary or direct benefits to the workforce. One way of achieving this is to allow the existing administrative structure of the State Government Insurance Commission to act as the agent of the corporation in respect of the collection of premiums and the distribution of payments and other administrative and computer and accounting functions in between those two processes. The SGIC already has the staff, computers, office and branch network to undertake this sort of work for minimal extra costs.

I note that the Bill makes adequate provision for the corporation to enter into agreement with the public authorities of this State, but the extent of any such proposed agency agreement has never been detailed, nor has the principle of it been undertaken. It is essential that a clear direction is established now, from the start of this legislation, so that there is no tendency by the new corporation to build an empire of its own when one already exists.

I am also concerned about the interaction of the social security and taxation system with the new pension based system proposed in this Bill. While I strongly support the introduction of a pension based scheme, I object to the people of this State probably having to pay twice for a benefit that they will receive only once. The Commonwealth should be placed under heavy and sustantial pressure to offer the State a *quid pro quo* for the money it will now save on social security benefits. I would appreciate an assurance from the Minister that this will occur and that the Commonwealth will not end up as one of the principal beneficiaries of the new scheme.

Finally, I would like to turn my attention to the matter of costs and also to the timing of this Bill. Costs are indeed critical to the whole exercise. Our economic competitiveness as a State depends on the ability of this Bill to deliver the promised reduction in premiums. The Victorian measure has, I believe at least in the short-term, delivered approximately a 50 per cent reduction to employers in that State. Unless we are also able to respond in kind, employers in this State will be at a significant disadvantage. That, of course, is one of the principal driving forces behind reform in this area, as is evidenced in the white paper and in the Bill.

The Government certainly has claimed that it has carefully costed the measures now before us by the use of independent experts from the University of Adelaide and the Department of Labour. Employer organisations and insurance companies have also provided cost estimates of the scheme, some of which vary from those of the Government. I am satisfied that some cost savings are inevitable from the new scheme providing its administration is porperly and efficiently undertaken, and I have no reason to doubt that it will be.

The Minister, of course, will stand or fall on the eventual outcome of the financial debate, and, as a member of this Parliament, I am prepared at this time to accept his assurances about the outcome. He has access to the expert advice, and that expert advice clearly points in the direction of a significant cost reduction. I have grave personal doubts about the ability of the Auditor-General to arrive at an accurate costing of the scheme, and indeed I would even question the wisdom of placing this officer of the State and of the Parliament in such an invidious position.

It is not to question his competence, of which I have very little doubt—in fact, no doubt—but it is his normal task to deal in facts and figures on an historical basis, and his staff is trained accordingly. This proposition calls for a totally different set of skills and expertise which is not readily available within the office of the Auditor-General. So, while his competence and ability as an auditor cannot be doubted, I would doubt his ability and experience in this area of predicting future costs of a workers compensation scheme. Only time will tell, but the stakes are high for the economy of the State, and of course the Minister is charged with taking just that responsibility, and it is his reputation which will suffer if the estimates are wrong and be enhanced if they are not.

However, while accepting fully the Minister's assurances in this regard, I do seek to take him to task for allowing the House only one day in which to debate and resolve this very critical Bill. It is true that reform of the workers compensation system has been under debate for some eight years or more in this State but this Bill has been around for somewhat less than eight days, although I suspect that the eight day mark will be up by the time the House has finished its consideration. The Minister would indeed do well to reflect on the need for Parliament as a whole to be fully involved in the legislative process. For example, IRAC has had the Bill for something less than two months. That is a point of some debate, but I think that one can assume that they have had it for about two months. It is unfortunate that many members in this House were not similarly favoured.

I have tried to restrict my remarks to matters of broad principle as I know that you would encourage me to do, Mr Acting Speaker, knowing that many matters of detail remain to be considered in the Committee stages of the Bill. I would, of course, also like to thank the Minister personally and his officers for assisting me in coming to an understanding of this very complex measure, and I appreciate his cooperation in this regard. While I am sure that the Committee stage will see many amendments and comments offered, and indeed some of the amendments accepted

since they will be moved by the Minister himself, I certainly await the return of this Bill from another place with considerable interest.

The Hon. D.C. WOTTON (Heysen): In the first place, I want to commend my colleague the shadow Minister and member for Mitcham on an excellent presentation. The Minister can smile if he wants to, but I thought it was excellent. Obviously a tremendous amount of work has gone into that, and I believe that, because of the importance of the legislation, he deserves to be commended.

I want to make my main contribution during the Committee stages because there are, as has been said by the member for Mitcham and the member for Davenport, an incredible number of questions that need to be answered, points that need to be clarified, and the obvious time for that is in Committee.

I have not found the second reading explanation that the Minister only brought into this House last Thursday able to answer a number of the questions. As a matter of fact, I see that it is fairly light on facts, so the only opportunity that we will have is in Committee. I fail to see why in hell we are belting through with this legislation at the present time. The Minister, with questions that have been asked of him, has failed to indicate why that should be. Obviously, they are frightened or they have some reason that they need to get this through. As pointed out last week by my colleague the Deputy Leader, it is usually the case that, with the start of a new Parliament, the opportunity is provided for the Address in Reply to be complete before legislation, and certainly legislation as important and as complex as this, is brought into the House.

Here we have a situation where the second reading explanation is brought down on a Thursday and the following Tuesday we are expected to be debating the legislation. I do not know about the new backbenchers on the other side of the House, but I can certainly say that I have received an enormous amount of representation. I would be very surprised if they have not received at least some representation from businesses—from small business, from organisations within their own electorates—which are very concerned about the ramifications of this legislation, who are seeking information and wanting questions to be answered. I do not know whether they are getting the answers that are required from the Minister—I have no idea—but I would have thought that it would be in their better interests on behalf of their constituents to have the legislation delayed so that some of those matters can be clarified before we press on with the Bill.

Reference has been made on a number of occasions to the need for the Auditor-General's report to be brought down, and for his investigations into the costing of this legislation to be considered before the Bill is passed. I do not know why the Government cannot wait for that to happen. I would be very surprised if the Auditor-General had the staff to push through with the type of report required by this House to identify the charges involved in the legislation. I would not be at all surprised if we do not see that report until after the House gets up from this four week sitting. Obviously the Minister is not concerned about that—he is going to blunder his way through. He is not worried about those final details. Obviously he has promised some of his union colleagues that the legislation will be passed in this four week session, and he is hell-bent on its going through, despite the possible ramifications for business.

The Leader this afternoon indicated—and I support the thought—that there was obviously no intention on the part of the Government to proceed with legislation or attempt to have the legislation pass the House before the recent election. We know full well on this side of the House—perhaps some of the new backbenchers have yet to learn—of the broken promises of the Bannon Government. Obviously nothing has changed. We have had broken promises ever since the Bannon Government first came to office. We heard of all the guff stated prior to the election about the necessity to have the legislation go through at that stage. How many times did we refer to it during that pre-election period, stating that the Government was only bluffing its way through and had no intention of proceeding with the legislation? Of course it did not. It waited until the election was out of the way and then away we go, straight in, without any further consultation and with a very different ball game.

It is a very different situation now that we see in legislation to that which came through in the Wright paper. That paper and many of the implications in the legislation at that time as a result of the involvement of the previous Minister I found were generally accepted by my constituents. There certainly were not the problems with what was suggested at that time that we find in the legislation that we are presently debating.

I have a number of concerns regarding the grave effect that this legislation will have on employers, business and small business. Surely, as we have said many times before, if we are looking at introducing legislation it is necessary to be placing importance on the need to give incentive to employers to take on more staff and employ more people, instead of the reverse. The legislation before us in its present form is something that small business needs like a hole in the head. It has continued to say that, and I have received such representation only a matter of minutes before I stood up to take part in this debate this evening.

I received a further call from a business in my electorate that employs some 30 people and is scared stiff of the legislation passing in its present form. It has given me even more questions that need to be answered by the Minister. The time will come when we will see how genuine is the Minister and how much he wants to divulge by way of providing information in answer to questions. Certainly, employers will be affected and there will be a spin-off and rub-off on those seeking jobs.

The Act will have the title of 'Workers Rehabilitation and Compensation Act'.

As my colleague the member for Mitcham said, the rehabilitation part is dealt with in two or three paragraphs. It is almost bluffing to refer to rehabilitation in the title, as it is almost non-existent. I would be very surprised if the new Government backbenchers were not getting the same sort of representation that I was, requesting that the legislation be delayed until some of the answers can be provided.

The Hon. B.C. Eastick interjecting:

The Hon. D.C. WOTTON: It will be interesting to see how many members opposite will speak in support of the legislation on behalf of their constituents. I doubt very much whether many of them would be allowed to speak. I know that the member for Hartley would like to say all sorts of things about the legislation.

The Hon. E.R. Goldsworthy interjecting:

The Hon. D.C. WOTTON: He is not able to say very much presently, but I am sure he would like the opportunity of being fairly frank in this debate. It is not my intention to go into the alternatives as laid down by the Liberal Party prior to the election. The Leader has done that and the shadow Minister has referred to it in this debate in his contribution. Our policy was brought down first in March 1984. As was said earlier in the debate, some people in business had concerns about the policy at that stage. Some changes were made, but prior to the election in December last year there was not a person in business or an employer who did not have the opportunity of knowing very clearly

indeed where the Liberal Party stood and what a future Liberal Government would do in the matter of workers compensation. It was a very different story to the one we see portrayed in the legislation presently.

I am looking forward not only to hearing what the Minister is going to say in answering the debate at the end of the second reading, but am also interested to hear some of the answers provided to questions asked during Committee. I would also hope that the Premier would make a contribution. He has been fairly vocal about the need for legislation. There has, for a considerable time, been a need for a review of this legislation, and it has been constantly referred to. I can recall that, within the first months of the Bannon Government's coming to office, it recognised the need for a review of the legislation.

Previous Governments have also recognised a need. The Premier had a lot to say about the legislation prior to the election and about the direction in which he wanted to see the legislation go. I would hope, now that the legislation is before the House (and surely the Premier must recognise the concerns being expressed by employers), that he would want to contribute in this debate.

The Hon. B.C. Eastick: Perhaps it was another area where he got rolled.

The Hon. D.C. WOTTON: It is quite likely that that is the case and that Party policy has not come out of Caucus as the Premier would want it. I would have thought that, as Premier, he would have the guts to stand up in this House and give his stamp of approval, if that is what he wants to do. Let him then go out and find out what the people think about it if the legislation goes through in its present form. I am damned if I know whether that is what the Government wants. I am sure it wants interference in another place so that the legislation may be changed and we could get back to a situation that we had in the Dunstan days: the legislation comes in, the Premier or Minister gets some satisfaction in the legislation being introduced in a certain form, it is changed in the Upper House and goes out of that place in a different form, with the Minister hoping for the best of both worlds.

Let us see what comes out of that. For some time we have heard about the savings that will result from this Bill. We have no idea whether there will be savings or what the cost will be. I referred to the need for the Auditor-General to have his say in this matter and bring down a report, but it is obvious that we will not see that. We have heard much about the need for a safer working environment. Again, promises, promises. Constantly this Government has referred to the need for a safer working environmet, but what has it done? There is very little in this legislation and very little in any other legislation to ensure that that happens.

I do not want to say any more, but I will ask questions in Committee. On behalf of the many constituents who have made representations to me expressing their grave concern about this legislation, I want to say to the Government yet again that surely it would be much more sensible if there was a delay and the legislation rested for a while. If the Government wants to conclude the debate in this House, that is all right, but let the Bill sit for a while before the process is finalised in another place so that we can obtain clarification and note the Auditor-General's report. I do not think that the delay will matter—we have waited for years, so will it matter whether we wait until June? I do not think that it will matter two hoots. The majority of people would be delighted with that action as long as there was clarification of the legislation, because it is so hazy.

I certainly oppose the legislation, and I am sure that the majority of the people of South Australia (other than those involved in the union movement) would oppose it. I hope that sense will prevail and that the Minister will decide to hold off the debate, certainly in another place, until some of those matters are clarified.

The Hon. E.R. GOLDSWORTHY (Deputy Leader of the Opposition): The history of this Bill has been entirely predictable. What we have before us is not what the Government, before the last election, led the public to believe we would get. Over a long period the Government sought consultation with those it believed had an interest in this Bill. It put together a negotiating team from the Trades and Labor Council and, on the other side, from a couple of the major employer groups. The representatives of some of the employer groups and the Trades and Labor Council negotiating team reached an agreement, and everyone thought that that was it. I make no apology for saying that the Liberal Party was concerned about the agreed package, particularly in relation to the cost, because the villains in the piece over the years according to the Government had been the insurance companies in particular, and they were wearing the flak for the Government and some of the employers. Of course, the other villains in the piece were the lawyers. I can tell members that I have no brief for lawyers, as members who have been in this House for some time will have noted. They were also the villains in the piece.

The legislation under which workers compensation had been conducted since about 1973 (the Jack Wright legislation), which was part of the Dunstan pace setting and which was not said to be discredited as it should have been (although those who were discredited were the carriers of the insurance package—the companies and the lawyers who, of course, were simply acting under the dictates of the Act), was in fact entirely discredited, but the insurance industry in particular was to be made the scapegoat.

I point to the Government's own record over the past five years to show that one cannot hang the blame on the insurance companies. In 1984-85, $17 million was put aside by the Government to cover its workers compensation bill, and in the event at the end of 12 months the Government was looking at $30 million to meet the current claims, let alone any claims still pending. About five years ago there was a bill for $1 million a year in regard to teachers. That had nothing to do with the insurance companies: it involved workers compensation for teachers. The bill blew out to $5 million last year. So, it is rather hard to justify making the insurance industry the scapegoat if one looks at the Government's record and bearing in mind that the Government carries its own workers compensation insurance. However, that was the tactic used.

The fact is that the Bill was entirely discredited and the Labor Party's legislation was out of date, so we had to have something new. There was no argument from anyone—from the Liberal Party, the Labor Party, the employers or even the Trades and Labor Council. In one of my few conversations with John Lesses it was agreed that the scheme, that is, the legislation, was discredited. They said it was not working and that they were fed up with their cost of workers compensation. The legislation was hopeless. Over the years we had suggested that we would get into trouble, and indeed that is what happened. But when we in government made some changes in order to come to grips with spiralling workers compensation costs, one of the first things that the Labor Government did on coming to office in 1982 was to reverse the changes. The Government reinstituted the rights that it said had been taken away from the downtrodden workers, and the costs increased even further.

Let us get the record straight. First, everyone wants change. Secondly, what is the problem? The problem is that the legislation is no good. What is the thesis put before us at present? We are asked to accept the proposition that by greatly increasing the benefits available under workers com-

pensation, as the member for Mitcham has pointed out, with a level of benefits that exceeds anything around the world, we will make significant savings. I would say that even the most disinterested man in the street, if that was put to him, would say, 'Let me have a look at this proposition.' We will greatly increase the benefits that will accrue to workers in South Australia and to a range of other people, including subcontractors and the like (who we believe can look after themselves); we will increase the benefits to all these people, they will be covered by the scheme, and we will save money! Without my even turning over one page to examine this proposition, I would say that that does not add up; nor do I believe that it can add up, certainly in the longer term. Last year I put to certain interested groups that our situation will be Victoria revisited.

The Hon. G.F. Keneally: I don't understand.

The Hon. E.R. GOLDSWORTHY: Let me explain to the Minister. An agreement was reached in Victoria between some sections of the union movement and a selected number of employers, those who saw some advantage in it, I do not doubt, particularly one or two representatives of big business. They said, 'We have reached agreement. Bob's your uncle.' The next step was that some of the unions were not happy; the next step was an election, and it was promised that the cost saving Work Care would be introduced. The election was won by the Labor Party, but it forgot the agreement and capitulated to the unions. I suggest that that could well have been the course of events last year, and of course that is what happened.

Mr Tyler: You are as paranoid as your Leader.

The Hon. E.R. GOLDSWORTHY: I do not know what disease the honourable member suffers from or whether he knows what the word 'paranoid' means, but what I am putting is plain fact. If the honourable member seeks to deny that fact, he had better go back over the history of events, because that is what happened. I think that it is a real slap in the face for the negotiating team of the Trades and Labor Council—they were repudiated. They were supposed to speak for the union movement and, in the event, they were knocked back. Unfortunately for the member for Hartley, he had the temerity to stick his head up and put in a word for the lawyers, who ran second to the insurance companies as the villains in the piece.

Mr Olsen: He got rolled, too.

The Hon. E.R. GOLDSWORTHY: He not only got rolled, but is in the push-off seat along with one or two other miscreants who deigned to cross the Party hierarchy. What we have here is a complete capitulation by the Government to those in the union movement who were not prepared to go along with what their so-called negotiators from the Trades and Labor Council had agreed. So, instead of the package before the election where the Metal Industries Association and the Chamber of Commerce were represented on the negotiating team, the agreed package went out the window. What is the situation now; who is happy? The only people who are happy are the trade union movement, those people who wanted more and more benefits and repudiated the Trades and Labor Council negotiating team. Everyone else in the community bar none is unhappy.

Mr Tyler: What about the workers?

The Hon. E.R. GOLDSWORTHY: If this Bill goes through unscathed (which is what the Labor Party leads us to believe, but I doubt that it will), then I am perfectly sure that in due course a lot of workers will be unhappy, because it will strike a massive blow to the chances of their youngsters getting a job. Everybody agrees with that—even the boss of the TLC, who I think is a fairly misguided but intelligent man. I certainly have that impression from the limited conversations that I have had with him. When talking about workers compensation insurance premiums that the Trades and Labor Council has to pay, he said, although he used a more coleoquial expression), that it gives him diarrhoea. He is unhappy about the workers compensation insurance premiums that they have to pay. I am quite sure that, if this Bill passes through unscathed, as the Labor Party purports to want, a lot of workers will be particularly unhappy when they see the effect of this on-cost on employment, the enormous cost which the community will have to bear in due course and the effect that that will have in relation to employment, particularly employment of the young.

