HOUSE OF ASSEMBLY

Wednesday 16 November 1994

The SPEAKER (Hon. G.M. Gunn) took the Chair at 2 p.m. and read prayers.

SODOMY

A petition signed by 83 residents of South Australia requesting that the House urge the Government to criminalise sodomy was presented by Mr De Laine.

Petition received.

EDUCATION AND CHILDREN'S SERVICES

A petition signed by 12 residents of South Australia requesting that the House urge the Government not to cut the Education and Children's Services budget was presented by Mr Leggett.

Petition received.

NOARLUNGA DOWNS PRIMARY SCHOOL

A petition signed by 1 298 residents of South Australia requesting that the House urge the Government to install safety measures at Noarlunga Downs Primary School and at Liguria Road to regulate the traffic flow and therefore provide safe passage for the students of the school was presented by Mrs Rosenberg.

Petition received.

QUESTIONS

The SPEAKER: I direct that the following written answers to questions without notice be distributed and printed in *Hansard*.

TEACHER NUMBERS

In reply to **Mrs GERAGHTY (Torrens)** 12 October.

The Hon. R.B. SUCH: My colleague the Minister for Education and Children's Services has provided the following response. At the time of the budget, the Government indicated that up to 422 teachers would be separated because of the change to the divisors in the staffing formula. Separation packages will be targeted to specific curriculum areas where there is surplus. Teachers who have been assessed as AST or who hold leadership positions will not be considered for TSPs. These teachers are our most experienced teachers. At the time of the budget a comparative report was prepared showing the difference between 1994 principal estimated enrolments and 1995 estimated enrolments.

This report indicated that there could also be an impact on schools because of possible enrolment change. However we will not know until February 1995 when actual enrolments are known as to how accurate these enrolment estimates were. In recent years there have been occasions when there have been significant differences between the estimated and actual enrolment figures. The Government will only offer TSPs to teachers in those curriculum areas where there is clearly demonstrated surplus which will only be known when the first round of the teacher placement exercise is completed in November.

SCHOOL CARD

In reply to **Ms STEVENS (Elizabeth)** 12 October.

The Hon. R.B. SUCH: My colleague the Minister for Education and Children's Services has provided the following response. There are two changes in the eligibility criteria for 1995. There is no longer a provision for the rent or mortgage payment to be deducted from the gross family income when comparing it to the cut off point for the means test. The other change to the eligibility criteria is the withdrawal of the historic automatic approval categories which include Aboriginal-Torres Strait Islanders, new arrival migrants, foster students-students in substitute care, children in institutions, current or ex students of Townsend House, students receiving a full pension or allowance for disabilities. It is believed that a proportion of these students will be able to be approved for 1995 using the new criteria.

Overall, the 1995 changes will not have a significant effect on the number of approvals. The elimination of mortgage deductions is expected to reduce the numbers by about 3 000. The department is also developing eligibility criteria (for 1996) which it is expected will result in a reduced number of applicants but in such a way that there will be minimum effect on students in need at the time fees are paid (for example, a person unemployed in September 1994 for four weeks will have a Department of Social Security Card which is valid for six months—thereby qualifying for School Card). Targeting approval to only those applicants who are receiving Department of Social Security benefits during the school fee payment period will alone significantly reduce numbers—presumably those affected by this decision are no longer in need. Initial estimates by the department indicate that a reduction of up to 20 000 in School Card numbers may be achieved by these and other measures.

HOUSING TRUST CREDIT POLICY

In reply to **Ms HURLEY (Napier)** 19 October.

The Hon. J.K.G. OSWALD: I provide the following replies:

1. No external professional consultants were engaged on the development of the trust's new credit policy. The policy was prepared by a committee of trust officers with a wide range of experience in public housing policy and operations. The committee included regional representation together with centrally based officers with expertise in housing policy, debt recovery and computer systems development. The committee consulted widely amongst staff within the trust to ensure that the policy reflects the needs of the organisation to contain debt levels while retaining the flexibility to take account of extenuating circumstances of individual customers. The committee commenced its work in January 1994 and the new policy was approved by the board of the trust in July 1994.
2. Not applicable.
3. Not applicable.

PAPER TABLED

The following paper was laid on the table:

By the Deputy Premier (Hon. S.J. Baker)—

State Supply Board—Report, 1993-94.

PUBLIC SECTOR SUPPLY MANAGEMENT

The Hon. S.J. BAKER (Deputy Premier): I seek leave to make a ministerial statement.

Leave granted.

The Hon. S.J. BAKER: I am tabling today the Annual Report for 1993-94 of the State Supply Board. In doing so, I believe it is timely to outline a new direction for the management of supply in the South Australian public sector. In May of this year, I tabled the report of the review of the State Supply Act, initiated in November 1993 by the former Government and completed in March of this year. This review was required by statute. Section 23 of the State Supply Act required that the Act be reviewed by 31 December 1994.

The review report makes 33 recommendations. Its general thrust is that there are already enough legislative, regulatory and procedural provisions via such mechanisms as the Government Management and Employment Act, the Public Finance and Audit Act and its regulations, and Treasurer's Instructions to achieve good management of the supply function without the need for a separate State Supply Act and a State Supply Board. The report aims to make managers in the Public Service more directly accountable for management of supply.

Over the past few months I have been considering the implications of this report. I have concluded that, whilst it should be a long-term goal to simplify the regulatory framework governing public sector supply management, I do not intend at this time to propose a set of legislative reforms to the Parliament. Instead, I intend to pursue strategies which will incorporate a whole of Government approach to supply management and which have the potential to save South Australian taxpayers tens of millions of dollars every year.

The purchase of goods within the South Australian public sector is valued at more than $900 million per annum. In view of the magnitude of this cost, policy decisions and strategies adopted by Government purchasing managers can influence the achievement of broader policy directions in the areas of industry development, environmental management and social justice objectives.

The central framework set in place in South Australia for supply management is the State Supply Act, which is administered by the State Supply Board. The board has responsibility for establishing supply policy statements and guidelines, as well as issuing a set of procedures for supply management across those agencies operating under the State Supply Act.

The supply function comprises two principal sets of activities: procurement; and warehousing and distribution. In recent years the best private sector companies have realised that a more disciplined approach to procurement, particularly through sticking to whole of organisation contracts, can achieve savings of at least 5 per cent across the board. Commencing shortly, the State Supply Board will be reviewing all procurement arrangements with the objective of ensuring that the Government adopts that same disciplined approach to purchasing, that it uses it purchasing power sensibly, and that it secures the best overall prices for goods purchased. A 5 per cent saving in the value of current purchases quoted above would mean a saving to the taxpayer of more than $45 million every year.

I will now turn to warehousing and distribution. Modern supply management principles are based on a minimum of warehousing activity, relying instead on good planning and, as much as possible, direct deliveries from the supplier to the ultimate end user. With a diverse range of activities such as those of the public sector, it would not be practical to eliminate all warehousing. However, the Government currently operates 422 warehouses, ranging in size from major operations to quite small sub-stores, and maintains stockholdings in excess of $105 million.

Earlier this year, the State Supply Board, with the cooperation of the major agencies involved in warehousing, launched a review of all warehousing and distribution. The current estimates of current warehousing activities suggest an annual cost of $38 million. A more modern approach is expected to save at least 10 per cent of these costs, or an annual benefit to the taxpayer of around $3.8 million. The review of warehousing and distribution will also be considering the potential to contract out and make better use of the land on which Government warehouses are currently situated.

Finally, I wish to address the question of service contracts. Currently, the State Supply Act provides for the State Supply Board to become involved in service contracts only on request from an agency. Accurate estimates of the cost of service contracts across the public sector are not available, but it would not be surprising if the annual cost of service contracts were of the same magnitude (over $900 million per annum) as those for goods purchases. There is very little across-Government coordination of service contracts, so it is safe to assume that there are potential savings of millions of dollars through better coordination of mailing arrangements, courier contracts, contract cleaning, various maintenance contracts and many others.

In summary, I intend to request the State Supply Board, pursuant to section 17 of the State Supply Act, to take account of the following:

- in the current review of warehousing and distribution, the importance of ensuring maximum cost savings through rationalisation, contracting out and release of land;
- in the forthcoming review of procurement, to recommend arrangements to achieve maximum discipline in Government purchasing of goods through conformance with whole of Government contracts which will aim to provide goods at the lowest prices;
- the possibility, to be addressed also in the procurement review, of adopting the same discipline in service contract arrangements as we intend to have for the purchase of goods.

In addition, I will ask the board to:

- reconsider and make recommendations to me as to the membership of the board, in light of the new directions outlined in this statement, and a greater board role in respect of Prescribed Public Authorities (the bodies currently excluded from the domain of the board with ministerial approval) to achieve a more whole of Government approach;
- write to the Ministers responsible for the Prescribed Public Authorities, asking that they ensure their agencies conform with State Supply Board policy. In particular, these agencies will need to conform with whole of Government initiatives such as whole of Government warehousing and procurement;
- set in place adequate reporting systems to provide information on all South Australian Government supply purchases/contracts across the whole of the South Australian Government.

This approach will allow the recommendations of the State Supply Act review to be progressively investigated whilst achieving significant savings across Government. Finally, I emphasise that throughout this activity I expect the State Supply Board to continue to work intensively with the Economic Development Authority to ensure that every opportunity for South Australian companies to gain strength by winning Government contracts is taken.

PATAWALONGA

The Hon. J.K.G. OSWALD (Minister for Housing, Urban Development and Local Government Relations): I seek leave to make a ministerial statement.

Leave granted.

The Hon. J.K.G. OSWALD: I wish to respond to misinformation floating around the public arena over the past few days in relation to the Government's commitment to cleaning up the Patawalonga. The Australian Conservation Foundation has been the most vocal on this issue in the media. I wish to reassure the House that we are committed to cleaning up the Patawalonga and its environs. We said this in Opposition and we are doing it in government. These are the facts. Contrary to comments made by the spokesman for the Australian Conservation Foundation, upstream pollution is being tackled. The Government, through the Minister for the Environment and Natural Resources (Hon. David Wotton)

has already allocated $1.5 million specifically for upstream. This has been allocated this financial year to be spent on trash racks and silt traps.

The Better Cities funds, which my department convinced the Federal Government to redirect through the Patawalonga, will be spent to clean up the Patawalonga, which will act as an incentive for development of the Glenelg/West Beach area. Despite intensive media publicity, fewer than 40 people attended the public meeting convened on Monday night by the Australian Conservation Foundation, about eight of which were officers involved in the project. Long-time residents of the area were particularly vocal in support of the Government's initiatives.

The meeting was a confirmation of the approach we are pursuing and nothing was raised that would cause us to change direction. There is no disagreement between the MFP and other Government agencies on the approach to resolving the problems in the Patawalonga catchment. The report prepared by the MFP is quite consistent with the recently released discussion paper and other published reports on the Patawalonga basin. The MFP report simply provides more detail on one of the possible approaches to resolving long-term water quality problems in the Patawalonga basin. It is also important to explain that the MFP is not overseeing the Glenelg redevelopment project, as has been stated in the media. The MFP is available to provide assistance and advice to Government as part of the whole of Government approach to the project.

The initiative taken by the Government in respect of the Patawalonga is clear and comprehensive. There are three components: first, the Government is giving an emphasis to the total management across the whole of the catchment. This involves bringing together the upstream councils to form a catchment management authority, funding of the remedial works in the upstream catchment and having a total catchment management plan prepared. It is important that this authority be established to provide for the ongoing management of the catchment. The upstream catchment has not been ignored and has been a priority of the Government since day one. Secondly, the Government is proceeding with design work on excavation and flushing of the Patawalonga basin. It is essential that this work proceed, and priority is being given to the design and preparation of tender documents so that work can commence on the ground in March 1995. Money from the BBC program will be used to fund this work. Thirdly, developers have until 9 December this year to register their interest in becoming involved in development opportunities that exist within the area.

The important point is that, after years of inaction, this Government is now moving to address the problems in the Patawalonga. This is a major comprehensive and complex process. Substantial moneys have been identified to enable us to make a significant start. We are now in a position where we can start putting in place some of the measures necessary to deal with the problem. The conservation movement and the people of South Australia should be delighted that this is at last occurring.

PUBLIC WORKS COMMITTEE

Mr ASHENDEN (Wright): I bring up the report of the committee on the Flinders Medical Centre Accident and Emergency Department upgrade and move:

That the report be received.

Motion carried.

The Hon. S.J. BAKER (Deputy Premier): I move:

That the report be printed.

Motion carried.

LEGISLATIVE REVIEW COMMITTEE

Mr CUMMINS (Norwood): I bring up the eleventh report 1994, second session, of the committee and move:

That the report be received and read.

Motion carried.

Mr CUMMINS: I bring up the twelfth report 1994 of the committee and move:

That the report be received.

Motion carried.

QUESTION TIME

JUDICIARY

The Hon. M.D. RANN (Leader of the Opposition): Will the Premier apologise to the Chief Justice for his comments last night when he referred to Mr Chief Justice King as a Labor Party stooge, and is he prepared publicly to assure the judges and commissioners of the South Australian Industrial Commission that no further attempts will be made by this Government to interfere politically in their proceedings? Yesterday, the full Industrial Commission made an unprecedented statement warning the State Government against political interference. Earlier this year, the Chief Justice, Mr King, also detailed threats that have been made to judicial independence in this State. Last night the Premier said, 'Would the Deputy Leader like me to stand here and repeat the list which I have already mentioned in the House previously?'

Mr LEWIS: I rise on a point of order, Mr Speaker.

Members interjecting:

The SPEAKER: Order! The member for Ridley.

Mr LEWIS: Mr Speaker, that is a direct quote from *Hansard*, and I believe that it is therefore outside the purview of Standing Orders.

The SPEAKER: Order! The Leader of the Opposition has given a very lengthy explanation. I therefore believe that he has adequately—

Mr Clarke interjecting:

The SPEAKER: Order! I sincerely hope that the Deputy Leader was not reflecting on the Chair because, if he was, he will be named on the spot. I suggest to him that the comments he has made and the actions he has taken are completely inappropriate. The Chair is of the view that the Leader of the Opposition was making a lengthy explanation far beyond what was required and was commenting.

The Hon. M.D. RANN: On a point of order, Mr Speaker, my lengthy explanation was one sentence.

The SPEAKER: Order! The Chair has indicated to the Leader of the Opposition that he was commenting. I have not stopped the Leader of the Opposition from explaining his question. If he wishes to complete it, I will allow it.

The Hon. DEAN BROWN: From the outset, let me point out to the House that I did not say at all that the Chief Justice was a political stooge. What I simply pointed out to the House in answer to interjections by the Deputy Leader during another debate was that Mr Len King was appointed directly

from the position of Attorney-General to Senior Puisne Judge and then to the position of Chief Justice. At the time, we were talking about political appointments—

The Hon. M.D. Rann interjecting:

The SPEAKER: Order!

The Hon. DEAN BROWN: In the broader context, I did, in fact, refer to a number of appointments—

Members interjecting:

The SPEAKER: Order! The Minister for Tourism is out of order.

The Hon. DEAN BROWN: —made by the Labor Party. As I said, I have referred to them in this House on previous occasions. I recall the Government of the day becoming very excited when we pointed out that other ministerial staffers had been appointed to senior positions within the public sector. Last night the Opposition in this House attempted to accuse this Government of trying to set up a new Act when, in fact—

Members interjecting:

The Hon. DEAN BROWN: Well, there were a number of things. It raises questions in respect of the head of the Premier's Department under the then Premier, Mr Bannon—

Members interjecting:

The SPEAKER: Order!

The Hon. DEAN BROWN: Apparently the head of the Premier's Department was unacceptable to new Premier Arnold and was sent off to Flinders University to find a position for a five-year period, which cost the taxpayers of South Australia over $1 million. The most unacceptable part of all this is that he will receive a salary equal to that of the head of the Premier's Department, whatever that might be, for the next five years. I think that is totally unacceptable behaviour.

Members interjecting:

The SPEAKER: Order!

The Hon. DEAN BROWN: That is the sort of outrageous appointment that was made by the previous Government and to which I referred. I did not, in fact, name anyone.

Members interjecting:

The Hon. DEAN BROWN: Listen! Then the honourable member interjected across the Chamber, 'What about the appointment of Justice Millhouse?' I said, 'I would not have thought the Labor Party was in a position to ask about appointments of judges to the Supreme Court because it took the then Attorney-General King and put him in as a senior puisne judge on the clear understanding that he would then become the Chief Justice.' So I stand by everything I said last night.

KANGAROO ISLAND FERRY

Mr BECKER (Peake): My question is directed to the Premier. What preliminary arrangements have been made by the operators of the fast ferry service between Glenelg and Kangaroo Island to embark and disembark passengers on the mainland when weather conditions prevent safe berthing at the end of the Glenelg jetty?

The Hon. DEAN BROWN: I thank the member for Peake for the question, because the matter was raised in a very negative way by the Leader of the Opposition yesterday. Once again, it highlights the extent to which the Leader of the Opposition wants to knock anything that gets up and going in this State, having failed for 11 years to get anything going in South Australia—in fact, it was lose and lose. We get something going and within a week the Leader of the Opposition is knocking it.

Members interjecting:

The SPEAKER: Order!

The Hon. DEAN BROWN: Last night I asked my staff to check whether any other arrangements had been made for the berthing of the ferry under unfavourable weather conditions in the interim period before longer term and better facilities were constructed at the Patawalonga.

Members interjecting:

The SPEAKER: Order! The Premier has the floor.

The Hon. DEAN BROWN: My staff contacted the Glenelg to Kangaroo Island *Super Flyte* ferry people this morning and found that a week ago arrangements were put in place for two alternative landing spots in the case of bad weather: one is at the North Haven Cruising Yacht Club and the other is at Outer Harbor. Therefore, if the *Super Flyte* ferry happens to be away from Adelaide for the day and part way through the day very high wind conditions arise, the ferry will be able to berth at either North Haven or Port Adelaide at Outer Harbor. In fact, a bus will be provided by the ferry service to take passengers back to Glenelg.

Apparently, on the Sunday when the inaugural service occurred, passengers were taken out on shorter trips into the gulf from the facilities at Outer Harbor and apparently it worked very well. I highlight that this group of people will make and are making sure things happen. It will be a great boost to tourism here in South Australia, opening up Kangaroo Island enormously. I was interested to learn that only about 25 per cent of South Australians have visited Kangaroo Island. Three-quarters of the people in this State have not been to Kangaroo Island and I urge them to look at the different alternatives for going to Kangaroo Island: the *Sealink* ferry from Cape Jervis and the day ferry from Glenelg. I urge them to pay a visit to see the spectacular scenery of Kangaroo Island. It is part of building up tourism in this State.

WOMEN'S AND CHILDREN'S HOSPITAL

Ms STEVENS (Elizabeth): How does the Minister for Health justify increases of over $1 000 per year in charges imposed by the Women's and Children's Hospital for food supplements and appliances, particularly for children suffering from cystic fibrosis, cancer and cerebral palsy; and will he meet with the families who will be hurt by this tax on sick children? In response to the Government's health cuts, the Women's and Children's Hospital was recently forced to increase pharmacy charges for food supplements for children eligible for concession from $2.60 per month to over $20 per month. Parents have also been told that the ceiling on monthly charges for appliances, including tubes and devices to assist feeding, will treble on 1 January. This will cost the families of children who cannot feed in the normal way up to $2 600 per child per year extra.

The Hon. M.H. ARMITAGE: First, I will address a number of matters of history as we assess this issue.

Mr Clarke interjecting:

The Hon. M.H. ARMITAGE: Absolutely. Yes, they are my decisions. I fully recognise they are our decisions, but why are we making those decisions? Those decisions are being made in the context of the Women's and Children's Hospital because, when we took over this State, it was a financial cot case. Year after year, including after the State Bank disaster—and let us not mince words—was known, the

response in the budget was to increase funding, with absolutely no responsibility whatsoever and no concern for financial rectitude. The attitude was spend, spend, spend. That was quite clearly the issue at the last election. We have 36 members, you lot have 11. At the last election the South Australian people asked us to make sure that the State's finances were not left in the devastated state that your lot left them in after 10 years. That is why the cuts are being made.

I will check the statements of the shadow Minister, because in a number of instances the shadow Minister has made incorrect statements. I should like to highlight to the House an important one of those episodes. That was in relation to the Modbury Hospital privatisation exercise, where I arranged for the shadow Minister to have a briefing from a member of the Health Commission and from Healthscope Pty Ltd, the two bodies most involved. On three occasions during that briefing, the member for Elizabeth was told that the hospital would not be sold. The following day, the shadow Minister told everyone who would listen—and there are not many who do listen to the Opposition—that the hospital would be sold. Coming from the Party with the standards of Graham Richardson, that is not surprising.

The other aspect of this important matter concerns a copy of the shadow Minister's media release on this matter; towards the bottom of page 1 it states:

> That's a heck of a lot of money to find just for medical costs that cannot be claimed through Medibank.

I remind members that the shadow Minister said 'medical costs that cannot be claimed through Medibank'. Everyone in Australia knows that the system is Medicare, not Medibank. Medibank—

Members interjecting:

The Hon. M.H. ARMITAGE: I am coming to that. Medibank was the system that Gough Whitlam introduced in 1972. This is 1994, and this Government will deal with the problems of 1994 appropriately. Whilst we are talking about costs that cannot be claimed through Medicare—not Medibank—I would be delighted if the shadow Minister would join me in addressing the matter of what can and cannot be claimed through Medicare with her colleague in the Federal Government, because there are countless episodes where totally appropriate medication ought to be claimable but her friends in Canberra say 'No.' What about Recombinant Factor 8? Let us see how many times you have addressed that with your colleague in Canberra: I will bet it is a big fat zero. Yet you are happy to see all the children with haemophilia subjected to the risk of hepatitis. How many times have you written to your colleague about that? You are only too happy to see all the costs shelved. The attitude is: do not address the hard issues because we come from a Party where, when we have a problem, just let us spend.

As I said, I am very happy to address those matters with the Commonwealth. The board of the Women's and Children's Hospital does have a financial plan with which it has agreed. I have spoken with it on numerous occasions, and there are many points on those plans which we have already discussed and which are completely appropriate.

For instance, there is the matter of people from interstate having pathology tests done here. What is the hospital going to do now? After more than 10 years of rule by this other lot, the hospital will now charge interstate patients so that the money can be used here. How come members opposite sat silently for 11½ years and let interstate patients get free pathology tests done when 9 500 people were on waiting lists? Because they did not know; because they mismanaged. Their solution was, 'We've got an interest group. Let's write out a cheque and keep them quiet.' Well, it does not work because, unfortunately—

Members interjecting:

The SPEAKER: Order!

The Hon. M.H. ARMITAGE: —somewhere along the line the boom falls. Mr Speaker, I point out to the member for Elizabeth that the boom fell after the State Bank. At the Women's and Children's Hospital there is a safety net for these sorts of patients, and I inform the member for Elizabeth that that hospital has retained the safety net for all users of these appliances and their specialist food supplement at great cost to the hospital. It is as simple as that. The cost of this can be more than $18 000 per child per year. So, a $1 000 charge, if that is the case—I say 'if' and I will come to that in a minute—is about a 5 per cent cost (about one-twentieth). I would argue that that is quite reasonable.

The SPEAKER: The Minister has given a very extensive answer and it would be a good idea if he wound it up.

The Hon. M.H. ARMITAGE: Well, Mr Speaker, this is a very important issue. The fees have not risen at all.

The Hon. FRANK BLEVINS: On a point of order, Mr Speaker, I would ask you to rule whether that answer is more than one sentence.

The SPEAKER: There is no point of order. The honourable Minister will now conclude his answer.

The Hon. M.H. ARMITAGE: I intend to conclude my answer. I should point out that the Royal Melbourne Children's Hospital has no safety net whatsoever. It charges full cost recovery. However, the important point, despite all of this, is that the percentage increases, where they go over the safety net of $150 or $40 per month respectively, are treated carefully and are looked at individually. I am informed that most patients using this system will not experience any increase whatsoever.

PROTECTIVE CLOTHING

Mrs HALL (Coles): Can the Minister for Industry, Manufacturing, Small Business and Regional Development advise the House whether a South Australian company has won a contract to provide new protective clothing for our fire services? Can he also advise the House what role the Industrial Supplies Office may have played in this matter? Several months ago there was some concern and public interest over reports that protective clothing for our fire services could not be supplied by a South Australian company.

The Hon. J.W. OLSEN: Yes, a major contract was called earlier this year by State Supply for 1 000 Metropolitan Fire Service fire turnout jackets. As the honourable member relates to the House, it was not anticipated that a South Australian company would be able to tender or participate in that contract. To that extent, the Industrial Supplies Office, now located at the Centre for Manufacturing, was called in to assist in the preparation of a detailed acquisition plan for these garments and to identify any local suppliers within South Australia that could participate in the contract.

The ISO was asked to do that not only because of the need to locate South Australian suppliers but also because difficulty had been experienced with previous tenders in relation to supplies to the MFS. During the process of the preparation of detailed documentation by the Industrial Supplies Office and the State Supply Board, clarity of the

draft tender specifications and a time frame by which suppliers would have to comply with the delivery of those jackets were considered.

The tender call enabled national and international participation and an equal opportunity for all potential suppliers—local, national and international—to bid for the business. As there was no Australian standard for such garments, an international standard number was established for the provision of these jackets.

I am pleased to advise the House that the successful tenderer was an Australian-owned company—Protector Safety Pty Ltd, which employs some 100 people, located at Lonsdale, South Australia. It won against very strong national and international competition. The company manufactured these items to the international standard that had been struck in the specification stage from cloth manufactured in Australia using imported yarn because the material is not available within Australia.

The product is recognised as amongst the best protection available in the world. It is excellent value for money and cheaper than the imported products offered in the tender phase and to the MFS. Not only was the company successful in winning this significant contract but it is now recognised under that international code as an international source of supply in Hong Kong and it has recently tendered on the export market and won contracts to supply in Malaysia and Brunei. It is another South Australian small manufacturing operation that has been successful internationally.

MENTAL HEALTH

Mrs GERAGHTY (Torrens): Will the Minister for Health now admit that mental health services in South Australia have reached crisis point and will he reverse his budget cuts to mental health services before the mental health system in this State collapses? In an internal memo, the CEO of the South Australian Mental Health Service, the eastern region senior psychiatrist and a visiting senior psychiatrist at Glenside state:

> The mental health system is now in crisis.

The psychiatrists also state:

> We are ashamed about the current limitations within our services and feel desperate that the future is likely to bring further deterioration in resource availability.

They then state:

> It appears that the South Australian Government does not have any intention of delivering a comprehensive mental health service in the foreseeable future.

The Hon. M.H. ARMITAGE: Clearly, I disagree with the contention that the honourable member is putting up, because for a number of reasons it is palpably wrong. In fact, the situation—

An honourable member interjecting:

The Hon. M.H. ARMITAGE: The Chief Psychiatrist has been well known for doing this. He has written a number of letters like this in the past. He wrote a similar letter to the previous Government. It is the same letter, almost word for word—he could have changed the date from the previous episode. In fact, he is a disaffected individual; he has moved around the system and proven that on a number of occasions.

Members interjecting:

The Hon. M.H. ARMITAGE: Members opposite can laugh, but it is factual. We can look at that if you like. Despite Mr Brian Burdekin's view about a lack of action in relation to mental health services in this State, I note a very interesting article in the *Age* today in which Dr John Paterson, the Chief Executive Officer of the Victorian Health Department, indicates exactly what I have said in this House about Mr Brian Burdekin. That is good reading.

We have made many changes despite all the dilemmas left to us by the previous Government. I remind members of the House that the realignment report, which was commissioned by us and carried out by KPMG Peat Marwick Health Care Services Consulting Division, pointed out that there was no valid base whatsoever for the financial targets relating to the previous Government's deinstitutionalisation policy. In fact, the report states:

> We believe that the savings targets originally anticipated for the areas project were unrealistic and should be discarded.

We have discarded them, like many policies of the previous Government have been discarded, and we now have a perfectly valid and reasonable plan in place that will see a doubling of funds from $7 million to $14 million in community care this financial year, which is exactly what everyone one in the mental health sector has been requesting for years.

HINDMARSH ISLAND BRIDGE

Ms GREIG (Reynell): I direct my question to the Minister for Aboriginal Affairs. In the light of the Commonwealth Parliament's rejection of a motion of disallowance of the declaration by the Federal Government banning the construction of a bridge to Hindmarsh Island, what steps will the State Government take to impress on the Commonwealth the need to reform its processes to avoid problems of interaction in Aboriginal heritage laws?

The Hon. M.H. ARMITAGE: I thank the honourable member for her question about a matter that has significance obviously in relation to the Hindmarsh Island development but, indeed, much greater significance for the whole of investment in South Australia. I am sure everyone in South Australia, including members opposite, know only too well the saga concerning the bridge to Hindmarsh Island—or the bridge to nowhere as it has been termed—because it was their Government that left us with the dud contract.

The Hon. D.S. Baker interjecting:

The Hon. M.H. ARMITAGE: 'Did the deal', as the Minister says. This Government, on coming to office, and I, as Minister, went down the track of consultation as we were required to do and made a decision, which the Commonwealth overrode. I am pleased to say that the then Leader of the Opposition agreed with us. I presume that the present Leader of the Opposition would agree with the State Government's position, as did his predecessor. I am not sure about that; perhaps we can hear at some stage whether he is in favour of investment in the State or whether he is in favour of Robert Tickner's being able to override us.

At a Ministerial Council meeting held in Sydney on 2 and 3 November which was attended by Aboriginal Affairs Ministers from the States and Territories and the Federal Minister, I proposed that a working party of officers be set up to improve the processes relating to Aboriginal heritage and development issues. That proposal received unanimous support from the States and Territories, but we had to drive the Federal Minister kicking and screaming to the barrier. He said at one stage:

> Obviously, ATSIC, as my adviser and the Commonwealth Government's adviser, no doubt would like to have some input. So

that is one reason why I would be reluctant to agree to terms of reference until I run the proposals past the board of commissioners.

I would ask what authority the Federal Minister actually has. However, the working party will establish a framework covering such matters as 'clarity, consistency and efficiency in approval and appeal processes; bilaterally agreed joint approval processes to minimise delays and the risk of Commonwealth intervention; defined limits for State and Commonwealth consideration and action; and the requirements of consultation and negotiation between interested parties and Aboriginal groups at initial project phase'. That is not doing what previous Government did, namely, going five years down the track and expecting an investor to put up $25 million, only eventually to go broke because the right people were not consulted. The Hindmarsh Island bridge saga showed up the inadequacy of the present processes. I am optimistic that, having taken a prickly nettle in hand, we will have a very positive resolution of the matter.

GLENSIDE HOSPITAL

Mrs GERAGHTY (Torrens): Will the Minister for Health inform the House how he will deal with the latest crisis in acute patient services at Glenside Hospital, and will he urgently meet with staff and other groups concerned with mental health issues to resolve this crisis? In an internal memorandum from the consultant psychiatric staff at Glenside Hospital dated 11 November, serious and urgent concerns are expressed about the acute services at the hospital. The memo states that the practice of using overflow beds, combined with the chronic and worsening shortage of consultant psychiatrists, has led to a situation that they feel is now unsafe and untenable. I quote the memo as follows:

> We also have a responsibility to our junior staff who are being increasingly asked to shoulder inappropriately high case loads without appropriate supervision. It is also our overriding concern that if these problems are not clearly identified and addressed by SAMHS—

The SPEAKER: Order! The honourable member is now commenting.

Mrs GERAGHTY: I am quoting, Sir, and I said I was quoting.

The SPEAKER: Leave is withdrawn.

Mr CLARKE: I rise on a point of order, Mr Speaker, in relation to your ruling. The member for Torrens was quoting from a letter to enable the Minister to be better informed of the question she was asking—

Members interjecting:

The SPEAKER: Order! The Minister is not helping.

Mr CLARKE: —and there was no agitation on that issue prior to the Deputy Premier's waving his arms about.

The SPEAKER: Order! In response to the Deputy Leader of the Opposition, the Chair was listening very carefully, and I allowed the honourable member to go further in her explanation than I normally would have, because she is a relatively new member. I suggest to the Deputy Leader of the Opposition that, if he wants to see how the Standing Orders have been rigidly enforced in the past, he examine former Speaker Trainer's manner of dealing with explanations, and he would then be fully aware of how difficult it was to explain questions. This Chair does not intend to adopt that rigid approach.

