

## HOUSE OF ASSEMBLY

Tuesday 7 September 1993

The House met at 2 p.m.

**The CLERK:** I have to advise the House that, owing to absence overseas on Commonwealth Parliamentary Association Business, the Speaker will not be able to attend the House this week.

**The Hon. FRANK BLEVINS (Deputy Premier):** I move:

That, pursuant to section 35 of the Constitution Act 1934 and Standing Order 18, the member for Henley Beach (Mr D.M. Ferguson), Chairman of Committees, do take the Chair of this House as Deputy Speaker to fill temporarily the office and perform the duties of the Speaker during the absence from the State of the Speaker on Commonwealth Parliamentary Association Business.

Motion carried.

**The DEPUTY SPEAKER (Mr Ferguson)** took the Chair and read prayers.

## LAND TAX (RATES) AMENDMENT BILL

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

## APPROPRIATION BILL

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

## ASSENT TO BILLS

Her Excellency the Governor, by message, intimated her assent to the following Bills:

Correctional Services (Control of Prisoners' Spending) Amendment,  
Local Government (Voting at Meetings) Amendment,  
Murray-Darling Basin.

## CAPITAL PUNISHMENT

Petitions signed by 1 014 residents of South Australia requesting that the House urge the Government to reintroduce capital punishment for crimes of homicide were presented by Mr Becker and Mrs Kotz.

Petitions received.

## MARLA NURSING SERVICES

A petition signed by 81 residents of South Australia requesting that the House urge the Government to provide nursing services in Marla was presented by Mrs Hutchison.

Petition received.

## CHILD ABUSE

A petition signed by 143 residents of South Australia requesting that the House urge the Government to increase penalties for offenders convicted of child sexual abuse was presented by Mrs Kotz.

Petition received.

## DRUGS

A petition signed by 106 residents of South Australia requesting that the House urge the Government to increase penalties for drug offenders was presented by Mrs Kotz.

Petition received.

## ABERFOYLE PARK POLICE STATION

A petition signed by 487 residents of South Australia requesting that the House urge the Government to establish a police station at Aberfoyle Park was presented by Mr Such.

Petition received.

## STATE BANK

A petition signed by 135 residents of South Australia requesting that the House urge the Government to prosecute those identified as responsible for the losses of the State Bank Group was presented by the Hon. J.P. Trainer.

Petition received.

## PANALATINGA ROAD

A petition signed by 550 residents of South Australia requesting that the House urge the Government to re-route Panalatinga Road to preserve the memorial trees was presented by the Hon. D.C. Wotton.

Petition received.

## QUESTIONS

**The DEPUTY SPEAKER:** I direct that written answers to the following questions on the Notice Paper, as detailed in the schedule that I now table, be distributed and printed in *Hansard*: Nos 2 to 11, 28, 36, 38, 40 to 52, 53, 55 to 60, 62, 64 to 67, 70, 75, 76, 80, 83 to 85 and 89 to 91; and I direct that the following answer to a question without notice be distributed and printed in *Hansard*.

## TAXATION, STATE

In reply to **Hon. DEAN BROWN (Leader of the Opposition)** 19 August.

**The Hon. LYNN ARNOLD:** Whether the Commonwealth's action will impact on the level of revenue raised from State franchise fees will depend on how consumers of wine and tobacco respond to increased prices for those products as a result of the Commonwealth's tax decisions. To take the example of liquor, whether the value of wine sales for State tax purposes increases, remains static or falls will depend on how the volume of wine sold changes in response to the Commonwealth tax-induced price increase.

If wine sales drop by 9 per cent, and assuming none of this fall in the demand for wine is diverted to other alcoholic products, it is estimated that there would be no net improvement in State receipts. This is because the fall in sales volume would offset the increase in value attributable to the higher Commonwealth tax, leaving the total wholesale value of wine sales constant.

In the extreme and highly unlikely case that there was no drop in wine sales as a result of the higher Commonwealth tax, the potential gain to State revenues is estimated to be of the order of \$1 million. That revenue gain would not be reflected in Government revenues until 1995. That is because liquor licence fees are set for a calendar year based on the value of liquor purchased in the preceding financial year. Consequently, 1995 licence fees will be calculated by applying the State tax rate of 11 per cent to the value of wholesale liquor purchases in 1993-94.

In this regard, it is relevant to note that the Government's decision in April this year to reduce the State liquor franchise rate from 13 per cent to 11 per cent, with effect from 1 October 1993, will provide relief in 1995 that more than outweighs the potential but unlikely increase in State liquor tax revenues arising from the

Commonwealth's tax announcement. The tax base for the liquor franchise fee is, moreover, a contracting one, reflecting, among other things, the impact of the switch towards low alcohol beer which is tax exempt. The value of dutiable liquor purchases (wine, spirits and beer) fell by 2.6 per cent in 1991-92. Preliminary figures suggest that there has been a larger fall in 1992-93.

In summary, the possibility of a windfall gain to State revenues from the Commonwealth tax increase on wine is (1) highly uncertain, given the likelihood that sales volumes will fall and (2) distant, given that the wholesale value of liquor purchases in 1993-94 will not affect licence fee revenue until calendar year 1995.

Similar comments apply to tobacco tax receipts. The extent of any gain to State revenue will depend on the extent to which tobacco sales fall. It is relevant to note, in this regard, that the planned increases in Commonwealth excise follow two recent large increases in State tax rates (from 50 per cent to 75 per cent from June 1992 and from 75 per cent to 100 per cent from April 1993).

The full impact of the Commonwealth's tax measures will not be known until 1995-96, given that the excise increase will be phased in over two years, commencing in August 1993 and finishing in August 1995. The cumulative effect of these phased increases in Commonwealth excise is what is relevant in assessing whether, and by how much, State tobacco tax revenues benefit. As with liquor, the Government believes it should wait and see what the revenue impact is, since there is no guarantee of the size and continuity of any potential windfall gain.

It is also relevant to note that bodies such as the Anti-Cancer Foundation have in recent years been making submissions to both Commonwealth and State levels of government for further increases in tobacco tax rates. A number of States including Western Australia and Tasmania have followed South Australia's lead in increasing their tobacco tax rates to 100 per cent. More recently, the Northern Territory Government has announced that it will be increasing its tax rate from 60 per cent to 85 per cent.

## QUESTION TIME

### STATE BANK

**The Hon. LYNN ARNOLD (Premier):** I seek leave to make a ministerial statement.

Leave granted.

**The Hon. LYNN ARNOLD:** I table the final report of the Royal Commission into the State Bank of South Australia. This report concludes the work of the Royal Commission into the State Bank of South Australia. It is the final volume in a comprehensive investigation involving the royal commission and the Auditor-General, established by the Government to ensure that the full story of the financial difficulties of the State Bank was uncovered and laid before the people of South Australia so that action could be taken where it was required. The royal commission's earlier reports dealt with the relationship between the bank and the Government, the causes of the losses incurred by the bank and the conduct and responsibility of the bank board.

This final report establishes those matters which should be referred to an appropriate authority for further investigation or the institution of civil or criminal proceedings. The report marks the end of the public phase of the investigation into the State Bank.

In preparing his findings, the Royal Commissioner notes on page 27 that:

The commission has borne in mind that its role under the current term of reference is limited. Its role is not to decide the law nor to decide the facts. It is simply to consider whether there is sufficient possibility of some civil or criminal wrongdoing which warrants further investigation, or which warrants the institution of proceedings and to then recommend that investigation or the institution of those proceedings to the appropriate authority.

The final decision as to whether such investigation or proceedings should be undertaken lies with the person or

authority to whom the recommendation is directed. The Royal Commissioner's three reports, together with the 19 volumes of the Auditor-General's report, provide a comprehensive analysis of what went wrong and why.

In this third and final report the Royal Commissioner reiterates the basic reason for the bank's difficulties when he says:

The bank and the bank group failed because 'it grew too fast', but unfortunately, it was growth which was unwise.

He also says:

Responsibility for the financial position of the bank rests with many persons, from the board of the bank, its Chief Executive Officer, Mr Clark, its senior management, its other senior officers, the external auditors of the bank and, as found in the first report, in some respects to the Government and its officers. Similarly, responsibility for the financial position of BFC rests with its board, its Managing Director, Mr Baker, its senior management and its external auditors.

But, as I have indicated, the focus of this report is not on the reasons for the losses but on which of the individuals or groups responsible for them the Royal Commissioner believes could be the subject of civil or criminal proceedings.

The Royal Commissioner does not make any finding of liability, civil or criminal, but deals with matters which should be further investigated with a view to civil or criminal proceedings. The areas where further investigation is recommended, and those subject to such recommendations, are summarised in the report between pages 11 and 17 inclusive. It would be wrong to debate in public the detail of the matters which the Royal Commissioner considers warrant further investigation. To debate them in public could prejudice later court proceedings. The Royal Commissioner has identified a significant number of parties whose actions will be subject to further investigation to determine whether it is appropriate to take civil action to recover some of the moneys lost or undertake prosecutions for breaches of law. These parties include directors and officers of the bank and Beneficial Finance Corporation. They do not include ministers or officers of the Government. Those employees of the bank who have been named include the former Chief Executive Officer, Mr Tim Marcus Clark, and Messrs D. Masters, K.S. Matthews, R. Wright, T.L. Mallett, P. Mullins and K. Copley, and Mr T.D. Janes from Ayres Finnis. Their actions will be investigated in relation to possible civil proceedings. The Royal Commissioner has named a number of former directors of the bank whose actions will be subject to investigation with respect to possible civil proceedings. They are the former Chairmen, Mr Lew Barrett and Mr D.W. Simmons, and Messrs R.D. Bakewell, R.E. Hartley, W.F. Nankivell, R.P. Searcy and A.G. Summers and Mrs M.V. Byrne. Section 29 of the State Bank Act affords both the directors and officers some protection where they have acted in good faith. In this regard, on page 33, the Royal Commissioner refers to the limitation his own role in the following terms:

The commission stresses that it is not necessary for it to finally decide the nature and extent of the legal duties owed by directors or officers of the bank or BFC, or of the statutory protection from liability available to them. Indeed, it would be inappropriate to presume to make a final decision on such issues. Ultimately that is the role of the courts before which any such matters may be brought. The commission, in making its recommendations, could not and should not foreclose that function of the courts.

However, on page 46 he makes it clear that section 29 may not provide protection for officers and directors where gross

negligence or reckless conduct is involved. The Royal Commissioner says:

The commission is aware that the distinction between negligence and gross negligence is a somewhat artificial one, and one which is becoming somewhat unfashionable. The commission, however, considers that it is reasonably arguable that section 29(1) does not provide protection in cases of gross negligence where there is no actual dishonest intent, but where the attempt to fulfil the duty of care and diligence was apparently so superficial or unreasonable that mere good intent would be insufficient to constitute the exercise of the responsibility in 'good faith'. There may be circumstances where the papers or other information clearly disclosed circumstances so manifest and so simple of appreciation that no reasonable person acting diligently and carefully and trying to fulfil their statutory duties and responsibilities could have reached the decision under review. In such cases, there is no apparent reason of policy why section 29(1) should be interpreted to provide protection to that person.

This is an important distinction. In that context, the Royal Commissioner has decided that certain transactions entered into by the State Bank might involve gross negligence by directors and officers of the State Bank. He identifies the relevant transactions and the relevant directors and officers, and accordingly recommends that in those cases further investigation be undertaken with a view to consideration being given to the institution of proceedings.

In relation to BFC, the Royal Commissioner names its former Managing Director, Mr J.A. Baker, and two officers, Mr E.P. Reichert and Mr G.L. Martin. The Royal Commissioner has concluded that section 29 of the State Bank Act does not provide protection to BFC directors and staff. He has found that certain transactions undertaken by BFC may involve a breach of duty and should be further investigated in some cases to determine whether civil proceedings should be instituted; and in other cases to determine further facts or to clarify the facts with a view to then determining whether civil proceedings might be instituted. The Royal Commissioner has recommended further investigation in relation to the operations of BFC's Structured Finance and Projects Division, with a view to determining what conduct caused or contributed to losses suffered by BFC and, in the light of that, whether civil proceedings might be instituted.

In a number of respects the Royal Commissioner has recommended that action in respect of possible breaches of the Companies Code in relation to BFC be considered or further investigated. The Government has unflinchingly accepted its share of the responsibility for the problems experienced by the bank. In tabling the first royal commission report I made it absolutely clear that the Government accepted that there had been an unsatisfactory level of communication and cooperation between the bank and the various arms of Government, within Government, and between the Reserve Bank of Australia and the Government. The former Premier and Treasurer accepted a large share of the blame for the bank's losses when he resigned as Premier and Treasurer in accordance with the proper conventions of Government.

The Government does not seek, in light of this final report, to diminish the Government's responsibility or that of the former Treasurer. However, it must be noted that the Royal Commissioner, while rejecting narrow interpretations of his terms of reference, makes no reference to any alleged wrongdoing by any current Government Minister. With regard to the former Treasurer, he says (page 237) that 'there was no wilful neglect' and that:

... the Treasurer acted in the honest and reasonable belief that he was lawfully entitled to do what he did and that he acted always

for what he believed, rightly or wrongly, to be in accordance with, rather than in opposition to, the fulfilment of his obligations under the Act and in the best interests of the State at the time.

The Royal Commissioner concludes:

The failings or shortcomings of the Treasurer, the Under Treasurer and some other Government officers, referred to at length in the commission's first report do not call for further investigation with a view to any proceedings.

There is one area involving the former Treasurer that I believe warrants specific comment because of allegations made in recent weeks by the Leader of the Opposition. The Leader claimed that the former Treasurer and members of his ministerial staff were involved in 'what amounts to a conspiracy to cover up illegal conduct' by BFC executives Messrs Baker and Reichert. In this regard the Leader claimed that the royal commission was prevented by its terms of reference from examining the former Treasurer's involvement in the departure from BFC of Baker and Reichert. The Royal Commissioner rejected this assertion.

It should also be noted that not withstanding claims by the Leader of the Opposition that he had further evidence regarding alleged improper conduct by the former Treasurer and his officers, the Royal Commissioner comments on page 25 as follows:

There was ultimately no request from the parties for further evidence to be adduced, nor for a wider ranging evidentiary inquiry on any particular topic. It has thus been possible for the commission to complete its considerations for the current term of reference without the need to call further evidence.

The Royal Commissioner says it was submitted to him that the Treasurer and two other Government officers committed the common law offence of neglect of duty by a public officer; contravened or aided and abetted a contravention of the Companies Code in relation to the provision of false and/or misleading information concerning the departure of Messrs Baker and Reichert; and engaged in unlawful conspiracy in relation to the provision of information concerning the departure of Baker and Reichert. The royal commissioner specifically rejects these allegations. He concludes that there was no contravention of the Companies Code by any bank or BFC directors or officers in regard to the departure of Baker and Reichert and says, therefore, that there can be no question of the former Treasurer or any other Government officer aiding or abetting a contravention of the code. He says he does not consider there is any evidence to suggest that the former Treasurer or any other Government officer committed the common law offence of neglect of duty of a public officer.

The Government's position on the Royal Commissioner's recommendations for further action is in line with its approach to the investigations of the Royal Commissioner and the Auditor-General. It is determined that no matter be left unexplored. In establishing two teams to progress any civil or criminal proceedings, the Government already has established processes to ensure the matters are pursued.

I remind members that those bodies are a bank litigation team with the Department of Justice to examine options for civil action against people or organisations involved in the losses incurred, and a task force on criminal prosecutions to coordinate and refer investigations and matters for prosecution to the relevant authorities, including the Australian Securities Commission for offences against the Companies Code and the Director of Public Prosecutions for offences against the general criminal law.

Initial membership of the litigation team was announced by the Attorney-General on 22 July and the team began work on 16 August. The team has made arrangements with the bank and with BFC that it will act for the Government and those two bodies to recover any moneys that may be owing. This will ensure that there is no duplication of effort or resources and no possible dispute as to who is the appropriate party to institute proceedings. Premises have been secured and fitted out and documents held by the Government, the bank and BFC which might be relevant to any litigation have been secured. A computer data base combining the data bases of the royal commission, the Auditor-General's inquiry, the bank and the bank's lawyers has been established and research work has begun on the reports and legal issues.

The recommendations of the Royal Commissioner in his final report have now been referred to the bank litigation team. The Government has provided \$3 million for the team's operations this financial year and the Attorney-General has instructed it to work guided by the principle that it should seek to maximise the financial return to the State. The task force on criminal prosecutions will convene as soon as possible and I anticipate it will be able to report progress within a few weeks, clearing the way for relevant authorities to undertake whatever further investigations they require before launching possible prosecutions.

The Royal Commissioner reports at pages 231 to 233 on the Auditor-General's confidential report, which he states was limited to four issues. He recommends further investigation only in respect of one of those matters. The Royal Commissioner has provided to the Governor, in respect of the Auditor-General's confidential report, his own brief confidential report which preserves the confidentiality of named persons. This further confidential report will be made available to the criminal prosecutions task force. It should be emphasised that these confidential reports are incidental to, and do not affect, the principal findings or recommendations of the royal commission or of the Auditor-General.

It is important to note that, in making recommendations for further investigation into the activities of the bank and BFC directors and officers, the Royal Commissioner has found no evidence of criminal conduct in the sense of conscious wrong doing for personal gain. He says such a conclusion applies with equal force to those Government officers, including the then Treasurer and the Under Treasurer, who have been the subject of findings in the commission's first and second reports.

The Royal Commissioner says his recommendations do not carry with them, and are not intended to carry with them, any prejudice as to the material outcome of any proceedings which might be instituted as a result of further investigation. For this reason, I reiterate that it would be wrong to debate the details of the possible offences recommended for further investigation. Any such action could prejudice subsequent proceedings. However, I give an undertaking that the Government will continue to pursue the outstanding matters arising from investigations by the Royal Commissioner and the Auditor-General into the circumstances surrounding the State Bank's losses.

However, it should be noted that in a number of cases the Royal Commissioner has referred to difficulties of proof likely to be encountered and to the fact that a decision may have to be made as to whether it would be sensible or useful to commit the necessary resources to further investigation, having regard to the resources which would be required and

to the financial resources of those who might ultimately be found to have caused or contributed to the relevant loss.

Future action in relation to possible proceedings must be seen in conjunction with the comprehensive action the Government has taken to restructure the bank to make it a safe and profitable operation. Through those actions to restructure the bank and to change the relationship between the Government and the bank, and in responding to this final royal commission report and its recommendations concerning possible civil and criminal proceedings, the Government is determined that justice be done in relation to the failings of the past in the best interests of South Australia as a whole.

**The Hon. FRANK BLEVINS (Deputy Premier):** I move:

That Standing Orders be so far suspended as to enable the Leader of the Opposition to make a statement.

Motion carried.

**The Hon. DEAN BROWN (Leader of the Opposition):** This Government cannot escape political accountability for its financial mismanagement and incompetence over the State Bank fiasco. This Government can take no comfort whatsoever from this report. It already stands condemned by the earlier reports of the royal commission.

While this third report of the royal commission has determined that there is no evidence upon which the former Premier and his ministerial colleagues can be criminally liable, this does not absolve the Labor Government from its failure to act competently in the best interests of all South Australians.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. DEAN BROWN:** They have failed us and they must pay the political price—being thrown out of office at the next election. This is the fifth major report into the losses of the State Bank Group. We welcome its publication. We welcome its publication as a further step in the process of ensuring those former executives and board members responsible for the losses of the State Bank Group are held fully accountable for their actions. We acknowledge, at the same time, that these processes are long and drawn out.

This third report of the royal commission names 19 individuals for the purposes of further investigation. In addition, the external auditors of both the State Bank and Beneficial Finance, and four companies associated with the State Bank Centre, are to be further investigated. At this stage there is no specific recommendation as to any charges.

The potential for charges is to be further investigated by a range of authorities, including the Director of Public Prosecutions and the Australian Securities Commission. Accordingly, it is likely to be many months before these matters are finalised. On behalf of the Liberal Government, I give a commitment that these processes will be expedited wherever possible. Only a Liberal Government will be able to do this without fear or compromise. In the introduction to the report (page 9), the Royal Commissioner states:

Responsibility for the financial position of the bank rests with many persons from the board of the bank, its Chief Executive Officer, Mr Clark, its senior management, its other senior officers, the external auditors of the bank, and, as found in the first report, in some respects to the Government and its officers.

In other words, this report does not detract in any way from the scathing criticism of the Government in the first report of the royal commission. On page 235 of the report, the Royal Commissioner states:

The Commissioner stresses that it is not part of its terms of reference to consider whether the Treasurer's responses to questions raised in Parliament were or were not misleading.

It will be recognised that, ever since the Government first publicly admitted the losses of the State Bank Group in February 1991, this has been the issue the Liberal Party has given most emphasis to in the House in terms of accountability of the Government. It is an issue quite separate and distinct from any legal responsibility. This is a matter of political responsibility, which ultimately only the people of South Australia can judge. Our charge has always been that the Government has failed—and failed abysmally—to discharge its public duty to oversee the bank. The first report of the royal commission clearly vindicated that charge.

The Royal Commissioner, in this report, has also addressed the question of whether previous adverse findings relating to the role or actions of the Government can give rise to further proceedings for breach of the common law offence of 'neglect of duty of a public officer'.

Essentially, the conclusions of this report mean that gross Government incompetence—incompetence which has helped produce losses of \$3 150 million—does not constitute a civil or criminal offence. Nor, apparently, does the deliberate and secret freezing of interest rates before an election and the use of \$2 million of taxpayers' money to achieve this. Regrettably, incompetence is not an offence; nor is neglect of duty.

Given the conclusions of the commission, this area of the law obviously requires review, and the Liberal Government will ensure that that review is undertaken as a matter of the highest priority. This is essential. We cannot have a situation where the Government, its Ministers and its officers are to be judged by standards of propriety lower than those applied to directors and executive officers of Government, statutory authorities and companies, yet this will be the outcome of this royal commission report.

The Royal Commissioner has identified a range of specific transactions for which former board members and executive officers of the State Bank Group should be investigated. The Remm project looms large in this, as we all know, a project which now exposes taxpayers to losses of more than \$500 million.

The Royal Commissioner found in his first report that the Treasurer had failed to ensure a proper commercial assessment of the project before approving Government's financial involvement initially through SAFA. The disastrous Oceanic acquisition in 1988 is also to be the subject of further investigation. In relation to this acquisition, which required and obtained the Government's approval, the Royal Commissioner said this in his first report:

Had Treasury and the Treasurer been as alert as they should have been to the inadequacies associated with the Oceanic acquisition, much more detailed consideration might have been given to further acquisitions and growth in assets, particularly in relation to the Myer-Remm Centre loan three to four months later.

In relation to Mr Marcus Clark's remuneration, another matter for further investigation, the Government, in 1984 and again in 1988, ensured that no details of this matter were made public. Had the Government ensured full accountability in this matter, the bonus and salary increment to be further investigated may not have been ever awarded.

Mr Clark's involvement in Equitcorp was questioned in this Parliament from February 1989. The Government gave assurances that everything was above board. It did nothing to ensure further investigation. I give these examples to illustrate the point that the Government was directly involved

in most of the matters to be now further investigated as a result of this report, yet the Government itself is able to evade any legal accountability. The people of South Australia will not accept this situation.

After the first report of the Royal Commissioner in November last year, the Premier urged South Australians to suspend judgment until the other reports were made public. However, after the second report of the Royal Commissioner published in March this year, the Premier changed his tune claiming that it made clear that 'the former management and board overwhelmingly bear responsibility for the losses'.

After the first report of the Auditor-General, published later in March this year, the Premier said it provided 'clear evidence of the major failings of the bank's former board and management'. After the second report of the Auditor-General, published in June this year, he said it provided 'graphic evidence that people charged with managing a financial institution on behalf of this State engaged in behaviour and took decisions which were inappropriate, inexcusable and possibly unlawful'.

These responses from the Labor Government have all been consistent on one point: they attempt to avoid any political responsibility by the Government for the losses of the State Bank Group. On 3 August this year, the Liberal Party raised questions about the role of the former Premier in relation to certain matters associated with Beneficial Finance Corporation. This followed the publication of the second report by the Auditor-General which recommended that the former Managing Director of Beneficial Finance (Mr Baker) and the second most senior executive (Mr Reichert) be further investigated for receiving company loans.

Following our questions, I was invited to make a submission on the matter to the Royal Commissioner, and I did so. The Parliament should be aware of the advice I received from the Royal Commissioner at the time I made that submission. I received a letter from the royal commission dated 13 August—only a little over three weeks ago—which states:

The commission has taken the view that it should, generally speaking, confine its consideration to persons or entities who were specifically the subject of adverse findings by the Auditor-General. Consequently, that particular topic has to date been the subject of the commission's consideration only with respect to possible recommendations against certain BFC officers arising from involvement in the Jolen Court project.

This advice justified the concerns expressed by the Liberal Party that the conduct of the Government and Government officers could not be considered under amended term of reference 4. I replied to the Royal Commissioner on 16 August pointing out that his advice 'confirms concerns that I have already expressed about this term of reference publicly and in a letter to the honourable Premier on 13 August.' In that letter to the Premier, I proposed an amended term of reference to ensure that the conduct of the Government could be considered under term of reference 4. I express concern today that this advice from the Royal Commissioner suggests that it has been only in the last three weeks prior to the completion of this third report that the Government's conduct has been considered in greater detail under term of reference 4.

In relation to the departure of Messrs Baker and Reichert from Beneficial Finance, the former Treasurer and his staff agreed that a public announcement would be made giving reasons for the departure which misstated the true position. The Royal Commissioner takes the view that this incident did not involve criminal behaviour. My advice is to the contrary.

I make the point that it is a sad commentary on our law that it permits a Minister to agree to spread false information to the public with impunity.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**An honourable member:** As Premier of this State.

**The Hon. DEAN BROWN:** As Premier of this State.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order! The honourable Leader of the Opposition.

**The Hon. DEAN BROWN:** This third report identifies the potential legal responsibility of some State Bank Group executives and auditors. Of course, the ultimate responsibility of those persons, who were not elected by the people, can be determined only by a court of law. That will be a legal responsibility. The highest court in this State is the people: the people will determine the political responsibility for this disaster at the election.

Incompetence is not an offence; nor apparently is neglect. Apparently it is not an offence to ignore warnings or for the Government to milk the profits from the bank in a manner that was not permitted by the State Bank Act. Apparently it is not an offence to mislead the public or to mislead Parliament. Is it not an offence for the former Treasurer to ignore warnings about the failings of the Managing Director? Apparently it is not an offence for the current Premier to have been aware of concerns about the performance of the Managing Director and to have done nothing about it. Is it not an offence to wash one's hands of responsibility or to adopt a hands off policy notwithstanding a Government guarantee on financial matters? Is it not an offence to betray the trust of the public or to squander the inheritance of the State and to condemn future generations to a crippling burden of debt? Is it not an offence for the Government to pay a secret subsidy to the bank for Party political advantage?

The Government has already been found guilty by Mr Jacobs of all these offences. All that the latest report says is that they were not criminal offences and that there is no civil redress for them. Ironically, it is the people of South Australia who are able to pass the first verdict of guilt over the State Bank. The people of South Australia will pass political judgment on the Labor Government for these failings at the next election. It will be appropriate justice, as it is these same South Australians who have had to pay the \$3 150 million lost by this Labor Government through the State Bank.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

#### PAPERS TABLED

The following papers were laid on the table:

By the Minister of Housing, Urban Development and Local Government Relations (Hon. G.J. Crafter)—

Local Government Act 1934: Memorandum of Lease—  
'Jolley's Boathouse'

Subordinate Legislation Act 1978—Regulations—Postponement of Expiry

Urban Land Trust Act 1981—Regulations—Tea Tree Gully Land

Corporation By-laws:

Thebarton:

Amendment to

By-law No. 2—Streets and Public Places

By-law No. 3—Garbage Removal

By-law No. 4—Parklands

By-law No. 5—Caravans and Camping

By-law No. 6—Inflammable Undergrowth

By-law No. 7—Animals and Birds

By-law No. 8—Cats

By-law No. 9—Dogs

By-law No. 10—Bees

Murray Bridge:

By-law No. 1—Permits and Penalties

By-law No. 2—Streets and Public Places

By-law No. 3—Taxis

By-law No. 4—Garbage Removal

By-law No. 5—Inflammable Undergrowth

By-law No. 7—Caravans and Camping

By-law No. 8—Dogs

By-law No. 9—Animals and Birds

By-law No. 10—Insects

By-law No. 12—Public Conveniences

District Council By-law Yorketown:

By-law No. 10—Moveable Signs

By the Minister of Environment and Land Management (Hon. M.K. Mayes)—

National Parks and Wildlife Act 1972—Regulations—  
Camping and Entry Fees

South Australian Museum Act 1976—Regulations—Revision and Consolidation

By the Minister of Education, Employment and Training (Hon. S.M. Lenehan)—

Industrial and Commercial Training Act 1981—  
Regulations—Trade Assistants, Labourers and Others

By the Minister of Labour Relations and Occupational Health and Safety (Hon. R.J. Gregory)—

Industrial Court and Commission of South Australia—  
Report, 1992-93

Regulations under the following Acts:

Construction Industry Long Service Leave Act 1987—  
Corresponding Law—Queensland

Daylight Savings Act 1971—South Australian Summer  
Time 1993-94

Government Management and Employment Act 198-  
5—Promotion Appeals Level

South Australian Health Commission Act 1976 (2)—  
Prescribed Hospitals—Private Hospitals—City of  
Hindmarsh and Woodville

By the Minister of Business and Regional Development (Hon. M.D. Rann)—

Highways Act 1926—Lease of Department of Road  
Transport properties, 1992-93

## QUESTION TIME

### STATE BANK

**The Hon. DEAN BROWN (Leader of the Opposition):** My question is directed to the Premier. Is it the Government's intention to pursue to the point of personal bankruptcy former directors and executives of the State Bank Group damages for losses arising from the Remm project while the Government itself gets off scot-free? The Royal Commissioner has recommended that consideration be given to the instigation of civil proceedings with a view to claiming damages for losses suffered by the bank in connection with the Remm project. His report identifies eight former directors and five former executives for further investigation. Given that taxpayers now face losses of more than \$500 million on this one project alone, it is appropriate to know the extent to which the Government will now go.