An honourable member interjecting:

The Hon. E.R. GOLDSWORTHY: I am treading in very propitious footsteps. The Minister had the notoriety of being sacked. He had to bear the ignominy of losing his job.

Mr Tyler: He is a Minister and you are not. What are you talking about?

The Hon. E.R. GOLDSWORTHY: I am talking about the Minister's being sacked. He presided over the biggest feast of arson that we have seen in this State, where every second day there was an incident. Yatala was burnt down, and they had to sack the Minister because he was too expensive.

I will not go into the detail of the Bill. It will be demonstrated in Committee that there is plenty wrong with this Bill. The proposition that the Government put to this House was that South Australia can put up a workers compensation scheme which will give the most generous benefits anywhere in the world and we will get rid of the insurance companies that are prepared to open their books and show what they are making out of workers compensation (they like the investment because they have some turnover). When we look at the Government's own record in relation to insurance we see that it was far less efficient in that area than the private sector. If we have grossly inflated benefits and are expected to save money over a period of time, in my book it does not add up.

The Liberal Party was at some pains to address this problem a couple of years ago. We are prepared to bite the bullet and have a look at the question. We are prepared to decide what is fair in terms of benefits that will not encourage people to live off workers compensation. I am quite sure about the incentives that are inherent in this Bill: if people are not inclined to be too industrious and they obtain workers compensation, they will certainly want to stay there. If we can fund a permanent pension scheme, taking people off the federal social service payroll and putting them on a State scheme, guaranteeing pensions, no fault, overtime and not have an enormously costly scheme, my name is not Roger Goldsworthy.

I think there is a proverb: a fool learns from his own experience and a wise man learns from another's. I do not know who wrote that, but one can look around the world at the experience of others. I defy the Government to point out any examples where this sort of scheme has been introduced with far fewer benefits than those that are advocated in this Bill and the scheme has not finished up after a number of years with enormous unfunded liabilities. I would be very interested to see those examples.

The Hon. B.C. Eastick: Another Medicare scheme.

The Hon. E.R. GOLDSWORTHY: Yes, Blewett does not know where to jump at the moment. It is 7 per cent in Britain and Blewett is trying to kid us that we can live off Medicare for 1 per cent. The philosophy is to fix it up now and do not worry about five years into the future. That is the thinking: let us live for today and to hell with tomorrow. Any workers compensation scheme which does not have even this set of benefits, in relation to which the capitulation to the union movement has not been as absolute as it has been here, and which has not generated enormous liabilities I would like to hear about.

New Zealand was one example that was touted. Off went Mr Jack Wright, who had far more modest proposals than those contained here. In that country they pay 85 per cent your loss of earning capacity. In other words, if you lose half your earning capacity you only receive half of the 85 per cent. With this Bill partial is total. Although feature articles explained how wonderful the New Zealand scheme was, it was discarded.

We then look at Queensland, and find that unions are happy there, mainly because they seem to get a quick settlement. There is no argument about that, but the range of benefits are far too meagre there. After $43 000, they are on federal social service benefits. We cannot have that. We are going to have a State funded scheme, which the taxpayers of South Australia will pick up, and we are going to save money. It is pure, simple, plain and unadulterated baloney, and we are asked to swallow it. It does not add up.

The Government is not prepared to look down the track. We heard about New Zealand and Canada, with billions of dollars in unfunded liabilities, and no-one is happy. The employers are unhappy. The two major employer groups who reached agreement are screaming their heads off. We have the latest circular from the Metal Industries Association relating to workers compensation. This is one of the bodies which agreed. The Employers Federation reserved its judgment, saying last year that we should hang on, sweat off and obtain an independent actuarial assessment of the cost. They received that on the eve of the election, and the independent actuary from Sydney showed that the Government's figuring was not rubbery, to use the 'in' word, but rather, phoney. So, even the major employer groups say that they will not wear it in a fit. We can understand why the lawyers are not happy with the Bill.

The Hon. B.C. Eastick: Is that why they don't want the Sheridan answer before the Bill is debated?

The Hon. E.R. GOLDSWORTHY: It seems peculiar that the Government commissions an independent assessment of the cost and then pushes on regardless of what that assessment finds. The employer groups are not happy; the lawyers have never been happy; and the insurance industry, which is the scapegoat, is not happy. Further, the doctors are not happy, and that unhappiness is borne out by the letter from the Australian Medical Association, which states:

> The profession has advocated reform of workers compensation legislation for some time, seeing the inadequacies of medical input, the interminable delays and the psychological damage that results from these factors.

I agree with that entirely. The AMA's letter continues:

> The proposed legislation does little to solve these fundamental problems.

Ms Gaylor: Are they crooks?

The Hon. E.R. GOLDSWORTHY: The honourable member seems to think that everyone is crook except the unions that support the Bill. Because they thought that there was a buck in workers compensation a consultant crowd from Sydney came over and conducted a seminar at the Arkaba Hotel which was attended by the union representative, employers, employees and me. However, the Government did not attend as it was held on the eve of the election. Out we went to the seminar and some of us were silly enough to pay $80.

Mr Tyler: How much did you pay?

The Hon. E.R. GOLDSWORTHY: I was a speaker, so I did not pay. I should have been out knocking on doors, but I turned up and said what I believed was true—that the Liberal Party is not hostage to any group in the community. The employers' man was sitting in the front row. I said that we did not agree with certain features of the package agreed by the employers; that the employers did not agree entirely with what the Liberal Party had put up; and that surely the union people would have their two bob's worth of me later that day.'

The Liberal Party desires a scheme that will balance competing interests. I believe that the major interests belong to the workers and the employers. The Liberal Party will not be hostage to any group: it will come up with a scheme which we believe is fair, which balances those interests, and which the community can afford. When one gets to the bottom line in this sort of legislation (and I have said this ever since I became a member), it is a matter of what the community can afford when it comes to the crunch. So, if we can afford to have injured workers in this State on benefits superior to those anywhere else in the western world, let alone the Eastern Bloc, and save money, I believe that is phoney. Therefore, if we accept that this scheme will cost more money, we should consider who picks up the tab and realise that, when we get to the bottom line, the community must pick it up one way or another.

The way in which the community will pick up the tab in this case is by way of an oncost which applies to all employment because it will result in higher costs, more people on the gravy train, and fewer jobs especially for the rising generation. If anyone thinks that the Liberal Party will be a party to such a process, then that person has another think coming.

The Hon. G.F. KENEALLY (Minister of Transport): I move:

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

Motion carried.

Mr BECKER (Hanson): It has not taken long for the newly elected Government to give the people of South Australia their first taste of real Socialism. This legislation is the beginning of the real performance of the current Government. The special convention of the South Australian Branch of the Australian Labor Party, held from 27 to 29 November, 1981, passed several resolutions on workers compensation that were prepared by the present Minister. Those resolutions were as follows:

> . . . the establishment of a Workers' Compensation Board to administer the collection of compulsory premiums from all employers and the payment of compensation to all workers who are entitled to it.
>
> . . . the trade union movement having equal representation on the Workers' Compensation Board.
>
> . . . workers in receipt of weekly workers compensation payments being paid an amount equal to the wage that they would normally receive if they had been at work.
>
> . . . providing that all workers entitled to workers compensation receive free, all medical and rehabilitation services.
>
> . . . entitling permanently incapacitated workers and the dependants of deceased workers to annually indexed pensions commensurate with expected earnings prior to the injury or death.
>
> . . . providing that lump sum compensation for death or anatomical losses to be paid to the dependants or the injured worker.
>
> . . . providing workers with automatic entitlements to compensation unless such right is disproved.
>
> . . . eliminating time limit on claims for compensation.
>
> . . . eliminating worker liability for costs incurred by their employer.

The subject matter of most of those resolutions is contained in the Bill before members, as is the subject matter of the resolutions dealing with rehabilitation, which state:

> . . . ensuring that established governmental departments oversee and financially help the rehabilitation of injured and disabled employees.
>
> . . . cooperation with private organisations with respect to the rehabilitation of injured and disabled persons.
>
> . . . financial assistance for personnel, and concessions for sheltered workshops for handicapped workers and the severely disabled.
>
> . . . encouraging employers to offer alternative employment for those in the process of recovering from their injuries or who have been partially incapacitated.

. . . requiring employers to accept financial responsibility for the rehabilitation of the injured and disabled employee.

Some people might find it extraordinarily difficult to oppose these objectives concerning the protection of the rights, health, welfare and safety of workers in South Australia. This legislation contains several of the principles referred to in those resolutions: principles that I find objectionable, especially the one concerning the single insurer. We are being asked to consider this legislation when the Government cannot prove conclusively that its estimate of the cost savings is accurate. In other words, we are being asked to give the Government a blank cheque, which is an extremely dangerous situation when we consider the magnitude of workers compensation premiums in South Australia—currently about $170 million a year. Fancy giving a Government the opportunity to set up an authority with a potential to earn between $140 million and $150 million in one year without knowing whether it will be a viable proposition.

We do not have to go too far to find out how well the Government will run an authority to administer workers compensation. At page 141 of his annual report for the year ended 30 June 1985, the Auditor-General, under the heading 'Government Insurance Fund' states:

The Government Insurance Fund, a deposit account maintained at the Treasurer, records receipt of premiums and payments of claims in respect of Government departments and some statutory authorities on account of workers compensation and fire insurance on buildings and contents.

If one removes the reference to workers compensation one finds that the deficit balance of the fund on 1 July 1984 was $1 957 000. The income of the fund during the year consisted of workers compensation premiums $17 346 000, against which expenditure incurred through workers compensation claims paid and outstanding was $29 270 000 and administration expenses $249 000, leaving a deficit balance of the fund at 30 June 1985, in respect of workers compensation at $12 302 000. Therefore, in the 12 months ended 30 June 1985, the Government Insurance Fund incurred a loss of $12 302 000.

As I read the Bill before members the Crown is bound, therefore all Government statutory authorities would be required to contribute to the corporation that is to be set up and the deficit of $12 302 000 I assume will be transferred to the new authority. The Auditor-General also had this to say:

2. The total value of claims paid and outstanding for workers compensation increased by $14.5 million. The claims paid increased by $6.2 million principally on account of higher weekly benefits payable, and increased common law settlements. Outstanding claims increased by $8.3 million.

The Auditor-General was reporting to Parliament in August/September last year about the Government Insurance Fund. To obtain a parallel, if one goes to the State Government Insurance Commission one will find that the outstanding claims for compulsory third party insurance are approximately $532 million. That proves that after all these years the amount of money obtained in premiums, less the amounts paid out leaves amounts oustanding, in the vicinity of $532 million. The SGIC has $556 million invested. However, not all that amount is for compulsory third party insurance; it is there for other contingencies as well.

The main reason and theme behind this corporation and authority is that it is a funded insurance fund. The Victorian fund is unfunded, it is pay as you go, and someone has to pick up the tab to make it viable. If in the vicinity of $150 million in premiums goes into this fund 60 per cent of that money will be paid out in the first year and the remainder over the next three years. Therefore, there will be a build-up of moneys in the fund. I estimate that after three years, if the premiums are retained at the level that the Minister anticipates, the fund will be in financial difficulties. This will mean that there will have to be substantial increases in premiums.

The present equation cannot be sustained. It is tragic that we do not have those figures and an economic impact statement in front of us to assess its real worth. We do not know whether we are doing the right or wrong thing by the workers. I think that everyone would like to see workers get a fair go; no-one will deny that. However, it would be tragic if we came up with a system which disadvantaged workers or which meant that there would be further delays.

Let us look at what has happened in New South Wales. *The Australian Worker* of 30 April 1985 in an article entitled 'A staggering $10 million gained to workers compensation in one year' stated:

Last year NSW branch was successful in gaining over $10 million in workers compensation payments for AWU members in that branch.

The figures are staggering and although money can never fully compensate for physical loss, it does represent an outstanding result for the branch.

NSW branch Secretary Ernie Ecob said that 338 members of the branch had been helped in workers compensation claims. He expressed his great regret at the number of accidents that had occurred but said that it must be comforting for the members concerned to know that the AWU NSW branch stood firmly behind them.

Mr Ecob said great credit was due to solicitors Carrol and O'Dea and the 20 or so barristers who were briefed on behalf of members.

The legal problems of injured workers had, he said, been well looked after during what had been for them a time of need during a period of adversity.

A $10 million figure for compensation awards inevitably leads one to ask "what happens to those members, what are the accidents that befall them?"

Ernie Ecob offered this summary of some of the claims handled last year.

The article contains numerous claims, some of which are interesting. It states:

Mr G. T. was injured in the course of his employment as a powder monkey and general labourer with Readymix Concrete over a period of seventeen and a half years and suffered a hearing impairment because of exposure to high noise level.

His employer's workers compensation insurer refused to pay him any workers' compensation in respect of his industrial deafness. When legal proceedings were started in the Compensation Court and finalised on November 1, 1984, he was awarded:

- $1 700.50 for 19 per cent loss of hearing in the left ear.
- $1 790 for 20 per cent loss of hearing in the right ear.

That person had to have the benefit of legal representation to get a claim. What a fight they must have had. The article continues:

Our member Ms E. B. was injured between 2 February 1983, and 16 September 1983, in the course of her employment with Johnson & Johnson Pty Limited as she was engaged in repetitive movements of both hands, and the work caused injury to her neck, both arms, and spine.

Her employers' workers compensation insurer refused to pay her any workers' compensation. On 31 July 1984 she was awarded:

- $288 per week from 16 September 1983 to 16 March 1984.
- $133.80 per week from 17 March 1984 to 31 March 1984.
- $139.90 per week from 1 April 1984 to date and continuing as indexed.

Our member Mr J. F. was injured during the first eight years of his employment with Unilever Australia Pty Limited and sustained a loss of hearing of 36 per cent in each ear as a result of his work.

His employers' compensation insurer refused to pay him any workers compensation. Legal proceedings in the Compensation Court were finalised on 21 May 1984, resulting in an award in the following terms:

- 36 per cent loss of hearing in the left ear $3 222
- 36 per cent loss of hearing in the right ear $3 222

There are many other claims in relation to bodily injury (limb, back, spine, or whatever). The last part of the article headed 'Large settlement to stablehand' states:

In a recent case before the Chief Industrial Magistrate in Wollongong, the union's lawyers have been able to recover a large wages settlement for a stablehand, Mr Allan Lockhart of Dapto. Between April 1983, and February 1984, Mr Lockhart was

employed as a stablehand by Mr Howard Wilson, horse trainer, at Mr Wilson's Dapto stables. Mr Lockhart worked long hours each day, six days per week for $150 per week gross, until Mr Wilson sacked him. Mr Lockhart approached the union for advice on his rights whereupon Mr Ecob immediately took steps for a claim to be lodged on Mr Lockhart's behalf for underpayment of wages.

The article then went into the industrial side of the issue. This proves the difficulty experienced by unions and workers in getting what I consider to be a fair go. If we are to provide a mechanism to give workers rights and to encourage them to seek through their industrial representatives the ultimate benefits that they deserve then we must know that the legislation is workable. We cannot have a situation involving allegations such as those made in relation to the Victorian scheme. When introducing the legislation the Minister remarked that in the four years between 1980 and 1984 workers compensation premiums in Australia increased by approximately 160 per cent. I understand that that would be geared to wages, court awards, medical costs, etc. A National Insurance Brokers of Australia paper entitled 'Why have claims costs escalated' states:

Regrettably, Australia-wide figures are not available to enable a precise answer to be given to this question. However, the statistics available allow some generalised answers to be provided.

1. The number of workers' compensation claims reported is increasing despite a basically static number in the work force. For example, in Victoria the number of claims reported in 1982 was 22 per cent higher than the number reported in 1980. (Source: Registrar, Victoria Workers' Compensation Board).
2. There has been an upsurge in illness claims such as hearing loss, heart disease, stress related disease, and such new factors as the increasing incidence of repetition injuries.
3. There is evidence that for serious claims, injured workers are out of the work force for longer periods than before.
4. Statutory benefits have increased faster than the Consumer Price Index in all States (a 'catch up' situation). In the States employing the majority of the workforce, the death benefit and the maximum weekly benefit have increased by approximately double the increase of the Consumer Price Index.
5. Medical Costs have escalated faster than inflation rates. These costs account for some 17 per cent of the claims.

However, there are some common, but understandable misconceptions:

1. There is little evidence that the increase in claims cost can be related in any way to an increase in common law settlements. In fact, such evidence as is available does not support that view at all. (Common law claims make up approximately 11 per cent of total claims).
2. Similarly, the evidence does not support the view that legal expense is a major cause of the problem. (In Victoria, for instance, we know that legal expenses constitute about 13 per cent of the total costs of claims).

Both these items have remained a relatively stable percentage of total claims cost over a number of years.

What alarms me is the situation that is being assessed by some of our companies and its impact. I have been advised that a union representative on the steering committee for the draft legislation was reported to have said to one South Australian company, 'Your company has done the right thing but some companies will have to pay the penalty for industry to benefit as a whole.' I see that this legislation will help large companies such as BHP, Pioneer Concrete, TNT, and so on, but small businesses such as delis, restaurants, warehouses, small retail stores and farmers will be forced to make up the difference that large businesses will obtain.

