

HOUSE OF ASSEMBLY

Thursday 27 August 1987

The **SPEAKER (Hon. J.P. Trainer)** took the Chair at 11 a.m. and read prayers.

PRIVATE MEMBERS' TIME

Mr S.J. BAKER (Mitcham): At the outset of private members' time, I request clarification on how current procedures for private members' time can accommodate the legislative responsibilities of the House of Assembly. To be specific, I have a private member's motion to disallow regulations under the TAFE Act. The Parliament is charged with the responsibility of overseeing regulations and can disallow such regulations within 14 sitting days. In the absence of disallowance within 14 sitting days, the regulations become effective and part of the law governing the conduct of citizens and entities within the State.

There are many occasions, such as the one I have cited here today concerning TAFE regulations, where it is practically impossible for the Parliament to carry out its given responsibilities. You, Sir, will note that I moved for disallowance at the earliest opportunity. That motion is currently listed No. 11 on the Notice Paper. It is highly doubtful whether my speech giving the reason for disallowance will be heard by the Parliament this week. It is also conceivable, because of the positioning on the Notice Paper, that there will be insufficient time available to fully debate and vote on this matter. Effectively, the role of Parliament—

The SPEAKER: Order! Will the honourable member make clear what is his point of order?

Mr S.J. BAKER: I am effectively saying that the role of Parliament with respect to its oversight of regulations has become a rubber stamping exercise.

The SPEAKER: Order! The honourable member is beginning to debate the matter. The Chair wishes to know exactly what is the honourable member's point of order.

Mr S.J. BAKER: My point of order is: how indeed can we use the procedures of this Parliament to allow the business of the Parliament and, more particularly, one of the most important pieces of private members' time, namely, the disallowance of regulations, to proceed effectively?

The SPEAKER: Order! The point of order seems to be that the honourable member for Mitcham is seeking guidance on how he can best use the forms of the House to achieve a particular goal he has in mind. It is up to the honourable member to consult with his colleagues to determine the particular tactics he may choose to use. The honourable member for Newland.

Ms GAYLER: On a point of order, Mr Speaker, is the member for Mitcham insulting a committee of this Parliament—the Joint Committee on Subordinate Legislation—which is presently hearing evidence on the said TAFE regulations?

The SPEAKER: Order! That does not appear to the Chair to be a point of order.

Mr S.J. BAKER: I make the point that the way in which private members' time is conducted within this House is such that it is often impossible to fully consider disallowance of regulations. Whilst you, Sir, may point to the fact that we can arrange between ourselves how such time should be allocated, the simple fact is that in this situation—

The SPEAKER: Order! The honourable member is proceeding to debate matters that are not open to debate at this point in time.

Members interjecting:

The SPEAKER: Order! There is too much audible conversation from members on my right. If the honourable member feels that the forms of the House do not accommodate the needs of members in raising particular issues, I suggest he may choose to refer the matter to the Standing Orders Committee for consideration.

CONSTITUTION ACT AMENDMENT BILL

Mr GUNN (Eyre) obtained leave and introduced a Bill for an Act to amend the Constitution Act 1934. Read a first time.

Mr GUNN: I move:

That this Bill be now read a second time.

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

The purpose of this amendment to the Constitution Act is to allow the Government of the day to organise ministerial portfolios in the most efficient and practical manner possible. This amendment will remove an impediment from the Constitution Act and will lead to a greater efficiency in the administration, particularly, when one considers the current rural crisis farmers and our country are now facing.

The Minister of Agriculture, who also has the portfolio of Recreation and Sport, is being sidetracked by his other portfolio and is not in a position to fully concentrate on rural matters, which of course is currently a major problem. The current arrangement is contrary to the benefits of the rural sector. That is why, if the responsibility of Agriculture and Lands were under the same umbrella, the Minister would have the opportunity to concentrate on rural matters.

Mr Speaker, the question may well be asked why were amendments made to the Constitution back in 1965 to prevent this happening. At that time under the Walsh Government, Mr Bywaters was the Minister and his portfolios were not only Agriculture and Lands but Repatriation, Irrigation and Forests. The Agricultural portfolio in 1965 also had the responsibility of Fisheries—which carried out the many functions of the National Parks and Wildlife Service. As you can see, Mr Speaker, under those arrangements which operated over some 20 years ago, it would be understandable that some rationalisation should take place.

Today, however, we are facing a totally different ball game. Irrigation is now Water Resources. The Fisheries Department (which was created as a separate Department in 1979 by the Tonkin Government) no longer has the responsibilities of the National Parks and Wildlife Service, which now comes under the portfolio of Environment and Planning. I am sure our current Minister of Agriculture would also agree that it would be more beneficial and definitely more efficient if both Land and Agriculture were given the opportunity to work side by side. I personally believe that Agriculture, Lands and Forests should come under the one umbrella, while Marine should be with Fisheries. Therefore, I firmly hope that we will all recognise that with the evolution of our Governments and subsequent portfolios, it is quite feasible for the portfolios of Agriculture and Lands to be the responsibility of the same Minister, allowing the Minister of the day the opportunity of seeing an all round picture of rural affairs.

Mr DUGAN secured the adjournment of the debate.

DEAF IMMIGRANTS

Mr S.G. EVANS (Davenport): I move:

That, in the opinion of this House, migration regulation 26 explicitly discriminates against people with hearing disabilities in that it restricts them entry into Australia by placing them in the same category as those with leprosy and syphilis; and that this regulation not only incenses those deaf people wishing to migrate to Australia but insults deaf Australians and their families who live normal lives and contribute to our society, and further, that until 'deaf mutism' is removed from the regulations it will continue to be a source of embarrassment, anger and insult to hearing impaired people and their families, whether already living in Australia or hoping to do so.

Section 16 of the Migration Act carries provisions for prohibiting people with certain diseases and physical and mental conditions as migrants to Australia. Section 18 states that a person may be deported if found to be suffering from any of the prescribed diseases or physical or mental diseases. Section 26 describes the prescribed diseases etc. as follows: serious mental deficiency, dementia, insanity, epilepsy, drug addiction, alcoholism, syphilis, tuberculosis, leprosy, trachoma, cancer or other malignant conditions, extensive paralysis, blindness (another one that might be queried), deaf mutism, organic disease of the nervous system, leukaemia and primary anaemia.

What is mutism? According to the dictionary, mutism means dumbness, and dumbness means without the power of speech. But the understanding in our language today is that a dumb person is one lacking in mental capacity. This in itself is an insult to our many capable and intelligent persons who have been denied the capacity to communicate orally as they have never heard speech to mimic as have hearing people.

To use the words of a profoundly deaf person, Mr Bruce Muller, who is President of the Australian Association of the Deaf, at his address at the Australian Federation of Deaf Societies annual conference in Hobart, 'the matter has dragged on like a soap opera since 1979'.

Yes Minister is a popular television series and many people consider it funny as it seeks to depict the workings of Government departments and ministerial decisions or, more particularly, indecision. Well, the following detail of Government inaction, and fobbing off, surely would make an ideal episode for that program. Maybe members of the deaf community would appreciate it if we did not laugh when we next view the *Yes Minister* program, because to them the situation is no longer funny as they experience the present and past Australian Government's lack of interest for their deep concern over this issue.

Even though I believe this matter was first raised with the department by a Mr John Lovett 20 years ago, the saga still continues. The letter writing saga commenced in 1979 when Dr Harry Blackmore wrote to the Federal Minister for Immigration asking to have deaf mutism removed from the prescribed list. The Minister eventually responded in 1980 stating:

My department is currently undertaking a general review of the Migration Act. You may be assured that your concern is receiving attention.

When the Minister was again contacted he replied 9 months later in 1981 stating:

My department is still examining the whole concept of whether any diseases or conditions should continue to be prescribed in the Migration Act.

In 1982, a further 11 months later after another request for a decision, the Minister replied:

A review is continuing, but you will appreciate that this is a complex issue and regrettably it is not yet possible to indicate when it will be completed.

In 1983, some 12 months later, a reply to a letter to the Minister from Dr Blackmore stated:

The Minister has asked the department to examine the matter you have raised and he will write to you as soon as possible.

It did not stop there. In November 1983, some 6 months later, in response to a further request for action, the Minister advised:

This aspect of the regulations has been under close examination in recent weeks as part of a wider review of migrant health matters. I hope I will have something more positive to tell you in coming weeks.

In February 1984, four months later, in the hope of something more positive as more than a few weeks had passed, the Minister's office advised:

Last year the Minister asked that a review of this section and the regulations be conducted and this is now proceeding. The Minister will report to you as soon as a decision has been reached.

In April that year, in reply to a request for some action, the Minister advised:

I hope to be in a position to be able to make a decision shortly. When I am in a position to do so I shall write to you again.

In September 1986, just two years and five months later, in response to a further request, the Minister advised:

A decision in this matter is not yet available. I can assure you that you will be advised of the outcome as soon as it is to hand.

Upon making further contact six months later there is still no decision. In February 1987, Dr Blackmore wrote further to the Minister and a formal note of acknowledgment stated, 'The Minister will reply as soon as possible.' In March 1987, five weeks later, Dr Blackmore wrote again as he sought a reply for the National Conference of the Deaf and, as yet, there has been no decision as a result of that communication.

Dr Blackmore also wrote to the Human Rights Commission in September 1986. The reply in December 1986 stated that the commission was in agreement with Dr Blackmore's comments and the matter had been raised in its Report No. 13—but such report has not been acted upon by the Federal Government. A section of the Western Australian deaf community staged a mini demonstration outside the Immigration Department in that State during Human Rights Week and distributed 1 000 pamphlets titled the *Immigration Act is a Hard Act to follow*.

It really is a hard Act to follow when one considers that the prescribed diseases, and so on, were originally included to stop certain people entering the country and becoming a burden on the country. Surely the provisions with regard to 'deaf mutism' are unjust and also illogical for the following reasons:

- (i) 'Deaf mutism' does not, by itself, entitle the affected person to an invalid pension or to sickness benefits.
- (ii) 'Deaf mutism' does not preclude a person from working gainfully without liability to the community.
- (iii) If employment prospects are the issue then we should regulate entry on this basis. Hearing loss *per se*, or non-verbal communication, is irrelevant.
- (iv) 'Deaf mutism' does not cause the affected person to be institutionalised for an indeterminate period, nor to be a risk to the general public health.
- (v) While 'deaf mutism' remains a prescribed disease the rejection of an aspiring migrant and the appeal process causes needless anguish and embarrassment to the applicant and family.
- (vi) There is a constant succession of legitimate complaints from deaf visitors to Australia regarding the embarrassment of medical interrogations because 'deaf mutism' remains a part of regulation 26 of the migration regulations.

This provision is not only used to embarrass and discriminate against intending migrants, but also intending visitors i.e. tourists to our country—and we say that we are promoting tourism! Just one embarrassing example is that of

Dr Albert Pimental (Executive Director of the National Association of the Deaf, USA), a prominent person occupying important positions in the United States. Dr Pimental was invited as a guest of various organisations concerned with the deaf in Australia and was guest speaker at an annual seminar held in Melbourne during April 1982. Dr Pimental recounted his experience, on arrival in Australia, of being taken aside and subjected to medical interrogation and examination. Dr Pimental was embarrassed by this procedure, although good-natured about it. From the Australian hosts' viewpoint it was a considerable insult to a visitor to our country and such actions must discredit Australia in the eyes of deaf people world-wide.

What an embarrassment this provision is for all Australians when we realise that the second Asia-Pacific Conference of the World Federation of the Deaf will be held in Melbourne in April of our bicentennial year 1988 (next year). As the Act makes no differentiation between migrants and visitors, the offensive section of the Migration Act relating to deaf people is a possible source of embarrassment to our distinguished deaf visitors.

When this country holds the conference for the whole Asia-Pacific region in our bicentennial year we will have to tell the visitors before they leave their countries that, technically, under our Migration Act it is illegal for them to enter and that permission must be obtained from the Minister before they can enter. If that is not a disgrace I ask members what they consider would be a disgrace, especially when we talk about equal opportunity, equal rights, and no discrimination, and have years for the disabled, the disadvantaged, and so on. These people have a disability, but it is something that they can work with in society given the right recognition, and they can contribute to every other aspect of society. In a previous speech, which I will not go through again, I made the point that to some degree deafness is a forgotten disability.

I accept that this Act applies only to persons entering Australia or persons who have entered illegally, so it would not only incense many deaf people considering coming to Australia as migrants or visitors but also it most assuredly reflects adversely on a large number of hearing impaired Australians. In this day and age it is an insult to refer to a person as 'dumb', whether that person intends coming to Australia or whether he is already a citizen. Hearing impaired Australians are gainfully employed, are subject to tax laws and are not labelled or put into categories under our Health laws. Therefore, why, under the Migration Act, are they placed in the same category as people who suffer leprosy, syphilis or insanity? I ask the House to give this motion its unanimous support.

Mr ROBERTSON secured the adjournment of the debate.

MILK

Mr GUNN (Eyre): I move:

That this House calls on the South Australian Government to—

- (a) support existing pricing arrangements for milk in the metropolitan area;
- (b) allow continuation of existing delivery arrangements which have operated since the turn of the century and under the control of the Metropolitan Milk Board for the past 40 years; and
- (c) release the milk price review report immediately to all interested bodies.

I support the petition presented to the Leader of the Opposition which contains more than 65 000 signatures, and which states:

The humble petition of the undersigned residents of South Australia sheweth that the existing pricing arrangements for milk in the metropolitan area be maintained as it has provided for an orderly system of milk delivery in the metropolitan area of Adelaide, guaranteeing a high quality product at the cheapest price of any capital city in Australia.

Your petitioners therefore pray that your honourable House will support the continuation of the fixed pricing arrangements for the sale of milk in the metropolitan area and call upon the Minister of Agriculture not to alter the existing arrangements.

In 1946, under the Playford Government, the Metropolitan Milk Supply Act was passed by Parliament and it basically set out to regulate the production, treatment, transport, storage and delivery of milk and cream to vendors and retail purchasers; to conduct laboratory services; to control and zone retail delivery vendors; to fix the price of milk paid to producers, wholesalers, retail milk delivery vendors, and shops; and to promote milk and cream.

It should be clearly understood that the section of the industry that supplies the metropolitan area with milk has, of its own action, rationalised its operation. In 1966-67 there were approximately 2 040 dairy farmers, and this has been reduced to only 860 dairy farmers operating at this time. In 1963, 26 milk companies were operating and 45 factories, and in 1984 that was reduced to 14 companies and 23 factories.

In 1986, average dairy cow/milk production in South Australia was the highest average of 7 561 litres of milk per cow in Australia, an increase of 30 per cent above the figure of 2 769 litres in 1966. I have given this brief background to my motion because it is important that the House and the community at large clearly understand the value that this particular arrangement has been to the community. It is therefore important that, before any changes are made, there is a proper understanding of why the Act was originally passed.

If the Minister of Agriculture in this State is successful in having the fixed price of milk abolished, the following courses of action are likely to take place. I quote from the *Advertiser* of 30 April 1987, as follows:

Milk bodies say changes will force up prices, milk industry says milk prices will rise if present pricing system is changed and they warn home delivery services will be cut. Claims were made yesterday by the major milk processor, Southern Farmers Co-operative and the Master Retail Milk Vendor's Association, and they will be included in their submission to the State Government's inquiry into the milk industry.

The review, which has been conducted by the Metropolitan Milk Board, is now in the hands of the Minister of Agriculture, Mr Mayes. Mr Neville Hann, of the Master Retail Milk Vendors Association, said that his association had received a lot of public support for the existing price system. Milk vendors had distributed 200 000 letters warning of possible increases in prices, and they are going to make another leaflet drop to encourage deli owners to go to their association and lobby the Government. In the *Weekly Times* (a Victorian newspaper) of 11 March 1987, the Milk Bar Association claimed:

Small milk bars have been starved of deliveries following the State Government's move to deregulate milk transport.

The association's director said, 'The Government had made a mistake, as we predicted when entering the milk zoning late last year'. He also said, 'Small shops were not being supplied because the dairies preferred to deliver one large truckload to a supermarket rather than a large number of small shops'. I quote from the June 1987 rural paper *On the Land* and an article headed 'New South Wales Dairy-farmers Association Conference, free marketing no solution to milk pricing problems', reported by Mr Allan Dick as follows:

Free enterprise system could not provide fresh cheaper milk in a regulated marketing system in New South Wales.

New South Wales Dairyfarmers Association President, Mr Jack Eggert, made this claim in his presidential address to the annual conference last week:

Consumer interests were best served by a regulated system that ensured consumers and suppliers. These practices are not unique to New South Wales or even Australia when it has been found necessary right around the world, so those who talk about deregulation in such a free and easy term must recognise that, if consumers want hygienic milk, quality milk every day of the year, at constant fair prices, regulation was an essential ingredient.

This controversy has been brought about by the attempts of one retailer to discount milk. I do not blame that particular individual or group of companies who want to maximise the input of customers through their shopping arrangements by using milk as a loss leader.

The Government has a responsibility to make sure that commonsense prevails and that a successful, economical and proven system of distributing milk is not destroyed. If that individual or others get their way, they would soon forget about milk, when that particular product lost favour, and turn to some other line to attract people through their doors. We cite, in support of our submission, the fact that the price fixing procedures followed by the board during its 40 years existence has resulted in the retail price for milk in the Adelaide metropolitan area being consistently either the lowest or, on occasions, equal to the lowest in any capital city in Australia; and during that period the retail price has decreased in real terms, as measured by comparison with the consumer price index, and risen at a lesser rate than that for foods generally, as assessed by the Australian Bureau of Statistics.

If orderly marketing arrangements are tampered with, the likely effects would be: first, to place in jeopardy milk deliveries to 128 000 homes that receive milk six days a week 310 days per year; secondly, each week nearly 1.9 million litres of white milk and 240 000 litres of flavoured milk which is distributed by the milk vendors would have to be purchased either from supermarkets or from certain selected smaller shops.

It should be clearly understood that milk vendors are zoned and must provide an effective and reliable service in

a business-like manner to the community; otherwise, they run the risk of losing customers and run the risk of disciplinary action taken against them by the Milk Board. I consider that the Government would not be acting in the best interests of the industry generally, and the public in the long term, if it moved towards setting a maximum, minimum or a combination of both systems for the pricing of milk because, in the process, vendors would certainly suffer, producers' returns would be placed at risk and a large segment of the public would be deprived of a home delivery system.

The milk vending system in Adelaide is extremely efficient, employing zoning by the Metropolitan Milk Board, rationalisation of distribution depots by the processing merchants, and the use of an individually owned business by the vendor who provides a far more efficient service to the consuming public than that which could be provided by a company operated system.

It should be clearly understood that currently 42 per cent of the milk is delivered directly to homes, 29 per cent to small shops, delis and milk bars, and only 29 per cent through supermarkets. Last year, 111 million litres were distributed by the milk vendors. There are approximately 2 000 small shops, delis and organisations other than supermarkets distributing milk, and there are approximately 127 supermarkets.

The purpose of the Milk Board was explained to Parliament in 1946. The legislation was developed in order to ensure that a good quality of milk was supplied to the metropolitan area and, secondly, the stabilisation of prices. The table which I would like incorporated in *Hansard* clearly indicates that prices have been kept at a reasonable level. In fact, they have actually declined in real terms when compared with the consumer price index. The consumer in Adelaide has been treated better than in any other capital city in Australia. I seek leave to have inserted in *Hansard* a table of milk prices for all capital cities in Australia.

The SPEAKER: Can the honourable member give me the usual assurance that the table is purely statistical?

Mr GUNN: Yes, Mr Speaker.

Leave granted.

AVERAGE RETAIL PRICE OF MILK (C)

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin
March Quarter 1987	80	76	84	72	79	80	68	78
December Quarter 1986	77	76	84	72	79	78	67	78
September Quarter 1986	77	76	84	72	79	78	67	75
June Quarter 1986	75	75	82	72	78	76	66	75
March Quarter 1986	73	74	81	70	75	76	66	74
March Quarter 1985	70	69	77	66	72	72	66	71
March Quarter 1984	70	67	75	64	70	68	66	71
December Quarter 1984	69	67	77	64	71	70	66	71

N.B. Milk, carton, supermarket sales 1 litre containers
Source of information: *Australian Bureau of Statistics*.

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin
March Quarter 1983	78	80	80	72	78	74	72	86
March Quarter 1982	74	78	72	66	72	68	64	

Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin
December Quarter 1982							
78	80	79	72	78	74	72	85

N.B. Milk, bottled, delivered 2 × 600 ml

Source of information: *Australian Bureau of Statistics*

Mr GUNN: People ought to bear in mind what the report 'Change in the UK milk industry' said in July 1986, on page 99, as follows;

It is conventional wisdom that the dairy industry believes that any shift from doorstep sales will lead to the collapse in demand. This belief was based on experience elsewhere in the world and cannot be overlooked.

Other State milk industries are administered by authorities which are exceedingly bureaucratic and correspondingly inefficient. The Metropolitan Milk Board in South Australia is a low cost body which contributes to the general market milk environment in a positive manner. Any form of deregulation should benefit all participants and the consumer. No evidence exists to suggest that milk discounting, *per se*, has increased consumption.

The desire for deregulation begs the question of how far, how much and to whom deregulation should occur. Any form of deregulation must address these questions, ensuring that the objective of, at least, maintaining an efficient and productive industry in South Australia is attained. The pressures for deregulation on the board must be viewed in their true context and relevance to South Australia, and the motives of Bi-Lo (and any other retailer) must be analysed. Also, deregulation, *per se*, is not necessarily ideal; the pressures that created varying forms of deregulation in other States do not necessarily apply in South Australia; and deregulation will not deter interstate milk from being imported.

The current orderly and efficient pricing mechanism and industry environment contain the following major benefits: it has served the industry and consumers well for many years; all participants earn equitable margins for their investment; Adelaide consumers enjoy the lowest retail prices of any State capital city in Australia and have the freedom of shopping choice; the industry is viable and efficient, enabling further investment; distribution is efficient and economical; the industry operates a unique voluntary equalisation scheme with little cost to the industry; the Metropolitan Milk Board is low-cost and not bureaucratic; competition for the supply of milk for processing and manufacture is keen; the pricing mechanism is simple to calculate.

Any disturbance to the current system must seek to attain benefits for the overall good of the community. What further benefits can be obtained which we do not already have? If it is desired to review the system, the following factors must be carefully taken into consideration: supermarkets will tend to place pressure upon other products, not always to the benefit of the consumer; the efficiencies and quality standards within the industry must be maintained; equitable returns on investment must be maintained to ensure continuation of investment; and any mechanism which contributes to a significant cessation of milk being available in outlets must not be contemplated.

Under the Labor Socialist Government in South Australia, we have had the highest increase in bankruptcy in our history. Unfortunately, it appears that the current Minister of Agriculture, who wishes to continue to play the role of the Minister of Consumer Affairs, will be responsible for yet another group of small businessmen who will be thrown on the scrapheap. This Government, and particularly the Minister, do not understand or appreciate, or even wish to try to comprehend the current value of our system of orderly

marketing of all primary products, and in particular the milk industry and its contribution to the Adelaide metropolitan area.

In summary, I urge members to support this motion in order to maintain our efficient milk industry, which is the envy of the rest of Australia. We have had a successful, efficient and cost effective system for over 40 years and hopefully it will continue, particularly in view of the current situation in New South Wales and Victoria and the effects that could have on the dairy industry in South Australia and all those who rely on it for their livelihood. The Labor Party's rural policy statement of 1985 states:

The Bannon Labor Government will continue to strongly support the South Australian dairy industry in national discussions on marketing arrangements. The dairy industry in South Australia continues to supply consumers in this State with the cheapest milk of any mainland State in Australia and the Bannon Government will work to maintain the stability in the industry for the benefit of both producers and consumers. We will also continue to resist moves by retailers interstate to disrupt the stable marketing conditions established in South Australia over many years.

Removal of the milk levy and the resultant collapse of Australia's export returns would leave the dairy industry in the control of a few supermarket chains. That is the scenario envisaged by the Executive Officer of the Australian Dairy Farmers Federation, Mr John McQueen, if the milk levy is withdrawn permanently because of the present interstate milk war. Mr McQueen said that without the levy there would be no support for exports. It is essential that this House, the Government and the Industry as a whole give the most careful consideration to any changes that will affect the industry as the current interstate disturbances may cause drastic change and disruption to the industry in South Australia.

Mr GREGORY secured the adjournment of the debate.

WASTE MANAGEMENT REGULATIONS

The Hon. B.C. EASTICK (Light): I move:

That the regulations under the South Australian Waste Management Commission Act 1979 relating to prescribed wastes, made on 26 February and laid on the table of the House on 10 March 1987, be disallowed.

I point out that I have no concern at all about the general thrust of what is contemplated; it becomes a matter of degree and I hope to explain to the satisfaction of the House what that degree is. I am aware that regulations—

Members interjecting:

The Hon. B.C. EASTICK: I seek a little protection, Mr Speaker.

The SPEAKER: On what particular matter is the member for Light seeking the protection of the Chair?

The Hon. B.C. EASTICK: The interruption seems to have ceased, so I will continue.

Members interjecting:

The SPEAKER: Order! Interjections are out of order.

The Hon. B.C. EASTICK: The Joint Committee on Subordinate Legislation has considered this matter and has taken evidence from the Master Builders Association. I am advised that it was satisfied that there was no real impediment upon normal business transactions. A new regulation

relating to the South Australian Waste Management Commission Act provides:

Licences for the production of waste of a prescribed kind

10. A person who carries on an industrial or commercial process in the course of which waste is produced that consists of or includes—

- (a) Any of the substances specified in the seventh schedule; or
- (b) Any container or other material contaminated by any such substance

must be licensed under section 25 of the Act.

Section 25 has existed since the commencement of the Act in 1979. It provides:

(1) A person who carries on an industrial or commercial process in the course of which waste of a prescribed kind is produced must be licensed under this section.

(2) A licence under this section may be granted upon conditions requiring the licensee to treat and dispose of waste produced by him in a specified manner.

(3) The person who carries on an industrial or commercial process in respect of which a licence is required under this section without being licensed shall be guilty of an offence and liable to a penalty not exceeding \$2 000.

(4) Where a condition of the licence under this section is not complied with, the licensee shall be guilty of an offence and liable to a penalty not exceeding \$2 000.

That is quite within the spirit of the waste management arrangement; however, what are the likely consequences involved in the schedule associated with the regulations. The seventh schedule prescribes the wastes involved. It includes, for example, paints and inks. People involved in the small business sphere have pointed out to me that a number of industries will produce in a very peripheral manner some of those wastes. It could even be suggested that a person who threw out a spent cartridge of a ballpoint pen was disposing of waste ink and would be required to obtain the necessary registration, under section 25 of the Act. A person involved in a small printing business, in disposing of an offcut with a little bit of ink on it—which can be quite satisfactorily disposed of now through a controlled system—would suddenly find himself or herself, or the company corporate that might be involved, in the clutches of this new regulation. A letter from the South Australian Employers Federation points out:

The requirements to hold a licence under the Act, pursuant to regulation 10, have been significantly extended by the inclusion of 'everyday' items within the seventh schedule. Many members of the federation produce waste as part of their industrial or commercial process, which may consist of or include inks, oils, solvents, paint sludges or residues and other similar products. Accordingly, the potential exists under the new regulation for any office which has waste ink or any painting contractor who ends up with paint residue to be required to hold a licence under the South Australian Waste Management Commission Act. The above situation is clearly untenable, and, whilst we would not expect the commission to use the full extent of its powers under the Act, the potential to regulate in this way should not go unchallenged.

Whilst the writer of that letter has indicated that the commission is unlikely to use the full extent of its powers in this regard, under the commission's regulations, in the hands of zealous inspectors, the powers could be used. For example, over some time reference has been made in this House to a situation that pertained under the Motor Vehicles Act, when it was suddenly possible for one branch and then another branch of the Motor Registration Division to decide that grape harvesters required a special form of registration. Right on harvest time, when those grape harvesters were suddenly about to go out onto the road to provide a service to the public, it was found that it would cost some \$6 000 for this to be permitted. Such problems still recur in relation to branches within the Motor Registration Division. That provision was withdrawn when the situation referred to was drawn to the attention of the Minister responsible for those matters. The member for Eyre, and indeed other members,

have referred to the problems that a number of carriers have had in respect of cartage through Port Augusta, where it seems that carriers have had to get through a bottleneck, when finicky little points of law have been foisted upon the carriers, causing them to go to court. Even if they win, they suffer loss of production.

In some cases the court has found on a point of law, even though it be finicky, that the carriers are responsible, and they have therefore been subject to large fines. The section of the Act that I have just quoted provides for a fine of up to \$2 000, so a carpenter, for example, who has one or two pots of primer paint with which he paints the tenon and mortice before he joins the furniture together—and the member for Henley Beach has indicated the problem which arises for the small printer—is suddenly likely to be challenged and found guilty of producing what is known as a prescribed waste, even though that prescribed waste is in a very small quantity and is being handled by someone who has the capacity to handle it properly. In most cases the direct arrangement between the small operator and his council or his rubbish disposer is adequate to look after the problem. Not only does he fall into the category of perhaps being challenged and liable for a \$2 000 fine, but he also has to provide himself with yet another licence to operate.

I believe that the provision here has gone overboard and that there ought to be defined exceptions. I believe that those defined exceptions are not adequately covered by the regulation as brought down by the Government, and that, notwithstanding that the evidence given to the Subordinate Legislation Committee enabled the regulations to proceed, this House ought to consider the provisions which the Government unwittingly, I suggest, has forced on many small businesses (indeed, persons in their own homes, when I refer to the ink contained in a biro pen). I believe, as the member for Henley Beach has indicated on a previous occasion, that regulations and the law ought to be explicit and capable of simple interpretation. There should be no ambiguity, which allows an overzealous inspector to take action which is always distressing and, inevitably, where legal costs are involved, costly to a small businessman, even though he may subsequently be let off with a caution or told that he did not really fit the circumstances that the Government contemplated at the time it brought down the regulation.

I believe that the regulation needs to be much tighter than it is at present, and that we should not place anybody in the community, whether they be individuals or people in business, in the situation of having to prove that they were not creating a waste without a licence—and a licence which is far beyond the requirement of their type of activity. I ask members to give due consideration to the disallowance of this regulation which will also be debated in another place.

Mr DUIGAN secured the adjournment of the debate.

CITY OF ADELAIDE CHARACTER

The Hon. JENNIFER CASHMORE (Coles): I move:

That this House recognises the unique and distinctive character of the City of Adelaide and the need for development which is sensitive both to this character and to the needs of the city and therefore urges the Government to ensure gazettal of the 1986-91 City of Adelaide Plan as a matter of urgency.

I point out that, in the motion as it appears on the Notice Paper, the date of the plan is incorrectly stated and that it should read '1986-91' and not '1987-92'.

The SPEAKER: Is the honourable member seeking leave to move her motion in an amended form?

The Hon. JENNIFER CASHMORE: Yes, Sir, I do seek such leave.

Leave granted.

The Hon. JENNIFER CASHMORE: As we all know, Adelaide is a unique city which has benefited from a long tradition of town planning, starting with Colonel Light's plan for Adelaide and its well laid out streets and large open spaces. Over the decades it has been carefully nurtured by a series of concerned administrations, at both State and city level, and by an informed and sensitive population, not only in the city of Adelaide but also throughout the whole State. As a result, we have a city which we treasure and regard as being very precious: the focal point of the lifestyle in South Australia which, in itself, is unique and admired worldwide. Certainly, the quality and nature of the city of Adelaide gives a very distinctive flavour to the State of South Australia and strongly influences the manner in which we live and carry out our work.

One could fairly describe a capital city of any State or nation as being a reflection of its economic, social and cultural values and, in that respect, I believe that Adelaide is a very good mirror of the State of South Australia. The original plan laid down by Colonel Light has been reinforced in recent years by a planning tradition which is embodied in the City of Adelaide Plan. The first City of Adelaide Plan was adopted by the Adelaide City Council in 1976 as a result of legislation enacted in this Parliament.

The regulations of that plan provide that it is to be reviewed every five years. As one can see from the date, the plan presently in operation is almost nine months out of date in calendar terms. Quite clearly, that is a matter for very serious concern not only by the Parliament and the Adelaide City Council, but also by the people of the city of Adelaide and of the State of South Australia. It is quite unsatisfactory to have an arrangement in law that says something should be changed every five years, but then to encounter delays that hinder that change, to the point where the city of Adelaide planning system is operating under a set of principles that already, by this definition, are nine months out of date. Some of them may be equally applicable now and possibly applicable in 10 years time, but the fact is that a review has taken place and it has not been given statutory effect.

Section 11 of the City of Adelaide Development Control Act establishes a commission entitled the City of Adelaide Planning Commission whose role, among other things, is to examine and approve for reference to the responsible Minister the City of Adelaide Plan. That plan is based on principles that are adopted and approved by the Adelaide City Council and then forwarded to the commission. Section 7 of the City of Adelaide Development Control Act provides:

(2) The council may, and shall if requested by the commission, from time to time, prepare amendments to the principles.

Under the Act the regulations require that this shall be done every five years. It further provides:

(3) The council after preparation of any amendments shall by advertisement in the *Gazette* and in a daily newspaper circulating generally throughout the State give notice that a copy of those amendments shall be open for inspection at the office of the council for a period (being not less than two months from the day of publication of the advertisement in the *Gazette*) specified in the notice and that the council will entertain written representations on the amendments or any part thereof.

The council must observe other requirements under that section. Section 8 of the Act states:

After the council has considered the representations it shall submit the amendments to the commission together with a sum-

mary of the representations (if any) received by the council and a statement in writing describing the action taken or recommended by the council regarding each representation.

Section 9 states:

The commission shall consider the amendments, summary (if any) and statement submitted to it under section 8 of this Act and shall after consideration forward them to the Minister together with its report thereon.

The background of the current review of the City of Adelaide plan is that the council put a draft plan on display on 26 September 1986. That plan, which was controversial, aroused considerable public debate and a very large number of submissions were received by the council. The council set up a committee to hear in person all those who wished to be heard as well as those who had expressed views in writing. As a result of those representations, the council took steps where it believed steps were appropriate to amend the draft plan. After an extension of time for submissions, the council adopted the plan at its meeting on 27 April immediately prior to the May local government elections. Following that, the plan was referred to the City of Adelaide Planning Commission.

It can be seen that, before the plan got to the commission, the whole procedure was at least five months overdue. In accordance with the regulation, the plan should have been ready before or by the end of 1986 in time for a prompt referral to the City of Adelaide Planning Commission, careful consideration by that commission and subsequent referral to the Minister. In addition to that four-month delay in referring the plan to the commission, since April there has been a further delay. It is almost September and the commission still has the plan in front of it. Under section 10 of the Act, when the plan has been referred to the Minister by the commission, the Minister shall:

... consider the amendment, summary (if any), statement and report forwarded to him under section 9 of this Act and forward the same to the Governor together with his recommendations thereon.

(2) The Governor may—

(a) approve of the amendments without amendment;

(b) vary the amendments in the light of the summary (if any), statement, report and recommendations forwarded to him under subsection (1) of this section and approve of the amendments as varied;

(c) refer the amendments back to the council for consideration of such further matters as are specified in the reference;

or

(d) not proceed further with the amendments.

Although, as I understand it, the plan is still with the commission and has not been referred to the Minister, there is still opportunity for considerable further delay if the Government was to receive and consider representations that it believed merited further consideration by the Adelaide City Council. That is a highly unsatisfactory situation. We are verging on entering a circumstance where the City of Adelaide plan will be, with the effluxion of time, ready for further review before it has even been gazetted. We are verging on the latter part of the first year of a five year plan that has not yet been gazetted.

This matter certainly should concern every member of the House and I believe that it is concerning all members of the council. I hope that it is concerning the Government. It is a matter of deep concern to the various interested parties and the general public of South Australia. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

SHADOW MINISTER OF TRANSPORT

Mr TYLER (Fisher): I move:

That this House urges the Leader of the Opposition to remove the member for Bragg from his responsibility as shadow Minister of Transport and Recreation and Sport because of his inept performance and inability to grasp the fundamentals of the job.

It gives me no great pleasure to have to draw to the attention of the House and to the Leader of the Opposition the performance of the member for Bragg because, on a personal basis, the member for Bragg is likeable and exceptionally good company. However, as far as a shadow Minister is concerned, one can only describe his performance as appalling. Since the member for Bragg has been elected to this Parliament, most commentators and experts have predicted a bright future for him, even citing him as leadership material. But, if we analyse his performance as a shadow Minister, we see that his aspirations for leadership must now be on a par with those of the member for Murray-Mallee.

Members interjecting:

Mr TYLER: Members laugh at that. Perhaps I am a little unkind to the member for Murray-Mallee in making that statement. Being a leader, indeed a shadow Minister, requires guts and integrity. Sadly, the member for Bragg is found badly wanting in both these attributes. But it is not just me saying these sorts of things. In his regular commentary on State politics, Randall Ashbourne, writing in the *Sunday Mail* of 2 August 1987, said:

Members interjecting:

The SPEAKER: Order! All members are entitled to some protection from the Chair.

Mr TYLER: Thank you, Mr Speaker. In his commentary, which is headed 'Olsen let down by softies' Randall Ashbourne states:

Most media speculation since the fiasco of the 1985 poll has centred on the potential leadership challengers to Mr Olsen. The two names mentioned most often are transport spokesman, Graham Ingerson, and education spokesman, Rob Lucas. But it has become obvious over the past 12 months that neither has what it takes. As a businessman/pharmacist, Mr Ingerson is affable and successful. As a hard-nosed politician, he has all the impact of a feather duster.

Since the member for Bragg has been a shadow Minister, we have seen him put his foot in it time and time again. The shadow Minister, via the media and in this House, has constantly said that the Minister of Transport in this Government must stand up to the unions. He has even said in one astonishingly emotional outburst that the bus drivers should all be sacked.

The member for Bragg has also said the Government must get rid of the STA deficit. He has constantly demanded that the Government take control of the system, yet on every occasion that this Government takes the hard decisions in the area of transport, the Opposition keeps singing out 'Oh no, you can't touch that one! That will offend the people of our electorate; why don't you start chopping it out in somebody else's electorate?' It seems that the honourable member wants us to cut services without making any cuts. The fact remains that, in the area of transport alone, the shadow Minister does not have the guts to face up to the implications of the course of action he urges on us on this side of the House.

This Government has been well aware that there are problems in the area of transport and has been facing up to those problems. But all we see from the shadow Minister is an exercise in trying to drive a wedge into the public transport system, attempting to make it unworkable, by acting in a completely irresponsible fashion. Opposition is not just about harping and criticising. It is about being an

alternative, coming up with constructive policies and making constructive suggestions. That is something that this shadow Minister has failed to do, not only in the transport area, but also in the recreation and sport area—and I will get to that in a moment.

Kym Tilbrook, writing in his political column in the *Adelaide Advertiser* during June 1987, said this of the shadow Minister:

It is fair to say that Mr Olsen has been happy with his team in the Legislative Council, but the same could not be said of his Assembly colleagues. Mr Olsen was let down on several occasions in the last parliamentary session, and there appears to be a reluctance by some shadow Ministers to do some of the hard work that is necessary to give the Opposition a hard edge. Unless there is a dramatic improvement in the budget session, beginning on 6 August, there will be no doubt that the shadow Cabinet will be reshuffled before the first session of Parliament next year. The first in the firing line will be transport spokesman, Mr Ingerson, following concern in the Party that no impact was being made on the Minister of Transport, Mr Keneally, one of the Government's most solid performers.

Mr Becker interjecting:

Mr TYLER: The member for Hanson laughs, but that is what Kym Tilbrook, writing in the *Advertiser*, had to say.

Members interjecting:

The SPEAKER: Order! The honourable member for Fisher.

Mr TYLER: He continues:

The reality is that if Mr Ingerson does not make any headway during the next session he will be dumped, allowing Mr Olsen to bring former Environment and Planning Minister, Mr Wotton, back to the front bench.

In trying to prepare for this debate, I went back to the library to see what the shadow Minister has said about transport. He has said very little in either of his portfolio areas, and what he has had to say has been, in most cases, well and truly wide of the mark.

For instance, I noticed in one article in the *Advertiser* that the member for Bragg seemed to be having a dispute with the Hon. Mr Cameron from another place over the age for driving licences. We all remember the front page article from the *Adelaide News* in which he declared that he would sack the bus drivers. Then there was the innuendo that he made against two key Grand Prix organisers in an absolutely deplorable question to the Premier on that occasion. Then there were the trotting allegations and—could we forget it in this Parliament—the shameful question to the Minister of Sport and Recreation over the Grand Prix passes. I note that on that occasion the Minister himself accused the shadow Minister of playing in the gutter and called for his resignation.

Members interjecting:

The SPEAKER: Order! Interjections which might have been in the category of amiable banter between colleagues of the same Chamber have gradually deteriorated to the stage of being disruptive and are depriving the honourable member for Fisher of his right to be heard. The honourable member for Fisher.

