

**HOUSE OF ASSEMBLY****Tuesday 26 May 1998**

The **SPEAKER (Hon. J.K.G. Oswald)** took the Chair at 2 p.m. and read prayers.

**ASSENT TO BILLS**

His Excellency, the Governor, by message, intimated his assent to the following Bills:

Aboriginal Lands Trust (Native Title) Amendment,  
Barley Marketing (Application of Parts 4 and 5) Amendment,  
Children's Services (Child Care) Amendment,  
Criminal Law (Forensic Procedures),  
Dangerous Substances (Transport of Dangerous Goods) Amendment,  
Evidence (Use of Audio and Audio Visual Links) Amendment,  
Financial Institutions Duty (Dutiable Receipts) Amendment,  
Highways (Miscellaneous) Amendment,  
Industrial and Employee Relations (Disclosure of Information) Amendment,  
International Transfer of Prisoners (South Australia),  
Legal Practitioners (Qualifications) Amendment,  
Local Government (Memorial Drive Tennis Centre) Amendment,  
MFP Development (Winding-Up) Amendment,  
Motor Vehicles (Disabled Persons' Parking Permits) Amendment,  
Motor Vehicles (Wrecked or Written Off Vehicles) Amendment,  
National Wine Centre (Land of Centre) Amendment,  
Police Superannuation (Miscellaneous) Amendment,  
Petroleum Products Regulation (Licence Fees and Subsidies) Amendment,  
Public Sector Management (Incompatible Public Offices) Amendment,  
Road Traffic (School Zones) Amendment,  
Road Traffic (Vehicle Identifiers) Amendment,  
Statutes Amendment (Adjustment of Superannuation Pensions),  
Statutes Amendment (Consumer Affairs),  
Statutes Amendment (Consumer Affairs) Amendment,  
Statutes Amendment (Native Title),  
Superannuation (Miscellaneous) Amendment,  
Supply,  
Tobacco Products Regulation (Licence Fees) Amendment,  
Workers Rehabilitation and Compensation (Self Managed Employer Scheme) Amendment.

**ADELAIDE CITY COUNCIL**

A petition signed by 2 372 residents of South Australia requesting that the House urge the Government to ensure that the existing boundaries of the Adelaide City Council remain, retain local ward representation by elected councillors and reject the model of a commission proposed by the Governance Review Advisory Group was presented by the Hon. M.H. Armitage.

Petition received.

**LIVING HEALTH**

Petitions signed by 1 432 residents of South Australia requesting that the House urge the Government to reconsider its decision to close Living Health and to ensure that existing sponsorships, currently funded by the tobacco tax, are maintained were presented by Messrs Atkinson, Brown, Kerin, Meier, Such and Wotton.

Petitions received.

**ANIMAL SUFFERING**

A petition signed by 60 residents of South Australia requesting that the House urge the Government to legislate against commercial activities which cause unnecessary suffering to animals was presented by the Hon. R.G. Kerin.

Petition received.

**WELLINGTON HOTEL**

A petition signed by 77 residents of South Australia requesting that the House urge the Government to reject the application for a poker machine licence by the proprietors of the Wellington Hotel was presented by Mr Lewis.

Petition received.

**WALKER FLAT**

A petition signed by 217 residents of South Australia requesting that the House urge the Government to consider the withdrawal of licences for professional fishing reaches between Nildottie and Walker Flat and for them to be reissued along a section of river between Walker Flat and Purnong was presented by Mr Lewis.

Petition received.

**RABBITS, EXOTIC**

A petition signed by 646 residents of South Australia requesting that the House urge the Government to pass legislation in relation to possession, use and disposal of exotic rabbits was presented by Mr McEwen.

Petition received.

**POLICE OFFICER, NANGWARRY**

A petition signed by 40 residents of South Australia requesting that the House urge the Government to provide for the appointment of a police officer to be permanently stationed at Nangwarry was presented by Mr McEwen.

Petition received.

**VICTORIA SQUARE**

A petition signed by 14 residents of South Australia requesting that the House urge the Government to declare Victoria Square a dry zone and to provide funding for alcohol related support services was presented by Mr Meier.

Petition received.

**EUROPEAN WASPS**

Petitions signed by 3 271 residents of South Australia requesting that the House urge the Government to provide ongoing funding for the eradication of the European wasp were presented by Messrs Scalzi and Such.

Petitions received.

## EDUCATION FUNDING

A petition signed by 1 365 residents of South Australia requesting that the House urge the Federal Government to reconsider the funding cuts to the higher education sector and the introduction of the Common Youth Allowance was presented by Ms White.

Petition received.

## QUESTIONS

**The SPEAKER:** I direct that written answers to the following questions on the Notice Paper, as detailed in the schedule that I now table, be distributed and printed in *Hansard*: Nos 32, 42, 43, 47 to 49, 55, 56, 60, 62 to 66, 69, 71, 74, 76, 79, 82, 83, 87 to 98, 104, 108 and 113; and I direct that the following answers to questions without notice and answers to questions asked during the examination of the Auditor-General's Report be distributed and printed in *Hansard*.

## KOALAS

In reply to **Mrs PENFOLD (Flinders)** 17 March.

**The Hon. D.C. KOTZ:** The Koala Management program began in November 1996 with two key strategies: sterilisation and relocation. Since work began over 2 100 koalas have been sterilised, this figure will reach 2 500 by the end of June; the majority of the additional koalas from the worst affected areas along the Cygnet River.

Relocation of 800 koalas from the most overbrowsed areas along the Cygnet River commenced in December last year. To date, 642 sterilised koalas have been relocated to suitable habitat within their former range in the south east.

Additionally the Government is exploring the export of koalas to zoos which have suitable facilities. Zoos in the United States and Japan have expressed interest.

Also, through the Rotary Greening program, some 9 000 seedlings from locally collected stocks will be planted on riverine sites of Kangaroo Island.

This is an innovative approach. We have had a great deal of national and international interest in this program. Our credibility in wildlife management programs and tourism would have suffered if the Government had culled koalas. The general public would have been utterly repulsed. This approach addresses the problem of over population in a scientifically sound manner. It preserves our tourism industry and it is, in general, an excellent outcome for South Australia's environment with widespread state, national and international support.

## ISLINGTON LAND

In reply to **Mr CLARKE (Ross Smith)** 19 March.

**The Hon. M.H. ARMITAGE:** It is important to understand that the 60 hectare parcel of land stretching from Regency Road to Carroll Avenue is known as the Islington Workshops. Within the workshops site, there is an area of land approximately 12 ha in size which is known as the northern dump site.

Whilst the Federal Government has undertaken to make safe any of the ex-AN land that may be contaminated, including the Islington Workshops, it has been agreed with the Commonwealth that the State, through the Land Management Corporation, take on the responsibility of preparing and implementing a remediation plan for the northern dump site. This arrangement was seen as beneficial to the project and, particularly by local community interest groups, given the Corporation's success in managing complex environmental sites and experience in social planning and urban renewal. A recent example is the successful clean up and redevelopment of the Mile End Railyards.

The Land Management Corporation's predecessor, the MFP, has previously undertaken initial investigations and remediation planning to characterise, as best as possible, the extent and type of contamination—particularly given the dump site's complex environmental, hydrogeological and geotechnical conditions. Consequently, a series of field investigations involving the exca-

vation and testing of over 400 test pits were undertaken throughout the last quarter of 1997.

The results from these investigations were reported by environmental consultants, PPK Environment & Infrastructure, to the MFP on 1 December 1997. This information was also used in the preparation of a draft Remediation Options report which canvassed a series of remediation strategies revolving around on-site containment. This report was completed on 10 December 1997.

An overview of these two reports was presented to members of the Community Consultative Group on 17 December 1997.

The Minister for Transport and I recently met with the Company which has control of Islington, through its purchase arrangements for ex-AN rail assets, to stress the importance of the remediation program now proceeding as quickly and safely as possible. The Company, Australian Southern Railways, ASR has agreed to release a sufficient area of land at the northern end of the site for the remediation program which will also provide a 'buffer' zone between nearby housing.

The Port Adelaide Enfield Council has also been consulted to seek its agreement, from a planning viewpoint, for a buffer zone and repository at the northern end of the site. Council has indicated its broad agreement to the plan.

Based on the findings of the initial investigations and remediation planning the Commonwealth Government has agreed to provide an extra \$0.5 million on top of its original \$5 million commitment for the work. This will ensure the site is thoroughly remediated. The total \$5.5 million was handed over to the Minister for Transport on April 1, 1998.

A final remediation program report is currently being finalised on the basis of the initial investigations and the agreement between the parties to establish a waste repository at the northern end of the site. The finalised program will be subject to rigorous environmental and legislative controls to ensure public safety is maximised. The final program will also be presented to all project stakeholders prior to any implementation.

## CONSULTANTS

In reply to **Hon. M.D. RANN (Ramsay)** 18 February.

**The Hon. J.W. OLSEN:** The Department of Premier and Cabinet engaged over 50 firms or individuals as consultants to undertake a wide ranging list of tasks during the last financial year.

The information is not available in the format requested in the question and would require extensive work to collate it in this manner as a number of the Divisions are no longer in existence. It is departmental policy that all Treasurer's Instructions and Treasury's own internal guidelines are followed to ensure that consultants are engaged in the appropriate manner to meet audit requirements.

## UNITED WATER

In reply to **Ms HURLEY (Napier)** 18 February.

**The Hon. M.H. ARMITAGE:**

1. The side letter was signed on 18 December 1995, in conjunction with the signing of the Adelaide Outsourcing Contract.

2. Yes. The Request for Proposal (RFP) issued to the three short-listed companies primarily sought proposals for the management, operations and maintenance of Adelaide's water and wastewater systems, and for economic development. The RFP also asked them to submit proposals on a range of SA Water capabilities which could be developed and utilised in the best interests of the SA water industry. These capabilities in water and wastewater engineering included investigations, planning, process design and specialist disciplines.

All three companies submitted a proposal on this matter.

In the side letter, both parties expressed their intent to enter into a cooperative arrangement to provide engineering services.

The establishment of United Water Technologies through the transfer of engineering personnel from SA Water to United Water fulfilled the intent agreed in the side letter.

3. The three proponents were requested in the RFP to submit proposals on this matter. Therefore, the principles of competition were met.

## RIVERLAND WATER CONTRACT

In reply to **Ms HURLEY (Napier)** 18 February.

**The Hon. M.H. ARMITAGE:** In considering the benefits and costs of private funding of the construction and risks associated with

operation over 25 years, compared with public sector financing, two tests had to be satisfied.

Firstly, section 9 of the South Australian Water Corporation Act provides that:

'The board must not cause water or wastewater services or facilities to be provided or operated on behalf of the Corporation by another party under a contract or arrangement without first giving full consideration (having regard to the powers, functions and duties of the board under this Act, the Public Corporations Act 1993 and any other Act) as to whether the Corporation could provide or operate the same services or facilities competitively.'

Secondly, the Government's 'Guidelines for Private Sector Provision of Infrastructure' provide that:

'The project must be able to demonstrate that, on a whole of life basis, the cost to the community of the relevant service provided by an item of privately provided infrastructure is lower than for the same service provided by the public sector. To ensure that the analysis of the two alternatives is comparable there will need to be a proper accounting for quality of service, price, time frame, risk apportionment and certainty.'

In order to facilitate the comparison contemplated by section 9 of the South Australian Water Corporation Act and the Guidelines for Private Sector Provision of Infrastructure, a financial model was developed from which was derived, for comparative purposes, the present value cost to SA Water, were SA Water itself to finance the design and construction of the ten water treatment plants and operate and maintain them for the contract term. This is referred to as the SA Water base case.

In satisfying both section 9 and the Guidelines, the present value cost of the tariffs payable to Riverland Water, together with the cost of forming the contract, was lower than the present value cost of the SA Water base case. The contracted economic development commitments by Riverland Water constitute additional benefits.

These assessments were carried out with the involvement of the Department of Treasury and Finance and the project financial advisers Macquarie Corporate Finance Limited.

A working group comprising representatives of SA Water, Macquarie Corporate Finance and Department of Treasury and Finance, met on many occasions during the contract formation period to examine financial aspects of the project. The Department of Treasury and Finance considered the risk and financial positions being negotiated by SA Water, and advised the Government in this regard. That department, through the agency of the South Australian Government Captive Insurance Corporation (SAICORP), also reviewed and approved the insurance provisions of the contract.

Based on assumptions that were verified by the external advisers and the Department of Treasury and Finance, the estimated financial advantage to SA Water and the Government was calculated at approximately \$5.5 million in present value terms. This calculation does not include the benefit to South Australia from the contracted economic development commitment by Riverland Water.

#### MINES AND ENERGY CEO

In reply to **Ms HURLEY (Napier)** 18 February.

**The Hon. R.G. KERIN:** As at 30 June 1996 the total remuneration package value was \$159 850.

As at 30 June 1997 the total remuneration package value was \$163 047.

The overall increase of \$3 197 was related to a 2 per cent Cabinet approved increase for all executives within South Australian Government.

#### ANIMAL AND PLANT CONTROL

In reply to **Ms HURLEY (Napier)** 18 February.

**The Hon. R.G. KERIN:**

1. The money expended by the 20 animal and plant control boards not included in the Report of the Auditor-General was spent in the administration of the Act within the board's area. Although the apportionment of expenses may differ between boards, generally they are under the following broad cash flow headings:

Employee costs (salaries and oncosts including provision for all entitlements)

Materials (vehicle costs, tools and protective clothing)

Contracts (audit fees, accounting support)

Other (licences, postage, telephone, office costs, consumable supplies).

2. Each of the 20 boards subsequently submitted their outstanding audited accounts for 1996. In each case, the boards auditor certified the statements correct.

3. Boards are required to submit audited accounts to comply with Australian Accounting Standard 27, Financial Reporting by Local Government. Boards have been submitting accrual based financial statements for the past two years.

Proformas of the required financial statements and audit opinion are provided to boards each year.

#### MINERAL EXPLORATION

In reply to **Ms HURLEY (Napier)** 18 February.

**The Hon. R.G. KERIN:**

- The SAEI, which has attracted unprecedented attention to the State's mineral potential was completed in 1996. The BHEI is ongoing.
- More than 1 000 000 line kilometres of high quality airborne magnetics and radiometrics have been flown over a third of the State as part of the SAEI and BHEI.
- The South Australian Government's \$20 million investment in geoscientific information has provided a catalyst for an upsurge in exploration activity which is expected to be sustained well into the next century.
- Economic analysis has revealed that the \$20 million spent by Government on the SAEI has already resulted in industry investment amounting to double the expenditure.
- Far greater returns are yet to come in terms of economic mineral discoveries, mines and infrastructure development, resource processing and associated regional development.
- Currently about 90 companies are involved in exploration on over 190 exploration licences in the SAEI area.
- Expenditure on exploration licences in SAEI and BHEI areas during 1996 amounted to \$18.5 million (\$13 million in 1995) and is estimated to be over \$20 million for 1997. (Final figures will be available end of March).
- New companies are being attracted to the State, particularly explorers/miners from Western Australia, injecting new ideas and resources.
- The Challenger Gold Deposit (Resolute—Dominion Joint Venture) is the first discovery arising directly from the SAEI and is currently being evaluated to define mineable gold resources and commercial viability.
- The success of the SAEI minerals program vindicates the Government's pioneering strategy of stimulating mineral exploration through public funded state of the art airborne surveys and geoscientific programs.
- The success of the SAEI has commenced and will continue with economic discoveries, more development and associated prosperity for all South Australians.
- A map is provided separately showing the exploration initiative for South Australia for the years 1993, 1994, 1995 and the Broken Hill initiative for 1995.
- Also provided separately are Mineral Program Performance statistics covering the SAEI and the BHEI.

#### COMMITTEE REPORTS

**The SPEAKER:** I lay on the table the following reports which have been received and published pursuant to section 17(7) of the Parliamentary Committees Act 1991:

Sixty-seventh report of the Public Works Committee on the Hindmarsh Soccer Upgrade Stage 2.

Sixty-eighth report of the Public Works Committee on the Mount Gambier Police Complex.

Sixty-ninth report of the Public Works Committee on the Adelaide Youth Court Redevelopment.

Twenty-eighth report of the Environment, Resources and Development Committee on the environment, resources, planning, land use, transportation and development aspects of the MFP Development Corporation.

## ELECTRICITY, PRIVATISATION

**The Hon. J.W. OLSEN (Premier):** I seek leave to make a ministerial statement.

Leave granted.

**The Hon. J.W. OLSEN:** It is intended to resume debate today on the Electricity Corporation (Restructuring and Disposal) Bill. The legislation is required so that the Government can restructure and offer our power companies for sale—using the process which it is decided will ensure the taxpayers of South Australia get the maximum price, and therefore the maximum benefit from the sale. It is the first of two pieces of legislation aimed at reforming the State's power industry. We require this reform so that we can begin the twenty-first century unencumbered by the high risk Government-owned power utilities, which carry a Government guarantee in an increasingly risky and volatile deregulated national power market. Through such a sale we can also enter the next millennium, virtually unencumbered by debt, after what will be a decade of being crippled by its burden.

I would make the point that we do not take this path in isolation. Victoria has already sold its power utilities. Tasmania and the ACT have recently publicly released independent studies advising them quickly to do likewise, and they are proposing to. It is expected that by later this year (September) the New South Wales Labor Government will finally be able to rid itself of its union shackles and commence a program of selling its power utilities as it has stated it has wanted to for almost a year. Western Australia has also announced scoping studies and the intention of a gradual sale process.

As I indicated in my second reading speech, a second piece of legislation will be introduced to establish the regulatory environment in which the new private sector industry will work in this State. Included in this legislation will be the very important environment and service standards which must be adhered to within the new industry. It will also include the specifics of protection for employees, and the range of measures to safeguard the interests of customers, both large and small, in all areas of the State.

The Government is aware that a number of members, both in this House and in another place, have expressed a view that the detail of the second piece of legislation should be available to them before they are asked to vote on the Bill currently before the House, and I agree. The sale of our power companies is critical to the future well-being of this State.

I would like to make it clear that it has always been the Government's intention that information required by members of Parliament on the sale process—and on how the new industry would be regulated to ensure high standards of service delivery across the State—should be available before they are asked to vote on the Bill currently before the House. To ensure that this occurs, I advise the House that, while the second reading debate will begin this week, it will not be concluded before the principles to be included in the further legislation are available. There will also be ample opportunity for everyone who wishes to do so to make a contribution to the second reading debate after the principles to be included in the second piece of legislation have been made public.

International investment advisers Morgan Stanley are the lead advisers working with the Department of Treasury and Finance on the sale process. They have reported to me that they are making good progress towards completing their initial task of developing recommendations on all the key

issues which will form the basis of the further legislation. Depending on the timing of the final advice we receive from the sales team, it is our intention at present to introduce the further package of legislation in July. The House may well sit in August to consider this legislation. I will, of course, keep the House advised of this timetable which, given the complexity of the task facing Morgan Stanley, is not yet firm.

I also wish to advise of a change of arrangements in ministerial responsibility for the next stage of the sale process. Until now, the Treasurer has had responsibility for the restructuring and reform process, while the Minister for Government Enterprises has had responsibility for the day-to-day operations of the existing power utilities. As the sale process accelerates, it has become obvious that these two responsibilities overlap. Fortunately, the Treasurer is now all but clear of the time constraints and additional workload of the State budget process.

Following completion of scoping reviews, the Government is reviewing restructuring and sale options for other Government businesses. It will commence preparatory work and systems improvements to the Lotteries Commission with a view to a possible sale in the future. Appropriate commercial options for the TAB, including a possible sale, will be developed in consultation with the racing industry and other key stakeholders, and future options for the Ports Corporation are also under consideration. It is therefore an appropriate time for the Minister for Government Enterprises to take control, and therefore additional responsibility, for the possible sale of the Ports Corporation and the further studies and decisions on the future of the Lotteries Commission and the TAB. The Treasurer will now assume all responsibility for the power utilities, including their day-to-day operations.

Finally, there have been suggestions in the media that the sale of ETSA and Optima is in doubt. Of course, I do not wish to discuss matters that are properly dealt with in the second reading debate. Suffice to say, the sale of our power utilities is being driven as much by the need to deal with the national electricity market with its inherent risks and uncertainties as it is by our need to free this State from the burden of debt which we inherited through poor risk management of the past. We have no alternative to restructuring and reforming our power industry and joining the national market.

The national market is a reality. The decisions which led to the existence of the market were made by previous Labor Governments, both State and Federal. They were correct decisions and, given the union movement's control over the Labor Party, they were courageous decisions. It is now fanciful to believe that we can turn the clock back and withdraw from the national electricity market. It is also dangerous to believe that the returns we receive from our power utilities will continue in this new, risky and uncertain future. The sale process which my Government has set in train cannot be allowed to be in doubt. If it is, the very future of this State is in doubt, and I am certain no member of this House would wish that to be the case.

## PAPERS TABLED

The following papers were laid on the table:

By the Minister for Industry, Trade and Tourism (Hon. G.A. Ingerson)—

Rules of Racing—Racing Act—  
 Harness Racing—Stablehand Age  
 Racing Industry Development Authority—Betting  
 various

Corporations—By-Laws—  
 Burnside—No. 15—Moveable Signs  
 Charles Sturt—  
 No. 1—Permits and Penalties  
 No. 2—Moveable Signs  
 No. 3—Council Land  
 No. 4—Flammable Undergrowth  
 No. 5—Dogs  
 No. 6—Bees  
 No. 7—Animals and Birds  
 No. 8—Lodging Houses  
 No. 9—Garbage  
 No. 10—Caravans

District Council—By-Laws—  
 Berri-Barmera—  
 No. 1—Permits and Penalties  
 No. 2—Dogs  
 No. 3—Bees  
 No. 4—Poultry and Other Birds  
 No. 5—Taxis  
 No. 6—Council Land  
 Loxton Waikerie—  
 No. 1—Permits and Penalties  
 No. 2—Dogs  
 No. 3—Poultry and Other Birds  
 No. 4—Bees  
 No. 5—Taxis  
 No. 6—Council Land

By the Minister for Human Services (Hon. D.C. Brown)—

Insurance Premium Committee—Determination of  
 Premium Relativities  
 Regulations under the following Acts—  
 Harbors and Navigation—  
 Traffic—Parking—Signs  
 West Beach Development  
 Motor Vehicles—  
 Administration Fee  
 Conditional Registration  
 Disabled Persons' Parking  
 Provisional Drivers  
 Physiotherapists—Qualifications  
 Public and Environmental Health—Notifiable Diseases  
 Rail Safety—Principal  
 Railways (Operations and Access)—Evidentiary  
 Provisions  
 South Australian Co-operative and Community  
 Housing—  
 Electoral Procedures  
 Termination of Membership  
 West Beach Recreation Reserve—West Beach  
 Development

By the Minister for Government Enterprises (Hon. M.H. Armitage)—

Public Corporations Act—Ministerial Direction—  
 ETSA Corporation  
 SA Generation Corporation  
 South Australian Ports Corporation (Ports Corp.)  
 Regulations under the following Acts—  
 Liquor Licensing—  
 Dry Areas—Long Term—  
 Coober Pedy  
 Hallet Cove  
 Meningie  
 Port Pirie  
 Licence not Required—Willunga High  
 Youth Court—Application for Adoption Fee  
 Rules of Court—  
 District Court—District Court Act—  
 Plaintiff Non-Attendance  
 Questionnaire for Criminal Cases  
 Magistrates Court—Magistrates Court Act—Expiation  
 of Offences Forms  
 Supreme Court—  
 Probate Act and Supreme Court Act—Probate—  
 Principal  
 Supreme Court Act—

Supreme Court Criminal Rules—Questionnaire  
 for Criminal Rules  
 Supreme Court Rules—The Person by Whom

By the Minister for Education, Children's Services and  
 Training (Hon. M.R. Buckby)—

Regulations under the following Acts—  
 Lottery and Gaming—Various  
 Petroleum Products Regulation—Licence Fees and  
 Subsidies  
 Public Corporations—Australian Masters Games  
 Tobacco Products Regulation—Licence Fees  
 Teachers Registration Board of South Australia—Report,  
 1997  
 Vocational Education, Employment and Training Board—  
 Report, 1997

By the Minister for Environment and Heritage (Hon. D.C.  
 Kotz)—

Water Management Board—Initial Water Management  
 Catchment Plan—  
 Northern Adelaide and Barossa Catchment  
 Onkaparinga Catchment  
 Wheat Marketing Act—Regulations—Principal

By the Minister for Primary Industries, Natural Resources  
 and Regional Development (Hon. R.G. Kerin)—

Animal and Plant Control Commission—Report, 1997  
 Citrus Board of South Australia—Report, 1996-97  
 Environment Resources and Development Committee—  
 Report on the Establishment of Artificial Reefs—  
 Response by the Minister for Primary Industries,  
 Natural Resources and Regional Development.

## QUESTION TIME

### ELECTRICITY, PRIVATISATION

**Mr FOLEY (Hart):** How does the Deputy Premier explain that he failed to read the 1997 ETSA board minutes and papers in February, June, July and August, along with the draft ETSA annual report in August and with the June and July 1997 Treasury briefings all delivered to the office of the then Minister for Infrastructure, personally marked to the Minister's attention, all of which raised the issue of the multimillion dollar write-down by ETSA and all of which were before the Minister told this Parliament he was first aware of the ETSA write-down?

ETSA's Managing Director, Mr Clive Armour, told Parliament's Economic and Finance Committee late last month that three copies of these board minutes and papers and a draft annual report were sent to the Minister's office marked for the attention of the Minister, the Minister's adviser, Mr Graeme Longbottom, and the Minister's parliamentary secretary, Mrs Joan Hall. Mr Armour said all these documents referred to ETSA's multimillion dollar write-downs.

**The Hon. G.A. INGERSON:** I thank the member for his question. I have already answered this question. It has been very detailed and, if you read at the end of February, you will find the answer.

*Members interjecting:*

**The SPEAKER:** The member for Mawson.

**Mr Foley:** You haven't answered that question.

**The SPEAKER:** Order!

*Mr Foley interjecting:*

**The SPEAKER:** Order! The member for Hart.

**Mr BROKENSHIRE (Mawson):** Will the Premier give the House an example of this State's economy benefiting

from a politician taking the difficult but brave stance of putting the State before his own beliefs?

**The Hon. J.W. OLSEN:** One could pose the question: what is the difference between Sagasco, ETSA and Optima? Nothing, except the now Leader of the Opposition—and has he not changed his tune since those days? The Government changed its mind in relation to ETSA and Optima and I detailed the reasons for that in my statement of 17 May. We changed our position in relation to ETSA and Optima for all the right reasons, that is, the interests of South Australia in the long-term. I acknowledge that that has caused some political gains from the Opposition, but it is in the interests of all South Australians that this change go through. Another member on the Opposition bench has done the same thing in the interests of the State, and it is no less than the Leader of the Opposition, Mike Rann.