**The Hon. LYNN ARNOLD:** With this report, as with all other reports, the Leader has chosen to read things the way he wants to read them. He has ignored the facts as I identified them in my ministerial statement. What the Royal Commissioner says is that regard must be had to the resources which

would be required to pursue the further investigations and then to the financial resources of those who might ultimately be found to have caused or contributed to the relevant loss. In other words, clearly that will have to be taken into account by those who will pursue the recommendations of the Royal Commissioner. What we had today from the Leader of the Opposition was simply a political diatribe that chose to take no account of the findings of this document, which put into context all the reports and which acknowledged the recommendations and the findings of earlier reports.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. LYNN ARNOLD:** It was interesting to note that the Leader could not avoid quoting from this report a reference which alludes to the first report of the royal commission with respect to who bears responsibility—in fact, he used it as part of his argument to explain why the Government apparently is to blame for everything. He quoted a statement which clearly indicates all the other people who do bear responsibility. I will read again that particular section. This is what he says about the first report of the royal commission:

Responsibility for the financial position of the bank rests with many persons, from the board of the bank, its Chief Executive Officer, Mr Clark, its senior management, its other senior officers, the external auditors of the bank and, as found in the first report—and this is where his voice went low, and you could hardly hear it—

in some respects to the Government and its officers.

He knew he had to say that. He knew he could not delete that section and replace it with three dots. He knew that that put in context all the things that have come out—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. LYNN ARNOLD:**—of the three reports of the royal commission and the two reports of the Auditor-General. He knew that, but somehow he had to get it across in the House without being found out. So, what did he do? He lowered his voice when he said ‘in some respects’. What he wanted it to say—

*The Hon. D.C. Wotton interjecting:*

**The DEPUTY SPEAKER:** Order! I call the member for Heysen to order.

**The Hon. LYNN ARNOLD:**—is ‘in all respects’, ‘in totality’, the Government is to blame for the financial position of the bank. That is what he wanted, but that is not what he has found. In fact, the report deals with a number of things and looks at what avenues should be pursued with respect to people being sued under civil action for financial dealings, including the Remm project. It has made recommendations on that matter. I note in a number of the comments that the Leader made that he reflected, I think badly, upon the Royal Commissioner. He made a number of references which clearly indicate that he does not like what the Royal Commissioner has said.

**The Hon. H. Allison:** Hear, hear!

**The Hon. LYNN ARNOLD:** Well, we have some confirmation on the other side that they do not like what the Royal Commissioner has said. That is a very pleasing interjection from the member for Mount Gambier. By virtue of his quoting the letter he received from the Royal Commissioner, it is his attempt to say, ‘We don’t like any of this; we want another go at it; we want another report, please.’ On a further occasion, he sought to reflect on the Royal Commis-

ioner’s definitions of ‘negligence’ and ‘gross negligence’ and all those issues which I detailed in my ministerial statement today. He does not like what the Royal Commissioner said.

The royal commission has at great length investigated these matters, and I believe this report and all the other reports have their proper place to play in the history of this matter in South Australia and in the findings of all those reports, including the Auditor-General’s report, and all members should take all the reports seriously. All members should respect the efforts of both Royal Commissioners, Sam Jacobs and John Mansfield, with respect to the preparation of this report. It is just sour grapes for the Leader to try to do otherwise.

## GOOLWA PRIMARY SCHOOL

**Mr QUIRKE (Playford):** Can the Minister of Education, Employment and Training provide details of plans announced in the budget for the construction of a new primary school at Goolwa?

**The Hon. S.M. LENEHAN:** I thank the honourable member for his question.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

*An honourable member interjecting:*

**The Hon. S.M. LENEHAN:** You would like one at Sheidow Park—

*Mr Matthew interjecting:*

**The DEPUTY SPEAKER:** Order! I call the member for Bright to order.

**The Hon. S.M. LENEHAN:** I know that the Leader of the Opposition will be very interested in the answer I am about to give, because he has condemned this new primary school before plans have even been finalised. Stage 1 of the primary school will be built at Ferguson Road, Goolwa. It has been designed to cater for an initial enrolment of 380 students at a total cost of \$3 million. Preliminary designs create 14 home bases, which include science, art, home science, drama, music and computing areas, as well as an activity hall, a library resource centre, an administration area and student amenities. This is certainly a comprehensive plan for a primary school.

The final design for the school will be completed after public consultation on community needs for the dual-purpose areas. The program for construction will commence in March next year and will be finally completed by, at the latest, April 1995. It is interesting to note that the Leader of the Opposition, who condemned the existing school—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. S.M. LENEHAN:**—and who came into this very House with petitions saying that it was substandard and requested planning to commence, has now condemned—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. S.M. LENEHAN:**—the plans for the new school, plans that have not even been finalised. He has also criticised the construction timetable. Further, the day after the budget—

*The Hon. Dean Brown interjecting:*

**The DEPUTY SPEAKER:** Order! I call the Leader to order.

**The Hon. S.M. LENEHAN:**—the day after it was announced that we would have this new school—

*Members interjecting:*

**The Hon. S.M. LENEHAN:** Let them keep on, Mr Deputy Speaker; it is their Question Time.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order! I ask the Minister to take her seat. I ask the House to come to order and conduct Question Time in a way that the people of South Australia would like to see it conducted. I ask the Minister, first, to address the Chair and not to be sidetracked by interjections and, secondly, to be as brief as possible.

**The Hon. S.M. LENEHAN:** Apparently, the other thing with which the Opposition Leader does not agree is that classrooms should be relocatable and that they should be made out of timber. I find this rather interesting and I wonder whether his colleagues want to know about that. He does not agree that they should be made out of timber, notwithstanding that the relocatable timber classrooms will be fully refurbished and air-conditioned. I would like to quote the words of the Principal of the Goolwa primary school. An article in the local newspaper states:

Goolwa principal, Mr Don Guerin, said he was grateful for the promised new school. 'Even with the wooden buildings the (new) school will have so many more facilities than we have at present,' he said. 'I'm so happy with what is happening—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. S.M. LENEHAN:**

—and I'm sure the staff will be excited.' Mr Guerin said many teachers preferred—

*Mr Meier interjecting:*

**The DEPUTY SPEAKER:** Order! I call the member for Goyder to order.

**The Hon. S.M. LENEHAN:**

—to teach in timber classrooms because they usually had better facilities.

It has been interesting to note that two or three members of the Opposition have already indicated that they would like the money for the school. Maybe the Leader would like to make available to one of the Opposition electorates the \$3 million that has been allocated to Goolwa, because he does not want it—

**Mr S.G. EVANS:** I rise on a point of order, Mr Deputy Speaker. The Minister is debating the question.

**The DEPUTY SPEAKER:** Yes, I agree with that. I take it that the Minister has completed her response.

**The Hon. S.M. LENEHAN:** Just about, Mr Deputy Speaker.

**The DEPUTY SPEAKER:** I ask the Minister to be very brief.

**The Hon. S.M. LENEHAN:** It is quite obvious to me as Minister that the Opposition Leader has been totally hypocritical in calling for a school and then not wanting it.

**The DEPUTY SPEAKER:** Order! Leave is withdrawn.

## STATE BANK

**Mr S.J. BAKER (Deputy Leader of the Opposition):** My question is directed to the Premier. In view of the Royal Commissioner's recommendation that former board members who granted Mr Marcus Clark a bonus of \$50 000 in 1989 and a salary rise of \$30 000 in 1990 be further investigated with a view to claiming damages for losses, what responsibility will the Government accept, given that in 1984 and again in 1988 the former Premier acted to prevent public disclosure of State Bank executive salaries, thereby allowing

excessive increases to be awarded without any public accountability?

**The Hon. LYNN ARNOLD:** It is interesting to hear how much of the report has been read by some people. We now know that the Deputy Leader has at least read the first bank recommendation, because that is the very first recommendation that the Royal Commissioner addresses.

*An honourable member interjecting:*

**The Hon. LYNN ARNOLD:** You received it some time this morning, so don't say you have only just got it.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. LYNN ARNOLD:** I accept the fact that the Deputy Leader is not a very fast reader. The recommendations are on pages 11 to 17 and the Deputy Leader has read the first 10 lines, at least. It is now 2.55 p.m. and the Deputy Leader has read the first 10 lines. The point I want to make yet again is that this report was asked to investigate what further action should be taken. The Royal Commissioner looked right across the board and these are his recommendations. It is clear from the tone of the Leader's statement and from the tone of the questioning from the Leader and the Deputy Leader that the Opposition does not like it—but that is the way it is.

I have identified the responsibility that the Government has taken in these matters. The Government acknowledges that there was some responsibility to take, and that is acknowledged by this report of the Royal Commissioner as well. That in itself is sufficient answer to the Deputy Leader's question.

## SEWAGE SLUDGE

**Mr De LAINE (Price):** Can the Minister of Public Infrastructure provide the House with the facts in relation to the Government's commitment to end the disposal of sewage sludge from metropolitan treatment plants to the marine environment by the end of 1993? The *Advertiser* last Tuesday carried a claim by the Leader of the Opposition that an examination of the budget had revealed that the land disposal sludge main to Bolivar would not be completed until 1995, signalling the abandonment of an election promise made in 1989.

**The Hon. J.H.C. KLUNDER:** I thank the honourable member for his question, because I must admit when I read the comments by the Leader of the Opposition I was totally astounded that so little effort needed to be taken by him to avoid making a total fool of himself. The only reason I cannot say that he has egg on his face is that I suspect the material on his face is considerably browner than that.

The fact of the matter is that the digested sludge from the Glenelg and Port Adelaide sewage treatment plants will begin flowing into a lagoon at Bolivar well before Christmas. The E&WS Department has confidently forecast that all the work necessary to end the disposal of this sludge into the Gulf St Vincent will be completed on schedule and under budget. Thus, the promise made by the Government in 1989 will be honoured. I can inform the House, and specifically the Leader of the Opposition, that the 37 kilometres of pipeline required has been laid and final pressure testing is under way. Pumps have been installed at Port Adelaide and Glenelg and the pipework in the pump station was completed last month. The control system has been installed and is currently being tested. Testing and commissioning of the pumps, pipelines and the control system will continue during September, with



the actual cessation of sludge disposal into the gulf scheduled for October or November—and that is this year, not in two years as the Leader was trying to pretend.

There will be a longer term requirement for additional lagoons at Bolivar for the drying of sludge, and these will be constructed in the summer of 1994-95 as they are required. Sludge transferred for the first 18 months will be dried in the existing lagoons at Bolivar. A simple telephone call to the E&WS Department or my office would have given the Leader accurate information on the status of the sludge pipeline, but then again perhaps accuracy was not his first priority.

### STATE BANK

**Mr INGERSON (Bragg):** My question is directed to the Premier. In view of the Royal Commissioner's recommendation that former State Bank board members and executives be further investigated with a view to claiming damages for losses from the Remm project, what responsibility will the Government accept following the conclusion in the first report of the royal commission that the former Treasurer and Treasury had failed to ensure a hard commercial assessment of the project?

**The Hon. LYNN ARNOLD:** The report has been commented on in a statement by me and by the Leader. The Leader earlier tried to reflect on the royal commission and the nature of this report in a number of respects.

*An honourable member interjecting:*

**The Hon. LYNN ARNOLD:** Well, it is important, because I can understand how the member for Bragg is asking this question. If the Leader's premise is correct—that somehow the Royal Commissioner has shown partiality in dealing with all the evidence before him—

*An honourable member interjecting:*

**The Hon. LYNN ARNOLD:** You read your own words again and consider the implications. The Leader was quite clearly indicating that the Commissioner showed partiality. The Leader made the comment that the Government cannot be judged by standards lower than those applied to everyone else. The Leader is saying that the Commissioner judged the Government by standards lower than those he applied to everyone else. That is not consistent with the commission's own report, and I certainly reject that assessment.

If that had happened, there might some shred of an issue left in the honourable member's question today. However, the Royal Commissioner goes to some length to detail the issues of how findings can be made for negligence or gross negligence. He also argues at some length the issue of the responsibilities of a public officer. I think he does so in a very interesting and useful way that will certainly find its way into the body of legal interpretation not only in this State but in this country. At no stage did he attempt to say, 'Oh, by the way, I'm simply going to take anyone from the Government and put them aside as not relevant to my investigation.' He does not say that. Therefore, his findings relate to all the evidence and all the officers, including all those whom he identified in the early part of the report as being responsible for the financial position of the bank.

That was read out by the Leader (even though he chose to read part of it *sotto voce*), and it was read out by me. I simply refer the member for Bragg to that question. If there had been a finding from the Royal Commissioner that action should have been taken against officers of the Government, that would have been pursued, because when I announced that we

would be setting up these task forces to pursue any action possible to the fullest extent possible I did not exempt anyone from that. I did not exempt the Government and I did not exempt any officer of the Government. I did not know what would be in this report, yet I publicly stood up and said that any recommendations to be further pursued will be pursued.

We have the report which, of course, does not have the recommendations the Leader wants and clearly the member for Bragg wants. However, we will pursue them to the fullest extent possible. I suggest that, rather than reflecting on the Royal Commissioner and his judgment, members opposite should take the time to read the very considered arguments of the Royal Commissioner.

### STATE DEBT

**The Hon. J.P. TRAINER (Walsh):** Has the Premier been advised of a statement in the media by the Leader of the Opposition about the Opposition's plans to reduce the State debt, and has he assessed what consequences this approach to debt reduction would have upon the State? In response to the State budget delivered on Thursday 26 August, the Leader made statements accusing the Government of not going far enough in reducing State debt. In media interviews the Leader then refused to reveal plans for specific policy initiatives, other than a vague reference to the selling of undefined parcels of land as a solution to the State's debt problem—perhaps as a schoolyard-led recovery.

**The Hon. LYNN ARNOLD:** This question looks at something completely different, but it does deal with a very important issue that this House will have to address this week and over the weeks ahead in the Estimates Committees and the following sitting week. I refer, of course, to the budget that has been presented to this Parliament and the questioning that it will have to undergo. Any Government and any Opposition has to put before the people of South Australia, especially in this period when there will be an election, before the next budget is brought down, exactly how the budget will address the financial issues of the State. We have done that and we are happy to have the debate that will take place this week and during the Estimates Committees after that.

However, what the Leader has to do is not simply say, 'Because it's the Government's it must be wrong. Because it's the Government's it can't stand up. Because it's the Government's it can't be good for South Australia.' The Leader has to come up with some specific answers to questions himself before he will have any credibility whatsoever. Indeed, I made comments in a speech a week ago about the sorts of questions that the Leader has to answer.

Does the Leader agree with the Government's plans to cut spending in real terms every year for three years and, if he does not, why does he not? Or would he go further? If the Leader believes that State taxes are too high, which ones would be cut and how would the Leader fund the reductions to the revenue base of the State? Is the Leader prepared to reduce the public sector by 3 000 or would the Leader go further? Is the Leader prepared to reduce State debt in both real terms and as a proportion of gross State product every year for the next three years? Is the Leader prepared to reduce State debt to 22 per cent of gross State product within three years? All those questions when asked of us have been answered credibly, coherently and financially responsibly. If the Leader is to have any credibility on these issues, he must answer those questions as well and not go for cheap rhetoric but answer the specifics of those questions.

### MINISTERS, PROPRIETY

**Mr OLSEN (Kavel):** Will the Premier agree that Government Ministers are to be judged by lower standards of propriety than those to be imposed upon board members and executives of Government statutory authorities and companies?

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mr OLSEN:** How can a Government which has presided over losses of \$3 150 million in the State Bank accept in all conscience such double standards?

**The Hon. LYNN ARNOLD:** The second question that the would be Leader, the member for Kavel, asked is dependent upon the first question. The answer to the first question is 'No'; therefore, the second question is quite irrelevant, and I simply refer the Deputy Leader back to the report, which I said—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. LYNN ARNOLD:**—before it came down, would give recommendations as to what actions should be pursued and I gave the assurance that nobody would be exempted from the recommendations of the report. That was before the report came down—before I had any idea what would be in that report. So the answer—

*An honourable member interjecting:*

**The Hon. LYNN ARNOLD:** Well, read my own words; read what I said beforehand. So the member for Kavel asks a question which is therefore irrelevant, because the answer to it is 'No', and therefore the second question is doubly irrelevant.

### ALFREDA REHABILITATION

**Mr HAMILTON (Albert Park):** Will the Minister of Health, Family and Community Services advise the House of the range of rehabilitation and other services available to injured workers at the Alfreda Rehabilitation headquarters on Old Port Road, Royal Park. It has been put to me by a constituent that the horrendous cost to this country of injured workers far outweighs the tragedies and traumas that are related to the road, yet we do not hear enough in our community about the costs and the injuries to workers.

**The Hon. M.J. EVANS:** It was with much pleasure that I officially opened the Alfreda Rehabilitation service this morning and, of course, the member for Albert Park was present. I understand that he has supported the service over many years. The honourable member is right when he refers to the very substantial cost of work related injuries and indeed other injuries in this State. In fact, WorkCover figures show that nearly 39 000 work injuries were reported in South Australia in 1992-93 with rehabilitation costs of about \$10 million and medical costs of about four times that amount.

The Alfreda Rehabilitation service has gained an excellent reputation for its rehabilitation programs not only in South Australia but on a national and international level. The services that are available there include medical and vocational counselling, physiotherapy and physical education areas, as well as the new service providing additional administration and staff areas. The Alfreda centre has been able to fund much of the massive redevelopment work there and the new services and facilities available to its clients through the commercialisation process, which has allowed it to gain

additional income, over and above that which it does through the normal rehabilitation services.

South Australians and those associated with the western suburbs can be very proud of those rehabilitation services. We now have some of the best rehabilitation services in Australia, and I believe that the Alfreda centre has a very good future indeed being part of the health system in South Australia and in providing a high standard of service to those who were injured and in need of rehabilitation.

### STATE BANK

**Mr D.S. BAKER (Victoria):** My question is directed to the Premier. Does the Government intend to pay the legal costs of any person to be charged or further investigated as a result of the royal commission report which was tabled today?

**The Hon. LYNN ARNOLD:** The legal costs that have been paid by the taxpayer for various parties before the royal commission have been extensive, and that has been the appropriate action that—

*The Hon. Frank Blevins interjecting:*

**The Hon. LYNN ARNOLD:** Yes, we paid for Liberal Party representation as well. That is the responsibility of the Government in this matter. I do not believe it is the responsibility of the Government to pay the legal costs of those who are the subject of recommendations for further investigation. So, the answer is 'No.'

### ABORIGINAL COMMUNITY COUNCILS

**Mrs HUTCHISON (Stuart):** Will the Minister of Housing, Urban Development and Local Government Relations inform the House whether there are any prospects for recognising Aboriginal community councils as local governing bodies in South Australia? We are currently celebrating the Year of Indigenous People and a number of Aboriginal people and groups have indicated that this is an issue of some importance to them.

**The Hon. G.J. CRAFTER:** I thank the member for Stuart for her question and, indeed, for her ongoing interest in Aboriginal issues. The question of an Aboriginal community gaining status as a local governing body relates to Commonwealth untied grants, which are available to local governing bodies under the provisions of the Local Government (Financial Assistance) Act 1986. Here in South Australia Aboriginal communities which are not in local government areas or covered by the Outback Areas Community Development Trust are ineligible for Commonwealth untied grants directed to local governing bodies.

At a national level, access by Aboriginal communities to local government resources has been the subject of discussions for some years. Indeed, they raise many complex issues, such as the nature of the organisation, accountability and local representation, the range and scope of local government services for which communities may have responsibility, and administrative processes to be put in place for those funding requirements. Clearly what is needed is to define how Aboriginal communities can cooperate as local government bodies in a way which will satisfy both the requirements of Government and the people within their own communities.

In response to this need, the Government, in association with the Anangu Pitjantjatjara community, developed a proposal focussing on these issues for the June Local Government Ministers conference. I am pleased to report that

the proposal was endorsed and South Australia is to host a pilot study. The Anangu Pitjantjatjara community will manage the project and, as it gets under way, consultation will occur with the Local Government Association, the Maralinga Tjarutja community and the Aboriginal Lands Trust.

The aim of this innovative study is to develop a model which can be applied to the recognition of Aboriginal communities as local governing bodies across the State and indeed other parts of Australia. This study, likely to commence in October, reflects this Government's commitment to support Aboriginal communities achieving greater self determination.

### EQUITICORP

**Dr ARMITAGE (Adelaide):** My question is directed to the Premier. What responsibility does the Government accept for failing to ensure a full investigation of Mr Marcus Clark's alleged conflict of interest involving the Equiticorp group at the time this matter was first raised in this House in February 1989? The Royal Commissioner has recommended that the Director of Public Prosecutions further investigate whether Mr Marcus Clark had a conflict of interest in the State Bank's dealings with the Equiticorp group. When this matter was questioned on 15 February 1989, the former Premier dismissed Liberal Party concerns, asserting at that time that Mr Marcus Clark had acted to avoid any conflict of interest?

**The Hon. LYNN ARNOLD:** As the former Premier and member for Ross Smith said in evidence to the royal commission, that was the advice that he had about that matter. He relayed that advice to the House. He operated in good faith in giving that advice to the House, and this report details that. This report specifically looks at the role of the former Premier and says that at all stages he acted in good faith.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

*Members interjecting:*

**The DEPUTY SPEAKER:** Order! I call the Leader to order.

**The Hon. LYNN ARNOLD:** This report also makes reference—

*Dr Armitage interjecting:*

**The DEPUTY SPEAKER:** Order! I call the member for Adelaide to order.

**The Hon. LYNN ARNOLD:**—to the activities of others in relation to Oceanic and Equiticorp at the same time as dealing with the former Treasurer and Premier's actions on all activities. The former Premier and Treasurer does not have a recommendation in here that says he should be further investigated for his activities at that time, but when it comes to Mr Marcus Clark there is such a recommendation.

*The Hon. Dean Brown interjecting:*

**The DEPUTY SPEAKER:** Order! I caution the Leader of the Opposition.

### LOCAL GOVERNMENT FINANCE

**Mr McKEE (Gilles):** Can the—

**An honourable member:** Go for Ross Smith!

**Mr McKEE:** Be really careful over there.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mr McKEE:** You would probably know more about it than I would. Can the Minister of Housing, Urban Development and Local Government Relations—

**The DEPUTY SPEAKER:** Order! I cannot hear the question, and I am sure most members cannot hear it, either.

**Mr McKEE:** Can the Minister of Housing, Urban Development and Local Government Relations advise the House about the purpose and nature of the Commonwealth Review of the Local Government (Financial Assistance) Act? I am particularly concerned about reports that little Commonwealth consultation has occurred with local government about this review.

**The Hon. G.J. CRAFTER:** I thank the honourable member for his interest in local government. The State Government is keen to ensure that a unified approach to this important review recently announced by the Commonwealth is achieved. To this end I have established a joint local/State Government working group to manage the process of consultation with the Commonwealth Government. I am pleased to say that the Local Government Association has strong support for this approach. The Local Government (Financial Assistance) Act 1986 provides for the allocation of untied grants to local councils on a horizontal fiscal equalisation or needs basis. It also provides for the funds to be divided between the States according to population. A review of this Act was agreed to by State Ministers and the Australian Local Government Association at the June 1993 Local Government Ministers Conference. At this time, the Commonwealth indicated that the review would focus on the distribution of grants within each State.

That means it will not address the total level of funds available under the Act, nor the question of distribution of those funds between the States and the Territories. The Commonwealth Minister announced the terms of reference and other arrangements for this review in early July. It had been expected that the States and local government would be consulted on the terms of reference, and I have expressed my concern to the Commonwealth that this consultation did not take place. However, I am pleased to say that the Deputy Prime Minister, as the responsible Minister, has recently visited South Australia and indeed carried out quite extensive consultations with local government authorities in this State.

As members no doubt would attest, councils in this State depend on the grants to varying degrees. In some rural areas the untied grants make up a significant proportion of total revenue. The 1992-93 general financial assistance allocation for South Australia was some \$62 million. I have written to the Commonwealth Minister for Housing, Local Government and Community Services (the Deputy Prime Minister) to seek an assurance that the methodology and approach adopted are such that the review will not result in a reduced grant to this State. Clearly, it is vital that the State and local government are consulted, and the Commonwealth has advised me that this will occur in the course of preparing a technical paper to be released in November this year. The main objective for South Australia will be to maintain the principle of horizontal fiscal equalisation as the basis for distribution of the funds to local government authorities. This principle should not be modified through the adoption of other principles or the attachment of conditions to these important grants.

### STATE BANK

**The Hon. DEAN BROWN (Leader of the Opposition):** My question is directed to the Treasurer. Will he table the

instructions he and the Attorney-General have given to the task force examining options to sue those responsible for the State Bank and Beneficial Finance losses, and when can we expect the first prosecutions to occur? The Government announced the formation of the task force under the Crown Solicitor on 22 July, saying it would take instructions from the Treasurer and the Attorney-General.

**The Hon. FRANK BLEVINS:** In relation to the tabling, I will have a look at the question of prosecutions. Clearly, if it was in the hands of the Government, prosecutions would have started yesterday. It is not in the hands of the Government and nor ought it be in the hands of the Government.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. FRANK BLEVINS:** There is a Director of Public Prosecutions in this State and it is he who decides who will be prosecuted. It is very unfortunate in many respects that it is not the Treasurer who decides who will be prosecuted, but perhaps for the rule of law it is just as well. All the proper procedures will be gone through, and every right that a person has will be upheld. But there will be no hesitation on behalf of myself, the Attorney-General or anybody in the Government to ensure that anyone who deserves to be prosecuted, and whom the Director of Public Prosecutions says can be, will be.

**The Hon. Dean Brown:** Why are we still waiting?

**The Hon. FRANK BLEVINS:** I take it that is a supplementary question. Is the Leader of the Opposition saying that it ought to be the whim of the Treasurer as to who gets prosecuted in this State? Is that what the Leader is saying? If it is, say so. If the Leader—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. FRANK BLEVINS:** If the Leader is saying that under a Liberal Government the Treasurer or the Leader will be the individuals who determine who gets prosecuted, let him go out and say so, and we will hear the argument. I imagine the shadow Attorney-General would have a different view. The fact is that in this State there is the rule of law; the rule of law will be upheld, and the Director or Public Prosecutions will be the person who prosecutes if there are to be any prosecutions—not I, not the Attorney-General, not the Premier or anyone else.

#### LOCAL GOVERNMENT FINANCE

**The Hon. D.J. HOPGOOD (Baudin):** My question is directed to the Minister of Housing, Urban Development and Local Government Relations. What general conditions apply to the \$62 million which the Minister has just indicated will be distributed to local government in this State through the Local Government Grants Commission, and how does this amount compare with that which was granted last year?

**The Hon. G.J. CRAFTER:** I thank the honourable member for his question. I must say that the recent announcements about this level of funding to local government authorities in South Australia from the Commonwealth was incorrect in some respects. I am pleased to release from my office to local government authorities and the general community the precise details of the recommendations of the Grants Commission. The Commonwealth has corrected the errors that occurred as a result of transposition of figures. I am pleased to report that for the year 1993-94 the total allocation to South Australia under the Commonwealth Local

Government (Financial Assistance) Act is some \$81.3 million, an increase of 1.52 per cent over the 1992-93 figure.

Of this funding allocation, untied grants under the Act have two components. The first and major component is the general financial assistance grants (to which the honourable member referred in his question), which are distributed on the basis of principles in accordance with the Act. Basically, these principles, which have been phased in over the past seven years, provide for needs based distribution of the grants and are in terms of councils' revenue raising capacity and expenditure requirements in the performance of their services and functions.

Of the total funding allocation to the State, \$62 million was directed to general financial assistance, representing an increase of 1.4 per cent over the previous year's allocation. The second component, that of identified local road funding to South Australia, amounts to \$18.4 million, an increase of 1.94 per cent over the previous year. The majority of this amount, some 85 per cent, is distributed on the basis of new principles approved by the Commonwealth in July of this year. In general, these are designed to take account of road needs, that is, road length and population.

The remaining 15 per cent of the road funds are dedicated to meeting special local road needs. This year, I am pleased to report, in response to regional priorities, the allocations are to meet the needs of 16 councils, some in the metropolitan area but primarily in rural areas of South Australia. In conclusion, these substantial grants will continue to assist councils throughout this State to provide essential services and to address important community needs.

#### FOCUS 2000

**Mr OSWALD (Morphett):** I address my question to the Minister of Housing, Urban Development and Local Government Relations. Is it a fact that the State Government is refusing to provide funding for the Housing Trust newspaper *Focus 2000* unless the trade union controlled Housing Trust Tenants Association is allowed a 50 per cent interest in the editorial content, its advertising and distribution, and does this signify early preparation for yet another Government inspired fear campaign aimed at vulnerable Housing Trust tenants during the State election campaign, of a kind witnessed earlier this year during the Federal election campaign?

I am advised that a senior officer in the Minister's own office has advised that there will be no funding for *Focus 2000* unless the non-political Trust Tenants Advisory Council agrees to allow joint control of the newspaper with the Housing Trust Tenants Association.

**The Hon. G.J. CRAFTER:** When those opposite talk about fear campaigns, they might refer to the HIA campaign run during the last Federal election, in which many millions of dollars was targeted at key seats, in a very political way, designed to cast fear in the minds of people about housing policies. I remind members that I debated, against the Federal Liberal Party spokesperson on housing, the sale of all the South Australian Housing Trust rental stock to private financial institutions, and that is the policy—and still remains the policy—of members opposite. That was stated very clearly. It is on the record for all to see.

*An honourable member interjecting:*

**The Hon. G.J. CRAFTER:** I am sure you want me to move off that embarrassing topic, when you are accusing the Government of—

**Mr LEWIS:** On a point of order, Mr Deputy Speaker, by his own admission, the Minister is not answering the question. He asks whether we want him to move onto the subject of the question but says that, before he does so, he will finish with the other matter. I suggest that is either irrelevant and/or debating the matter.

**The DEPUTY SPEAKER:** I do not uphold the point of order, but I ask the Minister to come to a conclusion as soon as possible.

**The Hon. G.J. CRAFTER:** With respect to the concerns that the honourable member expressed in his question—that there would be a fear campaign against trust tenants, mounted by this Government through newspapers—I can assure him that there is likely to be a series of newspapers or journals circulated to trust tenants. I do not believe it is desirable that there be a multiplicity of tenants associations. Indeed, I have asked for there to be discussions between all the tenants associations in order to provide a more unified approach to the distribution of important material to Housing Trust tenants throughout this State. Those negotiations are under way.

### FIREARMS

**The Hon. J.P. TRAINER (Walsh):** I direct my question to the Minister of Emergency Services. When the Minister was approached by the Leader of the Opposition with the request to intervene against a prosecution involving a gun licence, was this indicative that the Leader of the Opposition believes in political interference in the system of justice and that he does not understand the separation of powers between the legislature and the judiciary; and has he had any further such Opposition requests?