Mr TYLER: I particularly note that members opposite did not like that. What did the member for Bragg have to say about Grand Prix passes on that occasion? The *Advertiser's* political journalist, Matthew Abraham, on 9 August 1986, stated:

Mr Ingerson said yesterday that he would not apologise, and it was up to Mr Olsen to decide whether he survived. He had simply asked a question in Parliament and all the Minister had to do was to answer the question in Parliament. He said that after asking the question he had checked with the Grand Prix Office and had been informed that there were no complimentary tickets. Asked whether he should have checked with the Grand Prix Office before putting the question in the House, he said, 'I don't think that's a fair question. You're trying to stick it up me'.

Members interjecting:

Mr TYLER: Nobody is trying to stick it up the member for Bragg at the moment. All we want is a fair go for South Australia. What we need in this State is the very best the Opposition can serve up—

The Hon. Frank Blevins: We've got it!

Mr TYLER: The Minister says that we have got it. God help the Opposition if that is the case! By his own actions the member for Bragg has proved that, quite simply, he is not up to the job. It is not enough being likable and affable. To be a shadow Minister you must have integrity, backbone and a bit of guts. Sadly, the member for Bragg has failed. I urge the House to support the motion.

Mr OLSEN (Leader of the Opposition): There is a saying in politics that, when you start making character assassinations, it is pretty clear that the person—

Members interjecting:

The SPEAKER: Order! Order! I call the Government backbench to order. The honourable Leader of the Opposition.

Mr OLSEN: I would like to comment that, when you start character assassinations, it is pretty clear that the member for Bragg in this instance is starting to hit the mark. As with the no-confidence motion the other day, the member for Fisher was the one who drew the short straw and had to reluctantly get up. It was the Whip who instructed him in the last few minutes of that debate to get up and he then struggled to his feet. It is pretty clear that in relation to the motion now before the House he has also drawn the short straw from the Minister of Transport. I was going to say that it was a mickey mouse operation, but given his boy soprano voice it would be more apt to be called a minnie mouse debate that we have had in this House today.

The member for Fisher has today given what could only be described as an inane contribution. It was an empty, void, senseless and irrelevant contribution to this House. I would have thought that a diligent marginal seat member, looking after and representing the views of his constituents, would use his time in this House to debate matters of real importance and concern to his electorate, and not to embark on a cheap political exercise that clearly is not going to work. His contribution was empty, it failed and will continue to fail. For that reason, I move to amend the motion, as follows:

Delete all words after 'that' and substitute the following:

This House congratulates the shadow Minister of Transport for his role in exposing the failures of the Government to honour promises on public transport fares; its failure to stand up to union demands which have added to pressure for fare increases; its failure to answer questions in Parliament fully and truthfully; and further, this House condemns the Government for mismanagement of transport policy, condemns the member for Fisher for supporting this failed policy, which will force many of his constituents to meet public transport fare increases of more than 50 per cent since the election.

Members interjecting:

Mr OLSEN: I seek leave to continue my remarks.

The SPEAKER: Order! It is very difficult for the Chair to put the question if the Deputy Leader of the Opposition is going to be noisily interjecting at the time.

Leave granted; debate adjourned.

BUILDING INDUSTRY UNIONS

Mr S.J. BAKER (Mitcham): I move:

That, in the opinion of this House, the Government should establish, as a matter of urgency, a judicial inquiry into the activities of the building industry unions in this State with the following terms of reference—

- (a) to determine the extent and nature of blackmail and intimidation of employers, subcontractors and employees by union officials;
- (b) to determine the cost implications for builders, investors and consumers of the strikes and bans imposed by building unions over the past two years;
- (c) to identify the nature and extent of restrictive work practices operating within the building industry;
- (d) to identify the cost increases borne by the ASER project directly attributable to union action;
- (e) to determine the extent to which the BWIU is involved in establishing arrangements which—
 - (i) illegally restrict entry of subcontractors on major building sites; and
 - (ii) improperly influence the tendering system and awarding of contracts;
- (f) to ascertain whether there are instances of tax evasion being promoted by building unions or union officials; and
- (g) to recommend means whereby the damaging activities of union officials can be curbed and the offenders brought to justice.

This is a serious matter. All members will recall the number of occasions on which I have brought to the attention of the House the difficulties that have been experienced not only on the ASER project but also on other building projects. It is important that we take up this motion and act on it because without such an inquiry the problems experienced in the building industry today will continue to occur. I refer to paragraph (g) of my motion which states:

to recommend means whereby the damaging activities of union officials can be curbed and the offenders brought to justice.

It is at the nub of this motion that we want change. We can no longer live with a situation where union officials in this State continue to disrupt and even destroy the very heart of one of our major enterprises, namely, the building industry.

Before referring to aspects of specific items in my motion, I shall read to the House a letter that I wrote to the Deputy President of the Australian Conciliation and Arbitration Commission (Mr Justice Ludeke) concerning the wage case that was being determined in respect of the building trades. This letter puts in context my feelings on where we should be going and what changes we should achieve. The letter, dated 17 July, states:

I felt compelled to write to you concerning the ratification of an agreement reached between the MBFA and building unions on payment of the maximum wage increases allowable under the second tier of the national wage determination. It is of deep concern to myself, and I would suggest all employers in this country, that this agreement is grossly deficient in terms of the guidelines laid down. If accepted in its current form, it could well set the precedent for other employers to pay the full amounts for little or no improvement in work practice and effectively zero productivity increases. It would be reasonable to suggest that industry and unions are awaiting the outcome with 'bated breath'.

The commission has a magnificent opportunity to achieve a milestone in industrial relations. To put the matter in full perspective, not only will this case set the foundation for future decision making, but also, should the unions succeed, reinforce the growing belief amongst the moderate employee organisations, that 'wage justice' can only be achieved through militant action. The work practices that are in place across Australia on major building sites are a disgrace to this nation. Invariably, they have resulted from exercise of industrial muscle under threat of site closure. Importantly, they contribute to the antipathy between employers and employees because they act as a constant reminder of gross stupidity, and extraordinary cost overloads. Until some mutual respect can be restored, relationships can only continue to deteriorate, to the cost of all concerned (not least the workers themselves, whose employment opportunities are being jeopardised by lost investment opportunities). Here is but a small selection of practices which I believe should be traded-off against wage increases:

Demands for all members of a work group to receive overtime payments when only one or two are needed.

Intimidation of employees and employers by union officials.

Closing down a work site when the weather is warm and/or there is a sprinkle of rain.

Extended tea breaks and smokos.

On-site allowances and extraneous benefits subject to renegotiation by unions, under threat of stoppages, during the course of a project.

Travelling time payments for work on city sites.

Declaration of a 24-hour paid day-off for trumped-up safety issues (for example, dirty toilets, which have been soiled, deliberately or inadvertently, by workers themselves).

Provision of ordinary clothing (for example, shorts and singlets), by employers over and above the tool and clothing allowance paid via the award.

Changing and showering during prescribed working hours.

The practice of 'commencing work' at the gate rather than the actual working site, resulting in losses of 15-20 minutes each day on larger projects.

Declaration of bans or limitations at whim by union officials.

They are just a small segment of the work practices which exist in the building industry today and which must stop. As I said previously, it is important that we perform not only in those areas that are subject to export but also in our domestic arena because, unless we change the way in which we operate in this country and unless we get rid of these horrendous examples of bad work practices, this nation cannot advance.

I believe that the things that are happening in the building industry today are depreciating this State's opportunities for progressing. I say that in the context that, unless we do something substantial in this area, we will be subject to the same problems that we have had over the past 10 to 20 years, where this State in relative terms has been going backwards. There is no incentive for people to invest in this State while these work practices continue.

It goes even further than this, and that is why I have called for a judicial inquiry. As members will note, I have referred to intimidation of employers, subcontractors and employees by building union officials. I imagine that most people in this House have at some stage had dealings with their constituents who have come to them and have said that they are in difficulty because a union official has stopped them working.

An honourable member: Never!

Mr S.J. BAKER: The honourable member may not have constituents to talk to, but I certainly have.

Members interjecting:

The DEPUTY SPEAKER: Order! The House will come to order.

Mr S.J. BAKER: Since I have been the Opposition spokesperson dealing with industrial relations, I have received a number of telephone calls from people who have come to see me about the circumstances obtaining in the building industry. Some of those people have been subcontractors, and some simply employees. I have received a number of telephone calls where some people have said that they cannot give their names because if it gets out they will be intimidated. Of course, I cannot take those telephone calls as seriously as the ones where I am given names and details. I have a very large and long file on some of the practices that exist in the building industry today.

Recently some employees on the ASER site expressed resentment because they were required to walk off the site. When those employees told the union official that they did not want to go, those officials applied extraordinary pressure, and this included threats. There have been a number of cases of assaults on building sites, as members on both sides of this House will recognise. On many occasions subcontractors have been subject to intimidation of various types.

Earlier this year I related an example of a person who had been continually harassed by a particular union. Over a period of time that person had lost his livelihood because, each time he applied for or won a subcontract, a telephone call was made to the employer, who was told in no uncertain

terms that if the contract continued the union would take action to ensure that the work was never carried out. Quite insidiously that person's right to work was removed. Each time that the union concerned learnt that he had won a contract, the contractor received a telephone call or representations. It is serious when the lives and livelihoods of people in this State are put at risk by nefarious and quite extraordinary activities of the building unions.

Paragraph (b) of my motion calls for a judicial inquiry into the cost implications for builders, investors and consumers in this State. Everybody knows that the costs associated with commercial and large building projects have escalated dramatically over the past two years; and we also know from discussions with various people in this State that there is now a large loading on all contracts because of the risk of industrial action. We know that the ASER project is one of the most outstanding examples of gross stupidity by the union movement, but it does not stop at that project: similar examples are evident at most major building sites in this State. It just so happens that the bill for the ASER site will be the largest on record in this State, and the cost overruns associated with that project will have to be borne directly by the people of this State.

If members want to know about the impact on investors, they should discuss the goings on of building unions over the past two years with those people who have told me that they will not invest their hard earned dollars or their capital until they receive a guarantee that the projects in which they invest can proceed strike free.

The Hon. J.W. Slater: Who are they?

Mr S.J. BAKER: The member for Gilles asks, 'Who are they?' We know what lengths the building unions will go to, and I do not intend to name anyone in this House.

Mr Gregory: You've got no-one to name.

Mr S.J. BAKER: There are many examples, particularly in relation to the ASER project. If the member for Florey believes that these things have no substance, he will allow this judicial inquiry to proceed, and that will prove once and for all whether what I am saying here today is wrong and I should stand condemned, or whether everything I have said in this House today is relevant and true and it is time that some concerted action was taken. So if the member for Florey is certain that there are no problems in the building industry, he should allow this motion to proceed and I would expect him to support it. However, if he has some doubts about his mates and the way they have acted over the past two years (and, of course, it goes well beyond that because it has been going on for many years; it has just reached a head in the past two years), he will refuse this motion and I would expect him to vote against it. However, the member for Florey knows what is going on. During his time with the United Trades and Labor Council he took no action to curb these unions, and that is why he is in this place today. It is up to him as a legislator and a parliamentarian to think of the State—not his mates—first.

I refer again to the cost. It is not only the cost to the State in lost opportunities—it runs right down the line to the price we pay for goods. If it is a hotel site, it is the price we pay for accommodation; and if it is a commercial retail site, it is the price we pay for the goods sold. It does not stop at investors losing money, and at builders having their noses put out of joint—it affects the whole community and as such it is quite insidious. I have a considerable amount of material to put forward in this debate, so I seek leave to continue my remarks later.

Leave granted; debate adjourned.

DAYLIGHT SAVING

Mr BLACKER (Flinders): I move:

That the regulations under the Daylight Saving Act 1971 relating to standard time made on 16 July and laid on the table of this House on 6 August 1987, be disallowed.

This motion will not be unexpected to many members of this House, mainly because I have often put on record the extreme concern and disgust of members of my electorate towards the Government's attitude on daylight saving. This particular regulation relates to the further extension of daylight saving. While it had some support from the Victorian State Government, initially, the New South Wales Government was not going to accept the two week extension. Of course, we have the even more ridiculous situation where Queensland is on one time, New South Wales on another, Victoria on yet another, and South Australia falls into line with only Victoria.

In my opinion, and that of my constituents, that is grossly wrong; it is seen as purely a convenience for some people and shows a complete disregard for the majority. I will not canvass the daylight saving issue fully, other than to say that there is a cost element to it. The cost level to the constituents of South Australia increases as one goes farther west. The concern would be obviated if we were operating under our natural time, and the whole State could have daylight saving applied to that; then there would be no hassles. Everyone could wear the variations in daylight saving at the appropriate time. The State would be acting uniformly. However, there would be the one hour difference between the Eastern States and the central States—South Australia and the Northern Territory.

The argument is often put forward that we need to be on the same time level for business reasons. That is totally wrong. With today's electronic technology we can have instant communication. The arguments being proposed now are exactly the same as those proposed in 1898 when the Standard Time Act was originally debated in this House. In those days we did not have telex machines, facsimile machines or even telephones. The means of communication was by road—if we could call them roads, they were basically tracks. Obviously, there was a long time delay between different areas. If there was an argument, it may have occurred then but certainly does not occur now.

I call on the House to reject this regulation as being an unnecessary imposition on those persons in the western area of the State and, if we are all deemed to be constituents of the State of South Australia, surely the people of my electorate and the electorate of Eyre have the right to at least some courtesy and respect on this issue. I call on the House to support my motion.

Mr S.G. EVANS secured the adjournment of the debate.

SUBMARINE CONTRACT

Mr HAMILTON (Albert Park): I move:

That this House congratulate the Premier and the Government in achieving yet another success by obtaining the submarine contract for South Australia and the thousands of jobs that will be created as a consequence of this contract.

It is with much pleasure that I recognise the efforts of the Premier and this Government in gaining this contract.

Members interjecting:

Mr HAMILTON: If the member for Heysen would like to make a contribution to this debate to support this project we on this side welcome his contribution, because we have heard very little in support of it from the Opposition except

its Clayton's type support. The opportunities created by the project are quite enormous, and it is worthwhile placing them on the parliamentary record.

Members interjecting:

Mr HAMILTON: I understand that the member for Morphett also supports the submarine project here in South Australia: he is one of the few Opposition members who has indicated support for this project, so I welcome his statement to the House. In excess of 3 500 jobs will be generated by the project, and existing industry will receive a massive boost. Also, new industries will be attracted to the State. There will be a boost to the commercial and residential areas such as housing and small business, and new companies will be attracted to the Port Adelaide area.

Like the member for Price I, as the member for Albert Park, look forward to the success of this project. It has been said that \$80 million to \$100 million will be spent on the submarine site alone. That expenditure will create an enormous amount of work in the western suburbs in particular, where it is sorely needed. We have witnessed for many years the decline of industry in the western suburbs, but here is an ideal opportunity for the people in those suburbs—the people the Labor Party supports strongly, the working class—to find gainful employment and new skills that will stand them in good stead for many years to come.

Another matter that should be addressed in relation to this proposition is the influx of interstate and overseas technology to Port Adelaide and therefore South Australia: that is of prime importance. I suggest that the member for Briggs will have much to say about this happening in relation to Technology Park, an area he represents ably. During the course of this parliamentary sitting he will be able to inform us, as only he can, about the technological advances that will benefit South Australia.

Having gained this contract, the Premier has not sat back on his laurels but has been out canvassing throughout Australia, particularly in New South Wales and Victoria, in an attempt to attract other businesses to this State. The publicity of this State because of this project is worthwhile, and people in the area around the Port are looking forward to new employment opportunities. I read in one newspaper that there will be an employment bonanza in South Australia because of this project: I welcome that, but I am careful with my terminology about this matter.

At this stage I think that recognition should be given to one person who has been forgotten in this debate and, of course, that is Jim Duncan. I think his wonderful contribution to this project should be put on the record. I know that, with his briefings, many of my colleagues on this side of the House were more than impressed with his ability and capacity to relate to us the tremendous advantages that will come from the submarine project. We in the western suburbs look forward to the project. We look forward with a great deal of interest and expectation to the work that will be created in the area.

Local business people have already indicated to me their support for the project, and various promotions are already in train in the western suburbs. I refer particularly to one enterprising young fellow who, I am told, is already promoting submarine badges in the western suburbs area. I applaud him for his perceptiveness and intelligence in his efforts to bring the project to the attention of all business people.

The project will bring in a lot of technical support personnel, such as draughtsmen and engineers and, of course, those people will be looking for housing: I suggest that there is no better place for them to live than in the West Lakes area, as it is an ideal place in which to live. I suggest that

this influx of people will promote further building activity in the area which, in turn, will provide additional work in the building arena. In short, the submarine contract will act as a catalyst not only for the western suburbs but also for the whole of South Australia.

The Hon. Frank Blevins: It is an absolute coup.

Mr HAMILTON: As the Minister correctly points out, it is an absolute coup. By his well-timed interjection the Minister reminds me that one of the reasons that South Australia obtained the contract is because of the low level of industrial disputation here. That should not be forgotten despite the utterances made in this place. One should give full credit to the Government and to the Trades and Labor Council for their negotiating skills in convincing overseas companies that the various parties in South Australia do have the capacity and the ability to work closely together.

This is despite attempts by the Opposition to try and whip up a storm—similar to the 'Don't you worry about that' from Queensland, when the Queensland Premier went off to Japan and tried to whip up a storm there. In Australian terms, South Australia has the best record in the industrial affairs area. So, here is an opportunity for South Australia to show many people in Europe, and indeed in the Western world, our ability to undertake international enterprises. Finally, I refer to comments made in the Australian Submarine Corporation's booklet, as follows:

The Australian Submarine Corporation's strategy for Australian industry involvement includes: sourcing of equipment and material from Australia—

very important to this State as well—

fabrication and outfitting of all sections of all submarines in Australia; final assembly of all submarines at the Australian construction facility—

and we all know where that is—

the submarine design work in Australia; the supply, education and training of personnel.

They are all very important factors, and will provide opportunities for those people who come here—people whom members on both sides of this Parliament represent. Equally important is the introduction of a state of the art and completely integrated management system and coordination with Commonwealth needs. I am aware that a number of my colleagues would like to speak in this very important debate, so I will wind up. I anticipate that the member for Price, who is itching to get to his feet to adjourn the debate, and also the member for Briggs will want to talk on this matter, and even perhaps, you, Sir, with your knowledge and understanding of the western suburbs, I suggest would be eager before the end of the year also to speak on this very important and worthwhile project.

Mr OSWALD secured the adjournment of the debate.

MARIJUANA

Adjourned debate on motion of Mr Olsen:

That the regulations under the Controlled Substances Act 1984 relating to expiation of simple cannabis offences made on 30 April and laid on the table of the House on 6 August 1987 be disallowed.

(Continued from 20 August. Page 379.)

The Hon. LYNN ARNOLD (Minister of State Development and Technology): I rise briefly to speak on this motion moved by the Leader of the Opposition to disallow the regulations under the Controlled Substances Act and to indicate my intention in this matter. First, because this is a matter of regulation and not a matter of policy, it falls

outside the area of conscience vote issues and therefore a conscience vote would not in the normal circumstances apply in this area. Therefore, I intend to vote against the motion on that ground. Further, I want to indicate something else about this whole matter, and that is the way in which the whole issue has been processed by the Opposition. I believe that the conscience vote issue has been under considerable pressure in this House as a result of actions of the Opposition in this matter. The conscience vote requires of all members of Parliament that they respect the right of individual members to express their conscience, whatever it may be, and not seek to use it in a partisan manner. The facts are that it should be received in an apolitical manner.

The facts are also that, while some members of this place have chosen to acknowledge my right to a conscience and have chosen, either for political expediency or for genuine reasons, to support me in what I have done, they have not granted to other members of this place who had a different voting pattern from me the credit that they, too, might have expressed a true conscientious opinion on this matter. I can assure all members that I am certainly convinced that the great majority of members who voted for this matter before the House on two occasions last year had a very deep felt conscientious view about that matter. My serious concern about what is to become of the conscience vote, given the way in which it has been partisanly handled over this matter this year, has resulted in my raising that matter in another forum, and I hope that members will have the opportunity to canvass that in the privacy of the corridors of this House so that we can come to a system that may see respect for—

Mr LEWIS: On a point of order, Sir—

Ms Lenehan: Here we go again.

Mr LEWIS: Mr Deputy Speaker, first of all I take exception to the imputation of the interjection made by the member for Mawson about my motivation in rising to take a point of order, and I would ask her to withdraw that.

The DEPUTY SPEAKER: I am not in a position, because I did not hear what the interjection was—

An honourable member interjecting:

The DEPUTY SPEAKER: Would the member for Murray-Mallee resume his seat. I am not in a position to know what the interjection was, but I would ask the member for Mawson to withdraw any interjection that would be offensive to the member for Murray-Mallee.

Ms LENEHAN: I merely said, 'Here we go again.' I did not impute any motives to the member for Murray-Mallee. It was not just me. I am the one who should be taking exception to the member for Murray-Mallee for the way he tries to intimidate members of this Parliament.

The DEPUTY SPEAKER: I cannot rule on a point of order when I did not hear the interjection and, in any event, interjections are out of order.

Mr LEWIS: I am flabbergasted. I have heard the Speaker require members of this—

The DEPUTY SPEAKER: Is the honourable member taking a point of order?

Mr LEWIS: Yes, he is, with your indulgence.

The DEPUTY SPEAKER: Would you make your point of order?

Mr LEWIS: My point of order is that I have heard the Speaker, and you, Sir, have heard the Speaker, require members who have used an unparliamentary word to withdraw that unparliamentary word, even though—

The DEPUTY SPEAKER: Order! The honourable member will resume his seat. I have given an explanation to the honourable member. I am not in a position to answer his point of order, because I did not hear what the original

interjection was, and I can see no point of order that he is making before me at the moment.

Mr LEWIS: On a point of order, given that I rose in the first instance to ask you, Sir, to rule on whether the Minister's diatribe about conscience votes had anything to do with the motion before the House—

The DEPUTY SPEAKER: Is the honourable member making a point of order?

Mr LEWIS: I am asking you to rule on whether the Minister's diatribe about conscience votes has anything to do with the motion before the House.

The DEPUTY SPEAKER: There is no point of order. As far as the Chair is concerned, the remarks that were being made by the Minister were in line with the subject of the debate.

The Hon LYNN ARNOLD: My concern on this matter has been that the conscience vote has been a tradition of Parliaments in the Westminster system. I am one person who has exercised that right on a number of occasions, and I believe that many other members have done so also. Even if the majority of their particular Party has stayed with them, that sometimes means that they are not seen to have exercised a conscience vote as perhaps was the case with me. One thing that has concerned me in relation to this matter is that, if it is to remain a vital arm of the parliamentary process and to continue to exist in the future, it must be received in the apolitical sense in which it is being expressed. It is in that context that, in private forums of this place, I have indicated that I think that all members of the House of all political Parties should sit down and discuss the matter to see if there is some set of guidelines, so to speak, that can be agreed. The other point I want to make is—

The Hon. E.R. Goldsworthy interjecting:

The Hon. LYNN ARNOLD: The Deputy Leader asks, 'Who is kidding about a conscience vote?' The fact is that a conscience vote existed on this side of the House and, while it may not have existed on the other side of the House (and it appears that it did not), on this occasion I did not want to enter a slanging match about who did or did not have it. The fact is that the expression of it in this issue has been misused by some members of this place.

As a result of the considerable concern that arose in the community last year about one aspect of the legislation, it transpired that the Government indicated that it would review the situation after it had been in place and it would monitor whether or not the anxieties and fears of people did or did not show true. On the first occasion that I spoke on this matter, I indicated in my closing comments that I hoped my anxieties and fears about the legislation were wrong. I acknowledged the fact that they may well be wrong and, if in fact after a suitable period of review of the legislation the figures are released and show that I am wrong, I will be the first to admit that I was unnecessarily concerned and anxious. On the other hand, if the anxieties and fears that I identified in my speech prove to be validated, then I know that the Government will want to look very closely at the implications of that.

The tradition of the conscience vote in the Legislature has been that it is exercised on matters of policy and not on matters of administration. On two occasions this House has had the opportunity to determine the policy matter, and that is unusual. In the ordinary course of events, it should have the opportunity only once, but it was given the opportunity again, and on both occasions members of this place voted in various ways. On the first occasion I was here to actually cross the floor and on the second occasion I am recorded by the pairing system as having voted against

the legislation; in other words, I voted for the repeal of that particular section of the Act. On both occasions I have indicated what my view is.

This is an administrative matter—a regulation. It has not been the tradition of Parliament for that to be within the realm of a conscience vote. That does not resile from the fact that I have been opposed to any suggestion that marijuana should be decriminalised. They have been my views and they remain my views. I hope that the figures that will come through after an evaluation of the legislation show that my fears have not been substantiated.

Members interjecting:

The Hon. LYNN ARNOLD: The honourable member says that I am going soft. I believe that, of all the members in this place, I have one of the most credible records on this issue. What angers me significantly is that it has not been treated in the spirit in which it should have been and members on the other side of the House should bear the burden of that particular accusation.

Mr OSWALD secured the adjournment of the debate.

WINE AND CITRUS TAX

Adjourned debate on motion of Hon. P.B. Arnold:

That this House condemns the Hawke Government for destroying the viability of the wine and citrus juice industries by the irresponsible introduction of an unsustainable level of taxation which has caused a significant fall in sales and resultant hardship for growers and, therefore, this House demands that the Federal Government abolish the citrus juice tax and reduce the wine tax to 10 per cent forthwith.

(Continued from 20 August. Page 381.)

Mr LEWIS (Murray-Mallee): The member for Chaffey, in moving this motion, has drawn attention to the parlous state into which the industries affected by this iniquitous tax introduced by the Hawke Government have now fallen. It is to be recognised that the remarks that he made were entirely valid factually and in logical development of a position in relation to those facts. I do not propose to go over them again now. I simply want to put before the House today a couple of points that members should consider when examining the implications of these taxes in the commercial environment—the marketplace—in which they occur.

Why is it that the Hawke Government has chosen to tax wine and citrus juice when it has done nothing to tax fresh spring water, which is a substantial and rapidly growing business? Why has it chosen not to tax milk, which is an equally substantial industry? I do not advocate taxes on either of those commodities, but the anomalies are there; the hypocrisy of the Government's position is there. It has been quite unprincipled in the way in which it has discriminated unfairly against the interests of the people in the irrigated industries producing grape and citrus juice and thereby has destroyed the already marginal viability of many of the farms—irrigation blocks, if one wants to define them more particularly—in the irrigated areas along the Murray River. Those farms are not restricted to the Riverland; they extend also into my electorate.

I wonder, too, why it is possible to tax the juice when it is taken out of the fruit but not while it is still within the skin. After all, it is still juice. That is a ridiculous anomaly. If citrus and grape juice is taxed when it has been pressed, why is it not taxed before it is pressed? What we will end up with is taxes on celery, carrots, apples and pears because they contain juice. Where will it stop? How far do we have

to go with this stupidity? How many small farmers and fruit blockers will be destroyed before the Government wakes up? I seek leave to continue my remarks later.

Leave granted; debate adjourned.

SOUTH AUSTRALIAN FILM CORPORATION

Adjourned debate on motion of Mr Hamilton:

That this House congratulates the South Australian Film Corporation Board Directors, Managing Director, Mr John Morris, administration and staff for their ongoing contribution to the film industry and the economy of South Australia and, further, this House congratulates the corporation on its success at the 1987 Moscow Film Festival with the film *Playing Beatie Bow* being voted as the 'Most Exciting Children's Film'.

(Continued from 20 August. Page 387.)

Mr HAMILTON (Albert Park): In the short time available to me it gives me great pleasure to continue my remarks about the South Australian Film Corporation. As some members may be aware, the corporation is located at Hendon, right in the middle of my electorate. On numerous occasions I have had the opportunity and pleasure to have been escorted around many of the studios at the corporation to witness not only filming but also mixing and cutting of many films. In the next few months it is my intention to elaborate at great depth on the contribution that the corporation has made to this State, notwithstanding the utterances of some members opposite over the years who wished to sell off the corporation to private enterprise.

I think that it was the member for Hanson when he was in Government who, much to the dismay of the Minister of Arts at the time, made this suggestion; the Minister came out and served up his backbencher for making such an outrageous statement. It was also interesting to note the involvement of the member for Hanson in that memorable debate on an ABC program involving John Morris, who carved up the member for Hanson in swift time because of his insane utterances.

Mr Lewis interjecting:

Mr HAMILTON: Perhaps the member for Murray-Mallee can make his contribution at a later time, when I would welcome it, but not at this juncture. I turn now to recent successes of the corporation, particularly at the Moscow Film Festival. It was a wonderful contribution and, noting that, I sent a telegram to the corporation, which said:

Congratulations on your fantastic achievement with *Playing Beatie Bow* receiving justified acclamation as the most exciting children's film at the 1987 Moscow Film Festival. You must be very proud and it is a well deserved recognition.

That telegram was signed by me and my darling wife, who has a great interest in the corporation, which is recognised by the people down there. Those who have seen the film *Playing Beatie Bow* would be suitably impressed by the wonderful contribution that it has made. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

[*Sitting suspended from 1 to 2 p.m.*]

APPROPRIATION BILL

His Excellency the Governor, by message, recommended the House of Assembly to make appropriation of such amounts out of Consolidated Account as were required for all the purposes set forth in the Estimates of Payments for the financial year 1987-88 and the Appropriation Bill.

DEATH OF Mr F.C. STANIFORD

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

That this House expresses its regret at the recent death of Mr F.C. Staniford, former member of the House, and places on record its appreciation of his meritorious service; and that as a mark of respect to his memory the sitting of the House be suspended until the ringing of the bells.

I have been advised today that Mr Frank Clement Staniford died on Tuesday, at the age of 94 years. He was born on 20 March 1893. That happened to be the year in which the Labor Party in South Australia first stood candidates for the House of Assembly. He was educated at Uraidla public school and first stood as a candidate for Parliament in 1918. He won the seat of Murray in 1924, becoming a member of the Labor Government formed after that election.

That Government was defeated in 1927, and Mr Staniford lost his seat in that election and won it back in 1930, when Labor again formed a Government. From the period February 1933 until April of that year, a short time, Mr Staniford was Minister of Education, Local Government, Immigration, and Labour and Employment. His ministerial career was relatively brief and he lost his seat yet again in the 1933 election. Although standing again on a number of occasions in the years up until as recently as 1953, at the age of 66, he was not able to successfully re-enter the Parliament.

I had the pleasure of meeting Mr Staniford on a number of occasions and indeed entertaining him here in Parliament House. In company with him that day were the Hon. Bert Hawke, a former member of the House of Assembly and Premier of Western Australia, and Mr Norman Makin, who had been a Federal Minister and Ambassador to the United States. Both those gentlemen died at advanced ages and Mr Staniford, together with Mr Les Hunkin, who was also present at a function and died at the age of 100 years last year, represented the last of that group from the 1920s. With his death a link is severed with that part of our political history.

He was certainly enormously well respected. He was an orchardist in the Adelaide hills through most of his life, particularly when he was not serving in the Parliament and was very much involved in the fruitgrowing industry and other aspects of rural life. He was a strong and sincere exponent of the ideals of the Labor Party and of what he saw as the interests of the small holder in the rural sector. Indeed, he spoke up for those interests in the Party, in public, and in Parliament while he was a member. Mr Staniford is survived by his family (Peter, Barbara, Cynthia and John), seven grandchildren and 11 great grandchildren. He lived to a marvellous old age and it is fitting that this House records its regret at his passing.

Mr OLSEN (Leader of the Opposition): I support the motion. Although I did not have the pleasure of meeting or knowing Mr Staniford, I pay the respects of Liberal members to his life and work as a member of this place for two periods between 1924 and 1933. While Mr Staniford was a member of this House, Australia was going through a period of great adversity and change and, as a nation, we had to cope with a massive depression the like of which I hope we never see again. Also, we were between the two world wars in which many Australians gave their lives for their country.

Therefore, Mr Staniford's contribution as a member and as a Minister in four important portfolios was something that we should acknowledge today. As the Premier said, Mr Staniford lived to the age of 94 and no doubt had much

experience and wisdom to pass on to those who knew him well. I ask that the condolences of the Liberal Party be conveyed to members of his family on his passing.

The Hon. D.C. WOTTON (Heysen): I join the Premier and the Leader of the Opposition in supporting the motion. I knew Mr Staniford all my life, as his property adjoined my family's property. He was a person for whom I had the greatest respect. He served his community very well indeed in so many ways and, as the Premier said, he also served very well the industry in which he was involved for the whole of his life. He was highly respected by all who knew him in the community in which he served. Mr Staniford served his church and, again, was highly respected in that area. I request that my condolences and those of other members be passed on to his two children, Peter and Cynthia, and their families.

Mr S.G. EVANS (Davenport): I support the motion. Mr Staniford was well respected. I knew him well, as we served together as co-delegates on the Hills Football Association for many years. Even though he knew that I was becoming involved in politics as a Liberal, he was kind in every way in advising me. From his era in politics, he treasured the preservation of the independence of the individual even within a political Party, and he emphasised that to me. I remember on one occasion when we were sitting together outside the clubrooms at Balhannah while we waited for others and we discussed that aspect.

He served his church and community well and I do not believe that anyone in the Hills could say that there has been a man who gave more to football over his lifetime. Although he gave to other sports as well, it was as a football administrator that he is mainly remembered. I believe that he was the first secretary of what was known, in 1919, as the Mount Lofty Football Association. I treasured not only his comradeship in sports administration but also his community efforts and those of his family.

It must be remembered that, when he was defeated in that era at the polls, we were changing from multiple-member electorates to a single-member electorate system and that, if multiple-member electorates had been continued, Frank Staniford might have served for longer than he did in this Parliament. However, it is difficult for a member to serve in a single member electorate when that member represents possibly less than a majority view in the area.

I hope that the House will pass on to the Staniford family not just my thanks, respects and condolences but those of the community, particularly the Hills community, as well as the fruitgrowing industry and the football community. We have lost one of the oldest links with our sport in losing Frank Staniford.

The Hon. E.R. GOLDSWORTHY (Deputy Leader of the Opposition): As the present member for the district in which Mr Staniford gave a great deal of service over many years, not only in politics but in the community, I wish to be briefly associated with this tribute. I had the pleasure of meeting him during the latter part of his life and I have met members of his family, who continue in the tradition of their father in the service they give to the community. Mr Staniford and his family are the salt of the earth, irrespective of their political philosophy, and for that reason I wish to be associated with this tribute.

The SPEAKER: The last years of his life Frank Staniford spent at the Murray Mudge Settlement in Glenelg, in the Federal electorate of Hawker, and he continued his enthu-

siastic support of the Labor Party through the Hawker electoral organisation of that Party, where he was warmly welcomed at every function he attended and highly respected. In order to express the condolences of the House, I will endeavour to convey the *Hansard* report of members' contributions to the relatives of Mr Staniford.

Motion carried by members standing in their places in silence.

[Sitting suspended from 2.12 to 2.20 p.m.]

MINISTERIAL STATEMENT: TOOLING CENTRE

The Hon. LYNN ARNOLD (Minister of State Development and Technology): I seek leave to make a statement.

Leave granted.

The Hon. LYNN ARNOLD: The State Government is working with business and unions on proposals which could result in increased Australian equity in a proposed national tooling centre in Adelaide. Increased local equity is one of a number of options being looked at by the Government in consultation with unions and the Holden motor company, which operates the existing tooling facility at Woodville. Negotiations are under way with several local and foreign parties, and there is the possibility of a joint venture involving several investors, and including strong local equity.

At a meeting with unions and the Department of State Development and Technology this week, the General Manager of the Holden motor company (Mr Ray Grigg) made it clear that the company's Woodville tooling operation has substantial forward workload. This will ensure continuity of employment for the existing Woodville work force in the foreseeable future. I would like to take this opportunity to give credit to unions and the Holden motor company for their support of the tooling centre project and the commitment they have given to negotiations. The unions particularly have been exceptional in their flexibility and willingness to look at new ideas to accommodate plans for the facility.

The Holden motor company has also clearly shown its belief in the need and demand for tooling capacity in Australia. Government, unions and industry are committed to the tooling facility at Woodville, and our determination has been strengthened by the obvious opportunity which now exists for a major tooling operation in Australia. In conclusion, I point out that, given the history of tremendous tripartite cooperation in this project, I remain realistically confident that we can come up with a package which will ensure that we meet the tooling demands of local and national industry.

QUESTION TIME

The SPEAKER: Before calling on questions, I advise that the Premier will take questions that would otherwise be directed to the Deputy Premier and the Minister of Lands will take questions that would otherwise be directed to the Minister of Transport.

ELECTORAL REDISTRIBUTION

Mr OLSEN: My question is directed to the Premier. Following a submission from the Electoral Districts Boundaries Commission which expresses concern about the potential for malapportionment of House of Assembly boundaries before the next redistribution, is it the Government's inten-

tion to have a referendum at the next State election on the question of whether there should be more frequent redistributions?

Mr S.G. Evans interjecting:

The SPEAKER: Order!

The Hon. J.C. BANNON: I have not seen the report to which the honourable member refers, although I have heard—

Mr Olsen interjecting:

The Hon. J.C. BANNON: Yes, I am aware that they wrote to me, but the letter was sent on to the Attorney-General, who handles electoral matters on behalf of the Government. As a result, I have not actually studied it, and cannot comment on its contents. At this stage the Government has not considered it: we are awaiting a recommendation from the Attorney-General. Members would be aware that, under the present system, no redistribution can take place prior to the next election unless the number of members in the House was either increased or decreased, and there is no intention of such action on the Government's part. We will await the report of the Attorney-General and then decide what is necessary.

STA TRAM BARN

Mr DUIGAN: Is the Minister of Housing and Construction able to advise the House what action has been or is being taken to determine the activities that should take place on the STA tram barn site off Victoria Square? In particular, is the Minister able to advise whether any investigation of the use of that site will include the requirement that the community be provided with the opportunity to voice their views on any proposed building or development?

I have seen recent statements that the State Government intends that the now decommissioned STA tram barn site in Victoria Square on the corner of Angas Street is to be redeveloped for Government office accommodation, perhaps in association with the small park adjacent to St Francis Xavier's Catholic Cathedral in Wakefield Street. The rejuvenation of the Adelaide square mile has become an issue of intense public interest, and Victoria Square is one of the principal features of the city.

The Hon. T.H. HEMMINGS: This question is important, as it reflects the honourable member's recognition of the active community interest in what happens to the city of Adelaide. Unlike other proposals to redevelop key parts of the city square mile, the tram barn site project will, at the request of the Government, provide the fullest opportunity for interested parties to have an input. Indeed, the Government formed the South-East Victoria Square Development Committee earlier this year for that very reason. Its members represent a cross-section of relevant interests, including the State Government, the Adelaide City Council, the community and artistic concerns. The committee, in turn, has sought to further the opportunities for comment from interested groups by commissioning a consultant to develop planning and design criteria for the site. Part of this commission involves public consultation.

As the member for Adelaide said, the Government intends to use the site for Government office accommodation, but that objective still allows a lot of leeway in the actual development of the site and may include facilities that will attract people into Victoria Square during their leisure time. The Government shares the obvious concern of the South Australian community that Adelaide's desirable characteristic mix of heritage and progress, spaciousness and convenience is not lost to future generations.

On this particular key site the opportunity for the public to suggest and examine proposals will be provided to the fullest. Towards this end, the recently commissioned urban design consultants will hold a public launch of their proposal about mid-October, followed by a period of public display.

GAS SUPPLIES

The Hon. E.R. GOLDSWORTHY: I direct a question to the Minister of Mines and Energy. Recalling the statement in the Premier's 1985 election policy speech that the Government had secured South Australia's future gas supplies, will the Minister explain why he wrote to Santos Limited earlier this month in terms which suggest that our future supplies are in fact not guaranteed even to the end of 1992 and, in particular, the reasons for the following observation in the letter:

I note with concern that the operational plan attached to your 24 June letter results in an inability to meet the State's gas requirements in full to the end of 1992. In order to meet the projected demand, I am advised that all reserves sales gas would be expended by early 1992.

The Hon. R.G. PAYNE: I suppose the first observation that one would be entitled to make in my position is that now we certainly have more gas reserves for South Australia than we had under the previous Administration when the honourable member who asked the question had the responsibility which is now mine. In answer to that question, the position is this—and I am rather surprised at the way in which the honourable member has raised this question, because I thought he would have been applauding every effort on the part of the Government to continue to ensure that gas will be available for the use of South Australians, and that is the purpose for which the letter was written. I ask him to re-examine the letter and I think he would agree with the sentiments in it. If he does not, he ought to let everyone in South Australia know as soon as possible.

GILLES PLAINS TAFE COLLEGE

The Hon. J.W. SLATER: Is the Minister of Employment and Further Education aware that on Tuesday evening of this week students who attend classes at the Gilles Plains Technical and Further Education College attended and found that the college was closed. I have been advised that the students attended for lectures but the lecturers had withdrawn or had not attended classes and consequently caused considerable inconvenience to the students who attended.