For those who can remember—and I vividly remember—the 1985 State election campaign, it was the privatisation campaign. I well remember the Labor Party's stand on that occasion—and spearheaded by Mr Rann. It was part of a vigorous and, at times, quite personal campaign. Pre campaign we suggested that we would sell our shares in the gas industry. At the time the Government had the controlling interest in Sagasco. We said that it ought to be sold. Labor campaigned against that vigorously and personally against me as Leader of the Opposition. Labor was re-elected on a campaign of saying 'No' to its privatisation but, once re-elected, it proceeded to privatise Sagasco, the largest in the history of South Australia no less. This is the track record of the hypocrisy that we hear from the Leader of the Opposition.

The Leader of the Opposition also changed his mind on another key project for South Australia, and I am pleased he did. It related to the development of Roxby Downs. The Leader of the Opposition got the tag 'The fabricator' during the period of getting a report, removing the front page, stamping 'Confidential' on it and distributing it to the media on the basis that, if it was confidential, there would be greater interest in that document from the media. In fact, it was not a confidential document, and the Leader of the Opposition at that time campaigned strenuously against Roxby Downs. If it were not for Normie Foster in the Upper House—a Labor Party member with a conscience for South Australia who was subsequently kicked out of the Labor Party for his efforts—we would not have Roxby Downs today. Possibly, we would not have Roxby Downs if it were not for Normie Foster's seeing its importance for South Australia, crossing the floor and, by one vote, allowing Roxby Downs to proceed. We see \$1.6 billion worth of investment in the process of being expended at Roxby Downs, thousands of jobs being created and tens of millions of dollars in royalties for South Australia.

That is what the Labor Party sought to stop and, if it continues that thrust of standing in the way of the ETSA-Optima sale, it will create difficulties and a burden for future South Australians. The reason why the Labor Party is taking this tack is that it has no alternative policy. The Labor Party is simply saying 'No', but what is the alternative? Where does it go in debt reduction and management and the provision of infrastructure for South Australians in the next century? The clear track record is the absolute hypocrisy of members of the Opposition who themselves changed their mind on Sagasco and Roxby Downs because it benefited South Australia in the long run. So have we.

**Mr FOLEY (Hart):** When did the Deputy Premier first become aware of ETSA's multimillion dollar losses from the Osborne cogeneration contract?

**The Hon. G.A. INGERSON:** I have already answered that question: I answered it when I made a considered reply to this Parliament. That was in reply to previous questions. I would like to make a couple of other points. In relation to the meeting that was quoted earlier by the member for Hart, where he took up the comments of both the Chairman of ETSA and the Chief Executive, I would like to put on record, too, what both those people said at that meeting. ETSA's Chairman, Mr Janes, told the meeting of the Economic and Finance Committee the following:

From the meetings I attended, I cannot recall this matter being raised by me at any of our meetings. . . I cannot recall having had a specific discussion with the Deputy Premier about the \$96.8 million. . .

I would also like to put on record in this House the comment from ETSA's Managing Director, Mr Clive Armour, who told that same meeting—and I might point out that Economic and Finance Committee meetings are meetings under oath:

I have gone through my records of the weekly meetings. Let me say first that there is no reference of that in any of my written documents on those meetings. . . That was not an item that in retrospect I would have regarded as being appropriate to have raised in that meeting particularly anyway. . .

Also, if this issue was of such significance, why is it that in the Chairman of the board's comments in the front of ETSA's report there was no mention of it, and why is it that in the report of the Chief Executive to this Parliament it was not included? Those are the facts of the matter. That report is before this House for all members to read.

#### SAGASCO, PRIVATISATION

**The Hon. R.B. SUCH (Fisher):** Will the Premier explain why the decision of the Bannan Government to allow the privatisation of Sagasco has been of such benefit to the people of South Australia?

**The Hon. J.W. OLSEN:** The sale of Sagasco was the largest privatisation measure in the history of South Australia, and it was an important process. As I have mentioned to the House, Labor was re-elected on a campaign of saying 'No' to privatisation but once re-elected it proceeded to privatise Sagasco—a decision for the right economic reasons. And why did Labor change its mind? It knew, in 1985, that holding shares in the Gas Company carried enormous risks for taxpayers so it changed its mind and privatised, just as we have. Labor was right then: it is only a pity that it did not do the same thing with the State Bank, when the level of risk was identified. There was an interesting quote from Mr Foley in August 1994, when he said:

I stand in this Parliament in the Labor Party and at [a] time in conflict with the Public Service Association of this State in supporting certain areas of privatisation of Government policy. I have had the strength of my convictions to argue in the forums of the Labor Party for the privatisation and private sector involvement in issues such as the former State Bank of South Australia and the ownership of the South Australian Gas Company—

no less—

and my comments and views on the Adelaide Airport and the question of airport ownership are well documented on the public record.

I welcome those comments of the honourable member. The sale of Sagasco was the right decision for the State at that time—indisputably. It is just a pity that the ALP cannot put

aside its petty politicking and recognise the value to South Australia of what we are doing now, rather than continuing down a destructive path for the sake of being destructive.

### ELECTRICITY, PRIVATISATION

**The Hon. M.D. RANN (Leader of the Opposition):** Now that the Deputy Premier has confirmed his previous statement to this House that he did not know about the cogeneration losses and write-downs until December 1997, how does he explain a document which was leaked to the Opposition this morning and which reveals that the Minister was given a detailed verbal briefing and detailed presentation by senior executives of the ETSA Corporation 11 months before, in January 1997, about the multi-million dollar losses which led to the \$97 million write-down of ETSA that came about from the Osborne generation contract? And, Sir, here it is—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. M.D. RANN:** —a ministerial briefing.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. M.D. RANN:** The Opposition has a leaked document from senior executives of ETSA which was the basis for two half-day ministerial briefings about ETSA's finances in January and February 1997. The document about those verbal briefings states that ETSA absorbs losses of up to \$18 million per annum from three contracts, including the Osborne cogeneration contract. In the document, the Osborne cogeneration contract is estimated to make an annual loss of \$10 million over the 10-year life of the contract.

*The Hon. J.W. Olsen interjecting:*

**The Hon. M.D. RANN:** An annual loss—can't you add up, Mr Premier? The Deputy Premier is either incompetent or has again misled this House.

*Mr Foley interjecting:*

**The SPEAKER:** Order! The member for Hart will remain silent. The honourable Deputy Premier.

**The Hon. G.A. INGERSON:** I do not like being threatened by the member, who is the most two-faced individual in this Parliament.

*Members interjecting:*

**The SPEAKER:** Order! Has the Deputy Premier completed his reply?

**The Hon. G.A. INGERSON:** The Opposition continuously twists the truth, when all it has to do—

*An honourable member interjecting:*

**The Hon. G.A. INGERSON:** So what? I have made a statement to this House that I stand by, and that is a statement—

*Members interjecting:*

**The SPEAKER:** Order! The Deputy Premier will resume his seat. This is a very serious matter, and I demand that the House hear the Minister in silence. If no-one else in this Chamber wants to hear what is being said, I do.

**The Hon. G.A. INGERSON:** I have made a considered reply to this House, and that reply stands for everyone in this place and in this State to see. The honourable member opposite can shake his head as much as he likes: it is before the House.

*The Hon. M.D. Rann interjecting:*

**The SPEAKER:** Order!

*Mr Foley interjecting:*

**The SPEAKER:** The Leader and the member for Hart will come to order!

**Mr CONDOUS (Colton):** Can the Premier explain to the House why ETSA's dividend to the State has decreased this financial year and indicate what predictions can be made for the future?

**The Hon. J.W. OLSEN:** ETSA and Optima are estimated to return a dividend and tax equivalent payment of \$261.2 million in the current financial year. That includes a significant return of more than \$75 million on the settlement of the interconnect operating agreement with Victoria.

The outlook for the coming year is somewhat uncertain as the national electricity market comes into play. The dividends and tax equivalent payments will be less than last year and after that, who knows, as competitors vie for our most significant customers in this first instance. This highlights the risk of the national market and is one of the reasons for the policy change of the Government. It is a bit like having a shop in a centre with no other competitors and then, almost overnight, having others move in, selling identical products. The market share is inevitably split. Customers benefit from the competition. The existing business suffers as others grab the custom and take over part of the turnover. All this adds up to one of the major risks facing South Australia and our electricity assets. We cannot afford to delay selling a sound business for a good business price as the market opens up.

The budget papers to be detailed on Thursday will indicate that on the forward estimates there will be a substantial reduction of the order of \$20 million in the dividend from the Electricity Trust next year over this year. As I have indicated, the forward estimates have a great deal of uncertainty, and to those who say, 'We have a dividend flow from the utilities, so why should we sacrifice it?' I point out that there is no guarantee about that future dividend flow, as reflected in next year's estimates.

**Mr FOLEY (Hart):** My question is directed to the Deputy Premier.

*Members interjecting:*

**Mr FOLEY:** What's that, John? Keep doing what, John? I can hear you coaching. He needs a bit.

**Mr MEIER:** I rise on a point of order. Comment is not allowed in questions and the honourable member has transgressed twice.

**The SPEAKER:** Order! The honourable member will resume his seat. There is no point of order. We have not heard the question yet.

**Mr FOLEY:** Given that the Opposition has received leaked ministerial briefing documents—

**The Hon. J.W. Olsen:** Hold it up; make it sound important.

**The SPEAKER:** Order! The member for Hart has the call.

**Mr FOLEY:** I apologise, Sir. I will start again. Given that the Opposition has received leaked ministerial briefing documents that show that the Minister—

*Members interjecting:*

**The SPEAKER:** Members on my right will come to order. The Chair wants to hear the questions and answers. The member for Hart.

**Mr FOLEY:** Given that the Opposition has received leaked ministerial briefing documents which show that the Minister was told in half-day ministerial briefing sessions in January and February 1997 about multimillion dollar losses

from the Osborne cogeneration plant contract, why did the Minister then fail to read subsequent ETSA board minutes and ETSA board papers, two Treasury briefings and the draft ETSA annual report, all of which highlighted this issue?

**The Hon. G.A. INGERSON:** I have already answered that question. It is on the public record and I have made a statement to the House, having made a considered opinion.

*An honourable member interjecting:*

**The Hon. G.A. INGERSON:** I have made a statement to the House and it is there for all to see. Perhaps we ought to look at the credibility of this man, the member for Hart, who stands up in this place and states that he is totally opposed to the asset sale of ETSA. I have a public document—it is not leaked—dated 28 August 1997 which details the remarks of the member opposite, having espoused how he is so much opposed to the sale of ETSA, as follows:

He pressed the above point by asking how the assets could be sold now that the cross border lease was in place.

I gave the standard reply. The member for Hart has been telling all of South Australia that the sale of ETSA is not what the Opposition is all about; yet on 28 August 1997 he asked about a particular cross border lease and whether it was for sale. He is the very same person who hypocritically says that the Opposition is opposed to the sale of ETSA. My case rests. He supports it.

*Members interjecting:*

**The SPEAKER:** Order! The House will come to order. In the Chair's view, the subject matter and the answers this afternoon are a matter of some importance to those people who are trying to follow the debate and the reasoning. The Chair will not allow members to shout each other down so that others cannot hear the tenor of the debate and the replies. I will have no hesitation in warning and naming members, if necessary, to make sure that there is silence in the Chamber this afternoon so that we can hear the debate and follow the sequence of events.

#### MEMBER FOR ROSS SMITH

**The Hon. G.M. GUNN (Stuart):** Will the Minister for Police investigate whether there has been any political interference with or political pressure on police and others in regard to the charges against the member for Ross Smith? The Government has been told by senior Labor sources that pressure was put on the police or others to drop the charges.

**Mr De LAINE:** I rise on a point of order.

*Members interjecting:*

**The SPEAKER:** Order!

**Mr De LAINE:** This matter is before the courts, Mr Speaker, and I ask you to rule that it is inappropriate for this question to be asked at this time.

**The SPEAKER:** Order! I understand that it is not yet in the courts. However, there is a need for caution in the reply, so I will listen to it carefully. I call the Minister for Police.

**The Hon. I.F. EVANS:** I thank the honourable member for his question. This question raises very serious concerns such as possible breaches of the Criminal Law Consolidation Act. I will ask the Police Commissioner to investigate and bring back a report to the House.

#### ELECTRICITY, PRIVATISATION

**Ms HURLEY (Deputy Leader of the Opposition):** My question is directed to the Minister for Employment and Youth. Can the Minister confirm that—

*Members interjecting:*

**The SPEAKER:** The member for Stuart will come to order.

**Ms HURLEY:** Can the Minister confirm that she attended two half-day meetings in January and February 1997 at which a ministerial briefing was given to her as parliamentary secretary to the then Infrastructure Minister by ETSA Corporation about ETSA's finances, including details of the Osborne cogeneration contract losses?

**The SPEAKER:** Order! Before calling the Minister, I remind her that she has no ministerial responsibility for this question. Therefore, she can answer it as she sees fit.

**The Hon. J. HALL:** The Deputy Leader is well aware that I was not and am not the Minister for Infrastructure responsible for ETSA and Optima.

#### ABORIGINAL EMPLOYMENT

**Mrs PENFOLD (Flinders):** Can the Minister for Aboriginal Affairs inform the House how the Heritage and Biodiversity Division within her department is boosting Aboriginal employment opportunities?

**The Hon. D.C. KOTZ:** I thank the honourable member for her very important question. It deals with three key themes: that the Liberal Government is providing meaningful opportunities for Aboriginal people; that the unique skills of Aboriginal people are being utilised; and that we are responsibly managing our unique natural environment.

The Heritage and Biodiversity Division of my department already employs 14 Aboriginal people in the parks and wildlife area. These employees are located at the front line of the department, where their unique skills and understanding can be used to best effect. Visitors to our parks appreciate the additional perspective that Aboriginal people bring to the natural resources management role.

In addition to the 14 positions already provided, the Government will provide a number of supplementary job opportunities for Aboriginal people. Through the combined efforts of the Aboriginal Education Employment Development Branch of DETE and my own department, a further four Aboriginal people will be provided with genuine career opportunities in the biodiversity and heritage division and with on and off job training. The important aspect is that permanent jobs will be offered to the trainees at the successful completion of their training. Additionally, the department will take on an extra six Career Start trainees, and I expect that young Aboriginal people will win some of these positions.

These Aboriginal employees will be given a range of job opportunities in corporate, regional and parks management environments. Finally, through the Federal Liberal Government's Natural Heritage Trust, we expect that a further four Aboriginal people will be able to be employed for the duration of the operation BounceBack project, learning valuable skills and bringing new perspectives to on the ground parks management within the remote regions of South Australia. I am sure that all members of this House will welcome these initiatives and provide bipartisan support for these Aboriginal people as they contribute to South Australian parks management in a very meaningful way.

#### ELECTRICITY, PRIVATISATION

**Mr FOLEY (Hart):** Will the Deputy Premier confirm that, as the Minister for Infrastructure, he did not read the



December 1996 Stage 3 Separation Steering Committee Report on the restructuring of ETSA, which discussed the need for write-downs on the Osborne cogeneration contract and which, as the responsible Minister, he took into Cabinet for deliberation, and why? ETSA's Managing Director, Mr Clive Amour, told Parliament's Economic and Finance Committee meeting late last month that the Stage 3 report referred to the need for a multimillion dollar write-down on ETSA's value due to the Osborne cogeneration contract. The Deputy Premier has told Parliament again today that he first learnt of ETSA's losses and write-downs when he read it in ETSA's annual report in December 1997.

**The Hon. G.A. INGERSON:** First, Cabinet dockets and submissions are never publicly discussed in this place or any other arena. I have not made any decision. I have made a statement to this House which is very clear and precise. The member opposite understands that it is clear and precise, and that is where it begins and ends.

### MEDICARE

**Mr HAMILTON-SMITH (Waite):** My question is directed to the Minister for Human Services. Between December 1997 and March 1998, 7 000 South Australians cancelled their private health insurance. Will the Minister please advise the House on the current Medicare Agreement negotiations, especially concerning private health insurance and funding for our public hospitals?

**The Hon. DEAN BROWN:** The honourable member is quite correct when he says that 7 000 people dropped out of private insurance in the first quarter of this year, for which the figures are available—7 000. That means that, since this Medicare Agreement commenced in July 1993, 87 000 people have dropped out of private insurance in South Australia alone. All of those people are now reliant on the public hospital system. The problem is that the former Federal Labor Government did not give one extra dollar to the States to deal with any decline in private health insurance, and so any issue raised by the Labor Opposition clearly should be sheeted back to its own responsibility.

Secondly, I have an argument with Canberra that the new Medicare Agreement proposed to the States equally does not compensate the State Government for that extra 87 000 people for the next five years. It is the State Governments that have been asked to pick up the full responsibility, first, for the past five years and, now, for the next five years. That is the whole problem in terms of the Medicare offer made to the States. Health Ministers around Australia have been arguing for a fair and reasonable deal for the States in terms of payments to cope with the extra demand that is coming through the doors of our hospitals.

I indicated earlier this year that that demand is up by about 7 per cent. I am able to say now that the subsequent figures reconfirm that figure and that demand this year is expected to be up 6 to 7 per cent. I was interested to read in this morning's press that the Prime Minister yesterday in Parliament acknowledged the very significant crash out of private health insurance across Australia, and the fact that so many people were voting with their feet and leaving private insurance. I have argued privately and publicly that there should be tax concessions, rebates and tax deductions for private insurance. I have argued that something must be done to at least introduce some certainty with respect to the gap that occurs between private insurance and Medicare when a person has been hospitalised.

I was delighted to see yesterday that the Prime Minister and the Federal Parliament acknowledged that significant problems exist and that they expect to introduce a package to make private insurance more attractive. At least half the argument has now been acknowledged. I would equally ask the Prime Minister and the Federal Government to acknowledge the fact that, having perceived that there is a problem with private health insurance, they equally must compensate the States for the extra people who are now relying on the public hospital system. They must offer some financial compensation to the States for the next five years and for the 87 000 people who will be potentially queuing up at the doors of our hospitals wanting treatment.

I am also able to report to the House this afternoon that today in Federal Parliament the Federal Government apparently introduced legislation for a one-year Medicare Agreement instead of a five-year Medicare Agreement. That is unfortunate because it means that what we have been through for the past six months will now become an annual event: if there is only a one-year agreement, the States will argue for a better deal for health care throughout Australia each year. I believe that that is bad in terms of long-term planning for the health care sector of Australia. I would certainly ask the Federal Government to reconsider that.

I believe that we ought to have certainty over a five-year period and that that certainty should take into account what has occurred with private health insurance and the resultant drop-out figures. It should certainly take into account the pressure now applying at the doors of public hospitals throughout the whole of Australia.

### ELECTRICITY, PRIVATISATION

**Mr FOLEY (Hart):** Did the Premier read the December 1996 Stage 3 Separation Steering Committee Report on the restructuring of ETSA, which went to Cabinet for deliberation and which referred to ETSA's multimillion dollar losses from the Osborne cogeneration contract, a contract that he signed when he was Minister, and when did the Premier first become aware of these losses? ETSA's Managing Director, Mr Clive Amour, told Parliament's Economic and Finance Committee meeting late last month that the Stage 3 report referred to the multimillion dollar losses from the Osborne cogeneration contract. The Premier has told Parliament that he knew nothing of ETSA's write-downs on this contract until he read about it in ETSA's annual report in December 1997.

**The Hon. J.W. OLSEN:** The member for Hart's question is based on a false premise, namely, that that steering committee report of December 1996 referred to \$97 million. It did not.

### COMMUNICATIONS INFRASTRUCTURE

**Mr VENNING (Schubert):** Will the Minister for Government Enterprises advise the House of any recent enhancements to South Australia's communications infrastructure?

**The Hon. M.H. ARMITAGE:** I thank the honourable member for his question and advise the House that on Wednesday last week I had the pleasure of opening the AAPT Sat-Tel facility at Technology Park. At that time I undertook an inspection of the two satellite dishes already installed at that site. I also viewed much of the back-room equipment and the areas where many other dishes will be installed. As

members will be aware, AAPT holds the telecommunications services manager contract with the Government and, in that role, the company has helped the State to achieve real savings in our overall telecommunications spending.

In the newly deregulated environment of telecommunications, competition is being introduced throughout the marketplace, and the Government is determined to maximise the benefits of the newly deregulated regime for South Australia. Members presumably will recall that, when the contract was signed with AAPT, I mentioned previously that a major condition was that the level of the savings being delivered to the Government would be passed on also to South Australian business. It is very pleasing that a substantial number of South Australian businesses have taken advantage of that benefit. Obviously, that is good for all South Australians.

It is terrific also that, as members may have noted, last week AAPT declared that it will roll out a fibre optic network in the Central Business District of Adelaide capable of providing a full range of telephone, data and multimedia services at very substantial savings, and that infrastructure will align closely with Adelaide 21 and the plans which Adelaide 21 has. It will also ensure the best possible fit with a number of initiatives proposed for the city. Frankly, the benefits for the city that will result from broadbanding will enhance our business community quite dramatically.

The Sat-Tel facility is one of five currently being established by AAPT around Australia. Each facility will aid in the control and management of satellites that are positioned over the Indian and Pacific oceans. They will serve as earth stations for the delivery of a range of enhanced telecommunications services. The services are not limited only to telephony. They include high capacity, high band, with data traffic and a number of other services. The commitment which AAPT has shown to South Australia is most welcome, particularly its development of innovative and competitive ways of dealing with the deregulated telecommunications industry of the future.

### ELECTRICITY, PRIVATISATION

**Mr FOLEY (Hart):** Will the Deputy Premier explain why he failed to correct a statement—

*Members interjecting:*

**The SPEAKER:** Order!

*Members interjecting:*

**Mr FOLEY:** We must thank you for that inquiry, Martin. Will the Deputy Premier explain why he failed to correct a statement made to last year's Estimates Committee in which the Managing Director of ETSA, Mr Clive Armour, said, 'No work is currently being done within ETSA or ETSA Power regarding a projected sale' when the Minister had been briefed by the ETSA Chairman (Mr Mike Janes) and Mr Armour about ETSA's privatisation plans earlier that year?

ETSA's Board Chairman, Mr Mike Janes, told Parliament's Economic and Finance Committee meeting last month that he and Mr Armour, at a meeting with the Minister in early 1997, had told him that ETSA intended to commission Schroders to look into privatising ETSA, and the Minister had said, 'Noted that'. That was before Mr Armour's statement to Parliament that no work was being done.

**The Hon. G.A. INGERSON:** It reminds me of a couple of statements that the member for Hart made at the Economic and Finance Committee that he was on a fishing trip. It looks

like he is well down that road of trying to catch some fish. Mr Michael Janes, Chairman of ETSA, requested me to look at a proposal that he as Chairman of the board had put forward. I would have thought that the Chairman of ETSA had all the right in the world to go to his Minister and say, 'These are the propositions you ought to look at.' The fact that they were not accepted is the reality.

### BACK OFFICE CALL CENTRE

**Mr BROKENSHIRE (Mawson):** Will the Minister for Industry, Trade and Tourism advise the House on the progress made to date with respect to the Government's Back Office Call Centre investment attraction strategy?

**The Hon. G.A. INGERSON:** As everyone would be aware, the Government has been very proactive and very successful in this area of back office and call centre activity.

*Members interjecting:*

**The SPEAKER:** The member for Mawson will come to order.

**The Hon. G.A. INGERSON:** I have no intention of backing away from Australis and, if the member for Hart is patient, he will be told why in a couple of seconds. The whole purpose of the back office and call centre program is to make sure that the investment attraction that we have here in Adelaide is successful in this area. There are several reasons why we have been successful. First, the cost of wages. The overall cost of the centre is the cheapest in Australia. Secondly, the cost of living for all the executives and staff is also the cheapest in Australia.

Thirdly, and this has probably been the biggest surprise of all—although as Industrial Relations Minister I should have known about it—absenteeism in this State is the lowest level of any State in Australia. If you then look at the reality of what that means, the turnover of staff here in these call centres is less than anywhere else in Australia. Those sorts of costs are very significant. That means that our work force is one of the best work forces in terms of reliability and general performance.

Clearly the Australis issue has been a major concern for the Government. We have no intention of backing away from our whole program in terms of back office and call centres, because there have been enormous benefits in terms of job creation in this area. Australis is currently in the hands of a receiver manager, and the Government has protected its position in that process. However, during this period of difficulty for Australis, we have two or three other companies prepared to walk in tomorrow and take over the building and the assets. Whilst there are some difficulties in the closing down of Australis, clearly there has been a significant benefit in terms of employment in the short term as far as that company is concerned.

There are also many other major companies looking at Adelaide. The reason for that is that the Managing Directors of both Westpac and Bankers Trust are in New South Wales telling people how good it is here in South Australia and how good it is in terms of the performance of all the staff here in Adelaide, not only from an investment point of view but also from the point of view of the staff and the long-term productivity. We are committed to expanding the back office and call centre product in South Australia, as it is a very significant product that will provide advantages to all South Australians.

**Longbottom, Mr G.**

**The Hon. M.D. RANN (Leader of the Opposition):** Has the Deputy Premier or anyone from his office held discussions with Mr Graeme Longbottom about the evidence he will give to the Economic and Finance Committee of the Parliament tomorrow and, if so, what was the nature of those discussions?

**The Hon. G.M. Gunn:** A few phone calls from Foley!

**The Hon. G.A. INGERSON:** I understand that the member for Hart has made numerous phone calls—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. G.A. INGERSON:**—to one of my staff.

*Members interjecting:*

**The SPEAKER:** Order on my right! The Chair wants to hear the reply.

**The Hon. G.A. INGERSON:** Clearly, the member for Hart has been out there trying to intimidate and do whatever he has to do. I have not had any personal contact with Graeme Longbottom at all. I am not aware of any of my staff having any personal contact either.

**FOOD ASIA**

**The Hon. R.B. SUCH (Fisher):** Will the Minister for Primary Industries outline the benefits of his recent trip to Malaysia and Singapore and, in particular, his leading of a delegation to Food Asia?

**The Hon. R.G. KERIN:** I thank the honourable member for his question and for his interest in primary industries. In recent years it has become increasingly obvious that growth in the food and beverage industries is more and more reliant on export and that any increased production which we achieve needs to be matched with a concerted effort to secure the corresponding growth in export markets. South Australia's primary industry sectors are getting it right at the moment. An important figure from last financial year shows that the rate of growth of exports out of South Australia was the highest by a considerable margin of that in any State. Food and wine were very considerable contributors to that result.

Last month, the Premier and I took a trade delegation to Singapore and Malaysia. Once again, that proved that the efforts of prospective exporters when assisted by Government can gain significant and instant results. There is no doubt that the Premier's presence and the preparation of the South Australian office in Singapore were very significant factors in delegation members' gaining important appointments with senior buyers and distributors. Positive results have been reported by the delegation members from a range of industries which include lamb, emu, abalone, wine, dairy products, and fresh fruit and vegetables. Those successes are in both Singapore and Malaysia.

Considerable progress was also made on several investment proposals in the food industry in South Australia. As always, Asian business people like doing business face-to-face and particularly appreciated the South Australian effort at a time when some of our competitors are reducing their efforts into the region. The Government certainly appreciates the efforts of the delegation members, and it is terrific to see that their initiative has been rewarded.