Mr ATKINSON: I rise on a point of order, Mr Speaker. Is it in accordance with the traditions of the House for one Speaker to reflect on the rulings of a previous Speaker?

The SPEAKER: Order! The Chair certainly was not reflecting. I was pointing out to the House that the previous Speaker's interpretation was particularly narrow. I said that, because the member for Torrens was a relatively new member, the Chair had been far more tolerant, and I do not consider that to be a reflection on the previous Speaker.

The Hon. M.H. ARMITAGE: The memorandum from which the member for Torrens quotes does say that the chronic shortage of consultant psychiatrists is one of the problems. Of course, the problem of the chronic shortage of psychiatrists began about five years ago when the plans for deinstitutionalisation were announced and there was an enormous outrush—including some of our most skilled psychiatrists—totally and utterly not caused by us. The memorandum makes a number of very valid points. It also says particularly that they wish to have the present situation changed and that, if that situation is not changed, action will occur from 28 November. That is 12 days away, so I am delighted to report to the House that there was a meeting this morning of senior staff within the consultant medical and psychiatric area and the administrators in SAMHS.

A number of plans have been addressed, which will particularly look at the beds that are available in other general hospitals, because the point that the member for Torrens made was that there is a 'huge problem' with overflow beds. I point out that, as at noon today—just to indicate that I was confident that the question was coming—there were nine patients in overflow beds in Glenside Hospital. However, there were two beds at the Queen Elizabeth Hospital; three at the Royal Adelaide Hospital; two at Modbury Hospital; one at the Lyell McEwin Health Service; one at the Noarlunga Psychiatric Service; and another one at Glenside and two emergencies. That makes a total of 12 beds. So, there are many more beds than are required and, as I say, the process of change is being addressed appropriately between the staff members.

MASTERS GAMES

Mr ANDREW (Chaffey): Will the Minister for Recreation, Sport and Racing advise the House on the background and significance of the recent announcement of the first South Australian regional Masters Games to be held in the Riverland in March 1996?

The Hon. J.K.G. OSWALD: First, I would like to congratulate the sporting organisations in the Riverland for the quality of their submissions that resulted in the awarding of the right to stage the first regional Masters Games. In May this year a very important seminar was conducted in this State by Sport SA (the South Australian equivalent of the Confederation of Australian Sport) and my Division of Sport. Two key resolutions came out of that seminar. The first was that we would have a draft strategic plan for future Masters Games in this State, and the other was that a State Masters Games festival would be held every year. It is of interest to everyone that there has been a huge growth in recent years in this whole area of Masters Games. Members may recall that Brisbane earlier this year attracted 23 000 competitors to the World Masters Games, which is a higher turnout than the Olympic Games.

Here in Adelaide in 1989 we had a turnout of some 8 000 competitors at the Adelaide Masters Games, and in the

Riverland next year we will see some 31 different sports and an anticipated 3 000 competitors take part. It does not take much of a mathematician to work out the sort of opportunity that will present to an area based in the Berri region. Not only will it attract tourists to the region, along with competitors, but it will also give those people involved in Masters and mature age sports a marvellous fillip. It will become an annual event. Whilst this one is to be held in the Riverland, I imagine the next will be held in another regional city area of South Australia. I applaud the Riverland for taking the initiative and putting on the first one to be held in March next year.

PATHOLOGY SERVICES

Ms STEVENS (Elizabeth): Does the Minister for Health intend to honour the commitment he made to pathologists not to privatise pathology services at public teaching hospitals? In a letter circulated at the Queen Elizabeth Hospital before the last election the Minister denied rumours that the Liberal Party intended to privatise pathology services at the QEH and allow Gribbles Pathology to provide those services. The Minister said:

> Teaching hospitals frequently perform functions which are different from those of private pathology, for example, research and teaching. Teaching hospital pathology services frequently perform tests which are uneconomic and which private pathology services have no desire to provide. To allow any private pathology firm to perform the profit generating pathology tests, leaving the above functions uncatered for, would be a recipe for disaster in public teaching hospitals.

The Hon. M.H. ARMITAGE: I do not back away from that: it would be a disaster if only the profit generating tests were given to the private sector, but we have no intention of doing that. There are many contracts around Australia where private sector pathologists have offered to increase money spent on research, teaching and training, and any contract that we were to let would certainly do that. But I point out that there are circumstances extant, again at the Modbury Hospital, which is the one that the shadow Minister for Health seemed not to understand from the briefing would not be sold, despite her being told it three times.

She must have misunderstood, because the following day she said that it was going to be sold, despite having been told three times that that was not the case. I am prepared to say that it was a misunderstanding. I am prepared to recognise that, having been told three times, she did not understand. However, there are circumstances up there where the Institute of Medical and Veterinary Science (IMVS) provides services, having been part of a tender process with people in the private sector to provide pathology services. I believe that is completely appropriate.

SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY

Mr BUCKBY (Light): My question is directed to the Treasurer. What progress is the Government making in appointing a General Manager for the South Australian Government Financing Authority? I note that SAFA recently advertised the General Manager's position, the position previously held by Dr Graham Bethune, who is now with the Bank of South Australia.

The Hon. S.J. BAKER: I am very pleased to report that Mr Rick Harper will take over the position of General Manager of the South Australian Government Financing Authority. He comes with incredible credentials. He has held a variety of roles in the Victoria Department of Treasury, the Victorian Debt Retirement Authority and the Treasury Corporation of Victoria. In fact, he was one of the people involved in the setting up of that organisation. He has also had extensive experience in this area outside, including the AMP Society, Hill Samuel, Macquarie Bank, Potter Partners and National Mutual.

An honourable member interjecting:

The Hon. S.J. BAKER: I will come to that. When the Treasury Corporation of Victorian was set up, he was made General Manager of the Debt Management Services Division. We have obtained his services at a price that is mean by national and international standards. The salary is $135 000 per annum, and that is to be reviewed. It is a complete package and, provided there is satisfactory performance, it will go to $150 000 in the out years. It is a five year contract.

The Hon. Frank Blevins interjecting:

The Hon. S.J. BAKER: The member for Giles would understand that in this area, where people deal with international finances, it is very difficult.

PATHOLOGY SERVICES

Ms STEVENS (Elizabeth): Will the Minister for Health advise whether the contract with Gribbles Pathology to provide pathology services at Modbury Hospital will break the service agreement which the IMVS recently signed with the Health Commission to provide the same services?

The Hon. M.H. ARMITAGE: No, it will not because—

Mr Atkinson interjecting:

The Hon. M.H. ARMITAGE: Are you prepared to repeat that outside?

Mr Atkinson: Yes.

The Hon. M.H. ARMITAGE: I look forward to seeing the honourable member outside afterwards. All service agreements are recognised as being malleable during the year. The Institute of Medical and Veterinary Science has spoken with the Health Commission about the tender for pathology services at the Modbury Hospital. An arrangement has been agreed with the Chief Executive Officer and with the Health Commission that, if the tender is let to somebody else, the service agreement will simply be decreased by that expectation of service. This is a very good example of how the Government is getting on with solving the problems in South Australia.

The matter of the provision of pathology services in public hospitals by the private sector has been raised *ad nauseam* by members of the Opposition, who are absolutely terrified that the private sector might do something well, because they hate people making a profit. They want to equalise people all the time to ensure that people who do well, who provide employment, actually get torn down to the lowest common denominator—that is the only reason. In relation to the provision of pathology services at Modbury Hospital, as I alluded to in my previous answer, the Institute of Medical and Veterinary Science was asked to tender.

I am very happy to give the member for Elizabeth a briefing, provided that she guarantees that she will not misquote the figures afterwards, as she does with other Modbury Hospital matters. The group which we believe will be successful has put in a tender at approximately 50 per cent of the costs of the Institute of Medical and Veterinary Science. That means that every person in the northern-eastern suburbs will benefit to the tune of hundreds of thousands of

dollars that can be directly put into the provision of health services.

If the shadow Minister wants us to go to the highest tenderer, please let her signify so that everyone in South Australia will know that the people sitting opposite are not interested in the effective and cost effective provision of services and that they want to continue to jolly people along at a huge cost so that we can continue to pour public finances into those sort of services. I am willing to bet that the people of South Australia do not want that, and that is why we have 36 members and that lot opposite has only 11 members.

NOARLUNGA COLLEGE THEATRE

Mrs ROSENBERG (Kaurna): Will the Minister for Employment, Training and Further Education provide members with an update regarding the future management and role of the Noarlunga TAFE theatre?

The Hon. R.B. SUCH: I thank the member for Kaurna, who is one of the excellent southern members we have, in addition to the members for Reynell, Mawson and Finniss. The southern members are very supportive of what is being done to ensure that the theatre remains. The theatre, which belongs to TAFE and is worth well in excess of $6 million, is one of the best regional theatres in South Australia. The problem has been and still is that it is not central to TAFE's role. We do not train people in theatre activities at Noarlunga, and consequently we are keen that the community has access to the theatre. We are in the process of establishing a management committee involving local people, the council and friends of the theatre (whose support I acknowledge). To that end we will have in place shortly a body which will manage that theatre, make sure it is available for the community in the south and cater for the needs of schools as well as for a range of theatre-based activities. I am determined that that theatre will remain.

I have underwritten the quite substantial continuing costs—of the order of $200 000 per annum—until that committee is in place and until we ensure that the theatre is available to continue to serve the needs of the people of the south. I welcome the support of the four southern members who have been very constructive in assisting in that process. I publicly acknowledge again the role of the friends of the Noarlunga Theatre, who are working with us to bring about a satisfactory resolution of the issue. TAFE owns many theatres throughout South Australia. The member for Gordon has one of our heritage-listed theatres. That theatre is no longer of use to TAFE, but I am determined that the community have the full use of that facility as it would be a tragedy to lose it, as it would be to lose the theatre at Noarlunga. The process is proceeding swiftly to bring about a local management-based committee using the model adopted in Darwin and on the Gold Coast. We can look forward to that theatre continuing in the south.

MODBURY HOSPITAL

Ms STEVENS (Elizabeth): Following his decision to privatise Modbury Hospital, will the Minister for Health say who will be responsible for the removal of asbestos from the hospital, is it part of the legal agreement reached with Healthscope, and who will fund this work?

The Hon. M.H. ARMITAGE: That matter will be addressed in the heads of agreement.

YOUNG ACHIEVERS

Mr SCALZI (Hartley): Will the Minister for Youth Affairs inform the House of any plans to formally recognise the achievements of young South Australians?

The Hon. R.B. SUCH: This week, in conjunction with SA Great, I announced that we would be working together, and for the first time as part of the SA Great awards for Proclamation Day there would be special categories for young people. These awards will be presented by Her Excellency on the eve of Proclamation Day. It is important that we do this to acknowledge and recognise the contribution of young people in South Australia. They are fantastic. There are a lot of excellent young people out there doing positive things. This provides an opportunity for them as individuals or as members of groups to be acknowledged. Some of the former winners of the SA Great award include Her Excellency, John Fitzgerald (the tennis player), Colin Thiele and many others.

Those who win this award will gain significant recognition and prestige and will do a lot to help the wider community appreciate the contribution our young people make to the community. I believe that all members have been provided with nomination forms this week, and I trust that they will encourage people in their electorates and groups with which they come in contact to nominate anyone under the age of 25 who has made a significant contribution to South Australia so that those nominations can be considered for an award to be made on the eve of Proclamation Day this year. This is another successful initiative of this Government—another election commitment that has been fulfilled.

MODBURY HOSPITAL

Ms STEVENS (Elizabeth): My question is directed to the Minister for Health. How much of the $6 million that the Minister claims will be saved from the privatisation of Modbury Hospital will result from costs being shifted to the Commonwealth, and what is the Government's exposure to legal claims by Healthscope should the Commonwealth decide to block the privatisation of Modbury Hospital because it is not prepared to accept the cost of State responsibilities?

The Hon. M.H. ARMITAGE: I addressed the matter of cost shifting in general with the Commonwealth literally yesterday evening on about the third occasion with the principals of Healthscope and, clearly, there will be no cost shifting with the Commonwealth. However, when it comes down to the matter of the $6 million which is to be saved, I would actually appeal to the shadow Minister for Health to show us her *bona fides* for the people of South Australia. Will you indicate to the people of South Australia whether you are prepared to write to your colleague the Federal Minister for Health who is saying that she might stop this project? You and your lot were up on pedestals talking about this at a public meeting.

I would be delighted if you would inform the people of South Australia whether you are prepared to say to the Federal Minister for Health that this project, which preserves all services, provides better accommodation, and provides appropriate teacher training and research and all those benefits that I have been through with you time and again, will actually save the people of South Australia $6 million? I believe—

Mr QUIRKE: On a point of order, Mr Speaker, will you direct the Minister to direct his remarks through the Chair as does every other member?

The SPEAKER: All members should direct their remarks through the Chair, including the Minister for Health.

The Hon. M.H. ARMITAGE: As I was saying before I was interrupted, it would be very appropriate for the shadow Minister for Health to indicate to the people of South Australia whether or not she is happy to help us save $6 million.

LITTER

Mr ROSSI (Lee): Will the Minister for the Environment and Natural Resources advise the House of the latest initiatives that are being taken to control litter in South Australia? Last week, I was visited by a Greenpeace spokesperson who complained about litter along Highway 1 from Port Augusta to the Victorian border. She told me that the side of the road was littered with cigarette butts, ice-cream wrappers and orange juice cartons, even though there were a lot of parking bays with bins.

The Hon. D.C. WOTTON: I think that, generally, South Australia enjoys a reputation of being a pretty clean State. There are many reasons for that, and I appreciate the opportunity that the member for Lee has given me to indicate briefly some of the initiatives that the Government is looking at to ensure that the State remains clean. One of the major reasons that I think South Australia is reasonably clean is the high level of community awareness of the need to do the right thing. Litter control, as we all know, involves a number of elements, including education programs, clean-up campaigns and enforcement through litter fines, and so on.

As members would be aware, much of the education and many of the work programs are coordinated through KESAB, which is strongly supported by this Government. In fact, KESAB has been given a grant this year of $155 000 to assist it in pursuing its many programs in this State, which include the Do The Right Thing campaign on radio and television, the supply of litter bins to special events around Adelaide, the clean waters and waste watch programs, the Correctional Services roadside clean-up, and the Tidy Towns campaign.

As far as enforcement is concerned, litter fines are governed by the Local Government Act which deals with littering and the Waste Management Act which deals with illegal dumping and uncovered loads. The matter of uncovered loads has been causing constituents considerable problems over time. There is also concern at present about whether or not the fines are high enough to cover the cost of administering the legislation and, most importantly, to provide a sufficient deterrent to littering. I have requested the office of the Environment Protection Authority to provide me with a report on whether or not litter fines need to be increased in South Australia. My current view as Environment Minister is that they are not high enough. I want to look seriously at this matter. I think there is a considerable amount of concern about this matter and a lot of support for increasing litter fines in South Australia.

However, generally, I would have thought that, because of the community's attitude to keeping the State clean, the majority of people play their part. It concerns me as I drive along the South-Eastern Freeway, in particular, to see bins which are far too small to take the amount of litter that comes from that area. A number of initiatives need to be followed through by this Government, and I am keen to do that. To answer the question directly: I am looking closely at the matter of litter fines. In my opinion, they are not high enough, and I look forward to the report by the EPA on this issue.

PORT AUGUSTA HOSPITAL

Ms WHITE (Taylor): My question is directed to the Minister for Health and for Aboriginal Affairs.

Members interjecting:

The SPEAKER: Order! The Deputy Premier.

Ms WHITE: Is the Minister concerned at the closure of the John Thompson wing at the Port Augusta Hospital and the impact this will have on long-term patients, particularly Aboriginal people, and is he prepared to review funding to the hospital to allow the wing to remain open? The Opposition is aware that the community in Port Augusta has expressed outrage at the closure of the John Thompson wing, which was built originally as a ward for long-term patients. It has also received a letter from the Aboriginal Legal Rights Movement which expresses concerns at the closure on the basis that Aboriginal people are often admitted to the John Thompson wing.

This wing is especially important for tribal people who may have no knowledge or understanding of large hospitals. At the John Thompson wing they are allowed privacy and can gather together during the day in day rooms. The letter received by the Opposition states further that without this wing long-term patients will not be admitted to the Port Augusta Hospital but transferred to other hospitals. This clearly discriminates against Aboriginal people who depend on seeing their family in order to recuperate and who are very likely to need long-term care.

The SPEAKER: I call on the Minister for Health and indicate that the Chair is particularly interested in the answer to this question.

The Hon. M.H. ARMITAGE: Mr Speaker, you have taken away two-thirds of my first comment: I was going to mention that myself. I will commence by officially welcoming to the House the member for Taylor. I did so yesterday in private, but I must give the member for Taylor a very warm welcome, because I believe that pretty shortly she will be seated much closer to the Speaker. I know that a couple of members opposite on the front bench are wary of her presence in the House, and a few of the back benchers who were elected ahead of her had some ideas of promotion but they have gone out the window. Well done: it is terrific.

The matter of the Port Augusta Hospital has been a concern for a long time to all sorts of people in this State. However, it was not a matter of concern to the previous Government, because it said, 'It is in a terrible state of disrepair; we are going to have to do something about it. We will string out over two, three or four years the building of a new hospital [it was four years]. There will be dust, there will be noise, the patients will suffer and there will be beds down, and so on, but that is the only solution we have.' We immediately decided that that was not good enough for the people of Port Augusta. As the Speaker would know, I have been up there and spoken with the board. We felt the people of Port Augusta deserved better than that and, accordingly, we called tenders some time ago for the provision of a new hospital. I am delighted to tell the member for Taylor and the House that there are many tenderers. Lots of people—

Mr Foley interjecting:

The Hon. M.H. ARMITAGE: Indeed, the member for Hart says I should tell the Speaker. I have already told the

Speaker this previously. Lots of people are enthusiastic about providing brand new facilities for the people of Port Augusta. It will obviously be done in a much quicker time frame and, dare I repeat, the people of South Australia will not pay as much for it. So they will benefit.

The Hon. Frank Blevins interjecting:

The SPEAKER: Order!

RETAIL TRADE

Mr LEGGETT (Hanson): My question is directed to the Premier. Do latest trends show any significant pick-up in retail trade in South Australia?

The Hon. DEAN BROWN: I met with representatives of the retail industry this morning and they highlighted to me some very promising figures for South Australia. In the September quarter, retail sales in South Australia increased by 4.1 per cent compared with a national trend of an increase of only 3.2 per cent. South Australia was almost one full percentage point ahead of the average for Australia and, I understand, had the biggest increase of any State in Australia. In fact, retail sales turnover for the September quarter this year was 5 per cent higher than for the same period in 1993. That shows that retail sales, and therefore consumer confidence, in this State is really starting to pick up.

That is further endorsed by some very significant announcements of capital expenditure in the retail industry. Woolworths has announced three new supermarkets in South Australia in the past three months: one at Paralowie, one at Renmark and a very large one at Gawler. At Munno Para I opened the first stage of a massive shopping centre and, in fact, was able to announce the very same day that there would be a second stage built of equal size to the first stage. Last week I opened a new shopping complex at Westlands in Whyalla. That indicates that the retail industry is thriving in South Australia at present.

Of course, for the past two Sundays there has been Sunday trading in the city area. I was told by the retail trade that both those Sundays have been absolutely outstanding, with up to 100 000 people attending.

ADVERTISER NEWSPAPERS LIMITED

Mr CLARKE (Deputy Leader of the Opposition): Will the Minister for Industrial Affairs investigate allegations that Advertiser Newspapers Limited breached the freedom of associations provisions of the Industrial Relations Act by pressuring workers to resign from their union in the current dispute over contracts? It has been alleged that Advertiser management has approached journalists offering them contracts on the basis that they resign from their union. If this is the case, it is in clear breach of the provisions of the Industrial and Employee Relations Act 1994, including section 115(2) which states:

> No person who is eligible for membership of an association may be prevented . . . from becoming or remaining a member of an association.

It may also breach sections 223 and 225 of the Act. Of course, such action could place further strain on the already tense relationships between the Government and the Advertiser.

The Hon. G.A. INGERSON: Yes.

GAMING MACHINES

Mr CUMMINS (Norwood): My question is directed to the Treasurer. What action is the Government taking to stamp out an alleged scam involving gaming machine players using 10¢ coins on $1 machines? In a weekend paper, it was reported:

> Thousands of dollars are being netted by racketeers hitting pubs and clubs in the inner metropolitan area.

It was reported that gang members used 10¢ coins instead of $1 coins to operate the machines and fraudulently take wins.

The Hon. S.J. BAKER: I must admit that the stories we get regarding poker machines always provide a lighter side to the affairs of Treasury, and here is another example. In the *Sunday Mail* considerable prominence was given to the fact that someone was feeding 10¢ coins into a $1 machine. It reminds me that we sometimes regard ourselves as a creative and innovative State. When it comes to innovative practices in the poker machine industry, we are now telling the rest of Australia what is going to happen to their machines because they do it to us first—and that is true.

The losses from the machines totalled less than $50. We have tracked down every $1 machine that has 10¢ coins in it. I will not say the names of the hotels, because people might visit them. The offender has been apprehended. However, two days after this person managed to beat the system, it happened in Melbourne. So, we told them what was going to happen and they managed to get on to it very early. It is a problem with the hopper system on these machines, but we believe it is now under control. The information was relayed to every establishment with that particular machine, so the proprietors were advised very quickly and expeditiously by the Liquor Licensing Commissioner. I expect that tomorrow I will hear another story, but at least this one is under control.

PERSONAL EXPLANATION

Mrs HALL (Coles): I seek leave to make a personal explanation.

Leave granted.

Mrs HALL: It is demeaning to have to refute the untruths contained in the attack launched on me yesterday by the member for Spence. What I do with my time is my business.

Mr ATKINSON: I rise on a point of order, Mr Speaker. I understand that in personal explanations the member may not debate the subject.

The SPEAKER: I cannot uphold the point of order. The honourable member has just commenced her personal explanation.

Mrs HALL: What I do with my time is my business and should have nothing to do with the sneaky, prying eyes of the member for Spence. However, on this occasion I seek to set the record straight. On the evening of Wednesday 2 November, I was driven home due to illness. The following morning, Thursday 3 November, I saw my family doctor and then spent the next two days and nights recovering from a severe and painful back problem. During this time I was taking prescribed medication and receiving physiotherapy.

I deeply resent the uninformed and deliberate untruthful allegations made by the member for Spence that I was not in this Chamber because ‘it coincided with the last day of the

Boothby preselection'. My husband contacted the office of the Government Whip on the morning of Thursday 3 November and informed them of my illness and why I would not be able to attend Parliament that day. Now you would understand, Mr Speaker, why I ask the member for Spence to apologise and withdraw the allegation. If the member for Spence honestly believes his grubby comments are true, I challenge him to repeat them outside the protection of this House.

The SPEAKER: Order! The last parts of the honourable member's explanation are out of order.

Members interjecting:

The SPEAKER: Order! The Leader of the Opposition has the call.

The Hon. M.D. RANN (Leader of the Opposition): I seek leave to make a personal explanation.

Leave granted.

The Hon. M.D. RANN: Yesterday in this Parliament the Deputy Premier alleged that I or someone who looked like me attempted to circumvent petrol restrictions. These allegations followed a question by the member for Mitchell, who said that he had received reports from a number of constituents that some motorists were trying to fill up their cars despite being excluded under the odds and evens system. The Deputy Premier said that one of the reports that came to him involved an even-numbered licence plate. His so-called report related to a person driving a gold coloured Honda. The Deputy Premier told the House that this motorist drove up to a petrol pump at an Ampol petrol station in North Adelaide and was refused service. The Deputy Premier said the report given to him was that this person had a remarkable resemblance to the Leader of the Opposition. I informed the House, by way of interjection, that I did not drive a car. The Deputy Premier then told the House that it may well have been that I was in fact a passenger in the car and that in that capacity I also wanted to circumvent the petrol rationing provisions.

I do not drive a car. I do not own or use, nor have I been a passenger in, a gold coloured Honda. I did not purchase one ounce or one litre of petrol during the time of either the dispute or petrol rationing. The Deputy Premier has sought to smear me by making an allegation of illegality which I believe should be the subject of a Privileges Committee inquiry.

Members interjecting:

The SPEAKER: Order! Leave has been granted; the Leader is entitled to be heard in silence.

The Hon. M.D. RANN: I do regularly shop at the Ampol service station—to buy milk. Milk is not rationed; buying milk is not illegal. I do not need to buy petrol, because I do not drive a car. Buying milk is not illegal, even if the bottle has a gold top. I contacted the Ampol service station to ask whether a memo had been sent to the Deputy Premier's office, and this was denied. However, the Manager of the Ampol service station told me that a staffer of the Deputy Premier's office made allegations to him about my supposed use of a gold coloured Honda but failed to gain any supporting evidence at all from Ampol for this deliberate lie. The Deputy Premier's staffer also tried to implicate my children in a dishonest way.

Members interjecting:

The SPEAKER: Order!

The Hon. M.D. RANN: I understand that the person who provided this bogus information to the Deputy Premier was a Ms Deborah Reid. She also telephoned other individuals who told her that they did not see me either purchase petrol or be refused petrol. That is not surprising, because I do not buy petrol. I am sure that Ms Reid will cooperate under oath with any Privileges Committee inquiry into why the Deputy Premier is using false information of illegality against a member of this House. Mr Speaker, I will seek your independent advice on the processes to be pursued if the Deputy Premier fails to apologise for this deliberate and knowingly false allegation—a lie that was given to him to peddle.

The SPEAKER: Order! The last part of the Leader's personal explanation is out of order.

Mr LEWIS: I rise on a point of order, Mr Speaker. On two occasions during that personal explanation, I heard the Leader of the Opposition use the word 'lie', and it was used in the context of allegations made against the Deputy Premier. I ask you, Mr Speaker, to inform the House in what circumstances it is legitimate to use the word 'lie', as I believe it to be unparliamentary where it is applied to any particular member.

The SPEAKER: The matter is at the discretion of the Chair. The Chair listened very carefully to the personal explanation, being aware that members have to be particularly cautious in their personal explanations. However, I was of the view that the Leader of the Opposition had been subject to serious allegations and, therefore, he was entitled to make an explanation, and he was given sufficient latitude to do that in a manner the Chair thought appropriate.

GRIEVANCE DEBATE

The SPEAKER: The question before the Chair is that the House note grievances.

Ms STEVENS (Elizabeth): I want to return to the topic of cuts to the Women's and Children's Hospital which have led to significant cost increases for parents of chronically ill children. It is important that we think carefully about the effect of these cuts on families and children. When we hear the Minister for Health talking about health issues in this House, we would think that he was an accountant rather than a doctor. We hear little about the human effects of cost cuts, benchmarks, efficiency, savings, and so on. In South Australia 130 children suffer from cystic fibrosis. Other diseases such as cancer and cerebral palsy are suffered by other children, so we are looking at hundreds of children affected in this way. It is not just 10; it cannot be said that it is just a small number of people. Even if only a small number of people were involved the issue still remains. We are looking at hundreds of children—primary schools worth of children—in these categories.

During his answer, the Minister made the point that the Women's and Children's Hospital subsidised the cost of these appliances and of the food supplements: that is true. However, an extra charge of over $1 000 per year will still need to be paid for by these families. You think about the decisions and dilemmas that this means for these people. It is fine for the Minister from the eastern suburbs, from a privileged background, to say that it is not much to ask people to pay. He should try telling that to ordinary people on pensions, on lower incomes—some of them with other members of their family requiring extra health measures.

He should also think about the decisions and the dilemmas now confronting those parents, who ask, 'How much can we actually afford to feed our children?' We are talking about taking away from these people food or life sustaining

measures. These are the sorts of dilemmas that doctors, nurses and health administrators are facing in this hospital and other hospitals around the State.

What does the Minister say? In response to a question, he likes to play with words and take issue with a typo in a press release to try to take the heat off himself, when we know very well that he knows that it is cuts that his Government has imposed that have caused this problem in the first place. Again, the Minister trots out, as he so often does when confronted with the cuts in the health system and the very hard measures that hospitals and other health institutions have to bear, and says that it was all the fault of the State Bank, that we had to have a debt reduction strategy, that the people of South Australia knew this and that they elected the Government to reduce the debt and, therefore, everything is okay. What he forgets and chooses to ignore is the other half of the equation.

He conveniently chooses to ignore the fact that as part of their election policy his Government promised to increase funding to services like education and health and promised also that any efficiency gains in health would be ploughed back into the health sector. He leaves that out and fails to understand that that is why people elected him. We have a Minister refusing to face up to the fact that he has been in Government for nearly 12 months and the health system is in a mess following massive cuts. We have hospitals across the State struggling to make hard decisions, a throughput pool that has run out, community health centres and women's health centres cutting their budgets, and children's hospitals making decisions about which patients get the funding. The Minister needs to recognise that fact and get on with the job of fixing it up.

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

Mrs ROSENBERG (Kaurna): Today in this grievance debate I would like to address the program called Tough Love. To start, I will paint a picture for members. Any member of this House who has been out in the community and who has dealt with families during the International Year of the Family would understand the picture I am about to paint. You have an ordinary family. It might consist of a mum, dad and couple of kids; a single mother and some kids; or a single father and some kids. The child is at school and comes home with reports from the school that his or her schoolwork has started to deteriorate. The next step is that reports are sent home to the parents that the child is starting to skip school. The children concerned skip the bus, do not attend classes and do things that they ought not be doing within the school premises. The next step is that the mother and father (or mother or father) are called to the school and asked to address the problems with the principal.

Obviously the parents are angry and embarrassed by being called to the school for this purpose. Usually their solution is to pull in the reins on the child or children even harder. The natural reaction is for the child to rebel even more, continue to skip school, be disruptive in class and become uncommunicative both to parents and to teachers. Then the child begins to pick on other children, becomes the school bully, takes part in violence in the school yard and picks on the younger children in the home.

Parents begin to argue about that problem. They cannot understand who is the responsible parent or who has caused the problem and they begin to blame one another. They cannot agree on what is needed to overcome the problem and they do not know where to turn. The school counsellors appear to be on the side of the child and do not seem to be of any use to the parents at all. So, the parents are virtually looking into a black hole, and they want an answer.

I place on record today my thanks to the Minister for Youth Affairs, who has considerable initiative and has shown much foresight in supporting the program called Tough Love. On behalf of the Minister I had the pleasure recently of donating a cheque to the Hallett Cove Community Health Centre to start this new program in the southern area. This is the first trial of this program in the southern area. It has worked extremely well in the north and currently is being set up in the western areas.

The program is based on a United States scheme whereby parents help other parents. It is a self-sustaining program. It is not a program run by professionals—and I believe therein lies its success. Because of their embarrassment and lack of understanding as to how to handle the problem, the last thing parents in this situation need is to be preached to by professionals. To be able to talk about their problems with other parents and to support one another in a group is where the success of this Tough Love program lies. It is successful because it is run by parents who help other parents. It is all about building responsibility, not only for the children involved in the process but also for the parents.

The program is important in that it develops a cooperation that has broken down and is no longer existent in families, that is, between the children and parents within a family, and it teaches them to cooperate with other families in the community. It has a whole lot of positive spin-offs other than simply controlling behaviour. I believe that family breakdowns largely come about because of a lack of confidence within families as to how to deal with problems. Parents feel unable to control the situation when a child starts to act up and, to the child, they appear to react unfairly.

I guess that as a result parents become more lenient, because the last thing they want is to have their children supported by a Government system outside their home. These days children know that they can hold that threat over a parent's head, that they can say, 'If you don't play the game we're off. We're going to get some funds from the social worker and we're out of here.' Unfortunately parents see that the only way to react to that is to become more lenient.

The ACTING SPEAKER (Mr Bass): Order! The honourable member's time has expired.

Mrs GERAGHTY (Torrens): Today I wish to raise an issue for which I believe members in this place are responsible on both moral and social grounds. Collectively we, as the decision makers, have embarked on the road to deinstitutionalising the mental health system. The direct outcome of going down this path is very important to the mentally ill and equally vital to those who have the task of caring for them.

Whether it involves consultant psychiatrists, clinical nurses, community workers, families of the mentally ill or the public at large, there is a direct impact in relation to the decisions that we make. It is often said that there are no votes in mental health and it is not a focal point for the general public. However, let me inform this House that the mental health system is in crisis. The question that should be asked is why, in a system that not so long ago boasted professionals applying to join its ranks, there is now a severe shortage of full-time professional staff operating within the public health system. Furthermore, those who are left have been placed under unbearable stress. It is worth noting that this puts pressure on the whole system and increases running costs,

since there is the added high cost of casual employment. On any given day 35 per cent of staff come from the casual pool, and this compounds the problem by reducing the familiarity of staff-patient relationships.