**The Hon. M.K. MAYES:** I thank the member for Walsh for his question because, quite clearly, the Leader does not understand how the judicial system operates in this State. The Leader did write to me—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. M.K. MAYES:**—seeking my assistance in intervening in a prosecution by the Department of Environment and Land Management prosecution branch against a constituent who had allegedly taken part in the illegal use of a firearm in a national park. I was somewhat surprised to have received such a letter from such a senior officer of the Opposition, because—as the Deputy Premier has already indicated to the Deputy Leader and to the member for Bragg—it is not up to politicians to be involved in this process. It is left open to those officers who are responsible, such as the Director of Public Prosecutions, and in this case it was, of course, the prosecution branch of the Department of Environment and Land Management. It has to be put clearly on the record that it is left to the officers to make these decisions. It is not up to the Minister to intervene in any process of this sort, and members of the Opposition should not—

*An honourable member interjecting:*

**The Hon. M.K. MAYES:**—particularly the one who is interjecting at the moment—write to Ministers soliciting their support in any way to interfere in the process. So it is very important that the Leader of the Opposition recognise that this process runs within Government and it runs without interference from anyone on this side, so that justice is not only done but seen to be done by those departments and by those officers who are responsible. It is a poor reflection on

the Leader to actually approach me as Minister to interfere in this process, when the natural process of law would follow and those people who are involved would be entitled to natural justice, as we have established and as this democracy has so vehemently defended over the years. So I am very surprised that the Leader actually made this attempt to interfere in the interests of his own constituent in this process.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

### CHILD PROTECTION WEEK

**The Hon. D.C. WOTTON (Heysen):** My question is directed to the Minister of Health, Family and Community Services. Recognising that this is national Child Protection Week, will the Minister advise the House why, when we are continually reminded by world authorities of the need to protect the rights of the child, the Government is intending significantly to weaken the authority of the Children's Interest Bureau in this State by:

1. making the bureau subject to the discretion of the Minister and the Chief Executive Officer of the Department of Family and Community Services;
2. removing the powers of the bureau to investigate and advocate for the welfare of children; and
3. removing the independence of the bureau at a time when increasingly in countries where offices are being set up by Governments to safeguard the interests of children there is a move towards making such offices independent of the Government?

**The Hon. M.J. EVANS:** The member for Heysen is obviously referring to a draft Bill which is now circulating within the system and which talks about the possibilities of establishing a Children's Interest Bureau by statutory instrument. That very move, of itself, shows this Government's commitment to establishing a permanent and statutorily based Children's Interest Bureau. At the moment, that bureau has no power because it is not established in statute. That bureau is now a creature of administrative law. It is established by administrative fiat only and therefore has no power in a statutory sense.

The member for Heysen, as usual in this area, completely misunderstands the law: there is no statutorily based Children's Interest Bureau at this time. It has no legislative authority; it has now statutory power in that context. This Government intends to establish by statute a Children's—

*The Hon. D.C. Wotton interjecting:*

**The DEPUTY SPEAKER:** Order! I call the member for Heysen to order. He has already asked his question.

**The Hon. M.J. EVANS:** When the Children's Interest Bureau is established by statute, if this Parliament adopts the Government's recommendation in that regard, it will then have a substantive role with significant functions, and the Government will resource it accordingly. But this is not a children's ombudsman role (and I think we ought to be very clear about that): it is a Children's Interest Bureau, which would have certain functions under the legislation, that is, to provide advice, to provide information and to work within the structure of Government, the public sector and where necessary the private sector to ensure that there is regard to the interests of children and that policies are relevant to children's interests.

This is not a children's ombudsman's function, and if that was the process—as should be considered—it would be an entirely separate matter. It would be quite wrong to confuse

these two functions. I think it would set back significantly the interests of children in this State if they were to be combined in one role. So let us get this matter straight: I have every intention of introducing a Children's Interest Bureau Bill into this Parliament at the appropriate time. The honourable member can read the provisions of it then. He is entitled, as are all other members, to make a judgment on it at that time.

### TYRES

**Mr HAMILTON (Albert Park):** Can the Minister of Environment and Land Management advise the House what initiatives are being undertaken to recycle some of the 800 000 tyres that are discarded annually in South Australia?

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mr HAMILTON:** Sir, I am having difficulty in making myself heard.

**The DEPUTY SPEAKER:** Order! I ask the honourable member to sit down. I would ask the House to come to order so that Question Time can be conducted in a proper way.

**Mr HAMILTON:** Yesterday I received a letter from a delightful young Semaphore Park student, who is carrying out an environmental project, asking that I request of the Minister information as to what the Government proposes to do with these used tyres. I subsequently telephoned this lass and undertook to do so.

**The Hon. M.K. MAYES:** I thank the member for Albert Park for his question and interest in this matter. It is a very important issue in terms of the environment, not only in this country but internationally, because numerous OECD countries are confronting this issue head on. The problem of waste tyres and the disposal of them in a safe and environmentally acceptable way is a major issue. In Germany, for example, I think about 240 000 used tyres are disposed of annually. They have huge difficulties now in trying to dispose of them in an environmentally acceptable way.

Together with industry in this State we are looking at ways in which we can use and also break down used tyres for other uses and recycle them. For example, at the moment, about 30 per cent of our used tyres are retreaded for other uses. That is a significant amount, but it still leaves us with about 500 000 to 600 000 tyres to dispose of in an acceptable way. We have now, with the assistance of both Bridgestone and a company called Envirowaste, initiated a tyre shredding plant which will break down a tyre into its component parts, and those parts will be used in other activities. We can extract the steel and re-use that, and the rubber will be re-used in a number of ways. Bridgestone is undertaking a test using rubber matting in an industrial and commercial environment. That has gone very well in the sense that it has been used in its plants throughout Adelaide and the metropolitan area. It is proving to be a very useful product and one that adds to the safety of the plants. Bridgestone is also working with another company to develop paint using a rubber compound as a base. It is designed to make play areas safer for our children.

We are also shredding it, to use it as a surface, not only for play areas and underneath swings and other apparatus that children use but also as matting for entrances and pathways. It will be used in external environments for pathways, playgrounds and so on. It has a number of uses. We are very confident that we can also source tyres, because they are a safer use for fuel. This is about to be revealed in a report being produced in Germany. It suggests that the use of tyres as a source of energy is safer than coal. In fact, tyres pollute

less than coal, they contain five times less sulphur and are suitable for use in cement kilns and boilers.

We are addressing this issue. I hope we can find a complete use for all those used tyres which we see being discarded by consumers within our community. We are looking at not only the current uses we are exploring with industry in a commercial sense but also other opportunities for the use and re-use of those elements and products that go into making tyres. I am confident that, with the activity that is occurring within industry in South Australia and nationally, we will achieve our end result, and that is to see a complete recycling of tyres or the materials that are used to produce them. I hope that, in working with industry and for our children's sake through our schools, we can achieve the result that they would like to see, and that is a complete recycling of used tyres.

### GOODSPORTS PTY LTD

**Mr BECKER (Hanson):** How can the Minister of Business and Regional Development justify the commercial involvement of the Grand Prix Board in a children's apparel and sportswear company, Goodsports Pty Ltd, which has now lost the taxpayer \$300 000 in the written down value of the company? What assurances can he give that the board's involvement will not mean further losses to the taxpayer, and does the fact that Goodsports' contingent liabilities include a \$1.5 million guarantee to the State Bank mean that SA Inc. is still alive and still struggling?

**The Hon. M.D. RANN:** It is interesting to hear what the Leader of the Opposition has been saying about the Grand Prix over the past few weeks. It is very interesting indeed because it is very hard to work out where he is coming from. We saw that he was for the sale of the State Bank, then he was against it; he was for the GST, then he was against it; he was for John Hewson, then against him; and he was for the Grand Prix, and now he is against it. The question is: 'Will the real Dean Brown please stand up?'

In 1985 Goodsports sportswear obtained a licence to produce and wholesale official clothing merchandise associated with the Australian Grand Prix. The company had a turnover of \$260 000 per annum and a staff of two. The involvement with the Australian Grand Prix in 1985 resulted in an increase in turnover for the first year of \$160 000. Towards the end of 1987, negotiations commenced with a view to the board's taking a financial interest in the company, and the board of the Grand Prix purchased 50 per cent of Goodsports in June 1987 for \$50 000. In July 1989 the company purchased a building in Rundle Street, Kent Town, at a cost of \$1.2 million. I should advise the House that I was given prior notice that the Opposition would ask this question today, because it leaks like a sieve. At the time, the company was turning over a profit, and it was felt that that profit should be directed towards investing in—

**The DEPUTY SPEAKER:** Order! There is a point of order. Will the Minister please sit down. The member for Hanson.

**Mr BECKER:** I take umbrage at the remark made by the Minister, and I ask that he withdraw, because I did not leak the question to him or to anyone.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order! A point of order has been made. I would like the honourable member to clarify the words that he would like withdrawn.

**Mr BECKER:** The Minister said that he had prior knowledge of the question because the Opposition leaks like a sieve. That is not true.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order! The member for Hanson will take his seat. The member for Hanson will not continue to speak while the Deputy Speaker is standing. He should consult Standing Orders. There is only one thing I can do. Those words are not unparliamentary but, as the request has been made to the Minister to withdraw them, I ask whether he will do so.

**The Hon. M.D. RANN:** It would be quite improper for me to withdraw when everyone on this side of the House and in the galleries has only to hang around the corridors late at night to hear what members opposite say about each other, particularly what they say about the Leader of the Opposition.

I am advised that the company now employs 120, not two, subcontractors within the State, it has a direct staff complement of 12 and it currently exports about \$1.5 million of clothing a year. However, because of the financial difficulties that were being experienced, the board engaged the services of Arthur Andersen's to review and recommend on the future direction of the board's involvement in Goodsports. We are all aware that following the recommendations of the Economic and Finance Committee and an extensive internal review the board decided to withdraw progressively from entrepreneurial activities. That is what people were being told to do. So, the board resolved to sell its investment in a manner that would preserve Goodsports and those 120 jobs in this State. I will invite the member for Hanson—I do not know where he is because he seems to be out of the Chamber—to come down and meet some of the workers and explain why their jobs should be voided, if that is what the Liberal Party is after.

The company is now turning over about \$4 million per annum, and it employs over 120 South Australians through its subcontractors. This contrasts with \$745 000 per annum and 20 people at the time the Grand Prix Board became involved in the company. The company has gained major international licensing contracts, such as the world wide rights to Williams Formula One, and in the last financial year it exported over \$1.5 million in apparel from South Australia. I point out that I am prepared to back the board and people of the calibre of Ian Cox and Ross Adler in making this judgment, and I am prepared to back those 120 jobs against the likes of the member for Hanson.

*Mr Becker interjecting:*

**The DEPUTY SPEAKER:** Order!

*Mr Becker interjecting:*

**The DEPUTY SPEAKER:** Order! I caution the member for Hanson.

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#### MEMBER'S REMARKS

**Mr McKEE (Gilles):** I seek leave to make a personal explanation.

Leave granted.

**Mr McKEE:** During the grievance debate on 25 August the member for Hayward made some remarks to which I took very strong exception. During the grievance debate on 26 August I responded, and the member for Hayward took strong

exception to my remarks. I believe that this dispute has gone far enough. Therefore, I wish to withdraw and apologise. I hope that the member for Hayward is big enough to do the same.

**Mr BRINDAL (Hayward):** I seek leave to make a personal explanation.

Leave granted.

**Mr BRINDAL:** I know that some members on the Government benches believe that in the grievance contribution that I made to the House I wrongly mentioned a member in another place. It was not my intention to do so. I regret the fact that any member on either side of the House believed that I wrongly mentioned another member, and I apologise if that is the case. I acknowledge the great assistance given to me by my Deputy Leader and by the Premier of this State who has shown some leadership in resolving this matter.

#### GRIEVANCE DEBATE

**The DEPUTY SPEAKER:** The proposal before the Chair is that the House note grievances.

**The Hon. J.C. BANNON (Ross Smith):** I do not intend to address the remarks of the Royal Commissioner in the final report that has been tabled today. I think the Royal Commissioner has expressed himself in a most comprehensive and clear way. Indeed, he has been at pains, bearing in mind the way in which the reports of the commission and the Auditor-General to date have been used politically, to ensure that his meaning is absolutely clear. I think we all owe him a debt of gratitude for the way in which he has tackled this important final task which will now lead to the action that the Premier has already outlined.

I would like to address my remarks to the response today by the Leader of the Opposition. If any member of the South Australian public or of his own Party—and we know there are a number—had concerns about the Leader of the Opposition becoming Premier of this State, he certainly underlined those concerns in his response. In fact, he spoke as someone who had been thwarted in some way, who refused to accept the implications of the report that he was considering in a somewhat vengeful and vindictive way. Lacking, I would suggest, some balance, the Leader of the Opposition returned to a style that all of us who have served with him in his previous guise would remember and note well.

One would have thought he had learned a lot in the period he had been out of this place; indeed, no doubt his colleagues who voted for him to be Leader of the Opposition thought he had. They must have very serious concerns now. Unless he can change that style and approach, certainly he cannot make any claims to lead this State as Premier. Very disturbing indeed! Those on his own side, noting the way in which he wishes to settle scores, should be very concerned.

He spoke of the legacy that somehow has been left. Of course, the Leader would want us to forget the period of the Tonkin Government and the legacy that was left to us—that fearful mess that we worked so hard over years to clean up and, indeed, managed to with our surplus budgets and our reduction of debt. The fact that so much of it was applied to the State Bank is regrettable but nonetheless he can talk of legacy only by being grossly hypocritical.

Let us look at his response to this. He said that only a Liberal Government would be able to pursue these matters. Incidentally, on what basis is he saying that? Certainly not on

the example given by this Government in the way it has pursued these matters and is continuing to pursue them. We stand absolutely clearly and firmly on our course in that, and that was reinforced—underlined—by the Premier today.

The speech was pre-written, because the Leader of the Opposition does not want to accept the umpire's verdict in this case, and that has been true throughout—the publicly funded counsel that went through each day's evidence to pick out all those bits that could be seen as prejudicial to the Government, fed them out to the media and reinterpreted them. This went on for month after month.

Then, when the Commissioner presented his first report, it was reinterpreted, extracted and used shamelessly by the Opposition in this place. When the second report came out, there was no question of balance; that was ignored completely. Indeed, all the Leader's speeches referred back to the first report. Then the Auditor-General's came out; the implications of it were totally and completely ignored. Instead, we had a trumped-up conspiracy charge which has been completely rebutted by this report.

Did we hear a word of apology from the Leader of the Opposition? Did we hear any qualification about remarks he had made under the protection of this place—remarks he refused to debate outside this House? Not a bit of it: there was dead and deafening silence. The Leader of the Opposition not only has a lack of balance in this area but has no grace whatsoever. He is unworthy to be a Premier. So, we reach this point: political responsibility has been accepted. He talks of a different standard. Yes, those opposite talk about their knowledge of business. What sorts of standards do the shareholders have to meet when a board is in place, when auditors verify accounts and when a supervising body stands in charge over any authority? Yes, there are standards of responsibility of shareholders and shareholders' representatives. They have been accepted on this side, but those opposite—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. J.C. BANNON:**—know nothing of them. They seek to apply different and new standards to both political and business responsibility. They have tried to rewrite the record book and, when this final report comes, which does not support what they have been saying for months and which sets the record straight very clearly in terms of responsibility, they reject it.

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

**Mr BECKER (Hanson):** The disappointing feature of this Government has been the continual fabrication of various allegations by Government Ministers to which we have been subjected. The Minister who is a specialist in this area is the Minister of Business and Regional Development. This afternoon I asked him a question about the future of Goodsports Ltd. It is a shame to see a company such as that find itself in difficulties, being run and managed by the Grand Prix Board.

The worst aspect is that some time ago one of my own colleagues exposed the fact that that company was importing goods from China. It is no good blaming anybody else for the loss of jobs. What is costing jobs in this country is the flood of cheap imports from Asian countries. That is another story which I would like to go into at some time. It is interesting to note that workers in Indonesia are paid about \$1.20 an hour to make to make Reebok shoes, which retail for hundreds of dollars. It is also interesting to note that workers in Fiji get

about 60¢ a day to make frocks that are sold to David Jones for \$75 and \$80 each, and we could go on. If we do anything for this country, we should protect our own local manufacturing industries before we start importing this cheap rubbish from the so-called Asian area.

My concern is that the State Government has done nothing. I am not aware of any action taken by the State Government to protect the credit unions in this State. Credit unions in the main have been set up by industrial organisations (there was one in our banking union, which is now involved in the finance sector) but the Federal Government has now decided to tax them. Here again, a terrible impost is being placed on a very worthy organisation—a very beneficial institution which is set up for the people and which is established on a voluntary basis. A few days ago, I received a letter from the Police Credit Union, which states:

Our credit union needs your support to overturn the tax on credit unions announced in the 1993 budget. The decision by the Treasurer to remove the long-standing tax exemption on credit unions ignores our unique role in the retail finance sector. Credit unions are owned and funded completely by their members. They are 'not-for-profit' institutions which work cooperatively for the self-improvement of their members. Our credit union is essentially for people in the business of 'emergency services' and we serve to promote thrift and savings amongst such members. Any income earned by the credit union, apart from that required to meet expenses and prudent reserves, is returned to the members in the form of better rates of interest on savings and loans and is used to fund new products and services.

A tax on credit unions is a tax on choice. Whereas the Government is handing out tax breaks and income support worth hundreds of millions of dollars to foreign and domestic banks, this tax will punish the growth potential of the credit union industry by taxing our only source of capital.

A tax on credit unions is a tax on volunteers. Many credit unions rely on the work of volunteers to provide basic services to their members. All credit unions rely on volunteer directors, elected by the membership, to manage their affairs. Our directors are appalled that the Government would take hard-won gains achieved through cooperative, volunteer effort.

A tax on credit unions is a tax on self-help. Credit union members work together to achieve a better life for themselves and their community. Credit unions play an important role in educating the public on credit and assisting many disadvantaged groups in Australia and overseas.

These 'not-for-profit' activities differentiate us from our competitors. In the case of our credit union, they include: free bill paying service, free financial counselling, free investment and retirement advice, lower interest rates on loans, higher interest on savings accounts, free death cover on every personal loan, plus numerous other social, financial and service related benefits. You can help us to be treated fairly in the 1993 budget by urging the Government to overturn the tax on credit unions.

Three million credit union members in Australia are counting on your support. There are 23 000 members (most are voters) who are disillusioned by this Government's decision.

Yours faithfully, Geoffrey Doyle, General Manager.

Of course, he is referring to the Federal Government, but in South Australia there are 14 credit unions, with \$1 billion in deposits and 280 000 contributors. As I said, they provide a valuable and important opportunity to save, sponsored and encouraged by the union movement in general. How can a Federal Government of the type that we have in Canberra expect us to survive?

**The ACTING SPEAKER (Hon. D.J. HOPGOOD):** Order! The honourable member's time has expired.

**Mr HOLLOWAY (Mitchell):** I wish to take this opportunity to make members aware of what I believe is an anomaly in the system of pensioner concessions for motor vehicle registrations. This matter has come to light following the extension of fringe benefits to all retirees who receive a part pension. On 4 June, I wrote to the Minister of Transport



Development on behalf of a retired couple in my electorate who had applied for a concession on their jointly-owned motor vehicle. My constituent is a retiree who will turn 65 years of age next year. He presently receives some superannuation. His wife receives an age pension, as the couple's income falls well within the income limits, but my constituent obviously will not be eligible until next year when he turns 65 years of age. Because she is a pensioner, my constituent's wife has received most other concessions.

However, because this couple have all their assets in joint names, they have not been able to get a concession on motor vehicle registration. To receive the concession this constituent has been told that she would have to transfer the car into her name only, and that would involve the payment of stamp duty considerably in excess of the benefit of the concession she would then receive. As her husband turns 65 next year, they will then be eligible for the concession, so there is no point in their doing that at this stage.

I wrote to the Minister of Transport Development about this matter and I received a reply on 20 July. The Minister pointed out that the Motor Vehicle Act requires that the owner of a motor vehicle be the holder of an appropriate current concession card to qualify for reduced motor vehicle registration fees. The Minister stated:

The Registrar of Motor Vehicles currently refuses to register a motor vehicle at pensioner concessions unless all parties to a registered ownership are eligible for the concession.

I think members would understand why that would be the case; obviously we would not want a situation where a pensioner jointly owned a car with someone who worked and was able to get a concessional registration. However, following the raising of the fringe benefits limits, of course, we do have situations like that of my constituents, where both people may be retired or not working.

The Minister went on to point out that the Crown Solicitor was asked, following another similar case, to confirm that in the case of joint ownership all parties to the registered ownership must be eligible to receive the concession. She informed me that the Crown Solicitor advises that the 'owner' is interpreted to mean 'owner' or 'owners'. Therefore, each joint owner of a motor vehicle must be the holder of an appropriate entitlement card to qualify for the reduction in registration fees.

It has subsequently come to light that, if a couple who are both retired and receiving a pension had two cars in each name, each pensioner could receive a pensioner concession. It would seem to me that in such cases that would be an over-generous concession—two pensioners would each receive a concession on their car. However, if two pensioners have two cars but in joint names, they would not get the concession on both cars.

So, it seems clear to me that there are some problems with the way in which the pensioner motor vehicle concession schemes operate. Of course, these have come about only following the changes to the rules earlier this year, because previously pensioners of much more limited means would have been in no position to run two cars.

The point I wish to make to the House is that, on the one hand, the system is arguably too generous to those pensioners who can afford to run two cars but who have registered their cars individually in their own names but, on the other hand, the system would appear to be not generous enough to couples such as my constituents who have one car jointly owned but where neither works and one is a pensioner. In that case they are not able to get the concession without transfer-

ring ownership of the car, as a result of which they are liable to pay stamp duty, which renders the whole transaction unprofitable for them. I hope that the Minister can look at this matter in some detail to see whether a better system can be devised to overcome these two anomalies.

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

**The Hon. P.B. ARNOLD (Chaffey):** I would like the Minister of Primary Industries to explain to the House and the primary producers of South Australia just how serious he is in relation to his Rural Finance and Development Division in the Department of Primary Industries. Recently, the Minister sent out a circular letter to all primary producers in South Australia in which he stated:

I believe it is important for all primary producers in South Australia to be aware of the assistance currently available from Rural Finance and Development, Primary Industries, South Australia.

The letter goes on to refer to the rural adjustment scheme and exceptional circumstances where assistance can be provided, farm enhancement measures, farm management, finance advice and re-establishment provisions, and so on. My constituent applied for assistance under that scheme and was rejected.

I would like to go back some 21 years when, under the old Rural Industries Assistance Authority, this same constituent made an application in 1972 for assistance as a result of severe rain damage that he incurred. In response to his application he received the following letter from the authority:

I wish to advise that on the recommendation of the Rural Industry Assistance Committee the honourable the Minister of Lands has declined your application for assistance in terms of the Rural Industry Assistance (Special Provision) Act 1971. In accordance with the agreement between the Commonwealth and the State of South Australia the committee is of the opinion that in view of your present debt structure you have little prospect of reaching a stage of long-term commercial viability within a reasonable time.

That was 21 years ago. The committee considered that he was not viable and some 21 years later, having raised his family on that property and continued on, he has again approached the Department of Primary Industries seeking an interest rate subsidy in the economic circumstances that exist in Australia and particularly here in South Australia. He made this application and received the following response:

Following assessment of your application for financial assistance, I regret that on the recommendation of Rural Finance and Development, the Minister of Primary Industries has declined your application.

Let me remind the House that 21 years earlier he had made a similar application and was told he was not viable, but he managed to struggle on, remain on the property and raise a family as well. Now he is in exactly the same position 21 years later. The letter goes on to say:

Under the Rural Adjustment Scheme (Exceptional Circumstances) the provision of interest subsidies is available to farm enterprises that have a sustainable commercial operation. To meet this criteria, the farming enterprise must at least have been able to cover all operational costs, living expenses and service farm debt.

This person has managed to do that for 21 years since his first application. The letter continues:

This assessment is based on past trading results. Based on all information available, we have assessed that your farming enterprise is not a sustainable commercial enterprise, and that you are reliant on off-farm income. Consequently, it is not possible to grant you an interest rate subsidy.

I would like the Minister of Primary Industries, if he is serious, to explain how a person on the land can continue after being classified as being non-viable and some 21 years later make a further application and still be told that his operation is not viable. I think this is a serious matter. It indicates to the House and primary producers in this State that this is just a sham that the Minister is placing before the primary producers of South Australia with no real intention of its being of great financial benefit.

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

**Mr HAMILTON (Albert Park):** Recently I received an invitation from the West Lakes Shore school to launch a parent participation booklet, and on Friday last I had the privilege of doing that. The parent participation booklet evolved over a period of two years. I want to refer today in the House to the involvement of these people, because I believe that the amount of work that they have put into this booklet is worthy of note.

I would like personally to acknowledge the work done by Mrs Melva Seidel who was the coordinator in this very important project. I understand it was her initiative to organise this booklet and it is a valuable source of information for many parents whose children are currently attending or will attend that first class school. This booklet enhances the excellent reputation of that school, and I understand that the impetus for the project came from a group of parents at the school who were regularly providing information to new parents through morning teas and talks and also through posters depicting the ways in which parents could participate in the activities of this excellent school.

Following Mrs Melva Seidel's suggestions to these parents, a successful submission was made to gain a PASS grant from the Education Department for the funding of this booklet. The booklet runs into some 11 pages and time does not permit me to go through all of it; suffice to say that it encourages parents to participate in the classroom and to become involved in the various activities within the school, including camps, excursions, special events, swimming, and so on. It also talks about absenteeism; and recycling, which is very important to our young people (I believe it is very important to educate our children at an early age about the advantages of recycling). Sport is also a very worthwhile outdoor activity, and adjacent to the school are very good grounds. The Parents and Friends Association gives the parents a broader community opportunity to meet informally, and it provides an avenue for them to pursue issues and concerns, thereby acting as a communication link between the parents and the school.

It would be remiss of me not to mention those people who have been involved in this particular project, and I would like to do so at this juncture and place their names on the record: Gwenn Paull; Sandra Ghent; Peter King, who is the Chairperson of the curriculum committee and was involved in the draft presentation of this report; Barbara Beacham; and, of course, Mrs Melva Seidel. It was a delightful launch, in which the students participated with choirs, and balloons were released. It was well attended by the parents, particularly the mothers, and that was a healthy sign. The auditorium was packed out, and that is a fair indication of the launch's popularity.

I would also acknowledge the role of the school's principals, including the acting principal, Mr Roger Pace, and Mrs Tagget, and I understand, Mr Acting Speaker, that as the

member for Baudin you may have opened that school some years ago, so you would be well aware of its excellent reputation. I commend everyone involved in the publication of this excellent document. I will pass the booklet on to the Minister (whom I see sitting in front of me) possibly for other schools to use.

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

**Mr MEIER (Goyder):** Earlier this year, in May, a constituent of mine, Mr Brenton Mathews, telephoned me on three occasions and each time complained that a water main had burst in the vicinity of his property. It was in the same area where the major works were occurring for the Port Wakefield dual highway and Mr Mathews recognised that the construction of that highway may have been causing the breakages. However, we kept a tab on it and on 2 June I wrote to the Minister of Public Infrastructure and pointed out the problems that were occurring. I asked the Minister how many bursts had occurred in the past few weeks; what had caused the bursts; whether it was proposed to lay new pipes in the area or whether the repairs were considered satisfactory in the long term; and whether it was anticipated that further breaks would occur in the coming months.

After some time my constituent had to contact me again. In fact, he contacted me early in August and indicated that things had not improved. He asked whether I had received a reply from the Minister, to which I had to say 'No'. My constituent then detailed additional bursts on 8 July and, he suspects, because of air locks in the pipes, on 14 July and again in late July. There were another three breaks. Then on 11 August he said there was a break in the near vicinity which also affected another constituent of mine who has a cattle feeding lot. On the last occasion none of the neighbours knew about the breaks until they tried their own water pressure. Because of the air locks and the massive pressures that can build up, a glass and a mug that my constituent had in his hand and another that was in the sink were smashed by the pressure of the water. Understandably, he was very upset.

At that stage I contacted the Minister again and asked what was going on and why the answer had not been forthcoming. The answer arrived in a letter dated 24 August, referring to my two letters. That answer identified that in the last year, until December 1992, there had been 12 breaks in this particular pipe, and this year to date there have been seven. That was up to June 1993. In the previous year five of the breaks had occurred in May; in this year all the breaks occurred in May. However, what the Minister did not include in his letter was the fact that my constituent then identified another three or four breaks since that time, so we are already up to 10 or 11 breaks for this year and the year is only just over half way through.

It is interesting to note what the Minister says as to what can contribute towards the failure of a water main. He identifies the following facts: the age and the condition of the main; the type of pipe material; the pressure zone of the water supply system; the ground conditions; seasonal changes in the weather; the overburden load on the pipe; and any construction activity in the adjacent area. I do not disagree with any of those, but it appears obvious that the pipe needs to be upgraded and replaced. What does the Minister say to that? He says:

A relay of this main was considered in 1992, but after investigation into the history and frequency of failure it was considered it could not be justified on economic grounds.

For how long do my constituents have to keep putting up with irregular water pressure? Why do they have to keep putting up with broken mains? The summer season is coming; many of these people have stock and it can cause serious problems for them. I urge the Minister to reconsider this section of pipe. I believe it is essential that it be replaced, particularly with the expanding population of that area. If he does not do it now, it will cost that much more in years to come.

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

### PENSIONERS

The Legislative Council transmitted the following resolution in which it requested the concurrence of the House of Assembly:

That the Legislative Council:

(1) As a matter of urgency, expresses its grave concern at the adverse financial impact on thousands of South Australian pensioners holding certain financial investments resulting from Federal Parliament's amendments to social security and veteran affairs legislation, and calls on the Federal Parliament to enact repealing legislation.

(2) Directs the President to convey this resolution to the Prime Minister and the Leader of the Federal Opposition.

(3) Resolves that a message be sent to the House of Assembly transmitting the foregoing resolution and requesting its concurrence thereto.

### CLASSIFICATION OF FILMS FOR PUBLIC EXHIBITION (ARRANGEMENTS WITH COMMONWEALTH) AMENDMENT BILL

Received from the Legislative Council and read a first time.

### SELECT COMMITTEE ON PRIMARY AND SECONDARY EDUCATION

**The Hon. S.M. LENEHAN (Minister of Education, Employment and Training):** I bring up the interim report of the Select Committee on Primary and Secondary Education and move:

That the report be received.

Motion carried.

**The Hon. S.M. LENEHAN:** I move:

That the time for bringing up the final report of the Select Committee on Primary and Secondary Education be extended until Tuesday 16 November.

Motion carried.