The Hon. LYNN ARNOLD: I thank the honourable member for his question. I have been informed about it by the members for Newland, Todd and Florey, who are as concerned as is the member for Gilles. I am concerned, too, and I am sure that every member in this place would also be concerned to know that, without warning, approximately 500 students turned up from all parts of Adelaide to attend their lectures only to discover that no lecturers were present to lecture to them. A pamphlet was handed out to some students, and they were asked to ring my electorate office, the office of their local MP or Lyall Fricker. A number of students did ring, and the general tone of the calls that I received and, I understand, that the member for Gilles and others received, was one of anger. In many cases that anger was directed at the lecturers for having so summarily dealt with the students in those courses by failing to give any notice of their failure to turn up and perform their lecturing duty.

It is a very sad situation. As I have indicated on many occasions, the vast majority of TAFE lecturers are dedicated professional people—dedicated to the cause of TAFE education. However, it is true that some people in the TAFE system have been living off that system and the very generous conditions that apply. Most do not, but some do. It seems to me that what occurred on Tuesday night was an example of a lack of professionalism on the part of a number of lecturers. It is interesting to note that, in the leaflet that they circulated, the following statement to the students appeared after comments about the general dispute issue:

Immediately though, you are faced with the very real possibility of not being able to complete the requirements of your study program this term/semester. Disrupted classes may not be able to be made up this year. The requirements set by chief examiners may not be achieved. In fact, the duties of chief examiners are not being performed at the moment. At the very least, you can expect that your present study program may not be completed by its stated date, that is, examination timetables may already be inaccurate. And, the longer the dispute continues, the more likely these implications become.

The implication in the pamphlet distributed to the students is that, somehow or other, the Government is responsible for those particular acts. That is categorically not the case. If in fact there is a real possibility of students not being able to complete the requirements of their study program this term or semester, that is because lecturers are not turning up to lecture to the students. If classes are disrupted, that is because lecturers are not turning up. If the requirements set by the chief examiners are not achieved, that also is because lecturers are not doing it. If chief examiners are not performing their duties at the moment, that again is the result of their conscious action.

Rather than put this threat about the continuation of their study program to the students, it would be much better if lecturers adhered to the professional code that the majority of TAFE lecturers adhere to, and that is serving the needs of their students. If they have a dispute with the Government on this matter they should follow that dispute through in other ways rather than jeopardising the study programs of students who come to their particular college. The pamphlet goes on to say:

The staff have maintained an extremely professional approach to date, by attempting to minimise the disruption to you.

That seems to be an odd statement given that, on Tuesday night, students in their hundreds drove from all over Adelaide to attend classes, and were unable to do so. By any definition that is hardly professional. In the leaflet, the lecturers apologise for that and 'trust that you will accept that we are campaigning for justice.' The general tenor of the telephone calls that have been received on this matter indicates that the students are not convinced that a professional attitude has been followed by the lecturers. I repeat: there is a dispute between a number of people in the TAFE system and the Government, but there are other ways in which that can be pursued without affecting the study programs of students who want to advance their own careers. They are not helped by lecturers failing to report for duty and by their not giving notice of such action.

TROTGING CONTROL BOARD

Mr INGERSON: I direct my question to the Minister of Recreation and Sport. In a judgment yesterday in the South Australian Supreme Court, in a case between L.A. Ward Racing Syndicate and the Trotting Appeal Committee, His Honour Justice Cox found, in relation to a letter from the

Trotting Control Board justifying its decision not to proceed with an inquiry into the positive swab, the following:

The board's letter gives no explanation for what, on the face of it, appears to have been an unusual step for the board to take.

His Honour Justice Matheson, in a judgment in the same case, found that:

Neither the board nor its solicitors have denied that there was a positive swab taken from Batik Print. If that fact is wrong, discovery would have revealed the error. If the procedure followed to take the swab was defective, that too, I think, would have been revealed.

Thus, will the Minister now order a full independent inquiry into the Trotting Control Board's handling of the positive swab taken from Batik Print after its win in the South Australian Breeders Plate on 24 May 1986?

Members interjecting:

The SPEAKER: Order! The honourable Minister.

The Hon. M.K. MAYES: As a responsible Minister I will leave that matter to the Appeals Tribunal and not try to pre-empt it, as the honourable member is endeavouring to do, or interfere, as the honourable member has done. I will not call on people and reflect on them inappropriately during the process of hearings, as the honourable member has done, nor will I reflect on the activities of individual members and fail to apologise to those people during the process of trying to drum up an issue for political purposes. I will wait until the hearing of the Appeals Tribunal before making my decisions upon that finding. I do not intend to pre-empt or prejudge any arrangements. I suggest the honourable member also take that advice.

COMPANY TAKEOVERS

Mr De LAINE: Will the Minister of Education, representing the Minister of Corporate Affairs in another place, advise whether there is any way in which the jobs of employees can be protected in the event of a South Australian company being purchased or taken over by another company? I cite as an example the recent purchase of Miller Anderson and the announced retrenchment by the new owners of many long serving employees of the company.

Mr Gunn interjecting:

The SPEAKER: Order! The honourable member for Eyre is not listed for a question. The honourable Minister.

Mr Gunn interjecting:

The SPEAKER: Order!

The Hon. G.J. CRAFTER: I thank the honourable member for his question. I have been advised by my colleague that there is no direct way in which the jobs of such employees can be entrenched. In relation to company takeovers which are regulated under the Companies (Acquisition of Shares) (South Australia) Code, predator companies are required to give advance warning of their intentions in relation to the takeover target. Information should relate to:

- (a) the continuation of the business of the target company;
- (b) any major changes to be made to the business of the target company, including any redeployment of the fixed assets of the target company; and
- (c) the future employment of the present employees of the target company.

This information then puts the owners of the company on notice as to the likely future of employees of the company. However, it does not serve in any way to entrench the jobs of employees once new management has taken over that company.

SURVIVAL IN OUR OWN LAND

The Hon. B.C. EASTICK: Will the Premier withdraw and publicly apologise for the serious reflection he has made on the contribution of Christobel Mattingley to the production of the book *Survival in our own Land* and immediately take its publication out of the hands of the *Adelaide Review*? As editor and researcher for the Jubilee 150 Aboriginal Executive Committee, Christobel Mattingley has had prime responsibility for the preparation of this book, which was regarded by the committee as a major contribution towards improved understanding of our original inhabitants. More than 100 Aborigines had provided previously confidential and sensitive information for use in the book.

However, the South Australian Aboriginal community generally believes that the Government has been guilty of a scandalous breach of faith with the decision to transfer publication of the book to the *Adelaide Review* following its takeover of the Wakefield Press. In letters to the Editor in the *Advertiser* of 17 and 25 August the Premier has attempted to answer this criticism by reflecting on the work and integrity of Christobel Mattingley.

In particular, the Premier inferred that she had refused to sign a contract. In relation to the contract, I am advised that she has been attempting since May 1986 to finalise one; that on 9 July this year she signed two copies of a contract; that on 16 July she was informed that the Premier did not wish to countersign it; and that subsequently two amended contracts were presented by the Government with the demand that she sign them immediately, without the opportunity to consult with Aboriginal representatives with a legitimate interest in the matter.

The particular point in dispute is the allocation of royalties from the publication, not to Mrs Mattingley but for the benefit of the Aboriginal community. While the Premier has attempted to claim credit for a decision to allocate royalties to a trust fund to assist in the publication of Aboriginal writing, this recommendation was in fact made by Christobel Mattingley, and there is now concern that, following the involvement of the *Adelaide Review* in the publication, only a proportion, rather than the whole, of the royalties will be allocated for this purpose.

I am further advised that there have been continuing difficulties with the *Adelaide Review* over the preparation of this work for publication and that the Australian Society of Authors and the Copyright Council are concerned about the Premier's attitude to the Government's proposed contract. In all the circumstances, it has been put to me that the Premier would assist in ensuring this important project is not further delayed by apologising publicly to Christobel Mattingley—

The SPEAKER: Order! The Chair has been in a difficult position regarding the somewhat lengthy explanation of the honourable member for Light, because he has at intervals shifted from factual material to opinion and then returned to factual material. However, the Chair is of the view that the honourable member's contribution, taken as a whole, has constituted debate on the matter, and I now withdraw leave for his explanation and call on the Premier to reply.

The Hon. J.C. BANNON: Thank you, Mr Speaker. I am happy to reply, because much nonsense has been spoken about this matter and the situation has been stood on its head. I am sorry that the member for Light is yet another person who seems to have been misled by the information that he has received. Let me set the record straight and, first, give some facts about the book. It was a project of the Aboriginal Committee of the Jubilee 150 Board, which selected Mrs Mattingley as the researcher/editor. There is

no problem about that: it is a fact. Secondly, assistance of about \$54 000 was provided through the board for Mrs Mattingley to research and edit the book. That sum was paid through the South Australian College of Advanced Education. A further \$40 000 has been provided for the production of the book. Therefore, there is no question concerning the generosity and the active assistance by way of grant that the Government has provided through the Jubilee Board. Indeed, a further grant of \$5 400 was also received and some other private sponsorship has been sought.

At the time of the sale to the *Adelaide Review* this book was one of several that were incomplete. I was advised that, because those books were incomplete and had missed the deadline, it would probably be in our interests simply to cancel the project and, as no contracts have been signed, this could have been done legally. I said, however, that in view of the importance of the project to the Aborigines and the expectations raised in it, the fact that the book was incomplete should not prevent publication going ahead, and I requested that it do so.

At that stage, the Wakefield Press operation was being transferred to the *Adelaide Review*. The book was a long way behind schedule at the time of that sale. It had not come out in 1986 as had been expected and I would guess that Mrs Mattingley and anyone else connected with the publication must feel at least some, if not all, of the responsibility for that. However, I was not seeking to cast any blame and said that the book should come out and that we should forget that it was incomplete at that stage. The book is being completed at cost to the Government, and it does not depend on the commitment or finances of the *Adelaide Review*.

At that time—that is, at the time of the transfer—the Hyde Park Press had already been employed as printer, and Maureen Pritchard as designer of the book. That arrangement continued. Therefore, this nonsense that I am hearing that it ought to be handed back to the Government Printer where it once was ignores the fact that the Government Printer, under the previous Wakefield Press, had in fact—

Members interjecting:

The Hon. J.C. BANNON: It has appeared in a number of letters to the Editor—correspondence to which the honourable member drew my attention.

The Hon. B.C. Eastick: You're making it up as you go along.

The Hon. J.C. BANNON: Mr Speaker, the honourable member says that I am making it up as I go along. I am saying that the allegation has been made that the book should be returned to be produced by the Government Printer. That has been stated in a number of letters and comments.

Members interjecting:

The Hon. J.C. BANNON: Well, if that is one allegation that the member does not take up himself, thank you. However, I understood that Mrs Mattingley said it and I understood that that is what you were saying. I will quote the reference, if necessary. It is going to the Hyde Park Press. In other words, the production is going on as scheduled.

Now, why has this book been delayed? All I know is that the writing and researching created some difficulties and that it took a while to compile. There were delays on Mrs Mattingley's part in completing the index. Apparently she demanded the final galleys and page numbers before working on the index. There were delays as a result of her changing requirements for photographs. She changed the requirements, and that caused delays. I hope that that is

now clear. Mr Speaker, do I have to put up with this persistent interjecting?

The SPEAKER: Order! The Premier will have as much protection as any other member. I ask the member for Coles to cease the constant barrage of interjections. The honourable Premier.

The Hon. J.C. BANNON: I would have thought that I was making the position eminently clear. The book is going ahead; despite delays which are not of the Government's making, and despite the transfer to the *Adelaide Review*, it is being produced by the same printer and designer as originally stipulated. The contract has not been signed because Mrs Mattingley, I understand, is still seeking advice on it. In a letter to her dated 7 July I referred to the payments which had already been made by the Government and to the arrangements under which the book would be sold, and I stated:

The draft contract provides that in the event of subsequent editions a royalty will be paid to an Aboriginal foundation which will be established, if needed. You have been unwilling to sign this contract, which contains a clause indemnifying the State against any actions for libel in relation to the material contained in the book, and under the circumstances I have had to refer the text to the Crown Solicitor for assessment.

In other words, there were certain hearsay statements that could have exposed the State to a libel action by persons still living. I requested that an indemnity be included in the contract, and that request was refused. In that case I had no choice but to take responsibility to get Crown Law to check it out and ensure that those possible libels were not continued.

That has been done, but the contract has still not been signed. It is ready; we are willing and we are able to go ahead. Wakefield Press, under the *Adelaide Review*, will get no more than the agent's commission which any seller of the book will get in that first edition. Royalties will be paid in the normal way to defray some of the expenses that have been advanced on it. If a second edition is required there is no problem in it being paid to a foundation, as proposed. They are the facts. I hope that this book comes out in a form that is excellent. I hope that it is well received and does what is expected of it. That has always been my attitude. I am a strong and consistent supporter of it, and I am sick and tired of Mrs Mattingley and others misrepresenting the position in the press and even putting members up to doing it here.

PIMBA TO OLYMPIC DAM ROAD

Mr HAMILTON: Will the Minister of Mines and Energy provide the House with information on the likely construction timetable of the new Pimba to Olympic Dam road, as is provided for in the Roxby Downs indenture?

The Hon. R.G. PAYNE: I thank the honourable member for this question, as it gives me the opportunity to inform the House that this week Cabinet approved the calling of tenders for construction of the new bitumen road between Pimba and Olympic Dam.

The Hon. E.R. Goldsworthy: Olympic Dam is a mirage in the desert.

The Hon. R.G. PAYNE: There is only one thing that is a mirage in this House, and it sits on the other side of the Chamber. This follows a request earlier this month from the joint venturers for construction to proceed under the terms of the indenture and a subsequent recommendation from the Public Works Standing Committee for immediate commencement of the project. The estimated cost of the almost 100 kilometres of two lane arterial road and asso-

ciated works is \$23.7 million—to be shared equally between the Government and the joint venturers, as is provided for under the indenture.

The project will be open to public tender in the usual manner and the work will be supervised by the Highways Department. While all the works will be carried out under a single contract, it will be undertaken in a number of stages: stage one involves the Roxby Downs eastern bypass, providing southern access to the township and access to the airport, to be completed within six months of the awarding of the contract. The second stage is road construction between Olympic Dam and Pimba, to be completed within 10 months of the awarding of the contract.

I am sure that among members opposite the member for Eyre especially would derive considerable pleasure from the news that the road will be bituminised and upgraded, because he travels through his electorate on this road. The final stage, covering the remaining works, as described in the project definition report, will be completed within 24 months.

Mr Gunn interjecting:

The Hon. R.G. PAYNE: If the honourable member is so knowledgeable about the operation, perhaps he can tell me who will get the tender—it might save a lot of time. In its consideration of the project, the Public Works Standing Committee heard evidence that the road will be required to service the Roxby municipality, which is expected to have a total population of 4 200 people by mid-1991, as well as the mining project at Olympic Dam, in addition—

An honourable member interjecting:

The Hon. R.G. PAYNE: Of course, the uranium will be removed from the area. I understand that the project is on schedule, and production will commence in the middle of 1988. The new road will be sealed to a width of 7.4 metres with two metre shoulders, which is in accordance with acceptable standards for roads of a similar nature elsewhere in the State. Several possible routes were examined during planning for the road, but the final alignment closely parallels the existing road. One of the advantages of this decision is that the existing road can thus be used for servicing and during the construction phase.

CONTACT VISITS

Mr BECKER: My question is directed to the Minister of Correctional Services. Will the Government review supervision of contact visits for prisoners at the Adelaide Remand Centre, the Adelaide Gaol and Yatala Labour Prison? Allegations have been made to me that in recent months a stick of gelignite was smuggled into the Adelaide Remand Centre following a contact visit; that an attempt was made to pass a .357 Magnum revolver concealed on an infant; that a prisoner broke a leg off a table and attacked his wife—nearly killing her and injuring several staff before he could be restrained; that sachets of drugs have been passed by kissing; that a woman visitor injected an inmate with drugs between the fingers; and that intercourse occurred during a contact visit.

I have been informed that since the introduction of contact visits there have been a large number of incidents where quantities of drugs have been smuggled successfully into prisons, or prisoners have behaved strangely after contact visits. I believe that one prisoner or remandee is entitled to three visitors at once, and that one prison officer is required to supervise up to three prisoners or remandees at any one time, with the result that an officer may have to keep up to nine visitors and three prisoners under supervision.

The Hon. FRANK BLEVINS: I am not quite sure of the honourable member's actual question. Contact visits are a

problem, and there is no doubt about that. However, we must balance the good that they do against the inherent dangers, and we attempt to do that. I believe that the introduction of contact visits into the prison system has been sensible and humane and, in the main, it helps maintain as much contact as possible between families, so that when a prisoner eventually leaves a prison (as they all do, apart from those who die in custody) they have a family to return to and, it is hoped, they can be completely integrated back into society. Contact visits play a very important role in that. There is no question that, if there were no contact visits, there would be a far more secure prison system. There is no argument and no debate about that.

The ways that visitors on occasions smuggle illicit matter into the prison is always a matter for concern. I point out that the Department of Correctional Services has absolutely no authority, nor does it want the authority, to search visitors. I think everybody in the community would find it highly offensive if, for example, the wives, parents or grandparents of prisoners were subjected to strip searching prior to their visiting prisoners. That would be unacceptable to everyone. So, we have to accept an element of risk.

The security procedures in the gaol are excellent. I would welcome any honourable member to go and see them, to see the visiting process at Yatala or any other institution, particularly of a weekend when, in the main, the contact visits take place, when families including children are there. I have heard the allegation that illicit material is smuggled into the prison in babies' clothes. I have no evidence of it, but I have heard the allegations. Is the honourable member suggesting that we strip search babies before they go in?

Members interjecting:

The SPEAKER: Order!

The Hon. FRANK BLEVINS: Obviously, inherent in contact visits is a problem. I point out that the security in the gaols is excellent. The incident where—

Mr Lewis interjecting:

The Hon. FRANK BLEVINS: I will tell the honourable member all about it. Regarding the incident where the gelignite was taken into the gaol, the gelignite was found after approximately an hour of its being in the gaol.

I think it is to the credit of the prison officers that they carry out their duties as they do. They carry them out very efficiently indeed. I seem to remember an incident—and I think the present Leader of the Opposition was the Minister at the time—when a shotgun was found in Yatala, and subsequently used there. I do not know the precise clinical detail of how the gelignite was smuggled into the Remand Centre, but the mind positively boggles in relation to how a shotgun was smuggled in and used in Yatala during the previous Government's term. It is a problem—a serious problem. From time to time when we suspect that visitors have some illicit material on them, we call the police and ask the visitor to submit to a search by the police. I understand that this happens from time to time.

Regarding the prisoners, we have very extensive searching procedures. Some of the types of drug material we are talking about involve very tiny packages which, the honourable member is quite correct in saying, can be passed from mouth to mouth. Again, the Department of Correctional Services does not have the authority, nor does it want it, to search prisoners internally. That is a medical procedure which, quite properly, would normally be carried out by a medical practitioner. The benefits from contact visits must be balanced with the dangers inherent in them. I believe that we have the balance in this State as good as it is anywhere else in Australia or the world. It is not my intention, nor is it the Government's intention, to cease contact

visits other than on those occasions when we believe that the prisoner is deliberately abusing the contact visit system. In those circumstances, we do not allow that prisoner contact visits.

WOOMERA ROCKET RANGE

Mr RANN: Is the Minister of State Development and Technology confident that Woomera will have a long-term future as a rocket launch site? Does he believe that the reactivation of the Woomera range with German and United States programs, announced by Senator Graham Maguire some months ago, will assist this State in attracting more space related research and development?

The Hon. LYNN ARNOLD: I thank the honourable member for his question. In answer to the first part, I believe that Woomera does have a long range future not only for the launching of rockets but for other aspects connected with monitoring space traffic. There are not a great many sites in the world from which rockets can be launched into outer space and the demand is growing for such launchings. I advise that the Aerospace Promotion Committee that has been established by the State Government under the Chairpersonship of Tim Anderson, of British Aerospace, is looking at various ways in which the aerospace industry in South Australia can be promoted. In the context of that, I am certain that the committee will examine our potential of selling the launching service—the capacity to launch.

The launch that took place on Tuesday was very exciting, because it was the first for many years from that site. The aim of the launch was also very exciting: to send a rocket into outer space to photograph the first supernova in 300 years. Not only was this the first rocket launch to photograph the supernova; it was done in the selfsame State in which the first astro photograph of the supernova was taken in Australia. Chris Floyd, I guess Australia's leading astro photographer, rushed to set up his equipment when he knew that the supernova was appearing. He went to Ayers Rock, which is just out of this State, and took the first photograph of the present supernova that has been taken anywhere in Australia. Having had the chance to see those photographs, I can say that they are very impressive indeed.

Aerospace technology and all that is related to it is seen as a priority by the State Government. The Government feels that the State has the potential in the industry that can manufacture the necessary avionics and electronics and because the State is fortunate to have existing facilities such as the launch site at Woomera.

TROUBRIDGE

The Hon. TED CHAPMAN: Can the Premier say where is the report that he promised me when answering my five-part question on 9 April 1987 relating to the replacement for the MV *Troubridge*? In answer to that question, the Premier said, among other things, that he would get a full report on the matter from his colleague the Minister of Marine. I recognise that the Minister of Marine has been in the woods lately but, if and when he comes out, I would appreciate that information.

Yesterday I went down to Port Adelaide along with my colleagues and residents from Kangaroo Island anticipating a bit of information that I sought on their behalf in April during the latter part of the last session. Neither from the representative of Eglo Engineering nor the Premier, his wife

or other speakers on the platform that day did we get an inkling of the very vital matters about which my island community is most concerned. A particular matter is the space rates that are to apply on that vessel in its servicing of the island community when it completes its trials and gets into the water. What I did hear yesterday was that the space rates as they apply to the Port Lincoln or Eyre Peninsula leg of the journey have been disclosed and it has been proposed or endorsed that they will be 50 per cent more than they were last time.

This is very relevant information in explaining the question, because a prominent member of the transport industry was on site and he told me and others at the luncheon that the new figure of \$12 per lineal foot space rate is to apply on the *Island Seaway* between Port Adelaide and Port Lincoln. Each way (that is, on a semitrailer) it will cost, for a 42-foot semitrailer (space rate only), some \$500. In view of that extraordinary amount, quite apart from the cost of hiring a trailer, the carrier service fees, and so on, a \$1 000 return trip for a 42-foot trailer will price the transport industry out of using the *Island Seaway*. If the same proportionate figures are proposed for the island service, we are out of business.

The SPEAKER: Order! The Chair has shown a great degree of tolerance towards the honourable member for Alexandra, but he is quite clearly beginning to debate the matter. In fact, he has been debating the matter for a while in the manner of a mini grievance debate. If he cannot conclude his remarks fairly briefly, I will have to withdraw leave for his explanation.

The Hon. TED CHAPMAN: Well, Sir, I appreciate your tolerance, but I have missed the Address in Reply debate: I have missed a fair bit of the session already. It is a very important question. I will conclude my remarks and indicate to the Premier that, if anything like the space rates that have been determined for the Port Adelaide to Eyre Peninsula link in the *Island Seaway* operation are to be extended to the Kangaroo Island link, as I forecast some 12 months ago, this *Troubridge* replacement vessel will be a monster that plies between those ports but we will not be able to afford to use it.

The Hon. J.C. BANNON: I apologise to the honourable member: I was not aware that I had not followed up or responded to his questions and the request he made on 9 April. I cannot recall the exact content of the questions. It would be normal in those circumstances and in the intervening period for me to have forwarded a letter to the honourable member after obtaining information from my colleague the Minister of Marine and whoever else was involved in the matter. I believe that freight rates are set by the Highways Department and would therefore relate to the Minister of Transport. First, I will undertake to find out what has happened in relation to the answers to those questions. Secondly, and more importantly, I will try to provide an urgent response to the honourable member.

HOUSING TRUST HOMES

Ms LENEHAN: Will the Minister of Housing and Construction investigate the significant difference between the market value and the construction cost of Housing Trust rental premises provided to a family in my electorate by the trust? I have been approached by my constituents who are interested in purchasing a 25 per cent share of the Housing Trust home that they are currently renting. An independent valuation—

Members interjecting:

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

Ms LENEHAN: An independent valuation from a local real estate agent valued the house at a market value of \$64 000. In a letter to me from the trust it was stated that, based on market values, the property would have been offered to my constituents at a sale price of \$60 000. My constituents have been informed by the trust that, under the terms of the Commonwealth-State Housing Agreement, the trust is obliged to sell its rental properties at a sale price based on market value or construction cost, whichever is the higher, and that the construction cost of their house, including land, would be \$75 530, with a 25 per cent share of the property being \$18 882.

My constituents have further informed me that a Housing Trust dwelling currently being constructed next door to their home will cost in the vicinity of \$35 500. My constituents have also informed me that, on their investigation, blocks of land in this section of Morphett Vale are currently selling at approximately \$20 000, thus bringing the total cost of house and land to approximately \$55 000. My constituents have asked me how the trust can account for the \$20 000 difference and have further requested a breakdown of the \$75 528 total construction cost which was provided by the trust.

The Hon. T.H. HEMMINGS: I thank the honourable member for her question. I will certainly undertake to have officers of my department and the South Australian Housing Trust look at this point. The base problem is the very rigid rule under which the Housing Trust must operate under the Commonwealth-State Housing Agreement whereby it cannot sell any property cheaper than the market price or the cost of construction. Whilst the honourable member was asking her question, I did hear from the other side a comment in the form of an interjection (which I should not comment upon) about privatisation. What the honourable member's constituent, under the Commonwealth-State Housing Agreement rule, is suffering from is exactly what the Liberal Party enunciated at the last election, namely, the selling of houses at a discount price. That was completely illegal and was not allowed under the Act, but the Leader of the Opposition was constantly saying that he could do it—however, he could not do it. What we ought to take into account—

Members interjecting:

The Hon. T.H. HEMMINGS: There has been no change. I understand that it is still the current housing policy of the Liberal Party to sell off houses at discount prices. I remind members of the Opposition that it is illegal—they cannot do it.

Members interjecting:

The SPEAKER: Order! I ask the Minister to resume his seat. The honourable member for Morphett.

Members interjecting:

The SPEAKER: Order! Regardless of what day it is, the Chair cannot tolerate interjections when trying to take a point of order. The honourable member for Morphett.

Mr OSWALD: On a point of order, I draw your attention, Sir, to the rules of relevance on Ministers' replies to questions and ask you to rule accordingly. It is my belief that for the Minister to stray into the Liberal Party's election policies at the last election is totally irrelevant to his answer. He should confine himself to the questions asked of him.

The SPEAKER: Order! The Chair is under the impression that the Minister was asked a specific question on the general subject of pricing policies. Provided he can restrict himself to the subject of pricing policies, his answer would have to be relevant.

The Hon. T.H. HEMMINGS: Thank you, Mr Speaker. The member for Morphett really summed up the Liberal Party's policy on housing—it is irrelevant. There is one area of some respite for the member for Mawson's constituent, and that is that we can perhaps take into account improvements undertaken by her constituents on the property. I will undertake to have an urgent investigation into that matter.

METROPOLITAN DEVELOPMENTS

The Hon. JENNIFER CASHMORE: Will the Premier, representing the Deputy Premier, advise the House when the Government will announce its definite intentions in regard to the five areas—Mount Barker, Virginia, Roseworthy, Sandy Creek and Willunga—which have been frozen for development pending the Government's decision regarding long-term development options for Adelaide? In February 1986 the Deputy Premier, releasing the report 'Long Term Options for the Development of Metropolitan Adelaide', announced that a development freeze on the five areas would apply for three months. This was subsequently extended to 12 months and has since been extended, despite an undertaking by the Deputy Premier to make an announcement in June, for almost another eight months.

Notwithstanding general recognition of the desirability of preventing land speculation, there have been several cases of hardship brought to the Opposition's attention, caused not only by the actual freeze but by the uncertainty as to the period for which it will apply. In view of the Deputy Premier's statement reported in the *Advertiser* of 2 July that 'Adelaide's urban sprawl is over', and in view of the leaking of the urban consolidation working party report recommending abolition of residential zoning restrictions, it appears that the Government has made its decision in regard to future development, and local government and property owners of the five areas are therefore pressing for an announcement forthwith.

The Hon. J.C. BANNON: Some intensive work has been done in this area and comprehensive reports have been prepared, although they have not been formally considered by the Government. However, the Minister is still considering them. There is certainly no question that the direction in which all the studies are pointing is to try to ensure that we can more intensively develop our established metropolitan area, for instance, by providing that amenities, services and facilities that are available there can be made available to a much larger group of people without having to push out further into the extremities of our linear city. The issues are extremely complex and I cannot comment in any more detail than that, but I will inform my colleague that this question has been raised. He expects to report to Cabinet and thence to the public soon.

HOUSING

Mr ROBERTSON: Can the Minister of Housing and Construction say what is the Housing Trust's policy concerning house design and the size of housing allotments? I am assured that about 10 per cent of South Australia's population now lives in public housing. In the light of that assurance and in view of the allegation commonly heard that public housing is somehow distinguishable from private housing, what measures have been taken by the trust to ensure that superficial differences are not allowed to obscure and denigrate the important role of the Housing Trust in providing public housing in this State?

The Hon. T.H. HEMMINGS: I thank the honourable member for his question. True, it is becoming increasingly difficult to distinguish between more recent public housing and private housing, and that is how it should be. For many years it has concerned this Government and me that trust tenants should be seen as second-class citizens and be housed accordingly. Unfortunately, in some parts of Australia, especially in the Eastern States, that is the case, but in South Australia we have moved away from that and I am pleased to say that we have won many civic trust awards for South Australian Housing Trust designed homes. We have had problems, of which most members would be well aware, concerning the cost associated with public housing. For instance, the costs of land, services and public transport have increased in recent years. At the same time, the nature of housing demand has changed. Consequently, the trust, with Government encouragement, has moved away from developing large tracts of houses exclusively of trust design and has turned instead to providing smaller, more integrated groups of dwellings in existing areas where there is still room for selective development.

In doing this, it has taken a number of steps to ensure a greater variety of design for its houses to suit those different locations. These new designs are flowing through to all new trust housing and I believe that South Australia's public housing is the best value for the dollar available anywhere. Indeed, I suspect that many members, like me, have received expressions of appreciation from constituents who have moved into Housing Trust homes. The State Government is doing all in its power to place as many people as possible in public housing. The changes in house design ensure that the benefits of public housing to tenants are not reduced through petty arguments over differences in appearance, as has happened in Mount Barker.

BEHAVIOURAL PROBLEMS

The Hon. D.C. WOTTON: Will the Minister of Education say what participation, if any, the Education Department is having in a study that is being carried out to look at factors associated with student behavioural problems and the development of a system by which parents and teachers could identify more easily those primary schoolchildren with behavioural problems? The *Advertiser* of 29 July 1987 contains a report, headed 'South Australian primary schoolchildren "headed for adult crime"', which states:

More than 11 000 South Australian children aged between five and 12 are on the road to adult crime, according to a prominent child psychologist. The Adelaide Children's Hospital Child and Family Centre Superintendent, Dr Darryl Cross, said yesterday that behavioural problems were leading to chaos in South Australia's primary schools—and the situation was getting worse. He was commenting on the results of a study he conducted with Dr Phillip Slee, a lecturer in early childhood development at the Sturt campus of the South Australian College of Advanced Education, on behavioural problems among five to 12-year-olds.

Dr Cross is quoted as saying:

There is a stack of evidence which shows very, very clearly these are the delinquents of tomorrow and the adult offenders of the future. It's going to cost society big money in vandalism, delinquency, compensation and crime.

The report continues:

Dr Cross said it was senseless for governments to spend large amounts of money on trying to rehabilitate juvenile offenders when there was little hope of altering children's behavioural patterns after the age of 12. The results are part of a three part study following an \$11 000 grant from the SAS 10 Children's Medical and Research Foundation.

The Hon. G.J. CRAFTER: I thank the honourable member for his question and I will obtain detailed information

for him concerning that matter as well as other activities in which the Education Department is engaged, so that he may have further information. Following the reported statement of the doctor, departmental officers analysed that information. The figure quoted is based on the most specious of calculations. Indeed, it simply does not stand thorough academic analysis and may well not represent the true situation. Of course, it may be a stab in the dark and, on the calculations that I have seen, it is little more than that. One needs to be careful before coming to the conclusion arrived at by the doctor. However, in a good many schools in this State much effective work is proceeding to bring about the modification of children's behaviour, and earlier this year we appointed a highly respected school principal to work with schools in developing programs within the school community to bring about the modification of behaviour and to create orderly learning environments where that has proved to be a real difficulty.

So, it is not simply a matter of imposing new, additional and costly programs over and above those existing in the schools, but rather to strengthen those programs that are being undertaken in each school. We will continue to do that and to give emphasis, priority and support to those programs.

I will provide the honourable member with more detailed information on this important matter. I think that this morning's *Australian* contains an interesting article which, coming out of the ANZUS conference, touches on some of these matters and relates the problem back, as it should be related back, to some of the difficulties that are occurring in society including the changing nature of the family and some of the support structures that have hitherto existed in communities but are no longer there.

COMMERCIAL LEASES

Mr GROOM: Will the Minister of Education ask his colleague the Attorney-General to consider introducing legislative reform to provide unregistered commercial lessees with essentially the same protection as that enjoyed by holders of registered commercial leases? At present, in South Australia unregistered commercial leaseholders in possession have little protection against a new registered proprietor of the land where a sale has occurred. Except for limited protection under section 119 of the Real Property Act, the unregistered commercial tenant becomes a tenant at will and can be evicted notwithstanding a lease with the previous owner.

In South Australia about 80 per cent of commercial tenants have unregistered leases and many of them become vulnerable, in the event of a sale, to demands from a new owner, for example, for increased rent. In addition, some

financial institutions are now charging up to \$120 just for consent and production of title fees to register a lease, not to mention the very significant cost in preparing a lease in registrable form. In Victoria, a commercial tenant in possession with an unregistered lease is protected and any new owner takes the land subject to the rights of existing commercial tenants. Effectively, in Victoria, commercial tenants in possession but with an unregistered lease have the same protection as that enjoyed by holders of registered leases. Legislative reform in South Australia along similar lines to that in Victoria would reduce a financial burden on small business and at the same time afford small business greater protection.

Members interjecting:

The SPEAKER: Order! The honourable Minister.

The Hon. G.J. CRAFTER: I thank the honourable member for his interesting question, and I will be pleased to refer it to my colleague in another place for his consideration.

The SPEAKER: Order! Call on the business of the day.

PAPERS TABLED

The following papers were laid on the table:

By the Treasurer (Hon. J.C. Bannon):

Estimates of Payments, 1987-88—

Ordered to be printed (Paper No. 9).

Estimates of Receipts, 1987-88—

Ordered to be printed (Paper No. 7).

Financial Statement of the Premier and Treasurer—

Ordered to be printed (Paper No. 18).

Capital Works Program of the South Australian Public Sector—

Ordered to be printed (Paper No. 83).

The South Australian Economy—

Ordered to be printed (Paper No. 11).

The 1987-88 Budget and its Impact on Women—

Ordered to be printed (Paper No. 81).

Certificate—Required under Standing Order No. 297.

South Australian Government Financing Authority—
Report, 1986-87.

APPROPRIATION BILL

The Hon. J.C. BANNON (Premier and Treasurer) obtained leave and introduced a Bill for an Act for the appropriation of moneys from Consolidated Account for the year ending on 30 June 1988; and for other purposes. Read a first time.

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

That this Bill be now read a second time.

Its purpose is to appropriate funds from the Consolidated Account to meet expected payments, both recurrent and capital, in 1987-88.

This Budget reflects my Government's determination to manage sensibly and fairly within a framework of reduced Commonwealth funding and overall fiscal restraint.

Where possible we plan to proceed with necessary capital works. Other programs have been delayed, extended or suspended in line with our view that the State's borrowings must be kept at a responsible level.

The Government is aiming at real reductions in public spending, in line with our reduced level of funding from the Commonwealth. The exception is those services which provide care and assistance to the disadvantaged - the sick, the elderly, the young, the unemployed, and those who find themselves on the wrong side of the scales of social justice.

The Government has set four major aims in this Budget:-

- REDUCTION in the overall borrowing requirement to lessen the growth of the interest burden on taxpayers;
- CONTINUATION of effective restraint in spending by limiting the size and the cost of the public sector;
- PROTECTION of the State's revenue base;

- REDIRECTION of Government spending to benefit those families in our society who are most in need.

The Government has not indulged in indiscriminate cutting of community programs. Rather, this Budget recognises the important role of public sector programs for the community and the regional economy.

This Budget continues the process of reordering Government expenditure and public sector activity which was begun last year.

In my statement accompanying the Budget for the financial year just past I said that 1986-87 was to be a year of transition. The economic and financial decisions the Government took at that time were designed to meet the demands of economic contraction, leading to slower revenue growth, and significant cutbacks in Commonwealth funding and to prepare for a period of financial stringency.

That period of transition has now been truncated largely by the decisions forced on the States at the Premiers' Conference held in May of this year.

Further pressure has also been brought to bear by the uncertainty surrounding the Australian economy and our own regional activity which is heavily influenced by international developments.

Consequently, the Government has been required to accelerate the changes foreshadowed in last year's Budget and to act to protect our revenue base. However, the Budget is designed to take those necessary steps while maintaining the momentum towards achieving the Government's longer-term objectives of balanced economic development, maintenance of community services, strengthening of the State's financial base and maintenance of private sector confidence.

The Budget allows for a Consolidated Account deficit of \$14 million. Adjusted for accounting changes, there is a deficit on recurrent operations of that amount, and a balance on the capital program.

This will mean that the accumulated consolidated deficit will be \$44 million at the end of 1987-88. Our planning last year was for an accumulated deficit of \$47.3 million. In the event we were able to reduce that deficit to \$30 million at the end of the past financial year due to the surplus we achieved. This means that the accumulated deficit will not increase beyond what we had expected last year and means in effect that we have been able to apply last year's surplus to this year's Budget to help the State enter this financial year on a more solid footing.

On a comparable basis, the Budget reduces expenditure in real terms compared to 1986-87. As a result, there is a major reduction in the borrowing requirement and hence in the growth of the debt and interest burden for present taxpayers and future generations.

Before outlining details of the Budget for the coming year, it is appropriate to review the context within which the Government has made its decisions, in particular the circumstances of our economy, the impact of the Commonwealth's financial policies and the result for the year past. Also, as a result of changes to the Public Finance and Audit Act and other initiatives by the Government to ensure greater financial disclosure and accountability, there are significant changes to the presentation of our accounts which require explanation.

Economic Context

The Australian economy and the South Australian economy are both heavily influenced by developments overseas. Last year the Budget was set in circumstances of a major deterioration in Australia's terms of trade. Lower economic growth was anticipated at that time.

In 1987-88 economic activity will again be subdued reflecting a continuation of Commonwealth Government economic policy aimed at restraining domestic demand and imports and diverting production to supplying overseas markets. The task of reducing the current account deficit and containing Australia's external debt is proving no easier than anticipated. Encouraging signs include a lift in some commodity prices (although coal prices remain weak) and improved competitiveness of manufacturing which is becoming apparent in increasing exports of that sector and somewhat reduced import penetration of the economy.

International uncertainties abound, however, including those stemming from trade tensions and rising protectionism in the U.S.A.

Employment growth in South Australia was weak in 1986-87 and unemployment has risen somewhat. However labour market conditions around Australia are better than might have been expected given very low growth in Australian domestic demand and production.

Wage restraint appears so far to have resulted in a relatively equitable sharing of the consequences of a decline in national income and tight Commonwealth Government policy.

A dismal total new motor vehicle market in 1986-87 undermined activity in the South Australian regional economy as did depressed new dwelling construction. A high level of activity continues in private non-dwelling construction although new approvals figures point to some softening in that sector.

Australian investment figures remain somewhat disappointing although South Australian investment expectations are quite encouraging.

Within the national context, and without under-estimating the difficulties in the year ahead, the medium term outlook for the South Australian economy is moderately promising in view of:

- Roxby Downs coming on stream;
- further development of S.A. oil and gas fields;
- the Submarine Construction Project;
- revitalisation and renewed competitiveness of manufacturing;
- development of tourism.

Commonwealth State Financial Relations

For the third consecutive year there will be a reduction in the real level of funds available to the States from the Commonwealth and under the Global Borrowing Limits. For South Australia the Premiers' Conference result means an effective reduction of \$107 million in general revenue grants and general purpose capital assistance against expected allocations based on the agreements of previous years. In addition, our global borrowing limit was reduced by \$50 million. These cutbacks come on top of the impact on this State of the Federal Treasurer's Economic Statement of May 13 which removed approximately \$30 million of expenditure from Commonwealth and State programs compared to the Commonwealth's own forward estimates.

Honourable Members will be well aware of the rationale on the part of the Commonwealth for these decisions. As I have acknowledged in previous Financial Statements, payments to the States constitute approximately one third of the Commonwealth Budget and it would therefore be unrealistic to expect that reductions could be avoided given the precarious position of the nation's economy.

However, the allocation of funds from the Commonwealth constitutes the major proportion of the State's receipts and cutbacks of this severity cannot be absorbed without some dislocation within our own finances.