A community-based mental health system necessitates community follow-up care. To achieve this, adequate resources are required, otherwise this crucial service cannot function properly and may not operate at all. The stress which has been placed on the mental health system has flow-on effects. Some patients who cannot be properly serviced by the present system fall back on the general hospital system, which cannot cope with mental illness either. Medical staff in the public casualty departments have neither the training nor the time to care for mentally ill people—and nor should they, since their primary role is the treatment of the physically ill and the injured.

The mentally ill then are forced to seek help from charitable individuals and groups in the community. For some, it is a life where their home is on the streets. It is shameful enough that we allow that to happen to anyone—and I must say that I am quite emotional about this, having encountered people in my electorate in this position—and more so for those who are mentally ill and desperately need our care. As Brian Burdekin puts it, 'We deinstitutionalise the patients and leave them to wander the streets—they become psychotic.' I am not saying that a community-based mental health system will not work, nor am I saying that this sort of system is wrong in its concept: rather, I am saying to this House and the Minister that there are serious problems.

A crisis situation does exist within the mental health system. The Minister would be aware that consultant psychiatric staff in the acute services at Glenside Hospital—and we have talked about this today—have stated that there are very serious and urgent concerns with the present situation. I sincerely urge the Minister to step into the fray and address this matter even more so than he has indicated that he has done today.

It is rarely the case that professional medical staff resort to what amounts to restrictions on patient services: that is very rare indeed. The logic is correct, though; that, since they are really caught between a rock and a hard place, psychiatrists not only are ultimately responsible for the care of their patients but also are culpable if this care is substandard and causes harm. I quote Associate Professor Peter Yellowlees, Director of Psychiatry, Southern Area, as follows:

> I feel ashamed to be linked with a public health system that has promised so much yet is clearly intending to deliver so little.

What I have outlined in this House today has dealt only briefly with the crisis in the mental health system. As I have said, I am not against community-based mental health but, since we have progressed so far in the treatment of psychiatric illness, I believe that morally and socially this matter is one for which we should regard ourselves as being responsible.

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

Mrs HALL (Coles): Daylight saving happily is with us again and summer looms large. If the big dry continues, it is sure to be a long, hot season. The signs are altogether too ominous that the festive season and the period following will, sadly, mean a lot of overtime for our firefighters. Already there has been trouble in the Eastern States. Can South Australia, the driest State, be very far behind?

We all know the cost of bushfires: they threaten lives, both human and animal; they destroy property and rout the environment; they cause our citizens untold suffering; and they cost Governments millions of dollars. We are told of the dangers of bushfires via expensive and thoughtful media campaigns, and we are encouraged to take a role in their prevention. We remind children not to play with matches and we remind those living in wooded regions to clear the area around their home. No-one can honestly say that they have not been warned about both the price and the peril of our dangerous and sometimes unpredictable summer visitor.

So, what is to be done when the message is ignored? What is to be done about those who do not take the required precautions—and it is their responsibility—to protect their property? What is to be done when it is, and must be, Government that is responsible for such protection? This Government is a Government of accountability. The people of South Australia know that, and they elected us on that promise. However, in one corner of my electorate of Coles, this Government needs to play and is playing the role of responsible landlord. Black Hill Conservation Park at Athelstone is and was in desperate need of attention. Thankfully, from Monday of this week it is now receiving it. I am pleased to have been part of this action, which is one of the specific benefits of the additional $300 000 allocation for bushfire prevention funds made by the Minister for the Environment and Natural Resources. I am delighted that persistence, determination and commitment have paid off.

A meeting was held at Athelstone several weeks ago, and a report from that gathering says, in part:

> In summary, the meeting was pronounced useful by the majority of residents, several of whom suggested that the management of the Mt Lofty district had become significantly more amenable to public consultation in recent times and which suggested the potential for an improved community relationship between residents and the national parks staff of the Lofty district.

Through the late 1980s there was a progressive decline in the maintenance of safety levels at the park. The past few years have seen little done in the way of controlled burning, fuel removal to clear a buffer zone or the thinning of trees. The fire tracks suffered from a lack of maintenance and the boundary was heavily timbered, posing a terrifying risk to the families living in adjacent homes. We must not permit those who seek to protect trees to do so at the greater cost of the environment that they cherish.

It is a fact that this Government has spent much of the year picking up the excesses and neglect of the Bannon and Arnold Administrations, and I think that we have done it pretty well. I appreciate this Government's decision to keep faith with the people of Athelstone bordering the Black Hill Conservation Park. The clearing work along the boundary is now under way and, as the local member, I ask that adequate and ongoing management be put in place to ensure that this magnificent park does not again deteriorate to the hazardous state of just several days ago. Rest assured that this is money well spent and, after more than a decade of Labor, all South Australians know that prevention is cheaper than cure.

Mr ATKINSON (Spence): I commend the member for Coles on her remarks regarding fire prevention, and I hope the Government heeds her warning. I refer to the member for Coles's earlier personal explanation regarding her whereabouts on the last day of the Liberal Party's preselection process for the Federal division of Boothby: 'Sticks and stones will break my bones but names will never hurt me.' I

must say that the honourable member's personal explanation was a landmark explanation, because it adds considerably to the list of permissible pejorative expressions in personal explanations.

I stand by my remarks during the grievance debate yesterday, and the member for Coles has given me no reason to withdraw my passing reference to her absence from the House. Indeed, a close reading of her personal explanation will show that it is missing the most important denial, and that is that during the sittings of the House on that Thursday she did not participate in canvassing for the Boothby preselection. The personal explanation misses that point.

I must say that I have not been anywhere near as hard in my remarks during grievances on the member for Coles as was the member for Kaurna not long ago. Indeed, the member for Kaurna implied to the House that the member for Coles received a favourable rating—6 out of 10—in Kelton's form guide in the *Advertiser* because the author of the form guide had been invited to attend and had attended the member for Coles's wedding. That seems to me a far harsher reflection on the member for Coles than anything I said. It is fair to say that criticism of the member for Coles is far fiercer in her own Party than it is from the Labor benches.

It is noteworthy in connection with the Boothby preselection that the Federal division of Boothby embraces the State districts of Mitchell, Davenport and Waite. It is also fair to say that State members of Parliament are very careful in cultivating their Liberal Party membership in their own State district. Given that the members for Mitchell, Davenport and Waite opposed the continued incumbency of Mr Raymond Steele Hall in the Federal division of Boothby, it is not surprising that he stepped down; and it is not surprising that he was unable to get up his preferred replacement, Senator Robert Hill, as the candidate for the area.

Mr Becker interjecting:

The ACTING SPEAKER: Order!

Mr ATKINSON: Well, the member for Peake ought to reflect on the fact that there are many paradoxes on who signs up people to political Parties, because there are occasions when one person will sign up another to a political Party often for that new member to be quite ungrateful for the privilege of being introduced to the Party, and I could give many examples on both sides of the House.

We read in the *Advertiser* that threats have been made from within the Liberal Party against the preselections of members for State districts who opposed the preselection of Senator Robert Hill for the Federal division of Boothby. It seems to me that the members of this House who are under threat from the Hall machine are the members for Mitchell, Davenport and Waite, or a combination of them. However, I also believe that the member for Unley is under threat. Journalists do not write these stories attributed to unnamed people unless senior people in the Liberal Party tell them that that is what is going to happen.

I have to say that back in 1984 I interviewed Mr Steele Hall for a profile in the *Advertiser*. At that stage he was an advocate for compulsory arbitration for all workers, full on protectionism with Australia as an autarchic island in Asia. I must also say that Mr Steele Hall is completely out of touch with the values not just of the Liberal Party and its voters but with the whole of economic trends in Australia. In fact, not even the ACTU would agree with him these days.

Mr BROKENSHIRE (Mawson): I will address the recent strike at the Port Stanvac refinery. I wish to have recorded in *Hansard* that this is not a crack at the workers themselves: I do not begrudge anyone going for an increase in salary. However, once again, quite a few things appear to be tying in with respect to the unions and the Opposition in continually wanting to pull down this State, and there appear to be some interesting connections between one union and another.

With that I draw a few analogies, because I have been informed that there is a very close tie between the CEPU and another union, the State union of which the Secretary happens to be the husband of one of the members of this House, that is, Mr Geraghty. We all remember the fact that the Minister for Primary Industries—

Mrs GERAGHTY: Mr Acting Speaker, I rise on a point of order, perhaps inappropriately. I have no doubt of what the honourable member was about to say, and I suggest he not repeat it. I feel there is no need for him to continually attempt to intimidate me.

The ACTING SPEAKER: There is no point of order.

Mr BROKENSHIRE: Obviously, members opposite will try to stop this because some facts are coming out and, once again, it is tying in the unions and the Labor Party. The Minister for Primary Industries clearly illustrated in this House that a Mr R. Geraghty, State Secretary, on 9 December 1993 signed an agreement whereby the closure of the Mount Burr sawmilling operations would proceed and workers would lose their jobs. Of course, we all remember clearly the dirty tactics that went on in Torrens in the by-election and the letters that were paid for. In fact, the letter that I have has been authorised by the State Secretary, Mr Geraghty, from the EEP and Allied Workers Union, Electrical Division, whereby they continued to hammer a mass of untruths, lies, innuendo and scare tactics in a desperate attempt to get a member into Parliament.

Here we have, as I am informed, a union affiliated with that union, involving the same sort of work which, once again, for the sake of only 40 or 50 people, is prepared to jeopardise the whole economic recovery of this State and thousands and thousands of jobs. The only time that I have seen the member for Torrens show any interest in this House and any excitement was when the Minister for Industrial Affairs started to get into the CEPU, and her hackles rose and she wanted to get into a debate. She was given four out of 10 by the *Advertiser*: if she were on *Red Faces* she might not have received four out of 10.

What concerns me, when we hear the Leader of the Opposition talking about the fact that he can control this strike, he can stop this strike and not to worry about petrol, is that he thinks that members opposite have a special inroad through the CEPU and the other union, the Electrical, Electronics, Plumbing and Allied Workers Union. It is very important that we start to point out to the people of South Australia that these unions are out there in association with the Opposition clearly trying to destroy all the good work that this Government is doing. How can they purport to represent any credibility whatsoever and any bipartisanship, for which we have heard the Leader of the Opposition screaming day after day? We have not yet seen any bipartisanship from the Leader of the Opposition.

When we knew that we had to have petrol restrictions and that there were other ways of working around this, in conjunction with the unions and the tieups I have just illustrated, they got stuck into trying to drive this State further down the track. All I can say to the people of South Australia

is: thank goodness we have a Liberal Government that is prepared to get on with the job and, fortunately, because it showed the initiative to bring in the petrol restrictions, it stopped thousands and thousands of our people in the work force from being laid off for three or four days and seeing their children and their families suffer further.

It is about time the unions and the Labor Party were serious for once and stopped playing these games. They should get on with the job of helping us to get this State going, instead of working together continually to try to undermine us. It is about time that they were of assistance. The people of South Australia are sick to death of the games of the union and the Opposition.

PUBLIC FINANCE AND AUDIT (LOCAL GOVERNMENT CONTROLLING AUTHORITIES) AMENDMENT BILL

The Hon. J.K.G. OSWALD (Minister for Housing, Urban Development and Local Government Relations) obtained leave and introduced a Bill for an Act to Amend the Public Finance and Audit Act 1987. Read a first time.

The Hon. J.K.G. OSWALD: I move:

That this Bill be now read a second time.

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

Leave granted.

This Bill amends the definition of a publicly funded body in the *Public Finance and Audit Act 1987* to include controlling authorities established under the *Local Government Act 1934.*

The provisions of the *Public Finance and Audit Act, 1987* enable the Auditor General to examine the affairs of local government councils at the request of the Treasurer. While the section in question (section 32) applies to councils as publicly funded bodies in the Local Government sphere, and by implication to controlling authorities set up by one council under section 199 of the *Local Government Act*, the section has not extended to controlling authorities established by more than one council under section 200 of the *Local Government Act 1934*.

The proposed amendment to the definition section of the Act will remedy this and clarify application of the section to all controlling authorities.

Resource sharing, reorganisation of functions on a regional basis, and isolation of specific cooperative activities are bringing Councils to make increasing use of section 200 controlling authorities. There is no reason why these controlling authorities should not be subject to essentially the same regime of accountability under the *Public Finance and Audit Act* for the conduct of their operations as other public sector organisations in the Local Government sphere, in particular the councils which establish them. Making this straightforward amendment to the *Public Finance and Audit Act* will complement the range of strategies for accountability to be further developed under the *Local Government Act.*

Clause 1: Short title

This clause is formal.

Clause 2: Amendment of s. 4—Interpretation

The effect of this provision is to include controlling authorities constituted under the *Local Government Act 1934* as publicly funded bodies within the meaning of the Act.

Mr CLARKE secured the adjournment of the debate.

PUBLIC SECTOR MANAGEMENT BILL

In Committee.

(Continued from 15 November. Page 1046.)

Clause 3—'Interpretation.'

The CHAIRMAN: The next amendment on file, standing in the name of the Deputy Leader, is to clause 3, page 2, line 17. I assume that this is a consequential amendment, since it relates directly to the immediately preceding amendment which was lost following a division.

Mr CLARKE: That is correct, Mr Chairman. As agreed with the Premier, that issue was decided on the first amendment. I will not move that amendment in this place. However, for the information of the Government, it will most definitely be moved in another place. My next amendment relates to recognised organisations and is a test case, if you like, with respect to this issue. There are subsequent amendments which, if we fail on this occasion, will not be proceeded with. I move:

Page 3, after line 10—Insert definition as follows:

'recognised organisation' means an association declared to be a recognised organisation by the Commissioner under part 5.

As the Premier, the Chair and I agreed last night, since a number of amendments in the interpretation section of this Bill by themselves do not mean much unless subsequent more substantive amendments are carried (which are shown later in my list of amendments because they affect later sections of the Bill), it was agreed that these would form the test case, if you like, and, if I could miraculously win the numbers on the day in this place, future amendments would be carried through or otherwise the Opposition would not move them, as they had already been decided as an issue of principle.

The purpose in the Opposition's moving this amendment is simply that we see a great deal of advantage in having both the chief executive officers and the Commissioner for Public Employment being required to notify recognised organisations, in particular those unions with significant membership within the public sector, where there are decisions that are going to be given effect to which would have a significant impact on their membership and on Public Service employees generally.

There has been an ideological thread throughout this Government's relatively short life whereby, wherever legislation is in force which actually gives some rights for recognised trade unions to be consulted on issues affecting their membership and the work force of the Government, it has taken a perverse delight in wanting to remove those legislative requirements. There is no justification for it in the Premier's second reading explanation, other than a reference to freedom of association and to the fact that people can belong to unions if they want to. That is the position, but it still begs the question why, in decision-making processes involving the CEOs and the Commissioner for Public Employment, the Premier has found it necessary to remove the right of trade unions to be consulted on issues where significant decisions could impact on their membership.

The Premier wants to be the employer of the State's Public Service. He wants to be the person who can issue the directions with respect to the general conditions of employment for all public servants. It will be the Premier as the employer, under clause 27 of the Bill, who will have the authority, for example, to change classification criteria of literally thousands of public servants. His changing those classification criteria can either improve the salaries or the reverse, that is, cause a loss of salary for literally thousands of public servants by the stroke of a pen. I would have thought in those circumstances that there is nothing inherently wrong in an Act of Parliament that provides that, where there

are recognised trade unions within the work force, on events of significance they should be consulted. The Premier may say that his Government would do that anyway because it is a good employer. That is on the basis of a 'trust me' position—that is, of course it will consult.

I do not think it is good enough and the Government's track record on consulting with trade unions is very poor. The decision—basically a nasty, mean-spirited decision by the Premier and the Minister for Industrial Affairs—in February of this year to withdraw payroll deduction facilities for members of trade unions working in the Government with the briefest of notice, without any prior consultation and in complete defiance of another pre-election promise by the Premier, calls into question the basic trust and faith that the work force of the State Public Service can have in the Premier. It was basically a mean-spirited act that did not do anything but caused a lot of inconvenience.

The Premier came to office wanting to improve the employment prospects of South Australians and one of his first decisions in removing payroll deduction facilities was to see 22 employees of the Public Service Association lose their jobs, with their families being affected, because of the pre-emptory nature of the decision. That was mean-spirited. Here is a man who is committed to improving our level of employment in this State and he knowingly goes out to kick a trade union. I pick on that union, although many others suffered severe financial disadvantages as well and have had to shed staff and create extra unemployment, and for no good reason but simply because of a mean spirit and a basic hatred for trade unions and all that they stand for. The Premier wants to be a good employer; he wants the Public Service to be at the cutting edge of reform, and he often looks at Mitsubishi, General-Motors Holden's and other major companies and says, 'What a wonderful environment we have created in this State. We have major companies winning magnificent export awards and their work force is working harmoniously.'

I heard Ray Grigg, the former Production Manager of General-Motors, on the radio the other day talking about the massive reduction in the level of disputes at Elizabeth because the work force, overwhelmingly unionised, and the management are getting together, consulting, setting up total quality control teams, sharing a common vision, rolling up their sleeves and doing the work. I have some experience with the motor vehicle industry as I was a secretary of a union that had significant membership in both Mitsubishi Motors and General-Motors, and those companies did consult and signed enterprise agreements—the same enterprise agreements that have been the launching pad for the revival of that industry. Those enterprise agreements required company management to consult with the recognised trade unions on site on matters of significance.

Indeed, it is rather enshrined in a number of decisions, the most important one being in 1987 in the Australian Industrial Relations Commission (the Arbitration Commission as it was then known) regarding the termination change and redundancy test case, which made it a provision in a number of awards that an employer is obliged, under the awards, to consult with recognised trade unions, where an employer knows there are unions with membership on site, on matters affecting the interests of those employees in any significant decisions.

It got to the stage in Victoria, under the Victorian Commercial Clerks Award, where the Victorian Industrial Relations Commission of the day awarded that employers had to consult at the stage of feasibility studies. That was challenged by employers, who said it could not happen in Australia, that it was an invasion of managerial prerogative, and it went to the High Court. The High Court ruled that such an award clause was perfectly valid and legally enforceable. In this Bill, the Premier wants to go backwards: he wants the old master/servant relationship and that is why he wants to be the employer of public servants and to issue edicts with respect to general employment conditions without the interference of an independent Commissioner for Public Employment. For the Premier and his Government, having CEOs and the Commissioner having to consult with unions on issues which may significantly impact on membership is ideologically repugnant. The fact of the matter is that it is far from being repugnant.

Modern management, particularly in large multinational companies, such as those I just mentioned, recognise the valuable contribution that can be made to their industry through consultation with the recognised trade unions on site. The success of the BHP steel plan is ana example. The plan put in place by former Senator John Button was enthusiastically embraced by the work force as a measure for saving that industry which, at the beginning of the 1980s, was near extinction. Management embraced the concept of consulting and entered into binding agreements that it would consult with the recognised trade unions. The only major employer in this State which is going away from that basis, which is shrugging its shoulders and wanting to go back to the nineteenth century, is this Government, despite all the buzz words from the Premier—that he wants to ensure an accountable Public Service, one that is fully responsive, and all the other warm fuzzy words, cliques and so forth that he has used in his speeches.

I conclude on this point: there are no valid reasons that this Government or any Government could give for not wanting to consult with its employees and recognised trade unions. The fact that the Government might turn around and say, 'We'll do that anyway; we don't need an Act' gives me real doubts about the *bona fides* of the Premier on this point. I would prefer to have it in legislative form.

The Hon. DEAN BROWN: The Government rejects the proposed amendment because no other Act in Australia which covers this area of Government employment includes such a provision, and I see no reason why it should. If there are matters about which we want to talk to the unions or all our employees, we do so as part of management practice. It should not be part of the legislation; it would be pointless to include it in the Act. This is exactly one of the thrusts of this Bill: it clearly puts the responsibility for good management with the chief executive officers, placing with them an obligation on performance. Part of that performance obligation is to consult with their employees and, if need be, with trade unions or other representatives of employees, some of whom may be trade unions and some may not. If the honourable member thinks that this will be the be all and end all in terms of trying to achieve thorough consultation with the Government's own employees, quite clearly it is not and has not been the case.

It is interesting to note that, at any rate, the former Government ignored the current provision. One of the very first criticisms made to me when I became Premier was a statement from the PSA to the effect that the former Government had not consulted with it even though there was a so-called legislative requirement for that to occur. I point out that it is more a matter of putting in place structures for good management, and that is exactly what we are trying to achieve under this Bill. It is inappropriate to include this as

a specific legislative requirement which will be practised not by the people who operate and implement management and policy but at some higher level of Government which is half removed. Therefore, the unions become removed and the person who does the consultation—I presume in this case it would be the Premier or the Minister responsible for the Bill—also becomes removed, so the consultation becomes removed from the people whom it directly affects. I would rather see that consultation take place as part of the natural management of the employees in the public sector.

I also point out to the honourable member that he is now the Deputy Leader of the Opposition and the way in which he carried on with that sort of tripe earlier sadly reflects his own mentality and attitude regarding this matter.

Mr CLARKE: I thank the Premier for his gratuitous advice, which I do not accept. Obviously, the Premier has made up his mind on this matter, so I simply ask whether he will give an assurance that, whilst he is Premier, his Government, as part of its performance contracts with CEOs, will insist that they consult with their employees and with the relevant trade unions, where members of trade unions are involved, on any decisions that those CEOs may take which would have a significant impact on their employees?

The Hon. DEAN BROWN: Part of the task of CEOs will be to consult with their employees—and I have encouraged that. I invite the honourable member to look at the record of some of the public comments that I made when I was Minister of Industrial Affairs. Over a three year period, it was said that I was the Minister who consulted probably more widely with both trade unions and employees than any other Minister in recent times. That same comment has been made about me by some of the current trade unions. I am the first Minister ever to have gone to Trades Hall and sat down and negotiated with the United Trades and Labor Council to settle a piece of legislation. We had eight hours of negotiations, and that is why this State then became the leader for the whole of Australia in introducing industrial and commercial training legislation.

I have maintained that practice as Premier by making sure that there is consultation by relevant Ministers. Our Minister for Industrial Affairs consults widely with the unions. There have been occasions when the unions have come and talked to me. Since I became Premier, on at least one occasion I think I have gone to the United Trades and Labor Council, and that is absolutely an exception. CEOs will be told that they should maintain a very close liaison with their employees.

Mr CLARKE: I cannot let some of the Premier's comments pass unnoticed. By all means, he might well have visited Trades Hall, but consultation also means listening, and his behaviour to date is not regarded as consultation by his own employees or trade unions when he has unilaterally done things out of sheer spite. I referred to one of those things in my earlier contribution, and I will leave it at that.

The Committee divided on the amendment:

AYES (11)

Atkinson, M. J.	Blevins, F. T.
Clarke, R. D. (teller)	De Laine, M. R.
Foley, K. O.	Geraghty, R. K.
Hurley, A. K.	Quirke, J. A.
Rann, M. D.	Stevens, L.
White, P. L.	

NOES (31)

Andrew, K. A.	Armitage, M. H.
Baker, D. S.	Baker, S. J.
Bass, R. P.	Becker, H.
Brokenshire, R. L.	Brown, D. C. (teller)
Buckby, M. R.	Caudell, C. J.
Condous, S. G.	Evans, I. F.
Greig, J. M.	Gunn, G. M.
Hall, J. L.	Ingerson, G. A.
Kerin, R. G.	Kotz, D. C.
Leggett, S. R.	Lewis, I. P.
Matthew, W. A.	Meier, E. J.
Olsen, J. W.	Oswald, J. K. G.
Rosenberg, L. F.	Rossi, J. P.
Scalzi, G.	Such, R. B.
Venning, I. H.	Wade, D. E.
Wotton, D. C.	

Majority of 20 for the Noes.

Amendment thus negatived; clause passed.

Clause 4 passed.

Clause 5—'Personnel management standards.'

Mr CLARKE: I move:

Page 4, line 16—After 'fairly' insert 'and consistently and not subject employees to arbitrary or capricious administrative decisions'.

This is a fairly important amendment because, whilst it could be argued by some that the words 'treat employees fairly' encapsulate the terms in my amendment, equally it could be argued that they do not. What is 'fair', particularly in a Public Service environment? What is very important, particularly in terms of the independence of the Public Service from Party-political interference, is the word 'consistently'; that is, that there should be consistency in the treatment of employees. The words 'and not subject employees to arbitrary or capricious administrative decisions' further strengthen the rights of employees within various public sector agencies.

If this Bill were to get through in its present form with the Premier being the direct employer and with the removal of the Commissioner for Public Employment as a buffer between the political masters and the Public Service, I believe that those additional words under the important heading of 'Aims and standards'—the objective being that employees should be treated fairly, that (and very importantly) there should be consistency of treatment of all employees and that they should not be subjected to arbitrary or capricious administrative decisions—give a harder edge to this legislation and add greater protection to employees, both as individuals and as groups. The amendment does nothing to harm the Government's objectives in terms of achieving greater accountability or, indeed—again without repeating them all those cliched, hackneyed phrases—achieving the various things the Government wants the Public Service to achieve in total quality of management and the like.

The Hon. DEAN BROWN: We do not accept this amendment.

Mr CLARKE: I would be interested to know why the Premier finds the amendment so offensive that he cannot vote for it.

The Hon. DEAN BROWN: We are not going to accept it. We have already been through this sort of argument.

Amendment negatived.

Mr CLARKE: I move:

Page 4, lines 17 and 18—Leave out paragraph (c) and insert—

(c) prevent unlawful discrimination against employees or persons seeking employment in the public sector on the ground of sex, sexuality, marital status, pregnancy, race, physical impairment or any other ground and ensure that

no form of unjustifiable discrimination is exercised against employees or persons seeking employment in the public sector;

(ca) afford employees equal opportunities to secure promotion and advancement in their employment; and

(cb) afford employees reasonable avenues of redress against improper or unreasonable administrative decisions; and

Again, I do not see why the Premier would not want to include it. It is conceivable perhaps that the Premier might say that these provisions may be covered by other legislation. I do not think they are, quite specifically, because I know there is other discrimination legislation. The heading with which we are dealing with here under Part 2 is 'General Public Sector Aims and Standards', indicating the vision, the structure and moral fibre and outlining how the Public Service should be conducted. Far from weakening those overall objectives, it strengthens the provision to include the amendment rather than simply saying, 'Oh, well, there's a provision afoot within the equal opportunity legislation.' Does equal opportunity legislation specifically cover public sector employment?

The Hon. Dean Brown: Don't you recall a court case relating to a teacher?

Mr CLARKE: I think that was last year.

The Hon. Dean Brown: The answer is 'Yes.'

Mr CLARKE: If the answer is 'Yes', that is fine. When many large employers set out their vision statements and their obligations to their employees, one of them would be, 'We will have a safe and healthy workplace.' That is their duty of care under the Occupational Health, Safety and Welfare Act. Management put it within its vision statement and all the documentation goes out to its line managers and the like to reinforce what is expected of them, and I would have thought that could be equally accommodated within this clause.

The Hon. DEAN BROWN: The Government rejects this amendment, but not because we are against the principle at all. In South Australia the Liberal Party has led the way in equal opportunity legislation. It was the Liberal Party that introduced sexual discrimination legislation back in 1970s, by way of the Hon. David Tonkin's private members' Bill when he was Leader of the Opposition. The Liberal Party introduced private members' legislation in this State to outlaw discrimination on age. So we have led the way on anti-discrimination legislation. I point out to the honourable member that it is quite inappropriate to use quite different words to include anti-discrimination legislation in this Bill when the Equal Opportunity Act already contains anti-discrimination legislation but in quite different words. It would be an absolute dream for the lawyers deciding which Act should take precedence over the other.

One party will argue one thing under one Act and another party will argue something else under the other Act, when both Acts deal with exactly the same subject. If there is one way of creating confusion and drawing adverse comment from the Supreme Court in any of the cases it heard, it would be to proceed with this type of amendment. I point out to the honourable member that the Equal Opportunity Act does apply to the public sector in South Australia, so there is absolutely no need for this type of amendment.

Amendment negatived; clause passed.

Clause 6 passed.

New Part 2A—'PUBLIC SECTOR MANAGEMENT BOARD.'

New clause 6A—'Establishment of board.'

Mr CLARKE: I move:

After Part 2, page 4—Insert new clause as follows:

6A. There is to be a Public Sector Management Board.

Much of what I have said already yesterday about wanting to reassert the rights of the Commissioner for Public Employment applies equally, in part, to the establishment of the Public Sector Management Board. I am aware of what the Premier said yesterday, that is, that when he came into Government it was his understanding that for 18 months or thereabouts the Government Management Board had not met and had fallen into disuse. However, we have to look at it within this context. I do not know for what reasons the board never met in those 18 months, as I was not a Government member at that time. However, it is important regarding the Public Service proper that we do not have just this concept of a managing director with, in many respects—as will be the case later in the Government's Bill—enormous powers to interfere directly with the workings of the Public Service, without there being a buffer between the political masters and those who work for the Government, not just for the Government of the day but the Government on an ongoing basis, whoever the Government may be.

The composition of the Public Sector Management Board, as I have entitled it, is essentially the same (except for the name) as that of the Government Management Board. The board will consist of seven persons, one of whom is to be the Commissioner. The remainder effectively are to be appointed by the Government of the day. A person will be employed in the public sector who has been nominated by the Trades and Labor Council, and the remainder will be persons who, in the opinion of the Governor, have appropriate knowledge and experience in the area of management. The terms of those appointments are such that the board is independent of direct interference. It is appointed for a period and can be removed from office under certain conditions as laid down under new clause 6D. The functions of the board are described in new clause 6G, as follows:

(1) The functions of the board are as follows:

(a) to keep all aspects of management in the public sector under review and—

(i) to establish appropriate general policies in relation to personnel management and industrial relations in the Public Service; and

(ii) to advise the Minister or other Ministers on policies, practices and procedures that should be applied to any other aspect of management in the Public Service or to any aspect of management in other parts of the public sector; and

(b) to advise the Minister or other Ministers on structural changes to improve the efficiency and effectiveness of public sector operations;

Those functions are listed, and new clause 6I(2) then provides:

No ministerial direction may be given to the board—

(a) requiring that material be included in, or excluded from, a report that is laid before Parliament;

(b) requiring the board to make, or refrain from making, a particular recommendation or comment . . .

(c) requiring the board to refrain from making a particular review of public sector operations.

It further provides that any such ministerial direction must be communicated to the board in writing and included in the annual report of the board.

I think that those sorts of principles are extremely important, for all the reasons I outlined last night during the Committee stage of the debate dealing with the Commissioner for Public Employment, appeal tribunals and the like. I will not belabour those points, but I will try to telescope some of

them. Effectively, whilst such a board would be subject to direction by the Minister, there are a number of things that it can do not only to improve the efficiency and operation of the Public Service but also in tabling information before the Parliament as to its operations and that of the Public Service which, from time to time, may differ from that of the Government of the day, but so be it. Every Government of whatever political persuasion has had to put up with various lumps from the Auditor-General, and for very good reason—because the Auditor-General is able to report directly to the Parliament and is protected by Acts of Parliament against removal except by resolution of both Houses of Parliament.

Again, for the reasons I pointed out last night in my reference to the Fitzgerald report on the Queensland Public Service, it is extremely easy, particularly if you start removing legislative safeguards for the Public Service, for Ministers, perhaps not initially with ill-will as their main focus, to slip into a process whereby they have direct access to the Public Service and are able to order people to do certain things without safety checks and balances. For example, I worry that the Deputy Premier had one of his staff members try to set up the Leader of the Opposition and create a scam or rort in relation to the Leader allegedly trying to obtain petrol during the recent petrol rationing week. It does cause the Opposition some considerable concern that a staffer of the Deputy Premier can be involved in that type of behaviour, in trying to set up not only the Leader of the Opposition but a member of Parliament.

If that is the mind set of this Government, it is little wonder that there is agitation amongst public servants generally and in the Opposition that what might have started in the Deputy Premier's office as something like, 'Let's think how we can stir up the Leader of the Opposition. Let's see whether we can get a cheap political score in Parliament', could have gone further than that, although it was believed that it could not. Such situations have led to events such as Watergate and the Charles Colson type mentality that permeated through the Public Service generally in America under the vindictive presidency of Richard Nixon. It became a sort of culture in the senior echelons of the Public Service that they had a President who was mean spirited and vindictive, who wanted to beat up on his political opponents and who would not stop at any measure to do so.