### APPROPRIATION BILL

Adjourned debate on second reading.

(Continued from 26 August. Page 547.)

**Mr S.J. BAKER (Deputy Leader of the Opposition):** The Appropriation Bill and the budget are a complete fraud. It is a disgrace to this Parliament and to the people of South Australia that we should have such a misleading document presented to the Parliament. I shall be placing on record the number of changes that have taken place and the manipulation by the Government to present a completely false picture of our finances in this 1993-94 election year. There is no

doubt that every effort was made to produce a budget which was favourable to a Government going to an election and which would provide surplus resources to a Government which is cash strapped. That is exactly what has occurred. Whilst the Treasurer may be congratulated on his manipulation, he cannot be congratulated on the method by which he is attempting to change history in some respects and, indeed, hoodwink the people of South Australia.

I should like to refer back to the fourth and fifth centuries. Students of history would recognise the name of the Vandals. The Vandals were a Germanic tribe who lived in southern Europe during the fourth and fifth centuries. They laid waste to much of the Roman Empire, including most of Gaul and parts of England, and they also sacked Rome. They have lived on in history, because they completely destroyed the fabric of society as it was. It took many decades, if not centuries, to recover from that onslaught.

I should like to draw the parallel that, whilst we have not had the sackings and burnings by the Vandals that took place at that time, we have seen the laying to waste of the South Australian economy by the Arnold Labor Government. The Vandals' legacy to the people of southern Europe was complete destruction. The legacy of the Labor Party and Government in this State is one that historians will reflect upon as having laid waste to the economic future of this State. Without a change in Government, the waste will continue.

I was surprised when the Treasurer in this Parliament said that this was a responsible budget and he was creating a surplus of income over expenditure of \$120 million. It is only when we look at the figures that we realise the lengths to which this Government will go to plunder every available reserve to float this election year budget. I should like to acquaint the House with what has happened in this situation. First of all, I think it is important to put on record the 1992-93 budget outcome. The Treasurer announced to the world at large that he had, through good management, created a \$12 million surplus on the 1992-93 budget.

**The DEPUTY SPEAKER:** Order! I apologise to the honourable member. I need to clarify whether the member is designated as the lead speaker.

**Mr S.J. BAKER:** No, I am not the lead speaker, Mr Deputy Speaker. The Treasurer announced that there was a budget surplus for the past financial year of \$12.2 million. What he did not tell the people of South Australia was that the Government needed \$305 million just to sustain the expenditure levels incurred during that financial year. It should also be recognised that such a surplus was possible only by taking money out of the State Bank to the tune of \$22.6 million and under-spending the capital works program by \$54 million in net terms during that year.

It is hardly a budget that the Premier and Treasurer of this State can be proud of. The 1993-94 budget projections cause us some extreme difficulty. This budget is simply not sustainable in the longer term because it takes away all the reserves that this State has left after the recent disasters. It was only when I managed to get a Treasury briefing that the full extent of the manipulation was apparent. For the edification of those people who do read *Hansard* and the members of this House who do not read budgets, I would like to point out that the budget is sustainable only on a number of assumptions.

The first one is that the Government—and there will be a change of Government—is capable of achieving a real reduction in expenditure of 4.1 per cent in real terms and 0.8 per cent in nominal terms. The second assumption is that

receipts from State sources other than the South Australian Government Financing Authority will increase by 13.6 per cent in real terms, or 17.4 per cent in nominal terms, from \$1.886 billion to \$2.231 billion. The third assumption is that the second instalment of the \$150 million State Bank bail-out will be treated as a revenue receipt from the Commonwealth for the purposes of this budget. I will comment briefly on the expenditure items shortly.

I think it is important to understand exactly how this \$120 million has been created. Members would well recognise, with the publicity that has surrounded it, that the Government relies on some \$297 million—comprising tax and dividends of \$107 million, \$160 million return on capital and a \$30 million guarantee fee—being taken from the State Bank. In addition, the Treasurer has seen fit to extract \$20 million out of SGIC after it made a pre-tax loss of \$42 million for the year 1992-93.

*Mr Lewis interjecting:*

**Mr S.J. BAKER:** My colleague the member for Murray-Mallee draws a parallel between a pound of butter and the way in which it is measured. When we look at how those figures are broken down, we realise that the Government is not actually creating a surplus. In fact, there is a \$200 million shortfall in the longer term. That is without taking some other factors into account which I hope I will have an opportunity to address at a later stage. Importantly, one of the figures that also was not available to us and with which I was having difficulty was a sum of \$150 million. I could not understand where it was being taken from. There was a \$150 million shortfall. When we had our Treasury briefing we found that there was going to be a rundown in the departmental cash balances held in deposit accounts at Treasury and other sundry items of \$142 million. Not only has the Government taken \$300 million out of the State Bank and spent \$150 million of the State Bank bail-out, which was made available only for interest and debt reduction, but it has also run down the Treasury reserves to make this budget float.

It is important to understand that, without all these special items, the budget would have been in deficit to the tune of well over \$200 million. In fact, if we include the rundown of special deposit accounts, the rundown would have been of the order of \$350 million. In other words, if correct accounting methods had been used we would have had a deficit of some \$350 million. However, that is not the way of the Government and it is not the way of the Treasurer, so we have this false impression created that South Australia's budget this year is somehow responsible and that there is a surplus of \$120 million.

In looking at where this budget takes us, I cast the mind of members back to when the present Labor Government took office in 1983. At that time State debt was some \$2.6 billion. Under the assumptions presented in the budget papers, it is expected that State debt will reach a massive \$8.1 billion by the end of this financial year. If we look at the area of liabilities—and this year alone another \$520 million is being added to the balance sheet which has not yet been brought to account because the bills have not been paid—they are exploding, and most of that is related to superannuation. Since the Government took office, the tax take has risen astronomically. It has particularly hit small businesses, as we are all aware.

**Mr Venning:** Sucked them dry!

**Mr S.J. BAKER:** As the member for Culance points out, the Government has sucked the people dry. It has sucked small business dry. It has directly contributed to massive

bankruptcies in this State. Since the 1982-83 budget, the real tax take of this Government has risen by 185 per cent. That is over and above the inflation experienced over this period. In 1982-83, State taxation was \$487 million, and in this financial year it is expected to be \$1 796 million. That is a massive increase that no-one in this State can afford, let alone the struggling businesses who are the employers of this State. It is quite clear that over the past 11 years the Government has laid economic waste to the State, just as the Vandals did in Europe 16 centuries ago.

**Mr Venning:** Slashed and burned!

**Mr S.J. BAKER:** It has indeed burned our future, and it has affected our capacity to be able to compete in an increasingly complex and competitive world. The Government has reduced the level of services to South Australians by a considerable degree. We are now faced with a situation whereby all the fundamental services of Government can no longer be supplied at a level that most people would wish for this State. We see daily reports of where the Government is failing to meet the underlying demands of the people. The Government is responsible. It is responsible for the queues, it is responsible for the decline in State transport, and it is responsible for the decline in water and sewerage services and other areas.

I think it is important to understand that the special items that have been brought to account this year make the budget unsustainable in the longer term. Quite clearly, at least \$160 million of the equity within the State Bank, which has been extracted for this year, should have been directed at the losses of the State Bank. South Australian taxpayers are being asked to pay a bill of \$3 150 million, yet the Government rips out \$160 million of the equity of the State Bank and feeds it back into the budget this year. The Government told the people of South Australia that under the State Bank bail-out deal, which was some \$647 million, all the money would be used to meet the State debt.

Well, to date not one cent has gone towards meeting the State debt. The first \$263 million paid in last year has gone towards redundancy payments for targeted separations. The next \$150 million, which we were absolutely assured would be set aside for debt reduction, has gone into the budget this year. That is the breaking of an undertaking to the people and to the Parliament, and the Premier and Treasurer stand condemned. So we have had this Government's manipulation of the figures. It is a dishonest budget; it is a budget that simply does not sustain us in the longer term.

In this context I want to talk about two items in the budget as, again, being somewhat dishonest—only two (there are many more), although they do highlight the problem we face. Members will recall when I raised questions about the South Australian Government Financing Authority. The Government Management Board brought down a report, which said that SAFA was not acting in the best interests of South Australians by continuing some of its practices. One of its practices was to charge a fee on loans that it made available to statutory authorities and departments, and SAFA was collecting some \$66 million a year from this particular surcharge. The Government took notice of that report and no longer allowed SAFA to place a surcharge on the loans. However, it is now asking these departments and authorities to pay for the Guarantee.

Members will note, if they look at the estimates, that a considerable sum had been flowing back into the Government through this Government guarantee: some \$30 million from

the State Bank for the guarantee and some \$21.6 million from other Government departments and authorities.

The Government is simply ripping off the taxpayers, and it is ripping off the departments and authorities in the process. With the highest interest rates of any Government in Australia currently being applied here in South Australia, the State Government is saying to departments and authorities, 'You have a Government guarantee but we will charge you a penalty of 3 or 4 per cent on ruling market interest rates for the pleasure of having the Government guarantee.' Now, if that is not questionable economics, I do not know what is.

So, the Government lost \$66 million because it was rapped over the knuckles by the Government Management Board. Through the back door it is collecting another \$52 million, as a result of the Government guarantee, applied to departments which have no revenue base but which have loans outstanding for some of their structures. It is capitalisation of interest and that cannot remain unchallenged.

In relation to the South Australian Health Commission, I was surprised to hear the Minister of Health, Family and Community Services gaily announce a \$37 million surplus on the 1992-93 budget. When I looked at the Neimeyer statement I found that the budget's allocated expenditure was very close to the expected income. The Government under-spent on the budget, operating a special deposit account, which is now being run down to fund this year's budget. The difference between that and the extra receipts for 1992-93 add up to some \$34 million, which will now find its way into this year's budget because of the duplicity and the way in which the figures are being manipulated.

In the Engineering and Water Supply Department we note very serious differences between what the Treasurer estimates will be spent and what is actually achievable. For this financial year the Treasurer anticipates recurrent repayments of some \$338.8 million as against \$384.4 million last financial year. We are then talking about a difference of over \$45 million that has to be cut from the recurrent budget—\$45 million! That could involve a further loss of 600 to 1 000 employees, depending on what is happening regarding redundancy payments for last year.

So, the Government has not been honest. It has not told the E&WS employees that their future is very limited. The Government is saying that it will slash the budget—the budget that the department has to work to—and it is well in excess of any of the figures presented during the debate on the Southern Power and Water Bill.

The Government is entrusted with operating the State's finances for the benefit of all South Australians. The only way that this Government has operated its finances is in its own best interests. It is creating a false belief that there is a surplus that it can spend during this election year, knowing that the cost will have to be met further down the track when there is a change of Government. It is a false budget. It is a fraudulent budget. It is a budget that needs to be recast and some honesty put back into it. I reject the Appropriation Bill.

**The Hon. DEAN BROWN (Leader of the Opposition):**

This afternoon I want to talk about the extent to which this Government's budget is based on very false premises. In fact, I stress from the outset that this budget is an absolute fraud. Let us look at some of the reasons why it is a fraud. First, it raises taxes and cuts Government services, when the Government promised to do just the opposite—to actually improve services and cut taxes. Secondly, it claims to create something like 1 000 extra trainee positions, funded almost entirely

by the Federal Government. The Government did not say that when introducing the budget: it said it would create 1 000 extra positions for trainees, but the budget actually cuts something like 2 000 extra jobs out of the public sector.

So, on the one hand, the Government is claiming on television that it is creating 1 000 trainee positions, but what it does not disclose in the same bold print in the media is that it is cutting out 2 000 jobs. The budget boasts that the State Bank profit is approximately \$100 million, when, if we put the good bank and the bad bank together and net off the profit or loss, we find that there is actually a loss between the good bank and the bad bank of about \$200 million. The budget boasts a surplus of \$120 million, and yet if we look at it in detail the real deficit of this budget totals about \$200 million—not a surplus of \$100 million as claimed, which occurs only if we remove the raids on various areas of the Government's finances, which are all one off—areas that cannot be sustained beyond this particular budget.

Finally, the budget boasts that it gives hope to South Australia to stimulate job opportunities, when in fact this budget does absolutely nothing to stimulate the private sector, absolutely nothing to create private sector jobs. In fact, it does just the opposite: it imposes additional tax burdens upon the private sector and, therefore, is likely to cost jobs in the private sector, not create them.

The Arnold Labor Government is no better than the Bannon Labor Government was in terms of milking money from the State Bank. The Government claims to bring across \$300 million of profit, but when we look at the facts it is milking the bank for every dollar it can possibly get out of it, and it is therefore literally thumbing its nose at the recommendations in the royal commission report.

This budget is clearly a budget built on quicksand, and it will not last many months before collapsing under its own lack of meeting targets, as set out for both this year and last year. But, more importantly, behind this budget there is a tidal wave—a tidal wave which is about to engulf South Australians, and particularly the South Australian Government, because of the huge additional financial burden being created by this budget, which will hit this State and the South Australian Government over the next 12 months.

**Mr Venning:** After the election.

**The Hon. DEAN BROWN:** After the election. This budget is clearly designed to struggle this Government through until the election, members opposite think in the hope that they will be re-elected. But as we have found today in the judgment of the Royal Commissioner, and as we find constantly in terms of those who are unemployed, the small business people who are struggling (those who are left in business) and others in the private sector, there is a complete disenchantment. More than two-thirds of South Australians now believe that South Australia is heading in the wrong direction. There could not be a more damning figure than that. Two-thirds of South Australians acknowledge publicly that this Government is taking this State down the wrong path, one that would ultimately lead to its financial destruction, if it were allowed to continue.

The Government, and particularly the Premier and his predecessor, knew at least from the middle of 1989 that Government finances were heading into serious trouble because of the deteriorating position of the State Bank, continuing record interest rates and the onset of economic recession. But what did they do? In 1989, in the last election year, they significantly increased Government spending and public sector employment by more than 1 600 positions, three

times the level budgeted for in that year. They threw around taxpayers' money like confetti, only to break many of the major promises immediately after the election.

In the 1989 election, the Government swept the problems of the State Bank under the carpet and even kept its interest rates down in a secret \$2 million deal using taxpayers' money. In 1989 Labor attempted to postpone the day of reckoning with disastrous consequences for South Australia. If Labor had owned up to the problems then, South Australia would be in a much better position to repair the damage now. The Premier heralds Meeting the Challenge as a three year debt reduction strategy, beginning this financial year. Had Labor been honest, had Labor been responsible, this strategy would have been put in place four years ago. Even after Labor was forced to publicly admit in February 1991 what has been obvious for a long time—that the State Bank confronted South Australia with a financial crisis of unprecedented proportions—its first strategy was to go on trying to hide the true extent of the losses rather than to implement action to minimise the damage to the State.

Meeting the Challenge has come much too late to be taken as any serious, let alone honest, attempt to deal with the financial mess that Labor has put South Australia into. Effectively, Labor has wasted a whole parliamentary term in coming to grips with the State's financial position. While Labor has dithered and delayed, some of the problems have become much worse. The State debt is still increasing. Labor has no strategy whatsoever to regain a top credit rating for South Australia. The Liberal Party has such a strategy. State tax revenue continues to escalate to meet the interest bill, while standards of service in some key areas go from bad to worse and businesses are denied the capacity to go out and create more jobs.

The Premier's Meeting the Challenge statement in April was a commitment to confront just some of the major problems, but what is the report card on that, less than five months after that economic statement? The budget shows that targets to reduce public sector employment are being missed, adding literally tens of millions of dollars now to the cost of operating government in this State. We estimate that about \$50 million extra a year is added because those targets of reducing employment have failed.

The Government put up an asset sales program, a key part of its economic statement and certainly a key part of its debt reduction strategy, but it missed the target by \$50 million. It targeted to sell assets worth \$120 million but sold a mere \$70 million worth of assets. It said it would invest heavily in creating private sector jobs by putting \$40 million in 1992-93 into industrial development programs. It spent a mere \$18 million of that \$40 million and, as a result, industry in South Australia has suffered. In the economic statement, the Government promised \$40 million again in 1993-94 but, come this budget, we find that it allocated only \$30 million. It missed the target again by \$10 million.

Members opposite put in place a payroll tax rebate scheme which they said would cost them \$10 million, and they have missed that target by at least 50 per cent; less than \$5 million is to be spent on that payroll tax scheme. They said that we would have economic recovery in the high technology industry area through the MFP. It was Labor's beacon for economic hope in this State. They allocated \$31 million in capital funds for that project but spent a mere \$3 million. They achieved 10 per cent of the target they put down for the MFP capital program. The Federal Government offered them funds under the Building Better Cities program, and they

underspent that \$40 million by \$10 million. It was not even their own money but they still could not spend it for the improvement of South Australia.

They said that the bad bank would cost them only \$230 million in the last year: in fact, it cost us all \$290 million. They missed the target once again by \$60 million. The Premier's promise not to increase tax has been broken with a 32 per cent rise in the rate of land tax. Here is the Premier who went on television and said, 'No new taxes; no increase in taxes for South Australia', yet he increases land tax, which is an imposition on small business, by 32 per cent. Then last budget, this Labor Government said, 'We will impose an additional 3¢ a litre petrol tax on people in Adelaide, but slightly less in the country, and we will raise \$32 million in the financial year to spend on local communities through local government.' What happened? None of it went to local government whatsoever. The entire promise was breached.

As I said earlier, they have promised to South Australians that the State Bank of South Australia would now be profitable, but put the good bank and the bad bank together and we find a loss of \$200 million. What these missed targets and broken promises reveal is a Government in paralysis, a Government utterly incapable of delivering on its own public sector rhetoric and reform.

Let me now examine some of the Government's targets in further detail. The Premier's economic statement was built around eliminating the recurrent budget deficit by 1995-96. Since 1990-91, the Government has borrowed just over \$1 100 million to cover the deficit between spending and revenues. Of this, \$567 million has been on recurrent expenditure alone. In other words, the Government has gone into further debt to pay for its day-to-day operations, including its escalating interest bill. Effectively, it has been paying interest on interest on our debt.

The 1993-94 budget provides a lower recurrent deficit of \$24 million and claims an overall Consolidated Account surplus of \$120 million. This is the quicksand surplus—here in this election year but gone next year for sure. This surplus comprises \$297 million in payments on account of the State Bank, which will not be available in future years. I refer to the \$52 million return on capital, the \$30 million guarantee fee, the \$160 million recouped out of the capital base of the bank, which therefore effectively reduces the value of the bank by that amount, and the \$55 million in lieu of the Federal income tax. I say this revenue will not be available next financial year because the State Bank goes into the Commonwealth tax net; that is, the Commonwealth Government will impose its tax on the State Bank from 1 July 1994. Therefore, in future that money will not be available to the Government of South Australia.

In 1994-95 South Australians will receive the final instalment of \$234 million from the Commonwealth State Bank compensation fund to cover the loss of revenue. In addition, there will be the full year impact of cost savings from public sector job cuts, although the Government's failure to meet targets means that these cuts will not help to eliminate the deficit as the Government claims.

By 1995-96 the deficit will blow out again to more than \$200 million, even allowing for reduced interest on lower State debt because of the State Bank sale, because of the loss of all the one-off revenue gains brought into this budget this year and in 1994-95. This, Premier, is the tidal wave effect; you boasted this year of a \$120 million surplus when in fact by 1995-96 there will be a \$200 million deficit crowding in

on South Australians because of the way in which this budget has been formulated.

What Labor is not telling the people of South Australia before the election is that its financial strategy will depend on a massive increase in State taxation in the future to reduce the deficit of \$200 million. The position could be even worse under this Labor Government. The Government is requiring all departments and agencies to absorb any wage increases, yet it does not know at this stage what those increases might be. The budget papers admit that the Government has still not negotiated final details of enterprise agreements that will affect the public sector. The Government has also significantly cut estimated outlays by assuming lower interest rates. However, the estimate for interest payments for 1993-94 is more than \$140 million lower than that assumed in the projections in the Meeting the Challenge statement released in April this year. In other words, the Government's financial strategy depends on interest rates being lower than they have been.

However, if we turn to the Financial Statement contained in the budget papers, we find a forecast of an actual rise in interest payments this year. So, the Government's own budget papers predict a rise but it has made an allowance of \$104 million less for interest payments than that predicted in April this year. The Government remains locked into historically high interest payments in the budget because of the State Bank debacle—and there can be no question whatsoever about that.

In this financial year a further \$210 million has been allocated for interest to fund the borrowings for the bail-out. This figure is an increase on the \$175 million paid in 1992-93 because of the additional borrowings of \$550 million to cover the bail-out of \$3 150 million. This year's allocation will bring the total interest payments for the bail-out of the State Bank since 1991 to \$657 million. That is the interest bill alone for the State Bank bail-out. This tidal wave effect that is building up behind the election will drown the South Australian Government because of its strategy. The Government claims that it has no information to suggest that there will need to be a fifth bail-out of the State Bank. In saying this, the Government has deliberately turned a blind eye to all the papers presented in the budget. It hinges all its faith in saying that there will not need to be a fifth bail-out on its claim that there will be a sudden and very swift upturn in the property market. Of course, there is no forecast whatsoever of such an upturn.

The bad bank remains saddled with the Remm project. It puts a valuation on that project of \$205 million. We all know that the cost so far of the Remm project is \$750 million—but its present value is \$205 million. Even that figure is \$15 million higher than an independent valuation that the bad bank has received and \$105 million higher than the Valuer-General's valuation. In other words, the Government will not accept its own valuation for the purpose of this budget. Why will the Government not accept this valuation? It is because it knows damn well that it will lead to a fifth bail-out of the State Bank.

Despite the billions of dollars that have been put in to prop up the bank (\$3 150 million), there is approximately a mere \$100 million left, yet the Government says that a fifth bail-out of the State Bank will not be required. In the last financial year further losses on this project cost SAFA more than \$66 million. Total losses in reduced property valuations on 333 Collins Street and holding and other costs since the SGIC was forced to exercise the put option in 1991 amount to

\$387 million. That property is likely to cost the bad bank more than \$20 million in additional holding costs in this financial year, thus exposing it to further losses.

Last year the bad bank's losses were \$290 million. There is a mere \$100 million left in the kitty, and the Government claims that a fifth bail-out will not be needed in spite of the fact that it has now put the 333 Collins Street into the bad bank. No-one but itself believes the Government when it claims that there will not be a fifth bail-out. The Government has been deliberately optimistic about the bad bank's performance in this election year in order to duck the question of a fifth bail-out. Under Labor, South Australian taxpayers so far have lost \$926 million on the Remm site and on the Collins Street site in Melbourne, yet it sits here day after day claiming to South Australians that it is a good economic manager. You are a disgrace, Premier, an absolute disgrace.

**The ACTING SPEAKER (Mrs Hutchison):** I ask the honourable member to refer to the Premier by his title, not by the word 'you'.

**The Hon. DEAN BROWN:** Certainly. The Premier of this State is a disgrace, as are his Treasurer and all his Ministers. They have lost almost \$1 000 million on just two building sites. One of the key reasons for this is that they paid excessive wages and rates to their union mates to get those buildings constructed.

**An honourable member:** And workers compensation.

**The Hon. DEAN BROWN:** And workers compensation. The people of South Australia have paid for the Government's gross abuse of public funds, because it lined the pockets of its union mates. That is what it boils down to. We have paid \$1 000 million.

Other rising liabilities to which taxpayers are exposed include superannuation, long service leave and workers compensation entitlements paid to public sector employees. These are the unfunded liabilities. We have heard about the \$8 000 million of State debt; we now turn to unfunded liabilities. Unfunded superannuation liabilities increased by a further \$719 million in the last financial year, long service leave entitlements increased by a further \$10 million (half a billion dollars) and workers compensation unfunded liabilities for the public sector increased by \$15 million to \$165 million. That last figure demonstrates the extent to which the Government is not providing for its employees the same standards of occupational health and safety as it is imposing on the private sector.

If all those unfunded liabilities are put together, they total about \$5 000 million on top of the State debt of \$8 000 million. That figure of \$5 000 million is another tidal wave about to engulf the finances of South Australia that have been set up by this Labor Government—this incompetent group of people who could not even run a kid's birthday party, let alone manage the finances of South Australia.

**The Hon. D.C. Wotton:** It's not much for our kids to look forward to.

**The Hon. DEAN BROWN:** There is no joy at all under this Labor Government for anyone in South Australia to look forward to. The Government claims that it has taken strong action to reduce spending in the face of rising debt and unfunded liabilities, but in fact the Government is greatly exaggerating its actions.

The Meeting the Challenge statement forecast a net reduction in net outlays of \$230 million. This financial statement incorporates a budgeted reduction of \$225 million. Almost half these savings will now be achieved by lower

interest repayments than were anticipated in Meeting the Challenge.

The 1992-93 budget introduced by the Premier's predecessor called for a cut in employment in the public sector by 942 full-time equivalents. The Premier's economic statement in April called for a further 3 000 jobs to go in the public sector by June 1994. These reductions are essential to the Government's achieving its target of eliminating recurrent expenditure by 1995-96. Yet again, the Government is failing to meet its targets. Out of the 2 500 job reduction program for the past financial year the Government has achieved a mere 750.

The Financial Statement indicates that the total public sector work force will be reduced by a further 1 800 full-time equivalents this year. This would leave public sector employment at 86 817 full-time equivalents by June next year, that is, 2 500 positions fewer than in June 1992. However, if we put together the 3 000 jobs the Government promised plus the 942 mentioned in last year's budget the total should be 3 950 positions fewer.

The failure to achieve this target by almost 1 400 by June of next year will mean ongoing budget costs of \$51 million a year extra. That shows the incompetence of this Government. It has failed to meet all of the major targets set out in both the economic statement and last year's budget and, again, of course, it will fail to meet the targets in this year's budget.

The budget papers show that 19 of the 39 public sector departments and agencies exceeded their staff limit last financial year. The Premier's Meeting the Challenge statement assumed that half the 3 000 job cuts would be achieved by June this year. As I said, there were only 26 actual acceptances out of that 1 500 by June.

I would like to turn to the assets sales program proposed by this Government. As well as public sector job cuts, assets sales were central to the whole budget strategy. Last year the Government budgeted to receive \$120 million; it missed that target by \$50 million and achieved only \$68 million in round figures. The Government highlighted two major areas involving asset sales: the Health Commission and the Education Department. It was said that property worth \$68 million could be sold in those two areas, which achieved savings of only \$14 million.

Another area I wish to refer to is statutory authorities, because again the Premier said in his economic statement in April that the Economic and Finance Committee would be given a very specific brief of carrying out a review of all statutory authorities and eliminating those that are unnecessary. Five months later that committee has not received any brief. Target after target set by the Government has not been met. It is just words and nothing more than words, with no regard for what is being achieved. The Premier made the statement; he made the promise, and he failed to deliver. You have not even referred to that committee the matter of reviewing the statutory authorities.

**The DEPUTY SPEAKER:** Order! The Leader will address the Chair.

**The Hon. DEAN BROWN:** Certainly, Mr Deputy Speaker. I would now like to turn to the Government's capital spending program. The April statement also proposed a further significant cut of \$17 million in capital spending. However, the imperatives of the imminent State election appear to have changed the Premier's mind on this issue. The budget proposes only a \$25 million cut in outlays. At the same time, budget projections on capital spending need to be treated with a great deal of caution. The budget paper on

capital works identified plans to spend \$3 400 million across the public sector over the past three years. However, it fell short of that target by \$362 million.

I took out some figures over the weekend, using the conversion used by Centre for Economic Studies, of capital works programs relating to jobs. Either in direct jobs or indirect jobs, the underspending on the capital works program of this Government over the past three years has cost 4 300 jobs in South Australia. That is how many additional jobs could have been created if only the Government had stuck to its own targets once again, which it failed to do.

In the April economic statement the Premier claimed to give a high priority to job creation through economic development. As I said earlier, he allocated \$40 million last year but spent only \$18 million. He said in that statement that he would put \$40 million in the budget this year, but he has allocated only \$30 million, and, of course, we do not expect him to meet that target either.

I turn now to the MFP, because it has been the MFP on which this Government has pinned so many of its hopes in terms of economic development in South Australia.

*The Hon. B.C. Eastick interjecting:*

**The Hon. DEAN BROWN:** Well, the new chief—the man on \$370 000 a year—said that, first, the Gillman site was a mistake and that the whole project should be redirected. So, on the one hand, we have the Premier within the same week saying, 'We are going ahead with Gillman; we are proceeding with the capital works program,' and we have the Chief Executive Officer saying, 'We aren't proceeding at Gillman; we are now going to spread the MFP around the rest of Adelaide.'

It just so happens that for more than 12 months the Liberal Party has been saying, 'Drop Gillman and refocus the MFP on the series of sites connected with the universities, Science Park and Technology Park, the Waite Institute', and other centres such as that. It appears that the Chief Executive Officer selected by this Government and paid \$370 000 is now agreeing with Liberal Party policy after 12 months. But we still have a Cabinet and a Labor Party absolutely locked into the Gillman site. Why? Because it is the heart of Labor territory.

That is what it is all about: it is in the heart of Labor territory. After four years of being locked into that Gillman site, what did we find? Two holes have been sunk for soil tests—only two holes! I estimate the total expenditure so far on the MFP to be about \$20 million. We have an office full of people up in the Myer Remm site (not the most inexpensive accommodation in Adelaide), with the highest paid public sector executive in South Australia—on \$370 000 a year—and we have sunk two holes in four years. That is how far the MFP project has got.

I could go on at great length about the MFP, but I do not wish to do so because it is such a disaster. However, I will record for the House's benefit the performance of the Labor Party over the past 11 years, because it is really important that we itemise this to see where this Government has led us in 11 years. For example, if we had maintained our population share with the whole of Australia, we would have an additional 76 000 residents in South Australia at present. That is equivalent to the populations of Whyalla, Mount Gambier, Port Pirie and Port Augusta all put together. The four largest regional centres have been lost because of the decline in population share.

If we looked at investment, we would find that last financial year capital spending on non-dwelling construction



in South Australia fell by 22 per cent, after an almost 50 per cent reduction in the two previous years. So, last year it was down by 22 per cent, and the previous year's investment was down by 50 per cent. We are getting only 4.7 per cent of international tourists coming into Australia—the lowest level in percentage terms in eight years. Accommodation takings in this State are down by 2.1 per cent. In addition, 37 000 more people are now registered for unemployment benefits than in 1982 when this Government came to office. We have lost 21 000 full-time manufacturing jobs. The number of long-term unemployed now in South Australia has increased by 32 per cent in just the past year.