Since coming to office the Government has sought to build up the financial reserves of the State. We foresaw that the review by the Commonwealth Grants Commission would significantly reduce our share of general revenue grants. To a very large extent, that strategy, of which the activity of the South Australian Government Financing Authority was a key part, has been successful. However, the decisions which the States were required to accept in the Federal Treasurer's May Statement and the Premiers' Conference go far beyond what could have been foreseen and planned for.

I said last year that in framing future Budgets the Government would need to take account of the reduced income our State would receive, and indeed we did so. But against a reduction in 1986-87 of 4.2 per cent in real terms we now face a further loss of income of 6.3 per cent in real terms.

General revenue grants are expected to be \$29 million less than the Commonwealth had previously agreed.

General capital assistance is expected to be \$78 million less than last year's level.

The total reduction in general purpose funding is \$107 million.

Specific purpose payments have also been reduced, although the full extent of the reductions will not be known until the Commonwealth Budget. However reductions of approximately \$30 million against forward estimates were announced in the Federal Treasurer's Economic Statement of May 13.

Funding for roads under the Australian Land Transport Program is to be reduced.

The Community Employment Program is to be abolished.

General recurrent grants to the States for Technical and Further Education are to be reduced.

Payments to the States under the Commonwealth State Housing Agreement are to be reduced.

The Global Borrowing Limit which limits borrowing by SAFA, E.T.S.A., other semi-government authorities and the local government sector has also been reduced from \$350 million to \$300 million, a reduction of \$50 million or over 20 per cent in real terms.

Altogether, these reductions add up to almost \$190 million. What it means is that despite inflation, Commonwealth funding and our borrowing authority will be virtually the same this year as in 1986-87.

It is simply not possible for a small State such as ours to offset those reductions.

1986-87 Result

The Budget introduced last year provided for an overall cash deficit of \$7.3 million in the Consolidated Account, with a balance on capital and the deficit on the recurrent side. In the end result, an overall surplus of nearly \$10 million was achieved, reducing the accumulated deficit to about \$30 million. A surplus of \$2 million was achieved on the recurrent side and a surplus of \$8 million on capital.

Variations between Budget estimates for 1986-87 and actual results are set out in considerable detail and with accompanying explanations in Attachment III to this statement. The following variations may be noted in particular:—

- a shortfall in stamp duty collections: (—)\$4.2 million;
- the benefit from the delay in the last national wage increase: \$6.9 million;
- an improvement in capital receipts: \$5.1 million.

Throughout the year, the Government's program of tight financial controls was maintained so that no major problem arose from over-runs on the payments side; indeed it was possible to provide \$9 million towards the cost of providing Housing Trust rental rebates.

Overall, the Government's budget predictions stood the test exceptionally well, given that the State Budget involved outlays of almost \$3.8 billion in 1986-87.

In addition to a satisfactory financial result, the Government was also able to meet a number of economic and social objectives for which expenditure was given priority in 1986-87. Chief among these was support for South Australia's bid to be the location for the construction of submarines for the Royal Australian Navy. That successful investment is already beginning to pay dividends. Similarly, support for Roxby Downs infrastructure, funds to commission and open the Adelaide Convention Centre, and increased expenditure in the Youth Employment Scheme have played a part during the last financial year in the broadening of our economic base and provision of employment opportunities.

In regard to the provision of human services, the community's priorities and needs were also addressed. The first step towards meeting our commitment to 400 extra ancillary staff in schools over four years was taken. Additional resources to reduce booking lists at public hospitals were allocated. Schools, libraries and child care facilities were established. There were of course many activities associated with the Jubilee which will be of lasting benefit to the State. The infrastructure of the State was developed with the continuation of the water filtration project and the provision of funds for a Jubilee Maintenance Program for Government assets.

These achievements represent only a small sample of activity in the past year but I stress these outcomes to demonstrate that Government expenditure plays a vital role in the continuing development of our State and in the maintenance of the lifestyle which our citizens enjoy. While our resources will be limited in the year ahead we remain determined to continue to achieve the maximum result from our expenditure commitments.

Presentation of the 1987-88 Budget

In outlining the 1987-88 Budget, I referred to significant changes to the presentation of our accounts which require explanation. Since coming to office, the Government has taken a number of steps to ensure that Parliament, and ultimately the community, is better informed and better understands the management of the State's finances. Our ultimate aim has been to ensure greater accountability.

In the presentation of this Budget, a number of changes have been made to further this aim. In particular, account has been taken of the requirements of the Public Finance and Audit Act which came into operation on 1 July 1987. The changes that have been made include:-

- the bringing of all major Commonwealth specific purpose payments and reimbursements into the Consolidated Account as required by the Act. This will add \$585 million to recurrent receipts and payments and \$139 million to capital receipts and payments;
- the funding of depreciation for the Engineering and Water Supply Department;
- the funding of the full State Transport Authority deficit, including depreciation;
- new arrangements for financing Government employee housing;
- the effect of adjusting funding for the Housing Program to show funds spent on mortgage and rent relief as recurrent rather than capital payments.

I stress that these changes have no net impact on the overall Budget result. In all cases where they imply additional expenditure it is fully offset by receipts. However, the result will be that Parliament will be better able to judge the impact of the Government's financial decisions.

Previously, only a small portion of Commonwealth specific purpose payments passed through the Budget. Under the new Act, such payments will pass through Consolidated Account providing full accountability in relation not only to an extremely important component of State expenditure, but also in relation to financial agreements between this State and the Commonwealth.

In the case of the State Transport Authority, it is appropriate that Parliament consider the real cost of the deficit including depreciation. The Government believes that the State Transport Authority should be reimbursed for its total deficit so that it does not build up accumulated losses on which it would have to pay interest. This ensures that future generations will not have to deal with accumulated deficits.

Similarly, in the case of the Engineering and Water Supply Department, it is appropriate that Parliament should consider the real cost of providing water and sewerage services, including depreciation of the department's assets. This is particularly important in light of the Public Accounts Committee's investigations into asset replacement generally.

Government employee housing is a further area in which Parliament ought to be aware of the full cost of the services provided. This will be achieved by bringing all of the associated costs and services into the Budget. At the same time, arrangements for provision of this housing are being rationalised by the Department of Housing and Construction.

Attachments I, II and V contain further details of these changes, together with tables which allow revenue and expenditure in this Budget to be compared with previous years', allowing for the adjustments made necessary by these changes in presentation.

One further adjustment is required to enable proper comparisons to be made between the Budget for the coming year and that of the year past. In 1987-88, the Budget has to allow for an extra or twenty seventh pay. This anomaly adds approximately \$31 million to expenditure and has to be excluded when making any year on year comparisons.

Budget Objectives/Strategy for 1987-88

The Government is determined that in responding to the difficulties facing South Australia, it must avoid the creation of problems for future generations and future taxpayers. We do not intend to diminish the strength that has been restored to the State's finances in pursuit of short term gains. Consequently, the Budget strategy for 1987-88 has four main elements.

First, a significant reduction in the borrowing requirement, and consequently a reduction in the growth of interest payments.

Second, reductions in real terms in expenditure on departmental operating costs, when expressed on a comparable basis with last year.

Third, protection of the State's revenue base. As I have indicated, there is no way that a State of our size can adjust overnight to changes of the kind we have experienced. To attempt to do so simply by immediate and drastic cuts in expenditure would cause massive dislocation in our regional economy, confusion and hardship among those who rely on Government services, and damage the growing confidence in our State and its future.

Since it became clear at the Premiers' Conference that we would be required to cope with a drastically reduced income, I have made it clear that any decision to increase the State's revenue collections would be taken as a last resort. However, after implementing a cut in real terms in departmental operating costs and pruning the capital works program, a shortfall remained. Consequently, we have come to that last resort and it has been necessary to take the decision to increase revenue. I will outline the nature and extent of that increase shortly.

The previous Government faced a similar situation of a shortfall between revenue and expenditure in the early 1980's. Its response was to apply ever increasing amounts from its capital program to support recurrent expenditure. To a large extent, the accumulated Consolidated Account deficit is the legacy of that approach.

My Government does not believe that storing up debt for future generations is the way in which to deal with the problems that face us. The costs the Government has to meet are largely the costs of services and programs being provided now. While we have taken steps to reduce those costs they still have to be met now.

Fourth, while focusing on restraint, the Budget maintains the momentum towards the Government's goal of social justice and equity. In presenting last year's Financial Statement I drew attention to the need to recognise that difficult economic times increased the hardship of those on lower incomes and added new pressures to middle income families. Accordingly, in the year past we gave priority to key health and welfare programs.

This Budget now takes a step further and gives effect to a strategy aimed at increasing the social justice and equity enjoyed by all of our citizens. Against a background of reduction in overall expenditure, we shall increase funding for community welfare with a view to addressing social problems in our community.

The Government recognises that its ability to provide services and meet the needs of the community depends ultimately on a viable private sector operating within a strong regional economy. Consequently the objective of strengthening and broadening our economic base remains a continuing priority. Similarly, the ability of a strong and efficient public sector to play a part in that task is of vital concern to us.

Revenue

As I have explained on previous occasions, the revenue which the State raises on its own account depends almost entirely on economic activity. For example, our two largest sources of income, payroll tax and stamp duties, are directly linked to employment levels and commercial activity respectively. In 1987-88, payroll tax collections are estimated to rise by only 5.3 per cent, well below the expected level of inflation. Stamp duties are estimated to increase by 8 per cent, less than one per cent above inflation. In neither case will the rate of these two revenue measures change.

While we share with the rest of Australia the consequences of economic downturn, we do not benefit from the extraordinary level of activity on share markets. These transactions, carried out almost exclusively on the Stock Exchanges of Sydney and Melbourne, have brought a windfall to the large States in which we have not shared.

South Australia also suffers from disproportionately low royalty income in comparison with other States. In addition, our resources sector is particularly vulnerable to fluctuations in world commodity prices. The effect in recent years of these changes means that our estimate of receipts from royalties in 1987-88 is still 38 per cent less in money terms than the amount received two years ago.

I mention these points to indicate the fragility of the State's revenue base and to emphasise the responsibility the Government has to protect our finances.

In facing up to the shortfall in our accounts, the Government has been mindful of three basic principles.

First, we believe that it is not appropriate to attempt to recover all of the income lost as a result of the decisions flowing from the Premiers' Conference and the Federal Treasurer's earlier statement. To do so would be both too destructive within the South Australian public sector and community generally, and would also be inimical to the policy of reducing expenditure which we accept is a national priority. Consequently, we have acted to reduce our outlays, both recurrent and capital.

Second, we believe that any increase in Government revenue raising must measure up against an essential test of fairness. Consequently, in this Budget we have rejected any change to assistance for first home owners; we will maintain exemption from land tax for the principal place of residence, and will not reduce the current range of concessions offered by the State Government, including concessions on E.T.S.A. tariffs. Also, there will be no change to the imposts on alcohol and tobacco.

Third, we have sought to avoid any action which would adversely affect our comparative position in relation to other States. For example, while other States have applied increases to the rate of tax for payrolls in excess of certain levels, we have not done so.

Similarly, we have not increased Financial Institutions Duty or the rate of stamp duties in general.

With these principles in mind, we have made three decisions concerning revenue in this Budget.

First, it will be recalled that last year the Budget provided a rebate on land tax in recognition of the impact of sharp increases in land values. That concession together with an increase to \$60 000 in the threshold level effectively returned \$11 million to South Australian taxpayers in 1986-87.

The Government has decided to continue the rebate for a further 12 months of land tax payable on that part of land valued at between \$60 000 and \$200 000. The rebate of 10 per cent on land value in excess of \$200 000 will not be continued. The value of this concession will be nearly \$4 million.

Second, the Government has decided to remove the burden of land tax from residents of retirement villages. With this form of retirement living becoming increasingly popular it is considered appropriate that residents be placed on a similar footing with respect to land tax as owner-occupiers. The cost of this concession is expected to be about \$300 000 in 1987-88 but will increase in future years.

Third, business franchise tax on petroleum is calculated on a price of fuel which was set some five years ago and bears no relation to the current prices being paid by consumers. As it has not changed for some years, the real rate of petroleum tax has steadily declined. Consequently, we have decided to increase the price on which the tax is levied to a figure which more nearly approximates current market levels. In addition, the rates of tax will be adjusted to produce an effect equivalent to an increase in the price at the pump of roughly

two cents per litre. This is expected to lead to a corresponding increase in the retail price of petroleum and diesel fuel. The Government is, however, mindful of the special needs of the State's rural areas and consequently this increase will not apply to most country areas.

In order to achieve this, the State will be divided into three zones. Zone 1 will comprise Adelaide and the area within a radius of 50 kilometres of the G.P.O. Within this zone, the highest rate of tax will apply.

Zone 2 will comprise the area within a radius of 100 kilometres of the G.P.O. but excluding Zone 1. Within this zone a lower rate of tax will apply. This will have an effect equivalent to an increase in the price at the pump of roughly one cent per litre.

Zone 3 will comprise the rest of the State and will include all of Yorke Peninsula. Within this zone the lowest rate of tax will apply such that the amount of tax payable will remain unaltered.

This measure is expected to increase the State's revenue collections by \$21 million in 1987-88 and \$28 million in a full year.

No other tax rate is being altered in this Budget. However, I would point out that some items do show significant change. Chief among these are:—

- gambling revenue, which continues to show strong growth, largely due to the success being enjoyed by the Lotteries Commission. Revenue from the operation of the Casino is expected to remain constant;
- the contribution by the State Bank in lieu of income tax, which will continue to grow.

Allowing for these changes, taxation receipts will rise by 4 per cent in real terms and total receipts by only 1.8 per cent.

This follows an average increase in taxation receipts of only 6.2 per cent over the last two years against an average inflation rate for those years of nearly 9 per cent. Over the three years to June 1988, it is expected that receipts from general tax revenue, including land tax, commission on bets, payroll tax, FID, stamp duties, the Casino and business franchises, will have risen by about 18 per cent against an expected inflation rate for the same period of about 27 per cent.

Economic commentators are increasingly discussing taxation in relation to the Gross Domestic Product or, in our case, the Gross State Product. This comparison enables a judgement to be made on the taxation burden on the economy and the community.

In those terms, South Australia fares extremely well. In 1984-85 the ratio of general tax revenue, as described above, to Gross State Product was 3.9 per cent. In 1987-88, even allowing for the proposals contained in this Budget, it will be only 3.5 per cent.

I would also remind the House that State taxation in South Australia remains low in comparison with most other States. Based on 1986-87 estimates, produced by the Australian Bureau of Statistics per capita taxation in South Australia was \$241 less than that applying in Victoria, \$236 less than New South Wales and \$67 less than Western Australia. I have every reason to believe that this comparative relationship will continue in 1987-88.

The South Australian Government Financing Authority continues to play a key role in the generation of revenue. Of other revenues received by the Government, the most significant item is the planned increase in the contribution from SAFA which will increase from \$164 million in 1986-87 to \$240 million in 1987-88. I referred last year to earlier decisions by the Government to retain earnings within SAFA so as to build its capital base. The Budget and the whole community are now receiving the benefits of the development of the Authority into a mature and strong financial institution. The Government will continue to ensure that SAFA's strength is maintained and its capital base protected by adding to the reserves which the Authority has developed.

Expenditure

Adjusted for accounting changes, total Budget expenditure is expected to grow by only 6.5 per cent in 1987-88, a reduction in real terms. If we also put aside the twenty seventh pay, the underlying rate of growth has been reduced to 5.7 per cent.

Given the circumstances we now face and our assessment that the State's income will not grow in real terms in the foreseeable future, our expenditure priorities must emphasise restraint. As I stressed last year, as long as our financial resources are limited, expenditure in favour of one group or section of the community means, in effect, resources denied to another. Thus our task is to meet our commitments and develop new initiatives by reallocating resources. We must also ensure that programs are adjusted so that the State is not locked into expenditure which we may not be able to afford.

It would be counter-productive and irresponsible to build capital facilities which we cannot afford to maintain, or commission, or on which we could not afford to service the debt. Similarly, it would be irresponsible to commence programs which we cannot afford to continue.

The bulk of Government expenditure concerns recurrent payments and I will deal separately with the capital program.

In general, departments have been required to make savings in real terms against forward estimates of expenditure. There have been some exceptions, in accordance with Government social and economic priorities, which I shall deal with shortly. The overall result of this exercise has been savings of approximately \$42 million with departmental operating costs increasing at less than the rate of inflation. Expressed on a comparable basis with 1986-87, operating costs will fall by 0.7 per cent in real terms in 1987-88.

Essential to the restraint of expenditure is a continuing effort to improve efficiency and productivity in the public sector. Although significant gains have already been made we

believe that more can and must be achieved. Consequently, no allowance has been made for the payment of the so called "second tier" wage increase. We believe that this increase must be completely offset by productivity gains and that any increases granted must be paid for from savings achieved above those already incorporated as Budget measures.

Salaries and wages represent over half of recurrent payments and in agencies such as Education, very much more. Increases in these costs continue to reflect changes flowing from decisions at the national level.

In relation to staff, our consistent policy has been to ensure that community services are maintained while the size of the public sector remains stable, relative to employment within the State as a whole and relative to its size when we took office. Within those overall guidelines we have also had to take account of decisions relating to the 38 hour week and the extra employment required to meet major changes in the provision of health services, in particular, the move to tertiary based nurse education.

We have also been prepared to see increases in public sector employment where those employees are engaged in commercial activity or in supporting the private sector. The most notable examples are, of course, the growth in employment by S.G.I.C. and the increased employment by public utilities such as E.T.S.A.

Since 1983, when public sector employment rose sharply in the wake of the natural disasters that affected us so severely, employment in departments relative to the economy as a whole has been steadily declining. The public sector as a whole has similarly declined although this year the figures have been distorted by the inclusion in the Health Commission of persons in organisations which receive funding from the Commission.

The Government believes that the staffing policy has been responsible, related to the needs of the community and the economy and one which our resources can afford to support. However, given the cuts to which I have referred, we have found it necessary to tighten it further.

Immediately following the Premiers' Conference I announced a freeze on Public Service recruitment in addition to the establishment of voluntary retirement schemes and training schemes to assist redeployment. As at the end of June 1987, employment in State government departments was approximately 650 FTE's less than at the same month in 1986, and we expect that over the coming financial year it will decline by approximately 450 FTE's.

Provision has also been made for increased costs of workers' compensation payments in 1987-88. The major increase in the cost relates to lump sum payments which are increasing primarily as a result of the courts speeding up the process of settling such claims. As well, there has been a marked increase in common law actions taken out in anticipation of the new Work Cover system which will dramatically reduce such claims.

The other major area of expenditure under recurrent payments concerns gross interest. Debt servicing payments from Consolidated Account, including those to SAFA and other statutory authorities, will increase in 1987-88 by 11.2 per cent. This reflects to a large degree the very high interest rates affecting new borrowing and re-borrowing, together with the full year effect of the increased borrowing we undertook last year to support the capital program.

I have already made reference to the twenty seventh pay period that occurs in this financial year. That adds approximately \$31 million, or almost 1 per cent to our recurrent expenditure. It is, however, a non-recurring item. Consequently, putting interest payments to one side and adjusting for accounting and similar changes, recurrent payments are estimated to increase by 9.4 per cent, or 8.3 per cent if the twenty seventh pay is excluded.

Capital Works Program

In my Financial Statement introducing last year's Budget, I noted that the major portion of the State's capital works program involves direct private sector activity. Our aim at that stage was to avoid a sudden change in our capital works effort which would have a negative impact on the private sector. However, I warned that our ability to borrow at high levels and to service the debt arising from these borrowings was limited. The cutback in the Loan Council program, and in particular the 51 per cent cut in our general purpose capital grant, together with a 14 per cent cut in our Global Borrowing Limit - also applied by the Commonwealth - has meant that we have no option but to reduce our capital works program in real terms.

The Consolidated Account Budget figures indicate starkly the direct effect of the Commonwealth measures. After adjusting for accounting changes explained earlier, the comparative expenditure figures are \$563 million in 1986-87, falling to \$498 million in 1987-88, that is, about a 12 per cent reduction in nominal terms and approximately an 18 per cent decrease in real terms.

We recognise that any reduction in the program has implications for employment levels, especially in the building and construction industry. In this regard, the policy of the Federal Government in putting pressure on the States to reduce their works program is aimed at reducing interest rates, to encourage investment by the private sector, which it believes will in turn stimulate employment in the building and construction industry. It is now up to the private sector to respond.

Making the same adjustments, the borrowings required to support the Consolidated Account funded works program, will fall from last year's high figure of \$416 million to \$340 million, with \$49 million of the overall reduction of \$76 million being the reduction in the Loan Council component.

As in past years, the housing program stands as the main priority of the capital program. Since our first Budget, we have increased our stock of public housing by approximately

11 800 units. Unfortunately, given our reduced capacity it will not be possible to maintain that level of expansion in public housing. Nevertheless, we will do our utmost to meet the needs of the South Australian community for decent and affordable housing and expect in the coming year that the capital program will support an addition of 2 100 to the stock of public housing. In addition, a further 2 500 loans will be made available under the H.O.M.E. concessional loan scheme conducted through the State Bank. We will also be providing \$16 million as the State's contribution towards the cost of rental rebates for Housing Trust tenants.

In responding to the cutbacks, not only in our capital funds but also in our recurrent grant from the Commonwealth, we have also decided this year to make a modest but significant change in the direction of the capital program. As Honourable Members will appreciate, capital expenditure generates both an on-going recurrent cost as well as further requirements for the maintenance of assets created. Recognising the need to control the growth of recurrent costs, the Government is this year putting more emphasis in its capital program on the maintenance of existing assets. This action also recognises the need to make proper provision for the continual upgrading of the assets that have been created for the community.

As has been pointed out in previous years, a large portion of the capital spending in the public sector is financed other than through the Consolidated Account. The two major agencies outside the Consolidated Account are E.T.S.A. and the Highways Department.

Total gross capital expenditure for the entire State public sector in 1987-88 is expected to be \$1 046 million, a slight increase in nominal terms on last year's actual comparative figure of \$1 045 million. However, after allowing for cost increases, the overall program level will be reduced by about 7 per cent in real terms.

In order to provide a clearer overall picture of capital activities an additional document is being provided with the Budget Papers for the first time this year. The new document, entitled "Capital Works Program of the South Australian Public Sector", covers all Government departments and instrumentalities planning to spend funds on capital items in 1987-88. It provides cost and expenditure data together with brief descriptions of programs and major projects. The information formerly provided as Appendix I to the Estimates of Payments of a Capital Nature is included in the new document.

During our term of office, the Government has given priority to stimulating our regional economy through the capital works program. We remain committed to this approach and have made every effort to support the program in this Budget. Nevertheless, we accept that in the national interest, the level of capital outlays by State Governments have to be reduced. We believe that our response in the form of this capital works program is both reasonable and responsible. This is so, not only in response to national policies, but also in light of the reduction in our income and our borrowing powers as well as the continuing need to keep the debt and interest burden as low as possible.

Financing

The State's financing requirement equals the gap between its revenues and its expenditures.

When revenues increase faster than expenditures, the financing requirement falls and vice versa.

Levels of net indebtedness in South Australia have been low in recent years when compared with earlier years in this State and with other States. The most recent estimates suggest that South Australia has the second lowest level of net borrowing per head of the States, as well as the second lowest level of net debt per head. South Australia really is the 'low debt State'.

In recent years there has been some growth in borrowing in response to the slow down in revenue growth. This increase has ensured that expenditures were adjusted in a careful, measured way. We recognised that commitments had to be met and disruption to the private sector minimised.

As I noted earlier, this process of transition has now been truncated. Budget expenditure has been reduced significantly with the aim of reducing the overall financing requirement. It would be imprudent to maintain a constant level of borrowing in a situation in which revenues to service that debt are falling and interest rates remain high.

Accordingly we have reduced the overall financing requirement for the Budget from \$406 million last year to \$355 million, a reduction of some 20 per cent in real terms and a major achievement in a situation of falling Commonwealth revenue. This will ensure that South Australia maintains its record of financial prudence.

With interest rates still at high levels, the revenues available to the State likely to be constrained for the foreseeable future, and with the borrowing restrictions of the Loan Council, the Government must maintain its policy of moderate borrowing. Our record in that respect is favourable compared with other States and we intend to keep it that way.

Budget Priorities

As I have already outlined, a key element of the Budget strategy for 1987-88 is the Government's commitment to maintain the momentum towards greater social justice and equity for all citizens of South Australia.

To meet that commitment requires action in all areas of Government expenditure. It not only means the creation of new programs but also a continuing drive for more efficient delivery of existing services.

Of most immediate concern are those in our community who have lost out in the rapid economic and industrial change that has characterised the past decade. Young people are particularly vulnerable to the stresses that flow from changes in which they have had no part.

Consequently, our expenditure priorities give particular emphasis to the provision of human services. Key items include:-

- a substantial increase in expenditure by the State Government in the Home and Community Care Program which is jointly funded by the Commonwealth;
- additional resources for child protection and children in need of care and increased provision for emergency foster care;
- an increase in the State's financial contribution to the Supported Accommodation Assistance Program and the Family Support Scheme;
- the introduction of community based primary health care projects as a joint initiative between the Health Commission and local government, as well as development of community based mental health accommodation and support services;
- the provision of additional ancillary staff in schools, which honours the Government's commitment to provide additional resources as part of the four year program. This is the second year of that program;
- continued provision of resources to meet the expected growth in the pre-school population, including capital funds for the establishment of nineteen new children's services facilities;
- a substantially increased contribution towards the cost of rental rebates for Housing Trust tenants;
- continued major expenditure on upgrading the Adelaide Children's and Modbury Hospitals;
- provision for the transfer of nurse education to the tertiary education sector, including funding of an extra intake in 1988 of 170 students, as well as commencement of two major building projects for use in the teaching program;
- continued funding for Stage Two of the redevelopment of Lyell McEwin Hospital and the commencement of site works at Elizabeth Vale for facilities to replace the Magill Home.

The Government recognises that social justice will ultimately be advanced by the provision of greater economic security flowing from a strong and active economy. We have consistently supported Government expenditure which generates employment itself, or which supports private sector growth and development. This Budget continues that policy.

Although employment financed through the Budget has been restrained, the Government will continue to provide in 1987-88 key public sector employment programs for the unemployed and disadvantaged to facilitate entry into the workforce. Programs such as the Youth Employment Scheme and Vocational Training for the Disadvantaged are being maintained in real terms.

We will also continue to develop the Women's Employment Strategy, designed to foster the equitable participation of women in the workforce, and to remove the structural barriers that prevent them from making a full contribution to our economic development.

The development of major projects provides a significant boost to our economy and \$22 million has been included in the capital works program for the provision of infrastructure at Roxby Downs. This major project is fast reaching the stage at which it will begin to make a real contribution to our regional and national economies, in addition to the employment it has generated during its construction phase.

The former Payroll Tax and Land Tax Rebate Scheme will be replaced by an expanded Regional Development Assistance Scheme, administered by the Department of State Development and Technology, which will seek to target more effectively the assistance the Government provides.

Our strategy to achieve maximum benefits from the location of the Submarine Project in our State will continue. Resources will also be redirected to enable greater concentration of effort into securing development opportunities that have been made possible by the recognition the State has gained following its success in winning a major share of the Submarine Replacement Program.

Our ability to attract high technology industry will play a major part in our State's future. Technology Park has established itself as a centre for this development and funds have been provided for the construction of a fourth multi-tenancy building to ensure that further progress can be made.

The Government will also continue its support for the development of tourism which we regard as playing a major role in the broadening of our economic base. Provision in excess of \$3.1 million for tourist advertising and promotion has been made - this represents a substantial increase over previous years' funding. The Adelaide Convention Centre has dramatically added to the potential of our tourist industry and funding to take account of its first full year of operation will be made in this Budget. Bicentennial projects which the State Government is funding jointly with the Commonwealth will also add to the tourist infrastructure of the State.

The importance of our rural industries is also recognised with the provision of \$8.5 million to re-establish forest areas devastated by the Ash Wednesday fires four years ago. In addition, funds will be provided for a dairy research facility and for the continuation of the development of marine laboratories. The Government regards expenditure of this kind as an investment in the State's future.

The provision of physical resources and basic infrastructure for our State is funded through the Capital Works Program. Thus those who benefit from these assets, both now and in the future made a contribution to their cost. In the coming year major works will include:—

- the continuation of the Happy Valley water filtration plant;
- commencement of the Finger Point sewage treatment works;
- development of industrial estates;
- expenditure of \$111.6 million on road works by Highways Department;
- commencement of works to improve fire safety at oil tanker berths in the Port of Adelaide;
- continuing development of the North East Busway;
- water and sewerage facilities for the developing Golden Grove and Morphett Vale areas.

Since coming to office we have also devoted considerable funds to expanding and modernising the State's correctional institutions. This work will continue in 1987-88 with funds being provided for the commissioning of the new Mobilong Prison and the new "E Division" at Yatala Labour Prison.

Concluding Comments

The attachments and appendices to this Statement contain detailed data and comment on various aspects of the State's financial position and the Budget. As I have mentioned, the publication of a new paper on the capital works program will mean that additional information is provided this year to assist Parliament, and the community as whole.

The form of the Appropriation Bill is quite different from similar Bills in previous years. With the passing of the Public Finance and Audit Act several of the provisions contained in previous Bills have become redundant. In addition, the opportunity has been taken to simplify the drafting of some of the remaining provisions.

Clause 1 is formal.

Clause 2 provides for the Bill to operate retrospectively to 1 July 1987. Until the Bill is passed expenditure is financed from appropriation authority provided by Supply Acts.

Clause 3 provides a definition of Supply Act.

Clause 4 provides for the issue and application of the sums shown in the First Schedule to the Bill. Sub-section (2) makes it clear that appropriation authority provided by Supply Acts is superseded by this Bill.

Clause 5 provides authority for the Treasurer to issue and apply money from the Hospitals Fund for the provision of facilities in public hospitals. The limit on expenditure from the Fund in a given year will in future be the moneys which are paid into the Fund during the course of the year together with the opening balance standing to the credit of the Fund. The practice of setting a limit in the Appropriation Bill has been discontinued.

Clause 6 makes it clear that appropriation authority provided by this Bill is additional to authority provided in other Acts of Parliament (except, of course, in Supply Acts).

Clause 7 sets a limit of \$20 million on the amount which the Government may borrow by way of overdraft in 1987-88.

In drawing up the Budget for 1987-88 my Government has been faced with an enormous task. We believe that we faced a financial situation more difficult than any experienced by our State for over a decade.

The cuts made in our income by the Commonwealth have required us to take decisions both in regard to revenue and expenditure which no Government can expect to be well received. However, they are necessary, and they are responsible decisions which we had to take in dealing with a situation, the severity of which could not have been foreseen or planned for.

I believe that the community will accept that the Government had no option but to act as it has done. However, the community also expects the Government will continue to restrain expenditure and ease the burden of taxation.

My Government accepts the need for continued restraint during the coming year and the requirement that, to the greatest extent possible, any new initiatives must be provided for by reallocation of existing resources.

My Government accepts that our State must maintain its position as a low tax State relative to the majority of other States and that tax collections in South Australia must remain, as they are now, below the average for the nation.

My Government also accepts that no administration has the right to build up too great a level of debt for future generations.

The difficult period I referred to in concluding my Statement last year has clearly not ended. However, the belief I expressed then in the basic strength of our State remains as strong, as does my confidence that the South Australian community can successfully face the challenge of the years ahead.

I commend the Budget to the House.

I seek leave to have the attachments inserted in *Hansard* without my reading them.

Leave granted.

ATTACHMENT I

THE 1987-88 BUDGET

The Budget for 1987-88 involves significant restraint in expenditure; overall expenditure (on a comparable basis) is expected to grow by only 5.7 per cent in money terms—a decline in real terms, and departmental operating costs will also decline in real terms. This has enabled the net borrowing requirement to be substantially reduced in nominal and real terms.

Despite the large real reduction in Commonwealth funding and the adverse impact of national economic trends on revenue, the 1987-88 Budget maintains the State's record of sound financial management. The Consolidated Account deficit, while higher than that budgeted for in 1986-87, is still sustainable at \$14 million. The Budget also achieves an absolute reduction in the net financing requirement for the Consolidated Account, from \$406 million to \$355 million, a reduction of some 20 per cent in real terms. This will ensure that the State's financial strength is maintained.

Major aspects of the Budget are:—

- overall expenditure restraint. On a comparable basis with 1986-87 (excluding the twenty seventh pay which will occur in 1987-88), total expenditure is expected to grow by only 5.7 per cent. Taking account of the twenty seventh pay, expenditure will still only grow by 6.5 per cent, a reduction in real terms;
- restraint on recurrent expenditure. On a comparable basis, continuing departmental operating costs are expected to grow by 6.6 per cent (a real reduction of 0.7 per cent). Altogether, savings of almost \$42 million have been made against forward estimates of expenditure;
- a reduction in the capital program to a level which is sustainable in the longer term;
- increased contribution by SAFA from \$164 million to \$240 million;
- a modest but necessary increase in revenue to protect the State's revenue base. Even after revenue measures, the total level of taxation receipts in South Australia will still be lower in relation to Gross State Product than it was three years ago.

At the same time it has been possible to introduce a limited range of initiatives, of which \$7.3 million has been achieved by a reallocation of existing activities. Major highlights include:—

- a range of initiatives in the health area;
- several important community welfare initiatives;
- commissioning of new TAFE facilities;
- the continuation of the successful Youth Employment Scheme;
- provision of further ancillary staff in schools;
- commissioning Mobilong Prison and 'E' division at Yatala Labour Prison;
- funding for the introduction of red light cameras;
- asset rehabilitation by the Engineering and Water Supply Department;
- increased resources for the Department of State Development and Technology;
- a State contribution of \$16 million towards Housing Trust rental rebates (up from \$9 million in 1986-87).

TABLE 1
CONSOLIDATED ACCOUNT SUMMARY(a)

	1986-87 Actual	1987-88 Proposed	1987-88 Comparable Basis	Change between 1986-87 and 1987-88 comparable basis %
	\$m	\$m	\$m	
RECURRENT				
Payments				
Departmental Operating Costs . . .	2 558.2	3 400.2	2 725.8	6.6
Interest	516.9	574.9	574.9	11.2
Pensions and Workers'				
Compensation	139.8	195.6	195.6	39.9
Effect of 27th pay	—	31	31	
Total	3 214.9	4 201.7	3 527.3	9.7
Receipts	3 217.2	4 150.4	3 513.4	9.2
Surplus/(Deficit)	2.3	(51.3)	(13.9)	

 CONSOLIDATED ACCOUNT SUMMARY—CONTINUED

	1986-87 Actual	1987-88 Proposed	1987-88 Comparable Basis	Change between 1986-87 and 1987-88 comparable basis %
	\$m	\$m	\$m	
CAPITAL				
Payments	563.4	616.8	497.5	-11.7
Receipts (b)	154.9	313.3	156.6	1.1
	408.5	303.5	340.9	
TOTAL				
Payments	3 778.4	4 818.4	4 024.8	6.5
Receipts	3 372.1	4 463.6	3 670.0	8.8
Financing Requirement	406.3	354.8	354.8	-12.7
CONSOLIDATED ACCOUNT RESULT				
Borrowing	416.2	340.5	340.5	-18.2
Less Financing Requirement	406.3	354.8	354.8	
Consolidated Account Surplus/ (Deficit)	9.9	(14.3)	(14.3)	

(a) Figures may not add due to rounding.

(b) Comprises sales proceeds, capital fees, Commonwealth capital grants and recoveries. Excludes borrowing.

CHANGES IN THE TREATMENT OF RECEIPTS AND PAYMENTS

The 1987-88 Budget also introduces a number of important changes in presentation which aim to improve accountability and the information available on the State's finances. The most important of these is the inclusion of all major Commonwealth specific purpose payments and reimbursements in Consolidated Account as required by the new Public Finance and Audit Act, 1987. This change is explained in detail in Attachment V. It is estimated to add about \$585 million to recurrent receipts and payments and about \$139 million to capital receipts and payments. (Precise estimates will not be available until the Commonwealth Budget.)

Other changes include:—

- the funding of the full deficit of the State Transport Authority (as distinct from the cash deficit), which will increase recurrent payments by \$17.6 million, offset by an equal reduction in capital payments;
- new arrangements which bring payments and receipts in respect of Government employee housing into Consolidated Account, increasing recurrent payments and recurrent receipts by \$22.2 million;

- funding of depreciation in respect of the Engineering and Water Supply Department, which increases recurrent payments by \$17.5 million, fully offset by an increase in capital receipts;
- full cross charging of costs associated with Government office accommodation within Consolidated Account, which increases recurrent payments by \$30.1 million, offset by increased recurrent receipts;
- reclassifying \$2.3 million of funds in the housing program (primarily for mortgage and rent relief) as recurrent, increasing recurrent payments which are fully offset by a reduction in capital payments;
- the provision of the Commonwealth's contribution towards pension payments to former Australian National and State Transport Authority employees direct from Consolidated Account (\$24 million).

These changes have varying impacts on the Budget.

Those required by the Public Finance and Audit Act, new Government employee housing arrangements and cross charging for Government office accommodation do not affect capital or recurrent deficits.

Full funding of the State Transport Authority deficit, the funding of depreciation for Engineering and Water Supply operations and changes in relation to mortgage and rent relief involve transfers between capital and recurrent activities. There is no overall impact on the net financing requirement although the capital and recurrent deficits are affected. In 1987-88 the net impact of this accounting change is to increase the recurrent deficit by \$37.4 million and to create a capital surplus of the same magnitude. On a comparable basis with 1986-87, the recurrent deficit is \$37.4 million lower, with a capital balance.

The changes in respect of the State Transport Authority, Government employee housing, Engineering and Water Supply depreciation and Government accommodation all aim at increasing accountability to Parliament by showing the full cost of each of these items. The change in respect of the housing program seeks to remove a long standing anomaly where funds to be used for what were essentially recurrent purposes were classified as capital.

RECURRENT ACTIVITIES

The emphasis in planning for 1987-88 has been to meet a continuing unfavourable revenue situation, in particular further reductions in Commonwealth funding in real terms, and to continue the process of reordering Government expenditure and public sector activity. Last year's Budget noted that 1986-87 was to be the beginning of a period of transition. The economic and financial decisions taken at that time were designed to meet the demands of economic contraction, leading to slower revenue growth, and significant cutbacks in Commonwealth funding.

It has been necessary to accelerate the changes foreshadowed in last year's Budget and to act to protect the State's revenue base. The Budget is designed to take those necessary steps while maintaining the momentum towards achieving the Government's longer term objectives of balanced economic development, maintenance of community services, strengthening of the State's financial base and maintenance of private sector confidence.

The approach to planning for recurrent activities in 1987-88 has been based on:—

- restraint in expenditures, including:
 - specific reductions in many areas of recurrent outlays;
 - reallocation of resources to meet pressing needs and high priority initiatives;
- revenue measures as a last resort.

The benefit of good financial management over recent years has enabled, among other things, a further major increase in the contribution from SAFA to the Consolidated Account. This has helped provide room for the necessary longer-term adjustments to be made carefully and without major disruption to services.

RECURRENT RECEIPTS

The estimated level of recurrent receipts for 1987-88 is \$4 150 million. After adjusting for the revised accounting treatment of funds in 1987-88, including those necessitated by the Public Finance and Audit Act, 1987, this represents an increase of \$296 million (9.2 per cent) on actual revenues in 1986-87 of \$3 217 million.

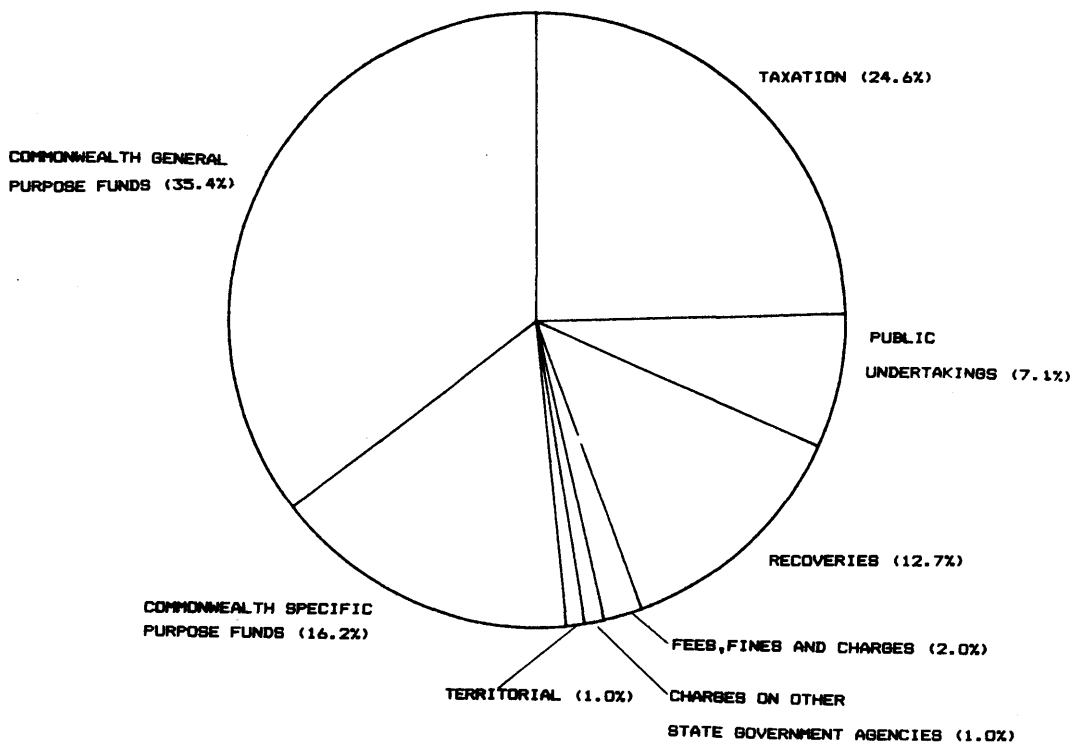
The 1987-88 receipt estimates reflect:—

- the Government's decision to continue the rebate on tax payable under the Land Tax Act, but at a reduced level;
- a real reduction in Commonwealth funds (specific and general purpose) after taking account of amounts brought into Consolidated Account for the first time in 1987-88, in accordance with the Public Finance and Audit Act;

- an increase in SAFA's contribution to the Budget from \$164 million in 1986-87 to \$240 million in 1987-88;
- a real increase in revenues from gambling taxes, largely due to a growth in the contribution from the Hospitals Fund;
- increases in motor vehicle registration fees and drivers' licences from 1 September 1987;
- an increase in business franchise fees levied in relation to motor spirit and diesel from 1 November 1987.