Furthermore, businesses with a good employee health and safety record will also suffer. Under the present system, the private enterprise system of various insurers and insurance brokers, we find that employers with a good record are receiving premium discounts of up to 60 per cent. Under this legislation, which establishes a monopoly, no such discounts will be offered. There will be no benefits; therefore those incentives will disappear, and that could well work against the employee. Most employers agree to paying the first week's wages and medical expenses under workers compensation. Of course, that would suit the large employer. Again, small businesses will be sorely hit. Take the deli owner whose workers compensation premium was about $200 per annum—this is an actual case. If the adult employee is injured on the way to work or at work in the deli, the employer will have to pay the first week's wages and medical expenses. That will be far in excess of the $200 premium that he is paying at the present moment.

Being involved in charitable work where we employ nine staff, our all up insurance bill is in the vicinity of $1 800; workers compensation is about $1 200. I can see little benefit in that for us. I cannot see any saving at all, and we already have on workers compensation one employee who was required to go from point A to point B by taxi. The taxi was involved in an accident, and she is at present involved in compensation. I can see that small businesses—farmers, people who employ one, two or three workers—will be hit by this legislation. Then, of course, we get down to the domestic cover where those who are sufficiently fortunate—far more fortunate than I am—to employ a cleaner or gardener can obtain cover for about $10 per annum. What happens if that person has an accident? It is a matter of who is the major employer if that person has more than one job. I do not know—

The Hon. Frank Blevins: They don't come under it at all.

Mr BECKER: They have to get some cover. If the Government is going to carry out the resolution passed in 1981, and is genuine about protecting all workers, then some scheme has to be worked out for everybody.

The Hon. Frank Blevins interjecting:

Mr BECKER: You will not get cheap cover under a monopoly system. You will get it under a private enterprise system. That is how I see it. Anyway, we will have the opportunity in Committee, because I think this really is a Committee Bill. That is where we can take up with the Minister many examples of the huge number of claims. Even the Health Commission has had about 770 claims over the past five or six years, totalling in the vicinity of $30 million. In some of our Government departments, the workers compensation payments of claims are reaching a stage where the departments must be quite worried.

I have an example of a case in the E&WS Department, a work injury performance report for the third quarter of 1984-85. The number of persons employed in the first quarter was 4 860; total number of work injuries was 248; the lost time injuries figure was 172; medical costs were $127 000; compensation costs were $368 000; legal costs $27 000, an all-up total of $523 000, with lump sum settlements totalling $780 000. That is terrible when we start to look at some of those figures. The number of persons employed in the E&WS Department in the second quarter was 4 909; there were 221 work injuries; 165 lost time injuries; $136 000 medical costs; $409 000 compensation costs; $17 000 legal costs, the total of those in the vicinity of $563 000; there was a lump sum settlement of $457 000, which is just over $1 million. In the third quarter there were 4 893 persons employed; 258 work injuries; 181 lost time injuries; $130 000 medical costs; $412 000 compensation costs; $17 900 legal costs, a total of $560 000; there was a lump sum settlement of $492 000.

The date of settlement may be three to five years after the injury, and we find that some of those injuries go back to July 1982, particularly with respect to cases of hearing loss, damage to hand, hernias, and so forth. It goes on and on. I doubt whether the Government has really thought through the economic impact of this legislation.

Included in the many letters that have come my way is one from Coca Cola Bottlers. I do not know whether it has been referred to, but on page 2 it states:

Our workers compensation payments over the past four years have been less than 1 per centum of our annual salary and wages

costs. The industry we operate within has traditionally been regarded as a reasonably high risk industry and the Victorian Work Care has a levy of 3.23 per centum on this industry operating in Victoria. The Victorian Government assured employers that they would be better off under a government controlled and managed workers commpensation scheme and if we were operating in that State, we would be seriously financially disadvantaged. We do need a guarantee from our Government that we will not be put at a financial disadvantage with the introduction of the proposed Act.

Taking the payroll of Coca Cola in South Australia at $1 million, for example, it means that at present tht company is paying $10 000 per annum in premiums. Under the Victorian scheme, which this one mirrors, the premiums would be $32 000. That 223 per cent increase in premiums cannot be justified if the Government is geniune about the savings under this legislation. As I said, it is very difficult without having the Government's report from the Auditor-General saying how these figures were arrived at. So, we are being asked to give approval, on behalf of all employers, to a monopoly system when it is agreed that the current system is not all that good but that it could be improved.

If the Government is really genuine and wants to reduce workers compensation premiums (and it has been put to the Minister many times), why not abolish the stamp duty (one might ask where we will get $8 million) and get agreement from employers to pay the first week's wages? I believe they will, and that would save about 20 per cent in premiums. That 20 per cent saving could benefit employers and if that is achievable perhaps more jobs will be created. After all, that is what we should be all about.

The Hon. Frank Blevins: If the employers take the first week, that is not a saving—it is is a transfer of cost. Instead of paying through workers compensation premiums they pay it straight out—it is a transfer of cost.

The SPEAKER: Order! We are not in Committee. The member for Hanson has the floor and will continue with his contribution.

Mr BECKER: It would be a tremendous incentive, and that is what we are after. We have to reduce the cost to the employer and give an incentive to create employment. If we can get rid of stamp duty, as will happen, and if employers will carry the first week's pay, there will be a 20 per cent benefit. If I could come up with a scheme that would offer a 20 per cent benefit, whilst at the same time giving employees the cover and the benefits that we want to give them, that is what I would accept. Why go into the establishment of a very expensive authority that will add to the cost?

If the Government is going to set up an authority in a separate building in a separate part of the city, it will have so much in overheads that are already being absorbed in the operation of SGIC or any insurance company in the city providing workers compensation. We must add costs to the administration of this authority. That is one way that I would look at it. It has to be thought out more than passing a motion at a conference and saying that it is being sponsored by certain sections of the trade union movement (I cannot deny them doing that) and the Government wants to press ahead with the legislation. It is a Committee Bill and is all embracing in regard to those who will benefit from it.

For the benefit of Matthew Abraham, of the *Advertiser*, members of Parliament are covered, as are Ministers of the Crown and the judiciary, so I suppose it will be put down as another perk for members of Parliament. It is interesting that the board will consist of 11 members—a large board when one considers any corporation whatsoever. I may as well nominate the President now—Jack Wright. The four unions will be represented by Mr Apap, Mr Begg, Mr Owens, and Mr Tumbers. They are my nominees. I would put Owens in there, because I believe it would be the best way to make him see reality. He would be a good operator. The first time I met the member for Florey was on a committee at Marleston college council. He was probably one of the most astute operators when it comes to efficiency. Those persons would be my nominees for the board.

There should be an age limit for board members. We ought to have a limit of 70 years to create a few opportunities in the future; otherwise people stay on for ever and a day, and I would hate to see that situation. I am pleased to see that there will be an adequate internal audit system. The corporation will be audited by the Auditor-General, so private enterprise is cut out of even from that opportunity.

The SPEAKER: Order! The honourable member's time has expired.

The Hon. P.B. ARNOLD (Chaffey): It has been said on many occasions in recent years that Australians are living in a fool's paradise. I have to agree with that. It has been borne out on many occasions. This Government is perpetuating that myth; but, unfortunately, we cannot continue to live in a fool's paradise. We are not competitive on the world scene, which is one of Australia's biggest problems. This has been caused by escalating costs which are far greater than those confronting the rest of the world.

In this country we have the ability to produce some of the world's best products, but unless we can do that on a competitive basis with the rest of the world obviously we will not be able to sell them. If we cannot trade with the rest of the world we will become an island unto ourselves and we will not enjoy the standard of living that we have experienced in the past. We have been living for far too long in this fool's paradise relying on our natural resources to make up the deficits or shortfalls.

We have not been able to make ends meet from our own products or produce generally in this country. Unfortunately, we are not competitive. I support the point made by the member for Hanson. Although the Minister did not agree, if the employer had to meet the first week's payment it would be like an insurance premium on a motor vehicle or anything else. If one agrees to meet the first $1 000 of any claim it makes one super-cautious.

This would make the employer super-cautious and sensitive about safety on his premises. It would be a very real incentive and would have a dramatic effect in reducing the overall pay-out. That is human nature. If I were liable to pay of the first $1 000 on a motor vehicle, although I recognise that I would get an enormous reduction in premium, it would make me super-careful. I would do everything within my power to ensure that I did not become involved in an accident.

The Hon. Frank Blevins: Taking that to its logical conclusion you should abolish workers compensation and just leave it all to common law.

The Hon. P.B. ARNOLD: That is going to the absolute extreme. Even the Minister would have the intelligence to realise that what he is saying is quite ridiculous. If one opts to carry the first $1 000 of comprehensive insurance on one's motor vehicle there is still the risk of the vehicle's being totally written off, which could mean that one did not have the financial capacity to replace the vehicle. However, one may be able to afford to carry the first $1 000 for the benefit of that significantly reduced premium. That incentive would make one super-cautious.

This Bill is dramatically different from the agreement reached between the unions and employers prior to the State election. We tried to impress on the Chamber of Commerce and Industry that, unless it could convince the Government to introduce the package agreed to last year prior to the election and have that legislation passed, after the election legislation introduced here would bear little resemblance to agreement that had been reached before the election.

Unfortunately, that is being blatantly dishonest. The employers were prepared to take the Government at face value. They said quite plainly that there was an absolutely watertight agreement between the Government, the Premier and the unions. It had been negotiated. They knew where they stood and it would have resulted in a reduction in premiums. However, the Government is now forcing through this legislation. It is not prepared to wait until the Auditor-General has had an opportunity to examine it to determine its impact on premiums.

From the dramatic changes that have been made to this legislation, departing from the agreement that was reached between the unions and the employers, it is quite obvious that it will result not in a 30 per cent reduction but in a significant increase in premiums. We have been living in a fool's paradise for far too long. This type of action by the Government is just perpetuating the myth that we can continue to do so. Unfortunately, we cannot do that. Anyone who is involved in any form of industry, no matter how large or small, and anyone who is involved in trying to market on a worldwide scene the products produced in Australia knows that the returns from those products are extremely small indeed.

I need only refer to the fruit growing industry. What options does that industry have? It relies heavily on exporting the product: it is a labour intensive industry, employing a large number of people, yet the return to growers is becoming less and less. In many instances (as the Minister, being the former Minister of Agriculture, could confirm perhaps by taking note of what the Department of Agriculture agronomist at Loxton has said in recent articles in the *Murray Pioneer)*, it is quite clearly indicated that the majority of growers cannot make ends meet because of the costs that they are now incurring and the low returns for their products. The goods produced in this country, particularly those produced by the fruit growing industry, are equal to the best in the world. I am sure that the Minister would agree with that when we compare our dried fruits with most the products which are dumped in this country from, say, Greece, and which attract a $800 a tonne subsidy. We are trying to compete with those countries, but the grower is faced with additional imposts.

The average fruit growing property is a comparatively small operation, and growers are confronted with a bill for premiums that is significantly greater than the bill referred to by the member for Hanson, who talked about a delicatessen owner paying $200. The average fruit grower would pay $1 000, $2 000 or, in many instances, $3 000 per annum for workers compensation premiums, but his return does not even provide a break-even situation for his efforts. As a result of this Bill, the burdens will be increased even further. That is why I say that we are living in a fool's paradise.

In his opening remarks on behalf of the Opposition, the Leader of the Opposition said that we must ensure a fair and equitable situation for all concerned—the employees and the employers—a situation which we can live with and in which we can still continue to trade with the rest of the world. Unfortunately, we are continuing to go down this path. We are no longer competitive, and the situation is becoming worse. That approach cannot continue indefinitely. In the past we have been relying too heavily on the national's natural resources to carry us through. We are competing with many countries that do not have such natural resources, so they must be efficient and competitive. Because our natural resources are not in demand as they were in the 1970s, we are finding that we cannot rely on those resources to back up the shortfall that we are experiencing because of our inefficiency and because we are not competitive. Quite obviously, we are living beyond our means.

Not only do we have the burden of what this legislation will further inflict on the employer but also one must consider the luxury of the provision of four weeks annual leave, a 17 1/2 per cent leave loading 17 1/2, and penalty rates that our major competitors around the world just do not have. While it would be great to be able to maintain and continue with those luxuries, one has only to compare the situation to that which prevails in, say, the United States, which produces the same products that we do and with which we are in competition. In the United States workers do not have a 17 1/2 per cent leave loading, four weeks annual leave (on average they have something like two weeks) or penalty rates. So how on earth can we ever become competitive again on the world scene if we continue to perpetuate the problems that we already have? Unfortunately, this legislation will do exactly that.

In his second reading explanation the Minister said that this legislation represented important social reform. I venture to say that in the long term this legislation will prove to be a blueprint for further human disaster as far as Australia is concerned, as it will definitely lead to the loss of jobs. I refer once again to the situation that exists in the Riverland. How does a small fruit grower try to reduce his costs? His is a labour intensive industry and as such where can a grower go to reduce operating costs? The answer is obvious, and many growers are heading in a certain direction at this moment. Tragically, they are doing everything possible to convert to mechanical pruning and harvesting, which has the sole effect of getting rid of people. In itself, that is a human tragedy.

As I have said, the fruit growing industry is a very significant employer. It is a labour intensive industry, which is very quickly converting to means of mechanical harvesting and pruning. Growers of long standing and experience in the industry are not readily inclined to go in that direction; they are doing it as a matter of survival. Most growers have a tremendous amount of pride in their properties and the health and welfare of their plantings. They have been brought up to look after those plantings by careful husbandry and pruning methods. In many cases it is certainly against their better judgment to put a mechanical harvester into those plantings because of the damage that mechanical harvesters can inflict on the plantings.

Also, the average farmer has a great deal of pride in the way that he presents produce from his property in delivering to the winery an article that is as near to perfect as possible. When considering mechanically harvested fruit and well hand-picked fruit, there is no comparison in relation to the article that is being delivered to the winery. However, unfortunately, those standards and procedures that have been safeguarded and looked after for so many generations by fruit farmers virtually must go, because unless producers can find means by which to reduce the number of employees on their properties, and the overheads such as workers compensation, long service leave, the 17 1/2 per cent holiday loading, and four weeks annual leave, they will go broke and be out of business. All I am saying is that the measure before us will add to the problems being experienced rather than improve the situation.

I use the fruit growing industry as an example, because that is the industry in which I have been involved all my life. My family has been involved in that industry for some three generations, but unfortunately we are having to move towards retrenching people and replacing them with mechanical harvesting and pruning. While we do not like having to do that, it is the only way that we can hope to stay in business. As far as the nation is concerned, I believe

that that is an absolute tragedy and it can result only in greater unemployment.

The picture that was presented and accepted by employers and employees before the election was taken at face value on the basis that it would be fair and reasonable to all concerned, with an anticipated reduction to the employer of some 30 per cent in premiums. Unfortunately, the only assessment that we can make of this Bill, with its dramatically increased benefits compared to the draft Bill that was agreed to prior to the election, is that it can only result in a significant increase in actual premiums to employers in general.

Under the legislation proposed in 1985 the so-called white paper, which was supported by unions and employers, their right at common law was to be eliminated in favour of a maximum $30 000 lump sum for loss of bodily function and an indexed pension covering 100 per cent of earnings for the first two years and thereafter reduced to 85 per cent. Basically, that was the package that was agreed to by both parties. However, the Bill before us tonight provides for a lump sum maximum entitlement which has been lifted to $60 000, and full pension indexed for the first three years rather than two years, and reverting to 85 per cent, and it retains certain common law rights or claims.

If the State and the nation could carry that increased burden, fair enough, but they cannot do so. Industry and commerce cannot carry it any longer, and it is quite clear to everyone who wishes to take an interest in Australia's position compared to the rest of the world that we are no longer competitive. This will only add to our problems, and I believe that it is a great tragedy. The fact that the Government is not prepared to delay this legislation until the Auditor-General has had the opportunity to determine just what it will cost employers is a clear indication that the Government knows exactly what it will cost. That is why it is forging ahead and pushing the Bill through at this time.

Mr INGERSON (Bragg): We have heard comments relating to farce, dishonesty, no costing, haste, and a lack of economic planning. We have also heard about the need to improve the wellbeing of workers. It seems to me that there are two outstanding features of this Bill that should have been addressed by the Government. I have no objection at all to a Government putting forward a controversial and extremely broad Bill setting out new rules and regulations relating to workers compensation. But I object principally to a Bill which creates massive shifting of economic power and dollars, with no justification for it being put before this Parliament. I do so on two grounds.

First, in the costing of the project and, secondly, and as important, where will the money go anyway? In other words, we have no investment policy spelt out for this Bill. That is a major problem we have in such a Bill coming before Parliament.

I would like to talk about the Bill generally and then deal with a few specific clauses and then talk finally in a summary sense. The effect of the proposed new legislation is, first, to repeal the existing Workers Compensation Act 1971 (as amended) and introduce a completely new scheme to deal with the payment of benefits for work-caused injuries. The most radical effect of the Bill is to vest in a new instrumentality to be known as the Workers Rehabilitation and Compensation Corporation the power to administer not only the payment of benefits under the Act to workers, but also to raise moneys from employers with which to make payments pursuant to the new Bill, and also to administer and invest those moneys.

As I have said, there is nowhere in the Bill that sets out how those moneys will be invested. I believe that every South Australian has the right to know where the moneys from this area are to be invested. Of course, it also sets up this Government monopoly with very little justification—even within the second reading speech—for doing so.