I am not saying that the Deputy Premier is on equal standing with the former President of the United States, Richard Nixon. Richard Nixon was a hell of a lot smarter. If he had owned up a little earlier in 1972 to a bungle on the part of his plumbers at Watergate, he would have finished his eight year term. It is the culture that worries me. It is a culture whereby the Full Commission of the State Industrial Relations Commission has a concern that its independence is being interfered with because of telephone calls that are made directly to its Acting President, trying to have him removed from hearing a case—the State wage case—where the Government is a major respondent, after a bench had already been assembled. One might say that is just another blunder by the Minister for Industrial Affairs; we all get used to it so why worry about it? Well, I do worry about it. Then we see the same blunder by the Deputy Premier in having one of his staffers try to set up the Leader of the Opposition.

Hence our concern at wanting to put an independent body, such as the Public Sector Management Board, between the political masters of the day, who will get up to their shenanigans and so forth and try to fabricate things with, say, an Ampol Service Station proprietor to try to implicate the Leader of the Opposition in some illegal activity. We do not want the rest of the Public Service involved in that. Okay, the Deputy Premier's staffer got involved in that, and she will make another mistake one day and either it will cost the Deputy Premier his job or it will cost her her job.

I realise these things may cause some distress for members opposite, because they got found out in their little scam, but the fact of the matter is that that is the very reason why we want these board structures in place. Quite frankly, in a democracy, we cannot afford to have clowns or people who think they are having a bit of fun by trying to set up Opposition members of Parliament, accuse them of all sorts of illegalities, of trying to have public servants perhaps do some of their political work for them, simply in an attempt to embarrass the Opposition. That may be what the Government thinks is fair game, but it is not something which we in the Opposition will tolerate. I would urge the Committee to support our amendments.

The Hon. DEAN BROWN: We reject all the amendments concerning the Public Sector Management Board. I thought I covered the issue fairly adequately in my response to the second reading debate. I point out that, first, this is completely counter to what we are trying to achieve. We are trying to achieve a more responsive public sector management. We are trying to make sure the CEOs are accountable. There is one good way of making sure that the CEO is not accountable, and that is to put some mythical board above him on a part-time basis and allow everyone to feel as if no-one is accountable. It is exactly what went wrong with the State Bank.

It appears that the Labor Party in South Australia still has not understood or learnt from the mistakes of the State Bank. It does not understand that, if you want a system to work, you appoint someone to be responsible and you make them accountable. Therefore, it is quite inappropriate to have a board. Even the honourable member's own Government for 18 months did not use the board. What is the Deputy Leader's response to that? In fact, I will sit down and give him the chance to tell us. If this is such an important amendment, why in the last 18 months of the Labor Government did it not use the board? In fact, senior public servants responsible in this area could not even tell me who were the members of the board. It reached the stage where the board just did not meet. I invite the honourable member to explain why the Labor Government did not use the board in its last 18 months.

Mr CLARKE: I will respond to the Premier's challenge. I was not a member of the Government. I was not even in this House, so I cannot tell him the answer to that. However, I do know that, given your Government's behaviour over the past 11 months and the set-up job your Deputy Premier tried to do on the Leader of the Opposition yesterday, it fills me with a great deal of dread about the bona fides of your Government and how you would treat the Public Service for political purposes.

The CHAIRMAN: The honourable member will address his remarks through the Chair.

The Hon. DEAN BROWN: I further point out that, frankly, some of the comments that the Deputy Leader of the Opposition has put forward in terms of trying to support this amendment show his complete lack of knowledge and understanding of the public sector and how it operates. It also shows a complete lack of understanding of the checks and balances already in place. I realise that the honourable member was not in the previous Government, but I suggest that he talks to some of the former Ministers—and I know

that there are not many of them left. However, his Leader was one of those Ministers who did not use the board for 18 months. The former Deputy Premier also happened to be one of those Ministers. In fact, he was a very senior Minister, and the honourable member could speak to him.

On the other hand, he could speak to the former Government's very senior adviser, now the member for Hart, and ask him why, as the senior Government adviser in the Premier's Department, he did not ensure that this board was appointed and that it operated. I am sure that they will all come back with the same answer: it was not effective, and it was an inappropriate structure. Therefore, it is being removed.

The Committee divided on the new clause:

AYES (10)

Atkinson, M. J.	Blevins, F. T.
Clarke, R. D. (teller)	De Laine, M. R.
Foley, K. O.	Geraghty, R. K.
Hurley, A. K.	Rann, M. D.
Stevens, L.	White, P. L.

NOES (33)

Andrew, K. A.	Armitage, M. H.
Ashenden, E. S.	Baker, D. S.
Baker, S. J.	Bass, R. P.
Becker, H.	Brindal, M. K.
Brokenshire, R. L.	Brown, D. C. (teller)
Buckby, M. R.	Caudell, C. J.
Condous, S. G.	Evans, I. F.
Greig, J. M.	Gunn, G. M.
Hall, J. L.	Ingerson, G. A.
Kerin, R. G.	Kotz, D. C.
Leggett, S. R.	Lewis, I. P.
Matthew, W. A.	Meier, E. J.
Olsen, J. W.	Oswald, J. K. G.
Rosenberg, L. F.	Rossi, J. P.
Scalzi, G.	Such, R. B.
Venning, I. H.	Wade, D. E.
Wotton, D. C.	

Majority of 23 for the Noes.

New clause thus negatived.

Clauses 7 to 17 passed.

Clause 18—'Commissioner for Public Employment.'

Mr CLARKE: I move:

Page 10, lines 6 to 8—Leave out subclause (3) and insert—

(3) There is to be a Deputy Commissioner for Public Employment who is also to be appointed by the Governor.

(4) The Deputy Commissioner is to act as Commissioner—

(a) during a vacancy in the position of the Commissioner; or

(b) when the Commissioner is absent from, or unable to discharge, official duties.

The Bill provides:

(3) The Minister may assign an employee to act as Commissioner—

(a) during a vacancy in the position of Commissioner; or

(b) when the Commissioner is absent from, or unable to discharge, official duties.

The Acting Commissioner would have whatever authority the Commissioner enjoys under this Bill, but the Minister, under clause 18(3), may assign any employee to act as Commissioner in that person's absence. One could perhaps be accused of being paranoid, but it seems to me that that creates far too much latitude in the appointment of a Deputy Commissioner, or an Acting Commissioner under the Bill. Where the Commissioner could be on annual leave or long service leave, or on official business outside the State or even the country for a protracted period of time, the Minister simply assigns anyone he or she chooses who is an employee and who is well disposed politically towards the Minister or the Government of the day and, during that time, that person is able to carry out all the functions of the Commissioner.

It would seem far preferable, to avoid that type of eventuality, that a Deputy Commissioner be expressly appointed through the normal processes. The Deputy Commissioner would act as a Commissioner only when the Commissioner was absent or unable to discharge his official duties, but would be a person appointed by Cabinet with the approval of the Governor. It would be up front and a person who would not simply be slotted in at a particular time to suit the convenience of the Minister of the day to do the Minister's bidding, if they had a like mind on particular issues. The Bill allows for that type of eventuality. Whilst we cannot be 100 per cent certain of being protected, even under my amendment, it would make that type of eventuality much less likely. I commend the amendment to the Committee.

The Hon. DEAN BROWN: I oppose this amendment, although I have no objection to the concept of an Acting Commissioner having to be appointed by the Governor, so that it is done very formally through Executive Council and is not just an *ad hoc* decision. I suggest that that amendment should be picked up in another place. I am willing to accept that amendment, which would need to be to the effect that the Governor in Executive Council could appoint an Acting Commissioner. I suggest that that be picked up in another place. In fact, I will ask for it to be prepared, and it will be supported by the Government in another place.

Amendment negatived; clause passed.

Clauses 19 and 20 passed.

Clause 21—'Functions of Commissioner.'

Mr CLARKE: These areas were canvassed as a test item last night. Unfortunately, I was not successful or, more particularly, the Premier was not as amenable last night as he was a few moments ago, so I will not move my proposed amendments.

Clause passed.

Clause 22—'Extent to which Commissioner is subject to ministerial direction.'

Mr CLARKE: I move:

Page 11—Leave out this clause and insert—

22. (1) Subject to this section, the Commissioner is subject to direction by the Minister.

(2) No ministerial direction may be given to the Commissioner—

(a) relating to the appointment, assignment, transfer, remuneration, discipline or termination of a particular person; or

(b) requiring that material be included in, or excluded from, a report that is to be laid before Parliament; or

(c) requiring the Commissioner to refrain from making a particular review or investigation; or

(d) requiring the Commissioner to declare, or refrain from declaring, a particular association to be a recognised organisation or to revoke, or refrain from revoking, such a declaration.

(3) A ministerial direction to the Commissioner—

(a) must be communicated to the Commissioner in writing; and

(b) must be included in the annual report of the Commissioner.

Essentially, whilst in the first instance this amendment is similar to what the Government provided—that the Commissioner is not subject to direction by the Minister—we are

much more specific in saying that no ministerial direction may be given to the Commissioner with respect to these various points, some of which we debated yesterday. However, there is an important principle involved in this. Under the Bill before us, the Commissioner can be subject to ministerial direction in the exercise of delegated powers. Under clause 27, for example, the Minister may delegate his authority to the Commissioner for Public Employment to make determinations on general conditions of employment, which is a delegated power. I am sure that the Premier would not sit down and work out for himself what the meal money should move by; he would not do a survey of every country roadhouse to assess what the price rises have been since the last time the meal allowance was increased but would delegate that function to the Commissioner for Public Employment. Once having delegated, the Commissioner is subject to ministerial direction.

My view is that, if the Minister—the Premier—wants these tasks, with which I disagree but on which I lost, he can have them, accept the responsibility for it and not hand it over to the Commissioner for Public Employment to act as a comfortable whipping horse if something goes wrong. He will still be able to instruct the Commissioner on precisely whatever is the Commissioner's job, but publicly or in the Parliament he can say, 'Do not blame me on this issue. I handed over this power to the Commissioner for Public Employment'. Clause 22 does not contain a provision which says that any instructions issued by the Minister are to be in writing and reported in Parliament.I would have thought that that is a fairly basic sort of provision that should be in any Act of Parliament involving the Public Service.

For all those reasons, I strongly urge the Government to adopt this amendment, because it clearly states that, if you are to give a direction to the Commissioner for Public Employment, it should be communicated to him or her in writing and included in the report of the Commissioner so that the world knows the extent. It may be for perfectly good reasons that an instruction is issued, but everyone in the Parliament and in the community would know what were those instructions and the responsibility would be sheeted home to the person who issued the instructions. It would not be subject to some subterfuge, whereby the Minister of the day could say, 'I want these determinations effectively on the general conditions of employment for public servants. I will not do it myself. I delegate it to you, the Commissioner of Public Employment but, because it is a delegated power, I have the right to instruct you on the outcome, and it is not to be reported to the Parliament that it is an instruction in writing and included in the annual report.'

The Hon. W.A. MATTHEW: The effective thrust of the ALP's statement is that it wishes to retain the powers of the current Commissioner. The Government on the other hand is intent on putting forward a Bill which devolves more power to CEOs. The amendment assumes that the *status quo* remains and that amendment is therefore inconsistent with the whole thrust of the Bill, which is to amend the structure and management of the Public Service.

Amendment negatived; clause passed.

Clauses 23 to 29 passed.

Clause 30—'Conditions of executive's employment.'

Mr CLARKE: I have on file the following amendment:

Page 16, line 3—Leave out heading 'DIVISION 1—EXECUTIVE POSITIONS'.

This amendment makes sense only in relation to a number of more substantial amendments that I propose to clauses 30 to 33. Clause 36 deals with contracts of employment and the like, and I would be prepared to canvass all issues in those clauses under this heading. I will use this as a test case and, if I do not gain support, I will not proceed with the remainder of the amendments.

We have had substantial debate already on the independence of the Public Service. However, these are particularly important areas for literally hundreds of senior public servants. It is not the Commissioner for Public Employment who determines who fits into an executive position. Under clause 29, the chief executive 'may appoint persons as executives of the unit', but under clause 27(1)(d), which has been passed, the Premier may determine the 'classes of positions that are to be executive positions for the purpose of this Act'—that is, the Premier directly may make such a determination, not the Commissioner for Public Employment, an independent public official with tenure, who can be sacked only by both Houses of Parliament or on expiry of the term of office.

Mrs Kotz interjecting:

Mr CLARKE: The member for Newland might interject, but I think it would be better if she expressed her reasons during this exercise, as she is perfectly able to do so.

Mrs Kotz: It's a waste of the time of the Committee.

Mr CLARKE: The member for Newland says that it is a waste of time. No doubt, the public servants in her electorate will be only too interested to hear her comments, that she does not really care too much about their concern with the politicisation of the State Public Service. Under clause 30, all these unknown people—because the Premier of the day can just determine whole classes of people as being executives; I do not know whether he will make that determination by salary or job specification (indeed his powers are so broad he could say that all ASO1 clerks are executives; they do not necessarily need to be paid any more)—or all executives are to be employed on contract in the future. It is not a question—as happens at the moment—of legitimately weighing up the pros and cons by Government, saying, 'We want these tasks done for a particular project which is of limited duration; we will have to try to get someone from overseas, interstate or wherever with these skills if we cannot fill the position locally, and we need this person to be on contract.'

This clause simply provides that all new people classified as executives be on contract. Anything in the contract that specifies anything that is inconsistent with the balance of this Bill overrides the Bill. That is far too broad and sweeping. Why have an Act of Parliament governing the Public Service in the first place if, simply by the making of a contract which may be extensive enough to touch on all provisions in the Act, the Act could be inferior? The Government assumes that every contract will be not less than the Act, that the Act will be the safety net, that it will contain the bare minimum of rights and protections for public servants, but that is not so. Anything in a contract which offers fewer protections than are specifically provided for in this Bill will automatically apply. Clause 31 provides:

> (1) The contract relating to an executive's employment may make any other provision considered appropriate, including provision excluding or modifying a provision of this Act. . .
> (2) The contract will prevail, to the extent of any inconsistency, over. . . this Act. . .

The Bill does not provide a minimum safety net. It may provide for perhaps stupendous advantages over and above

the Act which are not necessarily known to the Parliament. I think that is cause for concern as well, because if Governments want to enter into contracts that confer considerable advantages on particular individuals, as custodians of the taxpayers' money we ought to know about it. I would have thought that would be a fairly sensible idea—that, particularly after the State Bank episode, we would all be far more conscious of what goes on and want to be more accountable to Parliament and not just simply allow chief executives to enter into contractual agreements that can override any of the provisions of this Act.

I think it is quite mind boggling. It will become the norm in the public sector that executive positions will not be tenured or career positions to which people can aspire as part and parcel of their normal employment in the Public Service without entering into a contract. For some specialised people that is quite an advantage. A number of people—and I do not doubt it, as a number of people are on contract now in the public sector—find it an advantage because they have a range of skills which are in short supply and they can do a pretty good job for themselves in protecting their own interests. It also provides a better turnover to stop the Public Service from ossifying. That is fine: the Opposition does not disagree with that. When we were in Government we had contracts that still apply within that area, but it is not the norm that anyone who aspires or is appointed to an executive position automatically must accept a contract.

Under a contract, a person can be given a minimum of only four weeks notice and paid out for a reduced term of the contract of, I think, three months for each uncompleted year of service. The dismissal or termination of a person might have nothing to do with the person's ability to do the job; it might simply be because that person stood up in the public interest and said to the Minister through the chief executive officer, 'We think that what you are doing is wrong; in fact, we think it might even be illegal.' I know that the State Bank is not part of the Public Service, but let us use it as an analogy. Before we went well and truly off the rails with the State Bank, I am aware personally of some managers in the State Bank who were concerned. They knew of other managers who put up their hand and complained and said a few things to higher officials within the bank and who suddenly found themselves transferred to some of the most unsavoury branches in the far corners of the State.

I do not want that type of behaviour to be the accepted form in so far as executives of the Public Service are concerned, because they are a focal point representing the main areas of leadership within Government agencies. I do not see anything wrong with a career oriented Public Service. The Public Service has to have an infusion of new blood. It has to have a blend, as they have in private industry involving people on contract, who know that they are only going to stay in a particular area to do something for five years and then move on, and who negotiate rather significant salary increases for themselves, knowing that they will be there probably for only five years.

The legislation also has the problem of termination where, as I say, employment for these people is now subject to being terminated with only four weeks notice, with no reason being given and no effective provisions being included to protect their right of appeal. In some instances it might be because they cannot do the job, or they are incompetent or not suitable: that happens, and people go. But we saw what happened under this new Government earlier in the year, and it may involve people who simply want to do the right thing but whose politics the Minister does not like, so the CEO is told to get rid of them. So, it is not that far fetched. Your Government spent hundreds of millions of dollars of taxpayers' money in sacking people who were believed to be too close to the former Government.

The Hon. W.A. Matthew interjecting:

Mr CLARKE: It is public knowledge and you know it. You are quite happy to have done that. Frankly, it is your behaviour on assuming office which causes all public servants and the Opposition to worry that this is the type of attitude you will display to executives in the Public Service, rather than it being a case of the Public Service having the ability to give full and frank advice to the Minister of the day and not having to tody up through the CEO to that Minister with clinically palatable advice which may suit the Government of the day but not necessarily be in the public interest.

I have no problem with the Minister's not agreeing with advice he may receive, but people should not be put in the position of being so intimidated as not to be able to give their frank advice on what they believe to be an appropriate course of action.

The Hon. W.A. Matthew: That is naive.

Mr CLARKE: The Minister says it is naive on my part to think that way. He says it will not happen. We had the Deputy Premier and his staffer yesterday trying to set up the Leader of the Opposition for doing an illegal act. The honourable member thinks that is funny. Members opposite think we should not worry about it when that type of mindset permeates your Government.

The CHAIRMAN: Is this argument relevant to the clauses under amendment? The honourable member has been speaking in excess of 15 minutes to this one point.

Mr CLARKE: I will be coming back on other points if necessary.

The CHAIRMAN: The Chair is being flexible and not pressing the point.

Mr CLARKE: I have nearly concluded because I have canvassed most of these issues in passing.

The Hon. W.A. Matthew: Repeatedly.

Mr CLARKE: I know, and I will do so repeatedly because I trust this Bill will not succeed in another place and the Government will have to rethink it. If it does succeed, in a couple of years time when a few more of your wonders come out and your political interference within the Public Service comes out, we want to be able to make it crystal clear to the public of South Australia that we warned you and the public of South Australia about the type of behaviour of which we know your Government is capable. It is typified by what has happened in the Industrial Relations Commission involving interference with the Acting President of the Industrial Court and Commission.

For those reasons, we strongly oppose these provisions and, in particular, the defeat of them would allow for the present system to be continued where the norm is career public servants and where, if the Government of the day wants to attract certain people to fill a position, it will have to do so through better salaries and conditions. It does not become the norm and it does not destroy the career Public Service, which, at the end of the day, for all the criticism levelled at it, has nonetheless provided significant levels of service to the community of South Australia from which we have all benefited greatly.

The Hon. W.A. MATTHEW: In view of the comments made by the honourable member there are a number of points to which I need to reply. One of the matters that I, and

certainly my colleagues on this side of this Chamber, have always found peculiar about the Labor Party in parliamentary debate is their continual opposition to competition and their continual opposition to the best person getting the job. These clauses enable executives to be appointed within a structural framework based on agreed performance standards between the Government and the executive officer.

Clearly, if the successful appointee to that position does not satisfy those agreed performance standards, that person's contract can then be cancelled. That is a guarantee that a Government has of ensuring that its executive officers perform according to standards to which the public would expect them to perform. It is an essential management tool that is used widely in both Government and the private sector. Indeed, we can look at other Governments around Australia and see where that occurs. It is not just the Liberal Governments of Western Australia, Victoria and New South Wales, but it can also happen under the Commonwealth Government through contracts with senior executives and, similarly, in Queensland under Labor Governments.

So, why is it that the Labor Party in South Australia has such an opposition to performance standards, to getting the best person for the job? It makes sense that if we have a vacancy at the senior executive level within the Public Service we would want to attract the best possible person for that job and, in so doing, to be guaranteed flexibility—if that flexibility is needed—to negotiate conditions of employment to attract that best person. There is nothing new, insidious or unusual about that approach. It is taken elsewhere by the private sector and by other Governments and it works. That is why its use is expanding—because it works, and works well.

Far from being people who would not be able to speak their mind, no-one so contracted would have any lesser inclination to speak their mind than anyone else presently employed in the Public Service under existing conditions. In fact, I would argue the reverse would occur. People who are generally appointed to contract positions are usually people who are good lateral thinkers and do not mind not having tenure in their position because they have confidence in their ability. Because they have confidence in their ability, they have confidence in the ideas they put forward to Government, and certainly would not hold back on putting forward advice that they believe the Government of the day appropriately needs to receive and act upon.

I take issue with the Opposition in claiming that this practice is in some way different, unusual or not consistent with what is occurring elsewhere. The transition process is not a compulsory transition process. We are not forcing those existing executive officers to undertake this process; rather, it will be one that is determined by agreement. So executives who wish to transfer by agreement will have that opportunity. The Opposition is concerned about the potential politicisation of the Public Service through the contract appointment of senior executives. I remind the Opposition of the position of the Commissioner for Public Employment: that person will have a monitoring role over the performance standards that are set and the contracts that are signed. It is realistic to expect that the Commissioner will not only set standards but also will be involved in key appointments within the Public Service. Again, that is an entirely appropriate process and provides that checking mechanism which the Opposition desires to see in place.

I take issue with the Opposition's claims that it would politicise the Public Service. Rather, these are commonsense legislative moves that will ensure that we have the opportunity to get the best people for the job at executive level within the Public Service. It is a privilege to reach executive level in the Public Service and one that needs to be cherished and continually worked at to retain. One does not reach executive position by flowing up through to the top level simply by being with the organisation for a certain period; I would hope those days are well and truly gone. This enables the selection by merit process to be competitive and ensures that non-performers no longer stay and performers do. I argue that it is always in the best public interest to have the best person in the job at any time and, if they do not perform, they go. That is as the public would expect it.

Mr CLARKE: I point out again that under clause 27 it is the Premier of the day who will determine the classes of positions that are to be executive positions, not the Commissioner for Public Employment. There is nothing in the legislation to say that the Premier of the day cannot make everyone in the Public Service an executive position and put everyone on contract. I know the Premier has said that that will not be the norm, but then I do not believe a great deal of what the Premier says in any event.

I understand what the Minister says about the transitional provisions but, in relation to clause 30 and subsequent clauses, I am not talking about people who are already on contract or who are career public servants and not on contract. I am talking about senior executives. The fact of the matter is that all new persons appointed to those executive positions will automatically be on contract. They will not have a choice. Their choice is, 'Do I want to be an executive in the South Australian Public Service or don't I?' He or she will then have to weigh up their choice as to whether or not they go for a contract. It may be someone who has been a career public servant who then has to confront that position and say, 'Well, the only way I will advance is to automatically forgo any rights I have under this legislation, and I must go for a contract.' The contract may not include an enhanced salary and benefits, but simply because they are going for an executive position the contract is automatic—there is no option in it. Therefore, it is nowhere near as benign as the Minister would have us believe. I will deal with the transitional provisions when we get to the schedules. I have a number of questions relating to the operation of those transitional provisions.

The Hon. W.A. MATTHEW: I will be very brief. Another couple of points need to be responded to. The honourable member referred to the Premier's ability to determine which positions are contracted. I point out to the honourable member that that does not influence the selection procedure, and it is the selection procedure about which he seems to express his greatest concern. That aside, I am staggered to hear a Labor member of Parliament argue about freedom of choice through employment within the Public Service. He is part of the same Party which, when in Government, argued that there was freedom of choice as to whether or not one joined the union and belonged to the Public Service. The Labor Party argued that, if employees did not like the conditions, if they did not want to belong to a union, they did not have to apply for the job in the fist place. There are lots of heads nodding on the other side.

Mr Clarke interjecting:

The CHAIRMAN: Order! I point out to the member for Ross Smith that the *Advertiser* is not the subject of the debate.

The Hon. W.A. MATTHEW: To use the Labor Party analogy, if people do not want to be so contracted they do not have to apply for the jobs in the first place—after all is that not what the Labor Party argued for years about unionisation of the Public Service and any other place of employment? We are talking about people employed within the Public Service at salary levels consistently above $100 000 *per annum*. These are people who are senior executives whatever their type of employment. Contractual conditions for people at that salary level are expected and are commonplace. These are senior executives who are paid high remuneration packages and who must be held accountable and must be made to perform. I fail to see how anyone can argue against the logic of making people accountable and ensuring that the best person is placed in the job. It is for that reason that the Government cannot accept the Labor Party's opposition to this clause.

The Committee divided on the clause:

AYES (28)

Andrew, K. A.	Armitage, M. H.
Ashenden, E. S.	Baker, D. S.
Bass, R. P.	Brokenshire, R. L.
Buckby, M. R.	Caudell, C. J.
Condous, S. G.	Greig, J. M.
Gunn, G. M.	Hall, J. L.
Ingerson, G. A.	Kerin, R. G.
Kotz, D. C.	Leggett, S. R.
Lewis, I. P.	Matthew, W. A. (teller)
Meier, E. J.	Olsen, J. W.
Oswald, J. K. G.	Penfold, E. M.
Rosenberg, L. F.	Rossi, J. P.
Scalzi, G.	Such, R. B.
Venning, I. H.	Wotton, D. C.

NOES (11)

Atkinson, M. J.	Blevins, F. T.
Clarke, R. D. (teller)	De Laine, M. R.
Foley, K. O.	Geraghty, R. K.
Hurley, A. K.	Quirke, J. A.
Rann, M. D.	Stevens, L.
White, P. L.	

Majority of 17 for the Ayes.

Clause thus passed.

Clauses 31 to 34 passed.

Clause 35—'Appointment.'

Mr CLARKE: I move:

Page 17, lines 38 and 39—After 'an appointment' insert 'under this section'.

Page 18, line 2—After 'an appointment' insert 'under this section'.

Clauses 35 and 36 are interrelated and again will be subject to the will of the Committee. I think it would be better if I put my arguments with respect to both clauses. The issues are slightly different to the issues we just dealt with in respect of executive positions, as they deal with non-executive positions.

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

Mr CLARKE: I will direct my attention mainly to clause 36 and go through the rationale behind the amendments that the Opposition has moved. Of course, they relate partly to the debate that we had in respect of contract positions being the norm for all future executive officers of the Public Service. Clause 34 applies to positions other than executive positions. What concerns me, and the Public Service generally, is clause 36(1)(b). In fact, the whole clause concerns me, but paragraph (b) is really the cornerstone of it.

This is an astounding piece of legislation. Clause 27(1)(d) provides that the Minister can declare what positions are executive positions for the purposes of the legislation. There is no reference to salary scales or whatever, and I have stated the various reasons for our concerns about that. Clause 36(1)(b) makes very clear that any employee, even a base grade clerk, can be made subject to an individual contract of employment. Any Minister or the Premier could, by going to his chief executive, order that a group of base grade clerks be made subject to an individual contract of employment. Clause 36(3) provides:

A contract will prevail, to the extent of any inconsistency, over the provisions of this Act.

Of course, if members look at the various schedules of this Bill that deal with long service leave, hours of attendance and sick leave, they will see that there is nothing to stop an individual contract of employment being made for a base grade clerk that provided for less than the sick leave and long service leave entitlements set out in the legislation if that were the decision or agreement.

I know that the Deputy Premier will say, 'What nonsense. We would never do that, because we are good fellows.' That is questionable. Secondly, he would say, 'The employee has to agree to such a contract. We cannot just foist it on the employee.' However, what the Deputy Premier would not be taking cognisance of is the difference in the power relationship between the employer and the employee, particularly below the executive level. At least, theoretically, at the executive level you are dealing with people with special skills—very marketable skills—that is, at least those in the current class of the executives. The Premier of the day, under this legislation, may declare an ASO1 clerk to be an executive level person. However, even if the Government does not do that, we are not comparing like with like. Generally speaking, those at the executive level would have sufficient skills to be able to say, 'I'm not prepared to accept that contract. I will go elsewhere.'

However, if you are a humble ASO1 or ASO2 clerk, if you have skills, but if those skills are readily available in a whole range of employment, and given an unemployment rate that is unfortunately still very high in this State—I am not necessarily talking about one particular individual but perhaps about groups of employees—you might have to enter into individual contract arrangements. The Minister would only have to direct the chief executive officer to seek that contract and, put quite plainly, if it were the Minister for Primary Industries' department—and the Minister is known for his forthright views and no shillyshallying, with a bit of the iron edge to his heart in relation to industrial relations matters—and if he wanted a group of ASO1 clerks to enter into individual contracts, he could set his chief executive officer that task. Most of those clerks would feel sufficiently intimidated by the weight of the office of the Minister, particularly given that the Premier of the day would be their common law employer, that they would be subject to their type of undue influence and duress. You could have industrial agreements, or individual contracts, entered into the provisions of which were below all the provisions under this Bill.

I find that an appalling proposition. I know that the Deputy Premier will say, 'That is not the intention of the Government; we would never do that. Please trust us.' Frankly, I do not care which Government happens to be in

office, Liberal or Labor, and whether it be the current Deputy Premier or the current Minister for Primary Industries who is in charge of these areas: the fact is that we should not leave our own employees exposed to that extent—to manipulation and potentially to having their conditions of employment totally eroded because of the unequal bargaining power between an employee and the Government.

I am coming to the conclusion of my points. There are also inherent within clause 36 problems with respect to appeal matters, which I canvassed last night and which I will not debate this evening. Nonetheless, I will be very interested to hear the Deputy Premier's response and, in particular, what safeguards there are for the ordinary public servant below executive level against having an individual contract foisted upon him or her.

The Hon. S.J. BAKER: I thank the honourable member for his considered argument on this subject. Clearly, the provision was a protection provision, and the honourable member has interpreted it as a provision which would possibly allow ministerial override and which would not provide the protection envisaged in the first place. We are saying that the conditions of employment should be explicit. There should not be the capacity to change them willy-nilly and the CEOs should not be able to take the opportunity to cause someone extreme distress by saying, 'Unless you do something, I will sack you', or whatever may be the consequence of a CEO's not being particularly happy with an employee.

The interpretation that is supposed to be put on it is that this allows for the Government or the Minister to intervene to stop the sorts of things that the honourable member is talking about. It provides for ministerial control of CEOs. However, the honourable member has made a number of relevant points in his argument. If he can accept that that is the Government's intention, can he also accept that the Government will be pleased to look at the wording of this provision so that it reflects the Government's intention? That was not the way it was written; that was not the intention of it. It was quite clear that we did not want decisions taken which were not consistent with Government policy, which led to actions against particular employees and which were unconscionable for a variety of reasons.

We wanted to ensure that the CEOs were being consistent with Government policy, not that the Minister was going to intervene to take away rights. I assure the honourable member that this matter will be looked at in the transition between the two Houses, and I am pleased that he has raised the issue.

Mr CLARKE: I appreciate the comments of the Deputy Premier and only wish that he had been handling this Bill from the outset. I am heartened by his comments and, for that reason, whilst still insisting on our amendments, I will not call for a division, taking in good faith what the Deputy Premier has said. I assure him that, if it is not taken into account when it gets to another place, we will most certainly be jamming it down the Premier's throat at that time.

Amendments negatived; clause passed.

Clause 36—'Conditions of employment.'

Mr CLARKE: I move:

Page 18, line 9—Leave out 'the directions of the Minister' and insert 'this section'.

Amendment negatived.

Mr CLARKE: I move:

Page 18, lines 20 to 23—Leave out paragraph (d) and insert—

(d) in the case of employment for a term not less than 12 months, provide that the chief executive may, after consultation with the Commissioner, terminate the employee's employment by not less than four weeks notice in writing to the employee;.

Our amendment seeks to reinstate along the lines of the GME Act, where it provides:

In the case of employment for a term not less than 12 months, provide that the chief executive may, after consultation with the Commissioner, terminate the employee's employment by not less than four weeks notice in writing.

Amendment negatived.

Mr CLARKE: My proposed amendment is as follows:

Page 18, after line 28—Insert subclauses as follows:

(4) Subject to this section and any provision in a contract providing for an employee to be employed for a term not less than 12 months, if the employee's employment is terminated by the chief executive by not less than four weeks notice under the contract, the employee is entitled to a termination payment of an amount equal to three months remuneration (as determined for the purposes of this subsection under the contract) for each uncompleted year of the term of employment (with a *pro rata* adjustment in relation to part of a year) up to a maximum of 12 months remuneration (as so determined).