**Mr Meier:** They've given up.

**The Hon. DEAN BROWN:** They've given up. Then we could look at Government costs. The private sector workers compensation system in South Australia is costing our employers at least 32 per cent more than the average for the rest of Australia. I would argue, based on figures given to me, that it costs somewhere between two or three times—or in some cases four times—more for WorkCover in South Australia than it costs the equivalent company in New South Wales. We should look at the retail sales in this State, because that gives a fair indication of consumer confidence. The loss of our share, compared with 1982 when this Government came to office, is \$770 million a year. More than \$2 million a day less is being spent now than was being spent 10 years ago.

Motor vehicle registration is another fair indication of the level of confidence in this State. If we had kept up with our share of 1982, we would be selling an extra 3 170 vehicles a year, that is, another nine vehicles per day. The performance of this Government has been abysmal, and it is no wonder that the two-thirds of South Australians I talked about earlier clearly want a change of direction and want that change as quickly as possible.

I would like to finish by turning to what I think should be done to rebuild South Australia. The failures of Labor in financial management and encouraging economic development and job creation leave a legacy of major challenges for the Liberal Government, and I stress that we will not resile from those challenges. Already I have announced in our Freedom to Grow document a series of new directions in which a Liberal Government will take South Australia.

Try as it might, this Labor Government has not been able to lay a glove on that document, just as it has not been able to lay a glove on our industrial relations policy. We will have a whole-of-Government approach to economic development here in South Australia and a whole-of-Government approach in terms of how we financially manage the public sector. The strategy is clearly defined and, unlike Labor, we will meet those targets, namely, 200 000 new jobs over the next 10 years, with a 4 per cent average growth factor per year; we will promote a real growth in export earnings of 15 per cent a year by concentrating on exports; and we will give the highest priority to growth of the private sector and particularly the growth of exports.

I have announced an industrial relations policy which gives employers and employees much greater freedom. It gives them the chance to move across to enterprise agreements. Do you, Mr Deputy Speaker, realise that in the latest annual report of the Industrial Relations Commission we find that only 43 companies in the whole of South Australia under State awards have entered into enterprise agreements. Why? Because this Labor Government, through its restrictive policies, says that enterprise agreements can apply only to

union workshops. It is the most incredible example of discrimination where 70 per cent of the people in the private sector are not members of the union, and this Labor Government says, 'That 70 per cent have no access whatsoever to enterprise agreements under our policy.'

Of course, the Liberal policy is a clear alternative. We give people a choice as to whether they wish to join a union or not; we give a choice of a workplace in relation to what involvement they have with the unions; we give a choice to the workplace to go into enterprise agreements; and, very importantly, they can go into those enterprise agreements without having to be a member of the appropriate trade union.

**The Hon. B.C. Eastick:** You even have to join a union to plant a tree on the roadside.

**The Hon. DEAN BROWN:** Really, to plant a tree?

*Members interjecting:*

**The Hon. DEAN BROWN:** I suspect that it was probably done under an unemployment scheme where the poor people who are unemployed and who had some short-term work to plant a tree on the roadside had to go and pay the first \$200 or whatever it is to the trade union movement before they could even plant the \$1 tree.

*Mr Venning interjecting:*

**The Hon. DEAN BROWN:** Did they? I highlight the fact that the Liberal Party has clearly put down the strategy for reducing the debt level in South Australia. We put down a program that highlights how we would undertake an assets sale to reduce the debt by an extra \$1 000 million to a level of \$6 000 million. In doing this, by 1997 we will achieve a AAA credit rating which will be so important to South Australia's financial recovery and to building up confidence once again in this State. We have outlined the program called the South Australian Recovery Program under which this asset sale will take place. It will concentrate on selling surplus land, the remaining SAGASCO shares, the State Bank and parts of SGIC. The most important aspect of the recovery program will be that the money from those asset sales will go to reducing our State debt. That is the important part because reducing debt by an extra \$1 000 million a year will relieve the budget of extra interest payments of \$100 million each year.

I highlight to South Australians that they have a Labor Government, as they have had for the past 11 years, which has no budget strategy, no financial capability in managing the finances of this State and which has set up a budget strategy that is built on quicksand and has a huge tidal wave coming in behind it—a budget where in two years there will be a recurrent deficit of \$200 million that will have to be borne by the taxpayers of South Australia. They have a Government that has put down a budget strategy which does nothing to stimulate job opportunities in the private sector and actually further cuts services being delivered to South Australians.

It cuts the services to the hospitals. Do members realise that in this budget alone there is \$60 million less of State funds going in than there was in last year's budget—despite 10 000 people being on the waiting list? We have a Government that has decided that it wants a budget strategy to get through to the next election and then to hell with what the consequences might be, even though it is the public that will bear the brunt of those consequences.

As a clear alternative we would be a Government that has laid down a financial strategy for managing the finances of the State, and we have done so in a very responsible manner. We have a strategy for building up business confidence, for

giving incentive back to business, for creating 200 000 jobs in this State over the next 10 years and for achieving a very significant growth in our export markets. We have identified areas where there is a need in the community, such as halving the hospital waiting lists, putting extra resources into our schools—particularly to make sure that we overcome the huge problem with literacy and numeracy problems within our schools—and to overcome the problem where disadvantaged children, particularly those with intellectual or physical disabilities, cannot get the services that are so badly needed. We are rejecting this proposal that all the kids, regardless of their disabilities, must be mainstreamed, even where the kids do not want it. We are responding to the public needs of South Australia.

We have put down a new transport policy that will significantly improve the efficiency, level and safety of bus services in South Australia after 11 years of neglect and waste of funds in that area. Most importantly, once again we have a whole of Government approach to building up confidence and investment in this State and, therefore, jobs for South Australians. We reject the Government's budget strategy, and no doubt the public will at the next election.

**Mr OLSEN (Kavel):** In speaking in this budget debate it is well to look back at the Arthur D. Little report. The key theme in the Arthur D. Little report is that we have had a decade of lost opportunity and of wrong policy direction. This budget strategy does absolutely nothing to pick up the theme of the Arthur D. Little report: to ensure that our policy direction for the next decade will correct the failings of the past decade. This budget strategy does not recognise in any meaningful way that, until and unless the business community of South Australia has the capacity (a) to be profitable and (b) to retain those profits to be able to grow and expand in infrastructure and job opportunities, we will not create a good economy for South Australia and we will not create job opportunities for South Australians in the future. As a colleague of mine said, it is easy to recognise that South Australia has slipped off the radar screen of the boardrooms of Australia for investment in plant, equipment and infrastructure. It has been relocated in other States of Australia because it is more attractive to do so. Another point that he made is that the South Australian community needs to recognise that it is better and cheaper to vote Liberal than to move interstate or overseas to get job security and job protection.

*Mr Becker interjecting:*

**Mr OLSEN:** As the member for Hanson says, some 52 per cent wanted a different policy direction last time, but unfortunately they did not get it. The budget and the Government's economic development programs are a shambles. As I said before, they do not pick up the thrust of the Arthur D. Little report. One has only to go through the budget papers to recognise that those economic development programs to assist business are not hitting the target and that they are a shambles.

As the Leader said, the Government promised to spend \$40 million last financial year on economic development programs, but only \$18 million was actually spent. In other words, people are unable to access the development programs that are in place. Why is that? It might be that the economy is so far down on its knees that the business community just has not got the confidence to borrow or seek funds to expand its operations.

The Premier, in his economic statement in April, promised that at least \$40 million would be provided again in this financial year for economic development programs. However, the budget for this financial year provides only \$30 million, and the Government gets over it by saying that there will be \$10 million in the next financial year. So the promised \$40 million is back to \$30 million with \$10 million in a subsequent year. Programs are clearly missing their targets in assisting business.

Let me give another example. The payroll tax rebate scheme last year promised spending of \$10 million. However, the take-up for that was only \$5 million. That is clearly sending a message that all incentive has gone for businesses to employ more people. They do not have the confidence to employ more people because they see the budget strategy and policy direction of the Government as not giving the economic support and framework for the business community to expand.

I will give another example. The Government, in its main thrust to help exporters into international markets, said that it would give FID exemptions for those products accessing international markets. The great benefit of a miserable \$1 million was the total budget allocation to give impetus to our export market potential. How on earth will businesses in this State access international markets with the support of a miserable \$1 million FID rebate for export market opportunities? That is where the policy direction of the Government is clearly wrong. It is not meeting the targets that it ought to be meeting. Part of the reason for that is that the Government does not understand the problems being faced by the business community, and in not understanding those problems the Government does not know how to address them, and that is clearly demonstrated by the budget strategy.

In a range of other areas we see that while the Government is offering some business assistance, which is missing the mark and not being as productive as it ought to be, it is incapable of managing the programs that will be of maximum benefit to business, so that business is able to access those programs. At the same time, the Government is continuing to increase its tax take from business. It has been said before in this House, and it is worth repeating: in the 1950s and 1960s this State expanded its manufacturing base because it was a low cost State. This is why boardrooms invested their dollars in manufacturing facilities in South Australia. In the 1970s and 1980s we completely eroded that advantage.

Now those boardrooms, when they are making investment decisions about upgrading plant and equipment and infrastructure, have to consider where they will put it. Will they put it in South Australia, and hence provide employment opportunities, or will they put it in the eastern States, and more particularly in Victoria? In fact, we see New Zealand starting to attract manufacturing industry out of Australia. Mr Deputy Speaker, as you would know with your background in the union movement, that shift is going elsewhere and we are exporting jobs now, because the boardrooms are looking at the investment of those dollars and the fine bottom line as it relates to profitability. Businesses must locate their operations in places where they can maximise the rate of return. Unfortunately, through the level of taxes, charges and costs on business and the requirement of regulations on business, we have destroyed the reason for them locating in South Australia.

Let me provide some examples about the increase in the tax take from business. As a result of this budget, the rate of land tax on many businesses will increase by 32 per cent—

there are more jobs gone. As the Government takes the tax out of a business, the profits and cash are not retained by the business, so the business cannot invest in new, modern plant and equipment to become internationally competitive and, in addition to that, it cannot create jobs for South Australians in the future. The Government will increase State petrol tax revenue by 13.2 per cent this financial year at a time when the Federal Government has significantly increased the price of petrol.

There is another cost on the operation of a business: the transport cost, that is, the cost of goods and services going into and out of those businesses. Fuel costs and fuel taxes wind their way into every business. In addition to that, if you happen to be unfortunate enough to have your business operation based in the country areas of South Australia, you get a double whammy, and that is why we are the most centralised State in one of the most centralised countries in the world. We have no positive decentralisation programs that give encouragement or incentive for business to relocate in regional areas of South Australia.

We have seen this Government's Mickey Mouse approach by putting in place two enterprise zones—one down at Gillman picking up Science Park, Technology Park and the like, and the other one around the Deputy Premier's seat of Whyalla. What about Port Augusta, Port Pirie, the Riverland and the South-East? Why do we not have enterprise zones based in regional South Australia to encourage businesses to generate job opportunities for South Australians in country areas? That is where again this year the Government's budget has got it wrong. Arthur D. Little said the Government had it wrong, with the wrong policy direction and the wrong policy mix, and we see that continuing. The Government has missed the mark yet again. Until the Government realises that policies are for all South Australians—not hand-selected South Australians in particular regions—we will not in a meaningful way tackle the problem of good decentralisation or regional development policies in this State.

In relation to the increase in the costs of business taxes, there will be a 40 per cent increase in debits tax revenue. We know how that impacts upon all South Australians, but of course it impacts against the business community in particular. The overall impact of all those increases in tax measures—land tax, fuel tax, debits tax—will be to starve businesses of profitability. If you starve businesses of profitability you will not get this State up off its economic knees. Most of the economic indicators comparing South Australia with other States clearly demonstrate that we are not achieving that objective—a faster growth rate here than in other States—because we are coming from 'a very low base'.

There is a double whammy in this for South Australians over the course of the next 10 years. We are fiddling at the edges with these budget strategies and not addressing the policy direction as we ought to. Consider Queensland with its tax base—and I might add that is not something which Premier Wayne Goss or the Labor Government has been able to achieve but is the financial legacy left by the former administration in Queensland. The Goss Government is reaping the rewards of the policies of former Premier, Joh Bjelke-Peterson. For all those who ridiculed Joh from time to time there is one thing he got right, and that was the financial base of his State. He could count. It is interesting that a Labor administration is now reaping the rewards of the fiscal and monetary prudence of the former Queensland Government.

In addition to that you now have other States of Australia directly attacking the costs of operating businesses, such as the level of taxes and charges on business and the level of regulations, costs and operations of business. In doing so other States of Australia are moving ahead of us. We have lost the advantage vis-a-vis the other States. They are now progressively moving ahead of us, which will create double the problem for South Australia over the course of the next five to 10 years. That is why this budget will do a great disservice to South Australians in the future. It does not create the right economic advantage and it does not create the right foundation upon which this State economy can build and grow.

In the past week the Victorian Government, for example, has put down an industry strategy setting its sights on the twenty-first century in Victoria. It is a four-pronged strategy: improving the business environment; fast tracking large investment projects through a streamlined and predictable planning and regulatory environment; facilitating export performance in key industry sectors; and assisting business to improve productivity at the enterprise levels.

Under that four-pronged strategy there are 12 major initiatives that the Victorian Government has put in place to position that State in terms of becoming the manufacturing capital of Australia. We ought not secede that to a State like Victoria. We have a good manufacturing base. In terms of the work force we have the people who want to achieve, but unless they are given the right economic environment they cannot achieve for South Australia.

Let us look at other key industries in South Australia upon which this Government has simply failed to meet what is its governmental responsibility. Let us look at the wine tax, a tax on a key industry for South Australia, a key exporter for South Australia now and in the future. It is the typical approach of Labor Governments: if it is successful kick it, tax it, restrict it, constrain it before it becomes too successful. It is almost as if it cannot allow an industry to get up and run hard and successfully because as soon as it does so hurdles are put in its way.

I have quoted before in this House that if you live in America and you are successful in a business operation you get a pat on the back. People say, 'How did you do that? We will follow that example because perhaps we too can be successful; we too can be profitable, and if we are it is a good thing.' In Australia it is this tall poppy syndrome. If you are successful, if you are profitable, the first question anybody asks is: 'Who did you rip off?' It is not suggested that you have a good formula for success or that you have worked hard for success. No; credit is not given in that regard, and that is where the attitudinal problem is.

What does the Federal Government do, as soon as the wine industry starts to get up off its knees, and starts to access international markets after 20 years? It cuts the industry off at the knees. That industry needs \$1.2 billion: \$600 million for infrastructure for wineries; and \$600 million for putting in new vineyards and varieties to meet the market potential internationally over the course of the next 10 years or so. You do not get industries raising \$1.2 billion without support. You do not get industries raising \$1.2 billion or being prepared to invest \$1.2 billion unless they are profitable; and, if they are profitable, they will have a go. But if you do not let them be profitable they will not.

How many industries or groups have had a 55 per cent increase in the tax slug in one year? Not many. But this industry has. It will drive down domestic sales; it will put up

the price of an average bottle of wine by a dollar or so—a 9 per cent increase on average; it will turn down the sales. As a result of turning down the sales it will turn down the cash flow. If I wanted to invest a couple of hundred thousand dollars in a vineyard, and enter into an agreement with a winery, why would I run the risk at the moment with the unpredictability and the uncertainty brought about by this Federal tax? I simply would not do it. The business community, in order to borrow and invest, requires predictability and certainty as to what the future might be if they are to work hard at it.

We are about to access the American market for our wine industries. We have been working hard at it for a long time. We have quality wines. We are able to match it with anywhere in the world. Our technology in the production of wines is better than anywhere in the world, and certainly better than France has at the moment in terms of modern technology for wine production. As time goes by, because France has not upgraded its technology, we can surpass France as the major exporter of wines throughout the world.

Whilst there has been a very significant increase, currently we are only supplying 2 per cent of the export markets throughout the world for wine consumption—a very small percentage—which means there is great growth potential. But if we expect people in the Riverland, the Southern Vales or the South-East to replace broad acre with new vineyards to meet the varieties of the future, the varieties upon which export markets will be made, then we have to give the industry support. The Government says there has to be a tax level on wine the same as beer and it forgets that with vines there is a five to six year growth factor, a five to six year lead time. It is not like growing an annual crop and turning it into beer or some other production in that same year. It is a different set of circumstances altogether, and there are long lead times and long-term investments.

What did this Government do before the Federal Government brought in the wine tax? It did absolutely nothing. The Monday before the tax was put on, when the budget had already been printed, the Premier made some feeble excuse like, 'I have written to the Federal Treasurer and the Prime Minister.' What happened was that at either a Caucus meeting or a Cabinet meeting the week before someone said, 'We will be slugged by a wine tax; we had better be seen to do something.' So he wrote a letter and, on the basis of writing that letter, he said, 'I have done something for South Australia.'

We have come to learn in this State over the past 12 years that when the Bannon or Arnold Governments fight for South Australia we lose. On every occasion we come off second best, because they have not been prepared to take on their Federal colleagues. All their Federal colleagues have been prepared to totally ignore them as irrelevant, as the Federal budget certainly ignored this administration. They obviously said in Canberra, 'They are dead in the water. If they are dead in the water, you might as well leave them that way and not prop them up.' The sad thing about that is that the people who are suffering as a result are the employees and the businesses in South Australia. There is no single, quick fix to the economy of South Australia: there will need to be a policy mix of a range of areas. Let me give just one further example of where regulation is costing small business operations. It is in the area of insurance cover for injured workers.

**The DEPUTY SPEAKER:** Order! The honourable member's time has expired. The honourable member for Chaffey.

**The Hon. P.B. ARNOLD (Chaffey):** The Premier and the Treasurer are obviously living in an economic fantasy land. The Treasurer announced a budget surplus for the last financial year of \$12.2 million. However, there was an actual deficit of net financing requirement of some \$305 million. Where have the old time Premiers of this State gone—the Premiers of years gone by who had the basic commonsense understanding that, ultimately, you cannot spend more than you earn? What has happened here is that State debt has built up to such an enormous extent that the servicing of that debt means that there is no way the Government can possibly meet its financial targets in its budgets. If that continues, we go further and further downhill.

We have only to look at the State debt: South Australian public sector net indebtedness increased from \$7 373 million at 30 June 1992 to \$7 869 million, up \$496 million at 30 June 1993. That is just a 12 months increase. We had in the budget a real deficit of \$305 million, and we had an increase in State debt of some \$496 million. That is getting up towards a further billion dollars in total indebtedness. Following from what the member for Kavel said, in relation to the 'too little, too late' action of the Premier in trying to fend off an attack by his Federal colleagues on the wine industry, there is an industry that has the ability, as the member for Kavel said, to more than adequately compete on world markets.

We have the land, the water, the climate and the ability to produce very economically, because we can highly mechanise the industry with machine pruning, machine harvesting and modern wineries. We can compete on the American and European markets and, in fact, undercut in premium wines the traditional German and French wine making industry. That has been proved beyond any doubt. The point has been made that we produce only something like 2 per cent of the world's requirement. I believe that we have a potential in this country to increase the size of our wine industry by 300 or 400 per cent so that we will have a situation where 25 per cent of our production of wine will meet the requirements of our domestic market and we will be exporting some 75 per cent of premium wines to other parts of the world.

Then we will have a stable industry, so long as Governments leave it alone and do not attack it. It would appear that the Federal Government has learned nothing from what it did to the wine and brandy industry some 20 years ago when massive increases in brandy excise virtually wiped out that industry. Instead of increasing the revenue to Government, even today, in real terms, the income from brandy excise to the Federal Government is about 50 per cent of what it was prior to the massive hike in brandy excise.

Not only has the Federal Government lost the revenue from the brandy industry but the brandy industry itself was virtually wiped out. The biggest brandy producer in the southern hemisphere at that time was the Berri Cooperative Winery and Distillery. For three or four years after that massive hike in brandy excise, not a drop of brandy was made in that facility. That meant that for the growers who traditionally produced brandy grapes for that particular industry—and I might point out that the Riverland produced 80 per cent of Australia's brandy—that was the beginning of the real problems of the wine industry in Australia. It threw all those grapes that traditionally went into the brandy industry back into the wine industry, and many of those varieties that were produced specifically for the brandy industry were not premium grapes as far as wine making is concerned. They were grown particularly for the brandy industry. They were

excellent grapes for that purpose, but that was their real purpose.

In an industry such as horticulture or viticulture, there is an enormous investment in the plantings; it is not like growing a crop of wheat or barley where, if you cannot sell the wheat this year, you will probably plant barley next year. In the case of permanent plantings such as in a vineyard, you have a massive capital investment, and that is what has held back greatly the industry in Australia because no-one has the confidence to go ahead. With an expenditure of \$10 000 or \$15 000 per acre, or \$30 000 per hectare, no-one has been prepared to take that risk. With the development of the export industry of premium wine, particularly to the northern hemisphere, the potential was there.

There was an air of enthusiasm a few months ago within the grape growing and wine industry generally, but then we were confronted with a 55 per cent tax increase, which put us right back where we were. Uncertainty now exists, particularly with the smaller individual growers who are dependent on large wine making companies to process their grapes, as to whether or not they should proceed with that venture. We have seen no assistance coming from the Government in that line.

In my own area, the Government is a significant operator of the irrigation systems, the Government irrigation areas of the Riverland accounting for a significant portion of the production but, with the rehabilitation that the Government is currently involved in, not only do we have the growers themselves contributing 20 per cent of the capital cost to the rehabilitation of the irrigation head works but the Federal Government is contributing 40 per cent and the State Government 40 per cent. But what does the State Government want? It wants a real rate of return on the money it is putting in. It is not interested in the spin-off, the benefits, that will come from more efficient production of either wine grapes or citrus—commodities which we can export and put on the world market and which earn real dollars for this country. That puts the irrigators in Government irrigation areas at a definite financial disadvantage in comparison with all other irrigators in Australia.

The Renmark Irrigation Trust, which is the oldest irrigation undertaking in Australia, is still one of the most successful, and the irrigation water rate commitment of its growers is about 20 per cent less than in Government irrigation areas. So, when you are working on fine margins and you are paying 20 per cent more for your basic commodity, that is, irrigation water, you are at an enormous financial disadvantage right from the word go. So, we have this ongoing problem with the lack of foresight of the Government to be able to think far enough ahead that, in supporting primary and secondary industries, the spin-off will be there for the Government in far greater return in the form of productivity and massive export earnings.

If the Federal Government itself was to encourage the wine industry and in actual fact financially support it rather than taxing it out of existence, I venture to say that the return to the Federal coffers would be dramatically greater than it would ever be as a result of the return they would get from any wine tax that they force on the industry. Without any doubt we will have a repeat of the 1970s brandy excise impost which absolutely annihilated that industry. On average, any income that a farmer has surplus to his day to day living requirements is usually invested back into the property. If it is not in the form of new plant and equipment, it will be used in upgrading the general standard of that

property. In the case of vineyards, it is ploughing the profits back into the new plantings of premium varieties which the world market is demanding.

That is where any profits made by people on the land are invested. It goes back into their prime and principal asset. That is the only way that we are going to be successful on the world market. We must actually come up with the product that the world market is demanding. It is no good us telling the world consumers that they should drink palomino or something like that when they want to drink chardonnay, pinot noir and cabernet sauvignon. But the cost is very significant indeed, and the recent announcement of the Federal Government as to what it intends to do in the budget has set that process back enormously.

As I have said on a number of occasions, if there is going to be an economic recovery in this country, it will come from the land, from the primary producers, in the first instance. The primary producer has to be in a position to go out and buy new machinery and so forth, which is manufactured in the cities, to create and provide employment in the metropolitan area for the people who traditionally provide all these working tools, if you like, that the farmer needs. Of course, even with the plight of the primary producer we see that anything up to 50 per cent of the export earning of this country is still coming from primary production. Yet Governments go out and put every obstacle in the way of primary producers to stop that happening.

They talk about short-sightedness, Mr Deputy Speaker, and looking for short term gain, when in fact if they went the other way the whole productivity of this nation would be enhanced enormously and we would get back to where we were 30 or 40 years ago, with the thinking of the Prime Ministers and the Premiers of that day: that you had to be able to get out there and produce and that you could not spend more than you earned. When we get back to that basic philosophy the country will again start to boom. However, as long as we continue along this present path, where we are taxing every industry out of existence, there is little hope for the people in Australia to have a reasonable living standard. We have deteriorated enormously. We have gone downhill dramatically from some 20 or 30 years ago when we had one of the highest standards of living in the world. We are now getting to the point where our economy is of a Third World standard. In fact, most of the countries that we have regarded as Third World in years gone by are now way out in front of us as far as their economic productivity is concerned.

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

**Mr BRINDAL (Hayward):** This budget exposes the weaknesses of this State's 10 years under Labor. The budget is an excellent example of a promise made and a promise unfulfilled. I speak following my colleagues who have contributed some fine illustrations in other areas, and I want to refer particularly to the area of social justice because, as the Minister who is on the front bench tonight will know, one of the statements made several years ago by the then Premier was to announce that Government money was not unlimited and, therefore, this Government would focus on a social justice strategy. It was a fairly radical idea that we could not continue to apply equal amounts of money to everybody and so Government money should be focused in areas of need.

There would be few members on this side of the House who would criticise that strategy. We believe in efficient and effective Government. We believe in the proper application

of Government moneys and certainly, despite what the member for Albert Park sometimes says, I hope good naturedly, we believe in a safety net. We do not believe in this city that people should starve or have to sleep homeless under city bridges. I do not believe that anybody on either side of the House wants to see an Australia in which that happens. I think it is true to say that all members on both the Opposition and the Government benches would concur with the general thrust of a social justice strategy. The member for Mount Gambier might correct me, but that social justice strategy has been in place for four or five years. However, every year we come in here and look through the budget papers and see that there is lots of rhetoric about social justice but the allocation of moneys through the budget papers never seems to match the rhetoric. If we listen to our electors, many of them believe that funds have been cut back.

**The Hon. H. Allison:** Things have never been tougher.

**Mr BRINDAL:** I agree with the member for Mount Gambier, and I am sure that the members for Albert Park and Mitchell, if they make a contribution, can back that up. Certainly, people are not doing it easy in the electorate of Hayward. I am sure that they are not doing it easy in the electorate of Mitchell, and I am sure that in parts of Albert Park they, too, are not doing it easy.

**Mr Hamilton:** Which parts?

**Mr BRINDAL:** I am sure the member for Albert Park knows his electorate much better than I do and can answer that question for himself. I draw to the attention of the House the matter of car registration. I have been appalled because a number of electors—not just one, but several—have come to me and said, ‘We as pensioners are entitled to a concession for car registration.’ I believe the concession applies to one motor vehicle and one other vehicle, be it a trailer, a caravan or the like. They have said, ‘We are entitled to a concession, or at least we were last year, but this year when we went to the Registrar of Motor Vehicles we were told that we are no longer eligible for the concession.’ When they have asked why that is so, invariably they have been told that the motor vehicle, trailer or caravan is held in two names, generally by the husband and wife and, because both of them are not pensioners and are not in possession of the right documentation, the concession is no longer deemed to apply.

That might be fine if one of them were a pensioner and the other had considerable means. In that case, I would say that is fair and just, but as far as I am concerned there is a means test for a pension and that test takes into account the income of the other spouse. It seems to me to be bizarre that this can be happening, and particularly so because one pensioner said to me, ‘I get a married pension, my wife therefore gets nothing or very little. She is totally dependent on me because all the income comes through me and I hold the card. She has no card; therefore, the concession does not apply.’ The Registrar of Motor Vehicles has said, ‘Unless you can produce your card and your wife can produce her card you cannot get the concession any more.’

I challenge any member of the Government to tell me how that is fair or equitable or how it has anything to do with social justice. Here is a pensioner who is in receipt of a married pension. He has one car, which is in joint names. His wife receives no income but she has no card.

**Mr Hamilton:** What are you suggesting we do?

**Mr BRINDAL:** The member for Albert Park asks, ‘What should we do?’ The answer is quite simple. If they are pensioners and if their means are such that some sort of social justice is in order, they should continue to get the same

concession that this Government freely granted to them last year.

*Mr Holloway interjecting:*

**Mr BRINDAL:** I am sorry that I missed the honourable member’s speech, but I commend him for raising this matter. I hope that in his speech he also said that it is a serious matter. I regret missing the member for Mitchell’s speech because I concur with him that this is a serious matter and that something must be done about it. If the member for Mitchell, as he says he has done, has raised this matter in the grievance debate today and if I am raising it in the context of this budget tonight, it will be interesting to see how quickly the Government bothers to address it.

I not only commend the member for Mitchell for raising this matter but I trust that he will raise it in such other counsels as are available to him and see that this matter is addressed forthwith, because I believe that it is not socially just to change the rules, to fiddle around the edges and deprive people who have a just and reasonable entitlement, one which has previously been acknowledged by this Government.

*Mr Hamilton interjecting:*

**Mr BRINDAL:** The member for Albert Park suggests that I read his contribution tomorrow. I certainly will. I often cannot wait to get here in the morning because the thing I most enjoy doing is reading what the member for Albert Park and the member for Mitchell said the day before: it is one of the highlights of my day.

*Mr Hamilton interjecting:*

**Mr BRINDAL:** No, I do not get through it without reading my own contribution. I acknowledge that the member for Mitchell is concerned with social justice. I believe that recently he was instrumental in ensuring that a transportable building remain at Tonsley Park. It was a transportable classroom which the Education Department deemed to be surplus to requirements. I believe it was used as a drop-in centre for parents and others at Tonsley Park. I acknowledge that in many ways Tonsley Park is probably part of the disadvantaged schools program.

**Mr Holloway:** It is 70 per cent school card.

**Mr BRINDAL:** The member for Mitchell tells me that it is 70 per cent school card. As a result of his direct intervention, and I believe with the help of a Labor candidate who is running for Mitchell (Mr Paul Acfield), he was successful in having that classroom remain on site. There is only one problem with social justice, and that is that the department’s resources are finite. I am sure that the honourable member sitting at the table can back up that statement. The result was that by keeping the drop-in centre at Tonsley Park another school missed out.

What the member for Mitchell may not know is that the school that missed out was Marion Primary School. It is a good school. It is very well regarded in the area and is currently in the electorate of Hayward but it is very shortly to be part of the electorate of Mitchell. By intervening on behalf of Tonsley Park (which I am sure the honourable member did with the best intention in the world), he deprived the people in Marion Primary School of a relocatable classroom, which is badly needed. That school is overcrowded; it is filled to capacity; and those people are suffering serious educational disadvantages from overcrowding in their school, because there is a drop-in centre at Tonsley.