There may be no role for private insurers in the new scheme unless it is open to them to insure employers against the first week of compensation payable and/or the limited common law payment to which workers are still entitled, for it appears from the Bill that the corporation is not obliged to make any payment in respect of the common law liability. Previously, employers indemnity policies covered common law liability as well as the liability to pay compensation. Provision is made for employers to become or remain in effect 'exempt employers' but their ability to actually deal with or finalise claims brought by their own employees is severely curtailed.

Very broadly speaking, the Bill provides for workers (and in some cases people who would currently be described as self-employed persons) to be eligible for payments which can continue indefinitely with no prescribed maximum on the total amount received by way of weekly payments. The corporation (and the employer) has power to review the worker's entitlement to such continuing payments, which in most cases will be what is currently decribed as average weekly earnings (or at least 85 per cent thereof) on a yearly basis or, on the assumption that certain prerequisites are met, such payments can be reviewed upwards or downwards from time to time.

There is a power for a worker or employer to seek a review of any decision of the corporation, broadly speaking, affecting the worker's payments, and that review can be pursued through, first, the offices of a review officer, who is not required to have any legal qualification, and from there to a tribunal known as the Workers Compensation Appeal Tribunal, and thereafter on questions of law only by leave of the Supreme Court to the Supreme Court.

In addition, panels known as the Medical Review Panels are to be set up, staffed by various specialists nominated by the Minister in consultation with union or employer groups and the various reviewing bodies, and the corporation itself can have recourse to those panels from time to time in order to assist it in its decision-making processes. It is important to appreciate that, unlike judges, members of the Appeal Tribunal or Medical Review Panels may be dismissed by the Government and therefore lack the independence of the judiciary, which is one of the fundamental protections against excesses of executive power.

The Bill also envisages the abolition of the worker's right to pursue a claim for common law damages against his employer except insofar as any claim for non-economic loss is concerned, and except where there is an entitlement to make a claim under part II of the Wrongs Act (which, broadly speaking, deals with claims brought by dependants of workers killed in circumstances which, but for the death of the person, would have given that person a right to pursue an action for damages against the employer concerned). In short, a worker is entitled to pursue a claim for pain and suffering (or 'non-economic loss'), but not for any claim involving economic loss independent of the Bill, and a widow can still pursue a dependency claim, in which she can recover a lump sum representing her late husband's lost earning capacity and in addition receive a pension based upon that earning capacity.

Another broad effect of the Bill is to provide workers with a payment similar to common law damages for non-economic loss when they have any form of permanent disability. The previous Act allowed a lump sum for disability in lieu of weekly payments. The present Bill provides for both lump sum and weekly payments until retirement. The employer is responsible for the first payment of weekly compensation unless he disputes that worker's entitlement

to receive that payment within 14 days, but thereafter responsibility for payment lies with the corporation (except in the case of an exempt employer who is responsible for continuing payments).

It is envisaged that, subject to review, payments continue indefinitely (that is, up until the normal retirement age), as indicated previously, with no maximum provided. There is a power to commute the corporation's liability to continue to make weekly payments of compensation in very particular circumstances. In essence, this cannot be done until the worker has received any non-economic loss payment that he is entitled to. This encompasses not only any possible common law entitlement but also any table or schedule assessment and, in any event, the total payment (that is, the total of the commutation figure representing future weekly payments and the non-economic loss figure) cannot exceed a fixed figure which is prescribed from time to time and which in respect of the current Bill is $60 000. However, importantly, no limit applies to the weekly payments total, *per se*. While payments can be reviewed from time to time by the corporation there is only guaranteed reduction of the worker's entitlement to receive compensation after three years of payment have gone by, and even then the entitlement is reduced to 85 per cent of what is currently described as average weekly earnings.

I will now discuss a few of the clauses, and my comments are grouped in relation to the titles within the Bill. My first comments relate to 'Part II—The Workers Rehabilitation and Compensation Corporation' (clauses 7 to 13). The corporation is to be composed of nine members, one person nominated by the Minister to be the presiding officer, three persons nominated by the Minister after consultation with the UTLC, three persons to be nominated by the Minister after consultation with the employers, one person experienced in the field of rehabilitation, and, of course, the General Manager. The corporation is also able to delegate any of its powers or functions. The corporation is to establish rehabilitation programs. It may establish clinics for assessment, treatment and rehabilitation and shall appoint rehabilitation advisers. Penalties by way of suspension or discontinuance of weekly payments apply should workers not attend, and so on. It seems from that that we will set up a brand new monopoly taking from and duplicating many of the resources currently in both the private and Government sectors.

Under 'Part IV—Conditions under which disability is compensable' (clauses 30 and 31) the circumstances in which a worker is entitled to payment are not markedly different from the entitlement under the current Act. The expected provisions dealing with a worker's entitlement to compensation if he is injured on a journey or while attending educational institutions are reproduced in much the same way as in the current legislation. Similarly, the provision for the payment of medical and other expenses is very much in the same terms as the current legislation. My concern in that area is that we have a situation of what I believe is an abuse of the journey to work clause. That is an area which should not be under workers compensation but which should be covered under other legislation, particularly motor vehicles legislation.

I now refer to clauses 35 to 42 and 'Division IV—Compensation by way of income maintenance'. This division provides workers who are incapacitated with what amounts to average weekly earnings where they are totally incapacitated for work. Where there is partial incapacity (unless there is work for which the worker is able to earn amounts comparable to his average weekly earnings), he is entitled to receive what amounts to 'make up pay'. In the event that a worker has only a partial incapacity but is unable to find suitable employment—and that is very important—the partial incapacity is deemed to be total incapacity and he is entitled to receive, therefore, full weekly payments.

This situation changes only where the worker has been receiving payments for three or more years, in which case the best the worker can do is receive up to 85 per cent of his average weekly earnings. Importantly these payments can continue for the rest of the worker's normal working life, and there is no maximum. Clauses 35(3)*(b)* and 35(6) interestingly are very similar to the Harrington clauses that were deleted from the Act in 1984, and I will come back to that later.

The Bill provides for the discontinuance or reduction of weekly payments in much the same terms as currently found in section 52 of the current Act. Essentially the payments cannot be discontinued without consent or a return to work, refusal to submit to an examination, or in the event of a 'reduction in the extent of the workers incapacity for work'. Again, like the existing Act, 21 days notice is required to be given before any reduction or diminution takes place. Of course, rather than the employer taking that action, it is to be taken by the corporation and the worker is entitled to seek a review of any decision to reduce or diminish his payments.

Other than the provision to discontinue or reduce payments, the corporation may review the worker's payment at the employer's or employee's request, but no more than six monthly. It is important to note that the Bill does not set out how the corporation makes a reduction of payments; it purely and simply says that it is able to do it. The Bill contains no scale that tells how to do it. In this regard it is significant to note that even partially incapacitated workers are deemed to be totally incapacitated where suitable work is not available.

In my view the most complex and different portion of the Bill is the provision dealing with what is described as the 'commutation of liability to make weekly payments' (clause 42), which is similar in concept to the idea of redemption under the existing Act. Redemption or commutation (as it is now called) is possible, but it is subject to three pre-requisites being satisfied initially: namely, the worker's disability must be of a permanent nature; it can only occur where the worker has received compensation for non-economic loss; and there can be no commutation if the aggregate of amounts realised by commutation, when added to the compensation for non-economic loss, would exceed the prescribed sum (at present $60 000).

The compensation for non-economic loss that clause 42 envisages is compensation that the worker is entitled to by way of an assessment, to use the old term under the Maims schedule (section 69) or (where there is any entitlement) an entitlement to damages at common law for non-ecomomic loss. A somewhat novel situation can eventuate in that the worker will theoretically obtain what is now referred to as an 'assessment', plus redemption, plus common law damages for pain and suffering, provided that the sum total of those items does not exceed $60 000.

Generally speaking, this would seem to make commutation an unattractive concept for the worker in that clearly a worker who is definitely totally and permanently incapacitated would be far better off simply continuing to receive his average weekly earnings until the date of his otherwise retirement, rather than commute his entitlement which would, at best, entitle him to $60 000.

The restrictive notion of commutation is an important feature of this Bill as under the current Act redemption of an employer's liability to make payments has been utilised by both worker and employer to finalise claims. This will no longer occur, in my view, under the commutation concept introduced by this Bill. Payments in the case of ongoing incapacity will simply continue indefinitely. In any event

under the Bill the worker can claim continuing weekly payments as well as an assessment and, in addition, he can pursue his claim at common law for non-economic loss.

The common law payment may not be too great as the court awarding these damages is bound to take into account any payment made by way of what is currently an assessment payment. The cumulative effect of these provisions would appear to be to increase the potential of 'small' claims, possibly inhibit some 'mid-range' claims, and encourage the pursuit of very large claims by any worker with significant ongoing capacity.

The division dealing with compensation for non-economic loss (clause 43) is basically the same as the current provision dealing with assessment, although the maximum provided is now $60 000. However, the significant difference is that the worker is entitled to receive assessment in addition to a continuing payment of weekly compensation that can go on until a worker would have otherwise retired from his employment. Under the existing Act a worker was obliged to choose between receiving an assessment payment or seeking continuing weekly payments.

In this context it is difficult to understand the provisions of clause 43(3)*(b)* which seem to import in the disability assessment a figure for loss of earnings that the worker does not lose, having regard to the other provisions of the Bill for income maintenance.

Regarding the compensation payable on death (clauses 44 to 45), although this division purports to be expressed in terms similar to the current entitlement, it entitles a spouse and dependants to pensions in addition to the lump sum of $60 000. In the case of children, the payment ceases when a child attains the age of 18 and, generally speaking, the corporation has the power to review the amount of weekly payments being made to either children or a dependent spouse, subject to the person's ability to earn or receive income from time to time.

It is difficult to ascertain the rationale upon which the sum of $60 000 is paid in addition to what amounts to replacement of the earnings of the deceased. Furthermore, it is not difficult to envisage situations in which large families have a payment made in excess of that which would have been earned by the deceased had he not been killed.

Regarding the liability to pay compensation, clauses 46 to 50, the corporation is liable to make all payments of compensation, (but not damages at common law) to which any person is entitled under the Act, except for the payment for the first week of incapacity. The liability of the employer to pay the first weekly payment can be disputed by an employer, providing it is done within 14 days.

Regarding notices of disability and claims for compensation (clauses 49 to 52), this division deals with how notice of claim is to be made, and this is fairly similar to the current requirements. The division provides that the corporation, once notified of the claim, must make a determination within 14 days after the date of the claim and, having made the determination, the worker is then entitled to ask for a review of the determination. In the meantime, the corporation can make the payments as it sees fit.

Under 'Miscellaneous' (clauses 54 to 58), the division abolishes the right of the worker to pursue the employer for anything other than damages for non-economic loss and any liability that arises under part II of the Wrongs Act. The balance of this division deals with compensation to sportsmen and the rights of recovery of compensation where proceedings are brought independently of the Act. The rights of the worker to make common law claims where the injuries arose out of the use of a motor vehicle are preserved. Included in an assessment of common law damages arising out of motor vehicle claims over damages for loss of earning capacity based on what the worker would have earned had he not been injured. The Bill, therefore, entitles a worker injured in a motor vehicle accident not only to receive income maintenance but also to pursue a claim for lost earning capacity in a damages action. The same applies to the dependent spouse in an action under the Wrongs Act, whether that be a claim arising from a motor vehicle accident or from another cause.

Regarding funding of the statutory scheme (clauses 59 to 77) this is a mechanical division requiring registration of employers, with general requirements for an employer to satisfy the corporation that an employer be registered as an exempt employer and provides for the raising of a levy from individual employers and the necessity of file returns, indicating the number of employees and the class of work in which they are employed, and the power to raise special or supplementary levies where the unexpected expenditure occurs in workers of a specific type, or where, in the corporation's view, an employer has made extraordinary efforts to reduce potential for claims, etc.

The division, however, provides the corporation with unprecedented power to impose levies upon employers, even retrospectively, with no limitation on the period during which levies can be made, nor any criteria by which the corporation's actions can be analysed.

Regarding the limits that are available in connection with a challenge to any levy, there does not appear to be any requirement for the corporation to ensure that at all times the scheme is fully funded. Indeed, the power to impose retrospective levies would appear to acknowledge that the corporation may well not run a fully funded scheme.

The sections relating to reviews and appeals provide for officers—employees of the corporation who are review officers. They are responsible for reviewing the decisions of the corporation, but there is no necessity that they be legally qualified. There is then the Workers Compensation Appeal Tribunal made up of a President, Deputy President and ordinary members, but only the President need have legal qualifications. The President is responsible for deciding questions of law. That is not quite correct, I understand, because the Deputy President also can be a legal officer. Medical review panels are to be established. They will be made up of medical specialists nominated after consultation with unions and employers.

This would have been a very interesting panel to set up when both unions and employers had to agree on the medical specialists to be on the panels. It is important to note that the decision of the medical review panel on a medical question is final and conclusive—that is, there is no appeal. The term 'medical question' is defined in extremely broad terms, and it is difficult to envisage many questions which relate to payment or non-payment of compensation which could not come within that definition.

The clauses in the balance of the Bill deal with the mechanics of proceedings before review authorities and provide the right of a party to be represented by counsel or by an officer of a registered industrial association. They set out the types of decisions that are able to be reviewed, which include not only decisions about any claim for compensation but also decisions about liability to pay levies, etc.

In my preceding remarks I have adopted the words of the Bill to refer to 'a party'. This reference arises from the requirement that reasonable notice shall be given to a party to proceedings before review. However, by referring back to the claim for compensation provisions it appears that a claim for compensation for the first week is made upon the employer and thereafter any notice is given to the corporation. It would seem that by the time review is to be considered the only 'parties' will be the corporation and the worker. There would seem to be no procedure whereby

employers are routinely informed of the progress of the worker's medical condition before the same is supplied to it.

Basically, once the corporation makes a decision and a review is sought (and this can be by either worker or employer), then should conciliation fail the decision is reviewed by a review officer. There is a right of appeal from that decision to the Workers Compensation Appeal Tribunal and from that body to the Supreme Court on questions of law only, provided that leave is granted by the Supreme Court. The Minister has power to intervene in an appeal before the tribunal or in the Supreme Court.

It seems to me that the legislation provides that no action by way of prerogative writ is available to review any activity of the corporation, a review officer, the tribunal or a medical review panel. A prerogative writ is a writ issued from a superior court for the purpose of preventing an inferior court of Government officials from exceeding the limits of their legitimate sphere of action, or compelling them to exercise their function in accordance with the law to ensure that persons affected by their action receive justice. It is difficult to envisage why the legislature should seek to place the corporation, review officers, the tribunal and medical review panels above the law.

The first schedule is the transitional provisions schedule and sets out the Workers Compensation Act is repealed, but shall continue to apply in respect of a disability which is attributable to a trauma that occurred before an appointed date not yet specified. However, if the disability the worker complains of is partially attributable to a trauma that occurred before the appointed date and partly due to a trauma that occurred after the appointed date then the new Act applies. Employers who were previously granted exemption pursuant to division II part X of the 1971 Act will be deemed to be registered as 'exempt employers' under the new Act as soon as it is passed.

The second schedule contains a list of disabilities which are deemed to arise out of specific types of work unless the employer can prove to the contrary. An interesting addition again here tonight is the disability of 'coronary heart disease' which is deemed by its inclusion in this list to arise from 'any work involving physical or mental stress'. There is no definition of 'stress' and it is difficult to ascertain the basis upon which a value judgment has been made to compensate 'coronary heart disease' on the basis that it arises from 'stress', because as we understand the overwhelming preponderance of medical opinion there is no necessary connection between the two.

The third schedule is essentially the 'Maims schedule' and, as previously indicated, the prescribed sum is now $60 000 and the only change of substance is the allowance for disfigurement which is now up to 70 per cent of the prescribed sum, depending on the amount of disfigurement and, of course, the fact that an injured worker can get both continuing weekly payments and a lump sum under this schedule.

In my opinion the Bill, as currently drafted, substantially increases the benefits that workers can expect to receive for work caused injuries. Whereas in the past workers were generally limited to receiving average weekly earnings up until their condition 'stabilised' and were thereafter entitled to receive a lump sum by way of an assessment (up to a maximum of $40 000 or a redemption figure of up to a maximum of $50 000), under the new Bill the extent of potential payment is almost unlimited. It is difficult to understand the rationale upon which workers are to receive both a lump sum payment as well as income maintenance. For those who can recall the hasty repeal of section 51 (4) (b) of the current Act following the Harrington decision, it is true to say that this Bill has the potential to turn all significant claims into Harrington claims.

Under the provisons of the Bill, a worker who is totally and permanently incapacitated (and it must be remembered that this notion is artificial in practice, because even a relatively minor disability can result in a worker being deemed totally incapacitated if the nature of the disability is such as to make the provision of alternative work difficult), will receive full average weekly earnings for the first three years and thereafter 85 per cent of average weekly earnings all the way up until when he otherwise would have retired. On top of that the worker can claim a lump sum up to an amount of $60 000, depending on the nature and extent of this disability and still keep receiving the weekly payments. On top of that he can also claim (providing negligence can be established) a further award for common law damages for what is described as 'non-economic loss', and whilst, of course, a court awarding those damages must take into account the lump sum that the worker has received under the Workers Compensation Act, there is no ceiling on the awards for pain and suffering which can be made.

In other words, whereas in the past a worker had to be able to prove negligence on the part of his employer before he could in fact be totally compensated by way of an award for pain and suffering and an award for future economic loss, which was designed to compensate him for the loss of his earning capacity for the balance of his working life, the current legislation allows for the same payment for pain and suffering and, in addition, provides for payments until the worker's otherwise date of retirement without any necessity to prove negligence at all.