The composition of estimated recurrent receipts in 1987-88 is set out below.

RECEIPTS OF A RECURRENT NATURE 1987-88



Taxation

Property

Estimated revenues from land tax in 1987-88 of \$57.5 million represent an increase of \$13.3 million on last year's figure of \$44.2 million. This growth reflects the impact of an increase in assessed taxable value of land between the 1986-87 and 1987-88 tax years and is partially offset by the Government's decision to continue the rebate, this year, on the tax payable under the Land Tax Act.

Gambling

The contribution to Consolidated Account from casino operations is expected to be about \$11 million in 1987-88.

The contribution from the Hospitals Fund is estimated to be \$64.5 million in 1987-88 compared with \$54 million in 1986-87. The increase is largely due to growth in the contribution from Lotteries Commission operations which led to a surplus of \$6.3 million in the Fund at 30 June 1987 above the transfer authorised in the Appropriation Act, 1986.

The higher level of grants expected to be provided in 1987-88 from the Recreation and Sport Fund is reflected in the anticipated increased recoup to the Consolidated Account.

Motor Vehicles

Revenue from motor registration fees, drivers' licences and sundry motor charges is estimated to be \$99.5 million in 1987-88 compared with the previous year's collections of \$89.5 million. The increase, which is to be provided to the Highways Department for road purposes, reflects a small growth in registrations and licences and increases in fees and charges, to be implemented on 1 September 1987.

The main elements of the increased fees and charges are:—

- \$2 million from increased licence fees (\$12 to \$14 per annum);
- \$6 million from increased registration fees.

Payroll Tax

Revenue from payroll tax is estimated to be \$294.5 million in 1987-88 compared with actual receipts of \$279.7 million in 1986-87. The projected revenues for 1987-88 reflect the full year impact of an increase in the general exemption level to \$270 000 from 1 September

1986 and assumes there will be moderate growth in average weekly earnings during this financial year (having regard to the guidelines for salary and wage increases established by the March 1987 National Wage Case decision).

Stamp Duties

It is anticipated that stamp duty revenues will be \$232.5 million in 1987-88 compared with \$215.3 million in 1986-87. The estimate for 1987-88 assumes moderate growth in new registrations and transfers of motor vehicles and property transactions; reflects the impact of general inflation on the average value of transactions, and has regard to the fall-off in stamp duty revenue from workers' compensation insurance with the commencement of the new Workers' Rehabilitation and Compensation Corporation from 1 October 1987.

Business Franchises

Revenue from publicans' and other liquor licences is expected to be about \$36.5 million in 1987-88. The increase over the 1986-87 level of \$33.2 million mainly reflects movements in wholesale prices.

Petroleum franchise receipts were \$47.3 million in 1986-87 and are expected to be \$70.5 million in 1987-88. The increase reflects a small growth in the volume of sales consistent with previous years and an increase in the fee levied in relation to motor and diesel spirit. It is proposed to implement a three zone system and new fees will apply from 1 November 1987, resulting in increases in the levy of 2 cents per litre for zone 1 (metropolitan and near country areas), 1 cent per litre for zone 2 and no increase in zone 3, which will cover most of the State.

Fees from tobacco franchises are expected to increase from \$40.9 million in 1986-87 to \$43.5 million in 1987-88. The growth in these revenues reflects the impact of inflation and CPI linked Commonwealth excise on the wholesale value (on which the tax is levied) and assumes a fall-off in the level of sales.

Fees for Regulatory Services

An increase in receipts for the registration of industrial premises is due to an extension of the registration requirement to include all work places and an increase in the registration fee per employee, pursuant to the provisions of the Occupational Safety, Health and Welfare Act, 1986.

In view of recent firearm offences, the Government has acted to discourage possession of firearms in this State. Increased licence and registration fees from 1 October 1987 will increase revenue from \$857 000 in 1986-87 to an estimated \$2 million in 1987-88.

Business Undertakings

The expected contribution from E.T.S.A. in 1987-88 of \$32 million represents an increase of \$2.9 million on the amount for 1986-87 of \$29.1 million. This growth largely reflects the impact of tariff increases of 6.8 per cent from 1 November 1986 and 5.5 per cent from 1 July 1987.

The State Bank commenced prepayment of tax during 1986-87, resulting in receipt of tax in respect of the bank's 1985-86 result and prepayment of part of the tax due in respect of 1986-87. Effectively the Government received tax payments in respect of an 18 month period in 1986-87. For 1987-88, the Government will now receive tax instalments in relation to a 12 month period. Those instalments will have regard to the actual result for 1986-87 and the estimated profit for 1987-88.

Public Undertakings

The estimated revenues from the Engineering and Water Supply Department's operations in 1987-88 are expected to be \$251 million compared with \$236 million in 1986-87. This estimate is based on normal seasonal conditions and reflects the increased rates, introduced on 1 July 1987, of:—

- water rates up by 9.3 per cent on average;
- sewer rates up by 9.3 per cent on average;
- the price of water up from 62 cents to 68 cents per kilolitre.

The Department of Marine and Harbors is expecting to generate revenue of \$42.7 million in 1987-88, compared with \$40.6 million in 1986-87. The estimate is based on fee increases for shipping charges of 4.5 per cent on average from 1 September 1987, but excludes any increase in tonnage rates. Grain throughput at normal seasonal levels has been taken into account. The extension of existing shipping services, in particular container trade through the Port of Adelaide, is being pursued by the department and, to the extent successful, will result in additional revenue.

Recoveries

Interest recoveries from E.T.S.A. are anticipated to increase from \$33 million in 1986-87 to \$36.3 million in 1987-88. The timing of interest payments was amended in 1986-87, resulting in less than a full year's interest being received by the Government last financial year. The higher figure for 1987-88 largely reflects the full payment of interest by the Trust this year.

Recoveries from the Highways Fund are expected to increase due to greater expenditure on road safety initiatives, expenditure associated with the full year's operations of the Vehicle Security Register and interest for a full year on the capital cost of the on-line computing system for the Motor Registration Division.

The estimated interest to be received from investments in 1987-88 of \$37.5 million represents a reduction of \$5.8 million on the figure for 1986-87 of \$43.3 million. The fall-off in these revenues largely reflects the expectation that the average rate of interest earned on funds invested in 1987-88 will be considerably lower than for 1986-87. The reduction in revenues due to the anticipated decrease in the interest rate earned is partially offset by an expected increase in cash available for investment through improvements in cash management including the electronic transfer of funds.

It is expected that interest recoveries from the Local Government Finance Authority will increase from \$5.2 million in 1986-87 to \$7 million in 1987-88, reflecting the full year's interest on additional non-repayable capital provided to the authority by the Government last financial year.

An increase in the recoup from the Public Trustee Fund reflects higher expenditures associated mainly with the computerisation of the trust system.

Recoveries by the Receiver-Managers of the Riverland Fruit Products Co-operative Limited were \$5 million in 1986-87 and it is anticipated that there will be final revenues of \$400 000 from this source in 1987-88.

It is expected that interest recoveries from the State Bank will reduce from \$2.7 million in 1986-87 to \$243 000 in 1987-88. This reduction reflects a full year's impact of the conversion of loan funds to capital (upon which a dividend is payable) during 1986-87. The interest recoveries of \$243 000 in 1987-88 relate to acts administered by the bank on behalf of the Government.

The conversion of loan funds to capital has the effect of increasing the bank's profit and its contributions in lieu of tax and dividend. The amounts received from the bank in 1986-87 and estimated for 1987-88 in respect of tax, dividend and interest payments are as follows:—

	\$m	
	1986-87	1987-88
Payment in lieu of income tax	18.2	20.1
Interest (1)	2.5	—
Return on capital	19.2	18.5
	<hr/>	<hr/>
	39.9	38.6
<i>less</i>		
Extraordinary tax and dividend payments (2)	7.0	—
	<hr/>	<hr/>
	32.9	38.6

(1) Excluding amounts received in relation to State acts administered by the bank on behalf of the Government.

(2) The bank agreed to commence prepayment of tax 6 months in advance in 1986-87 and the payment of an interim dividend for the first time.

It is expected that superannuation recoups will increase from \$98.4 million in 1986-87 to \$101.7 million in 1987-88. This increase reflects the full year effect of salary and wage increases in 1986-87 and the impact of anticipated increases in 1987-88.

It is expected that interest recoveries from the Woods and Forests Department will increase from \$4.5 million in 1986-87 to \$6 million in 1987-88. The increase reflects a full 12 months interest on borrowings in 1986-87 and the interest payable on loans taken up this year.

Fees, fines and charges

Fees, fines and charges by the Department of Transport are expected to increase due to the full year effect of higher fees introduced in 1986-87 for the collection of revenue for other agencies, additional revenue as a result of extending the pre-licence training scheme for motor cyclists and proceeds from the planned disposal of surplus land.

It is anticipated that guarantee fees will reduce from \$4 million in 1986-87 to \$3.3 million in 1987-88. This reflects an expected net reduction in the outstanding debt of State government statutory authorities (in particular E.T.S.A.), in respect of private sector borrowings, on which guarantee fees are paid.

Receipts from infringement notice schemes are expected to increase by about \$1.6 million in 1987-88. This mainly reflects the full year impact of fine increases under the Traffic Infringement Notice Scheme along with the introduction of red light cameras early in 1988.

Charges for police services will be higher in 1987-88 due to the introduction of further charges for services provided by the department.

Charges on other State Government agencies

An increase of some \$600 000 in charges for court reporting services reflects a decision to charge agencies for copies of evidence and/or transcripts previously supplied at no cost by the Court Services Department.

Territorial

Royalty revenues from petroleum products and minerals are expected to increase from \$32.6 million in 1986-87 to \$35.7 million in 1987-88, largely reflecting an increase in the world prices for oil and associated petroleum products between calendar years 1986 and 1987.

Commonwealth

A discussion of recent trends in Commonwealth support to the State through general and specific purpose funding is contained in Attachment IV. Changes in the accounting treatment of funds received from the Commonwealth, including details of programs appropriated through Consolidated Account for the first time in 1987-88, are outlined in Attachment V.

Specific Purpose

The expected receipt of \$16.3 million from the Commonwealth for the Home and Community Care program reflects:—

- funding in respect of some HACC projects which was previously received direct by the S.A. Health Commission but which now passes through Consolidated Account;
- an increase in Commonwealth support for the program;
- the carryover of some funds received from the Commonwealth in relation to 1986-87 expenditures.

The estimated receipt of \$5.1 million for the Supported Accommodation Assistance Program reflects an increase in Commonwealth support for the program (matched by the State) and the carryover of funds from 1986-87.

The Commonwealth government has provided funds to South Australia and other States since 1985-86 on a \$2 for \$1 basis for Dried Vine Fruits Assistance and Wine Industry Adjustment (Vine Pull Scheme). The contribution in 1986-87 was \$2.7 million and is expected to decline to \$435 000 in 1987-88 reflecting a decrease in expenditure under the scheme from \$4.1 million last financial year to \$653 000 in 1987-88.

RECURRENT PAYMENTS

The 1987-88 Budget provides for total recurrent payments of \$4 201.7 million, including \$82.2 million for increases in wage and salary rates which may occur after the Budget is brought down and other contingencies. After adjusting for the revised accounting treatment of funds in 1987-88, this represents an increase of \$312 million (9.7 per cent) on actual payments of \$3 215 million in 1986-87.

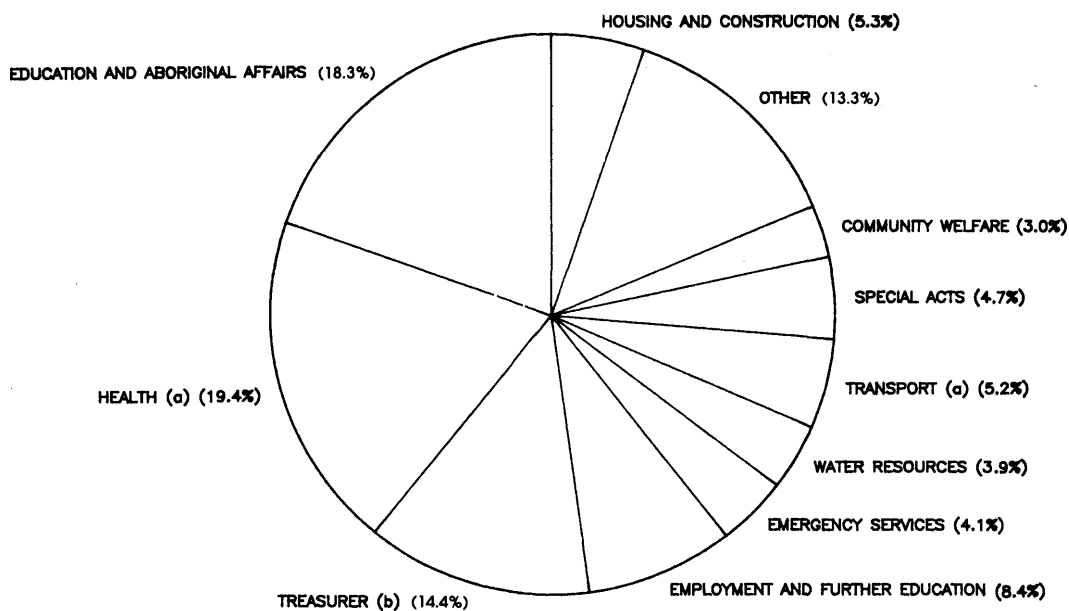
No allowance has been made in either departmental allocations or round sum allowances for payment of "second tier" wage increases. Any increased payments arising from this source would therefore need to be completely offset by productivity gains or otherwise met from savings achieved above those already incorporated as Budget measures.

Planning for 1987-88 includes:—

- the reallocation of resources to meet high priority initiatives;
- a number of general savings measures;
- a reduction in aggregate workforce levels, occasioned mainly by the imposition of Commonwealth funding reductions.

The composition by Ministerial portfolio of proposed payments from Consolidated Account in 1987-88 is depicted below.

PAYMENTS OF A RECURRENT NATURE 1987-88



(a) Reflects the net cost to the State for these services.

(b) Includes debt servicing costs payable to the South Australian Government Financing Authority and other statutory authorities.

Special Acts

Payments under various Special Acts are expected to total \$193 million in 1987-88 compared with \$170.2 million in 1986-87.

The main reasons for this increase are:—

- increased payments to the Police Pensions Fund (\$2.3 million);
- a twenty seventh pay period affecting salaries payable under Special Acts as well as pension payments made by the South Australian Superannuation Fund (\$3.1 million);
- other increases in the Government's contribution to the South Australian Superannuation Fund (\$12.3 million);
- the transfer to the Highways Fund, due mainly to an increase in registration and drivers' licence fees from 1 September 1987 (\$5.4 million).

Development of the State

State Development

The proposed allocation for the new Department of State Development and Technology in 1987-88 of \$19.7 million incorporates funding for the former Department of State Development and the Technology Advisory Unit (of the former Office of the Ministry of Technology).

The department's proposed budget reflects a redirection of resources and an effort to provide more input into potential major development and investment opportunities for this State. In addition, the department's budget incorporates resources to enable a continuation of the State's efforts to maximise the benefits flowing to South Australia from the submarine contract and secure the establishment of a major tooling facility in this State.

Proposed funding for the S.A. Development Fund in 1987-88 will be almost \$13 million. This allocation provides for the phasing out of the Payroll Tax—Land Tax Rebate Scheme for Decentralised Industry and the introduction of a new expanded Regional Development Assistance Scheme which is aimed at more effectively targeting assistance in the regions to maximise the benefit to those areas and the State as a whole.

The proposed allocation under Minister of State Development and Technology—Miscellaneous in 1987-88 of \$6.9 million provides for the full year cost of initiatives implemented during last financial year, including the S.A. Centre for Manufacturing and the National

Industry Extension Service. The 1987-88 budget allocation for both of these purposes incorporates Commonwealth funding which was not passed through the Budget in the previous year.

Employment and Training

The Office of Employment and Training was established on 1 July 1986. It has provided a sharper focus in the area of employment and training and strengthened the link between the education/training system and employment.

Through its development phase the office is investigating the employment and training needs of the community and strategies to meet them.

The allocation for the office for 1987-88 is \$21.1 million.

Mines and Energy

The proposed allocation for the Department of Mines and Energy in 1987-88 of \$21.4 million incorporates payments funded by the Commonwealth but previously not brought through the Budget (\$1.6 million); a range of efficiency and savings measures to be implemented in 1987-88; further Government assistance for the National Centre for Petroleum Geology and Geophysics (\$100 000) and the Sutton Institute of Earthquake Physics (\$55 000); the full year cost of Government assistance to the Roxby Municipal Council, and an amount of \$126 000 for the Power Station Selection Task Force/Coal Review Group to evaluate options for the next base load power station.

In addition, the department's proposed budget incorporates funding for a full year's operation of the geotechnical computing resource. This facility will provide a comprehensive geotechnical data base and computing resource which will greatly assist industry in the exploration, development and management of the State's valuable mining resources. It will reduce, to a very large extent, the State's dependency on external consultancy/bureau resources.

Tourism

The proposed budget allocation for the Department of Tourism in 1987-88 of \$9.9 million reflects the transfer of budget assistance in relation to the Adelaide Convention Centre to Minister of Tourism—Miscellaneous. The department's allocation provides for a tourist advertising and promotion budget in excess of \$3.1 million. This compares with payments of \$2.7 million under various programs last financial year.

In addition, the proposed allocation for the department incorporates a number of savings measures to be implemented in 1987-88 and provides for a more effective and direct involvement with tourist associations in regional tourism promotion.

The proposed allocation under Minister of Tourism—Miscellaneous in 1987-88 of \$3.7 million provides for budgetary assistance in relation to the Adelaide Convention Centre operations and costs associated with the A.S.E.R. Common Areas. Expenditures in relation to the Convention Centre were reflected under the Department of Tourism last financial year.

Agriculture

The Department of Agriculture's allocation for 1987-88 of \$47.7 million provides for the full year effect of efficiency measures introduced in 1986-87 as well as further savings in 1987-88; the continuation of new initiatives commenced last financial year including additional resources for the Rural Assistance Branch; the funding of new Government initiatives in 1987-88—through a redirection of resources—including the development of a management strategy for the Mount Lofty Ranges region and the establishment of a Rural Affairs Unit, and the finalisation of expenditure under the Commonwealth-State Vine Pull Scheme. Payments under the Vine Pull Scheme in 1986-87 of \$4.1 million compare with estimated outlays of \$653 000 in 1987-88.

The Department of Agriculture's budget for 1987-88 reflects a number of major variations in expenditures compared with 1986-87 due to the revised accounting treatment of funds. The areas of expenditure concerned can be separated into two categories. The first relates to expenditures that were previously reflected under programs within the department and are now shown under Minister of Agriculture—Miscellaneous in 1987-88. The proposed allocation for this category amounts to \$6.8 million. The second category relates to Commonwealth funded expenditures not previously passed through the Budget. The proposed allocation in 1987-88 for this category amounts to \$8.3 million.

The proposed allocation for Minister of Agriculture—Miscellaneous also incorporates funding for the new Animal and Plant Control Commission (which replaces the former Pest Plants Commission and Vertebrate Pests Control Authority) and Commonwealth funds for Fertilisers Assistance (\$10 million) which were not brought through the Budget prior to 1 July 1987.

Fisheries

The Department of Fisheries' proposed allocation for 1987-88 of \$5.2 million provides for a range of savings measures to be implemented this financial year along with additional funds of \$90 000 (\$100 000 in a full year) to provide for the finalisation of the Upper Spencer Gulf Baseline Study and the commencement of work related to the administration of the proposed Southern Zone Rock Lobster Licence Buy-Back Scheme.

Community Services

Justice

The allocation for the Attorney-General's Department of \$14.7 million provides for the on-going cost of additional legal assistance in the Crown Solicitor's Office and for the continuing development of the Justice Information System.

The Court Services Department's allocation of \$27.3 million maintains the level of resources required to meet the additional throughput of cases in the courts brought about by the successful introduction of pre-trial conferences. Additional support for the Adelaide Children's Court is continued in 1987-88 and an amount of \$400 000 is also provided for the implementation of the courts computer system.

Of the \$9.7 million provided under Attorney-General—Miscellaneous, \$8.3 million is the Commonwealth Government's contribution for legal aid. These funds were not previously passed through the Consolidated Account.

Public and Consumer Affairs

The allocation of \$21 million for the Department of Public and Consumer Affairs provides for the continued establishment of the computerised trust information system by the Public Trustee. Resources will also be devoted to determine the feasibility of utilising other information processing systems throughout the department.

Health

The proposed allocation of \$800.7 million in 1987-88 incorporates:—

- a continuation of the Port Pirie lead program;
- a full year effect of the general nursing career structure implementation;
- the transfer of responsibility for the Home and Community Care program to the Department for Community Welfare;
- funding the 'Booking List' strategy, utilising State and Commonwealth resources;
- implementation of the AIDS strategy;
- a range of initiatives which will require a reallocation of existing resources of the Health Commission;

- the appropriation of \$137 million in accordance with the new Public Finance and Audit Act requirement to process all Commonwealth funds through Consolidated Account.

The proposed allocation provides for some efficiency measures. However, overall, the real level of funding to the Health Commission in 1987-88 has been maintained (after allowing for the requirements of the Public Finance and Audit Act).

Community Welfare

In 1987-88 the Government will maintain its commitment to the protection of persons at risk within the community. An increase in the level of resources made available to the Department for Community Welfare reflects this strategy.

The department's allocation of \$123 million includes provision for:—

- Home and Community Care (\$24.4 million). This program was largely funded through the S.A. Health Commission in 1986-87. The allocation for 1987-88 is a substantial increase over the level of expenditure in 1986-87 and reflects a joint commitment by the Commonwealth and State Governments to improvement in many important community services;
- additional staff for mainstream welfare services;
- additional resources for child protection and children in need of care;
- an increase in the provision for emergency foster care;
- initial funding to establish a crisis response service in the Iron Triangle;
- an increase in the State's financial contribution to the Supported Accommodation Assistance Program and the Family Support Scheme.

Technical and Further Education

For 1987-88 the Government has allocated \$116.7 million to the Department of Technical and Further Education.

As noted in Attachment IV, the Commonwealth Government has decided to reduce the level of general recurrent assistance to the States for TAFE by \$30 million in 1987-88—a reduction of about \$3 million in funding for South Australia. Concurrently, Commonwealth

funding of employment training programs was increased by \$32.5 million for 1987-88 and it was noted in the Federal Treasurer's May Statement that some of these funds will be directed to TAFE.

It was also announced in the May Statement that a working party has been set up to consider options for future Commonwealth funding of TAFE including the merits of transferring Commonwealth responsibility from the Commonwealth Tertiary Education Commission to the Commonwealth Department of Employment and Industrial Relations. The budgetary implications for the State of this decision cannot be determined at this stage. The Government will decide on its approach to the matter when the Commonwealth's position is known.

The allocation for the department includes funding to maintain the present level of activity in the TAFE element of the Youth Employment Scheme, now in the third year of a three year program.

Tertiary Education

Funding for tertiary education is included in the Miscellaneous section of the budget allocation to the Minister of Employment and Further Education. For 1987-88 a total of \$208.4 million has been allocated.

Under the arrangements for the treatment of Commonwealth funds, discussed elsewhere, Commonwealth funding for universities, colleges of advanced education, non government business colleges and the Aboriginal Community College has been included in the allocation.

In 1987-88 the process of transferring nurse education from hospital based courses to the tertiary education sector will continue. Under the arrangements with the Commonwealth Government the transfer is planned to be completed by 1993. The major part of the recurrent costs of the transfer is being met by the State government (at present \$4 500 per student place) with the Commonwealth providing the remainder (\$1 500 per student place). The funding levels are expressed in December quarter 1983 prices and are subject to supplementation.

In 1988 the Government plans to support an additional intake of 170 students at the S.A.C.A.E. and at the North Terrace campus of the S.A.I.T. for which additional funding of \$1.6 million has been provided. This will bring to 430 the total State funded intake of students.

Primary and Secondary Education

For 1987-88 the Government has allocated \$705 million for payments by the Education Department.

The enrolment decline in Government schools in recent years is projected to continue in 1988, principally in secondary schools. The allocation to the department reflects the retention of part of the resources notionally "freed up" by enrolment decline.

The Government has again provided funding for the employment of additional ancillary staff in schools during 1988 and has agreed to provide additional funds to implement AIDS education programs in schools as part of a broader strategy.

The department will continue to seek greater administrative efficiency, particularly in the area of use and management of school facilities.

The allocation to Minister of Education and Minister of Aboriginal Affairs—Miscellaneous is \$47.2 million.

This includes \$34 million in State grants to non government schools in accordance with the model school formula.

The allocation now also includes funds administered by the Office of Aboriginal Affairs previously shown in the program structure of the Education Department.

Children's Services

The population up to 4 years of age continues to grow in South Australia with resultant requirements for pre-school education and child care services.

The recurrent budget allocation to the Children's Services Office reflects that growth and, together with the Commonwealth, the State in 1987-88 will continue the construction program of new child care centres.

In the context of present and prospective financial constraints, however, the Government will be looking during the year at ways of utilising more effectively the resources allocated for children's services in meeting the needs of the growing population.

Labour

The Occupational Health and Safety Commission, which will commence operations from 1 October 1987, is charged with the responsibility of encouraging work arrangements and practices aimed at reducing the incidence of occupational injury and disease. Additional resources have been provided in 1987-88 to meet the full cost of operating the Commission, but the additional cost will be recouped through licensing fees payable by registered work places in the public and private sectors. Concurrently, the department will employ nine additional inspectors in respect of the legislation.

Correctional Services

The proposed allocation provides for the commissioning of the new Mobilong Prison and the closure of the Adelaide Gaol early in 1988. In addition, funds have been provided for:—

- the commissioning of the new 'E' division at Yatala Labour Prison in 1988;
- additional staff for a temporary segregation unit at Yatala Labour Prison;
- costs arising from the proclamation of fine default legislation where a community service alternative to imprisonment will be introduced;
- the continued development of the Justice Information System;
- the implementation of the AIDS strategy.

Significantly increased resources will be made available in 1987-88; however, the department will be required to exercise some restraint in the extent of costs to be incurred in commissioning Mobilong Prison.

Local Government

The allocation to the Department of Local Government includes provision for the department to move from the city to Norwich Centre at North Adelaide. This move is designed to consolidate the various sections of the department and to make it more accessible to the many local government authorities that deal with it. Further the relocation of the Public Records Office to the Norwich Centre will provide space at the State Library which will be used to meet future storage needs.

The Public Libraries Development program will continue in 1987-88 with a further two libraries being established, bringing the total number to 131.

In addition, funds have been provided to meet the full year cost of the new Public Records Office archive facility at Gepps Cross.

The budgetary provision now includes Commonwealth general purpose payments to local government authorities (\$55.6 million) which were not channelled through Consolidated Account previously.

Recreation and Sport

The proposed allocation of \$7.1 million provides funding for:—

- the decentralisation of cricket by the Australian Sports Institute from Canberra to Adelaide;
- an inquiry into profit sharing arrangements as required under the Racing Act, 1976;
- the creation of a Development Board essential to the proposed hockey development at Pooraka.

The proposed allocation reflects a significant increase in funding from the Recreation and Sport Fund in 1987-88 but will, however, require the department to implement some efficiency measures.

Emergency Services*Police*

The Budget reflects a real increase in funding in 1987-88 for the Police Department, although the department will be required to implement further efficiency measures in respect of outlays and to increase its cost recovery effort.

The proposed allocation for 1987-88 is \$158.2 million which includes:—

- funding for the introduction of red light cameras from early in 1988;
- the full year effect of costs associated with initiatives supported in 1986-87, including:—
 - increasing the effectiveness of random breath testing;
 - introduction of a transit squad in relation to security on the public transport system;
 - the introduction of a 38 hour week for police officers from February 1987.

The Budget also provides for the Government's commitment to the immunisation of 'high risk' police officers against Hepatitis B infection.

The department will be required to implement any other initiatives by reallocating existing resources from areas of lower priority.

Country Fire Services

The Government's contribution of 50 per cent of the net cost of administering the Country Fires Act by the Country Fire Services in 1987-88 will be \$3.8 million. After a significant funding increase in 1986-87, the Government has continued to support the upgrading of the service and, in gross terms, the Budget provides for an additional \$325 000 in 1987-88. In addition, the Country Fire Services will have access to capital funding of up to \$1.1 million in 1987-88 in the first year of a planned four year appliance replacement program.

Metropolitan Fire Services

The Government contributes 12.5 per cent of the net operating cost of the Metropolitan Fire Service, subsidises local government contributions by the Port Adelaide and Port Pirie Corporations and meets the full cost of the Marine Station at Port Adelaide. Local government and the insurance industry are required to contribute 12.5 per cent and 75 per cent of net costs respectively. The Budget approved by the Government for the M.F.S. in 1987-88 includes:—

- the full year cost of 23 firefighters engaged in 1986-87 as the final intake of the staffing increase recommended in the Cox Report;
- the full year cost of 6 other staff approved in the 1986-87 Budget;
- one additional position to provide technical information to management on safeguards in the storage of dangerous substances.

Business Undertakings*Engineering and Water Supply*

The allocation of \$159 million to the Engineering and Water Supply Department includes:—

- \$17.5 million for depreciation of fixed assets to reflect the total cost of providing services;
- \$1.5 million additional funding to increase the level of work on rehabilitating assets to contain future replacement costs;
- \$1.5 million for a twenty seventh pay period in 1987-88.

The allocation also incorporates planned savings measures through further rationalisation of operations. Within this allocation the department plans to direct appropriate resources to the management of the State's water resources, land management and waste disposal practices in the Mount Lofty Ranges catchments in conjunction with local government and the hills communities.

Marine and Harbors

The allocation to the Department of Marine and Harbors in 1987-88 is \$27.5 million. The department plans to implement measures to reduce the cost of providing services.

It is also planned to continue promotional activities to gain more regular shipping services to South Australia which will benefit local industries. In particular, efforts will be focused on Japanese and European shipping links.

Other Activities

Premier

The allocation to the Department of the Premier and Cabinet of \$6.4 million in 1987-88 compares with an allocation of \$9.3 million in 1986-87.

Variations to the allocation include:—

- a reduction in funding due to the successful completion of the Jubilee 150 celebrations;
- increased funding for the South Australian Council of the Bicentennial Authority to finalise preparations for Australia's 200th Anniversary celebrations in 1988;
- resources reallocated from Government agencies to develop a social justice strategy for action by the Government to improve equity in the distribution of resources and opportunities and to redress many forms of disadvantage.

The Government Management Board was formed on 1 July 1986 and since that time has made steady progress towards improving management practices within the South Australian public sector. The board's allocation of \$2.1 million includes funding to complete a Government-wide communications strategy commenced in 1986-87.

Treasury

The proposed allocation to the Treasury Department in 1987-88 is \$510.9 million.

By far the largest part is for debt servicing costs, which incorporates the cost of borrowings from statutory authorities (mainly SAFA) and interest paid on Section 21 deposit accounts. The proposed allocation of \$497.2 million for debt servicing costs in 1987-88 represents an increase of \$40 million on actual payments in 1986-87. This growth reflects a

number of factors including the full year's interest cost of borrowings in 1986-87 and the part year cost of borrowings proposed for 1987-88, to support the capital works program including public housing.

The proposed allocation under Treasurer—Miscellaneous in 1987-88 of \$84.4 million represents an increase of \$78.7 million on payments in 1986-87. The increase in payments between the two years largely reflects:—

- the Commonwealth Government's agreed proportion of State Transport Authority and Australian National employee pensions being appropriated through the Budget for the first time in 1987-88 (\$24 million);
- a reduction in payments in relation to insurance and the transfer to the Government Insurance Fund for claims in respect of government buildings, from \$3.4 million in 1986-87 to \$62 000 in 1987-88. This reduction reflects a transfer of payment of premiums in relation to motor vehicle compulsory third party (bodily injury) insurance policies to agencies from 1 July 1987 and extraordinary expenditure in respect of fire damaged government buildings in 1986-87;
- the inclusion of \$57.8 million of Commonwealth grants to be passed on to non government schools in South Australia in accordance with new arrangements for the accounting treatment of Commonwealth funds.

Arts

The allocation for the arts of \$32.9 million in 1987-88 reflects a new and more flexible approach to the funding of many arts organisations and individuals.

With respect to departmental activities, the allocation allows for the appointment of a Community Programs Officer and the improved cataloguing of collections at the Art Gallery.

New arrangements for providing grants to arts organisations and individuals revolve around a central arts funding body, which in turn is supported by a series of advisory committees. Future funding will be largely based on calendar year programs, with 1988 grants currently under consideration.

Environment and Planning

The allocation for the Department of Environment and Planning in 1987-88 is \$29.8 million.

Community programs will be maintained while some internal rearrangements will result in a more cost effective organisation.

The department will extend the application of park entrance fees, the proceeds from which are devoted to park improvements.

Auditor-General

The allocation of \$3.7 million to the Auditor-General's Department includes funds for the completion of office automation initiatives commenced in 1986-87.

Electoral

The allocation of \$1.3 million for the Electoral Department includes \$513 000 as the State's share of a new Joint Rolls Agreement with the Commonwealth.

Corporate Affairs

The allocation of \$5 million provides for three staff to be temporarily engaged on revenue recovery procedures in 1987-88. The Budget provides for computer developments which have been delayed in previous years.

The department's allocation in 1987-88 reflects an increase in real terms although new initiatives will be funded by reallocation of existing resources.

Lands

The allocation for the Department of Lands is \$34.9 million and provides for the continuation of the co-ordinated cadastre project, the commencement of a computerised title study and some marketing initiatives. The department will be reordering priorities to undertake these proposals and is also reviewing the commercial potential of many of its activities.

An increase of \$157 000 in the grant to the Royal Society for the Prevention of Cruelty to Animals has been provided.

Transport

An allocation of \$34.4 million is proposed for the Department of Transport and provides additional funding for new initiatives commenced in 1986-87 including a taxi service for people with disabilities (\$838 000), pre-licence training for motor cyclists (\$305 000) and for further development and the implementation of the 'on-line' computerised registration and licence system (\$1.6 million).

A special provision of \$270 000 has been made for further publicity campaigns to highlight both the dangers of drink-driving and the greater use of random breath testing units and \$40 000 to evaluate the breath testing program.

The installation of red light cameras at selected intersections is also proposed together with a publicity campaign for which a provision of \$210 000 has been made.

Additional funding has also been provided to purchase computing equipment to enable a more complete and flexible accident data base system to be implemented, to assist in developing statistical information and for research and planning of road safety initiatives.

Provision is also made for a contribution of up to \$100 000 towards the operating deficit of the Victor Harbor Scenic Railway.

Some overall rationalisation of services provided by the Department of Transport is planned, including rationalising Motor Registration Division branch offices.

The allocation of \$49.5 million to the Highways Department forms part of the total funds available for road purposes in 1987-88 of \$218.4 million. This level of program reflects a real reduction in Commonwealth funded projects and a general reduction in line with the State's overall program of capital works.

The proposed allocation towards the State Transport Authority's deficit is \$116.3 million, compared with \$93.1 million in 1986-87. This allocation includes \$17.6 million for provisions, such as depreciation of assets, not previously funded, as well as the operational deficit incurred in providing public transport services.

This level of funding has regard to additional revenue from fare increases estimated to be about \$2.6 million in 1987-88 after taking into account the discount for multi-ride tickets, increased ownership costs (in particular interest on borrowings for capital works and replacement of assets—about \$5.7 million) and provision for salary, wage and other cost increases in 1987-88.

Given the very difficult overall Budget situation and community expectations, the Government is determined to contain the need to provide additional resources to meet a real growth in the level of the Authority's deficit. To achieve this outcome, savings measures are proposed, such as reducing staff overhead costs, increasing efficiency and rationalising poorly patronised and costly services.

Housing and Construction

The provision of \$218.3 million to the Department of Housing and Construction, compared to payments of \$50.5 million in 1986-87, includes:—

- debt servicing costs associated with Housing Agreements between the State and Commonwealth Governments (\$53.2 million) and payments to the South Australian Housing Trust, primarily for concessions such as rent rebates (\$43.7 million). These payments were previously shown under Miscellaneous;
- \$2.3 million, previously reflected under the capital allocation, for payments to the South Australian Housing Trust for mortgage and rent relief;
- \$39.6 million in Commonwealth funds for housing programs not previously reflected in the department's allocation;
- \$24.8 million for costs associated with providing government employee housing, which were previously reflected in various departmental allocations and provided to the Teacher Housing Authority. As from 1 July 1987 this activity has been incorporated in the department to provide more coordinated and cost effective housing for government employees;
- \$30.1 million to reflect in Consolidated Account expenditure on accommodation and services costs of government offices. This amount is offset by recoveries from agencies.

In 1987-88 the department plans to further improve its overall efficiency and service delivery, including further reassignment of costs from its recurrent allocation to operational areas and improving the efficiency of those areas, implementing a decentralised supply operation and rationalising resources involved in support service activities.

The additional allocation of \$1 million in 1986-87 to rehabilitate assets is to be maintained in real terms in 1987-88 and a further \$80 000 will be provided for projects associated with the International Year of Shelter for the Homeless.

Personnel and Industrial Relations

The Department of Personnel and Industrial Relations was established on 1 July 1986 to replace the Public Service Board.

During 1987-88 particular attention will be given to implementing the Government's workforce measures designed to address the tight financial circumstances of the State. This will involve the department placing greater emphasis on training, retraining and deployment of personnel to facilitate mobility and improve productivity, with consequential economic benefits to the State.

The allocation for the department in 1987-88 is \$7.5 million.

1987-88 WORKFORCE

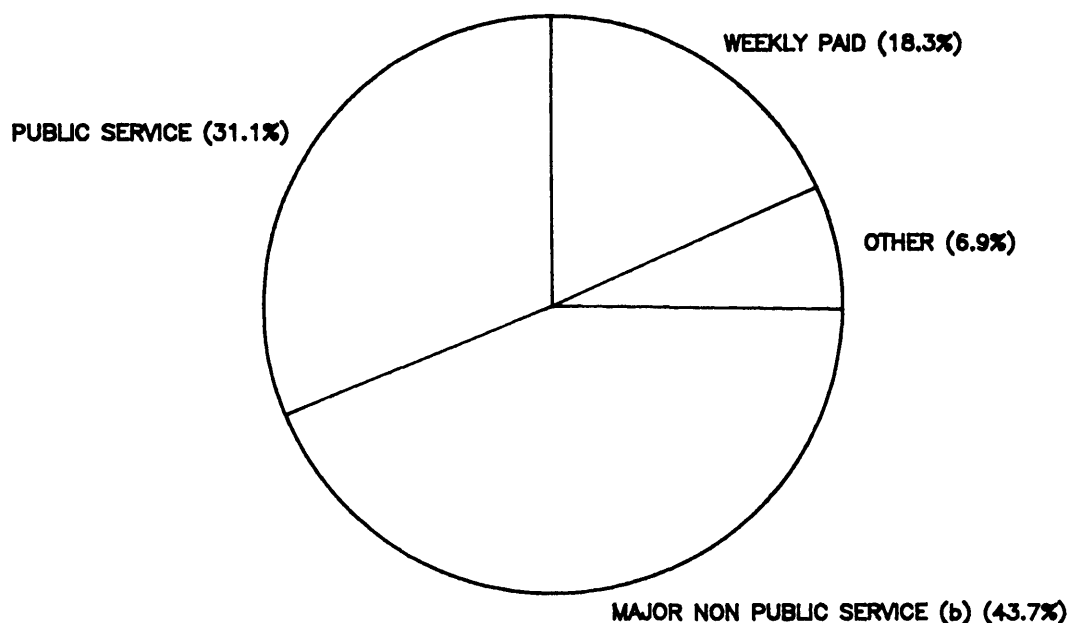
For 1987-88 the Budget provides for a planned decrease from 1986-87 average employment levels of 258 AFTE's (average full-time equivalents) in the departmental workforce. This mainly reflects the proposed imposition of Commonwealth funding reductions and the partial retention of teacher salaries notionally 'freed up' by enrolment decline in the public education system.