I am sure the honourable member acted with good intent, but it seems a pity, especially if the Labor candidate for Mitchell was involved, that he should have acted to the

benefit of a school that will not be in his electorate, should he win—and I am sure he will not—at the next election, and to the detriment of a school that will be in the electorate of Mitchell after the next election. Before my friend and colleague the member for Mitchell gets involved in stopping one of my schools from getting a relocatable classroom, I hope that next time he thinks through this matter very carefully, because he could well deprive his colleague of an opportunity to represent his Party in this place. There is one thing that is important in this House in terms of the budget and our contribution to it, and that is dealing accurately with the facts. That seems to be lacking a little lately.

*Members interjecting:*

**Mr BRINDAL:** While I know it is out of order to respond to interjections, there are instances when, if it becomes the habit of this House to tell lies, if it becomes all right for people to stand up and say anything and for Ministers perhaps to egg on their back bench into making contributions, that will be the rule for this House. I am sure my friend and colleague the member for Mount Gambier will back me up and say that when rules are made in this House they are set and that we can all play according to the rules that are set. If the truth does not matter in this House that is fine, but two people and more can play at telling lies.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mr BRINDAL:** The matter to which I next want to draw the House's attention is some public evidence that was given before the Economic and Finance Committee last Wednesday. It is in order to discuss it, because it was public evidence. I found that of great concern because, to my understanding, last year we spent about \$7 million on salaries, and the MFP Corporation employed more than 40 people. When Mr Kennan asked what he could point to as tangible benefits from the MFP he said he would have to take that question on notice and, as he has been on the job only for a limited period, I think that is understandable. But, when he was questioned more closely and was clearly asked, 'Is there one thing you can point to as a tangible benefit for South Australia that has arisen from the MFP', he could not answer and had to take that question on notice.

I make no criticism of Mr Kennan, because he has not been there very long, but given this budget we must begin to wonder. I read the papers very carefully and I could see a couple of the initiatives that were good—the Ian Wark Institute and the signal processing unit—but my knowledge of those two initiatives is that they are largely university initiatives to which the MFP has added a contribution as an international marketer of the endeavour.

However, they were not the initiators, as I understand it, and that is their contribution to 'Badge' enterprise, which I believe is the expression. If that is all we are going to get, I am worried about the money. I know that the capital works were underspent last year. I suppose that in a time when we are all being prudent and watching Government money, we can say, 'Well, that is good; at least it was not wasted.' I think everyone in this place would say that. However, the problem is that if those works are important and if the MFP is going to be what the Premier promises it will be, we must start asking the question: why was it not spent? Why did the Government in good faith allocate money only to have the money not spent?

Again, I repeat that it is not that we want to see the money wasted. I think all of us would deplore the fact that they galloped off and spent it just for the sake of spending it.

However, I presume that the Treasurer when he allocated those funds did so in the real expectation that they would be spent in that 12-month period. They were not, and I am not quite sure why. In fact, in the course of the questioning all we learnt was that some geophysical testing had been undertaken and for 41 employees and something like \$7 million in expenditure we had two test holes in the ground and not much else to show.

I return to where I started, that is, to the proper allocation of Government resources—the allocation of Government resources where they are most needed. I acknowledge, as I said at the beginning of this speech, that the Government in proposing and trying to implement the social justice strategy was putting our limited resources on the right track. I repeat, as I repeated earlier, that I see nothing in this budget to suggest that the social justice strategy is being implemented in the way it should be.

If we look again at education, we can consider the disadvantaged schools program. I remind members opposite—and the Minister at the table will know this—that the disadvantage schools program was started by Gough Whitlam something like 20 years ago, when there was emphasis on two programs. People were asked who was disadvantaged in terms of education in this country. Two answers were received: one was the socio-economically disadvantaged from inner urban areas and the other was geographically isolated children. A program, called the Disadvantaged Schools Program, was initiated straight away for the inner urban areas, and shortly thereafter a program, namely, the Country Areas Program, was set up for the isolated areas. The Disadvantaged Schools Program has been running for 20 years and in this State has had millions of dollars poured into it.

However, when I read page 298 of the Program Estimates and Information document, under the heading 'Issues and Trends', and see the significant initiatives for targets and improvements for the next year, after all those millions of dollars have been spent, I can see little change from where the program was 15 years ago. I believe that we have to start to question whether that money has been properly applied, whether something like 40 staff who are employed to administer this program are adding value to the educational experience of children in areas such as Tonsley Park and other disadvantaged school areas of this State. Those 40 people are enjoying a good bureaucratic, comfortable existence out of those two programs, and what achievement or benefit is there for the children in disadvantaged schools? There does not seem to me to be much evidence in either the isolated education area or the socio-economic disadvantaged program area that much has been achieved.

I also note with interest that one of the issues and trends for the socio-economically disadvantaged areas is monitoring the attainment of students holding school cards in required areas of study. I question that because I believe that this Government was not checking student attainment through the monitoring group. Does that mean that there are two rules in this State? Are children in disadvantaged schools being monitored for attainment but children in other schools are not? It strikes me that that would be unfair. If it is fair to monitor one, the other should be monitored.

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

**The Hon. B.C. EASTICK (Light):** This is a document which has already incurred the wrath of people in this State

and for very good reason. It is a sham. It is not a document which one would expect any competent Government to pose under the guise of the annual State budget. The preamble of the Treasurer's statement resembles gobbledygook. It uses a series of terms which seeks to talk up the situation applying in South Australia, and has no regard whatsoever to the reality of the unfortunate position in which we in South Australia find ourselves through the fault of an incompetent Government over a 10-year period that has caused so much loss of funds through the failed State Bank.

Whilst the Premier and others earlier today may have suggested that the report handed down by the Commissioner exonerates them, that is, the Government—the Ministers who have sat around the table over that past 10 years—I can advise members opposite that the people of South Australia think very differently. They think differently because they clearly understand the adverse effect which is being felt by every member of the South Australian community, whether it be the lack of facilities in schools or the additional demands in the community to find funds to look after those projects which were initiated by Government but which continue in existence only by virtue of hand-outs from the public.

They are concerned about the fact that so many of the projects that have been promised, the capital works which were to be in place, have been held back. Whilst I do not criticise the fact that some public works are continuing—and I happen to be a recipient of one of those in my electorate, namely, the rebuilt Gawler hospital—a large number of other promised capital works right across the State have been put onto the back burner into a wish list that accompanies some of the documents which we have presented to us this year, which are not costed and which give no indication of when they will be put in place.

Let me refer to one or two of the statements that appeared in the commencement of the Treasurer's presentation to this House. He said:

The three year debt management strategy already announced and implemented in this budget is consistent with this approach.

He is there referring to this approach to turn over a new leaf and to be caring for the people of South Australia, which will give people in South Australia a new sense of wellbeing. One good thing is that this Government will not be in office. It will not be in office even to see the end of this budget, let alone to look over or to have a significant part in the next three year plan. The Treasurer continued:

While growth in the economy will assist in reining in that deficit figure it is clear that policy change by Governments will also be required, particularly at the State and Territory level, if substantial progress is to be made.

Two lines later, he talks about the subdued state of the economy, turning through 180 degrees in the same paragraph. The circumstances here in this State are certainly those of a subdued economy. If we look at the statements made in the past week since this document was presented, in respect of new car sales July had the lowest figure on record for many years, boosted during a June period by weighted discounting, to try to give the whole process a lift, but certainly not carrying through into sales in July, I am told in August, or even likely in September.

The Treasurer also said:

The Government will proceed at a rate that ensures that it does not harm the essential community services demanded by the people of South Australia.

That is a sell-out if you like. Governments are elected to respond to the requirements of the public but, even more

importantly, they are elected to monitor the funds that are available and to advise clearly the people in the State what is possible at any one time and what has to be put on the back-burner. The largesse that this Government continues to pass out to organisations of its own political philosophy, or to those small minority groups that give it some political benefit, does nothing for the bulk of the South Australian population. The Government is making sure that large sums of money go into consultancies when in fact it is the Minister and the Minister's senior officers who ought to be making the decisions based on the information that is obtained from within the department, and not hiving off and hiding behind a consultancy report. I am not so naive as to suggest that some consultancies are not necessary. I believe in consultancies where there is new ground to be broken and where it is important that the feasibility and totality of a particular project is put into proper perspective. It is part of the consultation process, and it is an important ingredient in any proper Government approach.

We have seen from the material handed down to this House by the Economic and Finance Committee, from the reports over a period in relation to State Fleet and from the number of properties that are being paid for on a continuing rental basis but not occupied that the prudence of this Government is shot. It has not given, and does not give, true credit to those matters which it has control over. It makes no attempt to rein in the spending so that the requirements of the State can be met and, as I indicated, it gives out in large measure to those who can help prop it up—not the least of them being a large number of ministerial assistants on elevated salaries and an ever increasing number of media representatives and other hangers on.

It is not only the wages and salaries associated with these people but also the large sums of money that they add by way of travel and accommodation, staying at five star hotels. A Government that was really interested in the people it represented would ensure that these people enjoyed a lower class of air travel and stayed at hotels which were not as highly rated as many of them stay in at the moment.

The very first statement made by the Treasurer in bringing down the Appropriation Bill and moving that it be read a second time was as follows:

In doing so I present the budget for 1993-94. The Government plans to contain and then begin to reduce the level of the State's debt as set out in the Economic and Financial Statements delivered on 22 April 1993.

We are aware of the promises that were made on that occasion that have not been put into effect, and we recall the promises that were to take effect immediately and have not transpired. We recognise that it was merely gobbledygook by the Government at the time, because there has been no further action. The Treasurer hides behind the following statement:

To have done otherwise—

that is, to have implemented the strategy which I just indicated was not implemented—would have placed an unfair burden on individuals and families in the community already suffering from the effects of a prolonged recession and the process of economic and industry restructuring.

There is not a word about the vital circumstances which exist now: the effect of flooding rains during 1992-93; the potential drought which exists in many parts of the State at the moment; and the great numbers of mice which have created havoc across large areas of the State, despite a belated and



very expensive attempt by the Government to assist, which I believe it will recognise in hindsight still to be a problem.

I believe that further problems for the State of South Australia have been assisted by the blind support which this Government gave to the re-election of the Federal Labor Party. The Federal Labor Party was given all the support in the world by members of the Government and unionists, fellow travellers, on the basis that the Federal Government would do better for us than a Liberal National Party Government would do and it would seek to look after us. In effect, what has taken place? This State Government has been completely abandoned by the activities of the Federal Labor Party.

The Federal budget, brought down only three weeks ago, is in absolute tatters at the moment. We do not know whether it will go through and we do not know where it will be altered, and certainly we recognise and appreciate that it needs to be altered. The Federal Labor Government has completely walked away from the State Labor Government and sabotaged any attempt that the Government may have sought to put in to salvage the problems associated with agricultural production, manufacturing production and, indeed, the general environment of South Australia. I talk of environment in that sense in the level of living, the availability of services and future prospects.

In the past week we have seen a document prepared by the South Australian Centre for Economic Studies entitled 'The impact of wholesale sales tax on wine—1993 budget.' It was presented in August 1993. I mention this document because of its importance in what was to have been, and as is spelt out in the Treasurer's presentation to this House, a tourist-led recovery. What a laugh! A tourist-led recovery was what the Government sought to undertake. In fact, its Federal colleagues completely ditched it on that one. I will read a few lines from the conclusion of this report, as follows:

In summary, the increase in the sales tax on wine will have the following effects on the economy:

- exacerbate the economic depression of the irrigated regions that produce predominantly non-premium wine grapes
- significantly reduce the international competitiveness of Australian wine on the export market because of the increased costs of production associated with smaller production lines resulting from lower levels of production of non-premium wine for the domestic market
- reduce the profitability of the industry and therefore discourage investment in new vineyards
- loss of employment, and associated income in the major wine producing States of South Australia and Victoria—

so it is not only South Australia that the Federal Government has done the dirty on—

- reduce expansion plans in future years for wineries.

It goes on:

Future increases in wine production are dependent on decisions made now for vineyard plantings.

There are considerable lags in grape production between the decision to invest in vineyard development or redevelopment, and the production of grapes. The period of time involved is at least four years. Current pre-budget projections for increases in premium grape production indicate that the demand for premium wine grapes in 1995-96 will be greater than the supply of those grapes. We are only two or three years away from when there will be a major demand and we have a Federal Government which has sold out on its State colleagues and which is seriously affecting the wine grape industry and the tourism industry that is so very much involved with the wine grapes, whether it be in the Southern

Vales, the Riverland, the Barossa Valley (which I am proud to represent in this place), Clare or Coonawarra. All those areas are seriously affected by the activities of this Government's friends in another place.

This same report on page 15 at point 6.1, under the heading 'Arthur D. Little and the Wine Industry', states:

The widely recognised Economic Development Strategy Study by international consultants Arthur D. Little highlighted the importance of the wine industry to the South Australian economy, and noted it to be one of the most likely industries—

and that has been said many a time in this place by Government members and others—

to make a significant contribution to economic growth in the medium to longer term. The report documented the important contribution the industry makes in terms of employment, export revenues and critical support to the State's regions and other service industries, especially tourism. Arthur D Little also noted the factors most critical to the long term growth of the industry, including the need for major investment, not only in new vineyards, but also in terms of major rehabilitation of vineyards.

One might add to that the important rehabilitation of a number of wineries. The report continues:

The study noted that lower production costs are vital if grape growers are to improve their profitability, therefore ensuring a sufficient return on investment which is critical to ensuring the longer term supply of wine grapes to the wineries. In stating this, Arthur D Little also commented that the wine grape resource base is currently constrained by the lack of capital, and that the industry needed support if it is to achieve sustainable success in international markets.

What have we got? We have a Government that has turned its back. There has been some posturing by the Premier to make this report available to his Federal colleagues, but why are the Treasurer and/or the Premier and the Minister of Primary Industries not bouncing up and down every day demanding that something positive be done in relation to this impost upon the State? Yet we hear nothing from them. The report is produced, forwarded interstate and then complete silence.

That is one of the industries that needs assistance. We find at present that a number of smaller industries on the fringe of agricultural industries are being seriously affected by the general down-turn. They have an export potential and a lot of that export potential is interstate, but are they being assisted? No, they are being closed up. They are being given no assistance whatsoever at a time when people are out there trying to do something, not only for themselves and their family, but also for the State, and they are getting no support from the State. I say that the 1993 State budget, to which we are referring tonight, is one of the worst documents I have seen in my time in this place. It is certainly not fit to be rated against previous State documents, even by Governments of the same political persuasion as occupy the benches at the moment.

It is a load of gobbledegook, as I have indicated earlier. It misrepresents the truth; it does nothing to give great courage to the people of South Australia to believe that there is a tomorrow. The only fortunate thing for South Australians is that this Government will not be the Government to see its finality. This Government will be swept out of office the very moment it goes to the people of this State, and so it should be.

**Mr HAMILTON (Albert Park):** It was not my intention to involve myself in this debate tonight but I have listened to some of the contributions opposite and there is so much one can take, sitting back and just wearing it. The response from the Opposition was quite predictable. It was bitterly disappointed about this budget. It thought that it would be a budget

that would be high on taxes and that would be slugging the taxpayers in the community, but it was bitterly disappointed. Its bitter disappointment is shown in the contributions tonight.

From listening to members opposite one would think that this Government has sat back since 1989 or since 1983 and done nothing. Members opposite, whilst they get involved in their own rhetoric, ignore the facts. They ignore the fact that a great deal has been done in the community.

I can remember 1979 to 1982. I have a long and vivid memory of the Tonkin regime. The only good thing I remember about the Tonkin regime was the then Minister of Education asking me to open the West Lakes Shore Kindergarten. I thank the member for Mount Gambier for doing that. He recognised my involvement, together with many other people, in pursuing that goal. I have never forgotten that and I am a person who gives praise where praise is deserving. However, on the other side of the equation, I have long and vivid memories of the now Leader of the Opposition and what he was or was not prepared to do for the electors of Albert Park.

I was elected and came to this place in October 1979. The first official function I attended as member for Albert Park was the opening of the Alfreda Rehabilitation Centre (which I will come back to later in my contribution) on 4 October 1979. David Tonkin, the then Premier of South Australia, carried away by the euphoria of being elected Premier, was asked by Dr Burnell of Glenelg—a man deeply respected for assisting people with their rehabilitation—for money to buy a hydrotherapy pool to assist people who had been injured because of their work place injuries. The response by Premier Tonkin, in front of many distinguished guests—and I will never forget it as long as my memory does not fail me—was ‘I have learnt three new words since becoming Premier. The first two are “how much” and the third is “no”.’ It went over like the proverbial lead balloon. It indicated and was reflected by the now Leader of the Opposition, as the Minister of Labour at that time, in terms of trying to assist those people who had been injured in the work force.

Nothing did we achieve from that Tonkin Government in terms of the western suburbs and the rehabilitation of workers injured on the job. Not a scintilla of sympathy was given to those workers. No promise was made to assist those workers, despite massive injuries occurring in the work place, particularly in the western suburbs of Adelaide and especially at Port Adelaide. Not a bit of help was given.

We have seen repeatedly in this Parliament the double faced approach by the Leader of the Opposition. As I often say, in my view he could hide behind a corkscrew, he is so crook. He would not release the Cawthorne report on industrial relations, even though the taxpayers of this State paid for that report, which was commissioned by the then Minister in the Tonkin Government. Yet those opposite have the gall to stand up and ask, ‘Could you trust so and so?’ We do not trust the Opposition industrial spokesman in relation to industrial policy. A good leopard never changes its spots, and he has reflected that. He does not have the guts or the decency, in my view, to come out and release the Opposition policy, yet members opposite have the gall to stand in this place and talk about the honesty of Government. Let them tell the people of South Australia what they are prepared to do in terms of the industrial movement.

We have seen the reflection in Tasmania, Victoria, New South Wales and Western Australia. There were 10 000 people on the streets just recently in Western Australia, and

to stop the workers they put up barbed wire and concrete stanchions, and even the then Premier had to run the gauntlet to get into Parliament House. That is their industrial relations policy and they do not have the guts or the decency to come out and tell the workers.

The trade union movement in this State will not be conned, despite the fact that there are some difficulties with some of us on this side. They know what they are in for under a conservative Government, should that happen. Indeed, one will recall in August of last year, prior to the Victorian election, the statement by the member for Bragg (which is vividly embossed on my memory) who said, ‘We support in principle the Kennett line on industrial policies’, and then had to back right off. There is no way in the world he will change his spots. Their policy will be implemented should they get into government. We only had to see the endorsement of the Hewson package before the last Federal election in terms of the youth wage and how it would impact upon workers.

Let me come back to what I said previously about the Alfreda Rehabilitation Centre, which was opened today by the Minister of Health, Family and Community Services—a classic example of a \$4 million project where this Government showed its commitment to the working class people of this State. It is something to be held up not only in this State and nationally but internationally. Yet did we see one member of the Liberal Party present today? Not one of them went down there; they had no interest at all. Yet they put up a candidate. I will not go down that path. They did not have one representative at the Alfreda Rehabilitation Centre, a \$4 million project that was built to assist workers during their rehabilitation.

*The Hon. H. Allison interjecting:*

**Mr HAMILTON:** That is not my fault. You ought to do your homework. I had to do my own. The reality is this: members on the other side of the House, under the old Public Works Committee, opposed that project. So much for their concern for workers. Let them deny it, because they cannot. There is a deathly silence from members opposite. And I know why: it is because they wanted to farm it out to their mates in private enterprise. That is the reason why: it is because the money from Alfreda goes back into paying for the building of that rehabilitation centre. That is the commitment that this Government has made to the workers of this State who have toiled hard, many of whom have been injured.

We hear a lot about road accidents in the community, and properly so, but do we ever hear about the cost, the trauma and the loss of limbs as a result of injuries? No; we hear very little from members opposite about the cost to workers in this State. Do we hear much about lost production? No, we do not. Why? Bash the unions, bash the officials and reduce the wages! They want to change the system, and we know it only too well. Look at Victoria, New South Wales and Tasmania. During the Burnie dispute the workers suddenly swung back because they could see what a conservative Government would do to the workers in that State.

The Liberal Party has a dismal record in terms of industrial relations and providing conditions for workers. Let the ‘hanglady’ opposite tell me one condition any conservative Government has given to the workers of this country. I cannot remember one, nor can the member for Newland even utter one; she is stunned. Not one working condition has her lot ever given to the working class of this State.

In terms of conditions, let me go back to my electorate—which I love dearly. I can remember that between 1979 and 1982 I tried to get information from the now Leader of the

Opposition when I asked about a school that was proposed for Delfin Island. What response did I get during the Estimates Committees from the then Minister, now Leader of the Opposition? After rigorous questioning—and it is in *Hansard*, so members opposite can look—he said, ‘They’re going to plant a plantation of pines down there and you might have a pine plantation.’

That was his concern and his flippancy for people within my electorate. And it was not forgotten, because that was reflected in the votes at that time. And the now member for Bragg felt the wrath of the people in the West Lakes area and, indeed, in the Albert Park electorate. The seat went from a 4 per cent margin to 15.2 per cent, and that is an area, particularly in the West Lakes region, that is considered to be a very strong conservative location. And well do members opposite know it. I remind those voters down there.

Let us look at some of the things we tried to get. We tried to get a community club between 1979 and 1982. What did we get? Nothing but promises, promises. But when we got into office what did we find? Not one red cent was set aside for the West Lakes community club. Who came to the party? Jack Slater (the then Minister) and the member for Napier (the Minister of Local Government) both came to the party and provided that money. And the Hon. Gavin Keneally, when he was Minister, also came up with the money. This Government put its money where its mouth is in relation to assisting people in the area.

Let us talk about law and order issues. Conservative Governments are strong on rhetoric in law and order, but between 1979 and 1982 people were not breaking out of gaols, they were breaking into gaols. That is how good the gaol system was under conservative Governments. This Government introduced the Neighbourhood Watch scheme in this State. Neighbourhood Watch extended into River Watch, School Watch and Hospital Watch, and it has been extended through a whole range of other areas in the community, Rural Watch being another one that readily springs to mind.

The list of concessions this Government has provided to the community at large is too long to go into in the time I have available. In terms of education, what has happened in the western suburbs during the reign of the Bannon and Arnold Governments? Vast improvements have been made, there is no question about that. We hear a lot from Liberal members opposite about the closure of the Seaton North Primary School, but why did it close? It was because of declining enrolments. And they talk about value for money.

But the spin-offs that have been generated in consequence have seen the redevelopment of one of the most disadvantaged schools in my electorate, the Hendon Primary School. It is an absolute delight to see the upgrading of that school, which is almost finished, and I am proud to say that I had a lot to do with it. And I recognise the current and previous Ministers for their assistance in this area.

**The Hon. J.P. Trainer:** Especially the current Minister of Education, Employment and Training: she is excellent.

**Mr HAMILTON:** There is no doubt about that. With respect to the environment in that area, this Government has been prepared once again to put its money where its mouth is. We had problems with the West Lakes waterway. People including me were prepared to address those issues head on. We looked at the water quality and we are continuing to address those problems.

With respect to the erosion of the beaches, ongoing money is being spent to assist those people. I refer to the upgrading

of the Port Adelaide Sewage Treatment Works and the direction of the sludge away from the beaches. What was done under a conservative Government? Zilch! Very little was done down there in terms of that area. Why? Because it was considered to be a strong Labor area. Absolute nonsense!

In terms of public transport, what was done for the electors of Albert Park? Very little indeed. I have mentioned what has been done in terms of health. For the benefit of the member for Eyre who just came into the Chamber, I suggest that he read my contribution as to what has been done with respect to the Alfreda rehabilitation centre. I challenge him to go and look at the \$4 million worth of Government commitment to the rehabilitation of people in the community.

The Housing Trust accommodation in the Semaphore Park area is a delight to see. Nowhere else in Australia, I would suggest, would you see Government housing on the banks of a waterway such as that at West Lakes. That area has been recognised internationally as the best development in the world, and we have Housing Trust homes right on that waterway, providing accommodation to some of those people who could not afford their own homes. That is the sort of commitment, the social justice, we have had from this Government and from this Party.

With respect to the elderly and disabled, access to public beaches has been improved. I refer also to the availability of booklets, one of which I brought back from Western Australia, so those people who are not so mobile could go out into the country and find recreational areas and use those modes of transport where they did not have to go over rocky areas, etc. I have mentioned the Premier’s age task force on concessions. That was very welcome indeed.

With respect to recreation and sport, the issue of the Football Park lighting could not be resolved under a conservative Government. This Government also assisted the Council of ex-Service Women’s memorial cottages at Mitcham. Out doorknocking, I came across a delightful lady looking for some assistance for those returned people, and that was made available. The compassion is there, and the commitment has been made.

The amount of money that has been spent on the Queen Elizabeth Hospital has not been mentioned. We hear those people who are prepared to knock the Queen Elizabeth Hospital, and I refer to members opposite, but they are not prepared to give recognition to what that hospital has done and what this Government has done for that hospital. The maternity wing has been refurbished, as has the cooking area. Work is ongoing in that area. It is one hospital for which, as all members know, I have a very strong commitment, and I believe that nothing is too good for the people in the western suburbs of Adelaide.

With respect to the budget, very little has been mentioned by members opposite about the commitment of this Government in difficult times, as we all recognise, not only in this State and other States but also worldwide, with respect to the problems of unemployment. It is a worldwide phenomenon that impacts upon just about every country. The Government has made a commitment in terms of the number of jobs. It is working in conjunction with the Federal Government towards creating jobs for those less fortunate than those of us who do have work.

In my view the Federal Government has to do a lot more in terms of this and, as a number of my colleagues would know, a couple of years ago I was very trenchant in my criticism in a Party forum at the Port in relation to this particular area. No budget is perfect, but at least I know that

on this side the Ministers and the Premier have been able to listen to me and I believe that, as a local member for the area, I have been successful in assisting not only my constituents but indeed many others in the community.

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

**The Hon. H. ALLISON (Mount Gambier):** I simply remind members of the House and the member for Albert Park after having listened to his address that one thing does stand out, and that is the legacy that is inherited by the young people of South Australia. I reflect on the increase in the State's indebtedness from the Playford Government, the Walsh Government, the Steele Hall Government and the Dunstan, Corcoran and Tonkin Governments. Year after year without fail the state of indebtedness increased by, give or take a few million dollars, around \$100 million per annum. From 1982 until 1992 the state of indebtedness in South Australia increased at an average of six times that—\$600 million a year. So from 1982 to 1992 the State's indebtedness rose from \$2.4 billion to more than \$8.6 billion, and that is the legacy that the children of South Australia have inherited from this past decade under a Labor Government. But I would like to be much more positive than that this evening.

I refer to the recent visit of Bill Kelty and his regional development task force to the South-East. I made a submission to that task force, and one of the things that I made comment upon was the fact that the Better Cities Program, which brings funds of some \$30 million to South Australia and provides funds to every State in Australia, is not simply for the benefit of a centre like the MFP, Technology Park, Whyalla, or Murray Bridge to a very much lesser extent, but should be for the whole of the State. In view of the fact that some \$30 million of last year's allocation of \$34 million-odd remained unspent begs the question as to why that money was not committed to the whole of South Australia to develop not only metropolitan Adelaide but also rural South Australia.

I put in a special plea for the development of areas such as the South-East. The South-East statistical division of the State is ripe for development, and if we couple it with the western districts of Victoria it would have to represent one of Australia's most productive areas. A key word to the South-East in many respects has to be 'reliability'. The people are reliable, industrious, patient—you have to be when you have been promised a hospital 20 years ago and you are still waiting for it—intelligent, sound business managers, frugal and yet very generous to other districts in time of crisis, arising from flood, fire and so on. I am proud that I have represented them for the last 18 years and more.

The South-East has a reliable climate. The vagaries of the weather are not a major obstacle to our productivity. We have an equitable Mediterranean-type climate with mild winters and hot dry summers, and with 32 inches of rain in the Lower South-East to 16 inches of rain in the Upper South-East, augmented by a very large reservoir of crystal clear underground water and readily accessible, it places the South-East as one of Australia's most desirable regions, with water one of the most precious assets of all. The productivity of the South-East is also reliable, and I remind all members that the region produces 18 to 20 per cent of this State's wealth, from some 4 per cent of the State's population, and with probably only 2 per cent of the State's population engaged in agricultural activities. I am proud to say that the South-East will prosper because it has so many attributes. These include power sources with ETSA and the Victoria link, the Snuggery

gas turbines to augment that electricity and Katnook natural gas.

We have the largest number of road transport vehicles *per capita* in Australia, as well as road, rail and air facilities, with an excellent airport at Mount Gambier and the nearby deepwater port facility at Portland, Victoria. We have an equable climate and a very attractive environment, with Mount Gambier being the Tidiest Town in Australia winner only last year. Added to that is an intelligent, cooperative and relatively non-militant work force with a low industrial dispute record. There are Federal, State and local government offices and services centred in Mount Gambier. We have excellent educational facilities with a TAFE relocation on a single campus and upper secondary school integration a possibility in the not too distant future as a result of the Carmichael report.

Productivity is stable and we have a wide variety of natural resources. We also have, of course, proximity to the heavily populated eastern Australian markets. The Mount Gambier Base Hospital, to which I have referred, is to be replaced. We have been promised a new hospital in 1994-96, and that will be integrated on one site with all our health services. I suggest to members that the South-East district includes the area from Bordertown to Tatiara and Kingston, south along the coast to Port Macdonnell and bordered by Victoria. It comprises a very substantial part of the State with a population of about 60 000 representing, as I said, about 4.4 per cent of South Australia's population.

In the 1991 statistical year, the last year for which I could get accurate information, we produced \$329 million worth of agricultural commodities. Some selected percentages so that members can see the great diversity of productivity are as follows: we have 45 per cent of the State's cattle and calves; 27.5 per cent, sheep and lambs; 36 per cent, sown pastures; 22 per cent, market hay; 27 per cent, lupins; 49.6 per cent, lucerne; 51 per cent, pasture and grass seed; 86 per cent, rape seed; 91 per cent, sunflower seed; 85 per cent, vegetable seed; 32 per cent, potatoes; 16 per cent, grapes; and 82 per cent, forest plantations. Whether one looks at those statistics from the point of view of numbers of stock, hectares of agricultural or horticultural produce or tonnage of produce, that list is formidable, and it is not exhaustive by any means.

Despite the recession, the value of agricultural production for wool was \$101 million; cattle and calves, \$75 million; sheep and lambs, \$14 million; milk, \$22 million; wheat grain, \$7.6 million; pasture and grass seed, \$8.4 million; pasture hay, \$34 million; grapes, \$14 million; and potatoes, \$14 million, and so on.

Another important activity which is not pastoral or horticultural is crayfish. We produced \$33 million worth of crays essentially for the export market, and that has contributed tremendously to Australia's balance of payments. The quality and quantity of grapes and the quality of wine produced in the South-East have risen tremendously, and that is also a wonderful export commodity.