(5) An employee is not entitled to a termination payment under subsection (4) if the employee is appointed to some other position in the Public Service in accordance with the contract relating to his or her employment.

(6) Conditions of employment may not be made subject to a contract under this section except—

(a) in the case of a temporary or casual position; or

(b) with the Commissioner's approval—

(i) in the case of a position required for the carrying out of a project of limited duration; or

(ii) where special conditions need to be offered in respect of a position to secure or retain the services of a suitable person; or

(iii) in other cases of a special or exceptional kind prescribed by regulation.

This amendment really follows from the previous one, but I want the Government to be aware, particularly in relation to proposed new subclause (6), that I seek to have inserted that, if you are going to have individual employment contracts, they should first be subject to the Commissioner for Public Employment's approval, and those contracts, if they are offered—and this partly relates back to our opposition to clauses 30, 31 and 32, which dealt with executive positions—should be there for a purpose, not just willy-nilly or automatically because you happen to be in an executive position and you are automatically, *ipso facto*, governed by an individual contract of employment.

We are saying in proposed new subclause (6) that 'conditions of employment may not be made subject to a contract under this section', so you cannot offer an individual contract of employment except in the case of temporary or casual positions. They can be made with the Commissioner for Public Employment's approval 'in the case of a position required for the carrying out of a project of limited duration', for example, when a special task force to try to win the Submarine Corporation is set up, and there are many other such tasks. Or they can be made 'where special conditions need to be offered in respect of a position to secure or retain the services of a suitable person'.

We are taking into account the Government's need to hire or to retain someone with particular technical skills or qualifications. We know that there are many skilled public servants who can easily be induced away to the private sector because of high levels of remuneration and the current pay levels in the Public Service. It may well be that, with the

Commissioner's approval, the Government will say, 'We have to hold on to this person and pay them above award rates.' That would be permissible. The third scenario is a bit open ended: 'in other cases of a special or exceptional kind prescribed by regulation'.

What we are trying to do in this area is limit the extent of individual contracts, but not do it in such a way that the Government cannot get hold of the special skills that it needs. We are providing for that and, if it is a *bona fide* reason through regulation, there is no reason why either House of Parliament would disallow such a regulation if it was gazetted. We have tried to tailor flexibility into our amendment to allow the Government of the day to secure the services of the most suitable people where they do not exist within the service or to retain their services, whilst using the Commissioner for Public Employment as a vetting agent. The Commissioner for Public Employment has a number of tasks. One step removed from his political masters—

The Hon. S.J. Baker: You are talking of new employees to the Public Service or existing employees or both? The argument is different for each.

Mr CLARKE: Having been defeated on amendments to clauses 30 and 31 dealing with executives, we are trying to cover the executives so that you can have executives on contract with the Commissioner's approval subject to provisions one, two and three here. The general course of events for non-executive employees would be that their employment would be based on the Act, with tenure and not subject to individual contracts of employment. My amendment was based on our getting up with our amendments with respect to executive positions and in general with respect to non-executive positions. One without the other makes half a horse.

The purpose of my amendment, whilst I am not expecting the Government to accept it as it defeated us on clause 30, is to expand on the reasons why we have put these proposals forward and they will need to be seriously addressed by the Government before the matter is debated in the Legislative Council.

The Hon. S.J. BAKER: I appreciate the honourable member's proposition. It is part of the package, as he mentioned, and reflects his resistance to contracts on principle. I remind him that contracts are an important part of management: they are to gather expertise or fill a need at a particular time where it is not sufficient to simply say, 'Come on board for 12 months or more and we will sort it out at the end of the day.' As a professional management team we would like to say to people that these are the conditions, this is the term, and if there is non-performance or breach of contract along the way, the other provisions will prevail. It is important, as the honourable member would recognise, that there are safety nets in place for people who are contracted for a period but whose contract is not fulfilled for whatever reason. As the honourable member mentioned, this is part of the package. The earlier part of the package has been lost; therefore, it would not be competent for this Committee to proceed with it, but I note the honourable member's comments.

The CHAIRMAN: The Chair is having difficulty in deciding whether to allow this amendment to be put.

Mr CLARKE: If it assists, I have put the point I wanted to make to the Government, which it will have to consider as a total package between now and the other place. I agree that it would be nonsensical if it were carried when our earlier amendments were not carried.

The CHAIRMAN: I take it that the amendment was canvassed but is not to be put.

Clause passed.

Clause 37—'Probation.'

Mr CLARKE: I do not wish to proceed with my amendment for the same reason, namely, that without the substantive amendments having been carried the consequential amendments would be nonsensical.

Clause passed.

Clause 38—'Assignment.'

Mr CLARKE: Again, my amendments on this clause are consequential on the stand we took yesterday dealing with areas of the Commissioner for Public Employment and his role and functions as distinct from that of the Minister. This package of amendments will have to be revisited by the Government in another place. I will not pursue the remainder of amendments on page 11 for the reasons I have outlined.

Clause passed.

Clauses 39 and 40 passed.

Clause 41—'Reduction in salary arising from refusal or failure to carry out duties.'

The CHAIRMAN: I have checked the entire page of amendments on page 12 and on close perusal it would appear that every one of the amendments in clauses 41 to 46 have already been put and lost.

Mr CLARKE: You are quite right, Mr Chairman, and, notwithstanding the absolute merit of my argument in this matter and the sheer bloody-mindedness on the part of the Government, with its arrogant use of its numbers in this Chamber, I concede that I will not shift Ayers Rock to Adelaide.

The Hon. Frank Blevins interjecting:

Mr CLARKE: Yes, I am dealing with a closed mind, as the member for Giles points out. For those reasons, I will not be moving my amendments.

Clause passed.

Clauses 42 to 51 passed.

Clause 52—'Inquiries and disciplinary action.'

Mr CLARKE: My amendments here have also been tested. It gets back to the power of the Minister *vis-a-vis* the Commissioner for Public Employment and their respective positions. We have had that debate yesterday and, through the arrogant use of power, right was rolled by might temporarily, until it gets to the Legislative Council.

Clause passed.

Clause 53—'Suspension or transfer where disciplinary inquiry or serious offence charged.'

Mr CLARKE: My remaining amendments concern matters which have been voted upon and, again, I have been unfairly rolled by weight of numbers. Therefore, I will not seek to move my amendments for the reasons I have already outlined, but I have a couple of questions relating to the schedules. I will not move my amendments to the schedules because those matters have already been canvassed and a vote has been taken.

Clause passed.

Remaining clauses (54 to 83) and schedule 1 passed.

Schedule 2—'Hours of attendance, holidays and leave of absence.'

Mr CLARKE: I take it that all provisions with respect to hours of attendance, sick leave, recreation leave and special leave remain the same as those which currently exist: in other words, there is no diminution of any conditions of employment for public servants regarding those matters. My reading would suggest that there is not, but I put the question

specifically to the Minister in case I happen to have inadvertently missed something.

The Hon. S.J. BAKER: The answer quite simply is 'Yes'. There was no intention to change those conditions. It will not come up during the regime that we are considering, but hours of business and those sorts of issues obviously are matters which will require some constructive debate in terms of when the Government should open offices. We have for some time been tied to a particular level of provision which does not necessarily reflect demand. Personally, I think those matters can constructively be considered. As the Deputy Leader would recognise, the world is a different place from what it was 10 years ago. However, basically, the existing provisions remain in place.

Schedule passed.

Schedule 3—'Repeal and transitional provisions.'

Mr CLARKE: My first question relates basically to existing executive officers in the Public Service who either are or are not on contract. I want confirmation of how I read the transitional provisions. As I read the provisions, if an executive officer has a five year contract which is terminated, and if the contract provides that the officer is to be paid out for the unexpired term of office, that contract continues in force unless, in the meantime, the executive officer agrees to enter into another contract with the Government. If the executive officer wishes to insist on the original contract which might have been entered into two years ago and if there are three years remaining and the Deputy Premier, as the Government's hit man, comes along, taps that person on the shoulder and says, 'You are to go'—if the contract provides that that person is to be paid three years' wages, that is what that person will be paid and not the reduced level of payout which applies under clause 30, which is four weeks' notice and three months' pay for each uncompleted year of the contract.

My second question relates to executive officers who are not under contract now. The way in which I read the transitional provisions is that those officers cannot be forced to enter into a contract against their will. If they wish to remain on their salary as determined and as a normal public servant with tenure, they are permitted to do so unless voluntarily they enter into a contract with the Government on an individual basis.

The Hon. S.J. BAKER: The answers are 'Yes'.

Mr CLARKE: I take it that that is an unqualified 'Yes'.

The Hon. S.J. Baker: That's correct.

Mr CLARKE: The Deputy Leader nods his head and says that that is correct. I do not want to pin him down to the last full stop, but things have been known to slip on the way through.

Schedule passed.

Title passed.

The Hon. S.J. BAKER (Deputy Premier): I move:

That this Bill be now read a third time.

Mr CLARKE (Deputy Leader of the Opposition): I do not want to make a welter of the third reading of this Bill but just wish to summarise the situation. Notwithstanding the fact that the Deputy Premier has put forward some constructive ideas in response to some of my amendments, which I appreciate, overwhelmingly this Bill is a backward step with respect to the political independence of the Public Service. It sets the scene not for a vigorous new Public Service but for a private enterprise type of arrangement where public servants effectively, if this Bill goes through another place unamended, will end up being hired and fired as in the private sector.

This measure ignores the fact that public servants have a duty to the public. They must be loyal to the Government of the day, carry out its instructions and be fearless and frank in giving their opinions to Government on Government policy. The Bill turns back the clock quite considerably and seeks to restore the traditional master/servant relationship. It eliminates for public servants an independent appeal process, whether it be in respect of grievances, promotions or disciplinary matters, the very same appeal processes which the Liberal Party insisted upon, and quite rightly so, in 1993 when the Government Management and Employment Act was before the Legislative Council.

It is ironic that the Deputy Premier, then Deputy Leader of the Opposition, voted in this House to support the insertion of independent appeal processes into the GME Act. Demonstrably those independent appeal processes no longer exist in this Bill. I refer to the reduction in the role of the Commissioner for Public Employment whereby the Premier becomes the employer of public servants and has the right by ministerial fiat to hand down decisions covering a whole range of conditions of employment for public servants, other than in relation to remuneration. That makes the chance of direct political interference in the role of the Public Service that much more easily obtainable by any Government of the day, irrespective of the political flavour of the Government. That is a bad thing for the State, and it is a bad thing for the public servants of this State.

For all of those reasons we will most certainly oppose this Bill at the third reading, we will oppose it in another place and we will slug it out in the trenches. Notwithstanding the fact that the Government's numbers in this place temporarily overwhelm us, the Government has to reconcile itself to the fact that it does not have the numbers in the other place, as the Minister for Emergency Services is finding out right now. With those closing remarks, the Opposition is totally and irrevocably opposed to this Bill in its present format.

The Hon. S.J. BAKER (Deputy Premier): I thank the Deputy Leader for his comments. Matters such as these should be vigorously debated. I would be horrified if the Deputy Leader had not done as much work as he has, and I do congratulate him on his effort because I know how hard it is, as the member for Giles would understand. I gave the member for Giles hell during that time. I do thank the honourable member for the diligence with which he has examined the Bill. He made a number of points which, I believe, are important, and they will be looked at during the debate in another place.

I thank the honourable member for his very considered review of this piece of legislation. Quite frankly, I would hate these things never to be contested. In terms of the gratuitous statements about backward steps, obviously if members reflect on the contributions today and the changes of side, the situation would be an interesting commentary for anyone who reads the record over the past 10 years, because they would wonder whether the Opposition has changed during that period. In a sense, the thinking comes from 10 years ago, but we are now in the 1990s. What we are saying is important. The point that is absolutely missed by the Deputy Leader is that we need vigour and the sort of consistent performance initiative that I believe has been lacking, to a great degree, in the Public Service. Much of that is due to the lack of

leadership at ministerial level and a whole range of other matters.

It is a malaise that has gripped the public sector through no fault of its own. The public sector has been left behind in terms of the changes that have taken place world-wide and in Australia. This legislation gives us an opportunity to rethink the things we do. Importantly, the honourable member makes the suggestion that public servants are at risk. If the member appreciates the efforts that are made within the Industrial Commission on such issues as unfair dismissals—

Mr Clarke: You tried to stitch up the bench. That's what you tried to do; you tried to stich up the bench.

The Hon. S.J. BAKER: That is an inappropriate reflection, and it is not relevant to this Bill. The issues relate to what we are going to do today and tomorrow; whether we want to be left behind by the rest of the world; and whether the public sector wants to be left behind by the rest of the world. If we look at the conditions of employment which are now in place and generally accepted and which are contested if people feel aggrieved with the Industrial Commission, I do not see that the honourable member has considerable concern in respect of the issues he raised, if we went that further step, which we have not, of putting the same private sector principles in place.

We have modified the existing provisions; we have not scrapped them. We believe that we will get fearless and frank responses from our public sector employees, from our executive levels and from the other areas. In fact, if I do not get them the person is more at risk than if somebody says, 'There is not a problem, Minister.' That is the sort of attitude that prevailed right through the 1980s, whereby people were either too scared or did not feel inclined to say, 'Minister, you have a problem. This is a suggestion on how you can fix it.' What we did not have during the 1980s was this fearlessness and frankness within the public sector. I will not even reflect on the conditions that created that within the public sector.

We want fearlessness and frankness, and this legislation will achieve it—not the conditions that previously prevailed. With respect to the attitude of master-servant relationship, again, I do not think the honourable member listened to the Premier when he said that we want a more constructive structure within the public sector and that the hierarchy of yesterday is not necessarily the best way of approaching the challenges of the future. In fact, in most successful private sector organisations, that sort of hierarchical structure has gone and there is a flatter and more attuned structure, and there is now rapport between the top and the bottom. That is the key to success, not the sort of suggestions that have been made here in respect of a master-servant relationship. Indeed, the honourable member would understand that the appeal process was unworkable. The whole process of getting change and getting new employees—

Mr Clarke: You put it in. You insisted on it.

The Hon. S.J. BAKER: That is a reflection on the management at that time. We are now saying that a new management and a new process are in place which make that appeal process irrelevant. All it did was tie up the procedure and waste time. We did not get changes in key positions because people were appealing and there was no rapid progression of these matters. Again, it was not particularly productive. Of course, some safety net provisions have been put in place. We believe that this is a very good package. The honourable member suggested that it may not be the same package that leaves the other place. That will be up to them to determine, but I believe—and I think the honourable member understands—that it would be a great shame if this Bill were modified dramatically, because we are in the 1990s, we do have to change our attitudes, and we do have to change everything about the public sector to make it proud of what it does and what it is associated with. I commend the Bill to the House.

The House divided on the third reading:

AYES (28)

Andrew, K. A.	Armitage, M. H.
Ashenden, E. S.	Baker, D. S.
Baker, S. J.	Bass, R. P.
Becker, H.	Brindal, M. K.
Brown, D. C. (teller)	Caudell, C. J.
Condous, S. G.	Cummins, J. G.
Greig, J. M.	Hall, J. L.
Ingerson, G. A.	Kerin, R. G.
Kotz, D. C.	Lewis, I. P.
Matthew, W. A.	Meier, E. J.
Olsen, J. W.	Oswald, J. K. G.
Rosenberg, L. F.	Rossi, J. P.
Scalzi, G.	Venning, I. H.
Wade, D. E.	Wotton, D. C.

NOES (11)

Atkinson, M. J.	Blevins, F. T.
Clarke, R. D. (teller)	De Laine, M. R.
Foley, K. O.	Geraghty, R. K.
Hurley, A. K.	Quirke, J. A.
Rann, M. D.	Stevens, L.
White, P. L.	

Majority of 17 for the Ayes.

Third reading thus carried.

STATE LOTTERIES (SCRATCH TICKETS) AMENDMENT BILL

Returned from the Legislative Council with amendments.

WORKERS REHABILITATION AND COMPENSATION (MENTAL INCAPACITY) AMENDMENT BILL

Received from the Legislative Council and read a first time.

ELECTRICITY CORPORATIONS BILL

Adjourned debate on second reading.

(Continued from 3 November. Page 985.)

Mr FOLEY (Hart): I rise today to debate an important Bill, which has not received the degree of attention both from the public and the media as other legislation that has passed this House tonight. Nonetheless, I consider this to be one of the more important if not one of the most important pieces of legislation that this Parliament will debate in the course of the first 12 months of this new Liberal Government. Tonight, on behalf of the Opposition in this State, I intend to provide a contribution that is both constructive and offers the degree of caution and concern that should be displayed with a Bill that essentially goes towards reshaping what is one of this State's most important public utilities and most significant business enterprises. It is probably the largest public enterprise in this State and probably has been for the past 30 or 40 years.

I am glad that other members share my interest in this Bill as they remain in the Chamber. Perhaps if members are not

following the debate, they should return to their room so that I can contribute without the background hum. The establishment of the Electricity Corporation in South Australia was a very significant event; it is something that has been the cornerstone of this State's industrial development. As I am sure all members would acknowledge, the Electricity Trust of South Australia has played an important role, and not just in what it has provided to the domestic community in South Australia by way of service to the consumer, because it has also played a major role in the development of South Australia's industrial and manufacturing base.

The reality is that the shape of our economy in South Australia is due largely to the policies of former Governments, both Liberal and Labor, and some very forward thinking policies of former Governments. In my research for this Bill, it was very easy for me to obtain a copy of the Hilmer report. I have read it before, and I must say that it was as engrossing the second time as it was the first time. It will probably go down as one of the great reads of all time. As is the case with most policy documents, they are not prepared for the entertainment or enjoyment of the reader: they are there to provide some degree of policy substance. Certainly, Hilmer does not get any better on the second read.

In preparation for my second reading contribution, I researched articles and public documents. I went back on my own experiences whilst I was an adviser to the Industry Minister in terms of my recollection of the importance of ETSA. I have to confess that I had to go back a little further. As I think I have demonstrated in this Chamber before, I am a politician who is prepared to be wide-ranging in the way I approach issues. I am prepared to accept that there are other ways of doing things and that other people have opinions. So, where did I go to research? I went to the Library and started to read a few biographies of Sir Thomas Playford. I borrowed three Sir Thomas Playford biographies, one of which was totally useless to my debate but two of which I found interesting reading.

An honourable member interjecting:

Mr FOLEY: I found it a quite interesting read. As one of my great political mentors, Mick Young, once said to me, 'Always read political biographies, but importantly read political biographies about your opponents. You can learn from their mistakes.' I do not want to be frivolous about this. The reality is that Sir Thomas Playford had to make a crunch decision in the 1940s and 1950s. He had to decide whether we had an economy that was essentially rural based or primary industry based, or whether South Australia would be a vibrant and successful manufacturing State. This State has some significant natural impediments. We do not have the population mass of Victoria, New South Wales and Queensland. We do not have the extensive mineral resources of Western Australia and Queensland. For that matter, we do not have some of the natural advantages of—

The ACTING SPEAKER (Mr Venning): Order! There is far too much background noise in the Chamber. The member for Hart has the floor.

Mr FOLEY: In my nearly 12 months in this Chamber, at last I find a Speaker who will protect me—and that is not meant to be a reflection on any other person who has acted as Chair. Tom Playford and former Governments of this State, both Liberal and Labor, had to contend with the fact that this State did not have a lot of natural advantages going for it. It had a very important and strong rural industry, but that would not have been enough to ensure that our State's economic development and manufacturing base would be broad enough to compete and provide the standard of living that was so important to future economic development.

The biography of Sir Thomas Playford, by Walter Crocker, in a very important chapter entitled 'Electricity'—a very imaginative and inspirational paragraph—states:

> Playford's nationalism at the Adelaide Electric Supply Company and the creation of the Electricity Trust of South Australia as a straight monopoly with a nationalised source of coal supply for generating electricity was another daring and skilful operation. It also increased the tendency of some of his critics inside the Party—

albeit a Liberal Party that is not without internal critics—

to see him as a socialist at heart.

Mr Brindal: Who is this?

Mr FOLEY: Sir Tom Playford.

Mr Brindal interjecting:

The ACTING SPEAKER: Order! I recommend that the member for Hart continue with his speech.

Mr FOLEY: Sir Tom Playford recognised, in the early part of the 1940s, that it was important for this State's manufacturing industry to develop a broad base which was self-sufficient and which was not reliant upon the electricity and the energy supplies of the eastern seaboard. Sir Thomas Playford decided that it was important that we establish our own generating capacity in this State. The biography further states:

> They were worried about its supplies. The Electric Supply Company for a time had given thought to the brown coal known to exist in South Australia, notably at Leigh Creek, a field discovered when Playford's grandfather was Premier. But on calculations it decided against it. It preferred the risks of New South Wales supplies.

So, the Government of the day was confronted with a decision: would it continue to be reliant upon the supply of energy from the eastern seaboard or would it venture out and, as the biographer said, make a daring move to develop capacity to generate energy for our own domestic consumption but, more importantly, for the consumption of heavy industry in this State? And he did it.

The Hon. Frank Blevins: A man of vision.

Mr FOLEY: A man of vision, and a socialist at heart.

The Hon. Frank Blevins interjecting:

Mr FOLEY: Not me, these guys.

The Hon. Frank Blevins interjecting:

The ACTING SPEAKER: Order! The member for Giles is out of order. I am sure the member for Hart can continue quite well on his own.

Mr FOLEY: Our State's industrial base was broadened by the policies of Sir Thomas Playford and the then Liberal Government in the early 1940s. The reality was that, if we were to have a vibrant economy in this State, it could not rely simply upon the income that would be generated off the land. If we were to have a dynamic and sustainable economy in this State, we had to have a manufacturing industry. We had to have the likes of Actil, the white goods industry, an automotive industry and (I point out for my colleague the member for Giles) a steel and shipbuilding industry.

A lot of the decisions taken in the 1940s and 1950s have enabled us, for the past 30 to 40 years, to sustain a standard of living that we would not otherwise have been able to sustain if we had been reliant upon our rural economy. And I acknowledge the contribution of the rural economy; my comments are in no way meant to undermine the role of the rural economy. But that in itself would not have been sufficient, and we would not have had the economic growth in this State and regional centres such as Whyalla, Port Pirie

and Port Augusta without the ability to generate our own power, to ensure that that power was cost-effective and to secure our own sovereignty. In the 1940s it was recognised that it was a risk to be totally reliant upon the energy supplied from the eastern seaboard. Some members on my side of politics are more centralist than members on the other side of the Chamber, but the reality is that we are a confederation of States and we all have our own needs that must be acknowledged and dealt with.

The economy has changed. Much of the industry put in place by the former Liberal Government under the Playford regime has changed. The economic framework that currently exists in this State is very different from that in the 1940s, 1950s and 1960s. The tariff walls have come down. Competitive pressures are now being placed on our domestic manufacturing industry from within our country and State. With the winding back of tariffs, economic pressures are imposed on our industry from international economies and from imports. The reality is that our industry base in this State, as is the case with all States, must continue to remain competitive. In order to remain competitive, there must always be a degree of ongoing reform, be that workplace reform, microeconomic reform or reform within Government.

However, there has been no more significant time than now in the electricity industry since the days of the early and late 1940s when Sir Thomas Playford established ETSA given what we face in this Chamber tonight, tomorrow and over the next few weeks. What Sir Thomas Playford recognised in the 1940s was 100 per cent correct. What he did for this State in the establishment of ETSA has to be acknowledged by politicians on both sides of the fence. How we deal with electricity in this State over the next few weeks and months will be as important. If we get it wrong, we are putting at risk our standard of living, our manufacturing base in this State and, indeed, I would argue, the very sovereignty of this State.

This is not a debate which is to be entered into lightly or about which we can be frivolous: it is a very important debate and one that I would encourage all members to follow. I can see that most members in this Chamber are following the debate, because we are affecting a very important State institution.

Members interjecting:

The ACTING SPEAKER: Order! There is too much audible noise in the Chamber. I suggest that the Minister and the members at the back stop holding a meeting, because they can be heard by the Chair.

Mr FOLEY: Mr Acting Speaker, with this performance tonight I may be prepared to support you for—

Mr Ashenden interjecting:

Mr FOLEY: I am if you would listen. I am talking about manufacturing industry—something about which you would know very little, I know. But please sit back—

Mr Ashenden: I've got more than you have.

Mr FOLEY: I'm not sure about that.

The ACTING SPEAKER: Order! I suggest that the member for Hart continue with his speech. It is starting to become a long affair. He should keep to the point and keep the speech moving, otherwise members will not be encouraged to listen.

Mr FOLEY: I am referring to the importance of the electricity industry to this State: it was acknowledged by Sir Thomas Playford many years ago and it is something that the Opposition treats with a degree of seriousness. My point is that we have an electricity industry in this State that was designed for one very important purpose: to make us self-sufficient, to enable us to provide competitive electricity and to broaden our industrial base. We are now confronted with a situation where we have to make decisions about our future and, if we make the wrong decisions, we may well jeopardise the development of this State.

It was recognised a few years ago by the former Government that efficiencies had to be made in our utilities. It is important to put on the public record that both in terms of water and electricity a lot of heartache, pain, restructuring, downsizing and other unpleasant things have to happen to make the Electricity Trust of South Australia a leaner, more competitive and flexible organisation. I would like to pay tribute to the people involved in that. The former Government has been criticised in this Chamber, but there are many elements of the work of that Government which was important and, indeed, which was ground-breaking work for the position in which the current Government finds itself. The reality is that the work force of ETSA is a great deal smaller today in comparison with three or four years ago.

This is not the sort of thing I want to show the flag about. I wish to acknowledge that the unions, the work force, the Government and the bureaucracy have been working for the past three or four years to put ETSA into a position where it is able to compete today in an increasingly competitive environment and economy. I want that on the record. I know that the Minister will acknowledge that the job of the present Government has been made that bit easier by many of the reforms already implemented. I acknowledge the role of the union movement, the management of ETSA and the former Government in what was a very difficult time.

Of course, the economy of Australia has faced significant microeconomic reform and microeconomic reform pressures. The Federal Government has been at the forefront of pushing on all States the need to become more efficient and to reform many areas of Government activity, none more than the utilities of each State.

Of course, that draws me to the incredibly exciting Hilmer report, 'National Competition Policy', a report commissioned by the Federal Government to spark the debate. As I said, having had the dubious honour of reading this report twice—I read it once about 18 months ago and I have read it in the past week—I find that it does not grip one; it is not the sort of thing one would read before retiring for the night. However, the reality is that the report has been put on the public agenda by the Federal Government and it has been accepted in one form or another by all Governments of this country. In the whole genesis of Hilmer, I actually accept—

Mr Cummins interjecting:

Mr FOLEY: The honourable member opposite interjects that it is a licence to destroy the States. He may be right in part: he may also be reacting to the tendency of the Liberal Party to dig its trenches and to defend States' rights. However, we are talking about having to walk a very fine line between what is important for the competitiveness and efficiency of the national economy and what is important for the sovereign right of a State and the economic wealth of the State in which we live. I say to the member for Norwood that I wish it were as easy to say that I oppose Hilmer, because I think that that is what he is saying.

If Government, politics and Opposition were as easy that, I would be saying tonight that I oppose this. It is not a hard thing to oppose. However, to say that you would really have to be living in a vacuum. We do not do that: we are part of a

national economy. We have a right, a role and a responsibility to be part of a national economy.

Those in this Parliament and community who think we can bury our head in the sand and say that the Hilmer report is irrelevant and that we can ignore it are wrong. If any other microeconomic reform that we think is not right for our State is thought to be irrelevant, we become irrelevant.

The Hon. J.W. Olsen interjecting:

Mr FOLEY: We are part of a federation. Whether it be a Liberal or Labor Federal Government, that Government holds the cheque book.

Members interjecting:

The ACTING SPEAKER: Order! The House is not in Committee. The member for Hart has the floor and interjections are out of order.

Mr FOLEY: If members really think that we can make it on our own in this economy, they are wrong.

An honourable member interjecting:

Mr FOLEY: I'm not saying you did. The member for Norwood would like to see that.

Mr Cummins interjecting:

Mr FOLEY: I suspect that the member for Norwood has neither read the report nor understands it, but then lawyers very often know little of economies. The point I am making is that we are having to deal with something thrust upon us by the Federal Government. I am saying, and I think that the Government is saying, that you cannot ignore it or oppose it, nor should you accept it *carte blanche*. That is the point. I am not coming in here today to say, 'All the way with Hilmer.' This is where I do agree with some of the comments of the member for Norwood. However, unlike the honourable member, I want to find a solution. I do not want to be sitting on the margin barracking from the outer.

The solution to Hilmer, to the national grid and to the microeconomic pressures on a State like South Australia is to work through the issues. In essence, there are elements of this Bill that are very much about trying to find a way through this. I will stand with the Minister for Infrastructure and argue with my Federal colleagues that what is good for Australia, what is good nationally, is not automatically good for this State.

The Hon. J.W. Olsen: We have a regional economy.

Mr FOLEY: Exactly: we have a regional economy and, as I said earlier in my comments about what Playford had to face in the 1940s, we developed an economy that in this State was not an artificial economy but was not a natural economy. In the 1940s and 1950s Actil, Sunbeam and the whitegoods industries, the steel industry and the textile industry did not just come to South Australia because it was a good place in which to invest. We had to make the environment for them; we had to buy the industry.

Mr Brindal: Who did? A Liberal Government.

The ACTING SPEAKER: Order! The member for Unley is out of order.

Mr FOLEY: Sir, I apologise: I just tire of having to give the member for Unley economic lectures. Actil and Sunbeam did not come to South Australia because it was a really nice place in which to live; it really was not about our quality of life. The fact is that high tariff barriers, the availability of competitive electricity and interventionist economic policy by Labor and Liberal Governments made this a reasonably attractive investment climate. But the point I want to make is that we cannot sit back and say that that will always be the case. We have seen the shape and the profile of our industry in this State change, and change quite dramatically, and we are now faced with having to deal with a whole new world—some would say a brave new world—in how we address the manufacturing and economic base of this State.

I have almost a degree of *deja vu* as I watch the Minister for Industry and the Premier continually talk about their successes, their ability to attract investment to this State and how they are on a roll. I welcome that. I welcome new investment and I welcome the energy of the Minister for Industry. But the reality—

Members interjecting:

The ACTING SPEAKER: Order! Interjections are out of order. The member for Hart will continue his speech.

Mr FOLEY: I was praising him!

The ACTING SPEAKER: The member for Hart is inviting interjections. I suggest he keep to the text of his speech.

Mr FOLEY: Sir, I am on the text of my speech.

The ACTING SPEAKER: You are almost provoking interjections. The member for Hart.

Mr FOLEY: The point I am making is that it is not as difficult to attract investment when the economy is in recovery mode, as we clearly are now. We were the last into the recession and we will be the last out. I worked for a Minister for Industry when we were claiming victory after victory in terms of new investment, some of which we lost during the recession. The point is that, when the recession cycle turns, much of the investment and much of the good work done by the Minister for Industry will be lost, because the economy in this State rides recessions as you ride a roller coaster. We have done that since the beginning of manufacturing industry in this State.

What we must do finally with our investment in this State is get investment to last, investment which can ride out the recession and which can continue to grow and to provide a sustainable economic base. One way to do that is by having your own power industry. One of the things that concerns me about Hilmer is the fact that, from a pure, economic rationalist point of view, you could essentially close down the power generation capacity of this State, plug us into Victoria, into the national grid; then, over the decade that it would take to get sufficient infrastructure in place to transmit that power to this State, you could essentially run your industry from the power fields of Victoria. That is the reality, and that is the pure economic thinking, if you were stupid enough to say, 'Let's embrace Hilmer all the way.'

That is where I want to stand in this Chamber and, as long as this Government is prepared to acknowledge that the purest form of Hilmer for this State will cause irrevocable damage to our industrial, economic and domestic base, I am there with the Minister. We must acknowledge that but, on the other hand, we cannot ignore Hilmer. What I am saying is that the Opposition at this point offers a cautious acceptance of this Bill. We accept the requirement to move to the corporatisation of ETSA; to make ETSA a more transparent organisation; to make the various functions of ETSA (be they power generation, transmission or distribution) more transparent, more identifiable, more accountable and, ultimately, more efficient. I have no argument with that.