**EDUCATION FUNDING**

**Ms WHITE (Taylor):** My question is directed to the Minister for Education, Children's Services and Training. Are reports in the media that education funding will be cut in Thursday's budget correct, or does the Minister stand by his statement to this House on 18 February 1998 that public school funding will not be cut in this budget? On 18 February the Minister told this House, 'Public school funding will not decrease.'

**The Hon. M.R. BUCKBY:** I believe that the budget comes down on Thursday. The honourable member will just have to be patient and await the outcome.

**INFORMATION TECHNOLOGY**

**Mr LEWIS (Hammond):** My question is also directed to the Minister for Education, Children's Services and Training. What information and technology training initiatives are being developed for introduction in South Australia? Are there any differences between the programs for urban as compared with country training requirements and, if so, what are those differences? Why is the Minister having these separate programs developed?

**The Hon. M.R. BUCKBY:** This Government is very strongly committed to information technology development in our schools. I only have to look, as I move around, at the DECStech 2001 strategy introduced by the previous Minister, the Hon. Rob Lucas, to see the benefits occurring in our schools through that \$75 million program spread over five years. That compares with the Labor Government's last budget of \$360 000 towards IT. When you look at it as you move around the country, as I do, you see that some schools are now very close to achieving the 1:5 ratio that we aimed to achieve within schools, that is, one computer to five students, and that is particularly good. Students are taking this up with gusto.

I was at Naracoorte South Primary School only two weeks ago and went into a class that was undertaking information technology in the particular area of anatomy. These young people, who were only about eight or nine years old, were logging into the Internet and picking up particular items of research to be able to construct a project on human anatomy and different parts of it that they chose. It means that we are skilling up our young people to use a computer as you, Sir, and I used a pencil and paper or perhaps a hand calculator so that, when those young people get to year 12, when they go out into the work force, a computer will be very much a tool of their trade and one with which they will be completely familiar.

In relation to the initiative to which the honourable member alluded, we will spend an additional \$1 million approximately. This will provide opportunities for those people in both metropolitan and regional areas who have not completed year 12 or who have completed year 12 but who did not get enough points to get into university to be able to undertake a certificate level qualification in computer technology. Once again, this re-affirms our commitment to the IT State.

This particular initiative will enable those young students to gain accreditation either into the computing science degree or into TAFE courses which will lead to a Diploma in Information Technology at the Regency Institute of TAFE. Even though in the first instance they did not get enough points to get into a computer science degree in the university,

or perhaps they did not complete year 12, this is a pathway which will allow them to gain access to what is a very rapidly growing employment industry within our State.

The initiative follows some work in the northern Adelaide area which was undertaken in 1997 and which attracted very keen interest from Motorola, British Aerospace, Fujitsu and peak regional education and training entities. They recognise that there is a strong demand for these types of graduates to come out in our system. It is very pleasing that TAFE, the universities and the secondary school system are working very closely together, with a number of memorandums of agreement signed between TAFE and various secondary schools in South Australia. A couple of months ago I was present at one of those at Seymour College where the Douglas Mawson Institute of TAFE signed a memorandum of agreement on information technology training for young girls at Seymour College. It means that we are creating pathways for young people to become skilled and to enable them to take up higher degrees and education within the information technology sector.

### ELECTRICITY, PRIVATISATION

**Mr CONLON (Elder):** Why did the Deputy Premier choose not to read the annual report of ETSA until he was no longer the Minister for Infrastructure? Evidence before the Economic and Finance Committee shows that the then Minister for Infrastructure was delivered in 1997 a copy of the draft annual report of ETSA. His own answers to questions in this House were that he did not in fact read the annual report until December that year when he was no longer the Minister for Infrastructure. Is it the case that the Deputy Premier prefers not to clutter his mind with knowledge of details of his portfolio?

**The SPEAKER:** Order! The honourable member is starting to comment.

**The Hon. G.A. INGERSON:** This is another repetitious question. I have already answered that question.

### LOCAL GOVERNMENT AMALGAMATIONS

**Mr MEIER (Goyder):** Will the Minister for Local Government inform the House of the amount of money that South Australian ratepayers have saved due to council amalgamations and rate capping?

**The Hon. M.K. BRINDAL:** I acknowledge the member for Goyder's interest in this matter, because his particular area is one that has done most remarkably under the amalgamation process.

**Mr Venning:** And the Barossa Valley.

**The Hon. M.K. BRINDAL:** Yes. I remind members of this House just how badly the Government was criticised for attempting a voluntary amalgamation process. I believe that everyone in this House has to acknowledge the success of the program. A reduction to 69 councils, most of which are not only pleased by their amalgamation process but looking for further possibilities in amalgamation, is a remarkable effort by the local government sector working in concert with this Government. The savings through—

**Mr Conlon:** You have achieved next to nothing.

**The Hon. M.K. BRINDAL:** If the member for Elder would take up my invitation and come with me to visit a few of the country councils—and if he would come to a few of the local government meetings and listen to what local government is saying out there instead of sitting in this Chamber and

being an instant expert on the subject—he would have more credibility; but we have yet to see him in any council or on any council visits. I repeat publicly my invitation to the honourable member. Let him visit the councils—and he can come with me if he likes—to see what is going on out there before he comes into this House and becomes an instant expert.

The savings to metropolitan councils through amalgamations are estimated to be of the order of \$13 million and \$6.3 million for country councils on a recurrent basis. Additionally, it has been estimated that there were one-off savings of \$4 million. It has been a matter for councils themselves to decide whether these savings have been passed onto ratepayers as reduced rates or applied to improving services in the community. I note that the member for Spence chose to comment on the new council chambers erected by the City of Charles Sturt. They are very fine council chambers indeed. Knowing the member for Spence's very active participation in his local council, I think he can indeed take some of the credit for that. He personally used to boast that he had the City of Hindmarsh in his pocket. I do not know whether the City of Charles Sturt is quite as easy for him to control.

The savings have been enormous. It is worth noting that in June 1992 the debt level of the entire local government sector in this State was \$210 million. In June 1997, after amalgamations, the debt level of the entire local government sector in this State was down to \$130 million. That is a remarkable achievement. I think local government is to be given rather more credit than many members of this House choose to give it. Councils such as Marion, Port Adelaide, Enfield, Mitcham, Onkaparinga, Gawler and Northern Areas, and the regional councils of Goyder and Unley all indicated that they passed on savings through processes undertaken by their councils in the form of reduced rates between the 1997-98 financial year and the 1996-97 financial year.

**Mr Hanna:** You forced them to cut services.

**The Hon. M.K. BRINDAL:** The honourable member opposite, who has been in this place two seconds and who was on council, said, 'They had to cut services.' If the honourable member as a councillor could not work out his budget well enough without cutting services, that is his fault. The honourable member was a councillor at that time and he had a right to apply the moneys available in the same way that the Government in this place applies the moneys available. I did hear that the honourable member was not a very good councillor and that they are rather glad he has fled to this place and chooses to hide on the backbench making rather inane comments every now and then.

The main point of which this House should take note in terms of council amalgamations is not only the recurrent savings but the benefits that amalgamations will provide to councils in the future. In connection with the member for Goyder who asked the question, I had the privilege of attending a number of his councils recently. I would particularly like to comment on the work of the Copper Coast council, which has some very important tourist initiatives and other economic initiatives which it is actively pursuing. The Premier has recently announced—and announced on a number of occasions—that he wants greater cooperative effort at all levels of government in this State. The Copper Coast council, and many other councils, are very good examples of the determination of local government to work in concert with this Government.

In fact, I would say that the local government sector generally is setting a very fine example to the Opposition. Instead of trying to score cheap points off State Government to make themselves look better, they are trying to work with us—as the member for Elder keeps chortling about serious community issues such as wasps—to come up with community solutions. Unlike the Opposition which has wasted this Question Time asking the most ridiculous questions, they are trying to work—

**Mr CONLON:** Mr Speaker, I rise on a point of order in relation to relevance. I would like to say that this has been instructive, but honesty forbids. I do not see what the point is.

**The SPEAKER:** Order! A point of order has been raised. The Minister must be aware that he must not stray into debate and move away from the actual substance of the question, and I ask him to bear that in mind.

**The Hon. M.K. BRINDAL:** I am, as always, in your hands but, as the member for Elder has a very short attention span, I should wind up my answer.

**The SPEAKER:** Order! That is comment.

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### NATIONAL SORRY DAY

**The Hon. D.C. KOTZ (Minister for Aboriginal Affairs):** I seek leave to make a ministerial statement.

Leave granted.

**The Hon. D.C. KOTZ:** Today is a significant day for all Australians and especially for Aboriginal Australians. Today marks a point in history which will be remembered for generations to come, where Australia as a nation expresses its deep regret to Aboriginal people for the injustices of past policies that separated Aboriginal children from their families. The Olsen Government was one of the first Governments, in a historic session of the South Australian Parliament in May 1997, to pass a unanimous motion apologising for the past actions of separation of Aboriginal children from their families.

This Sorry Day is an opportunity for every South Australian to say to Aboriginal people publicly, 'I'm sorry, too, for the pain and injustice you suffered.' Sorry Day is indeed a sober reminder of the impact of decisions that Governments can have on our communities. As Minister for Aboriginal Affairs, I hear the message Aboriginal people have constantly echoed—that only through the Government apologising can the healing begin. It is my sincere wish to participate in the journey to reconciliation and I ask my fellow South Australians to join me in that quest.

It was the deep sense of loss and destitution in Aboriginal people that gave commitment for the struggle to raise awareness about the 'stolen children', but it did take enormous courage for the children and their mothers and their fathers to narrate the sadness of their tragedy so that all Australians can begin to understand their pain. We can never make up the lost time but we can endeavour, through working together cooperatively, to ameliorate the hardship for future generations.

The Ministerial Council for Aboriginal and Torres Strait Islander Affairs has agreed to respond comprehensively to all concerns raised in the Human Rights and Equal Opportunity Report 'Bringing them Home'. High level agency commit-

ment will be ensured through the Key Agency Advisory Group which, through me, will report to Cabinet. The Division of State Aboriginal Affairs has been active in sponsoring activities in support of Aboriginal reconciliation both at agency level and in the community.

It is my commitment as Minister for Aboriginal Affairs to promote reconciliation, respecting the richness of Aboriginal culture, ensuring Aboriginal people are active participants in managing their communities' affairs and Aboriginal children enjoying their rightful place of nurturing within their families.

### GRIEVANCE DEBATE

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

**The Hon. M.D. RANN (Leader of the Opposition):** Today in this Parliament we have revealed the new motto of this Government: 'Hear no evil, see no evil, tell no truth.' The House now faces overwhelming evidence that, despite repeated denials and stonewalling, the Deputy Premier was told of the need for a multimillion dollar write-down by ETSA from its cogeneration contract fully 11 months before he told the House he knew of those losses.

Today the Opposition gave the Deputy Premier every chance to come clean. He has had two months to reflect on the truth of his answers; two months to check the facts; two months to get his story straight. Again today he was asked when he first became aware of the cogeneration losses. The Deputy Premier said cockily that he had told the House all that before; he had made his statement that he first became aware of the losses in December 1997. The Deputy Premier says that it was when he read the ETSA annual report, when he was no longer the Infrastructure Minister. When he was no longer the Minister, he started reading his reports. That is the stunning reality of this, because when he was the Infrastructure Minister he said that he did not read a thing.

The list of briefings and documents marked 'Attention Minister—Confidential', which this Minister did not read, must stand two feet high. Let us go through the list of what the Deputy Premier did not read. He did not read the December 1996 Stage 3 Separation Report finalising the split between ETSA and Optima, which referred to the losses. He did not read the ETSA board minutes of February, of June, of July or of August 1997, which referred to the losses, even though he told the Chairman and head of department of ETSA that he wanted those briefings. He did not read the board papers that were given to him at weekly and monthly meetings: weekly with Clive Armour and monthly with the Chairman of ETSA. He did not read the Treasury briefings of June and July, which referred specifically to the losses. And, of course, he did not read the draft annual report delivered to the Deputy Premier's office in August 1997, which also referred to those losses.

Time and again 'Confidential—For the attention of the Minister'; time and again 'Confidential—For the attention of the parliamentary secretary (Joan Hall)'; time and again 'Confidential—For the attention of Mr Graeme Longbottom (Director of the Electricity Sector Reform Unit and a personal adviser on electricity reform to the Deputy Premier)'. It is incredible to think that the Deputy Premier did not read the draft annual report when he was the Minister, when he first read the final report so promptly when he was not. But the

Deputy Premier did not have to read to learn about the losses. All he needed to do was to listen.

Shortly after he became Minister, the Deputy Premier requested two half-day briefings from his department. Clive Armour was there; the parliamentary secretary was there; they were all there to understand how ETSA worked, what the financial position was, how the national electricity market would work, and so on. This morning the Opposition received yet another leak from ETSA, this one from briefings given to the Deputy and his then parliamentary secretary in January and February of 1997—11 months before he told this Parliament that he had heard about the losses. These were the notes, the transparencies that the ETSA officers spoke to in their meetings.

They not only told him in the briefings about the losses of the cogeneration contract, they flashed it up against the wall—but again he did not see. They told him what the figures were, but again he cannot remember. The Deputy had two half-day briefings, but nothing sank in. The document says:

The ETSA retail business absorbs losses of up to \$18 million per annum from the following specific contracts: the Osborne cogeneration contract. . .

That is the one we are talking about, Minister. That is the one that the Minister should have known about. These are the losses that make up the \$97 million losses written down. It is all there: the losses that have to be written down in some way were detailed to the Deputy Premier in January last year and then again, and again, verbally, in writing and flashed on the wall. Of course, he told the House that he did not know about it until December.

**Mr BROKENSHIRE (Mawson):** It is interesting to hear the Leader of the Opposition espousing the importance of assessing debt threats to South Australia. It is a pity that when the Leader of the Opposition was in a position of real responsibility he did not actually address the risks and losses that we as a Government are now working through for all South Australians. Had he done that, it would have made my job a lot easier in my electorate. Nevertheless, with a committed community we are getting on with the job of rebuilding the State. Part of that involves the rapidly growing and exciting residential area of Woodcroft, where we have a great mix of young people, middle aged families and retirees.

However, in my opinion and that of many of the community, there is a lack of sport and recreational facilities for young people. In the next couple of weeks I look forward to working with a consultative steering committee to which I am currently writing to formulate a plan to make sure we get adequate resources and facilities for young people in the Woodcroft area. By and large, in the city of Onkaparinga, I believe that local government in the past (and with the support currently and previously of State Governments) has done a good job in providing many excellent recreational facilities for young people, particularly facilities such as those around the Interchange and the Noarlunga Centre. Unfortunately, Woodcroft in many ways was a poor cousin to the area of Seaford Rise, a joint venture development between the developers and the State Government, set up under the previous Labor Government.

Many more resources were put into that area than were put into Woodcroft. However, even with those resources put into Seaford Rise, when we look at the community spirit, the general development and the real estate capital appreciation of the Woodcroft area, we see that they have far exceeded

those of Seaford Rise. In fact, whilst Woodcroft is almost completely built on now, more activity can still occur at Seaford Rise. Clearly, for all those young people, as representatives of the community we all have a responsibility to make sure that adequate facilities are provided. Unfortunately, in planning it is often 10 or 15 years after a new development is put in place before you see many of these facilities constructed. I do not believe that is satisfactory.

I believe that we have to be more forward-thinking and proactive when we plan developments in the future, to make sure that infrastructure in the form of playgrounds and recreational centres, drop-in centres etc., are provided for all age groups but particularly, in this case, for young people. As a result of the commitment that many people have been calling for, along with the support of local government and the community, the principals and many of the teachers in the area as well as Neighbourhood Watch leaders and people involved in youth clubs, etc., are all very keen to support this principle of having these facilities put in place.

*Mr Atkinson interjecting:*

**Mr BROKENSHIRE:** And deal with young people. I must say that 98 or 99 per cent of young people in our area are fantastic and really committed to capitalising on the opportunities they have in this State. But there is that very small percentage of young people who will never capitalise on opportunities such as recreation, even if they are on their doorstep. That does not mean that we should not be looking at providing those facilities for the rest. I believe that Woodcroft needs good recreational facilities but also the opportunity for non-government agencies, particularly those associated with the churches, to develop a drop-in centre so that young people who may have a concern or an issue, or who feel that with their friends they want to congregate in an organised format, will have the right sort of facilities.

It is a tall order, because money is tight, but it would be good if we could do more of this on a bipartisan basis. The member for Kaurana and I have been doing that in the Mawson and Kaurana electorates, and that is the way you really get results for your community. I look forward to working with the member for Kaurana in future and for more bipartisan support towards projects in the south. With respect to Woodcroft, there is a need; it is important; it is urgent, and I hope that everyone will get behind this concept and make sure we get these facilities for the community as soon as possible.

**Mr KOUTSANTONIS (Peake):** I rise with a plea to the House. Last weekend yet another young citizen of the western suburbs lost his life because, I believe, of Government inaction. The Bakewell Bridge on Henley Beach Road adjacent to Glover Terrace, leading to the western suburbs, is probably the worst bridge in South Australia. It is the only bridge that has no gutter and the only one that has no protective fencing to keep cars on the bridge, to stop them falling into houses alongside the bridge. A young lad who was speeding, I believe—and I am not quite sure of the exact details so I will not comment further—clipped a median post and then plunged to his death by hitting a Stobie pole.

In December last year, I called on the Minister to look at the bridge and take some action to try to make it safe for pedestrians, school children and motorists. I also corresponded with the Minister, asking her to go and have a look. Up to this point in time, not one bit of work has been done on the bridge. In places where cars have come off the bridge and the fencing has been totally ripped off there is plastic bunting.

The Government did not have the decency to spend the money to upgrade this bridge. All the people of the western suburbs are asking for is a safe carriageway into their suburbs. This Government has not acted.

Quite frankly, I am prepared to say that this Minister maybe inadvertently has caused the death of a young man in the western suburbs—a 23-year-old young man who had his whole life ahead of him has had it ripped away from him because of Government inaction. I guarantee that, if this bridge was in North Adelaide, it would have been fixed within five minutes of the first accident. But, unfortunately, the bridge is in the western suburbs, and we all know how much the Liberal Party admires the western suburbs, not to mention also the northern, north-eastern and southern suburbs: it holds them in contempt. And the contempt they will wear, because members of the Liberal Party show that they have no conscience or community spirit.

We on this side would applaud the Government if it did something about this bridge: I would be the first to stand up in this place to applaud and thank the Minister and let my constituents know that she had done something about this matter. But she will not. Instead, the Minister sits on her hands and does nothing. How many more people have to die before the Minister gets off her seat and does some work? It is all very well to be running around the arts community in North Adelaide, talking about their achievements. What about some real issues affecting real people? I can see the Minister for Primary Industries sitting there squirming, because he knows in his heart of hearts that this bridge should be fixed. He knows that as a matter of commonsense. He knows that the Minister pussyfoots around with fringe issues when she should be doing her real job, which is providing adequate and safe transport.

This bridge is a death trap: it has recorded the highest death toll in this State. Three people have died on this bridge in the past year, and this Government has done nothing. In a letter she wrote to me, the Minister said that the bridge has been repaired to a strength similar to that existing before the accident. I have taken journalists to that bridge to show them, and they have mocked the Minister. She has not done anything—and I have written to her repeatedly. I will applaud her if she does something. This is not about scoring political points: it is about saving lives.

If it were a country bridge or a country road, we would all be calling for it to be fixed but, because it is in the inner western suburbs, no-one cares. It is about time that the Minister drove down there in her white car, stopped on the bridge and had a look. School children queue on the bridge waiting to catch a bus. There is no protective railing at all, and the Minister will not even provide safety barriers. That is outrageous. What will happen—and I hope it never does—is that a car will collide with a group of school children, there will be multiple fatalities, and then the Minister will act when it is too late, instead of acting now and showing some leadership and courage. I urge the Government to request the Minister to act on this important issue.

**Mrs PENFOLD (Flinders):** I am delighted that the State Government has this year offered a further 1 000 traineeship positions to young people aged under 22, to be filled by the end of April. A total of 500 of these positions are to be allocated in regional areas. This is an excellent scheme, and the Government is to be commended for continuing with the program and its commitment to provide direct assistance for young people in making a successful transition from educa-

tion to work. In addition, 200 graduates under 25 and 300 non-graduates under 22 are to be placed in Public Service jobs by the end of June this year.

Since the Government's youth training scheme was launched in 1993, more than 4 500 young people have received public sector traineeships. More than 70 per cent of those young people have gone on to full employment in either the public sector or the private sector as a result of their experience as trainees. More than 2 000 applications have already been received for the 1 000 traineeships currently being made available. Obviously, the traineeship scheme has significant appeal for our young people and is perceived, quite rightly, as a potentially successful method of gaining future employment. This initiative is particularly welcome in country areas, where employment opportunities for young people are statistically lower than for their metropolitan counterparts. It provides talented young people seeking employment with the experience that prospective employers value so very highly.

The traineeships provide a training wage of up to \$345 per week and, for many young people, this is their first experience of earning their own income, with a resultant increase in self-esteem. It is common to believe that the younger generation are not motivated to work. However, as one trainee put it when told that the wage was not very much, 'Anything is better than the dole.' This is the heartfelt response from many trainees. All they ask for is a chance: a traineeship provides that chance.

I have employed three trainees in my electorate office to date, and I have been very impressed with the vigour with which these young people have seized the opportunity to gain valuable work experience. They have enthusiastically approached all tasks required of them, even the most menial. Two of these trainees have gone on to find excellent jobs at the end of their traineeship periods. The third trainee has also recently gained full-time permanent employment in private enterprise starting this June. This is a credit to the trainees, to my excellent staff, particularly Angela, who is responsible for turning out these work-ready trainees (and does so with seeming ease), and also to the Port Lincoln College of TAFE staff, who provide training for two out of the five days each week in work-related knowledge and skills training.

I have been surprised by and impressed with the calibre of young people available through this scheme, and recommend to any of my colleagues who have not yet taken on a trainee that they should consider doing so. Of the four applicants I interviewed for the most recent position, any one would have been suitable. The final choice came down to minor details that we believed would be particularly beneficial in an electorate office—local knowledge and the maturity that comes from a person only an extra few years older.

The youth traineeship program is an excellent example of how the State Government is continuing to provide our youth with real opportunities for practical work and training. I am personally grateful for the opportunity to help launch young people into the work force via this very rewarding program.

**Ms RANKINE (Wright):** A short while ago, we heard a ministerial statement from the Minister for Aboriginal Affairs advising this House that today is National Sorry Day. One year ago today the Bringing Them Home report was published—the report into the impact of the policies and practices of Australian Governments whose sole objective can only be described as the elimination of Aboriginal people from this country. Cooperatively, we had State and Federal

Governments implementing the most cruel and barbaric acts that can possibly be inflicted on any race. They implemented the process of separating children from their parents, brothers and sisters. They denied them their culture, heritage, religion and language.

These children were subjected to the humiliation of having their aboriginality graded according to their skin colour, in order to determine the opportunities they would be provided with. These policies dictated, for example, who they could marry. Light-skinned young women could marry white men; they could not marry full-blooded Aboriginal men. Just like raising cattle, the Government's aim was to separate them from their support structures and breed them out of existence. In many instances, these children were subjected to the most vile acts of humanity at the hands of those entrusted with their care—abuse and cruelty which most of us could not even begin to comprehend. They were beaten, raped and abused. I challenge anyone to read the stories of those who gave evidence to the inquiry and not be moved to tears. Ironically, these abuses occurred all in the name of welfare.

Today is our chance as a nation and as individuals to recognise the enormous wrongs which were inflicted on the Aboriginal people of this country. It is our chance to say that we are sorry and, in doing so, as a nation we are taking a positive step forward. We are taking a vital step in ensuring that this does not happen again. In the lead-up to today, I have heard a number of people say, 'It wasn't me. Why should I accept guilt and responsibility for what happened in the past?' Today is not about the guilt of individuals. It is not about my guilt, the guilt of members present or that of individual members of the public. It is about our guilt and our wrongdoing as a nation. It is important to remember, however, that these actions were inflicted on individuals. It was individuals who suffered—individuals my mother's age, my age and my children's age, and all because their skin was dark.

Today these people are handing non-Aboriginal Australians an enormous gift: the gift of forgiveness. I for one appreciate the enormity of this gift and say, 'Thank you'. The truly sad thing about today is that we do not have a Prime Minister with the courage, commitment or humanity to be able to offer a formal apology to our indigenous brothers and sisters. He just cannot bring himself to say on behalf of our nation 'We are sorry'. He could well take the lead from our churches and local councils, such as the Salisbury and Tea Tree Gully councils, both of which have actively supported the signing of the 'Sorry Book' and both of which actively support reconciliation.

For an apology to come from our Prime Minister now would be meaningless. Aboriginal Australians deserve better than an insincere mouthing of words. I look forward to the day in the not-too-distant future when we have a Prime Minister of this country who will not shirk from showing leadership, who with real sincerity and true compassion will be prepared to say on behalf of every Australian, 'We are sorry'. Then and only then, when we formally recognise the wrongs of the past, will we be able to move forward to true reconciliation in this country.

**Mr HAMILTON-SMITH (Waite):** I rise to talk of the challenges facing regional shopping centres within the Adelaide metropolitan area and, in particular, to talk about the future of Mitcham Shopping Centre, which is a major community focus for the year 2000 and beyond. We need a continuing vision for the development of Mitcham Shopping Centre which, in my view, could include the construction of

up to six cinemas, another major retail outlet, essential community service offices, and more cafes and restaurants with associated car parking. The shopping centre is in a run-down state and is in urgent need of refurbishment and expansion.

It is essentially up to the residents of Mitcham: we can see the shopping centre fade away or we can see it become a vibrant hub for local people of all ages. I congratulate the Mitcham council and, in particular, Mayor Yvonne Caddy, CEO Tony Lawson and Alderman Eldert Hoebee for their recent efforts to bring together developers, local shopkeepers and interested community groups in order to develop a vision for the redevelopment of the district centre. It is private investment which will ultimately provide the capital to enable that redevelopment to occur, and I encourage those private developers not to approach the problem in a piecemeal manner. I understand that previous attempts by developer Mr Noel Taplin of the Taplin group to uplift the site met with resistance and that investment dollars went elsewhere.

Mitcham council is showing leadership and is facing up to the challenge by bringing the parties together to develop a new focus for the centre. The business viability of Mitcham Shopping Centre is under attack from competition at Unley Shopping Centre, Burnside Village Shopping Centre, and the newly extended Westfield Marion. I commend Mr Ken Morgan of the Mitcham Shop Traders Association and the other proprietors who form part of that group for their ongoing determination to stimulate growth.

If we do nothing, Mitcham Shopping Centre may simply wither on the vine as shoppers go elsewhere. The future for Mitcham Shopping Centre is probably to become a boutique, more upmarket style of shopping centre with a pleasant village atmosphere. The potential exists to open up more of Brownhill Creek, to complement the pleasant Mitcham Village architectural environment, and to work within the Mitcham tourist precinct vision.

For example, in the past council has considered relocating its offices to the west side of Belair Road as one part of the Mitcham centre redevelopment. The library, which is currently on the western side of Belair Road, could be subsumed into a new Mitcham council office development, thus opening up more space for the district centre. These are all options that need to be considered. There may be potential for land around Mitcham Railway Station to be used within the context of this redevelopment, to increase the use of the Belair line and to make Mitcham Railway Station a centre-point of the development.