In fact, it is far more likely under the provision of the new Bill that, given the past interpretaton of the notion of partial incapacity and deemed total incapacity, a worker would over the whole passage of the period of his incapacity recover far more than he otherwise would have been awarded had he successfully pursued a claim at common law under existing law. At common law when an award is made for loss of earning capacity of the court frequently applies a discount to provide for the contingency that the worker will return to work. The so-called 'loss of common law rights' to a worker envisaged by this Bill is no real loss at all, as the entitlements that will now be introduced more than adequately make up for such loss.

Finally, there is no doubt a saving in the fact that the employers are to be responsible for the first payment of compensation, but this is not a saving to the employer who will not only be liable for that payment, but also the levy which is incurred.

Other than the question of the cost of the whole scheme, the control of individual claims appears to be very difficult indeed, bearing in mind that there will be a large number of people who will simply continue to recieve weekly payments, and those numbers will accumulate as years go by. The job of administering the payment of benefits will become increasingly more difficult. We cannot really envisage that after three or four years of the operation of this scheme any meaningful attempt will be made to review (even on a 'once yearly' basis as envisaged by the Bill) the people who were originally granted weekly payments in, say, the first year of the operation of this scheme. Nor can we imagine that most employers will be sufficiently concerned with the progress of individual former employees' claims to exercise their right to pursue reviews from time to time. In other words, I would be very startled if this Government could show within 12 months that there was any reduction in workers compensation claims, as predicted recently by the Minister, equivalent to some 30 per cent.

Mr MEIER (Goyder): I am surprised that we are still debating this Bill, as it was my understanding that late sittings would not occur in the new Parliament. It is well and truly after 10.30 p.m. and we are still sitting. It seems that the whole Bill is going to be bulldozed through the House. We heard the Minister say in answer to a question last week that consultations on this Bill had been going on for some eight years with what he described as the two parties that have the main interest in workers compensation. When I went to a function last evening someone came up to me and said that they had heard that we were going to be passing the workers compensation legislation today. I said that that must not be possible as too much time has gone into considering it. It is a most important Bill and I do not believe that the Government would wish to see the Bill put through in one day.

Yet, when I came into this House today I saw under Orders of the Day: Government Business the Workers Rehabilitation and Compensation Bill—completion of debate. That reflects very poorly on the Government and shows that it could not really care less about what people who might have any objections or any other thoughts on the workers compensation Bill wished to say.

I am very disappointed with the way in which the Government has started this session. I hope that it is not indicative of the way that it will continue. It seems that statements made about time are irrelevant, but we have come to expect that with the Labor Government, which makes a promise before the election or at some other time and goes right ahead and breaks it.

What a Bill we have before us! It is a give, give, give Bill. It almost looks as though the Government is Father Christmas. The Government says, 'It will not cost you more; in fact it will save you 30 per cent, maybe even 40 per cent, on current costs.' What a fantastic piece of legislation! I would like to know how it is possible to give more in theory yet it will cost a lot less. Is there a tree that is growing money or has this Government found gold somewhere about which we have not been told? They are the only two possible ways in which the the Government could possibly suggest that this could cost less when the rehabilitation premiums will be basically higher.

I guess that that is not surprising either when we think of other examples that are not quite related to this matter. In tonight's *News* we see that either the Medicare levy has to go up or health benefits will go down. But, remember that when it was introduced we heard, 'Oh! No, we will never increase it: 1 per cent and never any more.' It looks like the Minister has been caused considerable embarrassment already. We can also think about world parity pricing, which was one of the key issues when the Federal Labor Government got into office. It said, 'When we get in petrol will go down; it will not go up.' Now, when we see that petrol prices can go down, the Government refuses to do it.

Tonight in this debate the Minister has indicated that the cost to South Australian industry will be considerably less. What costs? The Government says, 'We have not got an accurate figure on the costs yet. In fact, it could be 12 months before we get an accurate figure. I dare say that in the next 12 months costs will be kept down.' This Government is shrewd enough to realise that the people might see through that. Yes, they will be kept down artificially, but we will find that in the long term those costs will escalate. It is blatantly obvious that if more is being given to the people it will cost more.

So, I will not prejudge it on a 12 months period of operation: I will wait and see what the next two, three and four years bring in this scheme—particularly after two or three years when the real situation can be seen. Of course, we could also ask why the Government has delayed and delayed this Bill? Last year it seemed 100 per cent certain that workers compensation legislation would come before Parliament, but the Government realised that an election was coming along and that it could not have news that might upset a section or sections of the electorate.

So, that so-called magnificent white paper was released, I think by the Deputy Premier, who said, 'Here you are. You can have a good look at it now. Have a chance to see what's what. Discuss it. Do not say that we have rushed into it.' That was after three years of mucking around when the Government could have introduced it much earlier. I do not like the way in which the Minister tried to blame the previous Government in his second reading explanation.

It is high time that the Labor Government stopped referring back to a previous Liberal Government. The Labor Party has been in office for a full three years, and this reference is starting to grate a little on the ears. The Government has had enough time to sort things out, and I hope that from now on it will rest on its own broken record and its own fragile concrete base, because I am sick and tired of hearing about so-called Liberal policies that might not be to the liking of the Labor Party.

Members interjecting:

The SPEAKER: Order!

Mr MEIER: The Minister indicated that this Bill is a mirror of the white paper. Some mirror! I must agree that it is a mirror; it is the type of mirror that one sees in the fun parlours or the maze of mirrors at the Royal Show—the mirror that makes one look double the size. This is the mirror to which the Minister refers in saying that this Bill mirrors the white paper—it doubles the lump sum payment. Some mirror! Some way of keeping down the fees!

We have heard from most of the speakers on this side about the details of the Bill and the proposals. I do not intend to go through the many details that have been referred to adequately by previous speakers, but I will refer to a few highlights. It is proposed that there be a lump sum payment of up to $60 000, and on top of that a full pension will be paid for three years, after which 85 per cent of the total amount of the person's earnings will be paid. That full pension is to be indexed according to the CPI. Those conditions could well be better than the conditions enjoyed by others still working in the industry from which the injured worker came, because often workers do not receive the full CPI increase. So, the person on workers compensation could well be getting a better salary after a few years than the workers with whom he was working when he was injured.

Of course, on top of that the injured worker has the right to seek common law damages. In addition, injured workers can receive a pension until they are 65 years of age in the case of a male or 60 years in the case of a female. I guess that things are all right, provided that the injury is not too bad, and I will acknowledge that. Some of the injured worker's fellow workers might have been put off in the meantime and would probably be receiving unemployment benefits, and others who are still working in the industry at 55 may be given an incentive to leave. Therefore, those who receive workers compensation will be on a much better salary than those who manage to remain in the work force.

There is no disadvantage for those on compensation, but there will be a disadvantage for those who have not received compensation and who still have to work. In fact, those on compensation cannot be fired or demoted. Provided that their injury is such that their life is relatively pain free, I suggest that they will not complain too much. It worries me that people may well decide that it is better to stay on workers compensation.

I acknowledge that the Minister stated in the second reading explanation that the Bill provides a mechanism

whereby the benefits paid to injured workers can be suspended or reduced where the worker unreasonably fails to cooperate in rehabilitation programs.

However, I suggest that it will not be too easy to decide whether a person is feigning an injury or genuinely suffering from one. I refer to an example that came to my attention recently. I was speaking to a person who informed me that he was on workers compensation due to a back related injury. I said that I was terribly sorry to hear that and that such circumstances trouble me. I said that I hoped that he recovered soon, as obviously such an injury must present a real disadvantage, and that it would not be too long before the injury improved and he could get a job again, to which he replied, 'That's the last thing I want; I'm happy the way I am; I hope I can continue receiving compensation benefits.' That is only one example, but I believe that with the payments provided for in this Bill there will be no incentive for people to get back into the work force.

Notwithstanding, a rehabilitation network is to be set up. I fully endorse that, and believe that it is an excellent idea. People need to be helped through their disabilities, which of course can range from being very minor through to being very serious and tragic. None of us would for a moment try to take away benefits from people with major disabilities. Such people deserve full compensation. However, from my own situation I know that back injuries, for example, occur on a regular basis. I have often thought about such matters while travelling on the roads in my electorate, particularly on the road from Maitland to Kulpara: I can set out from home feeling perfectly well but by the time I arrive at Kulpara I have a throbbing headache and an aching back, simply because the road is so rough and terrible that one is bounced about much of the time, causing considerable stress on the body and the spine in particular.

That is the sort of disability which in some jobs would enable a person to obtain workers compensation, although I believe that that is a very minor disability, which can be worked off through various physical exercises. However, with the new provisions, it will be very difficult to provide sufficient incentive for workers to go back to full time work after two or three years.Why should they when they can get 85 per cent of their salary, after three years, or 100 per cent for the first three years?

Looking at other aspects of the Bill, one notes that the journey to work is covered by workers compensation. I think that this must be reviewed. I refer to an example that came to my attention only last night when I was driving into the suburbs of Adelaide. It was around knock-off time for most workers. I noticed that a car had been following me for a while. He came up to some stop lights, with my vehicle being a fraction behind in the other lane.

The person was obviously travelling from work to home. While the car was waiting at the lights, that driver reached down to the floor of the car, picked up a stubby of beer that was nearly empty, and finished drinking it. That situation could often occur, and it might not be only one stubby but several stubbies of beer being consumed on the way home from work.

Under the provisions in this Bill, if that person has an accident and is incapacitated, he is fully covered by workers compensation. I do not believe that this is the type of thing for which we should be trying to compensate. If a person is in the habit of drinking beer while he is driving, he should be subject to the laws of this State and face the consequences but, according to this Bill, unless I misread it, if that person has an accident when travelling home from work, he could end up, if he is not too seriously injured, in a much better situation than before he left work that evening.

If the person is classed as being completely rehabilitated by the appropriate officers, but if the old job is not available any more and he cannot find a job, unfortunately that person would normally have to go on unemployment benefits and keep looking for a job, but under this Bill, if he is rehabilitated and cannot find a job, he will be reclassified as incapacitated, so he receives the benefits of the compensation in every way possible. I wonder what the genuinely unemployed person who has lost his job as opposed to the person who has a minor incapacity but cannot find a job once he is classed as being suitable for work, would have to say about that. A person can be reclassified as incapacitated and return to his old salary, whereas the genuinely unemployed person has to continue to live on unemployment benefits. So much for equality in that regard.

I do not wish to go into the details of the next matter, but it seems to me that with this Bill (and of course in this respect it is not new) employers are being hit all the time. The employers are responsible for workers compensation benefits and, if they want to insure themselves against workers compensation, they will take out insurance and they will pay, so it is up to the employer to pay. I think that this State, this Parliament, and in fact this country should be looking at a different scheme whereby deductions can be made from the salaries of people who are earning in order to cover workers compensation, but that is a completely different argument: it is a whole new case and I realise that it cannot be incorporated into this Bill.

As I indicated earlier, I believe that the premiums will be considerably higher than the current premiums, if not for the first 12 months, certainly thereafter. I believe that it is a negative move to bring this Bill in at this time, because the rural industries are in a real slump, being faced with huge interest rates, the highest on record. The rural sector can sell its products more competitively overseas, and someone growing basically wheat and barley can sell two things overseas at a better rate but, of course, prices have dropped by 15 per cent in the past 12 months and it is predicted that they may drop by 20 or possibly 30 per cent in the next 12 months.

All the rural sector's machinery is imported, so it is missing out on the effect of devaluation of the dollar. In fact, producers are finding that it is making life very tough for them

In my electorate over the weekend, I was speaking with a person I would regard as being a well-to-do farmer, and he said that for the first time in the records of his farming he made a loss last year. True, he will not have to sell out in the next few months, because he is large enough to weather it, but he said that that was the first time he had made a loss.

However, I have spoken to many smaller farmers who are very worried about how they will get by over the next 12 months, particularly those farmers who have borrowed to expand their farms and who cannot even sell their land, because land prices are dropping, according to figures given in recent weeks in certain rural areas.

What I am getting at is that workers compensation costs for farmers and resultant businesses—the small businesses supplying goods and services to farmers—are being increased at a time when these people are all going through a slump. This increase will be an increased cost burden at a time when they can least afford it.

These smaller businesses—the machinery dealers for a start—sold much machinery such as headers, tractors and the like up to 30 June last year, but since then virtually nothing has been sold. Unfortunately, things do not seem to have improved in the last few months.

Similarly, I refer to ordinary and everyday vehicles. Perhaps members are familiar with General-Motors products

and will appreciate that between October/November last year and the next month or two the price of an average car will be $3 000 more. In fact, a local dealer told me that two or three weeks ago a farmer came in saying that he was ready to buy a new vehicle but, for the first time ever, that farmer could not afford a new vehicle, because of the increase in the price of new cars, while his income had not increased respectively. That farmer had to go away with a reasonable second-hand vehicle.

The dealer told me that that farmer understood that farming incomes were declining, and we are seeing this Bill being introduced that will lead to higher premiums unless some magical formula can be shown to indicate why premiums will not be higher at a time when the rural industry can least afford such an increase.

I have received representations from many persons with respect to the latest Bill and over the past 12 months or so on draft versions or in regard to suggestions about what might be in the draft versions of the Bill. Although I will not refer to the correspondence I received last year, I will refer to correspondence received, in the first instance, from members of the South Australian Chamber of Commerce. I have received five letters from people in the district of Goyder. The House has heard similar statements from letters referred to in the debate this evening, and the main thing that concerns these people is the costing of the Bill. I have said a reasonable amount about that. In fact, it is interesting to read the following statement on the costing of the Bill:

> This scheme has not been actuarily costed and it is difficult to estimate its full impact other than on a company that is self insured. Preliminary estimates from some major self insurers indicate that their premiums will increase by up to 100 per cent.

That supports entirely what I was saying, that the rural industry cannot afford this huge increase. As to the timing of the Bill, it would appear from the information given to the South Australian Chamber of Commerce that the Victorian scheme is still having many problems—unnecessary teething problems—yet we seem to be hurtling into this Bill, which the Government wants to debate in one night.

That is not good enough. The third point is the inclusion of common law action for non-economic loss. Members of the South Australian Chamber of Commerce wrote and voiced strong objection to the inclusion of a worker's right to take action at common law for non-economic loss as an additional right to the provision for a lump sum payment for non-economic loss. They also deal with other factors which have been covered by previous speakers. Likewise, the Australian Medical Association has circulated its comments on the Workers Rehabilitation and Compensation Bill. I think some of the points it makes in relation to the rehabilitation aspects are very salient and I hope that the Government takes close note of its points.

A letter from Peter Clarke and Associates also emphasises the fact that the Government has failed to provide any costings on the scheme, even though the Government says that it will cost 30 per cent less for employers. I also have a letter from the Barossa Winemakers Association which, among other things, points to the editorial of the *Advertiser* of 13 January this year, as follows:

> The Government's proposed legislation for radical changes to worker health and safety regulations announced last week is also likely to influence the level of premiums.

It makes the key point that both pieces of legislation need to be more clearly defined and should be drafted simultaneously and considered in tandem.

The Minister pointed out in answer to questions last week and in his second reading explanation that consultations have occurred. He recognises that this Bill is primarily between the employees and the employers. I accept that. However, we are seeing example after example from half the employers expressing grave reservations about the Bill. Yet the Minister is going ahead with it and he had the cheek to say that he wants it through tonight. I certainly hope that you, Mr Deputy Speaker, the Minister and the Government will use commonsense and appreciate that a lot more time is needed in this debate and that Parliament should not be subjected to ridiculous late night sittings to debate something as important as this Bill. I hope the Minister will consider the factors that I have put forward. We all appreciate that it is not too late to make changes. I am sure the Opposition will be happy to accommodate changes that the Minister may wish to make to the Bill. Let us see that the present form of the Bill is improved.

Mr GREGORY (Florey): I support the Bill, for a number of reasons. The primary reason is that it places great emphasis on rehabilitation. Some members opposite decried the fact that only several clauses in the Bill deal with rehabilitation while the remainder deal with payments and the authority of the commission. The previous speaker said that he was sick of hearing from us about the performance of the Liberal Party when in office, as it is three years since the Liberal Party was in Government. I will tell members opposite a bit more about the performance of the Liberal Party when it was in Government. Its arguments about rehabilitation in this argument are false; they do not hold water and have no reality in fact. The previous member for Davenport, when he was Minister of Labour, introduced amendments to the Workers Compensation Act, provided for rehabilitation and tried to levy workers 5 per cent to pay for the rehabilitation. That did not work.

The previous and current Acts have never bothered about rehabilitation: all they have done is provide compensation for persons injured at work. All that the parties involved have ever done is ensure that the compensation is paid. One member opposite tonight read a newspaper clipping from *The Australian Worker* that referred to $10 million recovered for its members and how proud the union was of doing it because that was all it can do at the moment—after that money had been received by the injured worker, no-one had any further interest except possibly the union if that person remains a member. The lawyers do not want to see them; the medical profession do not want to see them unless in another context; and the courts do not want to see them.

This Bill will ensure that there is continuing contact with that injured worker to ensure that the person fits back into society. The speeches tonight show how naive members opposite are in respect to workers compensation. They have exhibited that they have little experience or knowledge about how the Bill works or how people react to it.

It is true, as the Minister says, that this matter has been under discussion for eight or more years. The Byrne committee was established in 1978 to consider the rehabilitation of persons injured at work because of the controversy in this Parliament over workers compensation. That committee sought submissions from all interested people. Its report was published. However, when Tonkin was lucky enough to lead the Liberals into government in 1979 the matter was dropped and not considered again.