Much of Hilmer talks about the need for this to occur, but Hilmer himself is not without degrees of contradiction and not without degrees of having two bob each way. In parts of the report Hilmer says that privatisation is the ultimate goal of implementing his policy but then, a section or two later, he makes the point that pro-competitive reforms other than those involving privatisation are quite possible. In part he

says that structural reforms of utility in some areas are actually more important than whether or not you privatise the utility. I wish that Hilmer had been a bit more objective and constructive and had looked at the needs of each State rather than simply taking a global approach to this issue.

Of course, as we will make very clear during the Committee stage of this debate, as an Opposition we strongly oppose eventual privatisation of our power generation. I am not suggesting that this Bill says that at all: I am just moving the debate on and saying that the Opposition, which has shown a preparedness and a willingness to embrace privatisation in some areas of Government policy, will not accept privatisation in the area of power generation. The sovereign needs of our State are too important for us to be in any way, shape or form prepared to accept privatisation. I simply put that on the agenda. I will refer to it during the Committee stage, but my comments should in no way be interpreted as to suggest that we would ever accept the privatisation of our electricity authorities—an issue which the Kennett Liberal Government in Victoria has embraced with an absolute passion as it goes about privatising electricity in that State.

There are other elements of the Bill that Hilmer says are important and necessary, and I agree. I do not quite agree with the emphasis of Hilmer; I think that in some areas he gets a little carried away with the perceived importance, need or benefits that derive from these issues, including the issue of the need to remove the regulatory functions from the Electricity Corporation. Hilmer has the view that the utility that is generating the power should not then have the responsibility for the regulatory functions. I do not have a problem with that argument: it makes sense that perhaps there should be another body, but I am not convinced by the arguments of Hilmer that the benefits that would be derived from that are as significant and as important as Hilmer would like us to believe.

One of the things that disappoints me in the Bill is the lack of detail about how the Government intends to manage the regulatory functions of ETSA. To my understanding, the Bill has not yet been able to detail properly which body will take over those functions as of 1 July 1995, which I understand is the date on which the functions would be separated from ETSA. I quote from Hilmer again, when he talks about the separation of regulatory function, as follows:

> Where the regulatory function is to continue to be exercised through a Government agency other than the incumbent, there may still be a need to consider the potential for conflicts of interest.

He is saying there that if you are going to remove the regulatory functions from a public utility, albeit a corporatised public utility, it may not be good enough simply to put it in the hands of another Government department. Simply putting it in the hands of the Department of Mines, the Attorney-General's Department or Consumer Affairs may not be sufficient.

I am not sure that I agree with Hilmer on that point. If you are to agree with Hilmer, it has to be separate from ETSA. Whether it is with the Department for Consumer Affairs, the Attorney-General or the Department of Mines does not particularly concern me, but the Government will need to provide me in Committee with more detail as to what is its intentions for the regulatory functions of ETSA and where it intends to house those functions.

The other issue running in tandem with the Hilmer report is the national grid. The national grid is a little understood and little debated issue, but in most ways a more substantive and significant issue for the economy of this State than perhaps is the adoption of Hilmer itself. The national grid seeks to provide a common market, a pooling of power in this State. At present New South Wales, Victoria and South Australia will be participants in the national grid, although from South Australia's viewpoint we are yet to put ourselves in a position of fully participating in the national grid.

I understand the intention is to expand the national grid to take in Tasmania and the southern portion of Queensland to give the J-curve effect for a national power grid along the eastern seaboard and to the south-eastern part of this country. The ideology and philosophy behind that is that we allow for the pooling of power for a single common market for power—generators of power supply into that grid—and then users of electricity can purchase their usage from the spot market and you will have those competitive pressures. It is important to put on the record that a number of major industrial users of power in this State have already been approached by power companies from Victoria. I am sure the Minister is more aware of those than I am. I am sure some of the major users of electricity within the Government's own control have been approached by power generation corporations in Victoria. There is a massive over capacity for the supply of power in Victoria. We have to deal with that. We do not have a barrier between South Australia and Victoria, but it is nonetheless a competitive pressure of which we must be mindful.

I understand—and I will be raising this matter again in Committee—that the Government has raised with the Federal Government and the National Grid Management Council our State's concerns with fully participating in the national grid. I support the Government in its position put to the Federal Government and to the National Grid Management Council. I am not wanting to steal the Minister's thunder as it is his agency, but it is important we put on record issues such as the long-term supply reliability of the State, the security of supply for the State, the long-term investment needs for the power generation industry in this State, network pricing, losses and constraints and, at the end of the day, the interconnection operating agreement. They are important issues and must be resolved at the Federal level before we consider becoming a full participant in the national grid.

It must also be acknowledged that presently South Australia has experienced import levels of electricity as high as 25 per cent and higher proportions are feasible. We are seeing in this State a significant amount of electricity coming in from the eastern seaboard. Those in this House or community who may think we can sit back and say to Victoria, 'This is our State, stay out', are fooling themselves because we have seen almost a quarter of the State's power usage supplied at various times from the eastern seaboard.

Interesting articles have been written about the national grid and about the Hilmer report. One thing that I have experienced in my time in Government and in areas of monitoring micro and macro economic policy is the positions taken by the business community. I know the Minister himself is more than fully aware of the contradictions that industry may put at times. I will quote from an article by a prominent economist in a national paper some months ago, when he talked about the various positions put by business. In terms of public policy, that is one of the realities, namely, that you rarely get a unified position from business. Business, employers and industry are some of the great vacillators, fence sitters and exponents of the old art of two bob each way of any interest group in this country. It does not cause us on the Labor side of politics a great deal of pain and in fact gives

us a lot of opportunity, but it must grieve many on the conservative side of politics that industry often talks at cross purposes. Let us look at what it says about electricity, the national grid and Hilmer. I quote from the article in the *Australian* as follows:

> Some business leaders are pragmatists and will be satisfied with the process of reform of the electricity supply industry that results in electricity prices stable around a trend rate that declines to zero. Others view the proposed market trading arrangements with unease and prefer the certainty of the existing arrangements whereby prices are given by a bulk tariff or negotiated by contract.

Does that not sound familiar? Unfortunately for this country so much of our businesses are comfortable with the *status quo*. Perhaps that is why it has taken Labor Governments to drive through reform.

Mr Lewis interjecting:

The ACTING SPEAKER: Order! The member for Ridley is out of order. The member for Hart.

Mr FOLEY: I make the point again that maybe that is why it has taken Labor Governments to drive through reform: because, unfortunately, at a Federal level we have not been well served by Federal Liberal Governments and it has taken a decade of Labor Federal Government to drive through reform, much of which was necessary and some of which causes pain to this State. It is at that point that we as a State must resist that change and modify it to suit the needs of our State. I am quoting contradictions from business leaders and I will ignore the interjections from the member for Ridley, particularly on issues of economic policy. The article refers to a third business group as follows:

> A third group remains to be convinced that the arrangements being considered by the National Grid Management Council and those that have been adopted by the Victorian Government will deliver tangible price benefits.

That is three positions from business. It continues:

> This group has been strongly influenced by the United Kingdom experience where reform as necessary resulted in the removal of implicit price subsidies provided to main industrial users of electricity. Still, other businessmen are strong advocates for the maximum level of competition in the generation sector. The Business Council of Australia incidentally has been sceptical of the Victorian model and has argued for changes to allow for the direct exchange of so-called 'capacity contracts' between an individual generator and industrial consumer.

I simply quote that to show that one article demonstrates some four different positions from the business community of this country as to where we should head with national grid management and with electricity reform. Is it no wonder that in the State Parliament of South Australia and with the State Government we are having just a few problems in how we chart our course through this? It should be acknowledged that there is no one coherent and consistent position on this issue articulated by industry.

Consequently, there is no one coherent strategy that has been articulated by each of the State Governments because we each have our own vested interests and needs. I come back to the point I made earlier. We are a regional economy, one which has special interests. We cannot blindly adopt or ignore the Hilmer report, we must adapt and modify our position in this State to best suit not just the needs of the Government, the utility or the industry but also the needs of the consumer and, as importantly, the work force of the Electricity Trust of South Australia which, at the end of the day, has delivered reform on a massive scale with minimal or nil industrial disputation.

It is a little known fact in this State that very few organisations have undertaken the degree of industrial reform and work force reductions as has been experienced by the Electricity Trust of South Australia in a manner that has led to minimal or no industrial disputation. I do not want to see the good work of the work force and the union movement lost or wasted if we make the wrong decisions in this Parliament. I refer again to Tom Playford's biographies. At the beginning of one of one of his biographies is the Playford credo, which states:

> The most important ingredient in a successful industrialisation program is an efficient, well motivated labour force. If you have that you can overcome most other difficulties and obstacles.

How true is that comment today. That labour force has delivered enormous savings and efficiencies to ETSA. The reality is that, today, ETSA has operating costs that are at least $100 million less than they were three or four years ago. That has not happened by way of a miracle, by the use of a sledge-hammer or by prolonged industrial disputation but by responsible collective negotiation and understanding of the need to reduce the cost of production, delivery and service of electricity in this State. For members involved in that from the point of view of both the work force and management, that is a very important fact, and one which should not be overlooked.

We will shortly go into Committee on this Bill, and I intend to secure from the Government a number of commitments. I intend to elicit significant information from the Government as to its future plans. One of the concerning features of this Bill is its brevity—it does not contain sufficient detail. It may well be that it is not possible to have the detail I seek prescribed in the Bill. I acknowledge that I am not an expert on electricity legislation. I do not know whether that is a feature of this type of legislation, but the schedules in this Bill tend to be more considerable than the clauses, and much of the detail I am seeking might perhaps be in the schedule and not in the clauses.

One thing that concerns the Opposition, and we will raise this issue, is that the Bill enables the Government as of 1 July 1995 to corporatise the entity of the Electricity Trust of South Australia—that is, to turn it into a public corporation. It will then be responsible under the Public Corporations Act and in every way, shape or form will function as a normal private sector organisation. The other element of the Bill is that it allows the Government or the Minister of the day at some future stage—who knows, it might be me—in some future Government or perhaps in this Government to break down further the electricity corporation into individual operating units: the generation corporation, the transmission corporation and the remaining entity, the distribution corporation. It concerns the Opposition that that can be done by way of regulation and does not require a substantive Act. That is a matter that I will raise in Committee, and I will seek from the Minister and the Government an assurance that the Opposition and the Parliament of this State are fully involved in whatever future decisions are taken as to the final shape of ETSA. That should not be decided by way of a Cabinet decision but should involve debate and participation by members of this House—truly in the sense of what Sir Thomas Playford was all about in the early 1940s. As this Parliament created ETSA, this Parliament should create the new entity.

I will seek from the Minister an assurance that, even though this Bill allows him by regulation to make more substantive changes, he will invite this Parliament to

participate in that process, because the future shape of ETSA is more important than the desires of the Minister, the Government or the Cabinet—it is very much about what this Parliament wants. One of the features of government of this State—and I think it has served us well, and we should always be mindful of it—is that we are a small State population-wise with a large geography. We have special requirements and special needs, and we should as a State and as a Parliament continue, where possible, to have a bipartisan approach or at the very least an acceptance that we should all be involved in the debate. We should never allow the Government to take the running of this State out of the Parliament and run it from Executive Government. I will seek that assurance in Committee.

Finally, I wish to make a few points that I think are important, and they involve some fundamental issues of just what a corporation does when it is driven purely by commercial need. I am not about to enter into a great debate tonight about the future pricing of electricity—that matter will be raised in Committee. We do have cross-subsidies and we need to supply competitive, affordable electricity to rural South Australia, and that must be maintained. That is not something that automatically would sit well with the board of directors of the new ETSA Corporation.

There is such a thing as fiduciary duty and the various requirements of the director. They will not be too concerned about the cost of power generation to Clare or wherever you call home, Mr Acting Speaker. I acknowledge that the Minister said that he has retained control of electricity prices. That point is not in keeping with Professor Cliff Walsh and the Audit Commission team nor indeed the practice that we are seeing in Victoria. Whilst I accept the integrity of the Minister, I am not in a position blindly to accept that this Government will always allow the pricing of electricity to remain the province of Government.

I would like to know—and I will raise this issue in Committee—who spends money on looking at alternative ways to generate electricity. The corporation will not necessarily want to put in place huge R&D budgets to find alternative ways to generate cost-effective electricity. How will that matter be addressed under the new structure? The Federal Minister for Environment, Senator John Faulkner, in the *Financial Review* recently warned as follows:

> . . . the creation of a national electricity grid could lead to damaging environmental outcomes.

He also said:

> . . . lower electricity prices could well result in greater energy consumption which in turn contributes to increased greenhouse gas emissions.

Those are other environmental issues of which we must be mindful. We should not necessarily be dominated by them but we should certainly be mindful of them. That is one of the real dilemmas of Government: when you corporatise a utility it is essentially at arm's length from Government.

You do not always have the ability to control the future of that entity that you would otherwise wish you had. As I said with respect to the water Bill, the EWS is now, if not the largest, one of the largest trading organisations in this State. Water is No. 6 and ETSA is No. 4. We are discussing huge entities that can borrow on the global Treasury markets and function as major corporations. There must be supervision, control and guidance to ensure that these huge public utilities do not cause our State financial embarrassment and financial difficulties further down the track.

That is an issue that I, for fairly obvious reasons, hold dear to my heart. I want to be sure that this Government has learnt from the mistakes of the past and is doing sufficient to control these entities. I will discuss this further during the Committee stage. I am not yet convinced that the Government has put structures in place to properly monitor our trading enterprises. As I will say in Committee, there is something more important than simply having a line in the Bill that says, 'ETSA must furnish the Treasurer with certain information.'

My understanding is that trading enterprises in this State have always furnished the Treasurer and Treasury with information. It is what the Treasurer and Treasury do with that information that is important. The provision of information is one thing; the interpreting and acting upon that information is quite a separate issue. I am not convinced that this Government has learnt much from the disasters of the past to give me sufficient confidence that we will not see, in some part, the possibility of repeats in the future.

The Opposition cautiously supports the Bill. It is a Bill light on detail, and I acknowledge that there may well be reasons for that. We are at a critical stage in the development of our State at a time of economic recovery—and I hope with all sincerity that it is a sustained recovery. It is important that we do not throw a spanner into the works. I do have a degree of confidence that the Government will endeavour to chart a way through. If it fails, the Opposition will be there, and we will expose the Government for those failures. If this Government succeeds, equally we will acknowledge that. That is the role of a constructive Opposition.

One thing is for certain: when we evaluate the success or otherwise of the ETSA Corporation in four or eight years, two members will not be in the Chamber participating in that debate. I will not say who they are, but perhaps the members for Lee and Ridley will be different people. I look forward to a contribution from the member for Lee during the second reading debate. Perhaps the member for Lee could impart some of his wisdom and understanding of economic policy.

As I said, the Opposition cautiously supports this Bill. The jury is out on the Bill. Following debate tonight and further consideration of the comments of the Minister, we reserve the right in the other place to move amendments that we think are appropriate to address our concerns. I foreshadow to the Minister that the advent of amendments is a possibility should they be required following the Committee debate.

Mr LEWIS (Ridley): The member for Hart—an exercise in bafflegab from a blatherskite. If ever I have heard a filibuster with a fairly short sight, that was it. I would have to say that the member for Hart wants two bob each way on everything and does not know quite where any of it is, but he says he cautiously supports the legislation. I do not have any caution about supporting the legislation. I commend the Minister for his courage and commend ETSA for its courage and commitment to be part of the process of change which is being forced upon Australians, whether they like it or not. If our prosperity is to be sustained, we have to face the fact that we live in a competitive world and that it is no longer possible for us in the global village to simply say, 'It is okay to do it in ways which suited the union demands of yesteryear.'

We must have organisational structures which meet the needs of Australians today and provide us with the means of continuing to be relevant and competitive tomorrow and beyond. That is why this change is important, and as part of this change it is necessary to refocus the way in which we go

about R&D. The member for Hart made some mention of those sorts of things, but he never quite came to grips with either the background against which this Bill is set or the substance of the Bill itself.

I acknowledge the very important contributions that have been made by the employees of ETSA to date. I also acknowledge in some detailed way the capacity they have shown over the time that ETSA has existed to develop equipment for the generation and reticulation of electricity and for the techniques they devised, which were world's best practice in their day, and which made it possible for South Australia to become a competitive manufacturing-based economy. However, the gains and benefits have been squandered over the past 25 years, largely by Labor Governments insensitive to the necessity for change within organisational structures to enable new techniques to be introduced.

Previous Labor Governments, because of their members' personal power base in the union movement, found that they were restrained from change. That is why I found myself suddenly struck with mirth when I heard the member for Hart say that it was State Labor Governments that pushed through reform. That is not just a *non sequitur* but a contradiction in terms. Where did it occur? Did it occur in industry?

An honourable member: Everywhere.

Mr LEWIS: Certainly not in this State. It was State Labor Governments that held back the necessary restructuring and reform because of the arrangements they had to make with their union mates who endorse them to become members in this place. That is a pity. Back to ETSA: the staff members and other employees all the way down the line to blue collar employees must be commended for their contribution to the improvement in this State's prosperity through the years that they worked within ETSA's existing structure. They produced and provided a safe, clean form of energy that was efficient and easy to use. It made it possible for industry to then develop with the certainty that energy would be available to the industrial premises in which those processes were provided. They made it possible for South Australia to get on with the job.

However, we now must move on from that. That happened in spite of demands made by career-seeking union representatives, in many instances, to slow down the rate of change to the point where it did not threaten their existing power base within ETSA or anywhere else for that matter. That has now changed, as the unions have recognised that they, too, have to be relevant to the needs of the people who are their members and who seek employment in organisations which have to compete with other suppliers of goods and services which can be used as a substitute for the form that is there now. For instance, it is no longer necessary for an industry to buy its electricity as electricity; it can buy it as gas and generate its own. That is especially important in situations where co-generation is undertaken. Where that firm needs large supplies of heat for its industrial process, it can use the degraded heat for electricity generation in conventional generators that rely on heat and sell off any excess supplies of electricity it may have from this process to the grid. I acknowledge that this has happened in recent times and that it is the kind of change which has been necessary but which was opposed by the original structure of ETSA, which was forced to accept it.

Therefore, we now see that ETSA has become leaner, more market driven and more efficient. I wonder whether it has become just a little leaner. If we make an assessment in terms of the number of staff, we see that it is virtually half what it was less than six years ago. It is down from over 6 000 employees to about 3 000 employees now. That means that, even though the cost of each individual position in the organisation relative to the CPI has increased, nonetheless it is a leaner organisation, and it is still delivering electricity to South Australian consumers. It has also become aware of the necessity to embrace change and not be frightened of it—to control the process and be part of the solution and not stand back from that process and remain part of the problem. Whoever has been involved in achieving that change in mentality deserves commendation, wherever they are to be found—whether it was a Minister, senior management or anybody down the line in ETSA. Indeed, that would be true of any other organisation.

A few things need to be said about the current structure, though. I make no excuse for the fact that I will deliver these points in a sequence which may not entirely seem logical, but my overall point will be understood by the time I finish. The national grid is of concern because, if we become too reliant on the supply of electricity through the inter-grid connection, we will again find ourselves in the same circumstances as we were in during the mid to late 1940s, when the Adelaide Electric Supply Company was taken over by Sir Thomas Playford and ETSA was formed, the reason being that one of the problems confronting the State was the unreliability of the supply of electricity through the grid. That arose as a consequence of the coal miner strikes on the Eastern Seaboard or the wharfies strikes on the Eastern Seaboard and in other ports, which meant that coal supplies could not get through to the generating plant. In consequence of that, Sir Thomas realised that he needed to develop (albeit a lousy grade of coal) a coal mine in South Australia.

Accordingly, he went about commissioning the research and development necessary to enable us to burn that coal and become independent of the source of our energy interstate. By connecting to the national grid, we again connect through an artery that is very much like the carotid artery of any human being: all that has to happen is for one or two crucially located staff members in an industrial dispute to pull the pin on the interconnection and again, in our State's endeavours to be competitive and efficient, we are struck down with this restriction on that supply. So, we must not allow ourselves to become too dependent upon electricity which is generated interstate in powerhouses over which our Industrial Commission and Government has no control and which is reticulated to us through one narrow small piece of technology that is very vulnerable and easily disrupted.

To that extent, I commend the Minister for looking at the structure of ETSA and, through the medium of this Bill, for providing for the rather bold and courageous opening up of the organisation by the grouping of profit centres so that there can be transparent accounting and an examination of the desirability of continuing cross-subsidisation. Whether it is cross-subsidisation within the groupings of a profit centre sector or as between the sectors does not matter: the fact is that it is going on and it has to stop or, if will not stop, we must identify that it is there, the extent to which it is there and the social benefits to be derived from it if it is to continue. In my judgment, it ought not to, because there is no real necessity for it to continue into the next century.

The grouping of profit centres comes out of providing for the establishment of separate corporations to generate electricity, wheel the electricity around the grid and retail the electricity to end users to my mind is ideal, as is the separation of each of those profit centre groupings from the

regulatory structure, that is, the organisation put there to oversee the safety of generation, reticulation and sales—retailing reticulation into dwellings, factories, and so on. That regulatory body has to be different from and be seen to be different from—and be identifiably driven by a different set of objectives—each of the three corporations it will oversee and from the safety of the end use of electricity (in whatever form) to protect people from risks that would otherwise be posed if we allowed the sorts of practices that occur in some third world countries where there is no regard for the safety of end users or other people who may be exposed to the equipment in generating, wheeling and retailing.

As a State, we will enjoy the benefits coming from competition between alternative suppliers of each of those services, and we will be able to make comparisons between how we do it here in each of those profit centre groupings with other places such as New South Wales, Western Australia or Tasmania and identify the reasons that will come into clear focus for any differences which emerge, and thereby continue, through that competent and complete disclosure, the improvement of the efficiency by which we get energy where we need it.

That brings me then to the next point, namely, it is not just about—and this is the reason why I criticised the member for Hart as the Opposition spokesman—future supply of electricity to South Australian users but about supplying their energy needs in an appropriate form. It is not just about supplying electricity where we do supply electricity that is generated in the powerhouse of a conventional kind: it is about supplying electricity that is generated in the most efficient way possible for the location in which it is to be used. That may involve transporting the energy not as electricity through a high tension grid but as hydrazine metal hydride—the hydrogen technology, the hydrogen economy—or another gas.

It may be that we use fuel cells in the smaller population centres to generate electricity with smaller generation plants. It may mean a break-up of the conventional high tension grid reticulation system with enormous cross-subsidisation. We need clean, safe energy where people live and work, but we do not have to get it there as electricity by generating it centrally, then putting it through expensive wires of large diameter and high cost in their sophisticated alloy construction on expensive pylons and through substations to break it down into an useable form. We can do it more efficiently in future by introducing other technologies.

This Bill enables us to move towards that by establishing separate corporations. I am sure that ultimately there will be commercial integration between gas, electricity and other forms of energy retailing in different locations, where it is more efficient to deliver it in that form than by using these huge corporate structures that compete with each other across the same territory without the energy and economic efficiencies we seek and need. We have to do that if we are to meet this crazy commitment we have given to the Montreal protocol and the Rio treaty, which we signed without seeing the substance. I do not know whether there is a greenhouse effect, and neither does any other honest scientist on earth. There may be. If there is, we have signed a commitment which requires us to reduce the level of greenhouse gas emissions. To do that, we have to do more than just go on burning brown coal and gas to generate electricity to wheel around the high tension grid and sell it in the form that we do at present.

I have some vested interests here and disclose that I have been a long-standing member of the Australian New Zealand Solar Energy Society (ANZSES) and the Australian Institute of Energy. I am clearly committed to the objects and goals of both those organisations in order to ensure that we do improve the efficiency with which we get the energy we need in the places where we need it in the forms best suited to us, and that we adopt this wider range of technologies available to us. We have to reduce demand side management. We can do that by nipping off demand by introducing peaks and filling in troughs on a daily basis, and by providing incentives to do that. We can do it by reducing high seasonal demand for electricity (or energy of any kind) by the better design of buildings and industrial processes, and by the better use of the available energy on any given day.

That sort of R&D is better done not within a structure such as ETSA, which was pretty much like some of the other huge corporations which were invented in structural form last century and which have been brought through their natural life-span in our sophisticated economic society to this present day where they are now disbanded. We need to do that in a new partnership with the universities, where the cost will be much lower. Those new technologies might include nitrogen and hydrogen to ammonia in high pressure vessels using solar energy; they can be fuel cells; or they can be hydrazine in the hydrogen economy. We need to ensure that all these forms of energy can be melded together in the supply to the customer, and that our use and reliance on them minimises not only greenhouse gas emissions, since we are committed to do that, but also the cost. It is not a matter of reducing the cost per kilowatt hour: it is a matter of reducing the bill—the total at the bottom of the page. We ought to break up our bills into a supply cost and a cost for each unit used. That way we will get to the kinds of efficiencies I have referred to.

I have been pleased to be able to participate in both National Demand Management Energy Efficiency Conferences that have been held and to come to some understanding of the diverse options which are available to us and which time tonight does not permit me to bring to the attention of the House. I merely commend the Minister for taking this first step—a bold and courageous step in the right direction—to ensure that we can go in the direction I have spoken about, not just seeing electricity as a source of energy alone in isolation from all other sources but where it can be retailed by the same corporate interests as are retailing other forms.

The Hon. J.W. OLSEN (Minister for Infrastructure): I move:

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

Motion carried.

Ms HURLEY (Napier): I know that I should ignore it as it deserves, but I cannot help but respond to the union bashing by the member for Ridley. He linked slowness in restructuring in Australia to the attitude of the unions and seemed to refuse even to contemplate the fact that management had some responsibility for restructuring organisations. This seems to be an obsession with Government members: they are quite happy to blame whatever happens on unions and not acknowledge any responsibility by management or other sectors of the economy. Later he blithely said that ETSA has halved its number of employees, and without any industrial dispute. Presumably the employees cooperated in that process and large numbers of them were union members. Today I want to address one aspect of this Bill that concerns me. I

believe that the Hilmer report, in the interests of the Australian economy, generally proposes benefits for the larger States of Australia.

The Hon. S.J. Baker: You do not like the Hilmer report?

Ms HURLEY: I have great reservations about the Hilmer report even though I am a strong believer in the fact that we should regard ourselves as a united country rather than a collection of States. I believe that we should move to the view that we have regional economies. Many of the States of Australia have the ability to set up structures in areas such as utility delivery within their own borders which operate far more effectively than would ours because of their larger population base and/or the greater degree of regionalisation. For example, Western Australia has large mining interests in remote areas; Queensland has mining interests and tourism centres scattered around the State; and New South Wales has large regional centres.

South Australia does not have these advantages: it has a fairly small, compact population and its industrial centres are largely within those population centres. ETSA, as has been acknowledged by the Minister, has been performing very well. As he said, in 1993-94 ETSA had the best performance in its history with an operating surplus of $215.2 million. Yet, this Bill allows for the disaggregation of that company by regulation into three separate systems: generation, transmission and system control and distribution.

I certainly agree that regulatory functions should be separated from the operational functions, but I fail to see why these areas of operation cannot be separated satisfactorily into profit centres within the existing structure. In my view, what is being done all around Australia, and what is recommended in the Hilmer report, is the encouragement of this sort of disaggregation, which in ETSA will tend to create three separate empires, all with their own costs, overheads and structures. I do not believe that in a small State like South Australia we need that sort of structure—going from one company into three companies. I also do not believe that in terms of competitive neutrality or transparency that sort of drastic action is justified or that it would be more effective than achieving that within the current organisational structure.

We are busily dismantling this successful corporation into neat little units—which, interestingly enough, are also nice bite-size chunks to sell off or privatise later and I am also concerned about that—instead of allowing the corporation to get on with what it has been doing very effectively in delivering services to its customers. After all, we are talking about a corporation that is a public utility: it delivers a basic service to the people of this State. In Australia, with its temperate climate, energy provision is perhaps not as important as it is in the countries of Europe. Nevertheless, it is an essential service and one on which we should keep a very careful watch. Those of my constituents who struggle to pay their electricity bills would be very well aware of that.

In setting up this Hilmer-type competition in Australia, once again we are basically talking about allowing market forces to operate. However, we must always remember that where market forces operate they do so against those who are disadvantaged from the beginning. As a State, South Australia is disadvantaged in this process because we have poor raw energy supplies and we have a small population. So, South Australia starts at a disadvantage in this process, and it is hard to see where we would make up ground in terms of a national grid. That is not to say that I do not believe that the national grid is inevitable; we have to live within that structure. However, I do not believe that we need to go all the way with what has been proposed in the Hilmer report.

I would certainly like to see this disaggregation process brought back to the Parliament rather than having it put in place by regulation. I would like to see it come back here so that we can discuss all the aspects and implications of that process within the economic circumstances of the time. I believe that this disaggregation process is one of the trends that in 10 years we will be trying to reverse. It is the pendulum swing where we make minor adjustments, see that we have gone too far and then come back too far the other way.

I believe that that is what we are undertaking at the moment and that in 10 years we will have to make some adjustments. I think we should be very cautious about how far we go down that path now. I am not naturally a cautious person; I like to see change, and I think that we need change in these areas. However, in this case we should look at our population base and our economic situation here and now and tread very cautiously in this matter.

Mr BRINDAL (Unley): I have listened with interest to large portions of this debate, especially as contributions have been made by members opposite. I am surprised at the number of isolationists, iconoclasts and troglodytes who actually exist in the guise of the Opposition in this place.

I would like to start with the member for Hart, who quotes to the Party on the Government benches from Sir Thomas Playford. If any Party is aware of Sir Thomas and his philosophies and actions it is the Party that currently occupies the Government benches. Playford, were he alive now, would probably be bringing this very legislation into this Chamber tonight. Sir Thomas was certainly progressive, and he understood the needs of the State in his time and was prepared to change laws to shift things around and to make this State a better place for the people of South Australia by doing that which was necessary. I point out that 50 years ago he did that which was necessary for South Australia. Tonight another Minister comes in here to do that which is necessary for this State in the 1990s.

The member for Hart is welcome to stay lurking in the 1940s and 1950s if that is the time frame that he wants South Australia to be in. Let him quote Sir Thomas and say this was the lesson that Sir Thomas taught South Australia. The honourable member might do well to acknowledge that if Sir Thomas were alive and leading this State today he might well be leading it in the same direction as that in which this Minister and Government are heading.

The member for Napier said that we were here to bash unions and little else. I refute that. I know that not all members will contribute to this debate, but many members will acknowledge that we are not union bashers. We acknowledge the inroads and the gains that have been made by the previous Government where those gains were for the betterment of the Electricity Trust of South Australia and the better and more efficient production of power in this State. No-one on this side of the House would be churlish enough not to acknowledge those things which the former Government did which were positive. They were few enough in number, so we can easily afford to acknowledge them.

I note that the member for Napier has great reservations about the Hilmer report. Perhaps she is not the only one, but I wonder who promulgates the Hilmer report around this country. I wonder who its great proponents are. It is not exactly as if the States went racing to Canberra and said,

'This is what we want.' In many ways this has been an edict from a centralist inclined Government, but that does not necessarily mean that it is entirely without its virtues. I acknowledge that there might be some things—

Mr Clarke: Have you read it?

Mr BRINDAL: Yes. Some things may be worrying in the way that they come out, but other aspects to it are appealing. The member for Napier might not be aware, but one case in question is the generation of power. It was put to me that if as part of the equation of Hilmer there was a requirement for efficient production—for instance, if there was a charge for the electricity but there was also a tariff on the emissions from power stations: in other words, one can produce power ultra cheaply, but if one produced ultra cheap power from an environmentally inefficient—

Mr Foley interjecting:

Mr BRINDAL: If the member for Hart listens, he might learn something. If one produced very cheap power from an environmentally inefficient power station, one obviously gets the gain from the cheap power; but one should also have an impost for the environmental damage that the generation of cheap power is causing. If that sort of regime, which is in line with Hilmer-type thinking, was brought in, I understand that the power station at Port Augusta would be very efficient by any standard in this country. It certainly would not be as efficient as hydro-electricity but it would come way ahead of the coal stations in Victoria which, while they produce very low-cost power, are very inefficient because of the environmental damage they cause. On the other hand, because of the quality of Leigh Creek coal, because of the quality of ETSA and its developmental people and because of the quality of previous Ministers, I understand that Port Augusta power station is exceptionally efficient and good in terms of the minimal environmental impact its operations have.