Increases are being proposed in areas of high Government priority. The major areas of increase are:—

- Correctional Services—commissioning Mobilong Prison and 'E' division of the Yatala Labour Prison;
- Employment and Training—recruitment of public sector trainees under the Australian Traineeship Scheme;
- Police—full year effect of introducing the 38 hour week;
- Community Welfare—particularly in the area of children in need of care and child protection.

The composition of estimated employment levels for 1987-88 is depicted below.

EMPLOYMENT BY CATEGORY 1987-88 (a)



(a) Includes employees in all government departments, Office of the Government Management Board and the Children's Services Office.

(b) Includes staff employed under the Education, T.A.F.E., Children's Services and Police Regulation Acts.

CAPITAL ACTIVITIES**CAPITAL RECEIPTS**

At the meeting of the Australian Loan Council in May 1987, the Commonwealth announced that the program for State works and services which it would support in 1987-88 would involve a drastic reduction in cash terms on the 1986-87 level, itself a severe reduction compared with 1985-86.

South Australia's program was virtually halved, falling from \$156.9 million in 1986-87 to \$79.2 million - a reduction of \$77.7 million. Of this much reduced amount, \$27.4 million will be received by way of capital grants and \$51.8 million will be loans subject to interest and repayment.

The State has nominated the whole of the borrowing component for housing to obtain it at the concessional rate of interest offered by the Commonwealth. The amount being obtained at the concessional rate will thus be \$51.8 million compared with \$100.9 million in 1986-87 and \$131.2 million in 1985-86.

The Commonwealth is expected to make \$201.8 million available by way of specific purpose funds. After deducting the \$139.2 million of Commonwealth funds not included previously in the Consolidated Account, Commonwealth specific purpose funds are expected to be \$62.6 million compared with \$45.4 million in 1986-87.

Repayments and recoveries from State sources are expected to provide \$84.1 million, compared with \$53.6 million last year. The major reason for the increase is the \$17.5 million effect of the new arrangement for funding depreciation in respect of the Engineering and Water Supply Department.

The Budget provides for cash borrowings from SAFA of \$286.7 million in 1987-88, compared with \$312.7 million in 1986-87.

CAPITAL PAYMENTS

Total payments from the Consolidated Account for capital purposes are estimated to be \$616.8 million. After allowing for accounting changes and Commonwealth funds not

previously paid into Consolidated Account, total payments of \$497.5 million are proposed, compared with the actual result in 1986-87 of \$563.4 million. This represents an 11.7 per cent decrease in nominal terms and approximately an 18 per cent decrease in real terms.

As has been indicated in previous years, a large portion of the capital spending in the public sector is financed other than through the Consolidated Account.

In order to provide a comprehensive picture of capital activities an additional document is being provided with the Budget Papers for the first time this year. The new document is entitled "Capital Works Program of the South Australian Public Sector." It covers all government departments and instrumentalities planning to spend funds on capital items, both those funded from Consolidated Account and those funded outside the Budget. Cost and expenditure data, together with brief descriptions of major projects, are included in the document.

The summary of agency allocations included in this attachment and the details provided as Appendix I to the Estimates of Payments of a Capital Nature are both included in the new document.

ATTACHMENT II

FINANCIAL ASPECTS OF THE BUDGET AND THE TOTAL PUBLIC SECTOR

The presentation of the Budget should facilitate the answering of key questions including the following:—

- how much is being spent in total?
- how are receipts being raised?
- how is the difference between outlays and receipts proposed to be financed?

The traditional focus has been on the cash result in the Consolidated Account with borrowings included as a capital receipt. A cash deficit, therefore, measures the extent to which financial reserves have to be drawn down in order to finance total spending from the Consolidated Account; a cash surplus measures additions to financial reserves. These cash results, however, give only a partial measure of the extent to which Budget outlays are financed from non-revenue sources.

The overall financial position of the Government is more accurately presented by taking account of the additional net financial obligations incurred by the Government in order to finance its Budget outlays - whether these take the form of borrowings or a reduction in financial assets. This is because a rundown in cash and investments has the same net effect as a further increase in borrowings. This can be demonstrated as follows. Assume the Consolidated Account shows a cash deficit of \$10 million *after* account is taken of borrowings brought into the Consolidated Account of, say, \$100 million. To finance the shortfall between Consolidated Account outlays and revenues, a total financing requirement of \$110 million is needed - \$100 million in borrowings and \$10 million through a rundown in reserves. Alternatively, the level of borrowings into the Consolidated Account could have been increased to \$110 million with no decrease in reserves. Under either method, however, the overall financial position of the Government is the same with net indebtedness, defined in terms of borrowings less financial assets, increasing by \$110 million. Notwithstanding this, the traditional presentation of the Budget would have shown an increase in the accumulated deficit if financial assets were run down but no change if a higher level of borrowings, sufficient to avoid a run down in financial assets, were brought into the Consolidated Account, even though there is no difference in substance between the two methods of financing.

The alternative Budget presentation focuses on the total financing requirement. Borrowings are classified as a financing item (rather than a capital receipt) and grouped with those movements in financial reserves that result from cash surpluses (equivalent to a negative financing item) or cash shortfalls (equivalent to a positive financing item) in the Consolidated Account.

In order that the two presentations may be viewed in conjunction, both formats for Consolidated Account transactions are summarised in this attachment. Table 1 focuses on the net financing requirement of the Consolidated Account, while Table 2 focuses on the "cash result".

TABLE 1
CONSOLIDATED ACCOUNT
SUMMARY OF ESTIMATED OUTLAYS, REVENUE AND FINANCING (a)

	1985-86 (actual)	1986-87 (actual)	1987-88 (estimated)	1987-88 Adjusted for accounting changes (d)
	\$ million	\$ million	\$ million	\$ million
Outlays—				
Recurrent	2 955	3 215	4 202	3 527
Capital	502	563	617	498
Total	3 457	3 778	4 818	4 025
Revenue—				
Commonwealth Grants	1 504	1 594	2 369	1 673
Taxation	836	917	1 021	1 021
Other Receipts	816	861	1 074	976
Total	3 156	3 372	4 464	3 670
Financing—				
Change in Consolidated Account Balance (b)	(11)	(10)	14	14
Increase in Borrowings (c)	312	416	340	340
Total Net Financing Requirement	301	406	355	355

(a) Figures may not add to totals because of rounding.

(b) () indicates a cash surplus on the year's transactions which is then available for financial investment; cash surpluses are therefore recorded as negative financing items. Cash shortfalls, on the other hand, require financial reserves to be drawn down and are therefore recorded as positive financing items.

(c) Equals the State Government's Loan Council borrowing program for the year plus other borrowings.

(d) Adjusted for comparability with previous years.

TABLE 2
CONSOLIDATED ACCOUNT
CASH RESULT (a)

	1985-86 (actual)	1986-87 (actual)	1987-88 (estimated)	1987-88 Adjusted for accounting changes
	\$ million	\$ million	\$ million	\$ million
Payments—				
Recurrent	2 955	3 215	4 202	3 527
Capital	502	563	617	498
Total	3 457	3 778	4 818	4 025
Receipts—				
Recurrent	2 966	3 217	4 150	3 513
Capital	502	571	654	497
Total	3 468	3 788	4 804	4 010
Consolidated Account Surplus/ (Deficit)	11	10	(14)	(14)

(a) Figures may not add to totals due to rounding.

The accumulated balance of the Consolidated Account is summarised below—

30 June 1985—deficit of	\$51 million
30 June 1986—deficit of	\$40 million
30 June 1987—deficit of	\$30 million
30 June 1988—estimated deficit of	\$44 million

THE BUDGET AND THE PUBLIC SECTOR

Although the level of outlays approved in the Budget has a dominant impact on the total level of public sector spending, very significant spending and revenue raising within the public sector takes place outside the Budget.

A large component of outlays from Consolidated Account represents transfers either to other public accounts (ie special deposit accounts and Section 21 deposit accounts) or to semi-government authorities and agencies but there are, as noted, also very significant revenue and spending activities in the public sector which occur outside the Budget. Thus, to obtain an overall view of public sector spending it is necessary to go beyond the Consolidated Account. This is particularly so in the area of capital spending, where semi-government authorities, such as E.T.S.A., have an important and sometimes major impact on total public sector capital spending through programs financed in part from borrowings outside of the Consolidated Account. Similarly, on the receipts side, the Consolidated Account gives only a partial view of the total revenue sources available to the public sector as a whole. In the past, for example, a large proportion of specific purpose Commonwealth grants has been administered through accounts other than the Consolidated Account.

A broad overview of the total finances of the State public sector for recent years, together with estimates for 1987-88, is given in Table 3.

The State public sector is defined to include the operations of Government that are recorded in the public accounts (ie special deposit accounts and Section 21 deposit accounts as well as the Consolidated Account) together with the activities of semi-government authorities. An indication of the coverage of semi-government authorities can be obtained in the Treasury Information Paper, 'Trends in the Indebtedness of the South Australian Public Sector, 1950 to 1985' (issued in September 1985).

This comprehensive approach takes account of the changing composition and structure of the public sector. For these reasons, comparisons between years can be influenced by structural adjustments, including various financing rearrangements arising from the formation of the South Australian Government Financing Authority.

The table draws to some extent on internationally accepted classification concepts developed for the presentation of national accounts by Government. These concepts are also observed by the Australian Bureau of Statistics in its preparation of public finance statistics. Extensive treatment of the concepts can be found in a variety of publications including the following:—

- United Nations, Department of Economic and Social Affairs, 'A System of National Accounts'. (New York 1968)
- ABS, 'Australian National Accounts—Concepts, Sources and Methods'. (Cat. No. 5216.0)
- ABS, 'Classifications Manual for Government Finance Statistics, Australia' (Cat. No. 1217.0)

TABLE 3
STATE PUBLIC SECTOR FINANCES 1981-82 TO 1987-88 (Est.)—SUMMARY

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87		1987-88 (Est.)	
	\$m	\$m	\$m	\$m	\$m	\$m	Percentage increase	\$m	Percentage increase
Outlays—									
Recurrent ^(a)	1 667	1 929	2 115	2 435	2 750	3 018	9.7	3 343	10.8
Capital ^(b)	491	624	714	686	765	780	2.0	783	0.4
Net operating deficit of public trading enterprises	113	171 ^(f)	148	150	182	236 ^(h)	29.7	247 ^(h)	4.7
Total	2 270	2 724	2 977	3 271	3 696	4 035	9.2	4 373	8.4
Receipts—									
Commonwealth grants	1 333	1 594	1 796	2 010	2 095	2 242	7.0	2 368	5.6
Taxation	495	545	659	787	830	899	8.3	1 001	11.3
Other receipts ^(c)	93	101	94	120	177	179	1.1	166	-7.3
SAFA surplus	—	—	5	83	189	220	16.4	250	13.6
Total	1 921	2 239	2 554	3 000	3 291	3 540	7.6	3 785	6.9
Financing—									
Depreciation and other provisions ^(d)	115	148 ^(g)	131	148	169	198	17.2	203	2.5
Net borrowings and all other financing arrangements ^(e)	234	337	292	123	236	297	25.8	385	29.6
Total	349	485	423	271	405	495	22.2	588	18.8

^(a) Includes maintenance expenditure on roads, which was previously classified as capital expenditure.

^(b) Excludes maintenance expenditure on roads. See ^(a) above.

^(c) Comprises mining royalties, land rent, interest, statutory contributions from banks and other financial institutions, and other minor items.

^(d) Comprises depreciation allowances and other allocations to internal reserves which are charged to operating expenses.

- ^(e) Comprises borrowings (including transactions resembling borrowings, such as leases), the overall increase or decrease in the public sector's financial asset holdings (including loans to authorities, corporations and individuals outside the public sector), movements in amounts outstanding to or from creditors and debtors, and other residual financing items (including errors and omissions). A decrease in financial asset holdings appears in this table as a positive financing item while an increase features as a negative financing item.
- ^(f) Includes extraordinary costs arising from the Ash Wednesday fires in 1983 amounting to \$27 million.
- ^(g) Includes extraordinary provisions arising from the Ash Wednesday fires in 1983 amounting to almost \$20 million.
- ^(h) For consistency with previous years, excludes unrealised income from the revaluation of standing forests for the Woods and Forests Department.

Note: Components may not add to totals due to rounding.

SAFA = South Australian Government Financing Authority.

The purpose of the approach is to give a consolidated picture of the impact of public sector activity on the rest of the economy. Transactions between individual units which comprise the public sector are eliminated in order to focus attention on the net impact of public sector spending on the private sector. The classification distinguishes between three major classes of transaction: outlays, receipts and financing.

Within each of these categories, various levels of more detailed categorisation exist. For example, on the outlay side, distinction is drawn first between recurrent and capital outlays, while the operating results of trading enterprises are also shown separately from the spending activity of general government units. On the receipts side, grants from the Commonwealth are distinguished from taxation revenues and from other receipts such as interest earnings, land rents and royalties. Within the financing group of transactions, depreciation and other allocations to internal reserves are distinguished from borrowings and all other forms of financing.

The presentation given in this attachment is limited to the broadest levels of categorisation outlined above. Finer classifications of transactions are also possible, details of which are comprehensively covered in the reference publications cited above. Some of the key features of the State's finances, as projected for 1987-88, are summarised below. It should be noted that because of differences in coverage and classification, the figures in this presentation are not directly comparable with those appearing elsewhere in conventional Budget presentations.

In aggregate, public sector outlays in money terms are estimated to increase by 8.4 per cent, somewhat lower than the 9.2 per cent increase recorded in 1986-87 and well below the annual average increase of 12.2 per cent experienced over the five years to 1986-87. Capital spending largely accounts for the anticipated slowdown in total outlay growth. In real terms, for example, capital spending is expected to decline by about 7 per cent, compared with a real increase in all public sector outlays of a little over 1 per cent.

Whereas capital outlays grew at an annual average rate of 9.7 per cent over the five years to 1986-87, the anticipated growth in 1987-88 is less than 1 per cent in money terms, notwithstanding very significant levels of capital spending by E.T.S.A. on the interconnection grid between Victoria and South Australia. As the timing of major infrastructure projects, particularly by authorities such as the Electricity Trust, can disguise underlying trends, it is useful to distinguish capital spending by commercial authorities from that of government departments and semi-government authorities that are heavily dependent on the Budget for financial support (such as, the South Australian Housing Trust and the State Transport Authority). Such a dissection is provided in Table 4. Mainly on account of E.T.S.A.'s capital program, capital outlays by commercial authorities are anticipated to increase by 82.5 per cent in 1987-88, following an absolute decline in 1986-87. Capital spending by departments and Budget-supported semi-government authorities, on the other hand, is estimated to fall in 1987-88 by 12.1 per cent, following annual increases of 5.8 per cent in 1986-87 and 15 per cent over the five years to 1986-87.

TABLE 4
SUMMARY OF CAPITAL OUTLAYS(a)

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88 (est)		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	% Increase	% Increase
Government Departments(b)	196	222	310	309	349	344	322	-1.4	-6.4
Budget-Supported Semi-Government Authorities(c)	141	163	206	240	291	332	273	14.1	-17.8
Sub-total	337	385	516	549	640	677	595	5.8	-12.1
Commercial Authorities(d)	154	239	199	137	125	103	188	-17.6	82.5
Total	491	624	714	686	765	780	783	2.0	0.4

(a) Because of differences in classifications, the data in this table cannot be directly compared with other figures shown in this statement. The classifications are broadly based on those adopted by the Australian Bureau of Statistics.

(b) Includes expenditures from trust funds, deposit accounts, etc but excludes Woods and Forests Department.

(c) Includes Housing Trust, State Transport Authority, Health Commission, Colleges of Advanced Education, Universities and other authorities which depend heavily on the Government for financial support.

(d) Comprises ETSA, PASA, SA Timber Corporation, SA Urban Land Trust and Woods and Forests Department and, for years prior to 1987-88, AMDEL.

Component figures may not add to totals due to rounding.

Recurrent outlays for the total public sector are estimated to increase by 10.8 per cent in 1987-88, compared with 9.7 per cent growth in 1986-87 and 12.6 per cent annual average growth over the five years to 1986-87.

The anticipated growth of 10.8 per cent is higher than that for recurrent outlays from the Consolidated Account, after adjustment for accounting changes, due to differences in the treatment of some expenditure items. In particular, the national accounting presentation nets out items such as payroll tax and superannuation paid by departments, transfers to the Highways Fund and the expenditures of the Engineering and Water Supply and Marine and Harbors Departments since these are analysed as trading enterprises; as it happens many of these expenditures are growing more slowly than total recurrent outlays.

The net operating deficits of public trading enterprises increased significantly in 1986-87, mainly reflecting deterioration in the operating results for the South Australian Housing Trust, the Electricity Trust of South Australia and the State Transport Authority; a much smaller increase in the overall operating deficits of trading enterprises is anticipated for 1987-88.

On the receipts side, the restrained growth in Commonwealth funding levels for State Governments that has been occurring for some years now, is reflected in total revenue growth. In 1987-88, total public sector receipts are estimated to grow by only 6.9 per cent, following increases of 7.6 per cent in 1986-87 and an annual average growth of 13 per cent over the five years to 1986-87. Faster growth in taxation receipts in 1987-88, relative to 1986-87, which reflects the revenue measures announced in the Budget, is not sufficient to offset the impact of further cutbacks in Commonwealth funding. Commonwealth grants to South Australia are expected to increase by only 5.6 per cent in 1987-88, about half the annual average growth of 11 per cent that was recorded over the five years to 1986-87. Following very small increases in 1986-87, other receipts (mainly comprising mining royalties, interest, rent and statutory contributions from public financial institutions) are anticipated to fall in absolute terms in 1987-88.

Reflecting the stronger growth forecast for public sector spending relative to receipts, the net public sector financing requirement is expected to increase from \$495 million in 1986-87 to \$588 million in 1987-88. A small part of this overall increase reflects a slightly higher level of depreciation and other provisions; most of the increase, however, is attributable to a higher level of net borrowings (i.e. gross borrowings net of movements in financial assets). Again, reflecting E.T.S.A's capital program, a large part of the estimated growth in net borrowings in 1987-88 is attributable to this one authority. Indeed, if the Electricity Trust were treated separately, the growth in net borrowings by the remainder of the public sector would be \$31 million, compared to an \$88 million increase when the public sector is defined to include E.T.S.A. Additional information on the net borrowings of the public sector can be found in chapter 5 of 'The South Australian Economy', issued with the Budget papers.

The growth in net borrowings has implications for the overall net indebtedness for the State. The increase in the flow of net borrowings that has been estimated for 1987-88 is expected to result in some increase in the overall stock of net indebtedness in real terms. This growth in the stock of net debt needs to be viewed, however, in the context of recent trends.

Table 5 shows that the level of net indebtedness in real per capita terms has been maintained at a fairly steady level through the 1980's. In real per capita terms, however, the level of net indebtedness at 30 June 1987 remained at a lower level than at the commencement of the 1980's, and very much lower than at the beginning of the 1970's.

TABLE 5
SOUTH AUSTRALIAN PUBLIC SECTOR
Net Indebtedness

As at end of:	Money Terms \$m	Real Terms (a) \$m	Per Head of population (real terms basis) (b) \$	As Percentage of State GDP (c)
1949-50.....	282	3 468	4 888	—
1959-60.....	736	5 088	5 382	—
1969-70.....	1 461	7 366	6 361	—
1979-80.....	2 223	3 971	3 035	23.4
1980-81.....	2 378	3 866	2 931	22.6
1981-82.....	2 583	3 704	2 787	22.7
1982-83.....	2 952	3 891	2 901	23.4
1983-84.....	3 253	3 973	2 934	21.4
1984-85.....	3 407	3 921	2 877	19.8
1985-86.....	3 683	3 944	2 872	19.4
1986-87.....	3 975 (d)	3 975	2 873	19.3

(a) Real terms adjustment based on the non-farm Australian Gross Domestic Product deflator, using June 1987 dollars as the base.

Source: Australian Bureau of Statistics (Cat. Nos. 5206.0 and 5204.0)

(b) Population figures are on an estimated resident population basis at June each year.

Source: Australian Bureau of Statistics (Cat. No. 3101.0)

(c) Treasury Gross Domestic Product estimates.

- (d) At the time of preparation of this table, all the accounts of State semi-government authorities had not been finalised. Accordingly, estimates of some relatively minor amounts have been used.

Table 5 was developed by refining and updating data from a comprehensive analysis of State debt contained in the Treasury information paper published in September 1985. That paper not only provides the more detailed figures over recent years and back to 1950, but also discusses some of the conceptual and definitional issues involved in such an examination.

It is worth noting that in South Australia total public sector net borrowing per head of population in 1986-87 (according to provisional data published by the Australian Bureau of Statistics) was significantly below that of the average of all other States combined. In per capita terms, this State's level of annual net borrowings was the second lowest of all the States.

ATTACHMENT III

THE YEAR 1986-87

The Budget objective for 1986-87 was for an overall cash deficit of \$7.3 million in the Consolidated Account, with a balance in the capital component and the deficit on the recurrent side.

The result for the year has been better than planned with an overall surplus on Consolidated Account of \$9.9 million, reducing the accumulated deficit to \$30.1 million. A surplus of \$2.2 million was achieved on the recurrent side and a surplus of \$7.7 million on the capital side.

CONSOLIDATED ACCOUNT

CASH RESULT 1986-87

	Voted \$	Actual \$
Recurrent:—		
Receipts	3 205 250 000	3 217 176 258
Payments	3 212 550 000	3 214 926 268
Surplus/(Deficit)	(7 300 000)	2 249 990
Capital:—		
Receipts	566 000 000	571 077 380
Payments	566 000 000	563 409 872
Surplus/(Deficit)	—	7 667 508
Consolidated Account:—		
Surplus/(Deficit)	(7 300 000)	9 917 498
Consolidated Account Accumulated Deficit:—		
30 June 1986		\$40 011 339
30 June 1987		\$30 093 841

RECURRENT OPERATIONS

Receipts

Actual receipts were \$11.9 million in excess of budget. There were variations to a number of receipt items and Table 1 of this Attachment sets out the variations against budget in more detail. The most significant variations are summarised below.

- Payroll tax revenues came in \$3.3 million under budget, largely due to a shift in the actual timing of the second National Wage Case in 1986-87 from January 1987 (as estimated in framing the 1986-87 Budget) to March 1987 and a lower than anticipated level of employment last financial year.
- Stamp duty receipts were \$215.3 million compared with a budget estimate of \$219.5 million. The following table summarizes the variations in the major categories of stamp duty:—

	1986-87 \$ million		
	Budget	Actual	Variation
Annual licences (insurance)	50.9	46.5	(-)4.4
Conveyances or transfers on sale	86.9	84.6	(-)2.3
Cheques	5.8	5.4	(-)0.4
Mortgages	11.8	11.3	(-)0.5
Registration and transfer of motor vehicles	43.3	43.0	(-)0.3
Rental business	8.6	8.9	(+)0.3
Other	12.2	15.6	(+)3.4
	219.5	215.3	(-)4.2

- Receipts from the State Bank in relation to payments in lieu of income tax, return on capital provided to the Bank and interest recoveries were \$7 million in excess of budget. This was largely due to the Bank's agreement to commence the prepayment of tax six months in advance during 1986-87 (\$6 million). In addition there was also a conversion of Bank loans to "equity" capital (upon which a dividend is payable) during 1986-87 earlier than anticipated together with the payment of an interim dividend on the 1986-87 result (\$1 million).
- Revenues from water and sewer rates were \$6 million in excess of budget reflecting higher than anticipated water usage and a larger than expected reduction in arrears.
- Commonwealth grants under the Home and Community Care Agreement were \$4 million less than budget reflecting a decision to fund some projects direct from the Health Commission's Trust Account and a carryover of a recoup in relation to expenditure in 1986-87 pending finalisation of the claim for the Commonwealth contribution.

- Commonwealth general purpose grants came in \$8.6 million over budget, reflecting a higher than anticipated average increase in the CPI (six capitals) for the 12 months ended March 1987 in part offset by a lower than expected population figure for South Australia as at 31 December 1986.

Payments

Recurrent payments were \$2.4 million in excess of the amount provided for in the Budget.

Savings of \$11.3 million were achieved against the round sum allowance for increased wage and salary rates and other contingencies, due mainly to a number of favourable variations in respect of contingent items.

Against this saving there were unbudgeted payments of \$13.7 million, of which \$5.7 million was offset by increased receipts as follows:—

- increased interest payments on various trust accounts and increase in debt to cover indexation of particular loans from statutory authorities (\$2.2 million);
- increased receipts by the Health Commission from Commonwealth and other sources (\$2.6 million);
- sundry other (net) variations (\$0.9 million).

The deterioration in recurrent payments (\$2.4 million) was comprised as follows:—

	\$m	\$m	\$m
Allowance for increased wage and salary rates and other contingencies—			
Actual payments:—			
Wage and salary increases	74.1		
Other expenditures provided for in the allowance—			
Provision in respect of the impact of inflation on the cost of goods and services	2.8		
Payments under Special Act guarantees	0.9		
Increased random breath testing	0.5		
Computer processing costs in Education Department	0.4		
S.A. development initiatives	1.1		
Other	2.9	82.7	
Less Allowance provided	_____	94.0	—11.3

	\$m	\$m	\$m
Payments offset by variations in Commonwealth and other receipts—			
Interest on higher trust account balances		1.3	
Indexation of particular loans from statutory authorities		0.9	
S.A. Health Commission		2.6	
Education		1.9	
Public and Consumer Affairs		— 1.7	
Other		0.7	5.7
Expenditure not provided for in the Budget			8.0
Deterioration in recurrent payments against Budget			2.4

Tables 1 and 2 set out the variations from Budget for recurrent receipts and payments respectively.

CAPITAL OPERATIONS

Capital payments in 1986-87 were \$2.6 million below budget, while receipts were \$5.1 million above budget. Borrowings from statutory authorities were held to the budget figure, so that the overall result was a surplus on the capital side of \$7.7 million.

Receipts

Loan Council borrowings were as included in the estimates, with the whole of the loan raisings being nominated for housing and being received at a concessional rate.

Receipts in the form of Commonwealth specific purpose funds were within \$10 000 of the budgeted figure.

The actual repayments and recoveries from all State sources were \$53.6 million, marginally in excess of the budgeted figure of \$49.4 million. The major reasons were increased land sales and additional sales of light motor vehicles following a change in the replacement policy.

Further details of the variations between budgeted and actual receipts are shown in Table 3.

Payments

Capital payments were \$2.6 million below the budgeted figure. Due to additional revenues and land sale receipts, the Highways Fund did not require the \$14 million support from the Consolidated Account that had been budgeted for. On the other hand, the change in light vehicle replacement policy implemented in October 1986 led to an additional \$7 million requirement.

Further details of the variations between budgeted and actual payments are shown in Table 4.

EMPLOYMENT

The overall actual employment at the end of June 1987 was 48 013 FTE's (full-time equivalents).

The average employment level for all departments, Office of the Government Management Board and the Children's Services Office in 1986-87 was 47 577 FTE's, approximately 315 FTE's below the Budget plan.

This variation from Budget reflects a number of factors including:—

- Woods and Forests Department not filling vacancies because of a market downturn;
- some departments experiencing delays in staffing initiatives as planned in the Budget;
- the day labour construction forces being run down in response to prospective capital funding reductions from the Commonwealth;
- a greater number of teachers being on unpaid leave.

TABLE 1
1986-87 RECEIPTS—VARIATIONS FROM BUDGET

	1986-87				Comments on major variations between Budget and Actual
	Budget \$000's	Actual \$000's	Variation on \$000's	Budget %	
Taxation					
Property—Land Tax	45 000	44 209	- 791	-1.8	• Greater than expected number of appeals against assessed taxable values and consequent reduction in assessed tax liability.
Gambling—					
Commission on bets, licences, service fees, small lotteries application and licence fees	6 060	5 653	- 407	-6.7	• Reflects lower than expected levels of revenue from totalizator tax and small lotteries application and licence fees.
Contribution from casino operations ..	11 900	10 519	-1 381	-11.6	• Due to lower than anticipated level of gross and net gambling revenues.
Hospitals Fund contribution (from lotteries, T.A.B and other racing)	54 000	54 000	0	0	
Recoup from Recreation and Sport Fund	1 150	962	- 188	-16.3	• Reflects lower than estimated payments on projects which are recouped from the Fund.
Motor Vehicles—					
Registration fees, drivers' licences and sundries	90 000	89 511	- 489	-0.5	• Mainly reflects higher than expected number of one year licences issued for "hardship cases", as opposed to five year licences.
Payroll Tax	283 000	279 695	- 3 305	-1.2	• Reflects delay in National Wage Case increase from January 1987 to March 1987 and lower than anticipated level of employment in 1986-87.
Financial Institutions Duty	33 500	33 307	- 193	-0.6	
Stamp Duties	219 500	215 298	-4 202	-1.9	• Due largely to greater than anticipated decline in real estate activity and lower than expected growth in stamp duty on insurance business, offset in part by higher than estimated growth in revenues from share transactions.
Business Franchises—					
Gas	5 219	5 207	- 12	-0.2	
Liquor—Publicans' and other licences ..	33 100	33 221	121	0.4	
Petroleum	46 500	47 285	785	1.7	• Mainly due to higher than expected growth in the volume of sales of diesel during 1986-87.
Tobacco	41 500	40 868	- 632	-1.5	• Largely reflects lower than expected increase in prices for tobacco products.
Fees for Regulatory Services	7 926	7 047	- 879	-11.1	• Largely reflects later than expected implementation of new fees schedule for building and construction fees.

1986-87 RECEIPTS—

	Budget \$000's
Business Undertakings—	
Electricity Trust of South Australia— Levy on sales	28 500
State Bank of South Australia—Pay- ment in lieu of income tax	12 167
Woods & Forests Department—Pay- ment in lieu of income tax	2 900
Total Taxation	921 922
Public Undertakings	
Waterworks and Sewers (includes Irrigation)	230 000
Marine and Harbors	41 200
Total Public Undertakings	271 200
Recoveries	
Electricity Trust of South Australia— Interest	33 470
Engineering and Water Supply Depart- ment—Interest	4 454
Highways Fund—traffic services and road safety purposes	10 366
Interest on investments	42 000

TABLE 1

-VARIATIONS FROM BUDGET—*continued*

1986-87			Comments on major variations between Budget and Actual
Actual \$000's	Variation on Budget \$000's	%	
29 147	647	2.3	● Reflects 6.8 per cent tariff increase from 1 November 1986.
18 240	6 073	49.9	● The Bank agreed to commence prepayment of tax six months in advance during 1986-87, resulting in receipt of tax in respect of 1985-86 result and a prepayment of part of the tax due in respect of 1986-87.
2 900	0	0	
917 069	-4 853	-0.5	
236 035	6 035	2.6	● Largely due to higher than expected water usage and larger than anticipated reduction in arrears.
40 565	-635	-1.5	● Reflects lower than expected level of general shipping activity, partly offset by greater than estimated grain throughput.
276 600	5 400	2.0	
33 013	-457	-1.4	● Reflects revised timing of interest payments and restructure of E.T.S.A. debt.
4 762	308	6.9	● Higher than expected recoveries in relation to plant and machinery.
10 494	128	1.2	
43 301	1 301	3.1	● Due to better than anticipated outcome on Consolidated Account and higher than expected levels of funds deposited with Treasury, both increasing funds available for investment.

TABLE 1
1986-87 RECEIPTS—VARIATIONS FROM BUDGET—continued

	1986-87				Comments on major variations between Budget and Actual
	Budget \$000's	Actual \$000's	Variation on \$000's	Budget %	
Local Government Finance Authority—					
Interest	5 800	5 194	—606	—10.4	• Due to later than anticipated take-up of capital during 1986-87.
Public Trustee Fund	5 824	4 203	—1 621	—27.8	• Reflects lower than estimated expenditure by the Public Trustee Office, due to later than expected implementation of initiatives including purchase of a new computer.
Riverland Fruit Products Co-operative Limited Receivership	3 450	4 956	1 506	43.7	• Higher than anticipated recoveries by the Receiver-Managers.
South Australian Government Financing Authority—Return on capital	164 000	164 000	0	0	
State Bank—					
Interest	6 904	2 670	—4 234	—61.3	• Reflects the conversion of loan funds to capital through the year earlier than anticipated, offset by increase in return on capital to the Government (refer below).
Return on capital	13 949	19 152	5 203	37.3	• Due to earlier than anticipated conversion of loan funds to capital and the payment of an interim dividend in respect of the 1986-87 result.
Superannuation	100 265	98 352	—1 913	—1.9	• Due to National Wage Case increase in March 1987 rather than January 1987 (as budgeted) and lower than anticipated recoups from statutory authorities and in respect of trust, deposit and capital expenditures.
Woods and Forests Department—Interest ..	4 000	4 499	499	12.5	• Due to greater than budgeted level of loans, earlier than anticipated draw down of those funds and lower than estimated deposit account interest credits.
Other minor amounts	16 246	15 558	—688	—4.2	
Total Recoveries	410 728	410 154	—574	—0.1	
Fees, Fines and Charges					
Business Names Act fees	1 442	1 595	153	10.6	• Increase in number of registrations.
Companies Code fees	8 297	8 618	321	3.9	• Increase in number of registrations and reduction in outstanding fees.
Court fees and fines	10 647	11 431	784	7.4	• Largely due to imposition of higher than expected level of fines on average and increase in court activity.
Department of Agriculture—Sale of produce, services, registration, inspection and test fees etc.	1 624	1 727	103	6.3	

TABLE 1
1986-87 RECEIPTS—VARIATIONS FROM BUDGET—continued

	1986-87				Comments on major variations between Budget and Actual
	Budget \$000's	Actual \$000's	Variation on Budget \$000's %		
Department of Transport—Motor Registration Division—Commissions and sundries	1 900	1 883	-17	-0.9	
Education Department—Fees for services, books sales etc.	2 510	2 199	-311	-12.4	<ul style="list-style-type: none"> • Reflects lower than expected revenues from the sale of educational material. • As a result of a debt restructure in relation to E.T.S.A. guarantee fees lower than budgeted.
Guarantee fees	4 600	4 016	-584	-12.7	
Infringement notice schemes—expiated fees	5 701	5 864	163	2.9	<ul style="list-style-type: none"> • Reflects increase in fees from 1 February 1987.
Police services	2 042	2 131	89	4.4	
Registration of transactions of real and personal property	11 750	12 938	1 188	10.1	<ul style="list-style-type: none"> • Expected downturn in activity did not occur to extent anticipated and usage of the Land Ownership Tenure Scheme increased beyond budgeted levels.
T.A.F.E. personal enrichment courses	1 480	1 487	7	0.5	
Other minor amounts	16 347	16 402	55	0.3	
Total Fees, Fines and Charges	68 340	70 291	1 951	2.9	
Charges on Other State Government Agencies					
Auditor-General's Department—Fees for audit and sundries	1 071	1 069	-2	-0.2	
Court Services Department—Court reporting services	662	789	127	19.2	
Department of Housing and Construction—Hospital maintenance and minor works ..	2 200	2 061	-139	-6.3	
Department of Services and Supply—					
Chemistry Division	1 900	1 844	-56	-2.9	<ul style="list-style-type: none"> • Recovery of intra-agency support services now shown in the actual figure for Other minor amounts.
Forensic Science	950	869	-81	-8.5	
Government Printing Division	1 319	1 010	-309	-23.4	
State Supply Division	4 403	4 483	80	1.8	
Other minor amounts	1 008	1 399	391	38.8	
Total Charges on Other State Government Agencies	13 513	13 524	11	0.1	

1986-87 RECEIPTS

	Budget \$000's
Territorial	
Crown land rents, interest on agreements, etc.	2 853
Rental—Exploration and mining leases	1 673
Royalties	30 000
Stony Point Pipeline licence fee	726
Total Territorial	35 252
Commonwealth	
Specific Purpose Funds	
Children's Services	6 735
Community Employment Program	15 900
Home and Community Care Agreement ...	4 962
Primary and Secondary Education	49 980
Supported Accommodation and Assistance Program	4 969
Technical and Further Education	19 193
Vine Pull Scheme	2 500
Other minor amounts	6 756
Total Specific Purpose Funds	110 995

TABLE 1

-VARIATIONS FROM BUDGET—*continued*

1986-87			Comments on major variations between Budget and Actual
Actual \$000's	Variation on Budget \$000's	%	
2 140	-713	-25.0	<ul style="list-style-type: none"> • New rental policy incorporated in the Budget was amended during the year resulting in a shortfall of revenues against Budget.
1 683	10	0.6	
32 642	2 642	8.8	<ul style="list-style-type: none"> • Higher than anticipated price for petroleum products in the second half of calendar year 1986, and greater than expected level of royalties from iron ore.
783	57	7.9	
37 248	1 996	5.7	
6 667	-68	-1.0	<ul style="list-style-type: none"> • Reflects decision to fund some projects direct from the S.A.H.C. Trust Account and the carryover of a recoup in relation to expenditure in 1986-87 pending finalisation of the claim for the Commonwealth contribution.
15 780	-120	-0.8	
921	-4 041	-81.4	
52 597	2 617	5.2	<ul style="list-style-type: none"> • Mainly reflecting increased funding under the Resource Agreement offset in part by a reduction in funding for Schools Commission programs.
4 523	-446	-9.0	<ul style="list-style-type: none"> • Reflects later than anticipated opening of some new shelters and revised timing of receipt of Commonwealth funds.
20 155	962	5.0	
2 745	245	9.8	<ul style="list-style-type: none"> • Reflects greater than expected supplementation for the general purpose grant.
7 043	287	4.2	
110 431	-564	-0.5	

TABLE 1
1986-87 RECEIPTS—VARIATIONS FROM BUDGET—continued

	1986-87				Comments on major variations between Budget and Actual
	Budget \$000's	Actual \$000's	Variation on \$000's	Budget %	
General Purpose Funds					
General revenue grants	1 157 800	1 165 042	7 242	0.6	Reflects higher than anticipated increase in the CPI (six capitals) for 12 months ended March 1987 on the 12 months ended March 1986 in part offset by a lower than expected population figure as at 31 December 1986.
Health grant	215 500	216 817	1 317	0.6	
					Increase Incorporated in the Budget %
					S.A. population CPI (six capitals)
					Actual Increase %
Total General Purpose Funds	1 373 300	1 381 859	8 559	0.6	
Total Commonwealth	1 484 295	1 492 290	7 995	0.5	
Total Receipts of a Recurrent Nature	3 205 250	3 217 176	11 926	0.4	

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's
Special Acts	167 433	170 170
Legislative Council	752	758
House of Assembly	1 365	1 400
Parliamentary Public Accounts Committee	190	192
Parliamentary Library	382	297
Joint House Committee	537	435
Parliamentary Standing Com- mittee on Public Works ...	73	100
Joint Parliamentary Service ...	—	667
Legislature, Miscellaneous ...	3 552	3 685

TABLE 2

RECURRENT PAYMENTS 1986-87

Variation \$000's	Budget Allowance for Increased Costs		Explanation of Variation		
	Wage and Salary Rates \$000's	Other Contin- gencies \$000's	Offset by Variations in Commonwealth and Other Receipts \$000's	Other Variations \$000's	Main Elements of 'Other Variations'
2 737	378	916	0	1 443	<ul style="list-style-type: none"> • Increased pension payments (\$3.2m). • Transfer to the Highways Fund was lower than budgeted, mainly due to increased expenditure against Highways recurrent payments and reduction in drivers' licence revenue (-\$1.8m).
6	15	0	0	-9	
35	26	0	0	9	
2	5	0	0	-3	
-85	0	0	0	-85	
-102	0	0	0	-102	<ul style="list-style-type: none"> • Mainly reflects transfer of functions to the new Joint Parliamentary Service.
27	1	0	0	26	
667	30	0	0	637	<ul style="list-style-type: none"> • Establishment of new Parliamentary Services Office through transfers from various agencies (\$596 000).
133	0	0	0	133	<ul style="list-style-type: none"> • Additional cost of printing Hansard and other publications (\$119 000). • Travel by Members of Parliament (\$139 000). • Transfer of funds to the Joint Parliamentary Service (-\$120 000).