I am very proud of my district as one can imagine. It is a district of which anyone in the State should be proud. I suggest to members that with statistics such as those it is the jewel in the crown. The effects of State, Federal and local government policies are important and they have an impact. In the late 1970s a green triangle report for the South-East and the western districts of Victoria was released by Don Dunstan. At the same time, Federal policies included tariff protection, State policies included regional decentralisation incentives, and there was some local government encourage-

ment with the subdivision of industrial development sites. Things looked pretty well set, but since then decentralisation has been more lip service than reality. Federal Government removal or diminution of tariff protection has made industries, especially the textile industries, more vulnerable, and the recent sale and relocation of the Bunge textile mill from Mount Gambier to Melbourne is just one thing that has happened as a result of Federal policies. State decentralisation incentives were removed by this Labor Government in 1982 and they have only recently been replaced by the regional development incentive which has a very limited scope.

I wonder why the South-East has not been included, given that it is a region of considerable, expanding and reliable capability. Local government can do its part, of course—I am not saying that the State and Federal Governments have to do everything—and self-help is very important, but we are into that. We are looking after our own tourist capability and we are advertising extensively, attracting more and more people to the South-East, but the State has to recognise the potential of the South-East and its potential for generating far more wealth for the State. I still continue to be amazed (it was the subject of my maiden speech in this House in 1975, incidentally) that the State Rail Transfer Agreement has produced the problems I predicted and that the State Government continues to allow the Federal Government to ride roughshod over it.

The sale of the South Australian railways system to the Federal Government in 1975 included a clause in the Federal Act requiring the continuity of the service at the then level, and that has just not happened as far as passenger and freight services are concerned. Any reduction in service not agreed to by the State Government was to have been put to an arbitrator for a final decision. The closure of the Adelaide--Mount Gambier passenger rail service was taken to arbitration. Arbitrator Newton made 14 recommendations or rulings against Australian National, including reinstatement of the passenger rail service. The State Government has made no formal announcement to this effect, but the Federal Government says that in accepting \$127 million for standardisation of the Melbourne to Adelaide rail service and the Port Augusta-Port Adelaide links, the State Government agreed to the closure of the Adelaide-Mount Gambier passenger line.

I maintain, and I have said many times in this House recently, that in accepting that offer the Government was short-sighted; closure of the passenger line was swiftly followed by intimated closure of the freight line between Wolseley and Mount Gambier, because non-standardisation is Federal policy. The most productive area of South Australia would then be excised from rail connection to the rest of Australia and the load thrown onto the road transport system from Mount Gambier to Adelaide, Sydney, Melbourne, Perth, Brisbane, Western Australia—everywhere—adding to highway wear and tear and danger of accident, is very significant. I have no complaint about the increased services that Bonds are offering by way of bus service, because they have increased the old passenger rail service quite significantly; it is the freight services and the excision of the South-East from the national grid that I am complaining about.

I believe that strategically it would be in Australia's best long-term interests—not just the South-East's—for Portland and Mount Gambier to be connected to Wolseley by a standard line and then to Adelaide and later to Darwin, as well as the eastern and western seaboard. Current use of the rail freight system may not justify such action in the eyes of the Federal Government, Australian National and the State Government, but the service was allowed to run down by

Australian National in spite of that rail transfer agreement clause, and the use of the system was discouraged continuously rather than encouraged during the past 20 years. The rail service never really had a fair chance of making a go of it, and Commissioner Newton accepted the evidence I gave to him in this regard in a 100 page submission (which he acknowledged, incidentally, as being with AN's submission one of the two worthy of note).

I am looking at this from a long-term rather than a short-term viewpoint, with integration of the South-East transport system with the whole of Australia a key to the future development not only of the South-East but also of South Australia. The South-East already contributes greatly to the national economy. Obviously, over the years greater productivity has unfortunately been accompanied by rationalisation, which is really just a euphemism for retrenchment. Examples include automation of milling and felling operations in the South-East, with fewer mills and fewer fellers. They are reduced from 800 a decade ago to less than a handful now. Automation has occurred in the wine industry, with pruning and harvesting of eliminated seasonal labour, and the automation of the dairy industry has reduced dairy farms from 800 to 200. This will not stop. Greater efficiency will continue, but the significant factor about all of this rationalisation is that the productivity of the South-East has continued to increase.

What we have to ensure is that value is added in the South-East and in South Australia rather than having our raw materials exported to the great markets of Europe, North America and the Pacific rim. In this respect, I refer to foodstuff processing, timber manufacturing, additional dairy processing, fish processing, greater specialisation and diversity in wine production, diversification in horticulture, flower growing—expansion of that flower industry for export, in fact—and continuing emphasis on tourism with the beatification of Mother Mary MacKillop making a tremendous difference I assume over the next decade or so as a result of people taking part in the beatification trail from Adelaide through to Melbourne and Sydney. That pilgrimage will add significantly to tourism in the South-East, I am quite sure. But we are prepared for it; we have lots of accommodation throughout the South-East ready and waiting.

As I said, self-help is important. Recent examples of development initiatives are: aquaculture, broadly across the South-East; orchard development at Kalangadoo; Caramar touch-sensitive lighting, which is exported across the world; expansion of the flower industry—Asian and European markets; live export of crayfish to Japan; a great increase in the export of wines; an increase in the value of timber following the embargo of North American softwood felling this year, and so on.

A significant announcement this week was the decision of CSR Softwoods and US company Fibre Form to spend \$15 million in establishing a timber mouldings plant in Mount Gambier with the need to supply \$50 million worth of moulded timber per annum for the next decade; that is \$500 million worth of exports—a wonderful project. The lamentable failure of the scrimber project involving the loss of \$60 million was most unfortunate. Those funds could have gone a tremendous way towards the development of the metropolitan MFP and the rest of rural South Australia. What a disaster that was.

However, I maintain that the South-East will develop of its own volition. With help from the Federal, State and local Governments working in cooperation with one another we

could considerably accelerate the South-East's progress to the great advantage of the whole of South Australia. I also maintain that Federal and State Governments will have to do better: they will have to demonstrate a very positive attitude towards decentralisation of industry and administration towards major rural centres.

Members should think of the benefits to metropolitan Adelaide if that happens. It would lead to a diminished load on power, sewerage, housing and accommodation and essential services. It would be spread out to the regions where there are already wonderful facilities in places such as Mount Gambier. Few rural centres in Australia would have facilities across the whole spectrum of human endeavour such as those in Mount Gambier, for example.

The impact on metropolitan Adelaide would be such that there would not be the crowding or the need to demolish whole tracts of land in order to provide north-south freeways. If we are not careful metropolitan Adelaide will in the years to come become very much like Los Angeles, with a spread of 80 miles from north to south—Gawler to Victor Harbor—and the east-west spread really limited only by the restrictions placed on building in the foothills of Adelaide. It will become a huge conurbation—a huge housing sprawl with unfortunately insufficient industrial activity to meet the needs of those people such as we have in the north and the south of Adelaide already. Those areas are great conurbations of Housing Trust and private developments with very little industry and commerce provided to occupy those people. They literally have to travel the length and breadth of Adelaide in order to find employment.

As I said, the South-East is ripe and ready for development. It can, if developed properly, assist the development of Adelaide also by contributing immensely towards the wealth of South Australia. I urge the Government to rethink its policy of 1982, when it removed decentralisation incentives and literally put all of its eggs in one basket, that is, the development of Adelaide. It has not succeeded and it stands a good chance of making a mess of things if it carries on with the way it is developing housing and no industry. I commend the South-East as one area that could certainly be developed to the advantage of the State.

**Mrs KOTZ (Newland):** I have stood in this place over the past few years and presented comment and, indeed, predictions on Government policy and on previous budgets. One thing I have learnt is that under this Government very little changes, except that everything seems to get just a little bit worse. Those comments and the predictions that I have made in the past are as relevant now as they were then. In the first instance in addressing this budget debate, I want to use the words of others from outside this place who have made judgment on this Government and on its budget. I refer, first, to the *Advertiser* of Thursday 1 July 1993, when editorial opinion was given immediately after the second report of the Auditor-General. The editorial reads:

It is all very well saying (whether true or not) that management did not divulge, individual directors and collective boards did not know or divulge, auditors may or may not have done their duty. It is all very well pleading the virtues of a hands-off policy allowing autonomy. As the very name of the organisation proclaims, this is the State Bank. The executive head of the State is the Premier and his Cabinet. It is as simple as that.

Eventually, the Premier of the day was persuaded that resignation was the proper course. But the present Premier and most of his colleagues sat alongside him when these matters were discussed. And that is only the formal Cabinet discussion. Did none of them feel impelled to inquire further to ask the kind of question that should

have occurred to proverbial blind Freddy? It is not only the Premier who should have resigned but the entire Government, the honourable course advocated by this newspaper. For the record we repeat it now: the Arnold Government should go forthwith. It is wrong for it to soldier on. It can be assumed there will be energetic attempts to muddy the waters as the election looms ever closer.

*An honourable member interjecting:*

**The DEPUTY SPEAKER:** Order! I hope the member is not interjecting out of his seat.

**Mrs KOTZ:** The editorial continues:

We can look forward to be told over and over again that everything possible, up to and maybe including prosecutions, is being done. Critics can look forward to being rebuked for possibly prejudicing further investigations. If so, it will not wash. Discussing the finance company's fondness for joint ventures, Mr MacPherson said the directors did not get to grips with the reality. It was, of course, outside his charter to go farther. However, many South Australians will find in that plain remark their complaint against their Government.

Reality passed them by. They may have been well-intentioned men and women; they may have been content to swim with the tide of the heady times, to have told themselves it was not their business or that they had other priorities, but they were in charge of the State: it was their duty.

And they surely cannot deny the Opposition and, indeed, the press alerted them to the smoke and suggested there may have been fire.

In this strict sense, Mr MacPherson's report is incomplete. He sets about asking the question, 'Who, or what, is to blame?' and comes to judgment on individuals. We go farther and invoke that simple message said to have been put by President Harry Truman on his desk at the White House, 'The buck stops here.' . . . One statistic should show the extent of the debacle to a quiet State of 1.4 million people. If every man, woman and child on the planet gave 50¢ it still would not cover the extent of the bank bail-out. That is what should make us all angry.

That was the editorial comment on the Auditor-General's report. Of course, this is the budget debate, and I want to refer again to editorial opinion that was presented on Friday 27 August with regard to this specific budget. A further editorial comment states:

The document is so remarkable that the *Advertiser* can only suggest admiringly that Mr Blevins and the Premier, Mr Arnold, should immediately be sent to Somalia with the biblical five loaves and two fishes to fix up problems there.

It goes on:

But it is the budgetary equivalent of lies, damned lies and statistics. Likewise, again to invoke a biblical image, the Lazarus performance of the State Bank contributing \$297 million to the State coffers. The figures are there and the transfers have doubtless been made. But \$297 million still means the bail-out figure of \$3 150 million will not be discharged until well into 2004, assuming a zero interest bill.

Then there is the not inconsiderable matter of the losses of the Group Asset Management Division, the so-called bad bank. It lost \$287 million. The accountants can crunch the numbers to show this is acceptable. But, outside the public sector, people can only look with envy at a business which is basically able to ignore bad debts.

With the figure came the melancholy admission that the bank's losses will peak at around the \$3 150 million provision made. No hope of miracles there. What has been presented to South Australia is the Arnold/Blevins best effort to produce a feel-good budget. Their political problem is that they have been so strenuous in their endeavours that they stretch credulity.

There you have it: stated with eloquent sufficiency, gloss, rhetoric, illusion and the most creative bookkeeping ever presented in any Government's budget. Basically, it is not what you would call, or could credibly call, an open and honest Government budget. It is certainly not a budget designed for future accountability on Government measures, but it is a budget designed to win votes. Heaven help the people of South Australia next time around because this is the budgetary equivalent 'of lies, damned lies and statistics'.

Budget measures are talked about in forms of statistics, but budget measures mean that the people of South Australia are affected in many different ways by the service provisions that those budget measures provide. One of the major areas of concern to my constituents, and indeed to all South Australians, is the access that has been denied to the people of this State to health care and hospitals, and we have very clearly seen the effect of mishandling by incompetent Ministers of the finances required to support budget measures within the health and hospital systems of this State.

It is not the first time that I have stood in this place and brought up the problems that are specific to the Modbury Hospital, which is in the Tea Tree Gully area and part of my electorate. I again point out to the people of this State that the budget that we are seeing at the moment does not solve any of the problems outlined in the past by me and others on behalf of constituents who cannot get access, when it is required, to the hospitals of our State. It is a disgrace that this Government has denied the needy and those who are in pain access to the health system. Again, I stress that this situation is not isolated to Tea Tree Gully—it is across the board throughout South Australia.

The Modbury Hospital board was forced to examine all of its services this year because it anticipated there would be no extra funding this financial year. That caused considerable concern, not only to the people on the hospital board, the administrators, the staff and medical officers but to the people of the area because the options that were being offered were unacceptable. The options that were being looked at as the services most likely to be cut were most unacceptable.

Some of the options that were being looked at could have included—and at the time were rumoured to include—the six-bed hospice which had been fought for by the residents of that community for some time, and it is a very desirable and needy resource for the area. There were rumours that Woodley House, which is a ward for psychiatric patients, or the paediatric ward may be forced to close. A 32-bed ward closed last year for refurbishment; it has not yet reopened. The hospital was forced to cancel 170 elective surgeries in the first three months of this year, and it has been forced to limit admissions for overnight elective surgery to one per waiting list.

When the hospital was scratching around to find the dollars to provide the services that are required in our community, the Minister of Health, Family and Community Services was announcing to the Parliament of South Australia that he had suddenly and miraculously discovered a \$34 million surplus in his health budget—something that he did not discover until a few weeks ago and something that he did not discover when Modbury Hospital was looking at all the options that were going to reduce services to people in the area to crisis point. There was a budget overrun.

*Mrs Hutchison interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mrs KOTZ:** There was a budget overrun. The budget overrun was \$500 000, which was necessary to continue to run Modbury Hospital. The Minister came good with that \$500 000, but only after letters from residents were received by the Minister complaining most solidly about the terrible treatment that had been dealt to the Modbury Hospital and not until a petition carrying 6 000 signatures of people in the area forced the Minister to look at the situation. Then a grant of \$500 000 was made, but it was only to balance the budget; it would not enable extra beds to reopen.

One of the other options that was looked at as a possible means of cutting costs was to affect the women of Tea Tree Gully, and that was to consider closing the labour ward in the obstetrics area. On 2 June the Leader of the Opposition and I discussed this issue at a meeting with the hospital's administration. On 7 July I was extremely pleased to receive a copy of a memo from Modbury Hospital which indicated that the closure of the labour ward operating theatre would be removed from the list of proposed cost savings. That meant that the operating theatre would remain open and continue to provide first-rate obstetric care for women in the north-eastern suburbs.

The theatre was to have been closed on 1 July as a cost-cutting move forced by the State Labor Government's financial mismanagement. The proposal was for pregnant women requiring caesarean and emergency treatment to be taken five floors to a general operating theatre in hospital lifts which are regarded as being notoriously unreliable. That was confirmed by the head of obstetric and gynaecological services, Dr Christopher Verco, who at the time said that medical staff at Modbury believed that the closure would be dangerous to women attending the hospital for obstetric care.

The retention of the operating theatre can only enhance Modbury Hospital's service provision, and the Liberal Party is pleased to have played a part in an important decision for women in the north-eastern suburbs, but it is no thanks to the financial mismanagement of this Government or to the non-caring attitude of the Minister of Health, Family and Community Services.

In relating my cares and concerns about the attitude of the Minister of Health, Family and Community Services to the services provided, particularly to the women of the north-eastern area, another situation was brought to mind by a constituent who advised me that, around the beginning of July, an area within the Royal Adelaide Hospital would not renew the contract of a surgeon who dealt specifically with breast surgery for women in this State. That was of great concern.

I am sure members recall that two or three years ago I put forward a motion calling for the continued funding of mammography services, and I was pleased the House supported it at that time. My concerns for the people in that area have not diminished. When this constituent of mine related her concerns over the non-renewal of a contract for a surgeon at the Royal Adelaide Hospital, I wrote to the Minister of Health asking him to look into the situation, and I pointed out that this surgeon had pioneered improved surgery techniques in the area of breast surgery in the State. The women of South Australia deserve the best treatment available, particularly in this life-threatening area which has a great psychological effect on their wellbeing as well as that of their families. In the long term, health dollars are not saved but will in fact cost the State a great deal more. I stated to the Minister in the letter:

Should public patients be expected to accept lesser treatment when the best available is not only willing but able to assist them in this most traumatic area of women's health.

I went on to say:

I believe the women of the State will react in a most hostile manner to this blatant disregard of their needs. . . It cannot be ignored that breast cancer is the greatest single cause of death of women in this State and throughout the nation with approximately 250 women losing their lives to this disease each year in South Australia alone.

I believe the national figure is about 2 500. I continued:

I request your immediate investigation into the matter, to provide for the health and wellbeing of these public health patients which must include the renewal of this contract. Women seeking public health treatment should not be discriminated against in this manner.

The Minister's response to this letter and the concerns expressed within has been to totally ignore the women of South Australia, and to date he has not even had the courtesy to provide a response to my letter on their behalf. The Modbury Hospital crisis caused, and still causes, deep consternation amongst our community. It caused enough consternation that the Federal Labor member for the area, Mr Peter Duncan, also wrote to the State Minister of Health expressing his concerns in a letter where he states:

Already a number of people have sought my assistance, expressing their fears about the level of service at the Modbury Hospital should further cuts be implemented in the next financial year. As you would be aware, little capital work has been undertaken at the hospital for many years, and that which has been undertaken recently has largely been funded by the auxiliary. The current side of the budget has been in decline for a considerable period and services have not just been cut to the bone, they have in many instances ceased—leading, of course, to large blow outs in waiting lists and the like. I know that you will be well aware of the fact that the Federal Government is increasing the resources available under the Medicare agreement, and in particular is providing additional resources to fund hospital waiting lists. Whilst these initiatives are commendable, they will not have the desired effect if the State continues to reduce its contribution to the hospital system generally; and in this particular instance, to the Modbury Hospital. I believe that what is really necessary is a complete review of the entire health system in South Australia, to ensure that more of the available dollars are spent at the coal face; and at the same time, to re-focus attention on the need to properly finance our whole hospital system. The letter continues:

I would be grateful if you could address the above issues and respond to me in due course, hopefully so that I will be able to reassure the community.

I am yet to hear any reassurance from the Federal member's office. I can only presume that the Federal member's letter was treated in the same manner as my letter when it was received by the Minister of Health. Sir, the crisis that has occurred at Modbury Hospital will not be solved by any measures in this budget.

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

**Mr MEIER (Goyder):** Mr Deputy Speaker, this budget is not surprising from the point of view that tax increases are minimal, if at all. It is clearly a pre-election budget, a budget that does not want to scare the people. It is a very different budget from the Federal budget where the so-called representatives of the people have lost complete contact with what Australians want. Nevertheless, this is still a worrying budget. I guess the best way to describe it is a 'steady as she sinks' budget. Another way to describe it is a 'sleight of hand budget'.

I would like to look at a few statistics as they relate to the budget. The Treasurer announced a budget surplus for last financial year of \$12.2 million. However there was an actual deficit or net financing requirement of \$305 million, this result being \$12 million lower than predicted owing to the Government's taking an unbudgeted \$22.6 million from the State Bank and spending \$54 million less on capital works. Without the State Bank adjustment the Government would have been over budget, as it had been for the previous three years. The first of the sleight of hand is starting to make itself evident.

If we consider the budget estimates for 1993-94, they show a surplus on the consolidated account of \$120 million for this financial year, which sounds very impressive. I watched the debate on the *7.30 Report* between the Treasurer and the Leader of the Opposition and I had to smile at the way the Treasurer was carrying out his sleight of hand to try to convince the people of South Australia that everything was fine.

We realise that to achieve this outcome there are three critical assumptions: first, the departmental net outlays will reduce by 4.1 per cent in real terms from \$3 306 million to \$3 236 million. Secondly, receipts from State sources other than SAFA will increase by 13.6 per cent in real terms, from \$1 886 million to \$2 231 million. Thirdly, the second instalment of \$150 million State Bank bail-out will be treated as a revenue receipt from the Commonwealth.

Considering those three assumptions there is no doubt that the first scenario is possible, although the 12 per cent recurrent expenditure savings in the E&WS are optimistic, as was pointed out in an earlier debate, particularly if redundancy payments are kept separate from the main budget by drawing down the first instalment of the \$263 million State Bank bail-out.

The second two assumptions have longer term ramifications. The whole of the contribution of \$297 million from the State Bank, which comprises a tax dividend of \$107 million, a \$160 million return on capital, and a \$30 million guarantee fee will not be sustainable with the sale of the bank in 1994-95. It is questionable whether the Government should be extracting \$20 million from SGIC given the loss of \$42 million in 1992-93, and the second instalment of the State Bank bail-out was earmarked for debt and interest payment reduction by the Federal Government, not for consumption in this year's budget. So, by manipulation of particular revenue items, the Government has turned a deficit of about \$200 million into an election year surplus of \$120 million. It sounds a marvellous result, but in fact it is the classic sleight of hand.

*Mr Venning interjecting:*

**Mr MEIER:** As the member for Custance indicates, a Houdini trick. They have managed to get themselves out of a bind.

**The ACTING SPEAKER:** Order! I do not think the member for Custance needs to help you.

**Mr MEIER:** Thank you, Mr Acting Speaker. I always appreciate his comments. It is a worry that the people of South Australia are being told untruths, that they are being given information that will rebound. I thought it was very well stated by the Leader of the Opposition this afternoon when he indicated that the big problems will occur probably in the year after next. I was thinking to myself: who is most likely to be in government then? We are: the Liberal Party will be in government. I can hear it now from those members who may be left in opposition: they will hammer out incessantly the fact that we have supposedly mishandled the budget two years down the track, when in fact it is being pointed out now that this Government is causing the problems already for down the track.

There is no doubt that the \$600-odd million from the Federal Government for the State Bank bail-out is essential. But what are we seeing happen to that money? It is being earmarked for consumption in this year's budget, whereas it should be earmarked for debt and interest payment reduction. We know that our total interest payments are something like \$2 million per day, and we cannot keep operating at that rate.



The effect on this State is clear in so many ways. Our population should be much, much higher. What is the incentive for people to stay in this State if the opportunities are not here for jobs? I have been hearing again examples of people going overseas to get positions in the field of civil engineering. Apparently, countries such as Singapore and Malaysia have hundreds if not thousands of jobs waiting for people from this country if they are prepared to go. Why can these jobs not be created here? It is very clear: it is because this Government has failed us year after year, hand-in-glove with the Federal Government.

I want to refer now to taxation. I mentioned that this is an election year budget and there has not been a repeat of the savage increases in State taxation that have previously been applied by the Government—and well we recall those debates a year or two ago. In fact, I recall the debates on a more frequent basis than I would have liked over the past 10 years, particularly when I remember that this Government, when it first came to power in 1982, said, 'There will be no tax increases and certainly no new taxes.' That promise was broken within a very short time.

Being a member of the Legislative Review Committee I am saddened when I hear such statements as, 'There are to be no major increases in State taxation', when we know that virtually every regulatory charge went up by a significant amount at the end of June, early July. We in the Legislative Review Committee have handled hundreds of charge increases. I suppose the average member of Parliament does not even have the time to go through them all to look at what those increases are, but we see them virtually daily. Yet when the budget is handed down, I guess a smokescreen is put in front of the people of South Australia to indicate, 'The Government is thinking of you; we are not putting up all the charges.' But in real terms, it is.

In this budget the tax take, excluding public instrumentalities, is expected to increase from \$1 571 million to \$1 615 million, a 2.8 per cent increase. Reductions in the financial institutions duty are offset by revenue from business franchise fees, mainly tobacco (which increases by \$25.6 million) and petroleum (which increases by \$16.9 million). Taxes, fees and fines imposed by the State Government have increased from \$487 million in 1982-83 to \$1 791 million in 1993-94, or 185 per cent, in real terms.

I would like to ask anyone: who has received that sort of increase in pay over these years? I suggest that most people would say, 'The only person who might have was a person who came in on a junior rate and who now is in a managerial position.' Other than that, people have not received those sorts of increases. It helps to explain why South Australia is suffering as it is: the taxation charges, the fines and the fees have outstripped people's ability to pay. In fact, in this budget land tax is the only taxation measure for which rates have been increased, and we see that the rate applied to property holdings of greater than \$1 million is being changed from 2.8 per cent to 3.7 per cent, a 36 per cent increase. Likewise, there are increases for the other amounts.

So, property owners and tenants in larger centres will be adversely affected. With all these increases, if the people were able to pay and continue to pay, they would have had to earn sufficient extra income but, in fact, what we are finding is that the Government has to give handouts to more and more people. We saw the Seniors Card come in this year, and I can only applaud it, but what is one of the main reasons for bringing in that Seniors Card? People on seniors pensions have found that the cost of living is such that they need some

reimbursement, and the Seniors Card is providing that. That is excellent.

What is happening with respect to people who are on low incomes, on sickness benefits or on single mothers benefits? We find that many of them have to receive additional allowances so that, when it comes to the renting of properties, if they sought to rent a property for, say, \$100 or \$120 a week, they would expect to receive something like \$50 per week back from the Government to help make it a realistic rent. 'Okay', you say, 'it is great for those people to be assisted.' Yes, but increasingly we are finding more and more people in that category who cannot afford to live on the current allowances or salaries they are given. And that is a sign that our economic society is sick—that the Government is pouring more and more back into the hands of the less well off.

It is a tragedy that the Government is not addressing that problem and saying, 'We should be seeking to reverse that trend', otherwise we will get to the situation where virtually every dollar that is earned is given back to the people who are not earning or who are earning a bare minimum. What happens to the economy then? It virtually stops. That is when the few people who are still earning will say, 'Enough is enough: we too will have to find an alternative place to live, other than South Australia.'

I look at the State debt, and the South Australian public sector net indebtedness increased from \$7 373 million as at 30 June 1992 to \$7 869 million as at 30 June 1993, an increase of \$496 million in debt for the past year. This represents a *per capita* debt of \$5 375 and 25.7 per cent of gross state product, up from 15.2 per cent in 1989-90. Of great emphasis is the fact that, without the State Bank bailout and utilisation of SAFA reserves, the debt would have exceeded \$8.2 billion as at 30 June 1993. It is expected to reach \$8.11 billion by 30 June 1994.

We see also that public sector liabilities continue to escalate, mainly through superannuation. Total liabilities were \$13.3 billion as at 30 June 1992 compared with \$13.8 billion as at 30 June 1993, again an increase of \$520 million, with accrued superannuation liabilities increasing by \$719 million to \$4.2 billion. The worrying thing is that we have had some of the money of the State Bank bailout, well in excess of \$200 million. It has brought our total debt down a fraction, by one year I would say, because in a year's time it will be virtually right where the Opposition predicted it would be, and unfortunately that money is virtually gone now, but we have done nothing to the debt.

I had a sigh of anguish when I heard on the radio the Premier make a comment that he was not quite sure whether we would be able to pay off the State Bank debt by the year 2 000; but that certainly was the aim. Anyone with even a very limited sense of what occurs in economics would know that that is impossible unless there is a fairy godmother, such as the Federal Government or some overseas country, which says, 'We will pay off the debt.' We will not be able to do it by the year 2 000. We will not be able to do it in my lifetime, and that is, God willing, that I live to the age of three score years and ten, or even a little more. That is the truth of the situation. To say that there is an aim to pay it off by the year 2 000 is pure fairytale thinking.

If we look briefly at the State Bank, the Group Asset Management Division recorded a loss of \$287 million for 1992-93. That was \$56 million worse than budgeted. So this brings the total realised losses to \$3 037 million, leaving only \$113 million of the \$3.15 billion total provisions. As the

Leader of the Opposition said earlier this afternoon, a fifth bailout seems inevitable. The largest property write down in these losses was for the Myer-Remm centre of \$85 million, from \$290 million to \$205 million. What a tragedy that has been. Given the impact of interest charges on the remaining State Bank assets held within the Group Asset Management Division, the need for a fifth State Bank bailout appears inevitable, as I just indicated. Yet there is no capacity to further draw down the equity held by the Government in the State Bank, as \$160 million is being paid into the budget this year, thereby also reducing the future return to the Government for the sale of the bank.

The more we look at this budget, the more it seems to me that this Government has virtually said that it is finished. It recognises what the polls are saying. I never take the polls too seriously because there is only one poll that counts, and I never take anything for granted when it comes to that; but the way this budget is arranged it almost seems as though they are saying, 'Let's squeeze out every dollar we can. We are not going to get back in and, boy, are the Liberals going to find it hard going when they get in. They will not know what has hit them.'

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

**Mr VENNING (Custance):** I rise to speak against this Government's last budget. A month ago this State was in grave financial crisis, but today after this Government's budget all appears okay. This is a nothing budget. It is a total dud. While at university my children were discussing the budget and they came out with the following line, 'The whole budget, it just sucks.' This is the most tongue-in-cheek document we have ever seen. When I saw the Treasurer and Deputy Premier on television the other evening discussing this, he could not hide the tongue-in-cheek attitude he had towards this document, because that is what it is. It is a document based on dishonesty. It is a budget for Labor and not for South Australia. I am not impressed at all.

Labor has not learnt anything from the problems it has had. It is a big con and it is a cover up. It also contradicts the Federal Labor budget directives and it is just an election sweetener. If we have ever seen creative bookkeeping this has to be it. This budget is all about Labor's future: not South Australia's. It claims an artificial surplus after taking \$160 million of capital from the State Bank. Yet again it milks the bank. How many people have we heard say that the Government should not have been doing that? The Royal Commissioner himself says that the Government should not have been doing it. What heed has it taken from the Royal Commissioner's sound judgment? The Government just battles blithely on and does it yet again.

Once again the Labor Government is using the State Bank as a cash cow—I hate using clichés, but that has to be the one that is the most appropriate—despite a specific warning by the Royal Commissioner. The strategy means that Labor has abandoned its debt reduction strategy for what is a blatant election budget. State debt will continue to rise—up another \$241 million in 1993-94. Of all the things we could measure this budget by, it would be the way it was to handle our greatest crisis, that is, our State debt, what we owe other people and what we are paying interest on interest on. But this budget, irrespective of who looks at it and what assessment one uses, whether one is a small businessman or a large businessman, is a complete failure.