If as part of Hilmer we were given some credit for that, I would say to the member for Napier that South Australia's power generation would have a rightful and very competitive place among the power generators of this nation. I can see no reason to run away from it: we should embrace that type of approach and have it adopted in the way that best suits South Australia. I point out to the member for Hart that he may not have been worried, because he was probably more privy to it than I, but I was appalled to read in the paper some years ago that we had sold our power stations and that they were now on a lease-back arrangement. That is as I understood it at the time.

An honourable member interjecting:

Mr BRINDAL: That is what I thought we had done, and I was appalled until somebody explained to me what a good use of Government money it was. I acknowledge that the Government of the time, despite the fact that I knew no better and thought it was a rotten idea, came up with a good idea which was a good use of a Government asset and Government money. It was very well done and I stand up and admit that. It is not something Sir Thomas Playford would have dreamed of doing, as Sir Thomas Playford 40 years ago would not have dreamed of doing what this Minister is doing tonight. But if he were here tonight, he could well be doing the same thing.

In conclusion, because I do not want to detain the House for too long, the member for Napier says that ETSA is a public utility: it is true that ETSA is a public utility. She said that it is an essential service: it is true that it is an essential service. But the mistake that the members for Napier, Ross Smith and Hart and most members on the opposite benches make is in thinking that a utility has to be public: it does not have to be public. They think that an essential service has to be public: it does not necessarily have to be public. We have many, many examples of exceptionally well run utilities and essential services that are not run by the public.

Mr Foley: You want to privatise ETSA now, do you?

Mr BRINDAL: I am not saying we should privatise ETSA. What I am saying is that the argument that a public utility is somehow quarantined and sanctified because it is, first, a utility and, secondly, in public ownership is spurious. We do not have funeral directors as a public utility, yet they provide an essential service. Our medical profession, all our hospitals—

Members interjecting:

The SPEAKER: Order! The member for Napier is out of her seat.

Mr BRINDAL: The member for Ross Smith reminds me why I might be talking about funeral directors. Nevertheless, we have public provision of hospitals and we have private provision of hospitals, and I believe that no-one on the Opposition benches will stand up and say that private hospitals do not provide an essential service, that they are not utilities. What this Minister and this Government are doing is logical, sensible and, if the Opposition members were not churlish and had the grace to admit it, is actually a logical extension of what they started. I do not see why they detain this House, why they cannot just admit that if they were in Government—

Members interjecting:

Mr BRINDAL: I don't know what I did this morning. If they were in Government they would do exactly the same thing. I support the Bill and hope that the Opposition will do likewise.

Mr CLARKE (Deputy Leader of the Opposition): I did not realise that the member for Unley had taken fright at the mention of the member for Coles' name and deserted the field before his full 20 minutes had expired.

Members interjecting:

Mr CLARKE: No, I will not go for the record, because I will take only about 10 minutes. I have some interest in ETSA because I have had a long association with it on an industrial basis. My union, the Australian Services Union, was involved with ETSA from around 1961 or 1963 and currently, obviously, is very much interested in it. I endorse all the reservations expressed by the member for Hart. When I was Secretary of my union I saw ETSA diminish from 6 000 to 3 000 employees. This was achieved under its existing legislation with an enormous amount of hard work put in by all staff. I have been involved (fortunately only from the outside looking in) with the enormous amount of work and introspection that took place within ETSA over the past 10 years. I have seen how it has improved its productivity, which has effectively meant shedding thousands of jobs and increasing profitability. This meant cheaper power prices for South Australian consumers.

I fail to see why in this Bill at this stage the Government needs to incorporate the three possibilities of generation corporation, distribution corporation and transmission corporation. I understand from the Hilmer report, the member for Hart, and reading the second reading speech of the Minister, that if the transparent accounting processes are acceptable to the Federal Government just within the ETSA corporation itself then that is sufficient to keep the dogs at bay, and the Government has no intention of proceeding

down the line to the next three stages. I would have far preferred the corporations Bill on its own, and if that was not successful the Government could have then introduced specific legislation to bring in the three identities so that Parliament could debate the issue as to whether or not that is a good or bad idea.

At the moment we are groping around half pregnant. I can see why the Government is going through the corporatisation of ETSA, and I accept the Minister's word that the Government wants that to work as it is and not proceed to that second leg. However, if it is necessary to go to the second leg, I far prefer it be done by substantive motion with an amendment to the ETSA corporation legislation to bring about these changes rather than through regulation.

Whilst I appreciate that in either House of Parliament regulations can be subject to disallowance, I do not think that such a major step ought to be debated in the context of a subordinate legislation contribution rather than a full Government Bill being brought in with a second reading speech giving reasons as to why, and allowing the proper weight to what is a considerable step that would be undertaken by the Government to bring about these three separate identities. I am not convinced that the corporation could not set up sufficient accounting records to clearly identify the differing costs and revenues that are achieved by each of those three distinct groups. I know private sector and multinational companies which do not, if you like, corporatise.

For example, I refer to the old Elders IXL (which is probably not a good example because it went belly up) or the old Elders GM, with which the Minister would be more familiar, before some of the privateers and pirates got hold of it. It was a very profitable company. Each of its branches were cost centres. It had separate divisions, not separate companies, all within the one corporate structure. Each had its own cost centre that had to report to a divisional head who in turn reported to its respective general manager, and ultimately to the board. There was no difficulty for a company like that, stretching far and wide throughout the length and breadth of the continent, to accurately assess its own running costs to the last cent in each of the (at one stage) 300 or 400 branches throughout the nation. There are a number of companies—

Mr Brindal: The honourable member sounds as though he knows what he's talking about.

Mr CLARKE: I do. The member for Unley pays me a great compliment, for him, anyway. In this age of computerisation and sophistication of accounting techniques, I cannot believe that at this stage we need to insert into the Bill a provision that provides, 'Well, if this one does not work we will be able, by regulation, to bring in the generation corporation, the distribution corporation and the transmission corporation.'

I cannot come to grips with that. If it needs to be done, let the Government do it by specific legislation and let us have the debate at that time. The other point I make is that ETSA is always at risk as far as costs are concerned. We all know that. Leigh Creek coal fuel is terrible in terms of the cost of extracting energy. It is low grade and the cost of capital equipment is expensive. There is no likelihood of us obtaining coal supplies of the same quality that they enjoy in the Eastern States. I hope I am wrong, but it was my understanding some time ago that it was not likely that that would occur.

Sir Thomas Playford, albeit 50 years ago and as part of the drive to industrialise South Australia, did not want South Australian industry to be totally reliant on energy from, in particular, the New South Wales coalfields in those days because of the level of industrial disputation and the like. What worries me is this: I used to be a frequent visitor to Victoria in the 1970s and I remember the 'brown-outs' (as they were referred to) where, in particular, Yallourn and the SECV had a history of absolutely appalling industrial relations. I will not say who was right or wrong, but undoubtedly the unions were right and the management was wrong as it was a Liberal Government in those days. As a result of the power restrictions it was difficult to catch a tram, and the elevators were stopped, so you had to walk up endless flights of stairs. You could not get a cold beer because either the brewery was on strike or the power was off and they could not pull the taps in the hotels. You had to grope around in the dark because there was insufficient lighting.

Under a Federal Labor Government Australia has enjoyed a quiet period in industrial relations, and presumably at some time in the far distant future a Federal Liberal Government will emerge. It is inevitable: it is simply a question of time, although it may be well off into the future. Industrial relations could become far more rigorous as a result, and that terrifies me. We in South Australia have a good industrial culture (despite all the provocation from this present Government on industrial relations) and over many years we have had a work force, particularly in essential industries (and ETSA is one of them), where issues have been resolved rapidly and problems for industry and lack of continuity of power supply have been few and far between. Where they have occurred they have been rapidly solved because South Australians have worked together to achieve a common result for the benefit of our State.

There is something to be said about the South Australian culture that allows for greater tolerance, a greater opportunity to discuss with one another our differences and to try to resolve them. It is true in politics, it has been true in industrial affairs, and it is true in business and in a whole range of other areas. Perhaps that is because we are a city State and is a result of our cultural make-up and the like over the past 150-odd years. It has given a unique advantage of tolerance and a feeling of not wanting to put the State at risk. Even though we can get something like 25 per cent of our energy needs from Victoria, that is a huge amount for which we are dependent upon the whims of Victoria—governments, unions or whatever. In fact, it places our energy requirements at risk. How will we guarantee, if we get more and more into the national grid, that South Australia will not be held hostage to the whims of the Eastern States?

The other point, as far as costs are concerned, is that we must look at the fact that we are now seeing attempts by Eastern States' power utilities to pirate companies by offering huge reductions in costs because they have a surplus of energy. Inevitably, as one company concedes and the next one comes up for their share of the bacon, the pressure will be on. With our higher cost structure in South Australia, the Government through ETSA will have to say to the domestic consumer, 'We have to keep these industries in South Australia. Inevitably, that means we will have to give them energy at the same price that it is offered in Victoria, New South Wales or Queensland, and that means that the domestic consumer will have to pay considerably more.' I am sure the Government realises all this, and we have these imperatives of Hilmer, and we just cannot stick our head in the sand.

The Federal Government and even the Federal Opposition and the Eastern States have to accept a certain fact of life.

Perhaps South Australia, in a perfect world, should never have been established other than as a giant agricultural sheep run with a bit of mining, and with only several hundred thousand people living in it. If it had not been for tariff protection, we would never have had any industry in South Australia. The fact is that the bureaucrats and the politicians in Canberra have to understand that about 1.4 million South Australians live here, and unless they particularly like the idea of us decamping from Adelaide and shifting *en masse* to Sydney or Melbourne, which are already congested, there is a national price to be paid.

Perhaps it is not a perfect economic rationalist model that we have to follow in South Australia or which should be adopted by the Federal Government, but they have to say, 'We do not really want 1.4 million Croweaters moving to Victoria or Sydney because we could not afford it if those cities grew that large. We cannot afford to have South Australia become a barren wasteland. Therefore, we as a national Government, with a responsibility to our fellow Australian citizens, say there is a cost, similar to the freight differentials and other subsidies that keep Tasmania afloat. Likewise, if we look at the Northern Territory, quite frankly, it is an obscenity that the Northern Territory Government, with about 50 000 taxpayers, can spend $160 million on a Parliament. It can do that only because the rest of Australia's taxpayers provide very large amounts of money to keep it afloat.

If it is good enough for the Tasmanians, the Northern Territorians and those living in the ACT who for years have lived off our taxes, it is good enough for the Federal Government, of whatever political ilk, to recognise the fact that we South Australians are here. We will not go away. We want to provide jobs for our kids. It is good for society and the nation as a whole but, unfortunately, from time to time, that requires a subsidy, for want of a better word.

It is all very well for me to say that, and the Government may well agree with my sentiments. However, it is a question of trying to get the national Government, of whatever political persuasion, to see the sense in that. Fortunately South Australia does have a few seats in the Federal Parliament. They were thought to be rather critical in the determination of the last Federal election, and as a result we saw a bit of pork-barrelling in South Australia. I think it would be incredibly good for South Australia if every Federal election hinged on the way South Australians voted, because we might receive fairer treatment. They are the sorts of concerns that I have with respect to this area, and I believe they are shared around this Chamber. I will listen with interest to the Minister's reply and in particular to his answers to questions we will put to him during the Committee stage of the Bill.

Mr VENNING (Custance): I want to discuss this matter briefly, because this issue is very strong in my heart. The member for Hart spoke earlier this evening. I, too, have read the Playford biographies carefully, and I am familiar with what happened when he rationalised the Adelaide Electric Company into ETSA between 1946 and 1953. It was a very bold, strong and emotive move at that time. Playford would have been the only Liberal Premier cunning enough to have pulled it off. In hindsight it has worked extremely well. The result has been the provision of power to most consumers in South Australia irrespective of where they live, particularly in the country. Isolated regions now have electricity.

I have extremely vivid memories as a youngster in 1959. Up until that time we lived on 32 volts. If the wind did not blow, you relied on a motor down in the shed. When that ran out of fuel, that was it for the night, you went to bed in the dark and that was the end of the day. That was life in those days. You, Sir, would have known the same situation. When the batteries were flat or needed to be replaced you were also in trouble. A set of batteries for an average farm house cost a lot of money in those days. In 1959 I was at boarding school, and when I came home for the first exeat the power was hooked on. I cannot describe the unbelievable difference that that made to a home in the country. Instead of a kero fridge we had an electric fridge. I did not have to put kero into the fridge every three or four days or coke into the hot water system because that, too, had been converted to electricity. It made enormous differences to the people of South Australia that I will never forget, and many of our modern day people should realise that.

This could never have happened in any other situation. It required very heavy cross-subsidisation of the whole community of South Australia to do it. I am just saying that this was a point in time. You see these stobie poles all over the State, running far across the paddocks at Lameroo and Pinnaroo, for instance, and to all corners of our State. What it must cost, but it is there now and we all take it for granted. That is why I say that the power is there for most consumers in South Australia. We also got the Leigh Creek coalmine, which we would never have got because we know that it is not the most efficient coal in Australia, or in the world, for that matter; in fact, it is inefficient but because it was all we had Playford made sure that it worked.

The Hon. J.W. Olsen interjecting:

Mr VENNING: At that stage, too, yes. The power station at Port Augusta, a very efficient and modern power station, was another monument to Playford. I have read the memoirs, and the situation that Playford put into position worked very well. As I said, it was a very bold move and it certainly worked, but it is time to change. I will be very vigilant in observing where we go from here when this Act takes effect. I note with more than casual interest the Hilmer report. I am concerned about the Hilmer report. I agree with much of what the member for Hart said in that regard, particularly when it refers to—

Mr Brindal interjecting:

Mr VENNING: I have read it—the cross-subsidisation of services such as power and water. The system of cost recovery and the user pays system concern me greatly because they fly in the face of any policy of decentralisation. If country people had to pay the full cost of the delivery of power and water to their homes and businesses, they would have to move out or purchase wind lights or install solar cells and draw their water from a well. That is going back. I note the recommendations of the Audit Commissioner along a similar line to Hilmer, but I also note the comments of the Minister, the Premier and the Government's general comments regarding the Audit Commission where they state quite clearly that the capital costs will not be recoverable from users particularly in relation to water and power. That gives me a lot of relief indeed because, if the country folk had to pay the cost of the capital infrastructure that delivers the power and the water, the cost of these services would be astronomical and totally unaffordable.

I welcome the direction of this Bill because it provides cheaper and more efficient power generation, more efficient industry and the Government will not be milking ETSA:

ETSA will not be a milch cow. ETSA has been a milch cow for the Labor Government, particularly over the past 10 years. It has been a real money spinner for consecutive Labor Governments. Even in his present ill-health, my father clearly remembers and often refers to the deal that was done between the Government and ETSA and how that deal has been reneged on so many times. ETSA has been milked mercilessly by Governments.

Mr Quirke interjecting:

Mr VENNING: I do not think that is correct at all. I know that the Tonkin Government took money from ETSA but it was nowhere near the amounts that the Labor Governments took out of it. Even my father in his present condition understands that very well. In recent times we have seen some disincentives put up by our electricity generator: disincentives to efficient power use, such as lower unit costs for more power used, which really flies in the face of efficiency and off-peak tariffs reduced if solar power was installed, and that is no incentive. I notice that in recent times that has been changed, but there is a time and a place to amend.

This policy has worked since 1953. ETSA is not to be used and abused as it has been in the past. It needs to come out from the mantle of Government; it needs to stand on its own; it needs to set its own policies and to reap its own rewards without the Government milking off its own rewards and efficiencies in enterprise. It does not need an unwarranted passenger in the form of a money-sucking Government, whether it be a Liberal or a Labor Government: a mistletoe in its side. Labor Governments in recent years have abused it by selling off the power generation asset. This has been discussed tonight and I am not convinced that we did not sell the asset. I know that there has been various contention about what the previous Labor Government did with our Torrens Island power generator. Did it sell to the Japanese? Did it lease it back, or whatever? ETSA has certainly been abused by Governments and all that will come to an end with this Bill. In recent years Labor Governments have used ETSA instead of maximising its profits. We need to get out of ETSA's way, to give it a chance of survival now that we have a national grid. I support this Bill, as I know all South Australians will benefit in the long term.

The Hon. J.W. OLSEN (Minister for Infrastructure): Thank you, Mr Speaker, for the opportunity to close the second reading debate. At the outset, I thank the Opposition for its support of this Bill—albeit with some reservation, and I acknowledge that—because it is a very important and significant step forward. The member for Hart talked about ETSA's history. Yes, ETSA has had a proud history in South Australia. It has established important infrastructure and it has participated in the development of this State. In more recent times it has, as my second reading speech earlier indicated, been a significant contributor to the finances of South Australia.

Its performance in recent times has been exceptional. In fact, in the last financial year the Electricity Trust has had the best financial performance in its 48 year history with an operating surplus of some $215.2 million. That was in addition to ETSA's successful initiatives of delivering a conducive business climate by contributing to the recent tariff reductions, returning some $37 million to the State's economy, which in turn assists small and medium businesses by reducing their costs of operating. Their retained earnings assists them to employ people and to put in place new plant and equipment so that they are nationally and internationally competitive with their produce.

In recent times the Electricity Trust has had to face much change. The former Administration proposed Southern Power and Water, which brought great uncertainty for an extended time. This Government was intent on not proceeding down the track of amalgamation of the power and water utilities in South Australia. In fact, the Carnegie report commissioned by the Western Australia Government indicated that it ought to be disaggregating functions and utilities in Western Australia at the same time as the State Government was pursuing the alternative course.

We, as a policy option, determined that it was not the appropriate course but that the two independent utilities had to become commercially focused, operated and managed so that they could contribute to the State. Whereas, for example, the Engineering and Water Supply Department cost some $60 million a year about a year or so ago, it is now contributing $51.8 million to the Treasury, and the figure is projected to be $85 million within a couple of years. So, that is the turnaround.

Mr Foley interjecting:

The Hon. J.W. OLSEN: The member for Hart says 'milch cow'. The simple fact is, had it not been for the Electricity Trust, its efficiency gains, its performance and its contribution to Treasury to put in place finances to fund unfunded superannuation liabilities and to contribute to the resources of this State, we would have had to be far more rigorous in our approach to health, education and other essential services, reducing the Government provision of those services within the community. So, the Electricity Trust in its management, performance, productivity, efficiency, gains and contributions to the Treasury of South Australia is contributing, out of that $156 million, $35 million this year towards the unfunded superannuation liability that we inherited. It will contribute that for the next three to four years and eliminate that unfunded liability. If it were not for the Electricity Trust doing that, we would have to be dragging those funds from some other essential service of Government. So, far from its being a milch cow, it is a good corporate citizen contributing to the overall well-being of South Australians.

I acknowledge the performance of the former Administration in setting upon a course to put in place efficiency gains for the Electricity Trust of South Australia. Regarding a number of the gains of the former Administration over the past 12 to 18 months, I acknowledge that we accelerated some of those reforms, as the Labor Party would have done had it won government—there is absolutely no doubt about that.

Given that the course was set by the former Administration, given that it would have followed the same course as we have followed in accelerating reform, that is part of the reason why the Opposition is supporting the policy thrust of the Government at present. Indeed, it would be very difficult for members opposite to do otherwise and, indeed, hypocritical, and I know that the member for Hart is not that.

The intent of the Government is that there will be one shareholder—the Government of South Australia. I have said before and I repeat again: it is not the intention of this Government to privatise the Electricity Trust of South Australia. We are corporatising the Electricity Trust of South Australia and we have kept it flexible for that reason. The Deputy Leader asked, 'Why don't you put this Bill through

and then put through subsequent Bills as you make up your mind?' The simple fact is that the reform process that we are embarked upon is being dictated not only by our own policy determinations. There are a number of external factors with which we have to comply and compete and which we must take on board, not the least of which is the Prime Minister's policy thrust. I refer members opposite to an article in the *Australian* of 10 November which states:

> ... Mr Keating last night formally threw open the option of private sector involvement in supply of gas, water, electricity, transport and communications.

In his speech to the Economic Planning Advisory Commission, the Prime Minister set a clear agenda. I make the point that it is a Labor Prime Minister who is setting the privatisation agenda for those utilities. We have to deal with that component in the future. The national grid implementation date of 1 July 1995 reflects the determination of Prime Minister Keating, albeit that there are a number of significant factors yet to be resolved. We have the Hilmer report commissioned by the Federal Labor Government that is putting the clear responsibility, goals and objectives on all States to comply, to get the microeconomic reform in place around Australia, to make our companies internationally competitive, and to preserve job opportunities in manufacturing industry and other industries in Australia in the future. I do not disagree with that later point. And we also have COAG.

I would tell the Deputy Leader that there is a degree of flexibility contained in this legislation simply because there are many factors which, in the course of the next three to six months, we will have to take into account in the structure that is put in place regarding the trust to ensure that it is nationally competitive and is able to embark on international best practice so that we can maintain a power generating facility within South Australia and job opportunities within the trust. The Federal Government has made it clear that, if we do not meet that challenge, we will be financially disadvantaged. The fact is that the Federal Labor Government has the cheque book. If we do not show a pace of reform that equals that in the other States, we will pay a severe financial penalty. The House knows that we simply do not have the capacity to absorb any financial discrimination that might be inflicted upon us because we have been tardy in this reform.

Rather than take that course, the Government has said, we ought to be proactive in this; we ought to at least attempt to set the agenda so that our regional economy of South Australia—the factors that are particular to us—can be taken into account and we do not have the Eastern States and Canberra dictating the final equation to us. We want to have some influence over that so that the important regional economy of South Australia, which has factors different from those in the other States of Australia, can be incorporated in the legislation. That is why there is a degree of flexibility to meet that demand.

It is no good saying, 'We can put this Bill through now and put another Bill through earlier next year.' Everyone knows that the process of putting legislation through this House takes three to six months, and that is where there is significant difficulty. The legislation with which we are dealing today was incorporated in the Governor's speech in the opening of Parliament. It is not a Johnny-come-lately piece of legislation.

Members interjecting:

The Hon. J.W. OLSEN: I have responsibility for a piece of legislation that is totally consistent with the Governor's speech. We are pursuing that course and trying to incorporate factors outside our control. That is why there is a degree of flexibility. I appeal to Opposition members, whose reserved support I welcome, to take into account that we are trying to deal with a set of circumstances that in many instances is being dictated by the Opposition's Federal Labor colleagues, who are wanting to set the reform agenda.

It is important that Australia undertake microeconomic reform. I have absolutely no argument with that and manufacturing industry in South Australia is now able to be internationally competitive. We now have Mitsubishi Verada station wagons accessing markets in the UK, Japan, Germany, North America and South America through quality and price, and we have Castalloy exporting mag wheels out of South Australia to Harley Davidson in the United States, and that must mean that our manufacturing industry in South Australia can compete with international best practice options.

That is what we have to do. If we do not do that, we will not keep jobs in the manufacturing industry in South Australia, and we will not have a good economy. That is why the Government, despite its financial constraints this year, said, 'We will give a 22 per cent tariff cut across the board on 1 July for small to medium businesses.' It was done quite deliberately. We wanted to give retained earnings to small to medium businesses that are pressured to have those earnings. We want them to retain a cash flow in their businesses to enable them to employ more people and to put in place more modern plant and equipment so that they can be internationally competitive. So, we will preserve the economy, manufacturing industry and the jobs in South Australia. That is why we did it, rather than take that extra $37 million and put it into the Treasury, although there was a significant need for it within Treasury because of the State's finances.

I ask the Opposition to take into account that this is a measured response from the Government. We have not attempted, and nor will we attempt, to do what Victoria did in relation to its power utilities. First, South Australia has a different sized economy from that of Victoria, so we in South Australia cannot necessarily do what Victoria did; nor, I argue, would we want to do it. With what we are proposing we will get a better outcome in the next five to 10 years than did our Victorian counterparts, and I should leave it at that.

This is a process of commercialisation of a Government instrumentality that will not be privatised. We have said that we will not forfeit the price setting mechanisms of power and water to some independent body. The Government has publicly rejected the Audit Commission report in that respect, and Cabinet has signed off on it. As a result of that decision and the decision to maintain the assets of EWS and ETSA in the Government's (the shareholders') hands, we cannot have a power or water problem such as can be seen in the UK. If it does not own all the assets and have control of the price setting mechanisms, it cannot have some of the problems that the Opposition has been detailing in Australia as a result of the UK privatisation push.

So, we are getting the best of both worlds: we are getting the changes to the system and a commercial approach to it but maintaining control over the key factors of price setting and the assets of the facilities. Therefore, in making judgments on this legislation, I ask the Opposition at least to take into account those components.

The member for Hart asked about alternative energy sources. As of this financial year, some $3 million was allocated in programs over the next five years, and those funds are committed for a partner in a fuel sell development.

Of course, we are monitoring the Coober Pedy wind turbine, and in Esperance in Western Australia we are participating in wind forums.

In addition to that, the Electricity Trust, in the strategic generation forward plan developed by it, has looked at a number of areas of new technology: wind, coastal and inland (the indicative cost range cents per kilowatt for the production of that energy is wind energy for coastal, six to 12, inland, 15 to 13); solar thermal; solar hydrogen; fuel cells; geothermal landfill gas; and nuclear. In relation to landfill gas, I draw to the attention of the House that South Australia has been very much to the fore in signing contracts to take the gas out of landfill and convert it to power generation to feed into the system, and this has the dual benefit of taking the methane out of the ground.

Mr Clarke: The Wingfield dump.

The Hon. J.W. OLSEN: Yes, the Wingfield dump. That impacts against the oxygen; it depletes the oxygen, which means that you cannot grow trees and so forth in it. We will have a win/win position: you take out the gas, you generate electricity, and you leave oxygen in the ground, and that enables you to undertake a greening of that area. So I assure the honourable member that the Government is mindful of the need to look at new technologies and to put them in place for the benefit of power generation in South Australia, and it is doing more than talking about it: it is putting in place action with its rhetoric.

The regulatory functions are to be separated from ETSA, and I agree that regulation ought to be separated from the provision and management of the power source. The member would be aware that a Bill has already passed through the Parliament in relation to creating that opportunity. At the moment, the Government is considering either that being established in the Department of Consumer Affairs or in an office of the Department of Mines and Energy. If you look at the interstate comparisons, you will see that the regulatory functions have been put in the Office of Mines and Energy. That is a ministerial council which meets occasionally in relation to matters of a regulation nature on power utilities. And that would be more likely the Government's position in relation to regulation and where it sees that sitting in the future.

Questions have been raised in relation to cross-subsidies and the recommendation of the Audit Commission report that we ought to reduce and eliminate them. I assure the House that it is the Government's intention to ensure that there is a same-price power source across the State and that country consumers will not be disadvantaged simply because it costs more to provide the service in country areas. It is a regional economic development function of Government to ensure that power is supplied to small and regional cities and small country towns to ensure that we assist them with the provision of an essential service for their contribution to economic development in South Australia. I thank the Opposition for its measured support of this Bill, and commend the Bill to the House as an important step forward in positioning South Australia for the next century.

Bill read a second time.

In Committee.

Clauses 1 to 4 passed.

Clause 5—'Interpretation—Electricity generation corporation and functions.'

Mr FOLEY: Would the Minister expand on what is missing from the existing Act in relation to this matter? What is the changing nature of the new corporation in respect of what ETSA currently does? I had some difficulty in determining what functions the new corporation will continue to undertake in respect of what is already detailed in the existing Act.

The Hon. J.W. OLSEN: Fundamentally, there is no change in function. This is simply to allocate the functions across the various sectors of ETSA itself to different business units.

Clause passed.

Clauses 6 to 10 passed.

Clause 11—'Powers of ETSA.'

Mr FOLEY: Can the Minister expand on the terminology relating to ETSA's having 'all the powers of a natural person together with powers conferred on it under this or any other Act'? What is meant by 'the powers of a natural person'?

The Hon. J.W. OLSEN: That is a legal catch-all phrase. It is a way of describing the powers of a natural person. The existing Act attempts to describe this separately, whereas in the drafting of this Bill that reference is a legal catch-all.

Clause passed.

Clause 12—'ETSA to furnish Treasurer with certain information.'

Mr FOLEY: I indicated in my second reading speech that I acknowledge that the Bill provides that ETSA is to furnish the Treasurer with certain information. In fact, it provides:

> ETSA must furnish the Treasurer with such information or records in the possession or control of ETSA as the Treasurer may require in such manner and form as the Treasurer may require.

As I indicated earlier, in these areas it is one thing to furnish information but it is also a question of what interpretation or mechanism is in place within Government to monitor that information. I acknowledge that the functions and what is in place in Treasury are not the Minister's responsibility, nor, for that matter, is it necessarily an issue in relation to this Bill. However, can the Minister say what specific monitoring role and what infrastructure is in place within Treasury to monitor ETSA—given that it is fourth in terms of the largest trading enterprise in this State? I would like some more information about what financial monitoring process the Government will have to oversee ETSA.

The Hon. J.W. OLSEN: Treasury currently monitors and oversees the operation of ETSA, which is required to report in financial performance benchmarks. Under the Public Corporations Act, the Treasurer and the responsible Minister have to establish with the Electricity Trust a performance agreement for the operation of that instrumentality over a 12-month period. This simply enables the Treasurer—who is, under the Public Corporations Act, one of the stakeholders or interested parties—to have access to the information upon which he can then make a judgment on the performance of the instrumentality. It is to ensure that the corporate body does not seek to frustrate the information flow through to Treasury and to preserve the current arrangements whereby Treasury is entitled to and does get access to certain financial information.

Mr FOLEY: I am as yet unconvinced that sufficient infrastructure is in place within the State Treasury to monitor adequately the trading enterprises of ETSA and the Water Corporation combined, which will be turning over hundreds of millions of dollars of income. This is an issue on which the Opposition, and certainly the shadow Treasurer, will no doubt continue to pursue the Treasurer. I am less than convinced that sufficient infrastructure is in place to undertake that role appropriately. However, I acknowledge that is not in the Minister's area of involvement. In terms of the performance

agreement, the Treasurer and the relationship with Treasury, how is it intended to structure the dividend payments to the Government? Will they be at the rate of corporate taxation, or what methodology will be used in future for withdrawing dividend and income from ETSA?

We see this year that it is $156 million, and I point out to the member for Custance that that is an all time record for a public utility to provide to the State Treasury. It certainly flies in the face of what this Government was saying in Opposition when it was critical of the former Government for using utilities as support for the State's budgetary position. But how quickly times change when one is thrust from the role of Opposition into Government. However, that is a side issue. I would like more information as to how it is intended to structure the dividend stream.

The Hon. J.W. OLSEN: According to Hilmer, we have a requirement to provide the equivalent corporate tax structure and in addition a dividend stream equivalent to that which the corporate sector would ordinarily apply to its shareholders. Of course, the Electricity Trust contributes far in excess of the tax and dividend base to the State Treasury, and I would not envisage that being reduced by any significant amount.

Mr Foley interjecting:

The Hon. J.W. OLSEN: I do not. I would think that, as ETSA's productivity and efficiency performance continues to grow, it will maintain its contribution on the same basis as it currently gives to Treasury and in addition pursue the reduction of its loan portfolio. Having made the remark about the loan portfolio, I acknowledge that ETSA's investments over many years are sound. It is better placed and has a lower loan portfolio than comparable interstate electricity systems. That is why it is able to make a better *pro rata* contribution than the Eastern States. I think that the New South Wales power utility contributed about $570 million to the coffers of the New South Wales Treasury. Compared to its turnover, the performance of the South Australian utility is particularly good. ETSA's debt equity is 1:1.4, so it is in a better position than other utilities. The Government would want to preserve and enhance that, and it can do so by its productivity and efficiency gains whilst maintaining the same income stream to the Treasury.

Mr FOLEY: This is the crux of the whole issue. Hilmer says that public utilities, once corporatised, should be providing income streams to the Government equivalent to that of the prevailing corporate tax rate. What Hilmer does not say is that the Government should take a premium above the prevailing corporate tax rate. We have had a significant admission and concession from the Minister that it is the Government's intention in future years to continue to derive significant budget support from ETSA. That flies in the face of Hilmer, the national grid and very much of what we have talked about tonight. If we are talking about reducing the impost of the Electricity Trust on business and consumers in this State, there has to be a dividend win for the consumer. We do not go through all this pain, restructuring and anguish to increase the dividend return to the Government of the day.