The Liberal Party went back to its old hoary argument of saying that it would fix up workers compensation and reduce costs; let us cut out a few benefits to workers—and that is what it did. It never really tackled the question of rehabilitation. Rehabilitation is not getting a person back to work: it is ensuring that injured people cope with their injury and, if they can get back to work, so much the better.

I was annoyed to hear the member for Goyder say that, provided the worker does not suffer any pain, he can be well off. If a worker has two legs missing, they do not hurt any more; if a worker cannot see, it does not hurt; and if a worker is deaf, it does not hurt.

Mr Meier interjecting:

Mr GREGORY: The honourable member made these points. That is how it was interpreted, because he is ignorant and naive about workers conditions. He does not know and he never will know.

The DEPUTY SPEAKER: Order! I call the member for Goyder to order.

Mr GREGORY: That is the reality of it. On many occasions people injured at work suffer grievous injuries and can never work again. I was disturbed on one occasion to see a chap in hospital who had lost his right hand. He told me that he tripped and that his hand just came off. That worker was in hospital and the employers told him that they would look after him. He was an apprentice and they told him that the doctors would fit a gadget to his arm and that he could become a draftsman. He never did become a draftsman because there was no system in South Australia at that time to provide for it.

When I was in Ontario I looked around the rehabilitation centre at Toronto. I saw a worker who had been in bed for four or five days with a similar injury. I was told that it was their practice to move seriously injured workers from the normal hospital system into the rehabilitation centre as soon as possible.

The reason for doing that was that the worker could then be set back on the path of rehabilitation. It was not just a matter of putting a gadget on his arm and making promises, giving him a lump sum and then saying, 'We don't want to see you any more.' That person was there for continuing treatment until he or she ceased work. That is the difference, and that is what this Bill provides for.

In British Columbia the Workers Compensation Board paid for, but another authority employed people to act as employer and employee representatives. It was an employer representative who said to me that they had this person who was a tree feller and who had had an industrial accident and had lost one of his legs. They ran him through the hospital system. After he had overcome the traumatic part of the injury he was rehabilitated and had an artifical leg fitted. They did not put him back to felling trees: they taught him how to cut hair. In the words of this person, 'He cut hair in the way he used a chainsaw—a short back and sides, whether you liked it or not. He just was not suitable.'

Every six months he would come back complaining about his leg, and they would make him a new leg. He would go off happily with that, but every six months he was back. On one occasion he happened to be there when this chap was in, complaining about his leg and how the artificial leg would not work too well, and the representative just said to him, 'Would you like to go back and work in industry?' He said, 'Doing what?' The representative said, 'One of the companies has a position for a gateman-keeper, one of whose jobs is to maintain the chainsaws.' He said, 'I'll do that.' The representative said, 'That was 2½ years ago; we have not seen him since, complaining about his leg.'

It illustrates something (and this bloke made the point): their rehabilitation system had not worked. That is one of the other fundamental things that the speakers opposite tonight have missed. They have missed the point that, under this system we are proposing here, we are not going to have the situation where an injured worker who loses his leg ceases to work in industry because no insurance company will allow an employer to accept that person as an employee because of the risks involved. We have instance after instance in the trade union movement where injured workers cannot get work because of previous injury. Employers ask, 'Have you had a previous compensatable injury?' If you have put down 'Yes' do not bother to go back and find out whether the job is still there, because it is not for you.

Under this Bill, there will be people in the commission who will get people back into work, and there will be incentives provided. They do that in Canada and they will be doing it here, because there are provisions in this Bill for a change in the levies on employers, and it is very important for that encouragement to be provided so that the injured worker can get back into the work place, because there is one thing that I notice amongst people, particularly working people: the one thing that they take great pride in is being able to work. It gives them dignity, and it is called the dignity of labour. If you take away from those people that dignity, you take away their right to work. I think it is important that this Bill does those things. The rehabilitation clauses provide for very real intervention in the rehabilitation of workers.

For the first time in this State we are going to have something done, and all the Liberals can offer to do is to cut down benefits. I take issue with the Leader when he said that their package would cut costs by 40 per cent: there have been no costings of that. I have not seen them, and I suspect that that estimate is flawed, because some of the statements he made were on this basis: if the employers want to do this, they can do it. That was in respect of the first weekly payment.

There were questions tonight about who wants to be rehabilitated. I have come across a lot of people who work in industry and have been injured, and all of them want to be able to do the things that they were able to do before. It is important that they are given the chance to do it. One will find that, with one or two exceptions (and the Bill provides a way to deal with these people), workers will be involved in these programs because for the first time in this State they know that somebody will be there for a continuing period, and not just until the lump sum is paid or the treatment is finished but for ever if they need that assistance.

I was interested to hear somebody interject on one occasion about malingerers, and how people will exploit this attitude. Perhaps speakers opposite have been judging workers by the actions of their friends and acquaintances. I make a point about employer associations in regard to rehabilitation. They know nothing about it. I found from correspondence sent out by the South Australian Employers Federation, the Chamber of Commerce and Industry and any other employer group that they did not know. What happens with dealings between employers and workers? One will find in any insurance contract that the employer is not to subrogate any of the insurance company's rights to that employee, because as soon as the worker goes on to workers compensation the insurance company takes over the management of that worker's condition and the employer has no say in what goes on. When one talks to employers about what is happening with a certain employee, they say that they do not know. The only employers who do know are those who are self insurers. They do not know, so how can they comment?

When we had the inquiry into rehabilitation of workers it was interesting to speak to a lawyer representing mainly employers. I put to him the question of whether he thought that workers were bludging on the system and wanted to stay off work on 100 per cent. He said that from experience that was not the case—it was as blunt as that. Most of the doctors who appeared before us said the same. There was a song and dance about workers on workers compensation getting more money than those at work. Like our friend

from Goyder, we only found one example—a person with a back injury. When it got down to tin tacks and we asked to be shown those workers, few workers were ever produced. Whilst there may have been one or two around, they were of no consequence, but they provided a punching bag for people who wanted to get stuck into workers and their benefits and have a go at them.

Provisions exist in the Bill to vary the levies. It is very important that in this Bill the commission should have the right to be able to say to employers that, if they run an extremely safe workshop and undertake safety programs that work—and to do that they have to involve their workers, management and unions to ensure that they have a safe workplace—they should be rewarded by a reduction in the levy. By the same token, some employers adopt an attitude of, 'What are you worrying about? I pay the premiums, I expect the premiums to fix up the problems.' That situation does occur. Some employers do not seem to care. One does hear outrageous stories of some cases.

One employer who ran a factory which employed a considerable number of people in Glynde, when challenged in October by a senior representative of an insurance company about the number of accidents, said, 'What are you complaining about? We have lost only 34 joints so far this year.' He was not talking about those things you buy from a butcher's shop: he was talking about bits off people's fingers.

A manager of a very large company in South Australia questioned a divisional manager as to why an employee lost the first joint of an index finger in a die. He was told, 'I could not help it.' I was told that he came as close as anybody to getting the sack because the manager believed that the divisional manager should have been able to help it. He said, 'That finger will never grow back again.' That manager measured efficiency in his workplace on the incidence of injuries. When the incidence of injuries went up he moved straight in, because he believed that that man was not managing properly. He was dead right. It showed that something was going wrong. That example shows different attitudes. There needs to be a carrot and a stick. I believe that the carrot should be reasonably large but that the stick has to be much larger.

If the board of directors finds that suddenly the cost of workers compensation premiums has doubled or trebled it will say to a manager, 'What is all this about? Why is this happening?' He will not be able to get away from it or say, as happens at the moment, 'The insurance companies put the premiums up,' because they will know darned well that premiums have gone up due to an increase in injuries in the workplace and something will be done about it. When people's minds are put to it we can reduce injuries in the workplace. It can be done without any imposition on workers or loss of production. In fact, productivity goes up.

We heard some great statements here tonight about the Ontario scheme. It is marvellous, when people talk about schemes that operate in the 10 provinces of Canada, that they always pick the one that we looked at and found to be the worst. The Ontario Government is run by a conservative faction in which people opposite would feel at home. I was told that its board is not run too well because all its members who lose seats in Parliament finish up on such boards so that they have an income to supplement their pension.

The icing on the cake is that the chairman, I understand, was a QC who had been passed over for a judge's job. He was a frustrated judge who tried to run the commission as though he were a judge. Members should look at the schemes that operate in British Columbia, Saskatchewan—more the size of our State, with a rural component. They would find that those schemes operate extremely well.

There has been great talk tonight about costs, how the scheme proposed by our Government will cost a lot more. Studies of these costs have been undertaken. The argument of members opposite has been, 'Get the Auditor-General to look at it; he will fix it up and tell us whether it is right or wrong.' In the white paper costings there was an estimate that it could be reduced to about 38 per cent of current costs. Additions to the Bill since then have reduced those costs by 1.5 per cent.

When one takes off that 38 per cent the additional costs created, it works out to about 30 per cent. If we are 20 per cent out in that cost estimation it is still a very real saving. I cannot accept the arguments of members opposite because they are born of prejudice and bigotry. They are not prepared to look at the facts. They assume that, because we are going from a multi-insurer scheme to one run by a board, the costs will naturally go up. All I can say to them is that they must have some very poor opinions of the employers' representatives on that board and also of trade union people.

Members opposite are always complaining about how good the unions are at accumulating money. The unions know how to invest their funds and spend them wisely. On the other hand, if employers are good at running their business members opposite want to knight them or give them an Order of Australia. They are the sort of people who will be on the board—people who are competent and who know what they are doing. They will ensure that the scheme operates well and efficiently, and they will do it in such a way that the workers, the State and the employers will benefit.

I was amused tonight when the member for Hanson got hold of a copy of the Auditor-General's Report and referred to the deficit that was run up by the Government insurance scheme. One of the differences in the costings of the scheme, which is to be examined by the Auditor-General, relates to how the parties arrived at their costings. The difference has occurred because the costings prepared by the Employers Federation were based on the figures of the insurance companies, which claim that they are operating at a loss of 20 per cent. But what they forget to tell us is that the costings prepared by Mules and Fedorovich were based on averaging the losses and profits, because the insurance companies operate in cycles. All I can conclude is that the State Government Insurance Commission was operating on the same basis. If it is good enough for private enterprise, why is it not good enough for the Government? What is so different? It is very convenient to ignore that factor.

One of the problems with the Act is the provisions relating to injured workers. I have had the experience of a worker who was injured 22 years before he came to see me. He had worked for a considerable time after the injury, but he had become incapacitated and, in my opinion, was subjected to a number of experimental surgical procedures. He was declared no longer fit for work and he was told, 'Here is $8 000. Now nick off and stop annoying us. From now on you are on your own.' That worker, who was a migrant in this country, just could not understand why he could not get the $25 000 as the current Act then provided these generous payments. But the payments are not generous: they are an imposition, and this Bill corrects that anomaly.

The member for Goyder referred to journey accidents. It is fair to say that the Byrne report involved some fairly influential employers, and it was agreed that journey accidents would be covered, the difference being that the levy for the payment of compensation in that area would be a levy that was common to all people and not just on that industry. The member for Goyder justified doing away with journey accidents because he saw someone drinking out of a beer bottle and said that, if that person had an accident, something should happen to him. However, something happens only to those whose blood alcohol level is higher than

the prescribed level. The question is not whether a person has been drinking. That person might not have been drinking beer. All the workers I know do not drink beer and drive. It is a poor assumption that that person was either going to or coming from work. The most amazing statement was that we should do away with workers compensation and come to an arrangement whereby the worker takes out his own insurance.

I think that is the pits. At least there could be some originality in relation to just how one provides for people who are unfortunate enough to be injured at work. We have heard members opposite talking about injured workers as though they had deliberately set out to get themselves injured. I have yet to meet a person who has deliberately set out to injure himself. I challenge anyone to produce a person who has done that. As I have said before, show me the person who could deliberately smash their finger with a hammer, in order to get some time off work and a residual injury out of it. I have yet to meet anyone crazy enough to do that, and I think I have met and spoken with more workers than has any member opposite.

This Bill has been subject to much research, comment and discussion in the community. While we can never get full agreement on matters that are brought before this House dealing with contentious issues, such as this one, I know that there is agreement in relation to many areas that are covered by the Bill. I am sure that, when this Bill eventually becomes law in this State and the Workers Compensation Board is established and begins to operate, we will see the beginning of a better day for workers, employers and the State as a whole.

The Hon. B.C. EASTICK (Light): I move:

That the debate be adjourned.

The House divided on the motion:

Ayes (15)—Messrs Allison, P.B. Arnold, D.S. Baker, S.J. Baker, Becker, Blacker, Chapman, Eastick (teller), Goldsworthy, Gunn, Ingerson, Lewis, Meier, Olsen, and Wotton.

Noes (22)—Mrs Appleby, Messrs L.M.F. Arnold, Blevins (teller), Crafter, De Laine, Duigan, and Ferguson, Ms Gayler, Messrs Gregory, Groom, Hemmings, Hopgood, and Keneally, Ms Lenehan, Messrs Mayes, McRae, Payne, Plunkett, Rann, Robertson, Slater, and Tyler.

Majority of 7 for the Noes.

Motion thus negatived.

The Hon. B.C. EASTICK (Light): Prior to the member for Florey entering the debate, there was deathly silence from the Government benches, and indeed from the benches occupied by the Independents.

Members interjecting:

The Hon. B.C. EASTICK: I apologise to the member for Elizabeth.

Members interjecting:

The Hon. B.C. EASTICK: No, I have been here the whole time. The deathly silence was broken after a long period by a very considered contribution by the member for Florey, but he touched on those aspects of the Bill about which there is no argument. He completely missed the areas about which there is issue, business and community concern and where there is no consensus of opinion which at the moment supports the Government's attitude.

As has been indicated, the Workers Compensation Act has been amended on a number of occasions. Indeed, since it was reprinted in the 1975 Statutes, my quick assessment shows that it was altered in 1979, 1980, 1982 and 1983. There have been discussions and amendments before the House on various aspects of the Act, which ought to have been changed in the interim.

Very clearly, as the Minister indicated yesterday, there have been discussions for eight years and the fact that there is still divided views clearly indicates that there is much concern in the community at large about this legislative package.

There has been a consensus on a number of issues. Some would say that the most important area of the lot is the one most recently canvassed by the member for Florey—rehabilitation, an aspect to which members on this side give total credence and not just members opposite. Almost as he concluded the member for Florey said, 'In many areas there is agreement.' I concede that in many areas there is agreement: there is agreement about rehabilitation aspects and about a number of other areas, but it is the very fact that the member for Florey can identify that there is no complete agreement that requires the Government to think again about the legislative package it is asking the House to pass now all in one day.

Members on both sides of the House have had a tremendous amount of material forwarded to them by various interest groups about workers compensation. To my knowledge from my parliamentary service there has never before been as diverse a representation as that over the past six to nine months from a whole host of organisations that I have never previously seen surface in a legislative sense.

It is interesting to examine the material forwarded to members. Most of the early material came forward with the words, 'We believe there should be change to the Workers Compensation Act; there is no dispute about that; however, we are concerned about these various matters that need further considerations.' We had clear indications by a number of important organisations that even if the package at this stage was deficient, members of Parliament should perhaps urgently consider accepting the legislative package—warts and all—and let it be tested in the market place. Of course, that was before there were differences of opinion within the ranks of members opposite and, more particularly, before pressures came to bear on members of the Labor Party from the union movement.

That unholy alliance, as it has sometimes been referred to, which existed between employer groups and the union movement, would have carried that attitude at that time. Had the right package been put forward for consideration by this House, I suggest that a great deal, if not the total package, would have passed into legislation because the former Deputy Premier and Minister of Labour had the concurrence of the employer groups to get on with the job and to accept the balance had been worked out between the two opposing groups.

The fact that that situation has dissipated is common knowledge. One has only to read recent newspaper reports and to listen to television and radio commentators to know that that apparent agreement has dissipated and that we now have a large number of individual groups in the community concerned about this matter. As I indicated earlier, these are groups that, to my knowledge, have never surfaced in the past and are now writing to members of Parliament and making representations saying that enough is enough, that they cannot accept the inroads that this measure will make in the industrial scene.

Much of it is fear of the unknown, and much of it is directly associated with the fear of the financial consequences because of the manner in which the Government has succumbed to outside pressure to cause a single insurer arrangement in the form in which it is contemplated; and there is also fear of the unknown factors arising from the Bill that allows the commission when created to act beyond Parliament and not come under the critical eye of the parliamentary system.

Members will appreciate the variance of opinion which has been held in political circles for many years in relation to whether various actions of government should be undertaken by way of proclamation or by regulation. It has been generally accepted that it is far better to provide for regulations, which can come under the scrutiny of both of the Houses, and where just the passage of a motion of disagreement by one of those Houses can effect change. However, in the case of proclamations the passage of a motion through both Houses of Parliament is required.

Some of the powers provided in this measure are causing great concern in the community. The commission is able to make decisions which will not come under the scrutiny of Parliament and which are virtually taking parliamentary licence to extend the activities of the workers compensation package. I have no doubt that that is one reason the Australian Medical Association, which has written to all members in the past 24 hours, suggested that one way of addressing this matter would be to put it to a select committee. I have not heard that seriously suggested in the Lower House. Unless the Government was prepared to accept that approach, quite obviously it would not get off the ground in the Lower House. However, I am aware of the grave concern felt by the Liberal and Democrat members in another place who are calling into question the indecent haste with which this measure is being sought to be put through.