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation				
				Budget Allowance for Increased Costs		Offset by Variations in		
				Wage and Salary Rates \$000's	Other Contin- gencies \$000's	Commonwealth and Other Receipts \$000's	Other Variations \$000's	Main Elements of 'Other Variations'
State Governor's Establishment	616	638	22	15	0	0	7	
Premier and Cabinet	9 285	9 122	-163	113	0	0	-276	<ul style="list-style-type: none"> • Delays in filling approved positions (-\$157 000). • Costs associated with the completion of the Jubilee 150 celebrations lower than expected (-\$223 000). • Various Committees of Inquiry (-\$117 000). • Introduction of office automation (\$283 000).
Office of the Government Management Board	1 456	1 834	378	25	0	0	353	<ul style="list-style-type: none"> • Data Processing Board transferred from the Office of the Ministry of Technology (\$461 000). • Delays in filling approved positions (-\$43 000).
Premier, Miscellaneous	1 041	1 005	-36	0	0	0	-36	
Treasury	468 414	470 542	2 128	173	107	2 226	-378	<ul style="list-style-type: none"> • Higher interest payments on trust and deposit accounts (\$422 000). • Delays in conversion of pensions system to IBM equipment (-\$188 000). • Lower than anticipated expenditure on debt servicing costs (-\$101 000), office machines and equipment (-\$155 000) and State Taxation Office administration expenses (-\$245 000).
Treasurer, Miscellaneous	4 713	5 669	956	0	0	0	956	<ul style="list-style-type: none"> • Costs in respect of fire insurance claims (\$814 000).

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation					
				Budget Allowance for Increased Costs		Offset by Variations in Commonwealth and Other Receipts		Other Variations \$000's	Main Elements of 'Other Variations'
				Wage and Salary Rates \$000's	Other Contingencies \$000's				
Arts.	31 336	32 260	924	419	298	0	207	<ul style="list-style-type: none"> • Increased contribution to E.T.S.A. for subsidies in country areas due to higher fuel prices, usage and maintenance and debt servicing charges (\$173 000). • Redirection of funds from capital for performing arts (\$70 000). • Additional security and other costs at Carrick Hill (\$53 000). 	
Environment and Planning ...	27 324	28 675	1 351	525	120	0	706	<ul style="list-style-type: none"> • Purchase of land brought forward from 1987-88 (\$392 000). • Increased expenditure on a marine pollution project and conservation programs (\$157 000). 	
Minister for Environment and Planning, Miscellaneous ...	671	665	-6	0	0	0	-6		
Auditor-General's	3 289	3 422	133	70	0	0	63		
Police	139 945	146 868	6 923	4 859	482	0	1 582	<ul style="list-style-type: none"> • Fringe benefits tax on Police housing (\$527 000). • Terminal leave payments higher than expected (\$645 000). • Attrition in the Police force was lower than anticipated (\$331 000). 	
Minister of Emergency Serv- ices, Miscellaneous	9 386	9 351	-35	0	0	0	-35		
Engineering and Water Supply	133 201	131 568	-1 633	2 033	0	0	-3 666	<ul style="list-style-type: none"> • Mainly reflects reduced cost of electricity for pumping due to favourable seasonal conditions (-\$3.7m). 	
Minister of Water Resources, Miscellaneous	11	11	0	0	0	0	0		

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation				Main Elements of 'Other Variations'	
				Budget Allowance for Increased Costs		Offset by Variations in Commonwealth and Other Receipts \$000's			Other Variations \$000's
				Wage and Salary Rates \$000's	Other Contingencies \$000's				
Attorney—General's	12 417	11 813	-604	202	0	0	-806	<ul style="list-style-type: none"> • Transfer of the Parliamentary reporting function to the Joint Parliamentary Service (-\$243 000). • Implementation of the Justice Information System progressed at a slower rate than anticipated (-\$798 000). 	
Court Services	24 219	25 453	1 234	486	100	0	648	<ul style="list-style-type: none"> • Costs mainly associated with increased level of activity in the Courts system (\$314 000). • System specification costs associated with computerisation (\$250 000). 	
Electoral	912	858	-54	10	0	0	-64		
Attorney—General, Miscellaneous	894	901	7	0	0	0	7		
Public & Consumer Affairs ..	21 150	18 907	-2 243	353	0	-1 697	-899	<ul style="list-style-type: none"> • Largely reflects delay in implementing approved initiatives including accommodation (-\$429 000) and enforcement and investigation activities (-\$400 000). 	
Corporate Affairs Commission	4 308	4 529	221	78	90	0	53		
Lands	32 411	33 186	775	827	0	0	-52		
Minister of Lands, Minister of Forests and Minister of Repatriation, Miscellaneous	389	283	-106	0	0	0	-106		

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation					
				Budget Allowance for Increased Costs		Offset by Variations in Commonwealth and Other Receipts		Other Variations \$000's	Main Elements of 'Other Variations'
				Wage and Salary Rates \$000's	Other Contin- gencies \$000's	Commonwealth and Other Receipts \$000's	Other Variations \$000's		
Marine and Harbors	25 715	26 427	712	435	0	100	177	<ul style="list-style-type: none"> ● Terminal leave payments higher than anticipated (\$354 000). ● Delays in filling G.M.E. Act positions (-\$155 000). ● High attrition of Award employees (-\$100 000). ● Additional pay for Award employees brought to account in 1986-87 rather than 1987-88 (\$143 000). 	
Minister of Marine, Miscellaneous	1 440	1 721	281	0	81	95	105		
Minister of Health, Miscellaneous	573 101	613 485	40 384	35 518	706	2 586	1 574	<ul style="list-style-type: none"> ● Increase in workers' compensation premiums (\$2.1m). ● The Home and Community Care program proceeded at a slower rate than expected (-\$1.8m). ● Commissioning cost associated with the Adelaide Remand Centre (\$315 000). ● St John - staffing of country centres (\$300 000) and increased expenditure on vehicle replacement program (\$430 000). ● Increased medical insurance premiums (\$422 000). ● Increased usage of pathology services in respect of public patients (\$352 000). 	

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation				
				Wage and Salary Rates \$000's	Budget Allowance for Increased Costs Other Contingencies \$000's	Offset by Variations in Commonwealth and Other Receipts \$000's	Other Variations \$000's	Main Elements of 'Other Variations'
Community Welfare	90 709	91 311	602	864	0	-270	8	<ul style="list-style-type: none"> ● Increased expenditure on client payments (\$286 000) offset in part by reduced concession payments (-\$151 000).
State Development	18 322	16 894	-1 428	66	182	0	-1 676	<ul style="list-style-type: none"> ● Claiming for assistance under incentives to industry scheme slower than expected (-\$1.8m).
Minister of State Development, Miscellaneous	4 586	4 232	-354	9	532	0	-895	<ul style="list-style-type: none"> ● Timing of payment to the Berri Fruit Juices (-\$267 000) and Riverland Fruit Products (-\$200 000) Co-operatives. ● Savings associated with the State Enterprise Fund (-\$555 000).
Office of Ministry of Technology	962	506	-456	8	0	0	-464	<ul style="list-style-type: none"> ● Transfer of Data Processing Board to the Office of the Government Management Board from 1 July 1986 (-\$461 000).
Technical and Further Education	107 313	111 061	3 748	2 340	100	152	1 156	<ul style="list-style-type: none"> ● With the introduction of the 4 term school year, pays in advance exceeded estimate (\$908 000).
Office of Employment and Training	26 019	25 941	-78	95	0	0	-173	<ul style="list-style-type: none"> ● Implementation of 'YES' employment programs did not proceed as anticipated (-\$103 000).

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation				
				Budget Allowance for Increased Costs		Offset by Variations in Commonwealth and Other Receipts \$000's	Other Variations \$000's	Main Elements of 'Other Variations'
				Wage and Salary Rates \$000's	Other Contingencies \$000's			
Minister of Employment and Further Education, Miscellaneous	3 347	3 429	82	13	0	0	69	
Transport	30 229	30 387	158	366	266	150	-624	<ul style="list-style-type: none"> • Delayed implementation of Motor Registration Division on-line project (-\$614 000). • Delay in commencement of taxi service for the disabled (-\$291 000). • Delays in the recovery of costs from the introduction of the vehicle security register (\$138 000). • Increase in postage costs due to price rise (\$69 000).
Highways	25 357	27 876	2519	613	0	0	1906	<ul style="list-style-type: none"> • Commonwealth funding on recurrent activities less than expected (\$1.5m). • Fringe benefits tax (\$205 000). • Reduction in G.M.E. Act staffing level slowed by low attrition rate (\$211 000).
Services and Supply	11 384	11 985	601	355	14	0	232	<ul style="list-style-type: none"> • Mainly reflects cost of acquiring spare parts for Government Motor Garage (\$370 000).
Minister of Transport, Miscel- laneous—State Transport Authority	84 800	93 100	8 300	2 625	1 936	0	3 739	<ul style="list-style-type: none"> • Delay in implementing planned savings measures (\$2m). • Increased interest costs (\$400 000). • Revenue from Australian National less than anticipated (\$700 000).

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation				Main Elements of 'Other Variations'
				Budget Allowance for Increased Costs		Offset by Variations in Commonwealth and Other Receipts \$000's		
				Wage and Salary Rates \$000's	Other Contingencies \$000's			
—Other	904	904	0	0	0	0	0	<ul style="list-style-type: none"> • Repairs to damaged railcar not budgeted (\$600 000). • Additional property rental costs associated with delays in completing the new building and revised basis for payment of water rates (\$500 000). • Proceeds from disposal of Roadliner coaches (—\$500 000).
Mines and Energy	18 961	18 720	—241	298	0	0	—539	<ul style="list-style-type: none"> • Timing of payments for oil, liquids and gas fields exploration and development (—\$481 000).
Education	677 457	693 779	16 322	16 093	410	1 861	—2 042	<ul style="list-style-type: none"> • Changed accounting method of determining superannuation and payroll payments (—\$700 000). • Cost of introduction of the 4 term school year lower than anticipated (—\$606 000). • Medical Claims (—\$200 000). • Terminal Leave below estimate (—\$320 000).
Minister of Education and Minister of Aboriginal Affairs, Miscellaneous	45 202	45 406	204	49	0	0	155	<ul style="list-style-type: none"> • Increased student transport cost and usage (\$83 000). • Conduct enquiry into Immediate Post Compulsory Education (\$68 000).
Children's Services Office	35 464	37 330	1 866	777	353	340	396	<ul style="list-style-type: none"> • Additional funds provided to employ teaching and support services staff (\$403 000).

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation				
				Budget Allowance for Increased Costs		Offset by Variations in Commonwealth and Other Receipts		Other Variations
				Wage and Salary Rates \$000's	Other Contin- gencies \$000's	\$000's	\$000's	
Housing and Construction . . .	48 478	50 531	2 053	499	813	0	741	<ul style="list-style-type: none"> • Changed accounting arrangements resulted in additional pay being brought to account in 1986-87 rather than 1987-88 (\$585 000). • Increased accomodation costs (\$48 000).
Minister of Housing and Con- struction and Public Works, Miscellaneous	36 126	44 178	8 052	0	0	0	8 052	<ul style="list-style-type: none"> • Largely reflects a payment to the S.A. Housing Trust for concessional rent rebates (\$9m).
Labour	10 366	10 389	23	187	0	0	-164	<ul style="list-style-type: none"> • Delay in appointing personnel to Occupational Health and Safety Commission (-\$98 000).
Personnel and Industrial Relations	6 650	7 045	395	155	393	0	-153	<ul style="list-style-type: none"> • School leavers placed in vacancies more quickly than anticipated (-\$54 000). • Delay in commencing traineeships (-\$45 000).
Correctional Services	38 308	39 563	1 255	754	0	0	501	<ul style="list-style-type: none"> • Non-closure of Adelaide Gaol (\$429 000).
Tourism	9 664	10 265	601	89	380	13	119	<ul style="list-style-type: none"> • Costs associated with the December 1985 Ministerial reshuffle (\$50 000). • Higher than anticipated terminal leave payments (\$22 000).
Local Government	22 936	23 478	542	377	0	0	165	<ul style="list-style-type: none"> • Terminal leave payments exceeded estimate (\$82 000).

TABLE 2
RECURRENT PAYMENTS 1986-87—continued

Agency	Budget 1986-87 \$000's	Actual 1986-87 \$000's	Variation \$000's	Explanation of Variation				Main Elements of 'Other Variations'
				Budget Allowance for Increased Costs		Offset by Variations in Commonwealth and Other Receipts \$000's	Other Variations \$000's	
				Wage and Salary Rates \$000's	Other Contingencies \$000's			
Agriculture	52 028	48 527	-3 501	753	304	96	-4 654	<ul style="list-style-type: none"> • Simplification of debt relationships under the Natural Disaster Relief Agreement, with S.A.F.A. servicing the debt repayments to the Commonwealth from 1 July 1986 (-\$5m). • Terminal leave payments higher than anticipated (\$348 000).
Fisheries	4 859	5 079	220	86	0	0	134	<ul style="list-style-type: none"> • Net deficit of prawn surveys for period 1984 to 1986 in St Vincent Gulf and Investigator Strait (\$60 000). • Terminal leave payments exceeded budget (\$28 000).
Recreation and Sport	6 191	6 113	-78	53	0	0	-131	<ul style="list-style-type: none"> • Savings on Recreation and Sport Fund due to projects not proceeding as planned (-\$188 000). • Terminal leave payments higher than expected (\$100 000). • Timing delay in payment of Aquatic Centre deficit (-\$60 000).
TOTAL	3 118 550	3 214 926	96 376	74 120	8 583	5 652	8 021	

TABLE 3
CAPITAL RECEIPTS 1986-87
VARIATIONS FROM BUDGET

Agency	Budget	Actual	Variation	Main Explanation of Variation
	\$'000	\$'000	\$'000	
Receipts from State Sources				
Environment and Planning	200	1 165	965	Additional receipts from the sale of land.
Police	3 300	4 133	833	Proceeds from the sale of vehicles greater than anticipated.
Marine & Harbors	4 435	2 617	-1 818	Sales of properties at Lincoln Cove were less than expected.
Health Commission	—	1 737	1 737	Sale of properties not anticipated in Budget.
State Development	85	508	423	Sale of property at Technology Park.
Education	550	1 087	537	Additional receipts from the sale of motor vehicles as a consequence of the change of motor vehicle replacement policy.
Housing and Construction	10 095	9 623	-472	Sales of school properties were less than anticipated.
Local Government	20	597	577	Refund of advance to Greenock common effluent drainage scheme and recovery of computer installation costs.
All Others	30 715	32 089	1 374	Sale of motor vehicles as a consequence of the change in the light vehicle replacement policy.
	49 400	53 556	4 156	
Receipts from the Commonwealth for Specific Purposes				
Premier and Cabinet—				
Bicentennial Celebrations	1 600	227	-1 373	Progress on Bicentenary projects less than expected.
Health Commission	4 860	5 579	719	Commonwealth grant for magnetic resonance imaging (MRI) equipment at Royal Adelaide Hospital.
Technical and Further Education—				
Plant & Equipment	1 300	1 905	605	Additional funds provided for purchases of equipment.
Housing and Construction—				
Education Dept. Buildings	14 770	13 916	-854	Receipts less than expected.
Technical and Further Education Buildings	13 800	15 804	2 004	Progress on Commonwealth funded building projects ahead of schedule.
Recreation and Sport—				
National Sports Facilities	1 550	501	-1 049	Work on Hockey stadium did not start in 1986-87.
All Others	7 520	7 460	-60	
	45 400	45 392	-8	

TABLE 4
CAPITAL PAYMENTS 1986-87
VARIATIONS FROM BUDGET

Agency	Budget	Actual	Variation	Main Explanation of Variation
	\$'000	\$'000	\$'000	
Premier and Cabinet	5 000	1 787	-3 213	Delays in the commencement of Bicentennial Commemorative projects.
Environment and Planning	4 540	6 326	1 786	Provision for the acquisition of "Kingsmead" and "Belmont".
Engineering and Water Supply: Waterworks, Sewers and Irrigation	61 045	63 348	2 303	Additional expenditure on the replacement of motor vehicles as a consequence of the change in policy for the replacement of light vehicles.
Attorney-General's	6 663	5 503	-1 160	Delays in the delivery of computer equipment for the Justice Information System.
Woods and Forests	7 900	14 099	6 199	Provision of additional working capital to overcome liquidity problems arising from the market decline.
Marine and Harbors:				
Harbor Facilities and Services ..	12 500	9 999	-2 501	Reduced expenditure on dredging.
Lincoln Cove	5 300	3 864	-1 436	Anticipated contribution of equity capital not required.
Health Commission	34 088	38 970	4 882	Purchase of Payneham Rehabilitation Centre from Commonwealth.
Transport	3 333	4 568	1 235	Purchase of computer equipment brought forward from 1987-88.
Highways:				
Roads and Bridges	14 000	—	-14 000	Funding to Highways Fund not required due to additional licence revenue and increased receipts from the sale of land.
State Transport Authority	44 600	46 500	1 900	Purchase of Busway land from Highways Department.
Mines and Energy	15 400	8 807	-6 593	Delays in works at Roxby Downs.
South Australian Teacher Housing Authority	400	1 400	1 000	Upgrading of existing houses and purchase of additional houses.
Department of Housing and Construction:				
Office of Housing	180 000	182 000	2 000	Purchases of additional property.
Technical and Further Education Buildings	16 290	18 203	1 913	Progress on major building projects greater than anticipated.
Children's Services Buildings ...	4 500	3 286	-1 214	Difficulty in acquiring sites for child care centres has lead to delays in commencing construction.
Other Government Buildings ...	56 592	59 631	3 039	Purchase of additional property and more rapid progress on Correctional Services projects.
Agriculture	2 800	4 230	1 430	Advance for the purchase of dairy in Adelaide Hills.
Recreation and Sport	5 491	1 738	-3 753	Delay in commencement of construction of Hockey stadium.
All Other	85 558	89 150	3 592	Purchase of additional replacement motor vehicles as a consequence of the change in the light vehicle replacement policy.
	566 000	563 410	-2 590	

TABLE 5
AVERAGE EMPLOYMENT 1986-87

Department	Budget	Outcome	Outcome by Category of Employment			
			Public Service	Weekly Paid	Other	Major Non-Public Service
Premier and Cabinet	138.8	125.0	91.9	2.0	31.1	—
Government Management Board	25.0	26.7	26.7	—	—	—
Treasury	272.1	265.8	265.8	—	—	—
Arts	193.0	199.7	137.6	53.0	9.1	—
Environment and Planning	735.5	732.4	500.6	203.9	27.9	—
Auditor—General	82.0	84.7	83.7	—	1.0	—
Police	4068.8	4081.2	424.1	76.2	5.3	3575.6
Engineering & Water Supply	4670.0	4647.8	1565.6	3048.3	33.9	—
Attorney—General	233.6	225.1	215.6	—	9.5	—
Court Services	593.0	595.2	421.0	11.0	163.2	—
Electoral	17.2	14.8	12.8	—	2.0	—
Public and Consumer Affairs	529.6	487.0	482.8	2.2	2.0	—
Corporate Affairs	100.5	100.1	100.1	—	—	—
Lands	933.4	926.2	898.2	25.1	2.9	—
Marine and Harbors	769.0	751.2	262.6	486.8	1.8	—
Woods and Forests	1376.8	1316.9	255.9	1061.0	—	—
Community Welfare	1176.6	1178.0	1094.3	48.8	34.9	—
State Development	70.6	73.5	71.8	0.7	1.0	—
Ministry of Technology	17.0	10.8	10.8	—	—	—
Technical and Further Education	2594.8	2639.2	622.5	450.1	—	1566.6
Employment & Training	126.6	125.1	116.0	7.8	1.3	—
Transport	545.7	529.5	516.0	1.3	12.2	—
Highways	2715.0	2698.0	955.1	1653.5	89.4	—
Services and Supply	856.4	849.8	606.0	220.2	23.6	—
Mines and Energy	421.3	412.0	295.3	113.6	3.1	—
Education	18406.0	18347.7	875.7	—	2672.6(a)	14799.4
Children's Services Office	930.7	935.5	—	—	—	935.5
Housing and Construction	2080.0	2018.6	773.9	1176.3	68.4	—
Labour	261.0	252.8	233.9	1.7	17.2	—
Personnel & Industrial Relations	179.9	174.4	174.4	—	—	—
Correctional Services	989.5	1005.5	970.7	19.8	15.0	—
Tourism	134.8	131.1	116.5	2.0	12.6	—
Local Government	377.3	367.9	298.3	67.7	1.9	—
Agriculture	1093.3	1072.9	870.4	200.5	2.0	—
Fisheries	105.6	103.4	97.6	5.8	—	—
Recreation and Sport	71.2	71.5	66.3	5.0	0.2	—
TOTALS	47891.6	47577.0	14510.5	8944.3	3245.1	20877.1

These employment levels comprise all departmental employees, including those funded from sources outside the Consolidated Account e.g. Trust Funds.

Average employment is the sum of actual employment levels at regular time intervals (months or pay days) divided by the number of intervals (12 months or 26 pay days).

All numbers quoted above are expressed in full-time equivalents. The full-time equivalent of a number of employees is the estimated number of full-time personnel whose total work hours per week would be the same as that of existing full-time and part-time employees.

(a) Includes Weekly Paid employees and School Assistants.

ATTACHMENT IV

DEVELOPMENTS IN COMMONWEALTH— STATE FINANCIAL RELATIONS

This attachment summarises some recent developments in Commonwealth-State financial relations and their implications for South Australia.

This year, most unusually, the Commonwealth Budget will be brought down after the State's Budget has been introduced into Parliament.

The degree of uncertainty this would ordinarily engender for the State's Budget planning, however, has been reduced this year because of the approach the Commonwealth has taken to its financial planning for 1987-88.

The Federal Treasurer's Statement of Initial Budget measures for 1987-88 of 13 May 1987 (the May Statement) foreshadowed reductions in general purpose payments and outlined reductions in specific purpose payments to the States. Decisions made at the Premiers' Conference and Loan Council meeting on 25 May 1987 provided the State with clear guidance on the reductions to be made in general purpose payments and in the so called global borrowing limits for State authorities. As is usual at the Premiers' Conference, the Commonwealth provided the meeting with general guidance on specific purpose payments for 1987-88. However, in this case the figures provided will possibly be closer to the eventual outcome than in past years because the Commonwealth indicated that it regarded the major spending cuts as having been made in the May Statement.

Detailed background and statistical material on Commonwealth-State finances is to be found each year in Commonwealth Budget Paper No. 7 - "Payments to or for the States, the Northern Territory and Local Government Authorities" - and presumably this will be the case for 1987-88.

The information set out in this attachment will require confirmation following the Commonwealth Budget.

PAYMENTS TO THE STATES AS AN ELEMENT IN THE COMMONWEALTH'S BUDGET

Payments to the States represent about one third of Commonwealth Budget outlays. The balance between such payments and other kinds of Commonwealth expenditure is important both to the Commonwealth and to the States. The following table gives relevant figures.

Commonwealth Budget Outlays
Percentage Increase over Previous Year

	Money Terms (a)		Real Terms (b)	
	'Own' Purposes (c)	Payments to States	'Own' Purposes (c)	Payments to States
1978-79	10.7	4.8	3.8	-1.8
1979-80	10.8	6.1	1.1	-3.2
1980-81	16.4	11.2	5.6	0.9
1981-82	15.0 (d)	8.5	2.9 (d)	-3.0
1982-83	21.1 (d)	16.7	8.7 (d)	4.8
1983-84	16.2	14.1	7.8	5.8
1984-85	14.9	8.6	8.0	2.1
1985-86	11.1	6.6	3.8	-0.4
1986-87	7.2	6.9	-0.8	-1.0
1987-88 (e)	5.5	2.9	-1.2	-3.6
Increase over 10 years	233.0	127.0	46.0	(—)

(a) That is, in nominal terms before allowing for the effects of inflation.

(b) That is, after allowing for the estimated effects of inflation. The method of 'deflation' based on the implicit price deflator for non-farm GDP, being the same method as used in the table on page 347 of Commonwealth Budget Paper No. 1 1986-87.

(c) That is, total Commonwealth Budget outlays minus payments to the States (net basis).

(d) Adjusted for additional pay-day in 1982-83.

(e) Based on the Forward Estimates for 1987-88 included in the Federal Treasurer's Statement of Initial Budget Measures, 13 May 1987 and Table 1 in the Supplement 'Major Financial Decisions of the May 1987 Premiers' Conference/Loan Council Meeting' to the Commonwealth Treasury Round-Up of Economic Statistics, June 1987. The possibility that the figures in the Commonwealth's Budget will differ somewhat from these estimates cannot be ruled out.

It will be seen that, over the last ten years, payments to the States have consistently grown more slowly than other Commonwealth outlays and the real level of payments to the States in 1987-88 will be at almost exactly the same level as it was nine years ago.

This trend is expected to continue in 1987-88, with payments to the States estimated to fall by 3.6 per cent in real terms, compared with a smaller decrease for all other Commonwealth outlays.

The trends referred to above have resulted in a significant decline in the proportion of the Commonwealth's Budget outlays devoted to the States, as shown in the following table:—

Proportion of Total Commonwealth Budget Outlays

	'Own' Purposes %	Payments to States %
1977-78	62.7	37.3
1978-79	63.9	36.1
1979-80	64.9	35.1
1980-81	66.0	34.0
1981-82 (a)	67.3	32.7
1982-83	68.0	32.0
1983-84	68.3	31.7
1984-85	69.5	30.5
1985-86	70.3	29.7
1986-87	70.6	29.4
1987-88 (b)	71.1	28.9

(a) Adjusted for additional pay-day effect.

(b) See footnote (e) previous table.

COMPOSITION OF COMMONWEALTH PAYMENTS TO THE STATES

The distinction between general purpose ('untied') payments to the States and specific purpose ('tied') payments is an important one, having major administrative, budgetary and political/'philosophical' implications for the structure of Commonwealth-State financial relationships.

Relevant data are shown in the following table:—

Commonwealth Payments to the States

	General Purpose Payments		Specific Purpose Payments	
	\$b	% of Total	\$b	% of Total
1972-73	2.7	74	0.9	26
1975-76	4.4	53	3.9	47
1980-81	7.3	58	5.3	42
1981-82 (a)	9.2	67	4.5	33
1982-83 (a)	10.2	64	5.8	36
1983-84 (a)	11.4	62	6.9	38
1984-85 (a)	12.0	61	7.8	39
1985-86 (a)	12.9	61	8.2	39
1986-87 (a)	13.7	62	8.4	38
1987-88 (a) (b)	14.0	62	8.7	38

(a) So-called 'identified health grants' and amounts nominated by the State out of their Loan Council programs for housing have been classified as general purpose payments.

(b) Based on Table 1 in The Supplement 'Major Financial Decisions of the May 1987 Premiers' Conference/Loan Council Meeting' to the Commonwealth Treasury Round-Up of Economic Statistics, June 1987.

It will be noted that the trend towards a greater emphasis on general purpose funds which had been evident for several years up to 1981-82 was reversed in 1982-83. The proportion of funds coming to the States in 'untied' form is considerably lower than in the early 1970's. The estimates for 1987-88 show no change over 1986-87.

SOUTH AUSTRALIA'S SHARE OF TOTAL COMMONWEALTH PAYMENTS TO THE STATES

The following table shows that, in recent years, there has been a decline in South Australia's share of total Commonwealth payments to the States. Although the decline of 1 per cent in that share over the period 1975-76 to 1987-88 may not appear large, it is equivalent to over \$220 million.

Commonwealth Payments to South Australia —Share of Six States' Total

	Payments to Six States (a) (1) \$ million	Payments to South Australia (a) (2) \$ million	(2) as a Proportion of (1) %
1975-76	8 357	951	11.4
1982-82	15 690	1 723	11.0
1983-84	17 909	1 908	10.7
1984-85	19 453	2 110	10.8
1985-86	20 732	2 183	10.5
1986-87	22 048	2 307.1	10.5
1987-88 (b)	22 697	2 354.8	10.4

(a) Net basis—i.e. after deducting principal repayments on Commonwealth loans to the States.

(b) See footnote (b) previous table.

This reduction reflects a number of factors, including:—

- implementation of recommendations of the Commonwealth Grants Commission in relation to general revenue grants;
- a very large reduction in the State Government Loan Council programs (including capital grants), in which area South Australia receives a particularly high share of the funds;
- a phased reduction in South Australia's share of housing grants;
- relatively slow growth in population in South Australia.

GENERAL REVENUE GRANTS

General revenue grants are by far the most important of the various forms of Commonwealth payments to the States (representing about 59 per cent of the total of such payments in 1987-88). They are 'untied' and intended to assist the States to finance recurrent expenditures generally.

For 1987-88 the level of Financial Assistance Grants and Identified Health Grants to the States will be \$13 569.7 million, which is equivalent to a zero real increase in the level of general revenue grants, based on an assumed 8 per cent increase in the Consumer Price Index over the relevant period. This is a departure from the arrangements agreed to at the 1985 Premiers' Conference and incorporated in the States Grants (General Revenue) Act 1985 which provided for a 2 per cent real increase in these grants in 1987-88.

In accordance with the decision of the 1986 Premiers' Conference, all Special Revenue Assistance provided to assist States—including South Australia—in moving to new relativities and as compensation for hospital cost sharing arrangements will be phased out by 1987-88.

As a result all States in 1987-88 will be receiving shares of Financial Assistance Grants consistent with the per capita relativities recommended by the Commonwealth Grants Commission in its report on Tax Sharing Relativities 1985.

The Commonwealth Grants Commission is at present reviewing those relativities and will report to the Commonwealth Government by 30 March 1988 on the per capita relativities to be incorporated in the arrangements in the years after 1987-88.

LOAN COUNCIL

Important changes have taken place in this area in recent years.

The corresponding attachment in the Financial Statements for 1983-84 and 1984-85 outlines the various deregulatory decisions taken by Loan Council in 1982, 1983 and 1984 which had been supported, without qualification, by South Australia. Further changes made since then have been of a relatively minor nature.

Under current arrangements, all forms of financing by semi-government authorities (including for example, lease transactions, deferred payment schemes and the like) rather than merely their 'conventional' borrowings have been brought within the purview of Loan Council under a voluntary system of 'global limits'. Borrowings by or for government-owned companies are also included. At the June 1986 meeting it was decided to extend the coverage of this limit to include borrowings by the State Governments themselves (other than the approved Loan Council programs as shown in the table below).

The following table summarises the borrowing programs for the State, semi-government and local authorities in 1987-88 and these are compared with actual borrowings (including 'off Loan Council' financings) in the three preceding years.

South Australia New Money Borrowing Programs

	1983-84	1984-85	1985-86	1986-87	1987-88
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
State Government					
Loan Council Borrowings (a) . . .	127.6	135.9	131.2	100.9	51.8
Capital Grants	63.8	67.9	72.7	56.0	27.4
'Off Program' Financings (b)	169.7	5.5	—	—	—
	361.1	209.3	203.9	156.9	79.2
Semi and Local Government Authorities and Government Owned Companies—Loan Council Programs as Approved (c)					
Electricity Trust	64.0	3.7	140.0	3.5	10.0
SAFA and Other Authorities (d)	85.5	358.2	214.5	300.5	250.8
Local Authorities (e)	24.0	131.1	45.5	46.0	40.0
	173.5	493.0(f)	400.0(f)	350.0(g)	300.8(g)
'Off Program'					
Government Owned Companies					
Other	42.2	—	—	—	—
	95.7	—	—	—	—
	137.9	—	—	—	—
Aggregate for Government and Authorities					
	672.5	702.3	603.9	506.9	380.0

(a) Includes amounts nominated for welfare housing on concessional terms.

(b) Excluding borrowings by the Government from SAFA.

(c) Budget estimates for 1987-88.

(d) Comprises borrowings by or on behalf of all semi-government authorities other than ETSA.

(e) Includes amounts borrowed by LGFA.

(f) These are the global limits applying to all forms of financing by semi-government authorities and government owned companies.

(g) This is the global limit applying to all semi-government authorities and government-owned companies and, following a decision of the June 1986 Loan Council meetings, borrowings by the Government itself other than its approved Loan Council programs shown above.

The reduction in the State's borrowing program for 1987-88, while a continuation of the trend in recent years, is clearly much more severe than in any of the preceding years shown in the table.

One of the functions of Loan Council, under the Financial Agreement, is to formally determine borrowing programs for the State Governments. These programs are effectively determined by the Commonwealth and charged against its Budget. Since 1970-71 a portion of these programs (now one third) has been paid as general purpose capital grants by the Commonwealth to the States. These programs have been the subject of particularly severe restraint by the Commonwealth in most recent years as shown in the following table:—

**State Government Loan Council Programs
Percentage Increase Over Previous Year**

	Money Terms	'Real' Terms (a)
1978-79	—	-9.3
1979-80	-13.2	-22.5
1980-81	+5.0	-6.4
1981-82	—	-10.6
1982-83	+5.0	-5.7
1983-84	+7.0	-0.3
1984-85	+6.5	—
1985-86	—	-7.0
1986-87	-23.0	-28.0
1987-88	-49.5	-52.8

(a) For method of 'deflation' see footnote (b) to the first table in this Attachment.

In recent years the Commonwealth has provided a facility for some or all of the States to nominate amounts from their Loan Council borrowing programs for housing purposes to be provided on the concessional terms applicable under the Commonwealth-State Housing Agreement. This involves an interest rate of 4.5 per cent. South Australia nominated the whole of its borrowing programs in each of the years 1983-84 through 1986-87 under these arrangements and intends to do so again with respect to its 1987-88 program of \$51.8 million. The Commonwealth had indicated at the May 1985 meeting of Loan Council that the proportion of the program which may be nominated in this way would be reduced to 60 per cent in 1986-87 and 30 per cent in 1987-88 (with the position beyond then not stated). At the June 1986 meeting the Commonwealth agreed to representations by this State that this reduction not take place in 1986-87 with respect to those States (namely Western Australia and South Australia) which had been nominating 100 per cent of their programs and the other States were limited to 60 per cent.

Each State will be allowed to nominate up to 100 per cent of the borrowing component of its general purpose capital assistance in 1987-88. The large reduction which has occurred in the level of the programs which may be nominated for concessional funding in this way and uncertainty over the capacity to do so in 1988-89 is of great concern to the States given the crucial importance of the public housing program, in terms of both welfare needs and the building and related industries.

SPECIFIC PURPOSE PAYMENTS

Specific purpose (ie 'untied') payments at present account for over one third of Commonwealth assistance to the States.

In 1987-88 South Australia will receive specific purpose recurrent and capital assistance under more than 50 separate programs.

The Federal Treasurer's May Statement included an overall reduction of \$373 million from the forward estimates for specific purpose payments to the States in 1987-88.

The principal reductions in funds for the States as a whole will be:—

- a reduction of \$180 million in funding for roads under the Australian Land Transport Program;
- abolition of the Community Employment Program resulting in a reduction of \$100 million in funding to the States;
- a reduction of \$30 million in general recurrent grants to the States for TAFE. The May Statement included additional funding of \$32.5 million for training for unemployed people to be administered by the Department of Employment and Industrial Relations. The net effect, in money terms, on the State's Budget of these two decisions will not be known until the Commonwealth Budget is finalised;
- a reduction of \$41 million in payments to the States under the Commonwealth-State Housing Agreement.

For South Australia these decisions will result in a reduction compared with anticipated funding levels of about \$30 million for 1987-88.

At the Premiers' Conference the Commonwealth Government provided further advice on overall estimated levels of specific purpose payments to the States for 1987-88. On the basis of estimates at that time the Commonwealth will provide \$814.1 million in specific purpose funding to South Australia in 1987-88, an increase of \$39.6 million in money terms over the level of assistance provided in 1986-87 but a reduction of 1.6 per cent in real terms when compared with the funding level last year.

CONCLUDING COMMENT

There have been no significant changes in the broad *structure* of Commonwealth-State financial relations in recent years. What has emerged, however, is a reduction in real terms in the overall level of Commonwealth payments to the States requiring substantial adjustments in State Budgets. The reductions have been markedly more severe for 1987-88 and the budget adjustments required of the State Government more substantial than has been the case in recent years.

ATTACHMENT V

PUBLIC FINANCE AND AUDIT ACT

In the Autumn Session, Parliament passed the Public Finance and Audit Act. This is an important piece of legislation which brings together in modern form the principles previously contained in the Public Finance Act of 1936 and the Audit Act of 1921.

To place the Act in its proper context it is necessary to understand the Parliamentary appropriation process and its origins.

The struggle between the English Crown and Parliament for control of the public purse lasted for several centuries. It culminated in the Bill of Rights of 1689 which was one of the conditions imposed by Parliament in offering the Crown to William of Orange and Mary. The Bill established two important principles:—

- only Parliament could levy taxes;
- the Crown could not spend moneys raised by taxation without Parliamentary authorisation.

It is for this reason that the South Australian Parliament each year considers a Supply Bill and an Appropriation Bill. They are the means by which the Crown (now of course the Executive Government acting on behalf of the Crown) seeks authority from the Parliament to spend the funds which the Government expects to collect from taxation and by other means.

It is a convention that the detailed budget proposals contained in the Appropriation Bill are not presented to Parliament until several months into the financial year. Parliament then takes some months to consider the Budget so that final authorisation to spend does not come until well into the year.

To cover the period between 1 July and the passing of the Budget, Parliament grants Supply. That is to say, it passes a Bill (in fact usually two Bills in South Australia) which authorises the expenditure of a sum of money sufficient to keep the wheels of Government turning while Parliament considers the detailed Budget proposals in the Appropriation Bill.

This is the appropriation process as it operates in South Australia. Except in a limited way the Public Finance and Audit Act is not part of that process. Rather it picks up where that process leaves off and provides the framework within which the Government exercises *control* over the money which Parliament has appropriated and the way Government reports to Parliament on its stewardship of that money.

The first four sections of the Public Finance and Audit Act are purely formal.

Sections 5-11 contain the provisions relating to the receipt and application of public money. They set out the rules which the Treasurer must observe in dealing with Parliament's money and are fundamental to the whole purpose of the Act.

Section 5 reflects the first rule of public finance—the revenue of the Crown cannot be spent without the authority of Parliament. It therefore requires that all money received by the Treasurer must be paid into Consolidated Account.

There is one major difference between section 5 of the new Act and the provisions of the old Public Finance Act. Under the old Act there was a provision which permitted the Treasurer to credit specific purpose grants from the Commonwealth to a special trust account and disburse them without appropriation by Parliament. The theory behind this was that, since the Commonwealth had laid down the conditions under which the funds would be made available, the State Parliament had no discretion in the matter and it was unnecessary to go through the normal appropriation process.

It is now believed that a better view is that, while Parliament has no discretion over how the funds are spent, it should have an opportunity to vote on whether or not it wants the Government to accept the funds for the purposes designated by the Commonwealth. Moreover, passing the funds through the Consolidated Account and subjecting them to the appropriation process helps to emphasise their true status as grants to the State rather than grants directly to particular bodies.

The programs affected by this change are listed at the end of this section.

Section 6 of the Act deals with the *expenditure* of public money. It provides that funds can only be issued from the Consolidated Account under the authority of:—

- an Appropriation Act;
- a Supply Act;
- the Public Finance and Audit Act;
- some other Act of Parliament.

The Appropriation and Supply Acts have been discussed above and the special appropriation provisions contained in the Public Finance and Audit Act will be referred to later. In addition there are a number of other Acts which provide standing authority for funds to be spent for one purpose or another. Examples of payments which may be made without the authority of a Supply or Appropriation Act are Parliamentary salaries and allowances, judges' salaries and the superannuation payments made to former Government employees.

Curiously enough, the old Public Finance Act had no precise counterpart to section 6 of the new Act. There was however a provision which stated that public money could be disbursed only in accordance with law and only after the Governor had given the necessary authorisation.

As from 1 July 1987 it is no longer necessary to obtain the Governor's authorisation to spend money granted by Parliament and the legal authority for expenditure is more clearly stated.

There are, of course, numerous instances where Parliament has decided that particular statutory authorities should be permitted to carry out their functions without submitting to the annual appropriation process. Examples are the Electricity Trust and the State Transport Authority.

Section 7 of the new Act makes it clear that revenues received by these bodies do not have to be paid into Consolidated Account and may be spent without Parliamentary appropriation.

Although Parliament has decided, in these cases, that it will relax its control slightly and not insist on the conventional *accounting* arrangements it has nevertheless insisted that the activities of these bodies should be subject to scrutiny by the Auditor-General. That is to say, it has given the clearest possible indication that it wishes to hold these bodies fully *accountable* by giving its own auditor power to report on their activities.

The fact that a body operates outside the Consolidated Account does not release it from the obligation to account to Parliament.

Section 8 of the new Act retains for the Government the ability to establish and operate special deposit accounts. These accounts provide a convenient mechanism for the financial control of plant, stores, workshop operations and the like. They are used to hold revenues and charges in suspense pending the determination of the appropriate credit or debit.

Similarly, departments which carry out construction works (such as E&WS and Housing and Construction) undertake commercial projects for external organisations and charge for their services. These revenues are paid into a special deposit account, not into Consolidated Account.

The largest single example of a commercial activity conducted entirely through a special deposit account is the production and sale of timber products by the Woods and Forests Department but there are other examples of operations being conducted in this way. Generally speaking, the initial costs associated with establishing the operation are appropriated from Consolidated Account but thereafter the sales revenue is retained in the deposit account and the operation becomes self-funding.

In many respects, the device of the special deposit account permits a department to operate with much the same freedom as a statutory authority. The important difference is that Parliament has given specific approval for the statutory authority to operate in this way but has given no such specific approval for the operations carried out through deposit accounts.