If we can create another 30 or 40 jobs for young people by developing Mitcham Shopping Centre and adding more shops, I am for it. If we can encourage local kids to come to the movies at Mitcham rather than go to Hindley Street, that can only be good for local families. Let us consider all the possibilities. There is nothing wrong with thinking big about the future of Mitcham. I encourage the community to continue to move forward with these visionary plans to redevelop Mitcham Shopping Centre. It is vital to the electorate of Waite.

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#### IRRIGATION (DISSOLUTION OF TRUSTS) AMENDMENT BILL

Adjourned debate on second reading.  
(Continued from 26 March. Page 836.)



**Ms HURLEY (Deputy Leader of the Opposition):** This Bill is necessary because of the Government's privatising of the Government irrigation schemes. When the privatisation occurred, the matter of the trusts' exemption from sales tax from the Australian Taxation Office was not considered. The conversion of the eight Government irrigation trusts under the Irrigation Act to effect self-management meant that the new trusts no longer enjoyed exemptions from sales tax. In fact, on examination by the Australian Taxation Office, exemption was granted but on an interim basis only. This Bill seeks to provide the trusts with two options: first, to leave the trusts as they were set up under the Irrigation Act, which means that they are not sales tax exempt. This means that on dissolution of any of those trusts the assets, rights and liabilities pass to the members of the trust as per the current provision.

The Bill's second option provides that on dissolution of a trust the assets, rights and liabilities of that trust could be passed on to another trust or, if that is not possible, to the Crown. This again illustrates some of the pitfalls of privatisation and the hidden possibilities of such an action when the Government does not thoroughly investigate the situation. However, the Opposition has consulted with the South Australian Farmers Federation and is informed that the irrigators are happy with the Bill as it stands. They are also happy to be given those two options and the possibility of restructuring the trusts, if they so desire, so that they do, in fact, qualify for exemption from sales tax. On the basis of the irrigators' approval and the realisation that it is a sensible provision, the Opposition supports the Bill.

**The Hon. M.H. ARMITAGE (Minister for Government Enterprises):** I thank the Opposition for acknowledging the value of this Bill. I am virtually dumbfounded at the way in which privatisation was wound into this attempt to do something that is completely and utterly sensible. However, given that it has occurred, I do not think we will debate it any further. I thank the Opposition for its support.

Bill read a second time and taken through its remaining stages.

#### **ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) BILL**

Adjourned debate on second reading.

(Continued from 18 March. Page 708.)

**The Hon. M.D. RANN (Leader of the Opposition):** The introduction of this Bill into the Parliament for the sell off of ETSA and Optima, probably to foreign interests, makes today a day of great sadness for the people of South Australia. However, South Australians are not just unhappy because everywhere I go South Australians tell me that they are incensed and angry about the way they were deceived by the Liberal Party before the last election and about the untruths they have been told since. They are angry about the deceptions, angry about being regarded by the Olsen Liberal Government as fools who cannot see through the deception, and angry that, once again, this Liberal Government is determined to sell South Australia's largest publicly owned asset to foreigners.

In the last election all three Parties—Liberal, Democrat and Labor—pledged to maintain South Australian and public ownership of ETSA and Optima, but today only one of these Parties has maintained a clear categorical commitment to

keep ETSA public and South Australian. Only Labor has the same position today as the policy that it put forward in the last election. Labor said that it would keep ETSA and Optima South Australian. It said that it would make the last election a referendum on privatisation, and when it did so, and it produced evidence of a clear Liberal plan to sell off South Australia's power assets, the Premier and his hapless Deputy denied it.

Those denials were part of the Liberal Party's cynical plans to deceive the electorate. The Liberal Party's deception goes back at least two years, and it continues today. But now that the election is over, the Australian Democrats may be preparing to allow the wholesale privatisation of ETSA and Optima, despite having had as its election slogan: Don't Sell South Australia Short. I say to the Australian Democrats: do not accede to the sell off of our ETSA; remain true to your campaign slogan of the last election—Don't Sell South Australia Short. In this speech I will continue to outline the Liberal deceptions that have brought to a new nadir the people's confidence in this Olsen Liberal Government. I will then show that the Olsen Government's case for selling our power assets does not withstand scrutiny.

The Olsen Government is a policy-free zone. What passes for policy under this Government is nothing more than privatisation—pure and simple. It is about ideology. The Government has failed lamentably to make its case—however helpful some of the journalists around town have been in swallowing the line. At one point the Government claimed that we had to sell ETSA under national competition policy, but that was just another untruth. At other points the Olsen Government has claimed that even if we do not have to sell we should anyway because ETSA will fetch a good price now but will only decline in sale value in the future. That is nonsense.

They have said that we need to sell to deal with our debt, but that, too, is a *non sequitur*. Our power companies contribute healthy dividends to consolidated revenue and have the potential to continue to do so well into the future. Any asset sale can reduce debt at the expense of reducing our asset base and probably our ability to service our remaining liabilities. Those in the media repeating the Olsen Government's claim that the sale of ETSA is justified to reduce debt need to do more than reproduce the press releases of our policy-free Premier.

This privatisation is not about the requirements of national competition policy. It is not about getting a good price now because the future price would be lower. It is not about deeper reductions in our levels of debt. John Olsen wants to privatise ETSA and Optima because he wants to use the proceeds to buy his way back into office at the next election. But make no mistake: if the Premier is allowed to do that he will have left the State in a worse financial position and not a better one.

But first I come to the Liberals' deception. I know that there are some, including some in the media and some members opposite, who say, 'Can't we forget that there was a big lie from this Government before the last election? Can we not put that behind us and move on?' If they could not tell the truth before the election, how can we believe them now? That is the key question and why the question of this deception is so important.

When I spoke on this matter in the Parliament last February I described the events leading up to the Government's announcement on 17 February that it would privatise ETSA and Optima as a conspiracy to deceive. The infor-

mation that has come to light since I made that speech not only confirms that there has been a conspiracy to deceive. The information that has come to light since I made that speech not only confirms that there has been a conspiracy to deceive the people but also that this conspiracy is one of the most despicably orchestrated conspiracies in our State's history.

John Olsen has been actively planning for the privatisation of ETSA and Optima for at least two years. In April 1996 Labor revealed documentation showing detailed legal work being done to plan the privatisation of ETSA that avoided State Parliament, just as the Premier had done with the privatisation of water. John Olsen responded with the following unequivocal guarantee, which was aired on ABC TV news (and I quote him directly):

The Government is not considering, nor ever will it be considering, privatising either in full or in part the Electricity Trust of South Australia.

On 16 September 1997 the Premier told Nine News:

We are not pursuing a privatisation course with ETSA.

On 21 September the Adelaide *Advertiser* quoted the Premier in relation to power during the election campaign when we again said that ETSA would be privatised after the election. Let me quote the Premier, as follows:

I have consistently said there will be no privatisation and that position remains.

In response to allegations from Labor that the Liberals would privatise ETSA and Optima after the election, the hapless Deputy Premier told Channel 9:

This is obviously part of a Labor lie campaign.

He told ABC TV:

There is no sale of ETSA, there's no plan for the sale of Optima Energy—full stop.

Full stop, full stop, etc., etc., etc. As to the Schrodgers report, no less than the Managing Director of ETSA, Mr Mike Janes, and ETSA's Chief Executive Officer, Mr Clive Armour, have shown as untrue the Premier's claims, as well as those of the Deputy Premier, that they were not actively examining and pursuing the sale of ETSA behind the backs of the Parliament and the people while denying that they were doing just this.

Mr Janes' and Mr Armour's evidence to the Economic and Finance Committee's inquiry into ETSA's privatisation revealed that the privatisation of ETSA was under active consideration by ETSA and the Government prior to the last State election. Mr Janes told the Committee that ETSA began discussion of privatisation in February 1997. ETSA commissioned the merchant bank Schrodgers to advise on the pros and cons of public ownership and the possibility of privatisation. He went on to say that the then Infrastructure Minister and present Deputy Premier was advised of the Schrodgers consultancy at this stage and that the Premier was told about the Schrodgers consultancy by Mr Janes in May.

Mr Janes stated that he met with the Premier and with consultants from Schrodgers in Sydney—one of the Premier's infamous trips to Sydney, one of his little trips to Sydney that we have all been hearing about, not in Adelaide where it would have been more difficult to deny to the media and the public—on 6 June 1997. At no time did the Premier point out to the ETSA executives or to Schrodgers that the policy of the Government was that ETSA should not be sold and that the corporation should save the \$50 000 it was spending on this consultancy.

After this the Deputy Premier was further briefed on the Schrodgers consultancy—in Melbourne, this time, on 18 July 1997. Why did the Premier and Deputy Premier allow this to occur and, in fact, conspire to keep this inquiry secret if the Premier was not actively pursuing the privatisation of ETSA? Mr Janes told the committee that in November he and Clive Armour agreed to keep working on the Schrodgers report despite the Liberals' denials that there were plans to privatise ETSA and that this was 'obviously part of a Labor lie campaign'.

Mr Janes told the committee that he told the Premier on 25 November that work was continuing on the Schrodgers privatisation report. Mr Janes said the Premier told him he should tell the new Minister for Infrastructure, as a matter of courtesy, what was going on. Mr Janes emphasised that all this activity was highly secret and said that only the Premier, the Deputy Premier, Mr Janes himself, Mr Armour, Schrodgers and a single ETSA officer working from home were aware of this activity, which was kept from other ETSA personnel and the public of South Australia—the conspiracy to deceive.

Given that the Government is the single shareholder in ETSA, the Government and its head, the Premier, would have been entitled to instruct these ETSA executives that, as the Government's publicly stated policy was not to sell ETSA, then the Schrodgers consultancy should not proceed. That did not happen, because the real policy of the Olsen Liberal Government has all the time been to pursue the privatisation of ETSA while telling the people that it was committed to retaining ETSA in public hands. That is why there were grubby trips to Sydney. That is why there were meetings not in this State but behind closed doors. That is why we have seen this Parliament misled day after day, month after month, about these grubby deals.

Of course, the Premier has claimed that he could not direct the Chief Executive Officer and the Chairman of ETSA about whether to spend money on a consultancy that flew in the face of the publicly announced policy of the Olsen Government that ETSA should not be sold. Is it not interesting, then, that neither the Premier nor the Minister for Government Enterprises has had the same policy of non-interference when it has come to officials of ETSA and Optima making public statements about the proposed privatisation? Those officials have been gagged by edict of the Minister.

The Premier, who said he could not possibly tell ETSA officials to observe his Government's supposed policy that ETSA should remain publicly owned, now has no problem with introducing a veil of censorship over ETSA and Optima officials who have now been gagged. They are not allowed to employ new staff or write a contract for more than \$300 000 without the approval of the Minister. So much for their independence. So much for the Premier's dishonest claim that he could not possibly have told the ETSA board to desist from actively investigating privatisation when this was against the publicly announced policies of the Olsen Government.

The independence and freedom of the ETSA CEO, that independence and freedom that the Premier has used as part of his defence, was no consideration whatsoever when the Premier and Minister stopped him from addressing the Australian Institute of Company Directors on 6 May because he had not sought the Minister's prior approval and because his speech had not been vetted. All this activity in favour of privatising ETSA and Optima was taking place at the same time that the Premier and his Deputy made unequivocal assurances to the Parliament and in the media that the

privatisation of ETSA was not under consideration by the Government. I shall quote from some of these. Just days after the Premier's secret meeting with Schrodgers—that is one of these meetings in Sydney to which I was referring—he denied that privatisation was under consideration. What was he doing in Sydney? In response to my questions concerning ETSA privatisation, the Premier told Parliament's Estimates Committee on 17 June 1997:

No Government, current or future, would deny the revenue flow. I simply ask the question, 'Why on earth would you simply sell something when the revenue flow from that sale—that is, the debt reduction and the interest saved—did not equate to the revenue flow out of the sector on an annual basis?' That is just not logical. One only has to look at the budget sheet to see what the industry is generating for us now.

During the election, the Premier stated:

We are not pursuing a privatisation course with ETSA.

That was on National Nine News, 16 September 1997, during the campaign itself. If the Premier was not pursuing privatisation, why the Schrodgers report? Why the meeting in Sydney? Later in the election campaign, the Premier said again:

I have consistently said there will be no privatisation, and that position remains.

That was in the *Advertiser* of 21 September 1997. In Parliament on 17 February this year, the Premier stated:

Returning to ETSA and Optima, it has always been my intention that those assets stay within State ownership. And I have said so numerous times. So what has changed? The answer is, 'A lot.' It has only been in the past few months that the ramifications of the national electricity market to the State Government owners of power assets have become evident as the national electricity market becomes imminent.

He went on to say:

Twelve months ago, even three months ago, we had no indication this was likely to be the result to South Australia of the national electricity market.

That is totally untrue, and a wad of documents delivered to me today, which came from senior ETSA executives—and there are many more documents to be released in and outside of this Parliament—show that that is untrue.

In Parliament on 18 February, in response to the question, 'Does the Premier stand by his denial that the Government was working on plans to privatise ETSA and Optima before the State election?' the Premier replied, 'The first occasion on which I raised with Cabinet the gravity of the risk and the circumstances that needed to be put in place was 22 December, and that was as a direct result of the first publication of those reports'—that is, the Auditor-General's Report and independent advice collated during December and January—[supposedly] quantifying the level of risk.' Well, that is another untruth. ETSA and the Government had commenced work with Schrodgers on privatisation a year earlier and, hence, the Premier's secret meetings in Sydney.

When asked in Parliament on 24 March this year, 'Will the Premier now confirm that the Government, ETSA or Optima last year commissioned the investment house Schrodgers to report into future options for ETSA and Optima, including privatisation, and will he release that report publicly?' the Premier responded, 'I will seek the information and advise the House.' The Premier already had the information. He simply wanted to hide the truth from the people and the Parliament of this State. While we are talking about the Premier's trip to Sydney, let us not forget our globetrotting Deputy Premier. Let us not forget that the Deputy Premier

was advised by ETSA of the Schrodgers consultancy in February 1997 and met with Schrodgers in Melbourne in July. Just one month before, on 19 June 1997, the Deputy Premier said in the Parliament, 'The assets of ETSA and Optima Energy are not for sale' (*Hansard*, 19 June 1997).

Let us talk about the Scarsella minute on privatisation. Mr Scarsella was a close associate of a number of members opposite. Early in April the Opposition was leaked a confidential internal Government minute signed by the Acting Managing Director of ETSA from April 1997 to the Deputy Premier that openly canvasses the privatisation option. That is two months before the Deputy Premier said, 'No work is currently being done within ETSA or ETSA Power regarding a projected sale.' But he received a detailed minute that advises him from within ETSA on how to privatise ETSA given the deal the Government had already done to lease ETSA assets with two US companies, Insulator Leasing and Stobie Leasing, both based in the Caymen Islands. The minute is all about how to privatise, given the lease deal. The advice given by Mr Scarsella, that is, either to arrange a sublease of the transmission facilities or by forming a company and offering shares in it provided that the private operator enjoyed a State Government guarantee, is reflected almost exactly in the legislation before the House this day. In his speech introducing the legislation on 18 March the Premier said:

Importantly, the Bill enables the sale of electricity assets or shares in a State-owned company which holds those assets. A lease, licence or other rights over electricity assets could be granted (*Hansard*, 18 March 1998).

If privatisation were not being considered by the Premier and the Deputy until after the last State election, why the need for the Acting Managing Director to provide detailed advice on how privatisation could be achieved after the ETSA lease deal?

Let us refer to the Auditor-General's Report. The Premier claimed it was the Auditor-General's Report on the supposed risk to ETSA and Optima arising from the national electricity market that convinced him of the need to sell ETSA after all his hand-on-the-heart statements that ETSA was not for sale and would never be put on sale by his Government. He claimed he had not seen the Auditor's Report, nor had he been briefed on it until after the October election; in fact, he knew nothing of it until the Auditor-General's Report was tabled in Parliament last December. But, once again, he was caught out not telling the truth.

The Auditor-General told the Economic and Finance Committee that he had supplied his views on the risks associated with the national electricity market to no fewer than seven agencies in July 1997. So, the Auditor-General is telling us that he advised seven Government departments, seven departments with seven Ministers, in July 1997; yet the Premier and the rest of the front bench line-up, which is increasingly looking like a police line-up, is telling the public and the Parliament that they did not know about it until the Auditor-General's Report in December this year. To protect himself the Premier made the Chief Executive Officer of his department, Ian Kowalick, together with others such as the Deputy Premier's adviser, Graeme Longbottom, his human shield. He said that they failed to advise the Ministers and the Premier that they were employed to serve of the supposedly acute risk to ETSA not only prior to the election but also for two months after it as well.

The Premier says it was their fault. He says it was Kowalick's fault; it was Graeme Longbottom's fault—only

no heads were rolled because if you believe John Olsen there is some opaque convention never before heard of or since substantiated that prevents public servants from doing their jobs. If Ian Kowalick and Graeme Longbottom failed to advise their Ministers of these losses and of these risks, they should have been sacked. But they have not been sacked: they have been given a huge wage rise after they testified in favour of the Premier (or certainly Mr Kowalick was). We just have to see the situation where in fact Mr Kowalick seems to be playing Manuel to the Premier's Basil Fawly in who knew who, who is more incompetent than the other and who is telling the truth.

Let us talk about the Deputy Premier and the \$97 million write-down. There is more in this tangled web of deceit. The Deputy Premier told us all that the decision of the ETSA board to write-down the value of ETSA's assets by \$97 million was one of the reasons he had decided ETSA had to be sold and that he only became aware of the write-down during December when the ETSA annual report was tabled in Parliament. Leaving aside the fact that the write-down had precious little to do with the national electricity market, true to form John Olsen apparently cut a cogeneration deal that substantially disadvantaged ETSA and substantially disadvantaged the State.

Let us look at the evidence of when the Deputy Premier, his parliamentary Secretary and his staff became aware of the write-down. Once again, it was ETSA's Managing Director, Clive Armour, who exposed the Deputy Premier's dishonesty. He confirmed that a draft copy of ETSA's annual report, which included full details of the \$97 million write-down, was provided to the Deputy Premier in August last year and also to Mrs Joan Hall, MP and the Deputy Premier's Senior Adviser, Graeme Longbottom.

It is interesting to hear the story of the parliamentary Secretary, now the Minister for Employment. The word we hear from the department is that she cannot cope. Whenever there is a problem with unemployment figures or when there is a Cabinet submission, she cannot cope. We observed the bizarre spectacle when the Minister heard that the Opposition would aim a series of questions at her during the last session of Parliament—she hid in her office.

Well, the Minister will not be able to continue to hide, because it was the same parliamentary secretary who, during a series of meetings with ETSA, constantly complained that the reason she was not coping with the debate was that she was not getting briefings and minutes. This so annoyed ETSA's executives that they sent them doubly to her: they sent them by Ansett courier to her electorate office and to her home so that she might be better briefed. Yet, we saw on television the same member for Coles saying that she could not recall ever receiving or seeing any information about these issues.

Mr Armour has also told the Economic and Finance Committee that a document was provided to Cabinet in or shortly after December 1996. This document arose from a December 1996 meeting of the steering committee on the separation of ETSA and Optima. That is when the two organisations were to be split. It indicated that there would be a need for a write-down. That committee contained no fewer than 14 Government representatives and officials, including Mr Armour himself. Not only that, Mr Armour said that detailed board minutes were provided after each board meeting to the Deputy Premier, his parliamentary secretary (Mrs Joan Hall) and Mr Longbottom, who is to give evidence tomorrow.

Mr Armour and Mr Janes also said that detailed discussions of the write-down were provided in the board minutes to the Deputy Premier and to his parliamentary secretary, the member for Coles, following the February, June, July and August 1997 meetings of the board of ETSA, with the final amount of the write-down being determined at the August meeting. Mr Armour also said that the ETSA draft annual report containing detail of the write-down and prepared for the August 1997 board meeting was addressed specifically to the Deputy Premier and to the member for Coles. In addition, in the previous week's hearing of the Economic and Finance Committee the Under Treasurer said that the Treasury observer at ETSA board meetings provided to the Deputy Premier and the Treasurer written reports following the June, July and August meetings, which contained information regarding the \$97 million write-down.

Yet the Premier and Deputy Premier would have South Australians believe that the first they knew of the \$97 million write-down was after the election. On 19 February the Deputy Premier told the House:

When the annual report of ETSA was tabled in this House is when I became aware of it, as did the Premier and everyone else in this House.

That is, on 2 December 1997. But then the Deputy Premier changed his story. On 26 February the Deputy Premier said he:

received the annual general report from ETSA, and that was during the election period.

That was told to Parliament on 26 February. When I moved that the Speaker investigate whether the House had been misled by the Deputy Premier about the time he was first made aware of the \$97 million write-down, he made the following explanation, if one can use the word:

When answering the question today I used the words, 'I received the information', which meant that my department received it.

It was not his department, it was him. He had been told in January and February in two half-day briefings, which the parliamentary secretary (now the junior Minister for Employment) attended. He was told in a series of verbal briefings. He was told in more than seven written briefings delivered in triplicate to the Deputy Premier, to the new Minister for Employment (then parliamentary secretary) and to Graeme Longbottom.

The Deputy Premier's explanation to the House continued saying that his office had received the ETSA annual report during the election campaign when the Government was in caretaker mode. He said that only after the election, when he ceased to be the Minister responsible for ETSA and Optima, did the Deputy Premier actually get around to reading the ETSA annual report and learn of the \$97 million write-down. No-one with whom I meet or to whom I speak believes the Deputy Premier's explanation. He wants us to believe that, despite the fact that he was warned more than seven times before the calling of the last State election that there would be losses because of the cogeneration deal and a need for a write-down, he had read not a single word of it.

His parliamentary secretary (now the junior Minister for Employment and Youth Affairs) apparently did not read it either, if you believed her on television, and certainly did not breathe a word of it to him. Neither did Graeme Longbottom, the adviser and the director of the Electricity Sector Reform Unit. He was told about it, but he did not mention it to the Deputy Premier or the hapless parliamentary secretary. Neither did the Treasury representative on the separation

steering committee. Hence it goes on and on. Yet the Deputy Premier, whose defence is he reads nothing about his portfolio as a Minister, would have us believe that he read about the ETSA write-down only after he ceased to be the Minister responsible for ETSA. Suddenly, after his portfolio was taken away, he got interested in the detail.

If there were a scintilla of truth in any of the Deputy Premier's spiel, then all concerned—the Deputy Premier, the Minister for Employment and each of the responsible officers—should be sacked for their indolence, their fecklessness and their absolute incompetence. But everyone knows that the Deputy Premier did not tell the Parliament the truth. Today documents leaked to the Opposition show that the Deputy Premier was briefed in detail about ETSA's financial position and about the losses to ETSA from the cogeneration deal in January and February 1997, and these losses would require a substantial write-down in the value of ETSA.

I will say this: more documents are to come. If I were the junior Minister for Employment I would eye my office with a great deal of detail before I leave it very shortly. Let us talk about the FOI documents. Last Friday came the Government's response to Labor's request under freedom of information legislation for documents relating to consideration by the Government and ETSA for future privatisation. Its response was disgraceful. Let us remember that today, in a bid to get the support of the three Independents (and I know the Deputy Premier has been down to the South-East and that he has been talking to the Democrats and I know there are various offers around for all sorts of things), we have been told that the Parliament can have access to all the information.

*The Hon. G.A. Ingerson interjecting:*

**The Hon. M.D. RANN:** The Deputy Premier says I am lying.

**Mr FOLEY:** I rise on a point of order, Mr Acting Speaker. The Deputy Premier has referred to the Leader of the Opposition as a liar and also as a lying hound. I would ask him to withdraw those remarks.

**The ACTING SPEAKER (Mr Brokenshire):** I could not hear any of that, over the noise. If the Deputy Premier did say that, I would ask him to withdraw the remarks, which I could not hear.

**The Hon. M.D. Rann:** You could ask him whether he said it: that is the usual practice.

**The ACTING SPEAKER:** Does the Deputy Premier wish to withdraw his comments?

**The Hon. G.A. INGERSON:** I withdraw.

**The ACTING SPEAKER:** The Leader.

**The Hon. M.D. RANN:** Thank you, Sir.

*The Hon. G.A. Ingerson interjecting:*

**Mr FOLEY:** I rise on a point of order, Mr Acting Speaker. Having just withdrawn the word 'lying', the Deputy Premier just then interjected, 'But don't lie any more.' I again ask the Deputy Premier to withdraw that remark.

**The Hon. G.A. INGERSON:** I withdraw.

**The Hon. M.D. RANN:** When he made his interjections the Deputy Premier was referring to my claim that today the Premier offered all the information to the Parliament so that we could deal with this Bill in a substantive way. Let us remember that this is the same Government that has refused access to nearly 1 200 documents plus attachments; so much for having access to all the information we need! The Government will not give us all the information we need: only the information it is prepared to give us, and so far it gets caught out every single day. The Government released

only about 20 per cent of the total number of documents identified. They were chosen for release simply because they could be released without exposing the Premier's deception. No Schrodgers report or report of the separation steering committee was provided, yet we know that these documents exist and that they reveal plans for the privatisation of ETSA going back for years.

The Premier tells us that he has nothing to hide and that he has told the truth, yet his behaviour and the Government's refusal to release relevant documents under freedom of information legislation sends the clearest possible message to the people of South Australia that the Premier is not telling the whole truth about this grubby deal. Let me just say this today: I am making an offer to the Parliament. The Premier and Deputy Premier will not release the suppressed documents. A year ago the Premier and Deputy Premier would not release the water documents that they suppressed—the documents that I was fighting in court to release publicly so that the public of this State could see the grubby deals behind the water contract. I released the suppressed Government documents, and I tell members opposite that that process will begin again. I will release suppressed documents, the truth will come out and those who deceive will be caught out.

Let us talk about the Economic and Finance Committee inquiry. Finally, much of the truth about the activities of the Premier in support of the privatisation of ETSA has come to light because of the inquiries of the Economic and Finance Committee. The committee was urged to establish this inquiry by the member for Waite—who apparently had no idea that witnesses before the committee might actually say something about what has been going on that might not please the Government of the day. Today I released some more documents about the ETSA deal that the Government did not want released, and those documents reveal that the Deputy Premier was briefed in January and February of 1997 and exposes as untrue the Deputy Premier's repeated claims that he learned of the write-down only after the election. The information flow is strong. Let me go into some of the background of this.

The day after Anzac Day I received a call at home in the early evening from a person who said that they had information about ETSA's privatisation and the \$97 million write-down. I was told that senior officers of ETSA were in a panic over what happened regarding the write-down at the previous week's Economic and Finance Committee hearing. I was told that ETSA and Government officials had been working over the weekend on the sixth floor of ETSA to prepare a defence for ETSA, for the Deputy Premier and for the member for Coles. The message was: 'We have to look after the member for Coles. The Premier needs her: she is an important link in terms of his position.' So, the Deputy Premier, whom the Premier disparages widely behind his back, and the member for Coles, whom the rest of the Caucus disparage widely behind her back, are some kind of human shield for the Premier. I was told that the Crown Solicitor (Mike Walter) was working with ETSA's Basil Scarsella on questions and answers for witnesses.