Rather than arresting the debt, the budget takes us further into debt. How long can we continue to carry on like this? This is a small Parliament by world standards. This is a small State by world economies and it ought to be fairly easy to manage—in fact, very easy. For 10 years now we have seen this Government, election after election, budget after budget, send us down this track. Now we are \$8 000 million in debt, and if we do not arrest this can we reach the big figure, the horror above horrors of \$10 000 million? What happens when we do get to that figure? Who steps in and says enough is enough? And when does that person or body step in? The World Bank will not be looking at South Australia. It will not be its prerogative. It is just worried about Keating and the Federal Government.

Who is going to step in and say that the way the Government is running this State is not on and not acceptable by anyone's standards? If I ran my farm like this, or if my colleagues ran their enterprises like this, where would they be? At this very moment we all know what is happening out there in the rural regions: farmers are losing their land because the equity levels in their properties are taking them below the line where they are seen as viable.

Can we say that this State is viable when we continually budget for a deficit and when our debt increases to this degree? And the Treasurer has the gall to stand up in this place and say that the bank has turned itself around and is now in a profit-making situation. We all know what has happened. The Government has divided the bank in half: the bad bank is out of sight and out of mind and the good bank has made a profit, which has already been milked off, anyway. What if I told my banker in relation to my farming enterprises—and not all my enterprises are as favourable as others—that I had forgotten to tell him about the duds, the bad ones? What if I said, 'Put those aside, Mr Banker, I only want you to look at the good side of this.' He would say to me, 'Who are you trying to con? It doesn't wash. Your profitability is all your costs and liabilities versus your assets and profit.' When I see what has happened here I get pretty steamed up, because it is basic stuff. With a State this size, I am amazed that the Treasury officials, the professionals for whom we pay a lot of money, allow this sort of budgeting to go on.

I still like to be seen as a fair-minded person after more than three years in this place. If this Government had taken the bull by the horns and said, 'We will pull back the State debt by so much and this is how we will do it', I would have said, 'I'll give you credit for that', but the Government has been going blithely down this path. We all know what it is like to be in debt. Debt must be repaid, and when your ability to repay your debt gets beyond your capacity to earn or beyond your income, you know what that means: a capital B for 'bankrupt'—finished! What will happen to the future of this State if we continue in this way? My only solace in all this is that I realise that this budget will have to be this Government's last, because of the way in which it is trying yet again to con the people of South Australia. It is an absolute con.

Before the last State election the then Treasurer (the member for Ross-Smith) got the State Bank to unofficially hold down bank interest rates. That was blatantly dishonest, whereas here we have an instance which is not dishonest but which is an attempt to con, to cover up and to mislead the people of South Australia. At times, I have lost faith in some South Australian people. I only hope that they will not be conned by this trick, that they will see through this, and that

in a little over two months time, I presume, they will make the appropriate decision on the direction in which South Australia will go.

South Australians are continuing to pay further instalments on Labor's failure with the \$287 million loss involving the bad bank and the \$42 million SGIC loss. Just as the Government has altered arrangements affecting the value of the State Bank, it has reduced the worth of SAFA by \$300 million to help pay for the State Bank's losses.

I do not trust the Government's claim that we will not face another State Bank bail-out. One does not have to be Houdini or a brilliant mathematician to work out that the fifth bail-out has to come within about nine months, at least before 30 June next year. I have been waiting in this House for someone to tell me I am wrong, but that fifth bank bail-out is a virtual reality, and any mathematician or accountant worth his salt would know that. I am amazed that we have been able to con as many people as we have with these documents. The debt reducing strategy announced in the Premier's economic statement was based on reducing public sector employment by 1 500 positions by the end of June. This was in addition to a budget cut of 942 jobs in the 1992-93 budget.

However, instead of just under 2 500 job cuts in 1992-93, the actual reduction was only 751. Once again they make these big announcements and they cannot even get that right. While Labor claims it is making the necessary decisions to rebuild the State's finances and reduce its debt, its actions are a whimper compared with words. I honestly think the Government does not intend to go on past the end of this year, because this document suggests that financially it cannot. Labor promised \$40 million for economic development programs last financial year, but less than half that was spent. This shows deplorable management of a vital Government program. A payroll tax rebate scheme is to be considered this financial year after failing last year to get anywhere near its target in assisting job creation. The reduction in FID for exporters is welcome, but \$1 million in FID to encourage our industries is a total joke.

Under 11 Labor budgets State taxation *per capita* in South Australia has increased from \$7.89 per week in 1982-83 to \$21.86 this financial year. Anybody reading the *Hansard* report of this debate would know that the simple maths are that the good bank paid into the budget \$267 million, but the bad bank accrued losses of \$287 million, and that works out at a \$20 million loss. To hear the Treasurer, the Premier and others saying that the bank has turned around is an absolute farce, an absolutely dishonest comment, and trying to con the people of South Australia in such a way is an absolute disgrace.

This Government, overwhelmed by its own ineptitude, has clearly decided to produce this election special. The hard parts—the unpopular measures, the targeted separation packages, the super departments—were all done long ago in indecent haste without proper consultation or consideration for many of the consequences, and I have spoken about that in a previous debate. Look at what the Government is trying to do with E&WS and ETSA. It is an absolute disgrace; there has been no consultation with any of the relevant people who ought to know the ramifications. It is only now that people in senior positions in those departments are coming to me and saying that it really is bad and that morale is at an all-time low. What a ridiculous thing to do so close to a State election, to completely rebuild two of our key departments.

This budget document is now trying to put a gloss on the dire position into which the Government has led us. This

Government is renowned for its creative accounting. With some creative accounting this Treasurer conjures up a surplus of \$12.2 million for the past financial year. That is amazing accounting. I reckon I ought to employ the Treasurer to do my own personal books, but I would not do that, because I am sure the Taxation Office would be onto me in a flash if this is the way the Treasurer does the accounts for this State. On a suspect assumption, the Treasurer blithely forecasts a surplus in Consolidated Account for 1993-94 estimates of some \$120 million. No matter how you paint it, the hard fact is still a State debt of more than \$9 700 for every man, woman and child in South Australia: a level of debt that has grown by a staggering \$1.2 million every day of the past 10 years.

If we are to get out of this situation, the debt all has to be repaid, with interest. When will we turn the corner? When, indeed, will we see the corner, with this Government? This Government has not done a thing to solve these problems with the 11 budgets it has introduced. Any person with a financial brain at all must hope that this budget is this Government's last, yet here is a Government providing itself with a fictitious \$120 million surplus which it will doubtless use to fund its election promises.

They should be called election bribes. As I said, it is not as dishonest as the Government was in the last election when it held down the bank interest rates. That was proven by the Royal Commissioner to be blatantly dishonest. It is typical of this Labor Government's entire approach to its economic and financial responsibilities. It just does not know how and it never has known how. Even if it were given the chance—which it most certainly will not be—it will never learn how.

As I said, what is wrong with the country is basic economics. One can apply the same principles on the farm as those applied here. It is just like the \$150 million Federal Government money given to us the other day. It is just like a father with a son heavily in debt. The father has given the money to the son to get the family farm out of debt, to pay the bills and to save the family farm, only to see the son throw it away and go on in the same old way and wasting the lot. How often have we seen that scenario? The father eventually cuts the son or daughter adrift and hopefully buys the farm at the clearing sale and hands it on to a grandson, if possible. That scenario is very similar to this. The Federal Government has cut adrift this Government—a Government of its own ilk—and hopefully when the new Liberal Government comes in there will be some chance to rebuild this State and its economy then. It really is a shame.

I am especially concerned that one of the ways it produced its illusory outcome for 1992-93 of a \$12.2 million surplus was by deferring budget capital works worth \$54 million. We need only to look at the back of the budget papers to see a whole list of projects, some of which are in my own electorate. There are four or five pages of these projects obviously prioritised in a certain order. But not one single dollar has been targeted or budgeted for those projects.

I suppose the Government will now say that these projects are in the budget papers. How dishonest is that? They are in the budget papers—printed there—but the promise is not worth the ink with which it is written because not a cent has been budgeted towards getting any of those projects in place. It is another way of conning and deceiving the public. No wonder the public do not hold politicians in very high regard any more when we see sneaky, dishonest things like that. It is there. Members can pick up the book and look at page 64, I think it is, and see all the projects listed there. There are

projects in all constituencies and not a cent has been set aside to pay for them.

The capital works have been milked off to the tune of \$54 million. This is robbing Peter to pay Paul, with Peter in this case being the people of South Australia. I fear for the rural people of South Australia especially. It is clear that it is intended that the important items of the State's infrastructure will bear the brunt of the Government's so-called economies, particularly road transport. Capital payments under road transport in 1992-93 were \$3 million down on estimates. In other words, the Government did not spend \$3 million last year; it was kept back and put somewhere else. To make it worse, in 1993-94 the allocation is another \$16 million less.

Madam Acting Speaker, I know that you drive on the roads as often as I do as you live farther away from this place than I, and you would see the condition of our roads. One does not have to be very bright to work out what we ought to be spending each year on our roads. Money is already taken from the fuel pumps for the purpose. We ought to be spending about 90 per cent more than we are just to maintain the infrastructure that we have. We have got our hands over our eyes if we cannot see this. It involves not only our roads but also our water supplies and schools. All this State's public infrastructure is in ruin.

We know that we are not putting the money in to maintain it. We know the end is nigh when we see that happening. I do not support this Government's budget. It is an absolute sham, a dishonest document and a total dud. Thank goodness it will now certainly be its last.

**The Hon. M.K. MAYES (Minister of Environment and Natural Resources):** I move:

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

Motion carried.

**Mr INGERSON (Bragg):** I rise tonight to make my contribution to the last Labor Government budget for the decade. It is an opportunity for me, having been here now for some 10 years, to put on the record what I think of the general direction in which this Government has taken us, the tragedy it has been for the businesses of South Australia and, as a consequence of that, the tragedy it has been and still is in relation to the employment of young people in particular in our State.

The budget, which was announced week ago now, portrayed a \$120 million surplus. If one looked at that in any budget context, one would say that it was a very good budget because the Government had come in with a surplus. It is only when one looks at the budget and asks a few questions about how it has been achieved that one finds one of the most disgraceful sleight of hands that I have seen in budgeting not only at Government level but at any enterprise level with which I have ever had to deal.

That sleight of hand is principally one of taking money invested in a business, for example, the State Bank, out of the bank (and that money is the bank's assets) and putting it into the general day-to-day expenditure of the Government. I say that it is disgraceful and a sleight of hand because, if any other business or a director of any other company in Australia did that, the Australian Securities Commission would ask, 'Why have you sold the asset? Why haven't you put that into paying off this massive debt that you have accumulated as a business, and why have you put it into general expenditure?'

When one looks at the budget, one sees in this sleight of hand that some \$200 million of taxpayers' money, which we are told is no longer needed by the State Bank for its general running, has been pushed into general revenue to help balance the budget. So, we have this facade that the Government has created a \$120 million surplus, whereas in fact what it has done is taken \$200 million of capital, which should have gone to pay off our ever burgeoning debt, and put it into general revenue. That does not really seem to be very important to the Government. But the reality is that that money, at the end of the 12 months, will be lost forever. So, again, another asset of the State has gone down the proverbial drain.

In the 10 years that I have been in this place, that is all the Labor Government has ever done: it has borrowed money and spent it, and at the end of the day there is nothing to show. That really is the tragedy of the State Bank. Its bad, irresponsible management by the Government, disgraceful management by the board, and the management of the bank has seen us as a community depart with some \$3.1 million of taxpayers' money to balance a poorly managed exercise.

This budget is continuing that saga because the Government has had to take money from the capital asset base of the bank and put it into its recurrent expenditure. I say it had to do it because the only other choice it had was to increase taxation. When one looks at the overall budget, one sees that there are not many lines where it could be argued there is not reasonable expenditure. It could be argued that perhaps it should go to different areas in certain parts of the budget, perhaps to the E&WS Department and ETSA, or the new Southern Power and Water Company. It could be argued that the distribution of money probably could be reallocated and realigned from a different management perspective, but the overall budget clearly shows that the only way that the Government could achieve that \$120 million surplus was either to take it in assets from the bank or increase taxation.

We are in an election year, and I would suspect that the decision to not increase taxation was very simple in that the Government probably said, 'Well, if we put up taxation we won't have nine seats in this place after the election; we will have less than that'. So, it would have been a very simple political decision not to increase taxation. As I said earlier, the disgrace of this whole issue is that our capital asset base is virtually going down the proverbial drain. I think South Australians generally would like to see an honest Government which can face the community with no sleight of hand and say, 'Okay, yesterday we made all these errors. We made mistakes, and we accept that some of them were in our management control and some of them weren't, but predominantly they were'. As I said, in the 10 years that I have been here this is the most disgraceful budget I have seen in the sense that it has not come clean with the South Australian community.

The other issue that I think is a disgrace is the Government's presentation of the contribution that the State Bank has made to this budget. I do not think I have seen it reported any more than once or twice in the media that in essence the State Bank lost \$20 million last year. It contributed \$266 million to this budget as a State Bank, but the bad bank lost \$287 million. In other words, there was a net loss of \$20 million. The facade continues, where the Government says, 'We have done okay, we have made \$100 million profit, so we have contributed another \$100 million in capital to this budget'. However, nowhere in this budget does it show that the taxpayers have picked up another loss of \$287 million

because of the losses of the bad bank—that fact is not shown anywhere in the budget papers.

Again, you would have thought that a Government in trouble and at the end of its days would say, 'Well, let's be honest with the public and give ourselves an even chance of winning the next election'. Instead of doing that, we again have the same old line pumped out to the community: 'This State Bank of ours, the good bank, is doing a marvellous job'. That completely ignores the performance of the bad bank. I have been in business for 30 years and I do not know of anyone having the opportunity—and I am sure the member for Custance would agree—to push off all their interest payments on the capital invested in their business and on all their borrowings to run the business and say that they do not exist. I know of no-one who has been able to do as the State Bank has done and say, 'That is that part over there that I lose money on, but it really does not matter. I will put in a profit and loss account that shows that I have done very well on this side where I just have the sales and no expenditure'.

I think that you, Madam Acting Speaker, would agree that you would be the laughing stock of the business world and of taxpayers because nobody would believe that you would be game enough to say to the community, 'All of the money that I have expended over there is not counted; ignore that; it is not worth worrying about.' That is where this Government needs to be brought to task. The debts in the bad bank were created by bad management of the bank under the responsibility of the then Treasurer (Hon. J.C. Bannon), but more particularly under the management of the Labor Government. They cannot walk away from that; they cannot have their cake and eat it; they cannot say that all the good parts of the budget are of their making and that all the bad parts are of somebody else's making. Again, that is the problem with this budget. It is the worst possible budget in the sense that it is continually attempting to hide the issues for which this Government has been brought to task by the community.

The second point that is interesting relates to taxation. Being an election year, one would expect taxation in specific areas to be pretty neutral, and it is, with a few exceptions. One of the most outstanding exceptions is the 40 per cent increase in land tax. This Government has told Parliament, 'We are going to do something about land tax. We will control the growth of land tax because it affects small business.' It affects the only area in which there is growth in employment at the moment.

We had the farcical situation, which I pointed out when the Bill went through the House, that land tax cannot be added as an expense from the landlord to the small businessman. As I asked at the time: does this Government really believe that landlords will not pass on that expense? Of course, they will not pass it on as a direct cost. But why, in the small business area, are we seeing increases in rents of 8, 10 and 12 per cent? The CPI is only 2 or 3 per cent. We are seeing rent increases of between 8 and 10 per cent because of the stupidity of this Government. Landlords and owners of assets will pass on the cost that is created by the Government through land tax or any other charges that it may impose. Instead of seeing a 2 to 3 per cent increase in small business rents, it is 10 and 12 per cent. This Government does not understand the fundamental business practice of passing on costs. I said that when the Bill went through the House, and my comments are now being borne out.

It is fascinating when we look at the budget to see that the Government does not expect to get any more money from

land tax this year. Why? Because property values are down. But property values will not be down for too long, and a 40 per cent increase in the land tax base in the next 12 months will result in a massive increase in collection for this Government. Again, it is another sleight of hand: keep the figures down while property values are down with no recognition that in the next 12 months there is likely to be a significant increase.

Another point is that FID has gone down, and \$1 million is to go into the export assistance scheme. But where will \$1 million in \$260 million of exports go? This Government tries to tell business that it is helping. There has to be more than 1 000 businesses exporting from this State. If we divide that number into \$1 million, it is \$100 each.

**Mr Quirke:** You didn't get that number quite right.

**Mr INGERSON:** It is \$1 000, but the reality is that \$1 000 to a business exporting (that is \$10 million) is absolute peanuts. What the Government should be doing is looking at the true costs of business: workers compensation, land tax, and general taxation. FID, even though reduced, is still a horrendous tax. On the other side of the coin, the debits tax, which is the tax on the other side of the FID when you bank money and put your money in, provides a \$16 million extra rake-off. On one hand, \$1 million is going back and on the other hand \$16 million is coming out in the same banking transaction area. The Government is not giving anything away; it is in fact benefiting significantly.

The other point I would like to make in relation to the budget is this sleight of hand whereby last year the Government had \$50 million in its funds as a roll-over in the special balancing funds of each department. This year it expects to have \$16 million. There is another \$33 million that will be run down out of the State coffers. That is just there; no mention is made of any budget preparation. But when you closely look at it you see there is another \$30 million that has come out of the kitty from last year. Again you have this robbing of the bank all the time to pay for the excessive expenditure of the Government.

I refer to the area of tourism for which I am responsible. I have read a couple of comments made by the Minister stating that we have a \$2 million increase in the budget. If we have, nobody that I have spoken to can find out where it is. Last year there was \$16 million in the budget, and this year there is \$14 million in the budget. To me that is \$2 million less, but the Minister tells me that somewhere in the economic development authority is the balance of funds. That brings me to the final point that I would like to make. When the budgets are changed as they have been dramatically this year, why will the Government not put in a reconciliation account so that everybody who reads those budget papers can make simple references to where the money is going or where the money is coming from. That is a very simple exercise that any Treasury official at the lowest base level could make. It would help every member of this Parliament understand where the budget figures are coming from. If there is any change by the Government in a department's shape or size, we will then know there has not been sleight of hand.

This budget is an absolute shemozzle when it comes to that because you cannot find anything. If you look further into some of the other discussion papers, you find that there is \$7 million spent on regional tourism, \$4 million on interstate tourism marketing, and \$3 million on international budgeting—\$3 million to be spent by South Australia promoting South Australia internationally. It is no wonder that we have a 40 per cent drop in international visitor nights

over the past five years. It is no wonder that we cannot sell the message to the international community that we are interested in tourism. We are not even fair dinkum. Let us get a little bit interested. We are prepared to spend only \$3 million, out of a \$4.8 billion budget, in trying to market tourism in South Australia, for what is supposed to be and has been heralded by this Government as the best economic opportunity for the future.

In the past 10 years this Labor Government has spent \$77 million on tourism to see our international visitor nights drop 40 per cent. By anybody's measurement that would have to be an absolute economic disaster. If you took \$77 million and spent it marketing tourism in South Australia and internationally and you ended up with a 40 per cent drop in market share not only should you be sacked but all of the personnel within the tourism department should also be sacked. I am appalled at the amount of money that has been wasted on tourism. The South Australian community, particularly in the industry, is also appalled.

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

**Mr D.S. BAKER (Victoria):** I support the remarks made by the member for Bragg and other speakers I have been listening to tonight. I think any Government has to be mindful of its record. In presenting a budget the Government's credibility comes on the line, not only for what it says it will do next year but more importantly how it has performed in the past.

We have heard much about what this budget will do for South Australians, about how the debt as a percentage of GSP is going down, and about how wonderful that will be for South Australia. I might say that in the seven years I have been in this Parliament each year we have been told that things will improve next year.

I think it is very worthwhile to look at what has happened during the 10 years of Labor rule in South Australia. The table is very succinctly and very well put in the financial statement and I do not think anyone on the other side of the House could argue about the facts in the financial statement. This Government has been entrusted by the electorate of South Australia over the past 10 years to run the business of the State, and I will go through some of the methods it has used to keep in office. But the financial statement clearly shows that our debt at nominal prices—and you can put whatever connotation you like on it, but we will start on nominal prices—has gone from \$2.6 billion to \$7.869 billion in 1992-93.

With all the good news of the budget and all the hype of 'Look, we have turned the show around; don't worry about the criticism of the Opposition,' the estimated total debt in the budget for next year in South Australia is greater than this year. So, we are still slowly, ever slowly sinking down the gurgler.

I do not think any Government can claim credit for the financial management of the State if continually it is going into debt, especially when the percentage of GSP of debt has been going up each year. It has been rising quite dramatically in past years, although it has slowed this year, but it is an absolute financial scandal that the Government is trying to claim that the total debt as a percentage of GSP next year will be reduced. Because what happens in these budgets, which are presented every year, is that it is virtually impossible for anyone with any financial background at all to compare apples with apples. The bureaucracy, no doubt aided and

abetted by the Premier and the Ministers, make sure that the figures are hidden each time so that you cannot compare. But what you can compare and what you cannot hide on the way through is the total debt in South Australia, and that has gone from \$2.6 billion to \$7.86 billion in 1992-93. It is estimated to rise to \$8.1 billion during this financial year.

I do not know how anyone could go to an electorate and claim credibility with those sorts of figures. I will not have time to go through too many of the sleight of hand tricks that have been used, but it was very interesting to hear what will happen to the SAGASCO money if the Government succumbs to the price that has been offered. It has sold 19.9 per cent, of course. In the business sector all over Australia, prudent financial managers in these times are making the decision to sell assets to reduce their debt because they cannot, in the 1990s, sustain the level of debt and interest repayments that they sustained during the 1980s when there was a growth factor in the economy. The economy is flat, it will stay flat, and the situation in the 1990s will be similar to the situation that Australia was in from 1932 to 1940. It will be all about actual cash profits—not the profits that we have seen in the last four or five years with this Government, which are a shuffle of figures—and reduction of debt whenever those profits can be used to do so, or sale of assets to reduce the debt.

So the first test of the Government, in a major sense, is the selling of the SAGASCO shares. I was very interested to hear the Premier on the ABC, when he was asked what he would do with the SAGASCO money, saying, 'We will not pay it off debt; we will pay the super book profit off the debt and we are going to use the rest on recurrent expenditure.' If we look at a business to see how it is run and whether it has the ability to generate cash flow in the future, the very first thing we look at is whether assets are being sold and put into recurrent expenditure. This Government has been getting away with it for five years. For five years we have been standing up in this House and saying, 'You are deceiving the public in South Australia.'

We on this side of the House spend far too much time looking at the individual lines in the budget. We should be looking at the one that tells the story, that is, the financial assets and liabilities of South Australia. No-one can argue (even though people in the Government may try) that the net liabilities of South Australia are rising each year. They have risen each year since this Government took office.

One could say that the Government has done its best but, if one looks at some of the business entities that the Government has been in, one sees that it just has not happened overnight. It is easy to say, 'Well, it was the State Bank; that was \$3 150 million. Do not worry about it; we have made that mistake.' But this has been going on for years. When I first came into this place there was the Marineland scandal. The Government was being blackmailed by the unions, and in fact it made considerable pay-outs to the unions to try to get them to keep quiet. The member for Hanson was one of the people who helped uncover that scandal. Approximately \$8 million was lost as a result of the incompetence of the West Beach Trust, and as a result of the absolute incompetence in the handling of the matter by this Government.

We might say now that \$7 million or \$8 million is really nothing in the scale of our estimated debt of \$8 100 million next year, but until that time that \$7 million or \$8 million was the biggest financial scandal the State had seen. It was an absolute blatant pay-out to try to silence the green movement and the unions, who had ganged up against the Government

of the day, elected by the people—and they succumbed to that, of course. Not only did we see the unions being paid out but we saw the careers of the Abels family absolutely wrecked—and they will never recover. We heard all about the secret meetings with then Minister Arnold in his office on a Saturday afternoon, when the heavies got together to force these people to sign an agreement under duress to try to get the Government off the hook.

All that has been documented but, of course, documented years later after the evidence to a select committee, and that in itself was passed over by the Government as just a phase, something that happened and would not happen again. Of course, while this was going on we had the submarine project, which the Premier of the day said was the greatest project South Australia had ever seen. But what people forgot was that, to get the submarine project, which was supposed to be so good for South Australia, we had to build the *Island Seaway*. We had to give a couple of the tenderers a little bit of practice so, for something like \$20 million, we built a ferry to ply between the mainland and Kangaroo Island which has lost considerable amounts of taxpayers' money ever since.

It was doomed to failure from the day it was built. The Hon. Roy Abbott was the Minister at the time and came under intense scrutiny from this Parliament, and the answers by the Minister and the Premier of the time were, 'What is the Opposition doing? Are they trying to undermine the submarine project?' But \$20 million was blown by one of the tenderers in the submarine project so it could get some experience in ship building. That has been an absolute white elephant since the day it was launched, and it has probably covered more miles getting over the strait to Kangaroo Island than any other ship in history, because it very rarely travels in a straight line.

This was covered up. We found out that it was an inside deal with Marine and Harbors, which did not take any notice at all of the committee and what the committees of inquiry said; it decided it would let a tender to have this ferry built, just so someone could get some practice. So, there is \$20 million down the drain. At that time that was the next biggest financial disaster this State had had.

Then we moved on. We had the then Minister of Forests and members of this Government (it went through Cabinet, who aided and abetted it) going over to New Zealand and deciding to take on the Kiwis in the forestry game. They bought a timber company in New Zealand—but they bought the company on unaudited accounts. I do not think anyone, even the man who runs the corner deli, would buy a business without getting some information on what was going on. In fact, there is that very famous telegram which I looked up in my file today, when John Heard, who was advising the Government, stepped in and said 'Do not settle. Unaudited accounts. What on earth are you doing?' 'Too late,' she cried. They wanted to get away for Christmas, so they settled. So SATCO lost \$16 million through absolute financial incompetence by the Minister, the Cabinet and this Government.

SATCO, in its wisdom, lost about \$30 million of taxpayers' money, and very little has been done about it. That was the next biggest financial disaster. Then we moved on again in Woods and Forests, because the Government was not watching what it was doing, and we had this very famous Scrimber operation at Mount Gambier that had 75 starting dates; the whole of the last term of this Government was the starting dates for Scrimber. In fact, it was finally opened by the Premier in Mount Gambier about a month before the last election. But because of the financial incompetence of this

Government, once again, \$60 million of taxpayers' money was lost.

While I am on Woods and Forests, that department, which is supposed to have been pulled into gear, in a financial sense, in its last financial year lost in cash \$75 million of taxpayers' money. So, all these amounts are escalating. But still the Government goes to the people and says, 'Look, we are doing our best.' I think they meant it and, quite frankly, I think they were doing their best with what they were working with. But they were working with incompetent financial managers and incompetent Ministers. They were working with very good journalists, very good speech writers and people who could write very good press releases, but not one of them had done any more than put out the milk money every morning. That was the limit of their financial competence.

We then moved to the SGIC saga. I can remember standing in this House and berating SGIC and what it was doing, and being ridiculed by Ministers and members of the Government saying, 'You are knocking South Australia.' It is a pity that we did not knock a lot earlier. It is a pity that the media did not listen to what we were talking about, because, in each case I have mentioned until now, the Opposition was very active in questioning, the Auditor-General was very active in questioning, and in each case the media were fooled by the press releases and the smooth words of these incompetent people who were running the coffers of South Australia.

**Mr Becker:** An absolute con trick.

**Mr D.S. BAKER:** Exactly, as the honourable member says. Over the years this has happened. It is the same old thing, time and time again. 'Look, it will be better next year, we will not make that mistake again,' but every year it happens, and it happens because this Government is not faintly interested in getting down to the nitty gritty and trying to run this State on behalf of the taxpayers, instead of running it on behalf of their own ends. When we look at some of the election promises that have been made, like the infamous sleazy deal that we have talked about many times in here, the \$2 million in interest rate subsidies—under the hat of course—and the free bus travel, which have to be paid for by the taxpayer, they continually go onto our State debt.

*Mr Holloway interjecting:*

**Mr D.S. BAKER:** Well, I can promise the honourable member one thing—

**Mr Such:** Better management.

**Mr D.S. BAKER:** Yes, as the honourable member said, the management will be far superior to anything that has been offered in the past ten years. I do not know how any member opposite, from the incompetent Ministers to the backbenchers, can even think of interjecting, considering the way they have run this State over the past 10 years. I know that you, Mr Deputy Speaker, have been thrust onto the back bench and not allowed to participate in it. You are someone who has considerable wealth, I am told, and know how to manage it, but you have been pushed to the background, because you, Sir, have been saying from that back bench for many years, 'This Government should take stock of itself and get a few people involved,' apart from the union yobbo mates who are in there who must have the payoffs, when people of competence, like you, whose careers could have been probably up in lights now in South Australia, have been chucked onto the back bench, and only when the Speaker is away do you get some say in the running of South Australia. As to these people who interject, I think it is about time they listened to people such as the Deputy Speaker who have been telling them for years that things have not been good in this State.

It really does amaze me how people have the gall to go out to their electorates and say, 'Please, Mr Elector, re-elect us.'

**The Hon. M.K. Mayes:** We have watched you as Opposition Leader.

**Mr D.S. BAKER:** All I can say for the Minister is his track record has been great, because it does not stack up too well. We will not argue about that, because I think it is improper to argue about that now. Just let us go to the people. Do not let us argue tonight. Get the Premier to call the election and then we can go out, and let us go on the Government's financial management.

*The Hon. M.K. Mayes interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mr D.S. BAKER:** I have one of the most marginal seats in South Australia. I am prepared to go on the Government's financial record.

*The Hon. M.K. Mayes interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mr D.S. BAKER:** In fact, I am prepared to go and doorknock in Unley on this Government's financial record, and I am prepared to help our candidate there and forsake my seat, because I think it is in South Australia's interest. It is something that should be done for South Australia.

The last item that we have to talk about is, of course, the State Bank—\$3 100 million. We would not have got a royal

commission had we not pushed the Government into it. I remember the day when we moved for a royal commission and the Government said, 'Why do you want a royal commission?' It was only about two hours later when the Government said, 'We think we'll have one.' The Government knew that it was bigger than the lights at Football Park, about which a royal commission was held, and it thought 'Perhaps we had better have one on the State Bank.' The litany of disasters of the last decade have all come home to roost in that royal commission. I think it is very fitting, as this Parliament closes, that we do go to the people on the financial management of the State, on what the royal commission has found and on the financial incompetence of the Ministers in this Government. Those members on the backbench who have been kept back there, many with ability, must be smarting to know that this was going wrong when they should have had a say.

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

**Mr SUCH** secured the adjournment of the debate.

#### ADJOURNMENT

At 10.32 p.m. the House adjourned until Wednesday 8 September at 2 p.m.