That is not what this is about. This is about returning the efficiency gains through hard work, quite often through much upheaval and internal unrest, but it is about returning a win-win to the consumer, be it a domestic or a corporate consumer. The great fear of many national economic observers is that much of the microeconomic reform pushed upon the States and the Federal Government will be used as excuses by Governments to increase the dividend to Government. A leading national economist talks about the increased dividend stream. The document says that, whenever a State Premier is talking about this whole issue of Hilmer, national grid and reform, when a Premier stands up and says that the issue is one of principle, Australians can be assured that it is all about money. No Premier and no Minister want to see their income stream from ETSA reduced.

I can understand that, but we saw in this year's budget $156 million of income from ETSA to prop up the State budget. The Minister can make all the claims he likes, that that means there are fewer teachers to be lost and fewer hospital wards to be closed, but the reality is that Government members came into office knowing full well the performance of ETSA. They were on the public record year after year castigating the former Labor Government for taking income streams from ETSA. And what were those income streams? Some $40 million or $50 million. This Government has taken $156 million and in this Chamber tonight the Minister has said, 'I will get that income; I will get those efficiencies. I will continue to reduce the work force and give all the pain. We will cop the prevailing rate of income tax, which might be $40 million or $50 million and then we will take a huge slice of the cake as well, and we are not going to pass that back to the consumer.'

What this has to be about—and I am in this Chamber saying that I support the Bill—is that, if we go through all this pain, industry in this State pays less for electricity; consumers in this State pay less for electricity. I will not continue to support this Bill if the Treasurer of this State continues to cream off the efficiency dividend. What I am saying is that I am not at all comfortable with those comments and I want a commitment from this Minister that the dividend gained through this hard work will be returned to the consumer and not swallowed up by the State Treasury.

The Hon. J.W. OLSEN: The honourable member can get off his high horse, because he seems to have forgotten the fact that, despite the income stream that I talked about being maintained to Treasury this year, we reduced small and medium business tariffs by 22 per cent; we reduced tariff by 15 per cent in other areas; and residential customers had off-peak tariff reductions. This year we not only continued the income stream but we gave back benefits to all consumers of electricity in South Australia. You can do both; you can have a win-win position. One is not mutually exclusive of the other. When I said that we would be maintaining that income stream, those income streams are carried forward in the forward budget estimates and programs that have been identified by the Electricity Trust. But it will also mean that over succeeding years we will continue the reduction of the cost of power in South Australia to business and residential customers alike.

So, the need to reduce costs of operating in South Australia will be met. The member for Hart was very selective in his comments. He overlooked the fact that, in my earlier remarks, I said that one of the key objectives of this Government is to reduce South Australia to a low cost of operation State and a low cost State in which to live. Despite the budgetary constraints of Treasury and the difficult financial circumstances we inherited in government, we returned $37 million back to power consumers in South Australia. We reduced their costs by $37 million.

I ask the honourable member to compare South Australia with Victoria. The Victorian Power Utility is talking about 1 July next year as the date to possibly reduce its power costs by 6 or 9 per cent. We have achieved 22 per cent this year;

we have not tried to phase in 22 per cent over the next three to four years. This is about putting in a position in South Australia *vis-a-vis* the other States. It is about giving our manufacturing industry a fair break compared to the other States of Australia. It is about ensuring that our workers pay less for power at home in relation to lower costs and remuneration packages in the State *vis-a-vis* the other States of Australia. That is what it is about. We have proved you can do both of these things and will continue, while I am Minister, to do both.

Clause passed.

Clause 13 passed.

Clause 14—'Establishment of board.'

An honourable member interjecting:

Mr FOLEY:I am quite happy with the response of the Minister in terms of what he did not say as well as what he did say. I am perplexed as to why this Bill has the board consisting of not fewer than five nor more than seven members appointed by the Governor. The water corporation legislation calls for a board of five, so I am looking for some consistency. I have always been a fan of smaller rather than larger boards. I think larger boards tend to be an unnecessary financial impost upon the operational costs of an organisation. Will the Minister explain why this Bill calls for up to seven members on the board, yet in the Bill brought in two weeks ago it was only five?

The Hon. J.W. OLSEN: I draw the member's attention to the fact that the existing board membership is seven.

Mr FOLEY: Yet again, I say that there is more in what the Minister did not say than what the Minister did say. The Opposition is not satisfied with the inconsistencies that appear in these two cases, and we may well wish to take up this issue when the Bill is debated in another place. The make-up of the board will be of particular interest to the Opposition.

The Hon. S.J. Baker interjecting:

Mr FOLEY: You are not satisfied with the make-up of the board? For those who did not hear, I point out that the Treasurer just said that they will get some real professionals on the board. I think the Minister may well forget that his former colleague in another place, the Hon. Martin Cameron, is a member of the board. I take it the honourable member is referring to Martin Cameron when he says that. Will the Minister expand on the profile of the board? If the board is limited to five, and that is the Opposition's intention, will the Minister provide some advice as to the make-up of the board? Does the Minister sees it as the new board? Will the Minister retain some of the skills? Is the Minister looking for gender balance, and will the Minister consider appointments from outside of South Australia to give a global picture to the organisation?

The Hon. J.W. OLSEN: The Public Corporations Act provides descriptions of the attributes that board members ought to have, and I will be guided by the Public Corporations Act. I envisage that there will be new faces on a new board in a new corporate structure, and I think that is important. I also think it is important to have some interstate experience to ensure that a national perspective is brought to the deliberations of the board.

One of the reasons for the importance of that—and I think this is what the member for Hart was alluding to—is that, if we are now forced into a position of competing on an international electricity market through the grid system where you will have greater than 30 megawatt consumers and greater than 10 megawatt suppliers (in Victoria it was 10 megawatts, it then went down to 5 megawatts, and it is now down to 1 megawatt, and they can tap in and feed into the grid system), the competition can be applied to the national grid system. The requirement under the national grid challenge is to be operative on 1 July 1995 (and the Prime Minister is absolutely intent on that and said so at COAG). In fact, we wanted to extend the 1 July date, because South Australia has three or four points (and the honourable member knows what they are) that need to be considered before we will sign off on a national grid because of our regional economy and the importance of those factors to South Australia.

At COAG we asked for this matter to be deferred beyond 1 July 1995. The Prime Minister and the Federal Government are resolute that 1 July 1995 is the operating date, and that is it. That being the case, we have to meet that challenge. That challenge—the national competition whereby the corporate sector will feed into and purchase out of the system (which is what the national grid requires of us)—means that it is a new ball game to that which applied before. Therefore, the breadth of experience that will be required on the board is important. I take it that the member for Hart was telling the Government that, in a new corporate structure, you have to look at these perspectives and ensure that the board comprises people with the attributes and capabilities to meet the very significant challenges of the future and to preserve the Electricity Trust as an entity that can contribute significantly to power supplies in South Australia and to preserve our regional base and the cash flow contributions to Government, as well as having the capacity to influence the price to our industry groups.

Mr FOLEY: This is a debate on which people have varying views. Given the importance of the new restructured organisation, which will give birth to a whole new entity, the role of the Chief Executive Officer is important. In fact, the most important aspect of his or her position will be getting this organisation under way given the enormous pressures of the next four to five years, and particularly the next 12 to 18 months. Under this Bill the Chief Executive Officer does not have a place on the board, and that concerns me. I am not totally comfortable with the idea of a Chief Executive Officer being the Chairman of the board because, depending on the nature of the board, that can cause complications. Given the intricate and important role the Chief Executive Officer of the new structure will have to undertake, I find it curious in the extreme that that person does not have a seat on the board, particularly given that we are to have a five member board.

To have a Chief Executive Officer sitting *ex officio* or sitting in a corner observing the operations of the board is a curious omission. I am not prepared to say that I will move an amendment in the Upper House, but I will consider the issue before its passage through the other place. Given the small size of the board and given the critical nature of the next two or three years, it is almost a slap in the face of the executive officer to say that we do not consider it sufficient or appropriate that he or she be a player on the board.

The Hon. J.W. OLSEN: In relation to a CEO's involvement on the board, that is a value judgment. There are some who would argue strongly that a CEO ought to be a member of the board. There are others who say that policy determination and the management function ought to be separated and, therefore, the policy determination of the board should not include the senior management of the organisation. On balance, the Government determined that the policy versus

management functions ought to be separated and the CEO ought not be a member of the board.

In talking about the board and its composition in the future, I would acknowledge the contribution made by the current board. When we talk about the productivity and efficiency gains achieved by ETSA in recent times, it ought to be acknowledged that the existing board has presided over these productivity and efficiency gains with the support of the management and employees of ETSA, and I acknowledge that. Any new board structure needs to have a balance of new and old, experience, different attributes and different capabilities.

Mr CLARKE: I have some questions about the composition of the board. It always worries me when a Minister starts talking about the contribution of the current or past board. It is usually the swansong for many of those who are currently on the board. It is the obituary before anyone is actually buried.

The Hon. S.J. Baker: We've got a score card!

Mr CLARKE: That concerns me, but fortunately I am dealing with a classy Minister, not the Deputy Premier. I do not want to name individuals, but the Minister has pointed out that there have been dramatic changes in productivity in ETSA, and there has been a huge reduction in the work force at a time of incredible strain on the workers in that area. In such a key industry, if there was not somebody on the board with particular industrial relations skills—and I am not talking about Paul Houlihan—

The Hon. S.J. Baker interjecting:

Mr CLARKE: I will come to that in a moment. Quite frankly, unlike the Deputy Premier who might want to joke about it, I have sat in on the executive of the UTLC for a number of years and been part and parcel of the unions that met with ETSA. The Deputy Premier might joke about it, but if a few of the guys out there get stroppy on a particular issue because the Government, the Minister, ETSA or the board go berserk or do some stupid things and they want to brown out a few areas, I know that they can do it. They have not done it, because very good industrial relations have been built up over the years, and it is absolutely essential to maintain that.

I appreciate that there is no provision whereby a certain number will come from industry and a certain number will come from the unions or whatever, so I know that the Minister will not give me a straight 'yes' or 'no' answer. I am concerned to ensure that the Minister does not adopt a blinkered ideological view that, just because somebody may have been on the board in the past—and I do not know whether the individual concerned is even still on it—

Mr Foley interjecting:

Mr CLARKE: I think the member for Hart is quite right. The term of the UTLC Secretary was up and he was not reappointed. I am not necessarily touting the Secretary of the UTLC, but it would be quite silly if the Government did not have someone with a key industrial relations background from a trade union perspective. Over the years we have seen some very distinguished ETSA board members from other political persuasions. Sir Thomas Playford was a board member, and he was reappointed by a Labor Government.

I am simply saying that the Secretary has had a very trying time over the past 10 years at some of those meetings with union delegates being extremely frustrated. They had seen their careers, what they regarded as lifetime employment, turned upside down. People were basically being shown the door, in a gentle manner not in a brutal fashion, nonetheless they underwent terrific change in a short period of time, and there was no industrial disputation. I would say that that was due to the fact that a member of the board was able to talk to the unions, respect the confidentiality of the board, and say, 'You know me, you know where I come from, I say this has to be done in a certain way if we are going to survive as an entity.' That carries a hell of a lot more clout and integrity—not that I doubt the Minister's own in this area; I simply say that that carries a lot more clout in certain sections. I hope that the Minister when making those appointments will genuinely look at those areas and not just take an ideological viewpoint and say, 'They come from a union background, we won't even consider them even if they're Jesus Christ.' Because they have a union ticket they will not even be considered. The gender issue is important and it should be—

Mr Quirke interjecting:

Mr CLARKE: As the member for Playford says, he was a member of the carpenters' union, but he probably would not have scored a position on the Treasurer's front bench. The gender issue is very important. I know that the board is small and that you cannot necessarily approve an appointment unless you have a range of experience, but unless something positive is done in those areas the time will never be right.

The Hon. J.W. OLSEN: I was a former member of the Australian Bank Officials' Union many years ago. I was a paid up member of that union so I make the point that I do not come from a prejudiced background. However, I simply cannot win in this debate because the honourable member has referred to my comments about the existing board. If I ignored any comments about the existing board he would say that the Minister is ignoring the existing board so none of them will be reappointed. If I make some complimentary remarks about the existing board, he says that that is the swan song for the existing board. Whatever I do I cannot win because he will turn it around to his advantage.

Mr Quirke interjecting:

The Hon. J.W. OLSEN: I can be. Regarding John Lesses and his term of office, given that the Government had anticipated some time ago that there would be a major structural change, a reappointment and a new corporate body put into place, it was not my intention to put in place a full complement of the board. So a number of people have not been replaced during the course of this year when their term has expired, and one of those was John Lesses. I point out to the honourable member that when Ron Payne's term expired, he was reappointed. I hope that the honourable member will at least take that as a basis of balance applied by the Government to the current board structure. When there was an opportunity to remove that balance, I did not take it but I kept the balance in place for the existing board.

Under the Public Corporations Act, people are not nominated because of their representative role but the Act refers to the human resource factors of the organisation. I agree absolutely that human resource management within the Electricity Trust is an important factor. I also acknowledge that the quantum change that that organisation has had to cope with in recent years has been testing because there has been a degree of uncertainty for individuals in the organisation. Uncertainty brings anxiety at home and angst, and I acknowledge that that has been in the system. That is why I want, as soon as practicable, to have this legislation and the new structure put in place so that there can be a settling down period and a degree of predictability and certainty for the people within the organisation.

On the occasions I have had the opportunity to meet with managers and a cross-section of the work force of the

Electricity Trust, I have made exactly those points to them. I have also said that, in relation to ETSA and its future, recognising the anxiety that the uncertainty has brought to them as individuals and their security of employment, it would be my wish to resolve that matter earlier rather than later, and that is why this legislation is important. I cannot clarify the position until we have legislation in place. I cannot clarify the position until Hilmer is signed off on 23 and 24 February next year, when we get the national grid parameters, which will be foisted upon us.

When I have those in place we can then start with some certainty and predictability for people in the organisation and work towards having future plans in place for them. Human resource management is critical and it is important. It will be a factor in any board composition. Whilst the board is a matter for Cabinet to decide in the final analysis, it would be certainly my current intention to recommend to Cabinet that someone with those attributes be part of the board, so that proper consideration can be given to those welfare aspects of the people employed in the organisation.

Gone are the days of an autocratic approach in organisations. A team focus approach is the way to get productivity and efficiency gains, a better work place environment, and a happy working environment. As I have said to the work force when I have met with them in different locations, 'We could stand back with all this change to ETSA and say that it is all too hard and we do not want to influence.' If we do that we will have it dumped in our lap and we will not be able to influence the change. By being proactive we can at least influence that change to take account of what we want for South Australia's regional economy, and that is what we are trying to do.

Clause passed.

Clauses 15 and 16 passed.

Clause 17—'Remuneration.'

Mr FOLEY: Has the Government at this stage set remuneration levels and, if so, could the Minister advise the Committee of the levels?

The Hon. J.W. OLSEN: No, but I would have thought there would be a significant increase in the remuneration level for board members over that which currently applies in the new corporate body. Of course, the Government will be looking at remuneration packages being consistent against all statutory authorities and corporate bodies commensurate with their workload and responsibilities. In the instance of the ETSA board, I would argue that there needs to be a significant increase in relation to remuneration, yet to be determined.

Mr CLARKE: The Minister talks about 'a significant increase'. I guess we will have to wait and see what sums of money are finally determined, but if the Minister is able to be more specific that would be fine. The other thing I point out is that, given the State Government's position of opposing wage increases for its own work force across the board and no supplementation from budgets, and expecting agencies to make up for any increase in wages, there will be cut backs in employment.

What concerns me is that, even if it is eventually an agreed figure that is perfectly justified, the responsibilities of directors these days in running a large or vital organisation may hinder the process. The fact is that Government may say to its employees, 'You cannot have a pay increase at this time of dramatic turmoil.' Questions are being asked every day in Parliament about public servants who are expected to do more work with fewer people, fewer resources and no prospect of pay increases or, if they do receive a pay increase, it will come out of their hide in terms of fewer staff members. Therefore, the Government will have to lead from the front foot on this issue. Obviously, the employees of ETSA will take a very close look at the remuneration levels *vis-a-vis* ETSA's attitude to any pay claim that may be on foot at the time.

The Hon. J.W. OLSEN: The Deputy Leader ought to be aware that, under the enterprise bargaining that we put in place, ETSA employees had a 6 per cent increase based on some productivity gains that were achieved. There have been some wins for the employees of ETSA. In relation to the—

Mr Clarke: I am saying you will have to be careful about how far you jack it up.

The Hon. J.W. OLSEN: Obviously the Government is not going to be unreasonable with that. A director's remuneration of $8 900 a year for the responsibilities and tasks of a director these days is insignificant. Off the top of my head, I cannot give the exact figures, but the new structures that are being put in place across Government agencies involve $30 000 for a Chairman and about $20 000 or $22 000 for a member.

The Hon. S.J. Baker: That is in the top echelon of very important boards with big structures below them.

The Hon. J.W. OLSEN: The point is that remuneration needs to be addressed. It will be commensurate with the function and responsibilities of the directors and the size of the organisation.

Clause passed.

Clause 18—'Board proceedings.'

Mr FOLEY: One of the recommendations of the royal commission into the State Bank was that the State Treasury have the ability to sit in as an observer on the board of the State Bank. I flag at this point that I am toying with that concept with the board of ETSA. What is the Minister's reaction to that? Coming back to my earlier point, we will have the fourth largest business enterprise in this State with outstanding borrowings at any given time of about $2 billion to $3 billion—but I might be confusing it with the EWS. It is one thing to furnish Treasury with advice as to the financial operations of the organisation: it is then a question of what the Treasurer does with it.

I am not convinced that there is enough infrastructure in place within Treasury to adequately monitor the operations of our corporations. We are now seeing the water and electricity corporations a further arm's length from Government; they are huge conglomerates, huge trading enterprises. It is the water corporation's borrowings that are about $3 billion: the borrowings of ETSA are less than $1 billion. I do not know the inner workings of Treasury, but I suspect that only a few Treasury officers are monitoring these organisations.

There should be a discrete and significant unit in Treasury charged with the daily and constant monitoring of these organisations. They should be in constant contact with the financial manager of the organisations and also have input to the board. Will the Minister consider a provision to allow the Treasurer to have a Treasury officer, at times deemed appropriate by the Government, to sit in on board meetings as an observer?

The Hon. J.W. OLSEN: I draw the honourable member's attention to the Public Corporations Act, clause 8(1), as follows:

Minister's or Treasurer's representative may attend meetings.

I hope that the Treasurer would do that only on a casual basis. If we are to appoint a board of note and if we are to require it to manage, we should let the managers manage. Under the Public Corporations Act there is responsibility for a reporting mechanism to Treasury on the financial data that it requires to monitor the performance of the organisation in the form that Treasury requires that information. The information has been provided willingly in the past and it will be provided in the future. The Bill includes those provisions for that information to be provided to Treasury. In direct response to the question, the Public Corporations Act gives that option.

Mr FOLEY: I acknowledge the speed with which the Minister referred to the Public Corporations Act to clarify my question. In terms of letting managers manage, it is not dissimilar to the rhetoric of the early 1980s about the structure of the then State Bank. I would be the last one to revisit that issue, but with Government utilities and corporations we are talking about unique bodies and I am not convinced that a casual basis such as the odd trip every 18 months by Treasury officers sitting in the back room listening to what happens on the board is sufficient. I would not have a problem if the Treasurer of the day wanted to send an officer to every second board meeting as an observer.

The Hon. J.W. Olsen: They can do that.

Mr FOLEY: That is good. While the Minister and the Treasurer are glued to my every word, I point out that we cannot overstress the importance of the monitoring situation. That is your job: you are in government.

The Hon. J.W. OLSEN: Within Treasury a unit is being established specifically to look at these corporate structures in an appropriate and effective monitoring role. I do not want the honourable member to misinterpret my comment about letting the managers manage. He said it was a cliche from the 1980s, but it is also important not to interfere with, choke, block, slow down and frustrate decision making processes in organisations. By doing that you can create expensive and costly decision making processes in an organisation and it can be counterproductive to the objective of that organisation.

Mr Foley interjecting:

The Hon. J.W. OLSEN: Yes, I understand the point made in terms of monitoring. History is as good as 20:20 vision. I can assure the Committee that the unit being established in Treasury and the diligence the Treasurer applies in questioning these agencies and monitoring financial performance of organisations is such that we will not have a repeat of the past.

Clause passed.

Clause 19—'Staff of ETSA.'

Mr FOLEY: With regard to staff, the Bill quite explicitly provides that the Chief Executive Officer will be appointed by the board; that is standard. Can the Minister give an assurance that, in whatever reform and restructuring is required after the implementation of this Bill, first, the awards and conditions currently enjoyed by employees will remain and, secondly, that there will be no forced redundancies and the normal provisions that are available will remain for TSPs?

The Hon. J.W. OLSEN: I give the Committee an absolute assurance that those conditions enjoyed by all employees of ETSA as of today will be enjoyed by all members of ETSA as of day one after incorporation, that is, there will be a transfer of all the entitlements currently held by every employee. There will be no change whatsoever.

Clause passed.

Clause 20—'Establishment of corporation.'

Mr FOLEY: This is the point I raised in my second reading speech. I assume the next two clauses are mirror provisions in the Bill, so I will address just the first one and the answer can apply for the second one. What time frame is involved from when the major corporation is established—and I understand it will from 1 July 1995—until the second phase of the Bill? I know it will be difficult to be exact, but I would like to get a bit of a picture of how the Minister sees this Bill unfolding.

The Hon. J.W. OLSEN: It is difficult to be precise, but I should have thought the second phase would be three to five years away. If the honourable member is seeking some clarification of the Government's objectives at this stage, there is no proposal in the life of this Government to set up the additional corporate structures. However, as I explained to the Deputy Leader in my response to the second reading debate, the flexibility is contained in it because of the certainty and the unknown factors with which we are trying to grapple from the national grid, from Hilmer and from COAG. Those circumstances can change in a relatively short time.

It is important for us to protect the electricity generating industry, ETSA and the provision of its service to the regional economy of South Australia. That is why we have to be responsive if and when those circumstances arise. Should we move at some stage in the future to put in place these additional corporate bodies which the flexibility of the Bill gives us, as the Bill requires, that will be by regulation. I give the honourable member an assurance that, should the Government proceed down that track, apart from the regulations being tabled for disallowance in the House, I will ensure that the Opposition is notified well in advance of any such regulations being so tabled. Certainly, it would not be undertaken at a time when the Parliament was not sitting, so that Parliament will have an opportunity to express an opinion in relation to the matter.

Mr FOLEY: As I have indicated in my second reading speech, one of the issues that concerned me initially was that under regulation the Minister would have the power to go to that next stage. I was considering amendments to the Bill but, after getting good advice from Parliamentary Counsel as to the inappropriateness of my wording and being made more familiar with the disallowance of regulation process of the Parliament, there is clearly a mechanism for the Opposition, should you need to go via regulation.

So, I appreciate that the Minister has now put on the record that the Government will not, by a decision of Cabinet, simply implement change without giving the Parliament an opportunity to express an opinion. At present we have the Electricity Sector Working Party; the Statutory Authorities Review Committee, which is investigating ETSA; this Bill; the work that the Government is doing; and pressures from the national grid. So there seems to be a number of bodies currently examining the question of which way we are to go, including the Government's own consultants. When will all that information be pulled together, particularly the information from the Statutory Authorities Review Committee? I am at a loss to know who is doing what.

The Hon. J.W. OLSEN: Upon election, the Government looked at the national grid, corporatisation changes, the positioning of South Australia in its energy supplies, economic development and the low cost of operating. As a result of those changes, it wanted to draw together all those factors. The Electricity Sector Working Party was established, and it is across agencies and includes the Office of

Energy, Treasury and ETSA; it has an independent Chairman, Dr Andrew Holsman; and it has commissioned its own consultants to look at what has happened interstate and overseas and to give advice.

The Electricity Sector Working Party will be reporting within the next few weeks, and that report will be the basis upon which we will be taking up some arguments at COAG on 23 and 24 February next year, and it will reinforce some of the regional economy arguments that we have. For example, the member for Giles is very concerned about the common cost of power across the State. I give him an absolute commitment and assurance that the Government will continue the common price of power across the State.

However, to come back to the honourable member's point, the Electricity Sector Working Party will be reporting before COAG. That will be before we implement phases of this Bill, which will not be operative until 1 July 1995. A number of steps have to be put in place prior to 1 July, and in fact that six-month time frame is quite short to undertake the tasks that have to be undertaken to meet the 1 July 1995 corporatisation. That is why we gave notice in the Governor's speech, and that is why it is important that this Bill be passed before Christmas.

An honourable member interjecting:

The Hon. J.W. OLSEN: No; but I think the debate today has clarified a number of points, and I hope that it put to rest some of the concerns that the Opposition might have about the passage of this legislation.

Mr FOLEY: Will the Minister rule out any possibility of the Government's privatising any aspect of the new corporatised structure, consistent with what I said in the Water Corporatisation Bill, that once this organisation is put into a position the reality is that it will be an attractive investment for a potential investor and, with the Treasurer of the State always looking for new ways to obtain money, it will be a very attractive and tempting prospect to sell?

The Hon. J.W. OLSEN: The Government has no plans to privatise the functions of the Electricity Trust of South Australia. We will be outsourcing a number of its functions, but privatisation—no.

Clause passed.

Clauses 21 to 27 passed.

Clause 28—'Establishment of board.'

Mr FOLEY: If these new corporations are established, I take it that the Government will be having quite separate membership; there would not be cross membership between boards. If you have a transmission corporation and a distribution corporation you would not have cross memberships between boards?

The Hon. J.W. OLSEN: No.

Clause passed.

Clause 29 passed.

Clauses 30 to 32 passed.

Clause 33—'Staff of corporation.'

Mr FOLEY: Once these new organisations are separated, what will be the provision for staff currently employed in the major corporation? Will they be moved whether or not they like it? What provisions will be put in place to facilitate the dispersion of staff from the major corporation into the three entities that will be formed?

The Hon. J.W. OLSEN: Rights and entitlements currently held by employees will transfer to the new corporate body. The new corporate body will have three standalone visible units; the cost of operating those units will be visible. The entitlements of all staff, whichever units they are assigned to under the new corporate body, will be retained.

Clause passed.

Clauses 34 to 47 passed.

Clause 48—'Conditions of membership.'

Mr FOLEY: Clearly, the Bill is quite specific in devoting considerable space to Leigh Creek. I appreciate that there may well be certain commercial issues that the Minister may not necessarily wish to share at present. However, what is the specific nature of this clause?

The Hon. J.W. OLSEN: Leigh Creek, as a mining operation of the Electricity Trust, is an important power source. It is incorporated in the Bill to indicate continuity of Leigh Creek as a fuel source for the generation of power at Port Augusta. As has been mentioned previously, our low grade brown coal is a disadvantage, as is the fact that the coalfields are away from the generating plants. They are natural disadvantages that we have to deal with in this State.

The Government is intent on negotiating with Australian National to ensure that the exorbitant fees that it is charging for the transport of that coal from Leigh Creek to Port Augusta can be amended in contractual terms in the future. That is causing a significant cost factor in relation to the coal. It is not proposed to bring in black coal and stockpile it, which was one of the Deputy Leader's suggestions. Leigh Creek is an important fuel source for electricity in South Australia and therefore it is included in the Bill to indicate its continuity.

Clause passed.

The Hon. S.J. BAKER: Mr Chairman, I draw your attention to the state of the Committee.

A quorum having been formed:

The Hon. S.J. BAKER: I move:

That Standing Orders be so far suspended as to enable the Committee to sit beyond midnight.

Motion carried.

Clause 49 passed.

Schedule 1—'Superannuation.'

Mr FOLEY: Will the Minister give the Committee an assurance that all superannuation entitlements currently enjoyed by employees of ETSA will be continued?

The Hon. J.W. OLSEN: Yes.

Mr FOLEY: What will be the superannuation arrangements for new employees joining the corporation?

The Hon. J.W. OLSEN: They will be entitled to access the superannuation schemes currently there and available to new employees of ETSA.

Mr FOLEY: The final part of schedule 1 talks about the exclusion of awards relating to superannuation and provides:

An electricity corporation cannot be required by or under the Industrial and Employee Relations Act 1994 or by an award, enterprise agreement or industrial agreement to make a payment—

Will the Minister expand on what that part of the schedule endeavours to pick up? That has caused concern from some quarters.

The Hon. J.W. OLSEN: I can assure the honourable member that it simply mirrors the provision in the existing superannuation legislation; therefore it is totally consistent. We will supply the specific details.

Mr CLARKE: It does not matter much about the Industrial and Employee Relations Act, because all bar the engineers employed by ETSA are covered by Federal awards, so the State Act largely is irrelevant as far as the overwhelm-

ing proportion of the work force is concerned. I guess the engineers will probably go to a Federal award as well at the end of the day. I am just not clear on the Minister's answer. Is he trying to say that the Australian Industrial Relations Commission cannot make an award or order with respect to superannuation payments to be made by ETSA on behalf of any of its employees, whether they be in a contributory scheme or the non-contributory scheme?

The Hon. J.W. OLSEN: We cannot exclude the operation of the Federal award, because it takes precedence over the State.

Mr Clarke interjecting:

The Hon. J.W. OLSEN: It is a standard clause that is included in these provisions.

Schedule passed.

Schedule 2 passed.

Schedule 3—'Transfer of assets, liabilities and staff between electricity corporations.'

Mr FOLEY: I refer the Minister to 'Ministerial directions relating to transfers.' Will the Minister expand on what is intended by that provision?

The Hon. J.W. OLSEN: At some time in the future should the Government put in place the additional corporate structure, it can assign generating units as an asset to the generating corporation and the distribution assets to the distribution corporation.

Mr FOLEY: I refer to the transfer of staff. This is a straight forward provision but clearly we are talking about the human dimension and angle of this. Will the Minister expand on whether the Government has thought through the whole issue of human resources and how they will be assigned to each corporation?

The Hon. J.W. OLSEN: These issues are not current and are not expected to be current in the next three to five years, so there is plenty of time to think through the human resource aspect of it. I ask the honourable member to at least look at the human resource management over the past 12 months under this Government. I argue that, despite the significant uncertainty that has prevailed and the difficult circumstances in which people have been working, some real consideration has been given to those individuals in the organisation. I hope that is in part the reason why, as the Deputy Leader said, there has been minimal industrial disputation within the organisation. I hope that is as a result of not only the way in which the senior management has approached these issues and difficulties in these uncertain times, but also the same way in which I have as Minister.

Schedule passed.

Schedule 4—'Temporary non-commercial provisions.'

Mr FOLEY: This is clearly the schedule that will take from the ETSA Corporation all the regulatory functions. I assume this is a catch-all schedule and it is one on which I will ask a number of questions because it is a real collection of functions, responsibilities and issues that will be transferred. I assume from what the Minister said earlier that the Government is yet to decide on the final body that will take all of this, but is it a case of these functions simply being transferred *en masse* to the new corporation?

The Hon. J.W. OLSEN: The establishment of a regulatory function, whether that be in the Office of Energy or the Minister for Consumer Affairs, is a matter of transferring those functions to that new regulatory body.

Mr FOLEY: This is where some of the confusion and difficulty arises. There are many functions currently undertaken by the existing work force of ETSA (for example, things such as vegetation clearance and various other functions) that are regulatory in nature but undertaken by the existing work force of ETSA as it goes about its normal maintenance and care. Will the Minister explain whether it will still be the case that, while the supervision of these regulations will be transferred, all the people currently employed within ETSA to do all the regulatory functions will be transferred to the new entity, or will there still be some degree of crossover between the regulatory body and the new corporation?

The Hon. J.W. OLSEN: The regulator will issue a licence to ETSA to carry out specific functions. Many of those functions will continue to be operated by the new corporate body under licence from the regulator.

Mr FOLEY: This is my third and final question on schedule four, which also makes it the last question of the evening. There is reference to private supply lines. Will the Minister explain the private supply lines and what they are? I was not aware that private supply lines existed.

The Hon. J.W. OLSEN: It is the current provision, which is merely mirrored in the new regulations. It differentiates between a private line compared with a public supply line for the purposes of the vegetation clearance provisions.

Mr FOLEY: I seek further clarification in respect of the monitoring of these regulations and the contractors. In a domestic situation ETSA will supervise, check, maintain and repair. I take it from earlier comments that the regulatory body will issue the licence to ETSA and that ETSA employees will maintain the service to the home.

The Hon. J.W. OLSEN: Yes, or contractors to ETSA. ETSA will hold the licence and will do the work in house or contract it out.

Schedule passed.

Title passed.

Bill read a third time and passed.

ADJOURNMENT

At 12.15 a.m. the House adjourned until Thursday 17 November at 10.30 a.m.