**Mr BROKENSHIRE:** On a point of order, Sir, I have been listening to this for some time and I ask you to rule on relevance with respect to the Bill we are debating.

**The DEPUTY SPEAKER:** I have just sought advice on that. I think it important that the Leader of the Opposition get back to what this Bill is all about, and it is not the future of the member for Coles.

**The Hon. M.D. RANN:** It is, actually.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. M.D. RANN:** I was told that Crown Law was working with ETSA to fix up the questions and prep the answers for the Economic and Finance Committee. I was also told that the Chairman of ETSA held monthly meetings with the Minister and that the CEO of ETSA (Clive Armour) had weekly meetings with Deputy Premier Ingerson when he was Minister for Infrastructure.

*Mr Brokenshire interjecting:*

**The Hon. M.D. RANN:** Here is the man who promised both leaders that he would vote for them, both before and after the leadership change. He said, 'Don't worry, Dean, I'm right behind you.' He said, 'Don't worry, John, you've got my support. We can't have that hopeless Dean.' This is the credibility of the man they call 'the rat' in his Caucus.

*Mr Brokenshire interjecting:*

**The Hon. M.D. RANN:** So, here we go. Subsequent phone calls—

*Mr Brokenshire interjecting:*

**The DEPUTY SPEAKER:** Order! The member for Mawson.

**The Hon. M.D. RANN:** Subsequent phone calls from this and other sources over the follow days, including when I was in Western Australia, fleshed out the game plan. I was told that as a new Minister Graham Ingerson required specific briefings to introduce him to the portfolio. There is nothing unusual about that. Apparently he wanted two half-day meetings. Half-day briefings were arranged for 21 January and 18 February 1997.

**The Hon. G.A. INGERSON:** That's right.

**The Hon. M.D. RANN:** 'That's right,' he says. The presentations explicitly canvassed the losses of ETSA retailing as a result of the Osborne cogeneration deal, the very issue of which the Deputy Premier has told this House that he became aware only after the election in December. But 11 months before, he was in there, slides on the wall, welcome to prep school. Here he is: 'You are a Minister now, this is your empire. These are the problems of the national electricity market; these are the potentials; these are the losses that we have incurred because of John Olsen's cogeneration deal,' and so on. I was told that the member for Coles attended both meetings and that the Minister specifically asked for a valuation of ETSA and for a detailed briefing on the financial position of ETSA and the risks of entering the national electricity market.

Both meetings followed the December 1996 identification of the need for a write-down. I was told that Graeme Longbottom, as a personal adviser to the Minister and Director of the Electricity Sector Reform Unit, briefed the Minister about the write-down and the problems with the Premier's cogeneration contract that required ETSA to purchase power at too high a price. However, I was told that Graeme Longbottom had agreed to tell—

*Members interjecting:*

**Mr Foley:** He said, 'Wait until tomorrow.'

**The Hon. M.D. RANN:** That is exactly the point I am about to address. The Deputy Premier says he and his staff have not spoken to Graeme Longbottom, but he knows what he is going to say and I know why. I was told this weeks ago—not just yesterday, last night and this morning when again I spoke to people giving me ETSA information: I was told about the stitch involving Graeme Longbottom. I was told that Graeme Longbottom had agreed to tell the Economic and Finance Committee and even, if necessary, to sign

statutory declarations, that he did not brief his Minister about the write-down, even though he did. I was told that the Liberals are boasting about it. I hope that this is one piece of information given by this source and these sources—because they have given us hundreds of pieces of information, all of which have been proven to be true—about which they are not correct. The parliamentary secretary or Junior Minister, who is up to her ears in this, need not smile. Your day is coming, Joan.

**The Hon. G.A. INGERSON:** On a point of order, Mr Deputy Speaker: whilst personal attacks are part of this game, there is a process in this House that requires members to be named by their district, and that ought to be observed.

**The DEPUTY SPEAKER:** I uphold the point of order.

**The Hon. M.D. RANN:** Yes, the member for Coles will have her day in this House. We look forward not to a day that she is in the office hiding but to the day when she is sitting there answering questions. She will have a great day in this House for which all of her colleagues will remember her. The Olsen Government, in particular the dwindling coterie that formed the Premier's support base, has orchestrated a singular deception.

But Labor is very concerned that the Australian Democrats may be softening up to the public and the media for a back-flip or a compromise or two. The Hon. Sandra Kanck appears to have been laying the ground for the Democrats to accede to the sell-off of ETSA. Sandra Kanck appears to have swallowed much of the Government line, that there are big risks with continuing to own ETSA, that we could lose competition payments.

It is interesting that the Queensland Premier and the Queensland Opposition Leader have just come out to declare their unmitigated opposition to the private sell-off of Queensland Electricity. It will be interesting to see whether, if Mr Borbidge wins the election, he has some advice on how to con the people before the election and con them after as well. We understand that, if they can cannot get through an outright sale, the 99-year lease they will negotiate will net taxpayers perhaps \$1 billion less. That is what they are being told.

Last week Sandra Kanck was doing the Treasurer's bidding for an outright sale of ETSA for the Government. She said, 'Unless there was an outright sale, they are talking about a loss in terms of billions on the trade price.' That is not what the Treasurer told me, the Deputy Leader of the Opposition and the member for Hart just a few weeks ago—but we will talk about that later.

So, the Democrats are taking submissions from interested parties and individuals on the issue. I say to the Democrats today: 'Do not sell South Australia short by selling out ETSA. Keep faith with the people who voted for you at the last election. You have the ability through your numbers in the Legislative Council to keep an election promise and to do something in the best interests of South Australians—don't sell them out.'

We know the Democrats are being courted by the Treasurer, with soothing words and bogus environmental trade-offs, for agreeing to the sale, and perhaps courted also with some regional development or other packages. Those environmental and other packages would only be window-dressing for a rotten decision. The Democrats actually have the opportunity to make a decision on principle for the benefit of South Australia, consistent with their pledge to the electorate at the October election. The Democrats must not

once again crumple or become accomplices to the Liberal's deceit.

I have noted with interest the curious position of our daily newspaper, the *Advertiser*, on this issue. The *Advertiser* is demanding that the Opposition and I fully explain our position on the ETSA sale and detail how we fund debt reduction and maintain both revenue and expenditure if ETSA is not sold. That is fine; I am happy with that. This view is similar to that position put forward by a group of local business leaders in a full page advertisement in the *Advertiser*. I find it curious that the *Advertiser* did not once, either before or during the election campaign, call the Premier to account for his strong public opposition to the sale of ETSA. It did not ask him last year, in 1997, to follow Jeff Kennett's example on electricity privatisation—it remained silent.

The *Advertiser* did not once say that the Premier was irresponsible for promising not to sell ETSA: again, there was silence. The *Advertiser* never once editorialised that the Premier's budget forecasts, revenue projections and debt reduction strategy were flawed or unachievable without the sale of ETSA. It did not claim that the Premier's prediction of budget surpluses for the next four years was a phoney because he had not publicly pledged to sell ETSA. Instead, the *Advertiser* praised John Olsen for his budget strategy, when we were all told that South Australia's finances were back on track during last year's budget.

The paper did not seem to think that the sale of ETSA was necessary before the election, even though South Australia was already—in fact, for a long time—a signatory to the national competition agreement which Dean Brown signed in 1995, and the national electricity market was well on its way and well understood. That was quite clear from the briefings that we saw today—the briefings to the Deputy Premier of 11 months before he said he knew about these issues; page after page, which I will release on another day, of details about the implications of the national electricity market.

The only thing that has changed since then is that now the election is out of the way and the Liberals have been re-elected. If it were Labor breaching such a fundamental election pledge, the *Advertiser* would be relentless and unbending in its criticism. But it is not. It is the Liberals who are breaching their solemn election pledge. So, the *Advertiser* believes that the Party that is honouring its election commitments should be called to account for having exactly the same policy position as the Premier had before the election without any criticism at all.

The same is true of the business leaders who signed the four-page advertisement, a group from whose ranks the Liberal Party raised half its campaign funds—not all of them, but there was enough there to raise half of the Liberal's campaign funds. They came and told me—or their representative did—that there was nothing political at all in their advertisement. It is interesting that we never saw this same group of business leaders place ads before the last election urging John Olsen to abandon his pledge not to sell ETSA.

In fairness, though, I must exclude from this group Cliff Walsh—my old mate Cliff—who has at least been consistent in his calls to privatise ETSA, and just about everything else that moves, before, during and after the last election, and elections going back to the Dark Ages. Indeed, Cliff Walsh's position is interesting, because he acknowledges that the sale of ETSA may be 'budget negative', might not be good, in terms of income and revenue, but he believes that it should

be sold anyway. But this post election ETSA sale campaign, for most of those involved, is not about community interest but politics and self-interest, and that is why we are getting a campaign in some parts of the media.

We saw in the *Advertiser* a letter from John Olsen to me run in full, but the same treatment was not given to my letters about ETSA to the Premier and his Deputy. The letter speaks eloquently of one or two things at least: the Premier's desperation and his deceit. I understand that the *Advertiser* and others believed that this Anderson-Kennedy letter was brilliant, even though the rest of the media did not run it. The *Advertiser* thought it was brilliant; no-one else ran it.

In his letter, as he did today, the Premier mentioned the Labor Party's U-turn on uranium mining at Roxby Downs. Only the *Advertiser* saw the parallel, because its reporter Phil Coorey was perhaps not aware that the ALP publicly debated and announced its change of policy on uranium mining at Roxby Downs before the election and not after it. John Bannon, in his policy speech in November 1982, told South Australians that Roxby Downs 'can and will go ahead' under Labor, and that is the crucial difference. We debated our policy change out in the public and openly, and we went to the election on that policy change. It is the difference between two things: honesty and dishonesty. It also shows the difference between the integrity of a Premier who, before 1982, grappled with a policy change and explained why he was doing it before an election, and this Premier, who is up to his ears in deceit and trips to Sydney.

Now the Premier wants to know the difference between Sagasco and ETSA and Optima. The answer is that one was a company in which the Government held shares and the other two are wholly owned Government enterprises. If this is all the attack the Premier can mount on us about the ETSA sale, then the cupboard is bare and he had better send Anderson and Kennedy out to get another long lunch.

What does the Treasurer know? The *Advertiser* and the Olsen Government have been singing the same tune. The *Advertiser*, for reasons it best knows itself, has swallowed the line that we face risks that require us to sell ETSA, that some disaster awaits us if we do not, and that Labor has somehow to account for answering the question of why we should not sell ETSA. But time and again we have found that it is the Olsen Government, particularly the Premier and his Treasurer, who are really the policy-free zone. Let me give just one example.

A few weeks back, along with the Deputy Leader of the Opposition and the member for Hart, I was invited by the Treasurer's office to a briefing about the Bill, a briefing that involved the Treasurer and senior officials. These briefings were supposed to be of a technical nature, and confidentiality has always been assured. As a Minister, I arranged similar briefings for shadow Ministers, Liberal MPs and Democrats, briefings about technical and further education legislation changes, university changes, Aboriginal land rights, the Tourism Commission and so on. I always honoured the confidentiality of those meetings, as did every other Labor Minister and every Liberal Minister in the Tonkin Government.

It was in our interest, however, to do so, because it was a way of explaining the importance or ramifications of legislation that was important to our portfolio. Sometimes those meetings helped change or modify positions. Compromises were made. We debated things and reached consensus. Unfortunately, I have to tell the House that I have attended

my last briefing. I will no longer attend any briefings from this Government. That saves me time but will cost you a lot.

*Mr Brokenshire interjecting:*

**The Hon. M.D. RANN:** The member for Mawson says, 'It doesn't worry us.' It will worry you. It will worry you on a whole range of fronts, let me tell you. The Treasurer did not just break the meeting's confidentiality but he distorted and misrepresented what occurred and what was said in a statement faxed to the media. That showed that he was not politically smart. The media barely ran his story, but Rob Lucas has burnt his bridges. One day, whether it be on a Treasury Bill, whether he becomes Premier or whether he gets the Deputy Premier's seat of Bragg, Rob Lucas will need the Opposition's support on a piece of legislation where an honest and sensible briefing could be helpful in clinching the deal, or at least securing a smooth and swift passage through Parliament.

I think it would be useful to tell the House what actually did happen at the ETSA briefing. We asked Rob Lucas some fundamental questions. They were the kinds of questions, one would like to think, that the media, the business community, the Independents and the Democrats, and even the Liberals, especially those with rural seats, should ask. If you were going to privatise an income-generating asset, it would be normal to establish at what price the sale of the asset would be financially more prudent than maintaining the income stream and hanging onto that asset. In other words, if you have no ideological, political, strategic or ownership reasons for selling the asset, when is the price right?

We asked that question of Rob Lucas, the Treasurer. We asked at what price was the ETSA sale: budget positive, budget neutral or budget negative? He told us that he did not know. We asked Rob Lucas about the risks and liabilities of the proposed ETSA sale. After all, the sale of ETSA was supposed to be about getting rid of debt and risk. We asked Rob Lucas what would happen to liability in the event of an Ash Wednesday type bushfire or an Auckland style power blackout. Would the Government hang onto the risk or would the liability be shifted to the new owner? Rob Lucas told us, once again, that he did not know.

We asked Rob Lucas what would happen to the country subsidy, whereby city consumers subsidise country South Australia to ensure a uniform country/city price if ETSA was sold. Again, Rob Lucas did not know the answers, even though the Bill had been drafted and presented to Parliament. If the Minister, the Treasurer of the State, does not know the answers to these key questions, who does? And how could this Bill be drafted, or the Cabinet even be making a decision to sell ETSA, without its being fully aware of the answers to these three crucial questions?

Let us talk about ETSA and Optima and Labor's position. The position of the Labor Party is that ETSA and Optima should be kept in South Australian and public ownership. The attempt to privatise our power corporations by this Government is not just dishonest: it is bad policy. In fact, it is irresponsible. I have been disappointed but not surprised by the maladroit way in which some sectors of the State's media have been content to come on board with the Olsen Government in supporting privatisation. They did the same over the water deal, and the public proved smarter than the media and the Government. The public found them out. We caught them out with the documents that proved our case that it would mean higher prices, overseas ownership and fewer jobs.

Eventually, the more the Liberal Party got the Kennedys, Andersons and the Kortlangs, and crooks such as Terry Burke

involved, and the more it ploughed in money, the opposition to the water deal became much more profound. So, Alex and Geoff, if you are back from lunch, go your hardest. We look forward to your doing the same to the ETSA deal as you did with the water deal. It is bad policy; in fact, it is irresponsible.

The Government's line, accepted by these media people, runs like this: perhaps the Liberals did not tell the truth to the people of South Australia before the last election but, when we put rhetoric aside, selling off ETSA and Optima is for the best. Some of the media people concerned have as little public policy knowledge or acumen as our Premier—the erstwhile used-car salesman. So, it is not at all surprising that when they pose as being the burning public policy choices to which Labor has to answer, they are exactly the same canard as that put forward by the Premier, Rob Lucas and the Premier's policy challenged but burgeoning media unit.

Let us talk about South Australia's financial position. This part of the Olsen Government's rearguard action, supported by sections of the media, runs as follows: we have a debt problem. If we sell ETSA and Optima we will be better off. We will be able to afford more services, have lower taxes and lower debt. If we do not sell ETSA and Optima we will have higher debt, probably together with higher taxes and fewer services.

Some of these media people think that this amounts to an argument to sell ETSA and Optima, but they could be no more wrong. Before I come to the broader economic and social case for keeping ETSA and Optima South Australian and public, I shall deal with the issue of whether privatising our power corporations is in fact beneficial or detrimental to South Australia's public finances. The claim is that the Labor Party must explain how it would deal with the problem of debt and entry into the national electricity market.

The real issue is: will South Australia be better off financially if we sell or will be better off financially by keeping our power corporations South Australian and public? Labor says that South Australians will be better off financially if ETSA and Optima stay South Australian and public. ETSA has returned a large and growing stream of income to the public sector in recent years. That income stream is likely to be larger than the savings in interest payments that would be made if all proceeds from the sale of ETSA and Optima were to be put to debt reduction.

The Premier has recently and irresponsibly implied that not all proceeds from the sale may go to debt reduction and I shall deal with that possibility directly. But, assuming for the present that all proceeds do go towards reducing debt, the sale is likely to leave South Australians worse off financially.

It is significant that, after repeated questioning in Parliament days after the Premier announced he would sell ETSA, neither he nor any Minister could tell us what would be the minimum price needed from the sale of ETSA to achieve a budget positive outcome. They did not know. They were determined to sell it, anyway. To cover their policy nakedness they had to find a fig leaf, and that fig leaf was the Sheridan report. Just think of it: here is the biggest issue in our State and the best the Olsen Government can do is a perfunctory and analytically weak document just 10 pages in length. What an insult! It is a report whose assumptions and conclusions are favourable to the Government's policy of privatisation. The terms of reference for the report are clearly skewed to favour the sale of ETSA and Optima. Term of reference 3 provides:

Why might private sector operators be able to manage these risks (and generate returns) better than possible under Government



ownership. Why might they be prepared to pay a 'premium' to purchase those businesses?

More in sorrow than in anger, I say that Mr Sheridan's report is entirely unreliable as a guide to the central policy issue in this State today. Mr Sheridan's report concludes that, at interest rates of 6 per cent, the budgetary savings from a sale of \$4 billion with all proceeds going to debt reduction could provide a budgetary saving of \$29 million per annum.

But even this modest benefit all depends on making assumptions favourable to the Olsen Government, for example, first, that dividends to the Government decline from their current level in excess of \$200 million and that current dividends are unsustainable; and, secondly, that the only significant items of income from ETSA to be considered are these dividends, tax equivalents and community service obligations. Such assumptions are fallacious.

Let me deal with the issue of income from ETSA and Optima before the issue of future earnings from our power corporations. In reality, ETSA contributes much more than just dividends and tax equivalent payments and community service obligations. It makes a range of payments that help to keep a lid on the overall debt of the public sector; for example, it pays interest to the South Australian Government Financing Authority. It pays interest at rates higher than the market rate back to the Government.

Then there are the retained earnings of ETSA and Optima. These are part of the earnings from the operation of these corporations. They can be used to finance new investment or be kept as reserves. They can even be put into the budget sector to pay for recurrent activities, such as our health and education systems. That is exactly what the Olsen Government did when it concocted ETSA's \$450 million debt restructure and special payments into the budget sector in this year's budget. Importantly, these retained earnings are part of earnings that we can draw upon without increasing net debt. They can be used to build up further income generating activities for the future.

The fallacy of not including retained earnings as income to the Government when considering the sale of our power corporations can be seen if we consider an analogy from the private sector. Let us assume that a private company is put up for sale. Let us assume, too, it has made annual average profits of \$2 billion. But, of those profits, only half have been returned as dividends to shareholders. The rest has been kept as retained earnings for reserves and investment. Assuming the sale price to be about the equivalent of 10 years of profit and earnings, we could expect that asset to be sold for \$20 billion. But according to the John Olsen formula, it would sell it for only half that price.

The removal of the statutory sales levy worth \$45 million implies a further lift in ETSA's profits, all other things being equal. The cost of delivering community service obligations is a flow to the public sector worth around \$50 million per year—all of which should tell us that Mr Sheridan and the Government have underestimated the actual income flow from ETSA and the price needed if the sale of ETSA were to be budget positive.

I turn now to the risk of lower future returns. The second matter is ETSA's future earning capacity. Mr Sheridan repeats the Olsen Government's claim that the earnings of ETSA and Optima will fall over coming years as a result of our entry into the national electricity market. The logic is that with entry into a competitive market we risk the loss of market share. Any Premier and former Infrastructure Minister

who did not know that already should resign in disgrace. But, in any event, the Olsen Government is systematically overestimating the risk. The facts are that the entry of former monopolies into competitive markets has often allowed them to maintain a strong and even dominant position in their markets. Secondly, whoever supplies the electricity, everyone must use ETSA's poles and wires. That fact gives this, the most important part of the ETSA Corporation, an enormous advantage in defending its position in the national market.

It is also a fact that the Olsen Government has been exaggerating the risks associated with entry into the national market. South Australia is already a net importer of power. Extra competition will be limited by the extent to which new generating capacity is created, and that will be restricted by the prevailing price levels. Since the competitive market is meant to give us cheaper power, it is hard to see why there will be a great investment surge in new generating facilities. The greatest competitive threat to South Australia's power industry has nothing to do with the national market. It is to do with the Olsen Government. It is the Olsen Government that is introducing additional competition against Optima by paying \$50 million for the Riverlink interconnector to allow us to import more power from New South Wales, a move that could cause a significant fall in the value of Optima.

Professor John Quiggan of the Department of Economics at James Cook University has shown that ETSA can remain highly profitable in the national market. On assumptions of medium performance by ETSA, that is, that revenue continues to rise by 1 per cent in real terms, and with some continued decline in employment levels and some real decline in unit costs of gas, regarded by Quiggan as closest to the likely outcome, ETSA's profitability actually rises over the years 1996 to 2007. We have not been told that by the Premier or the Deputy Premier.

Putting together the revised analysis of current and future revenues from ETSA, Quiggan believes that under the most likely scenario I have outlined \$7 billion is the sale price required to achieve a budget positive outcome from the privatisation of ETSA. That is, on Quiggan's analysis, around \$7 billion is required to reduce interest payments sufficiently to compensate for the loss of earnings from the sale and depletion of the public asset base.

I hope that journalists from the *Advertiser* are paying attention. The paper has repeated the Olsen Government's claims that ETSA stands to suffer reduced income in coming years. I wonder how the *Advertiser* will report on the fact that documents leaked to the Opposition at 11 o'clock this morning project not the fall in ETSA profits the paper says is a reason we should sell but rises in profits, returns on assets and returns to the Government.

Another document projects a healthy rise in the shareholder value of ETSA power. So it is not just me saying it. What is being said today, in documents prepared by the Chief Executive Officer of ETSA for the Deputy Premier of this State, is that, if ETSA is retained under public ownership in the national electricity market, the value of the asset will increase and will become more profitable in terms of its dividends and income.

Of course, all that is under the national electricity market. Yes, the documents say that there is some risk to part of ETSA from the national market, but that has not stopped them from anticipating improved profitability and returns from ETSA, even when the national electricity market and full deregulation has come into force. I am very happy to sit down with Steve Howard, Rex Jory or anyone at the

*Advertiser* and say, 'Don't necessarily believe me on this. These are the briefing notes to the Deputy Premier—the briefing notes he suppressed from the *Advertiser*, briefing notes that say that, under South Australian Government ownership, ETSA will be more profitable and increase in value as an asset.' It will be interesting to see their argument against the Government's Chief Adviser on ETSA.

We must remember that earlier this year the Opposition released another leaked document of the Optima Corporation showing it, too, expects profits to rise in the national electricity market. These documents of ETSA and Optima expose as false the Olsen Government's claims that the profitability of our electricity companies and income to the Government will plummet under the national market. There goes another excuse for privatisation. Let us talk about this so-called bonanza from the sale of ETSA. We must remember all the bonanzas over the years that have been featured on the front page of newspapers. There has been a bonanza in jobs, from Capital City, from the water deal, from EDS and from Galaxy. Bit by bit they have all been paraded out and a few of their hapless supporters in the business community and some parts of the media have trotted out the line to be humiliated bit by bit along the way. There will be no bonanza from the sale of ETSA; it will be the opposite. The sale figures being quoted approvingly by the Olsen Government and Mr Sheridan do not even come close to \$7 billion.

Let us not forget that this is a Government desperate to buy its way back into office at the next election. For that very reason, Labor believes the Olsen Government will be more than ever tempted to sell at a cheaper price, perhaps a cheaper price hidden by deals and concessions to the buyer hidden under the guise of commercial in confidence. If the Olsen Government can effect a quick sale in time for the next election, it will do so, even if it means selling ETSA at too low a price, selling out South Australia's interest. That will simply create a worse financial position for South Australians in the medium to longer term. Our debt will have come down, but so will our income stream. It is the net effect of the sale and not the level of debt alone that we should be considering.

Let us think about that for just a moment, because the Premier is telling South Australians that, if we keep ETSA, we will end up with higher taxes and fewer services. Never mind the fact that, since the Liberals came to office, all South Australians have had is higher taxes and fewer services. He is trying to pretend that the higher taxes in this week's budget will be because of Labor's opposition to the selling of ETSA before Parliament has debated the issue. As I said, never mind the fact that next Thursday's budget will deliver higher taxes and cuts to essential services. Let us face it, the Premier has delivered few of his election promises but, to give credit where it is due, he has already delivered higher taxes and fewer services, so he does not need to threaten us with more as the excuse for selling ETSA. His claim that we have to choose between keeping ETSA and lower taxes and more services is completely false.

It is his sell-off of ETSA and Optima that will cost South Australia in the form of higher taxes and fewer services because of the likely shortfall in interest savings compared with the loss of income once our power corporations are sold. And once they are sold we will not get them back. It is not keeping ETSA public and South Australian that implies cuts to services or tax increases: it is John Olsen's privatisation agenda that implies more taxes and fewer services over the medium and longer terms. There is no trade-off of money for schools and hospitals on one hand and the sale of ETSA on

the other. Keeping our power companies in public hands is the one most compatible with funding essential services and keeping a lid on taxes. Privatisation rather than public ownership of ETSA is the formula for higher taxes and fewer services in the longer term.

But there is another aspect to this part of the debate. The Premier has been dishonest about his supposed concern to spend more on services of the budget sector such as schools and hospitals through the sale of ETSA, and he has been advocating fiscally irresponsible policies into the bargain. He has been trying to talk up some kind of bonanza from the sale of ETSA, but he is conjuring a mirage. Let us be quite clear about this: it is not acceptable to use asset sales to increase current expenditures. The proceeds of asset sales are not equivalent to current income. The proceeds of the asset sale should go entirely towards debt reduction.

According to the Olsen Government's preferred analysis by Sheridan, which, I repeat, uses all the assumptions and presuppositions in its 10 pages favourable to the Olsen Government's policy of selling, if we get \$4 billion and use the proceeds entirely for debt reduction, the saving that can be put towards increased services is just \$29 million a year. Labor does not accept the Sheridan report as any guide whatsoever to good policy; but this illustrates precisely the point that there is no bonanza in services or lower taxes from selling ETSA. The Government's own Mr Sheridan has said so. To put it in context, the \$29 million interest saving compares with an additional taxes, fees and fines take of \$102 million in last year's budget and the Treasurer's recent announcement of a rise in fees and charges to net an additional \$20 million; or to look at it from after another point of view, the claimed \$29 million saving is \$1 million less than the estimated cost of employing Morgan Stanley to oversee the sale of ETSA.

But the Premier has busily been implying that proceeds from the sale will give us many more of the services his Government has been starving South Australians of. The proceeds of privatisation should not be used to boost recurrent expenditure or deliver tax cuts, because these are unsustainable if they are paid for in this way. Once you have lost the revenue from the Government enterprise that has been sold and once you run out of the other assets to sell, you also lose the means to fund those tax cuts or that increased expenditure. Even when the Premier has spoken of capital investment in the non-commercial sector he has neatly ignored the fact that these assets, however important and essential, do not generate significant income streams.