No opportunity has been given to members either in this House or in another place to have a good look at the financial aspects of the package. Action has been taken independently by the Auditor-General at the request of the Government and at the suggestion of a number of different parties, but that information has been denied to members of this House as they stand here tonight debating this critical issue. The Hon. Mr Gilfillan in another place, for example, has suggested that without that information he cannot see his way clear to accept this measure.

I cannot speak for what will eventually happen in relation to Mr Gilfillan's approach to this matter, assuming that the measure is forced through this House and into another place for early attention. At least the Hon. Mr Gilfillan has publicly placed his views on the record and they should be seriously considered by the Government. More specifically, it should consider the suggestion of the Australian Medical Association and perhaps other organisations and the fact that the whole issue should be put to a select committee.

Time alone will tell what will happen in that regard. I will now refer to some of the material that has been circulated to members, and not only during recent days. I was interested in a document circulated in November 1984 and entitled 'The Workers Compensation Debate'. It was made available by the corporate head office of Royal Insurance Australia Limited in Melbourne, and was given over entirely to the aspects of workers compensation, an issue in vogue in other States at the time. The document contained worthwhile comments, even going so far as to suggest the threat of nationalisation. It gave an interesting definition of the two forms of funding—funded and unfunded. Some reference was made to this matter earlier this evening. The document states:

> Currently all workers compensation schemes, with the exception of some Government department schemes, are run on a funded basis. Under a funded scheme, sufficient funds are retained from each year's premiums to pay for all claims arising from the year regardless of when those claims are made or settled. That is the law.
>
> Under an unfunded or pay-as-you-go scheme, only the claim payments actually made in a year—as distinct from the full liability for unsettled claims—are met from the premiums received the same year. It involves a deferral of costs and imposes a charge on future generations for past workers compensation claims.

The member for Hanson drew attention to various aspects of the financing of this scheme and information that was available from the Auditor-General's Report. However, he did not go so far as to pick up the point that is so cogently made in this document, that the underfunded or pay-as-you-go scheme works on the basis of a deferral of costs and imposes a charge on future generations for past workers compensation claims.

That is one of the areas where there is presently grave concern in the business community. It is a little like Medi care, as referred to earlier—it starts with a proposition and it is clear before it starts that the likelihood of that proposition being fulfilled is zilch. In reality, very quickly after it has commenced, it proves to be zilch because one suddenly finds that there are insufficient funds. Suddenly there is erosion of the income base of the Government and, after all, that comes from the hip pockets of the populace. That means that there is a greater demand on the hip pocket to meet that deficit. That is one of the problems that a number of people find in this legislation specifically, because it is suggested to be a unilateral or uni-insurer scheme.

Mr LEWIS: Mr Speaker, I rise on a point of order. I draw your attention to what I regard as perhaps an inappropriate practice in this place, and that is to conduct a conversation with strangers between the Chamber and the gallery. I ask you to say whether or not my point of order is valid. I ask that the Minister engaging in this practice have the conversation in his office and not in the Chamber. I ask that the member for Hartley in future not respond to beckons made to him by tapping him on the shoulder over the barrier between the gallery and the House.

The SPEAKER: The point of order that the member has raised concerns a matter that I noticed earlier this evening. There was some conversation going across the barrier between the Speaker's gallery and the general part of the Chamber. Discussions of that nature should be discouraged. However, if the member is referring to the fact that a Minister is present at the moment in the Speaker's gallery with guests, I do not think that is a practice that should be discouraged.

Mr LEWIS: My point in relation to that matter was that the conversation the Minister was conducting was audible to me—and I am almost 80 per cent deaf in one ear.

The SPEAKER: It is standard procedure within the Chamber that members do not conduct conversations—whether of a ministerial or any other nature—that are distracting to the general debate taking place in the Chamber, and I ask members to refrain from indulging in such practices.

The Hon. B.C. EASTICK: I was indicating the fear which exists in the community of the uni-insurer concept which the Government is putting forward, and I had pointed out that business—large and small—is concerned about various aspects of the whole package because of that measure. Members will appreciate that one of the major issues over the past three years raised in the electorate offices of members is the difficulty that businesses have had with getting accommodation for workers compensation, even with the Government's own insurer—if I can use the term 'insurer' and 'the Government's own insurer' in a very broad sense relative to the SGIC.

In the Minister's department there was—and to the best of my knowledge still is—a specific officer to whom matters of failure to obtain workers compensation can be directed, and by certain pressures or certain negotiations people who have had difficulty obtaining workers compensation are given some respite.

It is not always possible, I understand, to get that coverage, although the record has been particularly good. It has caused a lot of anguish to individual company directors or

to management suddenly to find themselves with the potential major commitment of being employers and not being able to get the mandatory cover which they themselves want to take on behalf of their workers; however, insurance companies with which they have dealt, in many instances, for 20 or 30 years, have suddenly withdrawn or have rates which have escalated beyond all imagination.

When, for example, a person who is in such a situation has dialogue with the management of the company, in a number of cases they are told, 'Don't bother to contact us again: we don't want your business,' Another form of dialogue which has taken place—all of which I claim to be in the general blackmail area is—'You have got other insurance on your motor cars, your house and your property. You don't give us that. Why should we look after your workers compensation without getting those other pickings as well? You give us the other insurance, then we may think about taking on your workers compensation.' These sorts of activities have caused a great deal of concern to people in the business world, as they see the decrease in the number of companies that are prepared to take workers compensation.

They say they are concerned and, more particularly, when they find the SGIC going through the same processes, they become very worried because they relate the SGIC to the Government, and they would see the possible single or uni-insurer situation envisaged in this particular piece of legislation leading them into the same difficulties. I said earlier that some of it is fear of the unknown; some of it is fear of the cost; some of it is fear because they have come to distrust various aspects of a Government monopoly or Government involvement to that degree, and it is natural that they are going to react, and they are reacting by the representations that they are making.

Let me go one step further and say that I am also concerned, having represented people in this place now for some 16 years, about the slovenly way in which some legal practitioners go about conducting the case of or having dialogue with their clients. People come to me and say that they have been invited to contact Mr X or Miss so and so. They have called on numerous occasions and get the same message, namely, that they are in court and will ring back, but the ring back never comes. I can see from the simple nod that I am receiving from the front bench that that aspect of the whole business of workers compensation is well known to the Minister. It goes further as it involves members of the medical profession who, in many instances, have not assisted.

The member for Florey made mention of one or two cases where it was a major question relative to activities of people in the medical profession. Any professional, tradesperson or anybody in the community can be shot at or criticised, but there have been members of those two professions working in the workers compensation field who have not played the game and have given rise to the somewhat draconian aspects of this and other legislation brought forward from time to time to seek to correct those deficiencies of service. They have not overcome the deficiencies of the service in the past and I do not know that they will necessarily do so in the future.

It is a singular lack of humanity on the part of the individuals both in the medical profession and in the legal profession that has led to a number of people being in such a position. Not only has the individual injured at work suffered or those with a just claim but also members of their family who are likewise forced into difficult circumstances—either a way of living, access to funds, ability to enjoy friendship, play or whatever, due to the attitude that it will sort itself out down the track somewhere and that we do not have to worry about the individual as he is just a number on a file.

I am prepared to stand here and make comment on these practices as they do exist. They are reported to every member of Parliament. If they have not been so reported in the past they will be so reported in future in the case of new members. Both the Australian Medical Association and the legal profession have a major part to play in any subsequent legislation that comes forward. I trust that it will not be this piece of legislation because I do not feel that this legislation answers the overall requirements of the community. I agree with the member for Florey that there are good parts in the Bill on which there is consensus and no argument. We are concerned about the parts that are deficient.

There needs to be a much more humane attitude by a number of people if the whole concept of a Workers Rehabilitation and Compensation Act is going to function properly to the point of putting into legislation eventually (and this may sound even too draconian for members opposite) clauses that are necessary to require professional people to perform or hand over the reins to somebody who will perform. I realise that that can be difficult because they have tended in the past to have wanted to guard their tracks or look after themselves within their profession.

I do not know the answer, but it needs to be brought out. I have no hesitation in drawing attention to the requirement of members of those two professions to play their part in the future of the scheme before the House and, as I suggest quite forcibly, I trust that it will not be this one in its present form, because the good is good and the bad is bad. Until the bad is out or made good it is not worthy of support and I could not support it on behalf of those people whom I represent.

Emotive issues have been put forward by the insurance industry and others suggesting the scheme will lead to a loss of jobs and will have an effect on the taxpayer. I demonstrated that. Once it ceases to be properly funded, as is the potential in any such scheme, taxpayers collectively will pay for it. It will have an overall effect on the economy because it will have all the funds in one basket and decisions will be made by one group of people or management of a major portfolio as opposed to management of a series of portfolios, as currently exists, by managers of various insurance companies involved in general and workers compensation insurance.

Diversity is an advantage. I speak very strongly against the uni-insurer aspects of the Minister's package. The fact that so many members have spoken and that I have spoken for 28 of the 30 minutes available to me to what is, in essence, a Committee Bill, gives clear indication of the doubts about a number of aspects of the Bill before we even look at it in Committee. I indicate clearly that there are many unanswered questions which do not satisfy the deep searching questions put to the Government by industry, and that many pertinent questions will not be answered until Mr Sheridan is given the opportunity, as Auditor-General, to report on the financial aspects of the measure.

Mr BLACKER (Flinders): I do not wish to speak very long on this Bill, because much has been said so far. I agree with most of those comments. I particularly commend the member for Bragg on his remarks, because obviously much homework went into his contribution. That, in itself, needs to be recognised. I am concerned, as are many members of this Chamber, about the way in which the Government has handled this matter, particularly about the way in which the Bill was introduced last week.

There has been much talk in the local community about what is alleged to be in the Bill, the attitude of the Govern-

ment, and its intention to push the Bill through in a short period with minimal debate and without the Auditor-General's report before us, although that attitude could be, to a degree, accepted. However, I cannot accept it now because, after all the promises made, the Government has circulated 2½ pages of amendments on the very day that debate has commenced. In effect, that means that we are debating another Bill again, and I seriously question the Government's handling of the measure and voice my opposition to it.

As the member for Light pointed out, this is basically a Committee Bill: 127-odd clauses will be dealt with one by one. I do not intend to go through all the debate that has taken place thus far.

However, I hope the Minister will take up my point in relation to definition of the word 'dependant' as it would apply in cases where workers compensation is received and, in particular, as it applies to family partnerships and companies.

The point I raise is complementary to a proposal I have before the House for an amendment to the Country Fires Act, designed to recognise volunteer firefighters who happen, unfortunately, to be killed in the course of fighting fires. Recognition is not now being seen to be given to farmer's spouses. The problem as I see it relates to the definition of 'dependant'. I understand that at present the term 'dependant' does not apply to a husband or wife in a family partnership. As we would all know, 95 per cent or 98 per cent of all family farms are conducted under a partnership arrangement. This raises the question whether the spouse of a person who is killed when, say, fighting a fire, is eligible for compensation. We were all led to believe that such a person would be covered for workers compensation. The advice I have received so far is that that person would not be covered, and that is contrary to the intent of this Parliament and, I believe, to the intent of every member of the Government and the Opposition as expressed in the debate on the Country Fires Act.

It was our belief or our understanding that volunteer firefighters would be covered under the normal provisions of the workers compensation legislation. If a volunteer firefighter is injured he is covered—there is no question about that. However, the question is whether or not his spouse is eligible for compensation in the event of his death. Every member of this Chamber believed that the spouse would be covered but a technicality relating to the term 'dependant' has placed a cloud over the whole issue. I would be grateful if the Minister would clarify that point in responding to the debate, because it has a bearing on this issue.

We could go one step further and examine the position of farmers who employ a sharefarmer and where that sharefarmer and his wife have a partnership arrangement. A farmer may take out workers compensation in the belief that, if something happens to the sharefarmer, the sharefarmer's; wife would receive a benefit, but that may not be the case. I do not know whether that matter has been tested, but it may be reasonable to conclude that many spouses of sharefarmers are not covered under the workers compensation legislation by virtue of the fact that the sharefarmer and his wife operate as a partnership separate from that of the owner of the farm and his wife. That is a grey area, one which I believe should be examined in this debate, and I trust that the Government will take up the matter and treat it with some urgency. As I said, my foreshadowed amendment to the Country Fires Act is designed to address that specific aspect as it applies to country firefighters, but the problem may be wider. I trust that the House may come to an understanding of where we stand in issues of that kind.

Having queried what it is all about, I point out that many thousands of dollars have been paid by farmers in the genuine belief that they are covering their employees and their employees' spouses, but that may not be the case. We will not know the answer until the matter is tested, but it is under consideration in regard to firefighters. My advice to date is that it is unlikely that the insurance company would compensate the spouses by virtue of the fact that it could not be proved that the spouse of the deceased firefighter was a dependant, because the spouse was a member of a farming partnership.

I do not wish to say much more than that, other than to again say that this is a Committee Bill, which must be handled clause by clause. Like other members, I have received a considerable amount of documentation from various organisations, but as nearly all the papers that I have received have been read into *Hansard* by other members I will not again refer to them. No disrespect is intended to the organisations that have written to me but, as those matters have already been covered, acknowledgement of them is all that is necessary.

I appreciate that the problems involving workers compensation have been with us for a long time and that no-one has the real answers to them. I listened with some interest to the comments of Opposition members and also to those made by the member for Florey. He quoted a couple of examples which were very close to my own experience. I know only too well just what he was referring to and of some of the traumas that people experienced at the time. Somewhere between all that, and two extremes on either side of the argument, there must be a happy medium on which to agree so that employees of this State are adequately and fairly compensated for injuries sustained at work.

The rehabilitation side of the issue is, to a degree, new. I do not think that matter has been ignored intentionally. This has occurred through the development of the workers compensation system that we have in this State. However, it is now time (and perhaps the time is overdue) for us to consider the rehabilitation question for employees and, more particularly, in relation to those bona fide situations where people through no fault of their own have been taken out of the work force. I look forward to the Committee stage of the Bill and hope that some resolution can be found, particularly to the specific problems that I have raised this morning.

Mr GUNN (Eyre): It is unfortunate that the House has to debate this important measure at 12.35 in the morning. However, I suppose that the Government intends to have its way and that we will be forced to sit it out, and that, if we do not make a contribution on this occasion, we will miss out. It is an abuse of the parliamentary system to force the Parliament to sit at this late hour to debate a matter which has been the subject of discussion and debate ever since I have been in Parliament. I realise that lengthy contributions have been made by members on this side of the House, but this measure has been the subject of ongoing controversy, inquiry, debate and discussion, with the competing forces in the community not yet having been able to reach consensus. Yet, the measure is put before the House at this time. It is pretty obvious to anyone who knows anything about the political scene that in the first 12 months of its present term of office the Government will try to ram through every piece of legislation that it thinks is a bit controversial or unpopular—and to hell with what the Opposition or the public think. It will then have three clear years to let everything settle down. That is being a hard political realist.

So far tonight we have heard only one contribution from the Government benches. The member for Florey provided a lengthy contribution. He has had a great deal of experience in this area, and I was pleased to listen to him, although I do not agree with everything he said. I thought we might have heard from the member for Peake, as he has had some involvement in the shearing industry. In many cases, Labor Party proposals have given a great opportunity for people in the shearing industry to misuse workers compensation legislation. Many of us know of examples where people were obtaining benefits worth more than the wages that their workmates were receiving back on the job. That is the sort of legislation which we currently have and which was supported by the member for Peake and his colleagues in the AWU, who pushed for this sort of legislation. In those trendy days of the Dunstan Government, that legislation was inflicted on the people of this State. I believe that people should be covered by workers compensation in the event of injury occurring in the work place.

Since I have been in the House I have never disagreed with that proposal, but I am concerned that this measure, along with a number of others, will be a further disincentive to employ people. If Parliament ought to be concerned about anything, it ought to be concerned about the thousands of young people who currently have no employment and, who, because of the way that the economy is running, are unlikely to get employment. I assure the House that an explosion in rural Australia is about to take place, and measures of this nature will in my judgment inflict more costs on people who cannot carry the burden any longer.

Those people are at breaking point. I know that is not the only group in the community, but there are those people who depend on them, such as the machinery manufacturers. One more straw on the camel's back and all hell will break loose. It is all very well for people to say, 'He is on the band wagon again,' but it is a fact, and they will take very strong action to defend their position. I do not advocate direct action but, when people are pushed into a corner and when their cost structure reaches a situation where they cannot meet their obligations, they do desperate things. I am most concerned about the effects that this legislation will have on those people involved in rural production.

I have been in contact with the United Farmers and Stockowners, and they have expressed great concern about the subcontractors. I have had discussions with people involved in the parcel delivery business who employ subcontractors and they are most concerned. If those people are brought under the umbrella of the Workers Compensation Act, they will be put out of business. It disappoints me that the Government which messed up the scheme in 1972 (when Mr Broomhill was Minister and later on when it was Mr McKee) now seeks to introduce this Bill.

Those members who were in the House when Mr McKee handled the legislation will never forget the circus when he did not understand what he was putting to the Parliament. He had to have the member for Playford and the now Chief Justice sitting alongside and help him try to get the legislation through. This Government said that it wants to fix up the legislation, but it created the mess. Why does the Government not now take a little more time to ensure on this occasion that for once it gets it right?

Mr Gregory interjecting:

Mr GUNN: It is all very well for the member for Florey: he is not a bit concerned about what will happen to the employers. All he wants to do is keep face with his mates in the trade union movement. It is deplorable that, prior to the election, the glossy white paper was produced and, when there were a few murmurs from the union movement, they were suddenly given the nod. They were told, 'Just keep quiet, keep it under the carpet and, if we are successful at the next election, we will fix it up.' We now have the end result.