In drawing up the new Public Finance and Audit Act the Government was keen to retain the flexibility which special deposit accounts provide but could not escape the conclusion that a means had to be found of providing more accountability to Parliament. The new Act therefore incorporates three extra provisions relating to these accounts:—

- before a new account can be opened the purpose for which it is to be opened must be published in the Government Gazette;
- any profit made as a result of deposit account activities must be returned to the Consolidated Account, unless the Treasurer directs otherwise;
- deposit accounts must be operated in accordance with the Treasurer's Instructions.

These provisions are not restrictive. For example, if a department wishes to participate in the Government's new commercialisation initiative by putting some of its assets to more profitable use, a deposit account provides a convenient mechanism.

At the same time the Treasurer will be able to exercise a degree of control over these activities on behalf of Parliament through his ability to issue Instructions on how the deposit account should be operated. He will be able to ensure, for example, that profits derived from these activities are calculated in accordance with proper accounting standards and after meeting all relevant costs.

Section 9 provides for the establishment of *imprest accounts*. This is the new name for advance accounts which play a minor but important role in facilitating cash transactions and enabling small accounts to be met promptly.

There was previously no mention of them in the Public Finance Act. They were established under the authority of Audit Regulations.

Section 10 is a new section designed to overcome a problem which occurs at the end of each financial year. One of the most important features of the appropriation process is that it gives the Treasurer authority to spend only in one particular financial year. Expenditure authority lapses on June 30 and must be renewed either by a Supply Act or a new Appropriation Act.

However, section 10 will now allow cheques drawn prior to the end of a financial year to be honoured early in the new financial year and charged against the activities of the year in which they were drawn.

The old Public Finance Act gave the Treasurer very restricted powers of investment. This was overcome quite recently when the Government Financing Authority Act—which established the South Australian Government Financing Authority (“SAFA”)—was passed. SAFA has very broad investment powers and, since the Treasurer can lodge funds with SAFA and direct SAFA in its activities, these much broader powers effectively became the Treasurer’s powers.

Section 11 of the new Public Finance and Audit Act still permits the Treasurer to lodge funds with SAFA. However he now has much broader investment powers in his own right.

Sections 5-11 form Division I of the Act and contain all the provisions relating to the *receipt and application* of public money.

Sections 12-15 form Division II of the Act and contain certain supplementary *appropriation* provisions. As mentioned earlier, the Public Finance and Audit Act is not really about the appropriation process as such, but rather picks up where that process leaves off and provides a framework for dealing with public money. Nevertheless, it has been found necessary over the years to provide means whereby the Government can, during the course of a year, vary the Budget proposals approved by Parliament in the Appropriation Act.

By far the most important of these provisions is in section 12 of the Act which continues the existence of the Governor’s Appropriation Fund. In simple terms this section authorises the Government to spend an amount equal to 3 per cent of the amount contained in the annual Appropriation Act of the *previous* year.

Thus for 1986-87 the Government had spending authority which was the sum of the following:—

- amounts required to meet the cost of functions for which *automatic* appropriation is provided;
- amounts contained in the annual Appropriation Act for 1986-87;
- an amount equal to 3 per cent of the sum appropriated for 1985-86.

This last amount is held in reserve by the Government to authorise any unavoidable expenditure over-runs by departments.

Occasionally, there are special events, such as a major natural disaster, for which the Government obviously cannot plan. Alternatively, it may be that the Commonwealth will offer a significant sum for a new initiative and the Government will have to call on the Governor’s Appropriation Fund for authority to spend the funds even though the net effect on the Consolidated Account may be zero.

These are the sorts of events for which the Governor's Appropriation Fund was created and the reasons it is retained in the new Act.

The Fund also enables the Government to spend more than the amounts included in the annual Budget for its normal programs without returning to Parliament for extra authority. As long as these amounts are offset by extra revenues there is no net effect on the Budget and it can perhaps be argued that use of the authority provided by the Fund is not inappropriate.

However, use of the Fund to cover straight forward overspending by a department is not to be encouraged. Agencies which call on the Fund for this purpose year after year are merely demonstrating a lack of commitment to the corporate aims of the Government or a lack of capacity to manage a budget.

Section 13 of the new Act gives the Government power to transfer appropriation authority from one department to another.

In practice the extra expenditure authority given by the Governor's Appropriation Fund is nearly always sufficient to cover expenditure over-runs and the power given by section 13 is rarely used.

It is, of course, a useful power to have. For example it covers the situation where a major function of Government is transferred from one department to another during the course of a year.

It is to be noted that Parliament appropriates funds to departments only at the *departmental* level. Therefore, it is not necessary to use the authority of section 13 to transfer funds between programs within a department. That power is provided by Treasurer's Instructions.

Section 14 of the new Act permits the Government to *reduce* the amount appropriated for a particular department and is very similar to sub-section 32a(7) of the old Act.

This power would be invoked only on very rare occasions. However, it could be used where appropriation authority is granted initially on the basis of an uncertain event. With the Commonwealth Budget yet to be presented, we may need to adjust our estimates of Commonwealth grants and to reduce the corresponding expenditure authorities.

The amounts included in the Appropriation Act for each department are based on wage and salary levels at the *beginning* of the year. They understate likely expenditure for the year by the amount of expected wage and salary increases. However, an estimate of the total cost to the Government of likely wage and salary increases during the year is included in the supplementary Budget papers presented to Parliament. Parliament is therefore aware of the true Budget result the Government expects to achieve.

For many years automatic appropriation authority for the cost of awards, orders or determinations of wage-fixing authorities has been included in a separate provision in the annual Appropriation Act. This provision now appears in section 15 of the Public Finance and Audit Act.

The next six sections of the Act deal with the powers of the Treasurer and statutory authorities to borrow.

The Treasurer's power to borrow was not included in the old Public Finance Act but was instead incorporated in the annual Appropriation Act. This has now been rectified in section 16 of the new Act.

However, a limit to the amount the Treasurer can borrow by way of overdraft each year will be incorporated in the Appropriation Act.

Sub-section (4) of section 16 provides the Treasurer with automatic appropriation authority for the payment of interest and the repayment of principal in respect of any borrowing undertaken pursuant to this section.

Sections 17-20 of the new Act are almost identical with sections 32k to 32n of the old Public Finance Act. They give the Treasurer authority to control borrowings by statutory authorities, to guarantee such borrowings and to charge fees for these guarantees.

The Treasurer now carries out nearly all of the State's borrowing activities through SAFA.

Section 21 provides authority for the Treasurer to accept money by way of deposit and to pay interest on such deposits. This power existed previously in sections 33 and 34 of the old Public Finance Act and has provided a means whereby smaller statutory authorities, in particular, have been able to lodge their surplus cash with the Treasurer and take advantage of his investment powers.

Centralising the investment function has other advantages in that it reduces the number of people who have to devote time to the task of analysing investment options and minimises the sum which must be kept in a very liquid form.

Sections 22 and 23 provide the means whereby Parliament can hold the Treasurer and the various public authorities accountable for their stewardship of public funds.

Section 22 specifies in considerable detail the financial statements which the *Treasurer* must present to the Auditor-General at the end of the financial year.

There was a similar provision in section 36 of the old Audit Act but the new requirements are rather more comprehensive.

Section 23 requires public authorities to deliver their financial statements to the Auditor-General within *42 days* of the end of the financial year. In this context, the term "public authorities" includes Government departments.

The section also provides that these financial statements must comply with the Treasurer's Instructions.

THE AUDITOR-GENERAL

The independence of the Auditor-General as a statutory officer, subject only to the direction of the Parliament, is a fundamental principle of the Westminster system of government. The proposed legislation acknowledges and preserves that fundamental principle.

Section 24 deals with the appointment of the Auditor-General as an officer of the Parliament and subsection (6) gives emphasis to the independence of the office. Section 26 sets out the specific conditions under which the Auditor-General can be removed from office.

The Bill provides formally, for the first time, for the establishment of an administrative unit to assist the Auditor-General in the discharge of his statutory responsibilities. Section 25 gives the Auditor-General the powers and responsibilities of a Chief Executive Officer under the Government Management and Employment Act, 1985, in the administration of that unit. Subsection (3) also gives the Auditor-General the flexibility to draw on resources outside the administrative unit where he is satisfied that—

- some particular expertise not available within the administrative unit is needed for the conduct of a particular audit;
- to do so is more efficient than to increase the resources of the administrative unit on a permanent basis.

Under existing arrangements the formal approval of the Governor needs to be obtained on each occasion that the Deputy Auditor-General is required to act as Auditor-General during the absence from duty of the Auditor-General. Section 28 now dispenses with this requirement.

The proposed legislation also puts beyond doubt the Auditor-General's power to extend the traditional financial and compliance audit to incorporate the examination of public resources in terms of their efficient and economic use, an accepted practice both interstate and overseas. While the Auditor-General has not felt constrained by existing legislation in undertaking this expanded audit role, doubt as to his powers in this area has been expressed from time to time. The Government has decided that any doubt about the matter should be resolved.

Section 33 requires a public authority to report to the Auditor-General whenever it carries out all or any part of its functions in partnership or jointly with another person through the instrumentality of an agent or by means of a trust. Accountability to the Parliament is achieved by enabling the Auditor-General to audit the accounts of such ventures.

Section 36 requires the Auditor-General to report on the financial statements of each public authority and the financial position of prescribed public authorities and to include copies of those financial statements in his report to Parliament. Therefore, it is no longer necessary to have provisions relating to such reports in the separate Acts which govern the operations of these authorities. The Statutes Amendment (Finance and Audit) Act has removed the redundant provisions.

The remaining sections in Part III of the Act are self-explanatory. All, except section 35, deal with the Auditor-General's power to obtain information, his requirement to report to Parliament and his scope to charge an audit fee.

Section 35 puts an end to the Auditor-General auditing the accounts of his administrative unit and provides for an auditor registered under the Companies (South Australia) Code to do so. The independence of the Auditor-General and the sensitivity of information involved in carrying out the proper function of his office will be protected fully and will not be affected by this change.

TREASURER'S INSTRUCTIONS

Clearly the Treasurer cannot allow greater freedom to agencies than he has been given by Parliament. Therefore, one of his major responsibilities is to ensure that there is in place a set of rules which regulate the activities of agencies in a manner consistent with the Treasurer's own obligations to Parliament. The power to exercise the necessary control over agencies is contained in Section 41 of the Act which provides authority for the issue of Treasurer's Instructions.

Treasurer's Instructions may be issued for the following purposes:—

- to establish the form and content of the *accounts and records* which must be maintained;
- to establish the form and content of the *financial statements* which must be prepared;
- to establish the *procedures* which must be followed in the course of financial administration;
- to establish the procedures which must be followed in the operation of *special deposit accounts*.

Considerable work has already been done on establishing the procedures to be followed in the course of financial administration. Until recently the public service did not have a useful manual to help accounting staff deal with the financial issues which arise on a daily basis. Many instructions were issued but they came from a wide variety of sources:—

- Audit regulations;
- Treasurer's instructions;
- Chief Secretary's circulars;
- Premier's Department circulars;
- Treasury circulars;
- State Supply circulars;
- Public Service Board circulars;
- Data Processing Board circulars.

Other governments have comprehensive finance manuals. The Commonwealth and New South Wales manuals date back many years and, more recently, Queensland and Western Australia have taken the same approach following thorough reviews of their public finance and audit legislation.

Early in July a comprehensive set of Treasurer's Instructions was issued to all Government departments. They have been welcomed by departments, particularly those with limited accounting resources, as a means of ensuring the adoption of sound procedures and of promoting consistency between departments.

Treasurer's Instructions may also deal with the form and content of the *accounts and records* which must be kept and with the form and content of the *financial statements* which must be presented.

It is for these purposes that subsection (4) of section 41 of the new Act is important:—

“When issuing, revoking or varying instructions under this section the Treasurer shall have regard to accounting practices and standards adopted by the Australian Society of Accountants and the Institute of Chartered Accountants in Australia”.

It is important to note that the Treasurer must *have regard to* accounting standards issued by the professional bodies but is not bound to observe them.

It is the Government's firm intention to follow the practices and standards laid down by the Accounting Standards Board and the Public Sector Accounting Standards Board. However, we do not believe that it is appropriate for the Government to undertake to observe these standards before they are even formulated. It is possible that a situation could arise where the Public Sector Accounting Standards Board, in its commendable desire to maintain consistency with the A.S.B. standards for the *private sector*, might give insufficient recognition to the rather different requirements of the public sector. In these circumstances it might be preferable for Treasurer's Instructions to depart from the standards laid down by the professional bodies.

It should be noted that the development of Instructions in this area will be undertaken only after thorough consultation with agencies. This process has scarcely begun and the first set of Treasurer's Instructions therefore includes little more than a broad outline of principles for the preparation of financial statements.

Questions of public sector accounting policy are currently matters of great interest and it is the Government's intention, within the constraints of its limited resources, to make a greater contribution to the developments which are taking place.

COMMONWEALTH SPECIFIC PURPOSE PROGRAMS
(now funded through Consolidated Account)

MINISTRY	AGENCY	PROGRAM
PREMIER	Office of the Government Management Board	Management Accounting Training
TREASURER	Treasury Department	Railways Pensions Non-Government Schools
ARTS	Department for the Arts	Research-Museum
ENVIRONMENT & PLANNING	Department of Environment and Planning	National Estate National Parks & Wildlife Aboriginal Ranger Training Historic Shipwrecks Training for Aboriginals Program-Public Sector National Health Promotion
EMERGENCY SERVICES	Country Fire Service Metropolitan Fire Service	Fire Protection-Commonwealth Property
WATER RESOURCES	Engineering & Water Supply Department	Australian Centre for Research-Water Treatment & Quality Training for Aboriginals Program-Public Sector
ATTORNEY-GENERAL	Legal Services Commission	Operating Costs of Legal Services Commission Community Legal Centres
MARINE	Department of Marine and Harbors	Training for Aboriginals Program-Public Sector
HEALTH	South Australian Health Commission	Medicare Agreement-Compensation Medicare Community Health Initiatives Port Pirie Pathology Laboratory Pharmaceutical Benefits Scheme Drug Education National Campaign Against Drug Abuse National Drug Data Collection Activities Aboriginal Advancement (Health) Red Cross Blood Transfusion Service Aids For Disabled People Geriatric Assessment Strategy For A.I.D.S. Nurse Refresher Training Impact Of Population Aging Study

COMMONWEALTH SPECIFIC PURPOSE PROGRAMS
(now funded through Consolidated Account)

MINISTRY	AGENCY	PROGRAM
		Mosquito Abatement Human Quarantine Nurse Labour Force Supply Model Veterans Affairs Home Services National Campaign Against Measles
COMMUNITY WELFARE	Department for Community Welfare	Aboriginal Advancement (Welfare) Training for Aboriginals Program-Public Sector Aboriginal Employment Training Home & Community Care
STATE DEVELOPMENT	Department of State Development	Centre For Manufacturing National Industries Extension Service
EMPLOYMENT & FURTHER EDUCATION	Office of Employment & Training	Training for Aboriginals Program-Public Sector Tradeswomen On The Move Apprentice Training
	Department of Technical And Further Education	Aboriginal Advancement(TAFE) DEIR Labour Market Training National Curriculum Resource Centre Distance Learning
	Tertiary Education	Colleges of Advanced Education Universities Non-Government Business Colleges Aboriginal Community College
TRANSPORT	Highways Department	Australian Land Transport Interstate Road Transport Australian Bicentennial Road Development Training for Aboriginals Program-Public Sector
	State Transport Authority	Training for Aboriginals Program-Public Sector Australian Bicentennial Road Development
MINES & ENERGY	Department of Mines and Energy	Petroleum Products Subsidy National Energy Research, Development and Demonstration

COMMONWEALTH SPECIFIC PURPOSE PROGRAMS
(now funded through Consolidated Account)

MINISTRY	AGENCY	PROGRAM
EDUCATION	Education Department	Aboriginal Advancement (Schools) Remote Area/Aborigines
CHILDREN'S SERVICES	Children's Services Office	Training for Aboriginals Program-Public Sector
HOUSING & CONSTRUCTION	Department of Housing and Construction	Commonwealth State Housing Agreement (CRAFT) Apprentices Training for Aboriginals Program-Public Sector
CORRECTIONAL SERVICES	Department of Correctional Services	Training for Aboriginals Program-Public Sector
TOURISM	Department of Tourism	Training for Aboriginals Program-Public Sector
LOCAL GOVERNMENT	Department of Local Government	Local Government Financial Assistance Training for Aboriginals Program-Public Sector Local Government Development Youth Services
AGRICULTURE	Department of Agriculture	Fertiliser Assistance Export Inspection of Grain, Animals & Fruit Plant & Animal Quarantine National Soil Conservation National Biotechnology National Energy Research & Development Various Rural Industry Research Projects
RECREATION & SPORT	Department of Recreation and Sport	Training for Aboriginals Program-Public Sector Women's Sport Australian Institute of Sport- Cycling

ATTACHMENT VI TRANSFERS OF FUNCTIONS

Transfers of functions and staff which have taken place since the last Budget was presented on 28 August 1986. These changes are reflected in the Estimates of Receipts and the Estimates of Payments.

Function	From	To	Staff (FTE)	Comments
Data Processing Board and Staff	Office of the Ministry of Technology	Office of the Government Management Board	7.0	As part of the re-organisation of management arrangements for information technology within Government, and the allocation of responsibility for information technology matters to the Minister of State Development and Technology.
Technology Advisory Unit		State Development and Technology	8.0	
Other staff of the Office of the Ministry of Technology		Technical and Further Education	3.0	
Occupational Health and Safety Commission	Labour	Statutory Authority	6.0	Resources which were initially allocated to the Department of Labour to establish the Commission have been transferred to the Commission.
Economics Unit	Premier and Cabinet	Treasury	3.5	To facilitate better coordination of budgetary and economic advice.
Government Employee Housing	South Australian Teacher Housing Authority	Housing and Construction	16.0	The responsibility for the management of government employee housing has been consolidated in the Department of Housing and Construction.
Land Assessment	Lands	Environment and Planning	3.0	Scientific Officers engaged in land assessment for the Outback Management Unit transferred to Environment and Planning.
Parliamentary Reporting	Attorney-General's	Legislature	19.0	Transfer of Hansard staff to Joint Parliamentary Service.
Support Service - Home & Community Care	S.A. Health Commission	Community Welfare	10.0	Reflects a Government decision to place the HACC program under the control of the Department for Community Welfare.
Country Court Orderly Service	Police	Court Services	4.0	Civilian court orderlies to be used in some country courts.
Community Based Children's Services	Community Welfare	Children's Services Office	5.0	Consolidation of funding for community children's services under the responsible agency.
Ministerial Officers	Various Departments	Various Departments	19.0	Resulting from the December 1985 variations to Ministerial portfolios.

The Hon. E.R. GOLDSWORTHY secured the adjournment of the debate.

BUSINESS FRANCHISE (PETROLEUM PRODUCTS) ACT AMENDMENT BILL

The Hon. J.C. BANNON (Premier and Treasurer), Standing Orders having been suspended, obtained leave and introduced a Bill for an Act to amend the Business Franchise (Petroleum Products) Act 1979. Read a first time.

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

That this Bill be now read a second time.

It gives effect to the measures announced in the Government's 1987-88 budget. At present the licence fees payable under this Act are fixed by reference to fuel prices which bear no relationship to current market conditions. They are 33.4 cents per litre for motor spirit and 35.65 cents per litre for diesel fuel. With the severe cutbacks in Commonwealth funding to South Australia which were announced at the last Premiers Conference we are no longer able to sustain these artificially low values as the basis for levying fees. Accordingly, the Bill before the House proposes an increase to 45 cents per litre for both motor spirit and diesel fuel.

In addition, we propose to introduce a three zone system of rates. Zone 1 will be that part of the mainland of the State that lies within a radius of 50 kilometres from the General Post Office at Adelaide. Zone 2 will be that part of the mainland (excluding Yorke Peninsula) that lies outside zone 1 but within a radius of 100 kilometres from the GPO. Zone 3 will be the rest of the State.

The rates applying in zone 1 will be such as to produce an increase in the licence fee of approximately 2 cents per litre. The rates applying in zone 2 will be such as to produce an increase in the licence fee of approximately 1c per litre. The rates applying in zone 3 will be such as to produce no increase in the licence fee.

While the proposed scheme will be more complex to administer than the present arrangements, the Government is confident that the oil companies will be sympathetic to our clear aim which is to protect those living in country areas against increases in the price of fuel.

At the same time we must provide ourselves with the resources to meet the increasing burden which road accidents impose on our police, ambulance and hospital services. The new measures are intended to take effect from 1 November 1987. They are expected to raise an additional \$21 million in 1987-88 and \$28 million in a full year.

Several other changes are proposed. At present appointments of inspectors under this Act are made by the Minister. Appointments of inspectors under other taxation Acts are made by the Commissioner. It is proposed to bring this Act into line with the others and so simplify administration (for example, making it no longer necessary for inspectors to carry two authority cards).

Qualified powers of search are contained in a number of State taxation Acts. Clause 5 seeks to insert similar powers in this Act. It will be noted that forcible entry or search is not to be carried out except on the warrant of a magistrate.

The Crown Solicitor has advised that evidence obtained as a result of section 16 (5) of the Act may be inadmissible in court proceedings to recover duty. It is suggested that this be rectified by removing the prohibition on the use of such evidence in civil proceedings.

At present, petrol retailers are required to take out a class B licence each year and pay a licence fee of \$50. All licences fall due on 1 October. There is no provision for a reduced fee if the licence is for part only of a year. It is proposed

that the Commissioner be given power to charge a reduced fee in appropriate circumstances. I seek leave to have the explanation of the clauses of the Bill inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is formal.

Clause 2 provides that the new Act is to come into operation on 1 November 1987.

Clause 3 provides for the division of the State into three zones. Zone 1 is defined by a radius of 50 km from the GPO at Adelaide. Zone 2 includes those parts of the mainland (excluding Yorke Peninsula) that lies outside zone 1 but within the radius of 100 km from the GPO. Zone 3 consists of the rest of the State.

Clause 4 provides for the appointment of inspectors by the Commissioner rather than the Minister. This brings the principal Act, in this respect, into conformity with other Acts administered by the Commissioner.

Clause 5 includes a power of search amongst the investigative provisions of the principal Act. It provides that a forcible entry or search is not to be carried out except on the warrant of a magistrate. The amendment to subsection (5) removes a provision preventing use of evidence compulsorily obtained in civil proceedings against the person from whom the evidence was obtained.

Clause 6 is the major substantive provision of the Bill. It fixes the rates at which licence fees will be calculated on petroleum products supplied for consumption in zones 1, 2 and 3. Proposed new section 18 (2) deals with the principles to be applied by the Commissioner in calculating licence fees. Proposed section 18 (4) to (8) empowers the Governor to value petroleum products for the purpose of calculating licence fees. This valuation must not exceed the average wholesale price at the time of valuation. Until such a valuation is made the value of both motor spirit and diesel fuel will be taken to be 45c per litre. Proposed section 18 (13) allows the Commissioner to reduce the fee for a class B licence where it is to be granted for less than one year.

Mr INGERSON secured the adjournment of the debate.

LAND TAX ACT AMENDMENT BILL

The Hon. J.C. BANNON (Premier and Treasurer), Standing Orders having been suspended, obtained leave and introduced a Bill for an Act to amend the Land Tax Act 1936 and the Retirement Villages Act 1987. Read a first time.

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

That this Bill be now read a second time.

This Bill gives effect to the measures announced in the Government's 1987-88 budget. Last year the Government modified land tax liability to take account of two factors: that the Valuer-General had brought all property valuations up to date; and that market values of commercial and industrial properties had continued to rise sharply. A rebate of tax was introduced to help phase in the impact of these factors.

Following further significant increases in the values of commercial and industrial properties the Government has decided to extend the rebate for a further 12 months but at a reduced rate. For 1987-88 liability for tax will be reduced by 25 per cent of that part of the tax calculated on taxable

values between \$60 000 and \$200 000. This rebate will apply irrespective of the total taxable value of land in an ownership. The cost to the Government of this concession will be about \$4 million.

The Land Tax Act was amended in 1982 to allow an exemption for land comprising a retirement village provided certain criteria were met. The criteria included that the land be owned by an association and that the whole of the net income of the association be applied in furtherance of its objectives and not be retained as profit by the association or its members. Three associations have received exemptions from land tax under these provisions.

More recently, commercial enterprises have become active in the development of retirement villages. These villages have been developed on land owned by companies and do not satisfy the existing criteria for exemption from land tax. The Government has been concerned to ensure that persons who take up residence in these villages are accorded proper protection and security of tenure. Accordingly, the Retirement Villages Act was passed recently for the purpose of regulating retirement villages and the rights of their residents.

Although title to the land occupied by these villages remains with the enterprise and does not pass to residents, the Government has resolved to provide residents with relief from land tax. Since the residents are not owners it has been necessary to provide the concession to the enterprise which owns the land and not directly to residents.

Care has been taken to ensure that owners of these villages do not receive an advantage over other developers. Therefore, the exemption from tax has been limited to units occupied by natural persons as their principal place of residence; land appurtenant to such units; and facilities provided for the exclusive use of residents and their guests.

Land which will remain subject to tax will include—undeveloped land, units unoccupied at 30 June (the date on which liability for land tax is calculated), units occupied other than as the principal place of residence, and land used for facilities other than for the exclusive use of residents and their guests.

It is proposed that residents who occupy units as their principal place of residence will be protected by a provision which will ensure that tax payable in respect of land used for these purposes cannot be recovered from them. I seek leave to have the detailed explanation of clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is formal.

Clause 2 deems the Act to have come into operation at midnight on 30 June 1987 so that the remissions and exemptions provided in the Act will operate in respect of land tax payable for this current financial year.

Clause 3 inserts a definition of retirement village—the expression has the same meaning as in the Retirement Villages Act.

Clause 4 widens the present scope of the exemption provision as it relates to retirement villages, so that the operator of such a place, whether run as a profit-making commercial enterprise or not, will be entitled to exemption for all units that are occupied by residents as their principal places of residence. The exemption will also extend to land appurtenant to those units and to facilities that are provided exclusively for residents, pursuant to the retirement village scheme.

Clause 5 continues for this financial year the remission of 25 per cent of land tax for properties of \$200 000 or less

in value that was given in relation to those properties last financial year. The remission of tax for properties over \$200 000 in value is \$470.

Clause 6 amends the Retirement Villages Act by inserting a new provision that prevents retirement village operators from recovering land tax payable on undeveloped or unoccupied land directly or indirectly from residents. This does not prevent direct recovery of land tax from a person who has been admitted to occupation of a unit but who is not occupying the unit as his or her principal place of residence. So people who acquire the right to such a unit for the purpose of using it as a 'second' house only, or intending not to occupy it until some later date, will be liable to pay the land tax on the unit to the taxpayer.

Mr S.J. BAKER secured the adjournment of the debate.

SITTINGS AND BUSINESS

The Hon. R.K. ABBOTT (Minister of Lands): I move:

That the House at its rising adjourn until Tuesday 8 September at 2 p.m.

Motion carried.

ADJOURNMENT

The Hon. R.K. ABBOTT (Minister of Lands): I move:

That the House do now adjourn.

Mr ROBERTSON (Bright): Yesterday afternoon I spoke in support of the Planning Bill and I gave some emphasis to the need to provide effective transport from the outer metropolitan fringes of Adelaide to the inner areas of Adelaide, where most of the outer metropolitan residents work. I also made the point that I regarded the cost of transport from the outer metropolitan regions to the inner regions as an additional impost on poor families, and that I was particularly concerned with the impact on the various ethnic groups in the South Australian community.

As part of that process I laid some emphasis on the need to regard the trunk route system (the arterial road system) as an important resource in terms of providing conditions of adequate lifestyle and comfortable living to those on the outer fringes. I also made the point that councils in their provision of adequate roads need to regard some roads that are presently local government roads as *de facto* arterial roads, and that some roads that are presently effectively local government roads should be upgraded to sub-arterial roads.

In the context of Highways Department roads that have grown from what were virtually suburban streets to major arterial roads, the one of most concern to me is Brighton Road. I wish briefly to spend some time on the improvements which have occurred in the past on Brighton Road and which will occur in the future to enable those commuters in outlying regions to get to work more quickly, effectively and safely. Over the past 12 months or thereabouts a system of traffic islands has been added to Brighton Road in the Brighton council area and that system of islands is scheduled to continue from the Hove railway crossing to the top of Brighton Road—the Ocean Boulevard end of Brighton Road—over the next few months.

It is true that the addition of islands will prove to be a difficulty to certain owners of shopping centres along Brighton Road and it is of some concern to me that these people will probably find, in the short term, that it will interfere

with patterns of traffic movement and trade in their shopping centres. I am relatively confident though that that will be a short-term effect and that commuters and local people will be able to adjust to those traffic islands.

When people have brought those problems to me I have made the point of telling them to make sure that they made their views known to the local council, which is expected to pass those views on to the Highways Department. Further south on Lonsdale Highway there is a need to provide slip lanes at places like Barramundi Road, Ramrod Avenue, The Cove Road and Gretel Crescent at Hallett Cove to allow the residents improved access to their suburb. I have been pressing the Highways Department for some time to ensure that those slip lanes are extended to allow safer entry and egress of vehicles on and off Lonsdale Highway. In particular a problem arises where Lonsdale Road passes the Hallett Cove sports and community centre, and a number of accidents have occurred where motorists have gone out of control in the slip lane and have collided with the islands.

During recent weeks I have drawn that problem to the attention of Highways Department engineers and I am hopeful that in the near future some warning device or sign will be included on those traffic islands so that, hopefully, the accident danger will be obviated. The residents of Sheidow Park, in particular, have a degree of difficulty in getting onto Lonsdale Road. It may be that at some stage in the intermediate future it will be necessary to provide some form of traffic lights at the intersection of, say, Adams Road or Ramrod Avenue in order that residents of Sheidow Park and Hallett Cove respectively can make some reasonably safe and timely entrance onto the Lonsdale Road system.

A set of pedestrian-activated traffic lights will benefit residents of Sheidow Park, because they will have greater access to the Hallett Cove school and the community shopping centre on the Hallett Cove side of Lonsdale Road. Conversely, a set of traffic lights at Adams Road or Ramrod Avenue would give Hallett Cove residents greater access to the Catholic parish school, St Martin de Porres. I hope that that is considered when the Highways Department engineers make a decision on the installation of those traffic lights.

On the subject of sub-arterial roads and roads designated as council roads (in the context of recent improvements in the road system in the Hallett Cove area) I welcome the work undertaken by the Marion council on the Cove Road (which is a council road) and the provision of funds for, and installing, nine speed control devices between Hallett Cove and Marino. I regard the Marion council solution as relatively quick, cheap and efficient. I understand that at this stage it has not finally decided on the placement of some of those traffic control devices, but I believe that they will successfully contain the flow of traffic and will force drivers to behave a little more responsibly on that section of the road.

It is also worth noting in this context that when traffic leaves the Marion council area and enters Brighton it encounters suburban streets and, to its credit, Brighton council has spent a good deal of money and perhaps too much time on a traffic study to work out the various flow patterns required for its streets. This will be achieved without street closures, and I regard that as a good and positive move which, ultimately, should direct more traffic back on to Brighton Road. In the context of those improvements, I suggest to Marion council that it should consider a realignment of Newland Avenue in the vicinity of the Marino railway station so that a dangerous dog leg in the road can be upgraded, allowing for a safer traffic flow.

I point out in the context of traffic movement on the cove road system that any of the Marino proposals currently being floated—such as the one at Westcliff or the Kingston Park marina further north—would add to traffic on local roads and would make commuting on those roads somewhat more untenable for motorists. I suggest that Marion council should look closely at speed control through the use of adequate camber on roads, road design and the lighting of roads, particularly where a road has recently been upgraded from a local council road to a sub-arterial road. It is my view that councils in the southern area have done a great deal in the past few years in upgrading their roads. They will need to do a lot more in the future, but they deserve every credit for the measures they have taken so far.

In particular, I welcome the efforts of Marion council and Brighton council in this regard, and I commend their proposals for future developments which should lead to continuing safe and effective commuting for those motorists who live in the southern suburbs.

Mr S.J. BAKER (Mitcham): This evening I will address two subjects very briefly: first, legislative performance and, secondly, land tax. It has been of continuing concern to me, since I was first elected to this House on 6 November 1982, that there seems to have been some mad desire to set new legislative records. There is a growing belief in the community that a parliamentarian's performance should, in some respects, be measured by the number of sitting days of Parliament. If that criterion is used, I think the public should be educated very quickly. It does the public no good, nor the State, for this Parliament to sit simply to pass legislation. Over the past four years in excess of 150 Bills have passed both Houses of Parliament.

An honourable member interjecting:

Mr S.J. BAKER: I will talk about the 4 per cent at a later date. Parliament is here to legislate on behalf of the residents of this State. Unfortunately, the growth of legislation is so rapid and the legislation is so complex, in many cases, that we are not necessarily adding to the stock of human wealth and, indeed, we are trampling the citizens of this State with an enormous number of regulations and laws with which they have very little ability to grapple. The two major winners as a result of Parliament's legislative program have been the legal and accounting professions. No other professions could say that they have been enhanced by the enormous legislative loads placed on Parliament.

I believe it is time to rationalise our performance, from two points of view. First, as I said, we are overloading the laws of this State and its citizens in their ability to understand the laws under which they are governed: it could be the private citizen who is affected by the various laws and regulations that we enact, or it could be the business houses which are often immersed in trying to meet their legislative requirements when they would much prefer to gain greater benefit from getting on with their business. Somehow this process must stop or somehow we must at least keep it in perspective.

I do not believe that it is fitting for this House to continue to justify its performance on the basis of the number of Bills that it processes. We may have to undertake an education process so that the people of South Australia understand that, just because Parliament is not sitting, it does not mean that Parliamentarians are not doing their jobs. I suggest that many challenges are facing this State. During the Address in Reply debate I spent some time talking about what I believe are some of the deficiencies which must be overcome. I think it would be all to the good if all members of Parliament could look at these things cooperatively, unlike the way Parliament is performing at the moment.

I have watched the operation of select committees in the other place. Quite often they are forced on the Government as a result of combined pressure from the Opposition and the Australian Democrats and invariably they reach a solution outside the public arena and behind closed doors. Quite often the quality of their decisions is far better, and indeed the rationale behind the decisions or recommendations put forward is far more intelligent, than much of the debate heard in this House. I suggest that we could set up a system which does not necessarily require us to look at items such as legislation when there are difficulties on a select committee basis because no decisions would be made.

As members we could set aside time in a bipartisan fashion to look at the problems facing this State, understand what each of us is trying to achieve, and come up with a far better and far more productive solution than the Parliament is producing at the moment. Too often we are forced into a conflict role because the Government, often without consultation, presents legislation which has been prepared for political purposes or through some desire to change the social infrastructure in this State.

However, I believe that, if we got behind closed doors and sorted out some of these items, we could achieve a far better result than we are achieving today. Many questions are never addressed in legislation. Members will note that in my Address in Reply speech I posed a number of questions. Endless questions need to be addressed, and I believe that we could do that in a very constructive fashion, far better than we do today.

The second matter on which I wish to comment is the land tax situation. I do not have with me the notes that I have gathered on land tax over a period, I will use the little time available to briefly outline the problem. At some future time, I will make more explicit remarks on the difficulties facing small business in this State as a result of the land tax imposed on them by the Government. I note with some horror in the budget presented today that the Premier has determined to take away the land tax rebate that applied to properties above \$200 000. That has some serious implications, not the least of which is the additional pressures that will be placed on small business.

I do not have any estimate of what commercial and other properties in this city are worth, but I imagine that over 90 per cent of people in the commercial retailing sector are housed in properties which are collectively or individually worth over \$200 000. Over the past few years we have seen a very remarkable increase in the value of those properties and compounding on top of that, without changing the rate in the dollar, we would have seen an escalation in land tax, as we saw during the past financial year. However, taking off the rebate brings about another increase in charges on the small business sector.

Everybody understands if properties are held under one ownership: they are aggregated, and the land tax becomes cumulative. I have had many people write to me and come into my office expressing real concern about the land tax situation. As all members in this House know, when land tax is levied on an owner it is passed on directly to any lessee of the property, with the result that the charges imposed by Government through land tax are paid more or less directly by the people operating the small businesses in question. When I have a little more time available at my disposal, I will outline exactly where the problems are arising and the real pressures placed on small businesses as a result of these extra imposts. It has been a grave concern of mine for some time, and that concern has been heightened by the budget decision announced today.

Mr PLUNKETT (Peake): My first concern is for my constituents at Torrensville who have contacted me quite urgently about a letter dated 13 August 1987 that they received from the South Australian Planning Commission. The letter states:

Re: Planning Act 1982 notice of Application for Consent to Development pursuant to regulation 33, development control regulations 1982.

Notice is hereby given that an application has been made by Air Tech Helicopters . . . for consent to establish a helicopter landing area for scenic flights.

The land proposed to be used is . . . situated in the north-western corner of a reserve north of the Thebarton Oval, fronting Ashwin Terrace, Torrensville. The landing area is proposed on the southern side of Ashwin Terrace in the vicinity of the 'Brickworks' . . . This land is located within the Residential 2 zone.

The letter continues:

Any person or body affected may make representations concerning the application by notice in writing delivered to the Secretary, South Australian Planning Commission not later than 28 August 1987.

An advertisement was placed in the *Advertiser* on 14 August from Air Tech Helicopters notifying people that they had 14 days, if they so wished, to object to this company operating on all holidays and during festive periods. Members may not be aware, but this area is right on the flight path of every plane that lands at the Adelaide Airport. The residents are subjected to that noise continuously, and here is another company applying to increase the annoyance by operating joy-ride helicopter trips in this area. Many of my constituents have made it clear, by signing petitions, that they are very upset with the company for even thinking of harassing them with further noise. When notified by my constituents, I rang Rick Daly from the Department of Aviation to see whether any special licence was required by the company. I was informed that there was not and that, provided the company received permission from the council and the South Australian Planning Commission, it could go ahead, as its existing licence would cover this operation.

I then rang Mr Alan Richardson, from the South Australian Planning Commission, and he confirmed that the company had applied for consent and that he had also received letters from my constituents protesting about the application. He also informed me that he had circulated letters to 60 people living in the area who would be directly affected. I have had a good look around the area of this helicopter's proposed flight path, and it would certainly be an annoyance to many more people in Torrensville and Mile End. It would probably affect as many as 200 or 300 people. The 60 houses within the area would be only a very small portion of those affected. Most certainly, I will be doing everything in my power to see that this company is not able to operate this service. An article in the local *Messenger* newspaper of Wednesday 26 August 1987 states:

Air Tech spokesman Brenton Clark said the company only wanted to operate joy flights at special occasions and festivals. 'It won't be happening all the time, every weekend, and I don't want to stir local residents up against it,' Mr Clark said.

The Brickworks is open every weekend and it appears as though the company intends to operate this service every weekend. That should not happen. As I said earlier, people who live in the area already have enough to put up with, living on the flight path, without being subjected to further noise from the helicopters. I will follow up that matter.

I raise another problem about which people in my electorate have contacted me, and that concerns dog fines. Those fines are unreasonable because only a maximum fine of \$50 can be imposed. It is not a minimum/maximum fine. The example has been put to me of a four or five-year-old dog that is picked up after getting out of its yard for the first time.

An honourable member interjecting:

Mr PLUNKETT: One of my colleagues asked whether it was \$50. Well, that is correct, even if it is a first offence.

Mr Duigan: No provision for a warning, either.

Mr PLUNKETT: No, nothing whatever. That \$50 is only one of the fines that may be imposed. If a local council does not have its own pound, an extra \$30 is charged on top of the \$50. That means that, if the RSPCA takes the dog, a charge of \$30 is imposed. On top of that there is a fine per day. The Dog Control Act provides a number of other fines, including a \$50 fine for dogs without collars. So, if a dog slips his collar, that is another \$50. That might not sound very important to some people, but I just add that many people would rather starve themselves than let something happen to their dog.

The Dog Control Act goes straight to the throat. There should be a minimum/maximum fine. I notice that the member for Mitcham is smiling. Perhaps he does not get any complaints along this line. My electorate contains four councils. I have received complaints about savage dogs that

are confined to a yard. Unless it is a revenue raising matter whereby the council can fine people, it is difficult to get councils to take any action. No-one from the council is available when such dogs bark. If a savage dog in a yard harasses people, councils send out a form that people have to fill out indicating the time the dog barks, how often it barks and how loudly it barks. The councils have to police that area. I find that where, under the Act, councils must send someone out to act upon a complaint involving a certain amount of work to stop a dog being a nuisance, very little action, if any, is taken. I have checked with the four councils in my electorate and only one of them (the Woodville council) has its own pound. That council charges \$5 to get a dog out of the pound, in addition to the \$50 fine incurred because the dog was caught wandering. The other councils charge \$30, so, in most cases, it amounts to \$80. I have not gone through all of the offences.

Motion carried.

At 5 p.m. the House adjourned until Tuesday 8 September at 2 p.m.