The Premier should read his own budget papers that, for instance, calculate the size of the Government's deficit or surplus net of the effect of asset sales for exactly the same reasons. Why do his own budget papers adopt such conventions if the proceeds from asset sales could be used for current expenditure, and why do his own budget papers divide the Government up into the commercial and non-commercial sectors if it is not to distinguish between capital expenditure in the non-commercial sector that does not generate substantial income and capital expenditure in the commercial sector which does generate substantial income?

There are other perils in the Government's drive to sell ETSA and Optima than just financial ones. The Independent members of this Parliament were kind to describe this Bill as vague. In reality, it is a good old-fashioned con. This Bill for the sale of ETSA leaves the bush, country South Australia, at the whim of a private company whose sole motive is profit. I say to the Independent members of this

House: beware! The sale of ETSA will hurt the bush badly. The Bill before the House contains no guarantee of the maintenance of a State-wide uniform price for electricity. At present, households pay one uniform price for power regardless of whether the consumer lives in the metropolitan area or a remote part of the State.

That was a key part of the impetus behind establishing ETSA by the Playford Liberal Government over 50 years ago. As the Hon. Lyell McEwin, a great South Australian Liberal, said in support of the Electricity Trust Bill in the Legislative Council on 7 November 1945:

I do not propose to assume the role of a prophet, but I can foresee that the standards of living available in our city and its environments, that if we are to retain a happy and prosperous rural community and maintain essential production therefrom, it is essential that comparable standards must be available to them.

Tom Playford, whose portrait hangs above where the Premier sits today, said on 11 October 1945 during the debate on the Bill:

The problem of electricity supply and distribution throughout country areas has been experienced throughout the world. Whereas it is very simple and profitable to generate electricity to supply heavily industrialised areas and centres of big population, it is very costly to generate and transmit through the length and breadth of the State. People were quite prepared to undertake electricity generation for heavily populated areas, but it is not such an attractive proposition when it is a question of distributing electricity to the country.

Despite the Premier's unequivocal guarantee that 'country power users will continue to receive subsidised power', there is not a word in this legislation about the maintenance of the present State-wide uniform power pricing.

When it came time to introduce the Bill into Parliament on 18 March, the Premier's assurances had strangely changed to saying that country users 'will also be able to benefit from the fierce competition between suppliers'. That is the kind of thing he was saying before the water deal, that it was going to drive down prices by 20 per cent. The reality is that prices have increased by 25 per cent. Perhaps the Premier's unequivocal guarantee to country power users falls into the same category as all the non-negotiable clauses of his water privatisation contract. This is what he said would be non-negotiable. He said that there would be lower water prices for consumers, when the price of water for the average consumer has risen by 25 per cent. He said that it was non-negotiable that there would be 60 per cent Australian equity in United Water. Today, that company remains 100 per cent foreign owned. He said that it was non-negotiable that 1 100 additional jobs would be created. We have actually seen the loss of jobs as a result of the water contract. Finally, he said that it was non-negotiable that United Water would be the vehicle for exports by CGE and Thames Water, when they have competed with and ignored United Water operating their export businesses out of the Eastern seaboard.

The Premier's categorical assurances on country power prices are as worthless as his promises on water privatisation. Come to think of it, they are as worthless as his promise not to privatise ETSA. The danger to the bush from privatised power was well recognised in the 1945 Royal Commission on the Adelaide Electric Supply Company that led to the formation of ETSA. On page 30 of the commission's report, it is stated:

The company supplies a large area of the more densely populated portions of the State. If it is to be free to expand its areas of supply or refuse suppliers entirely in accordance with its own decisions founded to a large extent on its own interests, the development and coordination on sound lines of electricity suppliers throughout the State will be very difficult.

The privatisation of ETSA will place South Australia's country and regional areas in grave peril.

Let us talk about the issue of general prices. It is not just a question of prices for country consumers. Labor is also acutely concerned about the impact on households and businesses of the likely increased price of power under private ownership. Once the Government loses control of prices, there is nothing to prevent a profit maximising company from raising prices to levels that damage South Australia's interests.

**The Hon. R.G. Kerin:** What about the market?

**The Hon. M.D. RANN:** What about the market? This is the 'Minister for the Bush'—the Minister for Primary Industries—saying, 'What about the market?' That is exactly what his Premier said about the water deal, that the market and the contract would force the price of water down when in fact it has gone up. Labor is also acutely concerned about the impact on households and businesses and the likely increased price of power under private ownership. Once the Government loses control of prices, there is nothing to prevent a profit maximising company from raising prices to levels that damage South Australia's interests. The Premier again invites us to believe him when he says competition will keep a lid on prices after 2002. I am no more inclined to believe him on this than on anything else. In this House on 17 February the Premier said:

I would take this opportunity to say that our research indicates that the fierce competition between suppliers always results in prices dropping.

John Olsen offers a so-called independent regulator as protection of consumers against exploitation. That is no protection at all. To what research is the Premier referring? Prices have not fallen in Victoria where power has been privatised. Although the Kennett Government has claimed an 11 per cent fall in the price of power since July 1993, the facts are that in October 1992 the rate for residences was increased by 10 per cent, while the supply charge was doubled from \$16.09 to \$33.93 per quarter. The result is that a household without electric hot water pays nearly 3 per cent more compared with October 1992 and a household with electric hot water has had no reduction in prices since October 1992.

The Premier doubtless will claim that Victorian power prices are now falling by \$60 per household. That is misleading, because this is not a genuine price cut. The Kennett Government is providing a taxpayer funded rebate on the price of power. This is a Government subsidy not a genuine price cut. In fact, what we know is that while the private power companies in Victoria remain for the next few years under price controls, once those controls are lifted there will be little to stop them from lifting their prices. I understand they are already pressuring the Government to allow further price rises before the lifting of regulation.

No less than the former General Manager of ETSA, Bruce Dinham, has told South Australians what they already feared; that is, privatisation would cost consumers more. He has said:

The argument that privatisation will reduce electricity prices is nothing more than a fatuous cliché. It is likely that privatisation would result in electricity tariffs even higher than the present excessive level, along with a lower standard of service and reduced reliability of supply.

How true. Battling South Australians would pay for Premier Olsen's privatisation agenda many times over. First, there is the loss of a huge income generating asset. Then there are the cuts to essential services that would come from the loss of

that income. Then there are the higher taxes that will come from the loss of income from ETSA. Then there are the higher prices consumers will be charged by the private owner, and there will be nothing consumers will be able to do about it.

Let us talk about risk and liability. The Premier has told us that we must sell ETSA and Optima because of the risks associated with entry to the national electricity market. That is another untruth. As I have proved before, there is nothing in the national competition agreement requiring us to sell. That agreement states:

This agreement is neutral with respect to the nature and form of ownership of business enterprises. It is not intended to promote public or private ownership.

But, said the Premier, the National Competition Council Chief, Graham Samuel, had warned the elected Government of South Australia that we must sell. Unfortunately for the Premier, Mr Samuel denies that he has ever told the Government it must privatise. The Premier should get on the telephone to Mr Samuel to clarify matters. As Mr Samuel is a man with impeccable Liberal Party credentials, having been Treasurer of the Victorian Branch of the Liberal Party, I am sure the Premier can come to an amicable position with him.

Payment of competition moneys depends on reform to the structure of the power industry. It is not conditional on privatisation. Indeed, the report the now Premier himself requested from the Industry Commission on what structure should be adopted for South Australia to qualify for competition payments clearly states:

The commission sees no reason why all the parts of ETSA could not be retained in public ownership following separation.

That is in the March 1996 'Electricity in South Australia' report. There is no risk to these payments from keeping ETSA in public ownership. I have dealt with the other risk—that of reduced future earnings—and I have shown that this issue has been exaggerated. The fact is that ETSA is capable of generating a strong and steady flow of income back to the Government in coming years. It is characteristic of both the dishonesty and the incompetence of this Government that, while it has claimed that we must sell ETSA and Optima to rid ourselves of risk, the very Bill under debate today, together with all the documents leaked to the Opposition in recent weeks and today, shows us that South Australia would not only lose the asset but would also keep significant liabilities and risk. The Bill before the House provides:

If the Treasurer declares by order in writing that specified liabilities are to continue to be guaranteed, the specified transferred liabilities will be taken to continue to be guaranteed by the Treasurer under the Public Corporations Act 1993 as if the transferee were a public corporation.

That leaves South Australia wide open. When I and other Opposition members asked the Treasurer what liabilities would still be with the South Australian public after the sale of ETSA, he did not know. Who pays if we have another Ash Wednesday or another Auckland that leaves South Australian families and businesses in the dark? What happens if the new owner goes bankrupt and is liquidated? For how much of the \$1 billion deal with Edison Capital might we be liable as a result of the secret leasing deal done by the Premier and Deputy Premier? These are all basic questions that I have raised in the House previously, but our policy-free Treasurer was absolutely unable to answer any of these questions. He said, 'I don't know.' As I said in the House on 25 February, privatisation does not protect South Australian taxpayers from risk. Privatisation is a policy that will expose South

Australians to more and more risk, more and more liability. That is the Government's policy: privatise the profits; socialise the risk.

In conclusion, Labor opposes the sale of ETSA today, just as Labor did in the election campaign. Our policy today is identical to that taken by the Liberal Party and the Australian Democrats into the last election, but Labor and only Labor told the truth before the election. We are sticking by our policy and our pledge to the people of this State after the election. The case that the Liberals orchestrated the deception of the South Australian people about ETSA has been proven beyond any doubt whatsoever. If this were the House of Representatives in Canberra or the House of Commons in Britain, the Deputy Premier would no longer be sitting opposite on the front bench; he would not even survive in Indonesia—he would be gone.

The lack of any mandate for the sale is a fundamental issue, but it is not the only one. The privatisation of ETSA is bad policy that would make South Australians poorer, not more prosperous. It is by keeping ETSA South Australian and public that we can better pay for the essential services that have been cut to the bone under the Olsen Government. It is by keeping ETSA that we can best keep a lid on taxes. The sale of ETSA and Optima will make South Australians poorer, not richer. Our power utilities have contributed substantially to the budget and to the net worth of the South Australian Government and community over recent years.

It is by keeping ETSA public and keeping it South Australian that we can best ensure security and reliability of supply of power. It is by keeping ETSA public and South Australian that we can put some limit on prices that would skyrocket under private ownership. It is by keeping ETSA public and South Australian that we can protect the interests of people in the bush. It is by keeping ETSA public and South Australian that we can protect South Australians from exposure to unacceptable risks and liabilities.

The Premier does not want to sell ETSA because it is in South Australia's interests, since privatisation is not in South Australia's interests. The Premier wants to privatise ETSA because it is in his interests. Having squandered a record parliamentary majority; having driven a wedge between the factions and members of his own Party, he now wants to use ETSA to make a name for himself and to buy his way back into Government at the next election. He wants to sacrifice South Australia's interests to further his own self interest, and that is a disgrace.

This Bill seeks to undo what was built up by Liberals who showed far more vision and wisdom 50 years ago than today's Liberals. ETSA was created by a decision of a forward-looking Liberal Government, under the Premiership of Sir Thomas Playford, which realised that public control of South Australia's power was needed for the State to go ahead. It was a strategic decision for the future. The words of Lyell McEwin, during the debate that created ETSA, are a mirror of the opposite policies of the Olsen Government. His words show just how far the Olsen Liberals have diminished South Australia. He said:

... and who would suggest that the metropolitan water system should be the province of private enterprise, and that Government should participate only in the unproductive schemes? There is a distinct avenue for public utilities in the sphere of social services as distinct from the realm of trade and commerce. The metropolitan tramways were originally privately owned, but I can trace no suggestion that their operation by trust was termed 'socialistic' in the conservative past at the time of acquisition. I understand that even the harbours were not always publicly owned, and it would be just

as fantastic to suggest their return to private enterprise as it would be to suggest that construction of road and bridges should be vested in other than a public body. What standard of hospitalisation would the State enjoy today were it not for Government hospitals, to which increased access is continually being sought at the instigation even of Parliament itself?

So said Lyell McEwin in the Electricity Trust Bill debate on 7 November 1945. He asked: 'Who would say that water should be privately owned?' His successors would. 'Who would say that hospitals should be privately run?' His successors would. Labor agrees with the views and vision of Thomas Playford and Lyell McEwin and opposes the policies of this Government. These two great Liberals understood the importance of public enterprise; that a small State like South Australia must have an activist public sector and a dynamic private sector. They understood that public ownership of power is fundamental to South Australians controlling their own destiny. That 1945 royal commission that led to the formation of ETSA understood that this was the very nub of the issue: self determination for South Australia and sovereignty for South Australia. Its words are as true today as then:

An adequate supply of electricity at reasonable rates is of the utmost importance to the community, particularly for the development of industry. The interests of the public in this regard have so far been largely at the discretion of the directors of the Company. Its claim that public interest has always been and will continue to be studied tends to conflict with the directors' duty to the shareholders. (page 30)

That is as true today as it was in 1945. The Premier and some of his acolytes in the media want to know what Labor's policy is, what Labor would do. That is very easy. Labor's policy is exactly the same policy as that taken by the Premier and his Government to the last election. Our policy is the bipartisan policy the Government took to the last election—to enter the national market with ETSA and Optima in South Australian hands. Labor will retain Government ownership of our power utilities to provide an on-going financial return to South Australians for generations to come, to guarantee security and continuity of a reliable electricity supply, to keep profits from our energy utilities in South Australia.

We all know that the likely buyers are foreign owned and that they will repatriate profits overseas rather than reinvest them in South Australia for South Australians, to ensure that people on lower and middle incomes are not disadvantaged and to ensure that our regional South Australians are not slugged higher prices. Labor will maintain public ownership of ETSA and Optima because these are basics, these are fundamentals. They are the difference between a modern community in charge of its destiny and a community under John Olsen at the mercy of private firms with no attachment to or interest in the South Australian economy or society. This Government has no mandate to sell ETSA because of its dishonesty and deceit before the last election. ETSA is not John Olsen's to sell.

The introduction of this Bill puts before the South Australian public the clear contrast between Labor and the Liberal Government of this Premier. Under the Olsen Liberals, South Australia faces the loss of sovereignty to overseas companies. Labor stands for South Australians controlling South Australia as masters of our own destiny and that is why Labor opposes this Bill right down the line.

**The Hon. G.A. INGERSON** secured the adjournment of the debate.

## Longbottom, Mr G.

**The Hon. G.A. INGERSON (Deputy Premier):** I seek leave to make a personal explanation.

Leave granted.

**The Hon. G.A. INGERSON:** Earlier today in response to a question from the Leader of the Opposition I advised the House that I did not make contact, nor was I aware of any contact made by any of my staff, with Mr Longbottom. I have since been advised that a member of my staff contacted Mr Longbottom earlier this week to seek clarification of a component of his statutory declaration tabled in the House on 24 February 1998. I would like to restate that I have not spoken to Mr Longbottom since he was called to appear before the Economic and Finance Committee.

## ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) BILL

Adjourned debate on second reading (resumed on motion).

**Mr FOLEY (Hart):** As the shadow Treasurer I have looked forward to my contribution on this Bill. It is worth noting that the previous speaker, my colleague the Leader of the Opposition, has more than adequately covered a broad range of issues that concern the Opposition and, given the information—

*The Hon. R.G. Kerin interjecting:*

**Mr FOLEY:** What's the matter, Robert? You just worry about your docket, Rob. We know that you are angling for Ingo's job. That's about as obvious—

**The DEPUTY SPEAKER:** Order!

**Mr FOLEY:** It's a bit like Michael Armitage who goes out and gets a new suit—

**The DEPUTY SPEAKER:** Order! The member for Hart will speak to the Bill.

**Mr FOLEY:**—and we now have the Minister also competing for the Deputy leadership. The Government has indicated today that there will be a number of other significant pieces of legislation covering the sale of ETSA and Optima and that it will be a long, drawn-out process with the Parliament having to sit through the later part of July and August as we deal with a number of significant strategic pieces of legislation, together with a number of consequential pieces of legislation.

So, there will be plenty of opportunities to canvass the many issues which it is not possible to canvass in the short time that I have available tonight. It is the Opposition's intention—that is, me, the Deputy Leader (the shadow Minister for Government Enterprises) and other members of the Opposition—to go through the legislation clause by clause in much detail, and at that time we will specifically raise issues that concern us and about which we require further clarification.

In this contribution I would like to make a few important points. At the last State election in October, the Labor Party had a very solid policy position. That policy position was drafted in the Labor Party policy formulation process some 12 months earlier, in the latter part of 1996. Until that point, the Labor Party did not have a formal policy position on what it felt about ETSA. We went through a constructive policy-forming process, where we canvassed a whole series of issues relating to the future of ETSA and Optima and, as a Party, we came down with a unanimous decision that we would oppose the sale of ETSA. That was a very proper decision-making

process, in which all members of the Labor Party were given an opportunity to consider all the issues, and we came through with a unified position some 18 months ago.

We took that policy position to the last State election, as did this Government and this Premier. The member for Hartley—the member who nearly lost this Liberal Government office—chirps in every now and again. The member for Hartley told his constituents that he would not support the sale of ETSA. He was re-elected by only a handful of votes. I wonder how many of those people kept the member for Hartley in office because he told them one thing, but he then changed his mind at the first opportunity when this Parliament convened. So, the less he says about the policy of ETSA the better, because he will have to explain to the people of Hartley at the next election why he did a complete policy backflip.

We saw the Premier of the day repeatedly attacking the Leader of the Opposition, me and others on this side whenever we indicated that it was our view that there was a secret Liberal agenda to sell ETSA. I remember the Deputy Premier at the famous full-stop conference before the election campaign accusing us of Labor lies. He was talking about the Labor Party generically and not individual members, but the fact of the matter is that we on this side of the Parliament were criticised quite forcibly by the Government, the Premier and the Deputy Premier whenever we dared to speculate on what we believed to be a Liberal Party secret agenda. We found out, of course, that it was very much a secret agenda. We found that the Premier was having secret meetings in Sydney with Schrodgers together with the Chairman of ETSA, and we found that the Deputy Premier was having secret meetings in Melbourne with Schrodgers, all about this very issue of the sale of ETSA.

Whether people agree or disagree with the Labor Party's policy position, whether at the end of the day we are right or wrong, we have a policy conviction that we are standing on, and upon which we are prepared to be measured and judged by the electorate at the next State election. At least we had the decency to have a policy position and stick to it after the State election. Members opposite will have to deal with that issue themselves when it comes to the next State election.

No-one in this Parliament was more acutely aware of the issues facing ETSA than the Premier of this State, John Olsen. He has effectively been the Minister for electricity in this State for the best part of four years. He shepherded through this Parliament national competition policy and the corporatisation of ETSA; he dealt with ministerial conferences, ministerial council meetings and COAG meetings time and again, when the issues of national competition policy were dealt with. This Minister, more than any other member of this Parliament, knew exactly the pressures, the risks and any other issue relating to ETSA and Optima Energy. For him to suggest after the last State election that he simply woke up one morning and read the Auditor-General's Report and one or two other reports is an absolute nonsense, and it is an affront to this Parliament and to the people of this State that he expects us to believe that absolute nonsense that he has put forward.

**Mr Conlon:** It's beyond belief!

**Mr FOLEY:** It is beyond belief. Let us look at this issue. We have learnt through the Economic and Finance Committee that a separation report was prepared in December 1996. The meeting, chaired by Clive Armour, head of ETSA, involved 14 Government officers. It detailed a number of issues relating to the risks, and we do not argue that there are

risks, but the question relates to how those risks are managed. As to the Auditor-General's Report on which the Premier and Deputy Premier have relied as one of the main reasons for changing their policy, the Auditor-General has stated that the bulk of his report was drawn from the separation report that went to Cabinet in December 1996. Much of what the Auditor-General based his report on, which Premier John Olsen says changed his mind, was already known to Cabinet in December 1996.

*Mr Conlon interjecting:*

**Mr FOLEY:** That is right. As my colleague the member for Elder says, the Auditor-General stated that the risks were unremarkable, they were known, and they were not some new development on the horizon. What we have since found—

*Mr Scalzi interjecting:*

**Mr FOLEY:** The member for Hartley should sit quietly and listen, because he might need to explain some of these issues to the 30 or 40 electors that the honourable member duped at the last State election into supporting him when his Party was about to do something quite different. The other major issue that the Government put forward as its reason to sell ETSA because of massive risk was a \$97 million write-down. It became aware of that only in December 1997.

Much of this has been canvassed before other committees, so I do not need to go into it, except to say that it has now been established beyond any reasonable doubt that the Government was aware of the risks associated with the cogeneration contracts in November 1996. The Deputy Premier was briefed on it in half-day briefing sessions in January and February 1997. The board minutes and the respective board papers for February, June, July and August raised that issue. The Deputy Premier had a draft copy of that report in August, and we now find through further leaked documentation today that briefings happened all over the place. Again, it is beyond belief and it is absolute nonsense that the Government was not aware of these risks.

What were the risks? ETSA has been lumbered with the risk associated with the financial write-down of the cogeneration contract. John Olsen brokered that deal and he effectively pushed it onto ETSA. The cogeneration losses were not necessarily associated with the national competition market, but they were associated with a very ambitious Minister who wanted to pull off a major deal with the cogeneration plant. I am sure that plenty of people in ETSA would like the truth of that matter explained to Parliament and not have that loss hung on ETSA as a result of national competition policy.

The other issue that concerns the Opposition is the Government's competency in handling the issue. As the shadow Minister for four years who handled the water contract, I have seen first hand how this Government handles major contracts, and it is about as incompetent as you can get. As we worked our way through this issue to see whether or not the Government was handling it competently, we discovered the issue of the Cayman Islands leasing deal, which was the subject of a briefing that I had with Mr Robert Ruse of ETSA who, for his political masters, ensured that every word of that briefing session was recorded. I take issue with him over the inference drawn from some of his comments, but I do not have any great problem with the content.

I asked questions about that \$1 billion leasing deal in the Cayman Islands because we knew that the Government had a secret selling agenda for ETSA, and I wanted to know what impact the deal might have on the Government's plans to sell

ETSA. It was not an inappropriate line of questioning in a proper, constructive and detailed briefing session. Unlike the Deputy Premier, I like to know the pros and cons of all policy decisions of Government. This is a 50-year policy.

Robert Ruse told me (and I should have realised this, given Mr Ruse's background in Treasury) that the assets could be sold subject to the lease and that assets could be subleased. The inference in what Mr Ruse was telling me was that nothing is wrong with that lease and that it will not affect any policy issues which the Government may have down the track in terms of selling ETSA. But what do we find? A leaked document to the *Advertiser* yesterday states that Ernst Young has advised a potential buyer of our asset that, should this Parliament agree to the Government's wishes, the deal entered into by, yes, that man again, the Deputy Premier, the then Minister for Infrastructure and the then Treasurer, may well have subjected ETSA's value to a discount of the order of 8 per cent to 12 per cent. Because we have this lease with Edison Capital—

*Mr Condous interjecting:*

**Mr FOLEY:** Exactly, and that is why I asked those questions. It is a pity someone in Government was not as competent in looking at these issues. The fact is that the leaked documents from ETSA also let the cat out of the bag. As a result of this Edison Capital deal, the Government will have to either unwind that deal and subject the State to losses of hundreds of millions of dollars of penalties, or it will have to sell or lease ETSA's business with a discount factor of 8 per cent to 12 per cent. If we are to believe the Government's high projected value of ETSA—as if we had to believe the Government's figure of \$4 billion—then we are talking about \$400 million.

So, one little deal by the Deputy Premier and his Government has discounted the value of ETSA by up to \$400 million. This is the Government that is saying, 'Trust us to approve a piece of enabling legislation and we will sell ETSA in the best interests of the community. We will do the right thing by the community.' This Government has already stuffed up once with ETSA and we have not even got to the starting line. It has already discounted and cost the State hundreds of millions of dollars in its grab for cash over the Cayman Islands/Edison Capital leasing deal which will cost this State hundreds of millions of dollars.

In another leaked document (and as people know, documents come to the Opposition from all over the place; they come in truck loads), the Manager of power at ETSA Corporation, Mr Scarcella, made very clear that the Government would either have to work its way out of the deal and cop losses on the contract or, in an attempt to get around this discount factor which, I suspect, would still incur a discount, set up a publicly-owned corporation and sell off the bulk of the company to the private sector, with the Government still holding a shareholding in the company and, in that case, the Government guarantee will remain.

We may well see some concocted structure that sells off the shares in ETSA to a private interest, but with the Government still holding a golden share, or some interest in the business and, with that, comes the guarantee. If members think that I am gilding the lily, they should look at the legislation because, lo and behold, it still makes provisions for guarantees. The legislation states that Governments can still apply guarantees and that the Treasurer of the day can still impose charges. The Auditor-General's Report into the State Bank recommended that charges should be applied to major Government guarantees.

The Bill allows for Government guarantees that hold the State liable. In a grab for cash we get stuck with the liabilities. On top of that are other widespread issues relating to Crown immunity in terms of the infrastructure, such as stobie poles and transmission towers in the bush. The Government must do a lot of explaining to the Opposition about how we rid ourselves of risk because, at the end of the day, as we have seen in Auckland, the risk will come back to the Government, whether or not it likes it, because it has a duty of care to its community to provide power supplies. Electricity is not an asset that can be sold, like a bank, and one walks away from risk. There will always be risk, whether or not the asset is Government owned.

I want to mention the finances of the deal. In his report Tom Sheridan states that a break-even point is probably around the \$4.5 billion mark. The Centre for Economic Studies argues that this may well be a budget neutral decision: that, at the end of the day, it may not be a budget positive measure. The Centre for Economic Studies is of the opinion that we should do it anyway, and argues that the Government should do it for a variety of other reasons. One must take into account those issues.

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

**Mr FOLEY:** It is good to see that Adelaide's media have come in to hear my last five minutes tonight, although it is now down to four minutes. Clearly, in the dinner break the media got wind of my final four minutes and thought it important that they be here. We understand that the Premier has something more interesting perhaps to contribute to the Parliament shortly.

As I said prior to the dinner break, the Opposition has a number of concerns with the Government's move to sell ETSA and Optima Energy. Clearly, the critical issue is the Government's handling of the matter. I highlighted earlier major Opposition concerns about the Government's ability to handle this transaction. Certain decisions have been made, and I cannot help but think that decisions were made prior to proper thinking through the matter. I flag the issue of Riverlink. The Premier can smirk, but its evidence to the Economic and Finance Committee would tell us that Riverlink can do nothing but devalue the asset value of Optima. Perhaps that is the intention. Perhaps by devaluing Optima a bit of value is added to ETSA. Some strategic decisions seem to have been taken by the Government that I do not think necessarily will assist the shape of our electricity industry in the years to come.

One of the critical problems the Opposition has with the Bill, certainly for me as shadow Treasurer—and I now flag the intention to move an amendment—is the Government's intention, if it gets the legislation through both Houses, under clause 15, first, to retire debt which is outstanding for ETSA and Optima (and that clearly would have to be the number one priority); secondly, to pay moneys into a deposit account in Treasury for the express purpose of retiring State budget debt; and, thirdly, the ability to pay money into the Consolidated Account.