In relation to subcontractors and people who operate in those areas, I refer to a document forwarded to me by the United Farmers and Stockowners. I believe it is irresponsible of the Government and the Parliament to debate this measure away from the glare of the media at nearly 12.45 am when the general community of this State do not have the opportunity to view what is taking place. The document states:

> We see the definition of 'worker' and a 'contract of service' presenting serious problems for the rural industry in getting work done on a contract or sub-contract basis and particularly for the servicing of farm machinery. Primarily, we see this definition preventing repairs in the field being carried out on machines belonging to owner-operators, which may not be fitted with safety guards. This will become clearer when the revised regulations are introduced.

I say that, before we start talking about regulations, we ought to have the 'i's dotted and the 't's crossed. I know that they are making the point that most of the farm machinery that comes out today is covered in with elaborate sorts of covers which are only a nuisance. If you get them on the headers, the first thing that happens is that they fill up with straw and become a danger. The fellows remove them on the first day and toss them alongside the fence. That is where they remain until they are sold; otherwise one cannot see the belt or that the bearings are getting hot. In those circumstances, we will get one of the snoopy inspectors coming around and trying to harass people.

Mr Plunkett interjecting:

Mr GUNN: The country has been hogtied by bureaucrats, inspectors and environmental cranks. If Government members do not recognise this, it explains why they have no appreciation of what is happening to this nation. Indeed, if the member for Peake is concerned, he will take action and get rid of this damn nonsense that is stopping people from producing.

It is all right to laugh—the honourable member is on his band wagon again—but some of us are absolutely sick of seeing this decent country ruined by damn fools, and that is what is happening. If Government members do not believe me they should go out and talk to the real world and get away from their little cocoons in the close-in suburbs. In that way they will know what is going on. However, I will not be sidetracked by the honourable member, because I want to make other comments about this measure. I refer to the subcontracting industry and especially small business in agriculture, which is the backbone of that industry. If that is destroyed the Government will destroy agricultural industry. People will not be able to meet their premiums. Therefore, I say to the member for Peake and others who have never had to pay such premiums to reconsider, because anyone can spend money, but the situation is different when one has to earn it. It is those people who have to earn the money who must then pay the premiums, as well as many other charges foisted upon them. I am terribly concerned about this situation.

Mr Gregory interjecting:

Mr GUNN: We can go down that track if the honourable member wants to, but perhaps I will save that for another day. I want to say to the Minister and other members who sit on the Government benches that I hope they will give serious consideration to the definition dealing with the employees and how the definition will affect self-employed persons and subcontractors.

Like many other members of Parliament, I have received a considerable amount of correspondence from people concerned about this measure. I have received a number of complaints in past years from employers who have been inflicted with huge workers compensation bills. I have

received many approaches from people in my district who have had difficulty in obtaining cover. They could not get cover, because they have been unfortunate enough to have had employees who were injured, and I have been involved in making representations to assist them.

In conclusion, I say to the Minister that, if what he says he truly believes—that there will be a 30 per cent saving—then when employers in this State receive their notices of payment after the legislation becomes law, if the bill exceeds the amount paid in the previous year, they should be given the right to automatically deduct the 30 per cent. Unless the Government is willing to give them the right to deduct that 30 per cent, all the assurances that have been given are window dressing. We all want a 30 per cent deduction.

Indeed, I have never known any Government entity, bureaucracy or organisation to be run more cheaply than a private enterprise organisation: they normally mess it up, which is most unfortunate. They are comprised of well meaning people who are locked into a bureaucratic arrangement which, by its very nature is inefficient, and past practice has taught me that any Government instrumentality with which I have been involved trying to enter into commercial arrangements, that is, competing on the open market, is going to inflict a great deal more cost on the community than if the organisation were a private enterprise one.

By the stroke of a pen, this Bill nationalises workers compensation insurance in South Australia. Some of it is done with the concurrence of well meaning employers, but I believe that they do not really understand what they are letting themselves in for. I have made my position clear on this measure. The hour is late, and I conclude my remarks and look forward to the Committee stage.

Mr LEWIS (Murray Mallee): Where is the sincerity and the commitment to parliamentary democracy from the Labor Party? What we find when we come to this debate is a Government so ill prepared in the way it has failed to participate in the debate; and in its unwillingness to participate in the debate: a Government so ill prepared that it cannot even provide Parliament with genuine basic facts relating to the consequences of the measure it insists must be passed tonight; and so ill prepared that it is determined to use its own Party card carrying members who are journalists to do the window dressing for them and sell the proposition to the public on the basis that the measure is long overdue and must be rushed through Parliament. Indeed, the Government cannot answer the public disquiet expressed across the board about the consequences of this measure.

Where is that commitment to democracy? I challenge all members of the Government to demonstrate that they have a commitment to the institution of Parliament by at least giving more than their token presence here in this Chamber during the course of this debate, however thin their numbers may be on the benches compared to the total number they have to sit on those benches at this ridiculous hour of 10 minutes to 1 a.m. on this day. What sort of respect does a Party like that have for Parliament? None! It is in contempt of the Parliament itself.

I know that members opposite say that they have sorted out their problems, that they have determined their position and have one spokesman on the matter, that is, the Minister, plus the erstwhile member for Florey, who presently enjoys his bench in this place and that of his two neighbours, hardly visible above the level of his books and microphone. He participated in the debate less than an hour ago and I guess more out of pricks of conscience rather than out of any commitment to the process of debate of any measure before Parliament.

There has been no defence of the arguments presented by the Opposition; there has been no statement of concern from any member opposite in the course of the second reading debate; and there has been no demonstration of an understanding of what they euphemistically call benefits, or what I would describe as consequences of the effects of this measure. How can they therefore honestly and honourably hold themselves up to be sincere advocates of a proposition when they are neither willing to participate in the debate on the proposition nor even prepared for it, since they do not have the factual information essential to support not only the proposition but their action in bringing it into Parliament at this time?

In making that remark I refer to the fact that the Auditor-General is unable to obtain the actuarial assistance required in the time frame that presumably the Minister, and the Government therefore, imposed on him to obtain accurate costings. As has been said by previous speakers—particularly the Deputy Leader, our spokesman on these matters, and the Leader—the figures are just not rubbery, they are downright phoney. Whatever figures have been cited, with the authority of a senior and respectable academic from the university (whom the Minister cited as having analysed this measure and determined what its consequences would be), are equally phoney and false because the measure that he was asked to look at was not the measure now before us in this Bill. It has changed quite substantially. Worse than that, even if the Bill in the form we have it on the Notice Paper were the matter to which we are being asked to address ourselves, that would be bad enough, but it is worse than that. The Minister has decided, albeit at the fifty-ninth second of the fifty-ninth minute of the eleventh hour, to bring in three pages of amendments to the 72 pages of the 127 clauses and four pages of schedules contained in the Bill.

Those three pages of amendments were cobbled together after the time the measure was introduced into the Chamber and substantially alter the way in which this legislation will be administered and the way in which the law will change from what it would otherwise have been had those amendments not been brought in here. The cogent points made by speakers on this side of the Chamber require and demand my support, and I underline them. It is not just a simple repetition by one Opposition speaker after another of the reservations of the community about this matter. Each Opposition speaker has contributed something quite significant and unique to the debate.

As pointed out by the member for Light, the member for Florey said nothing which related to matters about which there is disagreement; he spoke only on those aspects of the measure about which there is general agreement, regardless of the political inclination of members of this place. The honourable member did not concede that it would be desirable to ensure that the Parliament understood the measure, which is to be amended at the last minute, or that the public, through the mechanism of a select committee, should understand what is to take place. A select committee is a wise and sensible proposition, in my view. As much as I would like to have been seen as the author of the idea, credit for it must go to the Australian Democrat Leader in the other place, the Hon. Ian Gilfillan. I commend him for having stated his view. He has obviously received as much correspondence from the wide and diverse interest groups in the community as I have—reams of stuff. And it has arrived only in the past few weeks.

When I returned to the State just over a week ago I found a large volume of correspondence recently arrived. During the past week there has been an even greater amount of correspondence arrive from diverse interest groups and businesses throughout the community. The community I represent is rural in its service industries or is basic invest-

ment and production. Members of this place probably realise that to be the case, so I will focus on that aspect of the impact that this measure will have after I have first explained what I consider to be the fashion in which this measure will affect the South Australian economy.

If we look at the economics of the concept of workers compensation as it affects job costs, it is easy to see that this measure (in spite of the Minister's loudly proclaimed but not substantiated claims that it will be cheaper) will be more expensive. This measure will increase the cost of every job in the economy. The cost of providing any job is not just cash in the wage packet (or credited to a bank account): it is also the 17½ per cent leave loading and annual leave that has to be paid. There is also payment for public holidays, the cost of payroll tax—where that is relevant—and the cost of this type of on-cost. Probably of all those factors the cost of workers compensation is the most significant in the rural sector, especially in industries like shearing.

Let us consider for a moment that the cash in the wage packet, plus income tax, plus all the things that I have mentioned, and then the workers compensation payment is indeed the cost of creating or retaining each job in the economy. It is clear that if we increase any one of those costs, not only will the cost of the job go up but the cost of the produce or the service which that job produces will go up accordingly and proportionally.

That means that the consumer of those goods and services will have to pay. It is therefore obvious to the simplest of us that the measure will be inflationary in its impact. Worse still, by increasing the cost of producing each of the items that I have detailed—that is, goods or services—fewer people in the economy will be able to afford any one of those goods or services than was previously the case. It is axiomatic.

If we were in this instance simply to remove the notion of workers compensation being paid by the employer to the insurer, but not the notion of having workers compensation insurance, thereby, in my proposition, putting the money into, as it were, the hands of employees to decide how and where they would invest that money in the form of premiums to protect themselves against unwelcome misadventure whilst at work, I am quite sure that the outcome would be quite different.

Each person having a job would then be given the choice of deciding which insurer they wanted to carry the risk of their misadventure for them, and at what premium, so that the balance from the amount paid in the name of securing the risk to which they might be exposing themselves could go into their wage packet. People could therefore, as individual employees, choose for themselves the extent to which they wished to insure the unlikely prospect of their misadventure. They could also in the process buy a policy which would be more likely to get them back to work quickly in the unlikely event that they suffered some misadventure, since they would—as would anybody who insures their motor car or their home—ensure that they kept their personal premium as low as possible by minimising claims, not only the number of claims, but also the value of those claims, against the policy they held securing them against risk.

To my mind, that would be a far more efficient way of providing workers compensation, by making it statutorially necessary for the employer to pay an insurer underwriting the employee's risk the premium that the employee nominated and, in the process, ensuring that the policy that that premium bought for the worker was properly registered and applied to the circumstances relevant to that employee's need.

In that way we would not be looking down the barrel at a substantial hike in the cost of providing every job—anything but. As a Parliament we could then decide which aspects of compensable insurance were compulsory and which were optional so that the individual employee could then nominate, if he or she wanted greater protection and greater benefit, to forgo the right of spending that money on other things in their consumer bundle (to use an economist's term) and put it into insurance against misadventure and accident at work. It would not, in the proposition I am putting, relieve the employer of the responsibility in common law for negligence or anything like that whatever. No, it would still mean that employers would have to indemnify themselves against such risk if they were sensible by taking an insurance policy to cover it.

The collective cost of premiums paid to create and maintain each job in the economy would be a hell of a lot less than the mess we have now or the even bigger mess into which we are stepping without the certainty of any expert opinion to support the step we are taking in that direction. I do not consider that what we have before us can in any way be legitimately described to the workforce at large as 'a benefit'. It will reduce the number of jobs in South Australia—that is a fact. It will reduce the amount of confidence that employers as investors in business can have in the prospects of their business in this State compared to other States and, if other States all follow suit, in this country compared to other countries. It is a sure fire formula for shipping jobs off shore.

The sort of proposal I have just outlined would, of course, minimise abuses of the insurance underwriter by erstwhile employees, irresponsible employers and unprofessional doctors who are presently all tempted—and will be more so tempted—to conspire together to defraud the general public, and the corporation which the Bill proposes to bring into existence, of the money they will milk from it. It is a real tit-pulling scheme.

Not to be distracted at all by the analogy I just drew between milking cows and milking the system we are about to create, I want the House to now consider the implications for rural households in particular and any household in general. It will become compulsory for everybody, regardless of who or where they are, to insure these people who come into their homes or onto their premises, whether it be the back yard, the front yard or anywhere on the place at all, for workers compensation. Even those people who contract to mow one's lawn, if they use some equipment provided by you whilst on your place, you will have to pay workers compensation insurance.

Even for those people who do not need any equipment to provide a service, come and collect your children and babysit them at some other premises, because they come to your premises and take care and control of your children whilst they are on your premises and then take care and control of them when they return them to your premises (if that is the arrangement) you will have to pay workers compensation on the amount you pay for the babysitting.

If you get somebody to do your laundry or ironing by contract arrangement you will also have to take a workers compensation policy to cover them. That distresses me in my own domestic circumstances because I do not see the need to do so. However I am now compelled by law to do it. I want all of South Australia, whether within provincial cities and metropolitan Adelaide or outside it in country towns and on farms, to recognise that that is their obligation if this Bill becomes an Act and becomes law.

I guess the reason why members of the Labor Party in government have decided not to say anything is, as I have described, that they do not have a unity of commitment to this measure nor do they have a clear insight into its effects and consequences and the way it will affect the employee/

employer relationship, the rate of rehabilitation to the work force of the injured person, or of the cost.

Looking now, as I said, at the impact on primary producers, Labor Party members presently in government here of course are well known to be the kind of sycophants who genuflect at the first sign of a union boss. That is, they quite happily go on bended knees—not just one—the moment they are told, 'This is what you will pass through the Parliament and that is the price you pay for our support not only at election time but also at preselection time. If you do not front up we will kick you out.' Look what they did to Norm Foster. It is regrettable, then, that the union movement has decided—

Members interjecting:

Mr LEWIS: He was right, and they now admit that. They are delighted to embrace the consequences of his actions by supporting him years later. It resulted in his being expelled from the Party. That is a clear indication of the validity of the point I made about their being sycophants and, as it turns out, they do go on bended knees whenever the union movement says, 'Hey, do as you are told.'

Quite clearly, there will be some devastating consequences for farmers. All we have to do is take a look at the fact that net farm income during this current year will be down by a massive 26 per cent. Quite simply, farmers have not got much to lose any more. The Labor Party here and in Canberra needs to remember that. It might be that farmers decide to take some stronger measures than they have in the past in order to get their point across not only to Government but to the rest of the community. The time for a compromise with bureaucracies or anyone as far as farmers are concerned—as I understand their attitudes at present—is over: they are on the ropes. It does not matter whether it is governments or other areas. They are the exporters who generate the wealth upon which these kinds of programs about which we are speaking now depend.

Mr Plunkett interjecting:

Mr LEWIS: Without that wealth—and I will thank the member for Peake to address the Chair if he has something to say that seems to be so relevant that the whole House needs to hear it and do so in general in a courteous fashion, as I do. It must be remembered that the wealth derived from those exports underwrites the capacity of the Australian economy to provide these kinds of so-called benefits. However, it seems that not only do the clientele of farmers not care about our costs but also our trade competitors in some other parts of the world is subsidised and indeed the export of those other products from other countries is subsidised by those Governments.

That is a point that we cannot expect from the economy in Australia. It would be stupid to expect that, because we would disappear completely if we attempted to do the same thing in Australia. Our economy would collapse immediately. We cannot subsidise rural industries to the point where they become viable, because they will not become viable. They are the present foundations upon which our entire prosperity depends.

This measure will result in an even greater abuse of the kind which I have seen, for which I have documentary evidence and to which I referred a moment ago, especially in the pastoral awards affecting shearers. I know of shearing contractors who, at the beginning of the year, have to fork out sums like $60 000 to $100 000 as workers compensation premiums under the present law. Those men, who are running shearing contracting businesses, at present do not have total equity in their house, their car, or any other personal property greater than $20 000. They do not have the capacity to borrow that money to pay the bills. It has been only through the extended terms of credit offered by finance companies associated with insurance companies that they have been able to continue to this point in time.

This scheme offers the opportunity for even greater abuses, which will push up the cost of premiums in the pastoral industry for shearing to the extent that people will simply be unable to finance the interest bill on their loans, let alone meet the costs of the premiums. Therefore, the most substantial industry in this country, still the single most important industry—the wool industry and the sheep meat industry associated with it—finds itself hit to leg to the extent that its viability will be threatened within one year if this measure becomes law.

In addition, the Minister referred to the white paper that was brought down by his predecessor but one—Jack Wright. It is a brown paper by now, however. In the bush if one cannot afford white paper one uses brown paper. I know that that term has other connotations, and they are probably equally as relevant in this context. When the Minister referred to the white paper he was not in any sense referring to the propositions contained in the measure before us. Those propositions were not contained in the white paper. They were hatched up over the Christmas/January break period by the union movement and imposed on this Government behind locked doors. The number crunching was done in the Caucus to force silence on Government members so that they would not break ranks and explain their position as individuals in relation to this proposition. By that action, as I said at the outset and I say in conclusion, all members of the Government stand condemned for the contempt they have displayed for the Parliament, its traditions and its role in debating such measures to obtain clarification and understanding of them.

The DEPUTY SPEAKER: Order! The honourable member's time has expired.

The Hon. H. ALLISON secured the adjournment of the debate.

ADJOURNMENT

At 1.20 a.m. the House adjourned until Wednesday 19 February at 2 p.m.