I must say to the Premier that the notion of getting his hands on ETSA's cash to prop up his next three budgets as he counts down to the next State election is something that horrifies me. The Opposition will not sit back and allow this Government to apply the proceeds of the sale of ETSA, should the legislation get through the House—and this is a big 'should'—to consolidated revenue for recurrent expendi-

ture. We will not let the asset paid for time and again by generations of South Australians be squandered on the budgets of the Liberal Government for the next four years.

*Members interjecting:*

**Mr FOLEY:** You want ETSA's cash to pork barrel your way to the next State election. We on this side of the Parliament, with the support of the three Independents, will not let the Government sell ETSA to fund its budgets so that it can offer bundles of cash to throw at an electorate before the next State election.

*Members interjecting:*

**Mr FOLEY:** You are caught out by wanting the cash from ETSA before the next State election and we will not allow that to occur. I have a minute to go. This is a good theme and we have caught onto it. You might want a bit of cash to buy off the Democrats in another place with a few ideas, or you may want to offer some suggested applications of those funds to other members for their electorates. Who knows? But at the end of the day we will not let you take the cash from ETSA to fund your future budgets.

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

**The Hon. G.M. GUNN** secured the adjournment of the debate.

## UNEMPLOYMENT

**The Hon. J.W. OLSEN (Premier):** I seek leave to make a ministerial statement.

Leave granted.

**The Hon. J.W. OLSEN:** Unemployment remains a blight on this community. To say otherwise is to ignore the facts. What is fact is that most people do want to work. It has always been this Government's strong view that those who want to work deserve that opportunity to do so and, importantly, if possible, to do so without having to uproot their lives, their families, to move interstate. South Australia is a brilliant place in which to do business and live. We enjoy a quality of life unequalled anywhere in Australia and, I would say, anywhere in the world. Too often we take for granted the quick and easy travel around our city, the high quality of services available to us, our highly skilled and productive work force, our multicultural diversity, and our stable, peaceful and tolerant way of life.

It has, therefore, been an enormous disappointment to us that unemployment levels in this State remain unacceptably high despite promising economic indicators. That they do so only makes us all the more determined to correct the problem. It makes us all the more determined to create jobs in innovative ways and to deliver innovative training programs to give people without work extra skills which will increase their opportunity of employment. At the same time, we know that every State Government is constrained in what they actually can do to alleviate unemployment. Private sector decisions totally out of State Government control, Commonwealth policies, and the vagaries and volatility of the global economy all play their part in contributing to our problem and thwart our abilities to solve it.

But the inevitability of those outside forces interfering should never mean that a State Government should stop trying. Far from it. We have not; nor will we. This South Australian Government is totally committed to South Australia's being the best place to live and work in Australia. Central to achieving this commitment, this goal, is the

Government's number one priority—more jobs. It is not a goal, as I have said, that I believe a State Government can achieve in isolation. But it is an incredibly important goal to continue to aspire to, because nothing can be more fundamental to ensuring that everyone can lead a fulfilling life than having a job, and the self worth that that job brings.

South Australian families deserve that quality of life. Over the past four years, hard work on a wide range of fronts has seen some gains in employment numbers in our State. But much more needs to be done. We know that, and we do not resile from that. However, creating work for everyone is a very complex task. If there were any quick fixes, we would have used them years ago, and so would have others. What this Government acknowledges, which previous Governments did not, is that the best way to deal with unemployment is through working in partnership with the private sector and the community. The complexity of the situation means that working together is essential. And together we must keep adapting and seeking out the best options.

At the same time, we must pilot new proposals which are designed to get the result we want—that is, more jobs and, from these, more flexibility and options. Unfortunately, high unemployment figures are not a new dilemma for South Australia. Unemployment here has been persistently higher than the national average since the mid-1960s—that is, for more than 30 years. No South Australian State Government, of whatever political persuasion, has been able to deliver unemployment consistently at or below the national average ever since that time. It is a difficult situation, way beyond political ideology. It is one that causes pain to every politician, whatever Party they belong to, who cares about the community which they serve.

When high unemployment has persevered in a State for as long as it has in South Australia, it is particularly soul destroying. As the past 30 years has shown us too clearly, Government cannot alone solve it. Therefore, it has been our view that our only chance of beating this long-term difficulty is for Government to be strategic in what it does and to work in partnership. With this in mind, since the 1993 State election, the Government has followed a strategic path to employment, often in close partnership with the private sector. We have:

- attracted new and growing industries to South Australia that will provide real long-term employment opportunities;
- secured the future of our major manufacturing industries by negotiating a satisfactory outcome to tariff reductions;
- provided support to unemployed South Australians to help ensure they have the necessary training and skills to take advantage of employment opportunities such as through the Youth Employment Statement, the State Government Youth Training Scheme, additional support for DOME and the Community at Work program; and
- supported long overdue infrastructure projects such as the Adelaide Airport runway extension, the Adelaide to Darwin rail link and the construction of a new integrated domestic and international terminal at the airport.

We have reduced State debt and intend to pay off most of our remaining State debt with the sale of our power utilities, so that in the long run the Government can focus on providing key services in health, education and justice, and critically provide a stable economic environment for increasing private sector investment. All this is being done to create a result of solid employment growth. In the midst of this, as in every other State and Territory, we have experienced changes to the level of employment in some traditional industries, particular-



ly in manufacturing, and that has been an added difficulty. However, very importantly, we have achieved a growth in overall employment. This has happened because we have had great success in attracting new major employers to South Australia. These include Westpac, Motorola, Bankers Trust, Teletech, Woolworths and EDS.

There are now more than 700 IT companies operating in South Australia, and more than 70 per cent of them are locally owned. Their revenue is growing at 25 per cent annually, and employment in this industry is increasing at 15 per cent annually. In total, the State Government's efforts since December 1993 have resulted in new investment of more than \$2.2 billion and 20 000 new private sector jobs. As well, the Government has worked in partnership with many of the State's long-term companies to secure major new work and employment. The car tariff decision is a classic example. It is one that has produced jobs growth through new model releases by both Mitsubishi and General Motors. Make no mistake, these jobs would not be here now but for the intervention and heavy lobbying of the State Government in the national tariff debate.

As well, more than 13 000 South Australians who have participated in State Government employment programs have gained employment. Consider that figure—13 000 people in employment through training programs, without which many of them would still most likely have remained unemployed. We are proud of our training programs, because they have consistently achieved results. They have not been, as some cynics have suggested, training programs to lower the unemployment statistics temporarily—in other words, to hide unemployment. They are real programs, programs which achieve outcomes.

Recently, in addition, there has been considerable improvement in many economic indicators in South Australia and in general business confidence. These include:

- the highest level of new car sales for 12 years;
- growth in housing construction;
- retail sales growth well above the national average;
- real growth in business investment of 28 per cent over the past two years; and
- population growth has been increasing.

All of these signal that our economy is on the mend, and this, technically, should lead to employment growth. As I said publicly a few weeks ago, the fundamentals are in place. All the indicators are heading in the right direction, but they are not translating as fast as we want to jobs on the ground. Unemployment has been such a pervasive problem in this State for so long that we cannot afford to sit back and hope for improvements solely from having all the economic indicators move in the right direction, and we do not intend to.

In fact, at this point there are two fundamental challenges facing the Government and its partners in pursuing the task of expanding employment opportunities. The first is having the long-term resolve to maintain the policies and programs that are delivering results, because too often Governments back away from jobs programs which are a significant cost to the budget when they see an opportunity to let the economic indicators take over. Tonight, I am assuring you that this Government does have the resolve not to fall into that trap. The second is to search out and use twenty-first century employment solutions for twenty-first century employment issues. There can be no turning back to the 80s politics, to big spending to create a false employment dawn with no thought of who pays for the spree. The gains that have been made in

the State's economic situation can be easily swept away if we turn to some imaginary Treasurer's credit card to solve our problems, and that would be to the detriment of jobs growth.

Tonight, I am assuring you also that this Government does not have the steadfast resolve not to take the disastrous big spending route which only delivers false hope and more pain. In looking for solutions to our unemployment problems within the policy parameters I have just set out, I believe that as a Government we have shown ourselves to be committed, determined and willing to take advice from a broad cross-section of the community. We have had an open-door policy on that advice, because we want results and we intend to get them.

The Premier's Job Partnership has been of particular assistance and support. Tonight, I take this opportunity to applaud its commitment to the cause. The representatives of the Job Partnership—the Minister for Employment, Joan Hall; Jan McMahon from the Public Service Association; Lindsay Thompson from the South Australian Employer's Chamber; Kym Davey of the Youth Affairs Council of South Australia; Mark Henley from the South Australian Council of Social Service; Chris White of the United Trades and Labour Council; Peter Siekmann from the Australian Small Business Association; Jan Steiner from DOME Australia; and Don Hopgood from the Heads of Churches—have worked as a cohesive unit with the Government to search for methods to deliver more jobs for this State, and I applaud that. I have been immensely grateful for their dedication, because it has come from the heart.

The Jobs Partnership has been working actively for the past few months reviewing the range of existing State Government employment programs. Based on the advice of Job Partnership I am announcing tonight that the State Government will continue the highly successful State Government Traineeship Scheme which was due to end in June 1998. A total of \$43.2 million will be allocated to fund a minimum of 2 400 additional traineeships in the public sector over the next two years. Since December 1993 some 4 600 young people have completed traineeships in the South Australian Government, and more than 70 per cent of these trainees have subsequently found work.

We will expand the Small Business Employer Incentive Scheme by committing an additional \$6 million over two years to fund an extra 1 500 trainees in small business throughout South Australia. This program was announced during the last election. It came into effect from 1 January 1998 and has been an outstanding success, with the applications for the first 1 000 small business trainees fully allocated within just two months. We will allocate \$1 million over the next two years to fund pilot projects. This important program provides opportunities to test the effectiveness of new and innovative ideas on a small scale, ideas which could help existing jobs programs or trigger the development of new programs.

We will expand the Community at Work scheme by allocating an additional \$300 000 over three years to fund an additional eight to 12 Community at Work projects in regional South Australia. In addition, the existing regional towns program will be merged with Community at Work to significantly improve the State Government's ability to broaden the application of funds for regional activities. We will expand the existing self-starter grants to provide business start-up funds to mature aged unemployed people. A total of \$360 000 will be provided to fund 90 self-starter grants over the next three years.

In addition to these employment initiatives endorsed by the Jobs Partnership, the State Government will extend its graduate recruitment program to recruit an additional 600 graduates into the public sector over the next three years. This Government is committed to employing the best and brightest of South Australia's tertiary students as part of its long-term commitment to reinvigorate the State public sector with the energy, vitality and enthusiasm of youth. These young people are potentially the public sector CEOs of tomorrow.

This Government sees the Public Service as no different from any large private sector company. It must have the opportunity to regenerate. It must bring on the management teams of the next generation. For too long in South Australia, particularly through the 1980s, the public sector in this State was allowed to age. Little thought was given to youth and how to shape the Public Service to deal with the twenty-first century. Now we are doing so, and 600 graduates will benefit from this policy decision.

We will also allocate a further \$500 000 over two years to fund special employment initiatives. These are designed to assist special disadvantaged groups such as unemployed people from a non-English speaking background and Aborigines. In total, this package of initiatives is worth almost \$100 million. It will create more than 4 500 new jobs over the next two years. After this two-year period, the moneys from the sale of the State's power companies will become available. As we have already stated publicly, whilst most of this money will be used to retire debt, a portion will be used to further finance targeted needs such as whatever employment programs are required.

Without the crippling interest payments on our State's debt, which the sale of our power utilities will, at last, almost wipe out, we will have far more funds available for what really matters to South Australian families—especially job creation, our hospitals, schools and large construction projects. I mention large construction projects because we all know that Government spending on capital works has a direct impact on employment during construction. On the completion of such projects the new asset continues to play an indirect role in supporting the creation of other new jobs.

The capital works budget for 1998-99 has been increased by 8 per cent in real terms to \$1.2 billion. This will support about 20 700 direct jobs, whilst at the same time creating essential social and economic infrastructure. The capital works budget will support such projects as the Adelaide to Darwin Rail Link, stage two of the Southern Freeway, a \$55 million extension for the Convention Centre, and the Glenelg-West Beach and Memorial Drive developments.

The Treasurer will outline a much more comprehensive capital works program in Thursday's Budget speech. However, tonight I wanted to put on the record this Government's commitment to jobs growth through a very strategic capital works program. Previous Governments have used capital works in isolation to attempt to kickstart employment growth. However, strategic capital works spending delivers projects which themselves deliver compound economic results for the community.

For example, the Glenelg development, the Memorial Drive development and Convention Centre extension will vastly increase tourism and convention spending in Adelaide. And that is the Government's aim.

Similarly, the State Government has committed funds to other activities intended to attract private sector investment

and to specifically create new jobs, particularly in the medium term. Key initiatives include:

- A total of \$23 million from the State Government and \$4 million from the private sector to be spent over four years on a second phase of aeromagnetic surveys of South Australia, designed to stimulate further private sector mineral exploration activity. The full extent of South Australia's mineral resources remains unknown, but the success of the State Government's previous aeromagnetic surveys which identified the potential of the Gawler Craton suggests the prospects for mineral development are very positive.
- Within the tourism industry the State Government has earmarked \$10 million over a four-year period for Kangaroo Island tourism projects.
- And there is an industry development package, including some \$64 million for investment attraction and job creation through direct company assistance schemes and larger scale capital works programs.

As well as providing these funds, the State Government is determined to see South Australia gain the greatest possible benefit from these activities. So, it is important to stress that wherever the State Government seeks to encourage companies to reinvest, or attract new investment to the State, priority will be given to providing assistance in the form of training. This will maximise the benefits to unemployed South Australians. At the same time this Government is continuing to seek out new business opportunities to deliver jobs growth.

- For example, our fisheries and aquaculture industries have doubled in value over the past seven years to around \$200 million.

The State Government has committed to spend an extra \$5.2 million on aquaculture over four years. This is designed to create more than 1 000 jobs and, because the industry has such enormous potential, this investment by the Government is expected to reap an extra \$130 million a year for the South Australian economy within five years. The industry has the potential to directly employ nearly 2 000 people within five years.

- Another example of our targeted assistance to deliver jobs is a program of some \$700 000 to assist established South Australian business undertake export market planning and the development of overseas markets for local products.

I would describe our job creation approach as covering all bases in determination.

What I put before you tonight is a diverse range of programs and financial commitment by this Government to deliver jobs. But, as I stated earlier, the far lower levels of unemployment that we seek to deliver cannot be achieved by a State Government in isolation. I stress again, the task of creating more jobs is a partnership challenge that must involve all levels of Government and all sections of the community. The importance of involving the community and business in helping to combat employment problems cannot be underestimated. Together, we must work to create more jobs.

Although the nature of work is changing rapidly in our society, it remains essential to how we are valued as individuals and a community. It is incumbent upon Government to lead and act in times of profound change. This has been done, is being done and will continue to be done—and the results will continue to flow if we work together to build on our strengths and exploit new opportunities boldly.

**ELECTRICITY CORPORATIONS  
(RESTRUCTURING AND DISPOSAL) BILL**

Adjourned debate on second reading (resumed on motion).  
(Continued from Page 890.)

**The Hon. G.M. GUNN (Stuart):** The Bill before the House is one of the most important that this House has considered in a very long time. There is a clear choice for this Parliament: will it look to the future, put the best interests of the people of South Australia first and create opportunities, or will it lag in a policy vacuum, throw its hands in the air and make out that it does not have a problem as did the Leader of the Opposition for about 1½ hours this afternoon?

Every member of this House has a clear responsibility to look at the facts and make a mature judgment. In 1946 the Playford Government made the right decision to take over the Adelaide Electric Supply Company. Some 52 years later the Government of South Australia has made the right decision to divest itself of its generation, transmission and distribution system in the interests of the public of South Australia. It has been to our detriment when Governments have failed to appreciate when they were placing the public at risk. This afternoon the Leader of the Opposition set out on a diversionary course of action. He wants to divert public attention from the real facts with scuttlebutt, nonsense and a vivid imagination.

**An honourable member:** What were you doing this afternoon?

**The Hon. G.M. GUNN:** It wouldn't matter what I did; the honourable member could not do anything. The Leader of the Opposition wanted to divert attention from the real facts facing the people of South Australia.

*Members interjecting:*

**The Hon. G.M. GUNN:** I know you don't like it; you have a policy void. The fact is that for a long time South Australia has had a well managed energy organisation, which has created opportunities and extended the electricity grid through the length and breadth of South Australia. There is still some way to go, but the funds generated from the sale of these assets will allow money to become available to some of the people in isolated areas who will never be connected to the grid, so that they may have a chance of getting some support for their own electricity undertakings.

*An honourable member interjecting:*

**The Hon. G.M. GUNN:** I will come to that. This is an organisation with which I have had a lot to do in the past. I have taken a personal interest in the involvement of mining activities and particularly the powerhouse generation at Leigh Creek, because I recognise that one of the greatest things you can do for anyone is to connect them to the electricity grid. In my youth I grew up with hurricane lamps and Tilley lamps. We then progressed to 32 volt power and free lights. Later we were connected to electricity via council undertakings and eventually onto the grid system. However, we are now facing a completely different set of circumstances, where South Australia and New South Wales have been connected to the national grid. We have private competition in the market, and therefore our own operations will be placed—

**The DEPUTY SPEAKER:** Order! There is far too much discussion in the House; it is almost impossible to hear the member for Stuart.

**The Hon. G.M. GUNN:** That is unfortunate, Mr Deputy Speaker, because I have not started yet. However, we have had a system which has worked very well. We have seen the

management of Optima and the ETSA Corporation take a number of steps to ensure that those organisations are at world best practice. Considerable downsizing and high expenditure have occurred, particularly at Leigh Creek and other areas, where nearly \$60 million has been spent on upgrading mining equipment, and Optima has taken over the railway line from Port Augusta to Leigh Creek. This has all been with the one aim of ensuring that our energy utilities place themselves in the best possible position to meet the challenges they are facing.

However, even with all those difficult decisions and wise management, we are still facing the possibility of not being able to compete in the manner to which we have been accustomed in the past. When the Leader of the Opposition and many others look to the past, they fail to appreciate that the Electricity Trust had an exclusive monopoly on the production of electricity. That monopoly is now declining, and people will be able to purchase their electricity elsewhere.

*An honourable member interjecting:*

**The Hon. G.M. GUNN:** If you don't understand it, it is a pity you have not talked to a few people in the industry. However, I have always been one of those people who believe that, wherever possible, our electrical undertakings should remain under our own control. In January this year, after I read very closely the Auditor-General's Report, I had some discussions with the senior management of those organisations, following which it became absolutely clear that we had no alternative whatsoever. No matter if it meant that the Government had to change its policy stand; no matter if the Government had to attract some criticism, at the end of the day it is the role and responsibility of Government to make the right decision in the interests of the people of this State. That is the paramount consideration of this Government, unlike the previous Government, which made out that we did not have a problem with the State Bank, with SGIC and with a range of other things. Our children and grandchildren are now paying the price for that irresponsibility.

Not once today did the Leader of the Opposition recognise that we are going to have a problem and that the problem will not go away. There has been a great deal of discussion about Riverlink, bringing another powerline into South Australia. Why will that take place? That will only meet the increase in demand for electricity up to about the year 2003. This State is faced with a situation of having to spend at least \$200 million at Torrens Island to bring on more capacity if we are to meet our demand. As well, a number of other large capital investments need to be made. I do not know how many members of this House have taken the trouble even to go to the power house at Port Augusta or to the Optima Energy office in Adelaide and look at the spot price for electricity.

*Ms Rankine interjecting:*

**The Hon. G.M. GUNN:** If you haven't been out, you're irresponsible. The honourable member opposite ought to go and watch those screens and see what the price of electricity is on the spot market and, if she does not understand it, get the management to explain it to her. The reality is that the price they are currently receiving for many hours of the day is below the cost of production in South Australia. We all know what happens if people continue to produce electricity in that way. Someone will go broke, and I do not want to see South Australia go broke. Any Government that fails to comprehend that set of circumstances is highly irresponsible.

It is the role of Government to make the right decisions, even if they are going to attract a great deal of political criticism. At the end of the day it is the people of South Australia who have to wear the consequences.

*Members interjecting:*

**The Hon. G.M. GUNN:** We have just had an interjection from the economic genius of the other side, the Deputy Leader of the Opposition. I wonder if she has taken the trouble to go out and talk to the management of Optima and look at the spot price for electricity. I somehow doubt it: if they did explain it to her, they would want to make it pretty simple or she would not understand it. There is an urgent need for this Parliament to make a mature judgment in relation to this matter. If this Parliament rejects this proposition—

*Mr Conlon interjecting:*

**The Hon. G.M. GUNN:** I think I have made a reasonable success of my life: I don't know whether you have. And in the real world, too.

**Mr Conlon:** You've done well with very little, I'll tell you that.

**The Hon. G.M. GUNN:** I have made a reasonable success of my life, and I would wager that the honourable member will not win 10 elections.

*Members interjecting:*

**The Hon. G.M. GUNN:** If you just have a look at the record, you might be surprised. The important role of a member of Parliament is continually to put the interests of the people first. If members are interested only in schoolboy pranks, political point-scoring and childish nonsense, I feel sorry for the people of South Australia. The only person that I have heard the Leader of the Opposition praise and say anything nice about was Marcus Clark. Yet the Leader came into this House today and gave no alternative economic strategy to get over the difficulties that the people of this State are facing. He had no alternatives in relation to reducing the debt: he simply engaged in a lengthy diatribe of nonsense. I pose the question: why is it that Premier Carr and Treasurer Egan want to dispose of the power utility in New South Wales? Why do they want to?

*Mr Atkinson interjecting:*

**The Hon. G.M. GUNN:** You are an expert at personally denigrating people—I must have learnt a bit from you. You are an expert. If I was a vindictive fellow like you, I would have had you in the courts. But I will not be diverted. I ask the member for Spence: why are his colleagues in New South Wales so desperate to sell their power utility and transmission line? Why are other Governments in Australia going down this line? When we look at New South Wales and consider that one power house produces more electricity than the total generating capacity in South Australia, why is it?

There is a very simple answer to the question: they want to ensure that the best interests of the people of New South Wales are taken into account, so that they have good infrastructure and health services and are not lining the pockets of overseas bankers, paying an unnecessary amount of interest. That is what this Government wants to do, as there is no point in continuing to pay huge amounts of interest when that money can be better invested on behalf of the people of South Australia.

I am keen to see this course of action proceed, because every member of Parliament has in his or her electorate projects they would like to see put forward but, unfortunately, there is never enough revenue to meet those desires. It is absolutely essential that we release all this money we are

paying in interest so that the people of South Australia can benefit.

*Mr Foley interjecting:*

**The Hon. G.M. GUNN:** The honourable member is an absolute expert at getting the truth confused. We know that there is a competition between the Leader and the member for Hart as to who can appear on television the most. They can do it as often as they like. The member for Hart is beside himself. Every time he sees the Leader of the Opposition on television he races around like a chook with its head cut off trying to attract some attention. His childish, schoolboy antics this evening were a demonstration of what we would expect from a schoolboy, not someone who sets himself up as the alternative Treasurer of South Australia. He should get into the real world, face reality and put the interests of the people of South Australia first. I challenge the member for Hart to stand up—

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**Mr Foley:** Made a meal of you and your mate Martin over there.

**The Hon. G.M. GUNN:** The member for Hart, like the Leader, must be very sad. They can only think up schoolboy pranks. They never want to address the real issues. This is nothing more than an attempt to divert the attention of the people of South Australia from the real issues. But they will not be successful. They can go on *ad infinitum*. The Leader can race upstairs and get the computer to print off another memo from the Minister. They can churn them out and make out that they are in possession of leaked documents from the Leader's office. They can continue with that sort of tomfoolery and those pranks, at which they are experts, and they can get their spin doctors and other malcontents who they run to to produce all this nonsense but, at the end of the day, they will have to vote in this Parliament—

**Mr Foley:** We didn't lie to the electorate like you did.

**The Hon. G.M. GUNN:** Mr Deputy Speaker, I object to that, and I ask that the member be required to withdraw.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order! I ask the member for Hart to withdraw that statement.

**Mr FOLEY:** I withdraw the word 'lie', Mr Deputy Speaker. We didn't lie like you did at the election.

**The Hon. G.M. GUNN:** I ask again that the word be withdrawn.

**The DEPUTY SPEAKER:** Order! I ask the member for Hart to withdraw the word 'lie'.

**Mr FOLEY:** I withdraw the word 'lie', Sir.

**The DEPUTY SPEAKER:** I suggest to the member for Hart that he is getting very close to action being taken as a result of making that statement twice.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**The Hon. G.M. GUNN:** The honourable member can make all the comments he likes about me. I am not a bit—

**Mr Atkinson:** You just made it up.

**The Hon. G.M. GUNN:** The member for Spence runs second to the person who is best at making things up. I am not sure whether it is the Leader or the member for Hart who would take the prize.

**Mr FOLEY:** I rise on a point of order, Mr Deputy Speaker. The member for Stuart has reflected improperly on my colleague the member for Spence.

**The DEPUTY SPEAKER:** There is no point of order.

*Members interjecting:*

**The Hon. G.M. GUNN:** It is quite evident, by the continual barrage of interjections, that members opposite are not a bit interested in the real issues. They are not interested in the welfare of the State or in the welfare of the people who work in these organisations. They are not interested in ensuring that we have adequate long-term power for the benefit of the people of this State—

**Mr Atkinson:** You disgrace the Parliament.

**The Hon. G.M. GUNN:** I will let others make a judgment about you. In criticism levelled at me by the member for Spence—

**Mr Atkinson:** You were dumped as Speaker.

**The DEPUTY SPEAKER:** Order! I warn the member for Spence.

*Mr Foley interjecting:*

**The DEPUTY SPEAKER:** And I also warn the member for Hart.

**The Hon. G.M. GUNN:** The manner in which members of the Labor Party have continued to make irrational interjections clearly indicates that they are continuing on a policy of diversion, untruths and inaccurate comments. They have no policy for the future and they have no regard for the welfare of the people of South Australia, no regard for the finances of South Australia, and they have no idea, no policies and no hope.

*Members interjecting:*

**The DEPUTY SPEAKER:** Order!

**Ms HURLEY (Deputy Leader of the Opposition):** As the member for Stuart mentioned, ETSA is in its fifty-second year. It is the largest Government-owned business in South Australia and one of the two top companies in South Australia, in terms of profit after tax. The Government is now suggesting that one of South Australia's largest businesses, and an important head office corporation, which generates all the jobs and the flow-on effects that that entails, will probably move off-shore, or at least interstate.

As the member for Stuart said, this Parliament needs to make an important decision in the course of debating this Bill. This Bill gives the Government quite a wide mandate to sell off ETSA and Optima. This wide-ranging power was not given to the Government by the people at the last election. In fact, we have quite convincing proof that, although the Government was considering the sale of Optima and ETSA before the election, it concealed that fact to the best of its ability and that the Premier was heavily involved in that process. That lack of mandate of this Government to sell ETSA and Optima will haunt it in the future because it will constantly have to justify an unpopular decision. In justifying that unpopular decision, it will have to cover over problems that will undoubtedly arise with the privatisation or sale of our electricity supply and generation authorities.

Like many members opposite, the member for Stuart spoke about the intention of the Labor Government in New South Wales to sell its electricity distribution capacity. They claim that, because of that, we as the Labor Opposition should also accede to the sale of ETSA. This does not make sense and the Government must know it does not make sense, because this is one of the inherent problems with competition policy, which I know from discussions with members opposite they recognise all too well.

The more populous Eastern States will benefit dramatically compared with the less populous States in terms of competition policy, and the member for Stuart pinpointed that in his speech. He said that one generator in New South Wales

produces more power than South Australia's capacity, and that is exactly the problem. The more populous New South Wales market has developed its infrastructure and can support that generation and distribution of power on its own, whereas South Australia does not have that capacity and will have difficulty selling power at a cheaper rate into States such as New South Wales.

The flow of electricity will come from States such as New South Wales and Victoria into South Australia, and therein lies the problem for us. That is why ETSA was set up in the first place, so that South Australia could be guaranteed its own electricity supply at a price that it could control. That problem remains, yet Government members refuse to recognise that in their contributions. There is no better illustration of the power of that argument than the promise by the National Party Premier of Queensland to the people of that State not to sell the Queensland Government electricity utilities.

Let us get back to the issue of security of supply. That issue, the price and the liability that will result from the ETSA sale are the three key issues that we should turn our mind to. The problem of security of supply has been all too graphically illustrated to us, both in the difficulty we have had with supply during the recent hot summer months and, more dramatically, with the failure of Auckland's supply. Queensland has also had power failures. Those failures have illustrated the importance of supply for domestic consumers and businesses.

I have a letter from the South Australian Farmers Federation, a well-known ally of Liberal Governments, that illustrates these points very succinctly. It refers, naturally, to rural communities, but these issues apply equally to smaller users of electricity in the cities. In its letter to Premier Olsen, the South Australian Farmers Federation states:

Our main concern is to ensure that rural communities are not placed at a disadvantage in terms of their power costs, and the quality and reliability of service as a result of the proposed sale process. Under public ownership of the State's electricity assets there has been a 'postage stamp' approach to the cost of electricity in South Australia. Prior to giving our full support to any proposal to sell electricity assets we will require assurances from the Government that this Consumer Service Obligation is enshrined in any legislation drafted to facilitate the sale process.

The letter then talks about problems with pricing.

The letter mentions Victoria. Government members have used the example of Victoria and reduced prices to support their arguments that South Australia should go down the same path, but the South Australian Farmers Federation has done a little more work than have Government members. The letter further states:

The example provided by the privatisation of Victorian electricity assets seems to indicate that in some rural areas power costs have remained static. However, there remains a great deal of concern in Victoria as to what the future costs are likely to be. There are also some areas of the State where overall power costs have risen as a result of increased charges to maintain the infrastructure required for power delivery.

The South Australian Farmers Federation policy requires a Rural Communities Impact Statement, which also considers the impact of foreign ownership on the State's electricity assets to accompany any proposals for privatisation and which is released in sufficient time for public discussion. The Farmers Federation also suggests that provision be made for the introduction of an Independent Jurisdictional Electricity Economic Regulator. It is also concerned about customer

service obligations, as outlined in its letter. The policy statement further states:

That the CSO's established are to include explicit definitions for the minimum required standards on the cost of power, the quality of service—including connection time, cost of connection/ maintenance and the reliability of supply. The CSO's are to be enshrined in legislation, and framed in such a way that any change sought by future owners can only be achieved through a change of legislation.

So, we have the South Australian Farmers Federation, one of the Government's main constituencies, expressing concerns about the sale of our electricity assets—concerns which many people have expressed. As I said, not only rural consumers in our State but also domestic consumers are concerned about this matter because, under privatisation arrangements, it has been easily demonstrated that the big users will benefit from privatisation and from the use of market forces. The smaller consumers will suffer, and these include small rural communities as well as domestic consumers.

The South Australian Farmers Federation referred to the postage-stamp convention on power pricing. That is basically similar to postage-stamp pricing which is the same across Australia. South Australians pay the same amount for electricity, regardless of where they are located in relation to the generation of that power. NEMMCO, which is the national electricity market regulatory authority, has continued that postage-stamp approach to energy prices. It has developed a formula which combines the actual cost of generating and distributing the power with that postage-stamp approach. However, there is no reason to expect that, in the future, NEMMCO will continue with that approach. There is every reason to fear that costs might suddenly jump, and they might suddenly jump for those people who are farthest from the source of generation, and that will be remote rural communities and also, as an aggregate, States such as South Australia.

If we sell our electricity generation capacity and rely on electricity from cheaper generation in other States, we might find that we are very remote from our sources of energy generation. One problem with distributing power is that power is lost along the lines. So, the farther away from the source of power generation the more electricity will cost. So, there is a double-tiered approach to the issue of remoteness: not only will rural areas be affected but also, relatively speaking, South Australia will be remote from the large generators of electricity. There is no guarantee that NEMMCO will ensure that the current postage-stamp approach to electricity pricing is continued.

It will be difficult for a Government to ensure that this postage stamp approach is continued because after 2001 governments will not be able to have a regulatory role and set the price of power. This is part of the agreement with the ACCC. The people of this State therefore have good reason to be fearful of the future.

Closer to us in the shorter term we have other fears with respect to our electricity generation and transmission networks. The proposal is for Optima to be disaggregated. Of course, Optima is the electricity generating arm, and it has two power stations, the Torrens Island and Port Augusta power stations, and there is strong reason to believe that pressure will be put on Optima to be disaggregated. There are a couple of reasons for this. One which is most widely quoted is that Optima is a monopoly in South Australia and that monopolies are not tolerated well under our new competition policy, so Optima should then disaggregate into at least two separate entities so that there can be appropriate competition in the market for energy generation.

The other reason why there is pressure on Optima to disaggregate is described in the May 1998 issue of the *Electricity Supply Magazine* in an article by Jeremy Pooley, who states:

The ACCC is concerned that generators in South Australia and New South Wales are able to 'rig' the market by withholding generating capacity from the electricity pool, especially in peak periods, which creates excess demand and raise spot prices. The ACCC authorisation of the National Electricity Code quoted with approval a 1997 ABARE study and an article by Green and Newbury (University of Cambridge) which supported this finding, and concluded that South Australia and New South Wales Governments should split their generating assets further to dilute market power. This suggests that the ACCC would not be inclined to approve any merger proposal between generators. Victorian generators wishing to bid for privatising South Australian and New South Wales electricity assets are obviously concerned about these arguments.

No doubt the Government is also concerned about this argument because the fewer the bidders there are for Optima the lower the price will be. ETSA is also under pressure to disaggregate as well into the retail and distribution networks, a proposal that ETSA is resisting. Of course, ETSA has a natural monopoly by virtue of the fact that, although many of its assets are leased out, it nominally owns the infrastructure required to distribute power around South Australia. If it is disaggregated into its retail and distribution arms, it maintains that it will be less profitable.

In a small market such as South Australia that would not be sustainable. We have Optima and ETSA both saying that in a small market they need a natural monopoly in order to be able to operate profitably in this risky new market that the Government cites as the reason for selling ETSA and Optima. Yet we have the ACCC saying that there is no need to sell Optima and ETSA in order to comply with the competition criteria. What we need to do is disaggregate them. It is very much a circular and complex argument.

Another complicating factor is the Riverlink proposal where we are getting power from New South Wales via a distribution line that the Government proposes to put up. This will again disadvantage Optima because power will be coming in from New South Wales. It will also disadvantage the gas companies that supply power to Torrens Island. They fear that the Riverlink proposal will not be used for peak power, as we have been promised, but will form part of the base load.

I have outlined many of the complications and will go through them in more detail in Committee and also once we know in more detail what the Government actually proposes. It is very difficult to make a decision on the information we have been given by the Government, particularly in view of the paucity of information we received from a briefing by the Treasurer, which the Leader of the Opposition outlined.

The problem with entrusting the contract negotiations to the Government, given these complications, is that it has shown very little ability to deal with the negotiations. We have seen that in regard to the SA Water and United Water contracts where the contracts were kept secret and the Government had a vested interest in ensuring that they were seen to be successful because it had no mandate from the electorate to proceed with those contracts. Again, as I outlined in my introduction, this is the problem the Government will again face with the ETSA Bill. It is not only the United Water contract: the EDS contract has had similar problems, as has the Modbury Hospital contract.

The Government seems to have been reluctant to enforce the penalty clauses or the provisions of these contracts on the

contract winners because it has a vested interest in the population's seeing that these contracts are going well. One of my major concerns is that the Government still is not on top of many of these issues involving community service obligations, security of supply, and the liabilities that might still accrue to the Government even though these assets are sold. It is no use quoting the Victorian situation and saying that that has all gone well. The Victorian market has not yet been subject to the full strength of the national electricity market and has not experienced a situation where liabilities have to be ascribed, as has been the situation in the Auckland market.

The Government is not listening to any of these serious questions put by the Opposition, particularly those put by the member for Hart at his briefing with the ETSA people, because it does not want to listen to serious questions, and it will not want to listen to complaints and questions once the contract has been finalised. That has been the pattern of behaviour in the past, and the people of South Australia have been very much the losers from the seeming inability of this Government to negotiate complicated packages and contracts for the advantage of the people of South Australia, and an unwillingness to then enforce the contracts that have been negotiated.

**Mr CONLON (Elder):** The issue I will address in opposing this Bill, as does the rest of the Labor Party, was touched on by some of the previous speakers on this side, that is, not only the ability of the Government to privatise assets of this nature but also its inability to privatise the risks associated with failure. It is in this regard that one of the greatest con jobs in recent history is being perpetrated upon the public of South Australia.

The Auditor-General, in whom the Premier has sought much succour in the privatisation of ETSA, has himself provided the Economic and Finance Committee with an article that talks about the notion of an implied guarantee attaching to publicly owned assets or statutory authorities, that is, something that in his view causes him to take a different form of risk management. There is an implied guarantee against the failure of authority, owed to the public of South Australia. As there is an implied guarantee against failure, there must be a much higher level of risk management. They must manage against 99 per cent of risks as opposed to perhaps 85 per cent in the private sector. This has been identified as one of the reasons why we should privatise—because the private sector can manage risks with, shall we say, less rigour. It has a different structure. Of course, it is protected by shareholdings and limited liability. It means that its benefit in a competitive marketplace is that it has the capacity to fail. That is why it can compete in a rigorous marketplace better than the public sector can compete.

However, the question remains—and the question was asked of the Auditor-General in the Economic and Finance Committee and of a number of other expert witnesses—'What happens if they do fail?' Sure, they have a shareholding and a limited liability which allows them to fail. However, there are some businesses that this State cannot allow to fail, because electricity must be provided. The short answer is that you can alienate only the asset and the income stream but not the risk to this State of its failing. We have—and this is something that has not been explored as much as it might have been—a good example from Auckland, New Zealand.

In New Zealand until 1992, there were about 41 small suppliers of electricity at the end of the Government's overall monopoly in power generation and transmission, each of which was owned in one way or another by the public through way of local government. In 1992, in its ideological urge towards privatisation, the New Zealand Government required local government to divest itself of those assets, one of them being the Mercury Electricity Company in Auckland. We all know that that company failed the people of Auckland enormously. There was a blackout that lasted for about a month, with huge losses accruing to the people of Auckland and to businesses there. This is why I say that you cannot alienate the loss.

I have a number of newspaper clippings from New Zealand. The first of them indicates that it is true that, if Mercury had to make good all the losses, it would probably be insolvent, that is, it would fail and go out of business. Those people who suffered enormous losses could go whistle. They would have to call on the State, because the company would not be there any more. That is my first point. The fact is that the private sector is designed to fail and, if it does, as in the case of Mercury, should Mercury be liable for all those claims against it, it would be insolvent, it would fail and New Zealand would pick up the bill. Therefore, Mercury will do everything in its power not to go out of business. What will it do? It will minimise its liabilities. It says that people in New Zealand cannot recover against it, for a number of reasons. The first reason is that it has contracts that contain an exclusion clause under which it does not guarantee supply. Again, we say this is a different level of risk management in the private sector as opposed to the public sector. Imagine a Government-owned enterprise getting away with the proposition to the public of South Australia that it does not have to guarantee the supply of electricity? It is a preposterous notion, and it is preposterous even in the private sector.

The second way in which it is trying to avoid its liability is by saying that it is liable only to those people with whom it has contracts. The fact is that in a major city such as Auckland some 70 per cent of businesses are tenants in larger shops owned by landlords. According to Mercury, none of those people has any claim against it, and that may amount to about 70 per cent of the businesses in Auckland. The headlines say, 'Mercury confident on liability.' Another one says, 'It's tough luck for hurt businesses.' It is very tough luck.

Other headlines were, 'Patients' lives put at risk'; 'Auckland Port bears brunt of shutdown'. Over the last six months we have just seen the most unholy dispute on the Australian wharves allegedly because it is in the national interest to have an effective waterfront. It is apparently not so important that we give the waterfront a steady supply of electricity to keep it running. Of course, Mercury says, 'Well, that is tough luck for the waterfront.'

The other obvious thing from the New Zealand experience is that most people were not insured against the losses. According to Mercury, businesses will not recover against Mercury and will not recover against their insurers. Basically, again, it is tough luck for businesses. Where does it put them? This is a very small example of what might happen in South Australia. In one of these newspaper clippings it states:

Local government in Auckland has established a \$5 million fund to assist those businesses. The first \$3 million will be spent on advertising to attempt to recover the tourist industry in that State.

So, what a clear example we have. Here is the local government, through the fervour of a privatising national Govern-

ment, being required to divest itself of the asset and of the income stream; but what does it get? It has to fork out the \$5 million. What a good arrangement for the people of South Australia! It is incredible.

This matter is driven by two things. One is the most irrational ideological position on privatisation and State ownership of assets; and the other is the inability of this Government to govern and to get its house in order. The Government has given up. It will sell the assets and govern with them for a few years until it is ultimately thrown out on its ear, which is what will happen to it.

We have some other examples of the success of this privatisation process in New Zealand. Let me highlight a very instructive example. When local governments in New Zealand were required in 1992 to divest themselves of the power supply authorities they ran, some of them were not happy about it. Some of them had a little more sense than the national Government and constructed a device called a consumer trust, which, basically, left the running of the authorities in local government hands, in the hands of the consumer trusts.

**The Hon. M.K. Brindal:** The City of Auckland did that, too.

**Mr CONLON:** No, they didn't. It is very dangerous to be half informed. The Government required them not to have the consumer trusts that existed around the rest of New Zealand. They could have one but they were not allowed to control the board. They were only allowed to have two of the nine members of the board, and the rest were appointed by the Government by way of a legal firm. As I say, it is very dangerous to be half informed in these matters. The truth is that the national Government did not allow the local government to run these utilities through a consumer trust. Since this action in 1992 the price of electricity, which in New Zealand was once the cheapest in the world, has increased by 13 per cent. The price increases have occurred overwhelmingly in those authorities that did not go down the consumer trust line, in other words, the private sector.

We find that the local government authorities which cannot compete in the stern market place are doing very well and delivering low-cost electricity to consumers, but those authorities which have gone down the private sector path have been responsible for the 13 per cent increase in electricity costs. If that is an advertisement for us going down that path, I do not understand it.

**Mr Koutsantonis:** It's like buying tickets for the *Titanic*.

**Mr CONLON:** On its second trip! For that reason we say that the Government is not only placing the future of South Australia at risk but also the future interests of the Government of South Australia. The fact is that if the risks that the Government says are out there in the market place do exist—and it is not my opinion because this is the evidence of the Auditor-General, ETSA representatives and every expert who came before the Economic and Finance Committee—they are risks that will exist for whoever is the participant. As I have said, we can alienate the asset but we cannot alienate the risk of participating in the national market place. If we do get participants in the market place who have a disaster like Mercury or who fail altogether, it will be the State Government with its responsibility to the public of South Australia which will pick up the loss. So, there we have it: we alienate the asset, we alienate the income stream and we socialise the risk. It borders on the bizarre.

As I have said, the Government sought to betray its solemn and oft repeated promise at the last election for some

very shallow reasons, one of which is that because after four years of trying it has given up the ghost. It does not know how to govern South Australia, how to create a revenue base or to run the place. It harks back to the past, but the simple truth is that the Government is failing. So, it wants to sell our assets and run the State of South Australia for four years on the proceeds until it is thrown out and someone else has to pick up the shambles.

I turn now to some of the most incredible stories that we have heard in this place since the Government changed its mind about the sale of ETSA. As we know, the basic story was that the Premier got up one morning some time after the election, walked out his front door and tripped over a bundle of ETSA risks that someone had left on his doorstep and said, 'By golly, I've got it wrong; I'd better sell ETSA.' His view is that the Government never had plans to sell ETSA but just thought of it after the election. But what is the evidence before the Economic and Finance Committee? This evidence was carefully delivered to put on it the best possible gloss, but no-one can put a gloss on this.

The Chief Executive Officer and the Chairman of ETSA stated that early last year they commissioned Shroders, a consultant, to look into the privatisation of ETSA. In evidence, they said that they gave this decision to the then Minister (now the Deputy Premier) who was completely and strongly opposed to the sale during the October election. They took the decision to him and according to them he said, 'All right—noted.' He did not indicate a general view to the Chairman of ETSA that it was Government policy not to privatise and that it might be a waste of money; he said, 'All right—noted.' The Premier and the former Minister for Infrastructure, Hon. Graham Ingerson, then travelled interstate to get briefings from this consultant about the privatisation of ETSA. Why? Basically, it was not because they wanted to sell ETSA but because they had some sort of an academic interest in what you would do if you wanted to sell something.

Then what happened? I must say that the Government was very lucky. What serendipitous timing. The consultant's report was available for them when they saw the electric light on the road to Damascus. When they decided to change their position altogether and sell ETSA, through a miracle of serendipity in timing, they happened to have on hand Schroders report on the selling of ETSA. I do not say that that is not believable, but I think it would be worthy of an episode in the *X Files*.

Today during Question Time both the Premier and the Deputy Premier claimed that one of the risks fundamental to their decision to change their mind and sell ETSA was the discovery of a \$97 million write-down on ETSA cogeneration. They both say that neither of them knew about this until December last year. It was noted in a minute from the steering committee in December 1996. Granted, no figure was put on it, but it was noted that there would be a multimillion dollar write-down in cogeneration.

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

**Mr CONLON:** You can say that, but that is not ETSA's evidence.

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

**Mr CONLON:** Well, I suggest that the honourable member read the evidence. Even if we could concede that, what has happened since? We have evidence that two copies of board minutes were sent each month to the Minister's office: one addressed to the adviser and one for the attention of the Minister. In February, June, July and August those



minutes contained information about a \$97 million write-down in ETSA's cogeneration, and attached to the August board minutes was a copy of the draft ETSA annual report. According to the Deputy Premier, he read none of those documents. This is a Deputy Premier who when Minister for Infrastructure believed that the best approach to running a portfolio was not to have your mind cluttered with too many details about it. That is the only possible defence. He did not read any of the board minutes or the board papers. He did not read the draft annual report.

**Mr Koutsantonis:** The Bart Simpson defence.

**Mr CONLON:** The Bart Simpson defence: someone else did it. At the same time we know that they were sent by courier to the office of the then parliamentary secretary, Joan Hall, because in evidence given to the committee she complained when she did not receive them. Either she was reading them or using them to hold something up, but she complained when she did not receive them.

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

**Mr CONLON:** I suggest the honourable member read the evidence and I will not debate with him across the Chamber. The defence is again, if the then parliamentary secretary did read them, she did not alert the Minister to it, nor the Premier for that matter, apparently wanting to preserve the sensitivities against such a large write-down. That is what allegedly occurred. An extraordinary thing happened after that; that is, the Deputy Premier lost his responsibility for that portfolio and was given another set of responsibilities. Once he was given them, he decided it was time to read the annual report of ETSA. He then decided he had better acquaint himself with what was in ETSA. Apparently, it is safer not to know when you are Minister for Infrastructure: you only want to know afterwards.

It is obvious that the public of South Australia have been fed an enormous pack of lies. They were told in October last year that ETSA would not be privatised. I think the words were, 'It is much too valuable an asset.' What we have seen is not only the most profound betrayal of a promise but certainly the fastest. What happens sometimes when an Opposition makes promises and wins Government is that it says, 'Well, the Government doctored the books, there is a black hole, we can't keep all our promises.' This is the first time I have seen a Government being re-elected and finding its own black hole. 'Boy, we have been doctoring the books. How did we do that?' This is the most extraordinary story the people of South Australia have ever been asked to accept. They will not accept it, and next time they will toss this Government out on its ear because of it.

In closing, I will repeat the points I made at the start. You can privatise the assets, you can alienate the assets into the public sector, you can alienate the profit stream, and you can alienate the income stream, but you cannot alienate the risk of failure; and by doing that, in my view, the Government of South Australia is betraying the people of South Australia.

**The Hon. M.K. BRINDAL (Minister for Local Government):** The member for Elder is a great raconteur but he never lets fact get in the way of a good story. Not once in this House I have heard him make a speech where he has bothered to stick to the facts. The honourable member said that never before has there been a black hole such as this. He understands how Oppositions on coming to Government discover the black hole and then change their mind. He said that this was a Government that said one thing before an election and changed its mind afterwards. I remind him that

Labor was in Government prior to 1985; and after 1985, as we heard today, it decided to quit its shareholding in Sagasco. So, it strikes me that a black hole is relative.

The other thing that intrigued me was the much vaunted evidence that members opposite seem to be quoting *ad nauseam* from the Economic and Finance Committee. I actually went in and listened to that evidence for an hour. When we go into court and swear to tell the truth, the whole truth and nothing but the truth, we do so for an important reason. Sometimes the Opposition is guilty of not letting the whole truth spoil its story, in that some very important points were made in that evidence which members opposite do not bother to repeat in this House. They pick what they think is cogent and leave out much of the rest which the people of South Australia might think is cogent.

If I heard him correctly the member for Elder said that the Deputy Premier and the Premier went interstate to get briefings. In evidence I understood that the Premier and Deputy Premier were interstate and among other things—

*Mr Conlon interjecting:*

**The Hon. M.K. BRINDAL:** The member for Elder can laugh, but I do not think he is as big a klutz or fool as he pretends to be. The fact is—

**Mr CONLON:** That is unparliamentary language and I ask the Minister for wasps to withdraw.

**The SPEAKER:** Order! There is no point of order.

**The Hon. M.K. BRINDAL:** The fact is that if somebody is in Sydney for a series of meetings it is entirely different from their going to Sydney specifically for the purpose of attending a meeting. If anyone cares to read *Hansard* they will see that the member for Elder clearly implied that the Premier and Deputy Premier went to Sydney for the specific purpose of attending a meeting, and did not go just as an incidental purpose. I well remember that that was exactly the point that was made in evidence.

*Mr Wright interjecting:*

**The Hon. M.K. BRINDAL:** The member for Lee is very good: he sits at the back, chortles occasionally and does not contribute much to this House. I do not remember his being at the Economic and Finance Committee hearings, so I do not see how he—

*An honourable member interjecting:*

**The Hon. M.K. BRINDAL:** And he should have been servicing his electorate, because that is an electorate that we will probably win back at the next election. I can say with some confidence that if the member for Lee keeps up his current standard of performance they will begin to wish they had the last member for Lee back in place.

*An honourable member interjecting:*

**The Hon. M.K. BRINDAL:** You cannot help good taste in Unley. The serious issue before the House is the sale of the energy assets of this State, and in particular the sale of ETSA and Optima. Members opposite appear to try to make much of this sale and they ignore many of the facts. The fact is that we will be in a competitive market. A further fact is that most members opposite did not sign up for that competition policy, but we are in a competitive market whether or not we like it, and that will inevitably produce certain encumbrances. I heard the Deputy Leader talking about electricity losses and our being at the end of the line. That may be true and it may be a worry, but in the end that will not necessarily save ETSA. In a competitive market organisations such as Telstra and Woolworths will offer electricity for sale to their consumers. Every person in this House, as well as most South Australians, will go out and buy electricity at the most

advantageous price, as they currently try to purchase their telecommunications at the most advantageous price.

I remind this House that most of us were somewhat disappointed to see the demise of John Martin's, a great South Australian institution. When that institution closed its doors, most of us pointed an accusing finger at David Jones and said, 'It's all their fault. They are the owner; they closed the store.' But a great number of South Australians missed the fact that, some years ago, at its zenith about 80 per cent of adult South Australians owned a John Martin's credit card. When the store closed, fewer than 20 per cent of South Australians owned a John Martin's credit card. While we were so busy pointing the finger at David Jones, perhaps the people of South Australia, who made the choice not to shop at John Martin's, could have contributed in some ways to the closure of that store.

When we all go off and purchase our energy from the cheapest possible source and when those energy providers purchase their energy from the cheapest possible source, as they will have to—and either it is hydro power from the Snowy Mountains or it is from Yallourn or somewhere where the big markets and the cheap production costs make the production of electricity much cheaper, and that electricity is not purchased from Osborne or Port Augusta—and then eventually those power stations close or go to the wall, the people of South Australia will point an accusing finger at the Government and ask, 'How did you let this happen?'

They will not stop to think that their purchasing capacity put into the cheapest power and that part power purchase from interstate markets were in fact the factors which will cause the closure of those generators. They will only blame the Government that a State asset was squandered, went broke, and that the Government was in some way to blame. That is a fact that the Government must take into account. In a competitive market we have to behave competitively. Unless the Labor Party wants to get out there and sign up every South Australian guaranteeing that, no matter what the price, they will continue to buy their power from Osborne and Port Augusta, then we must look seriously at what the implications of a national market are going to be—

*Mr Conlon interjecting:*

**The Hon. M.K. BRINDAL:** The debate is whether we should sell an important State asset and whether selling it now is in the public interest or that waiting until it is worth nothing is somehow more in the public interest. That is what members of the Labor Party want to do; they want to sit on their hands and do nothing and then, when the asset is worth nothing, they will turn around and say, 'It was not our fault that you did not sell it; we were not the Government, we were only the Opposition giving good, honest advice.'

**Mr Conlon:** That is the nature of the competition: you can make money, too.

**The Hon. M.K. BRINDAL:** Well, the member for—

*Mr Koutsantonis interjecting:*

**The Hon. M.K. BRINDAL:** We may lack a little bit of the courage to compete in this State, as the member for Peake says. Perhaps we lack a little bit of the courage to compete because of the position that his side put us in over the State Bank. Some of the bad investments we made have perhaps discouraged the people of this State from competing. The fact is that ETSA needs to be sold. It needs to be sold for many reasons. Some of them are sensible reasons because of the market; others of them are sensible economic reasons.

*Mr Foley interjecting:*

**The Hon. M.K. BRINDAL:** All the Opposition seems to be concentrated on is when we thought of it. I would say to members opposite: does it matter whether we thought of it in August, in October or in December last year? What matters is whether we should do it. Surely the main job—

*Mr Conlon interjecting:*

**The Hon. M.K. BRINDAL:** I do not need a battering from you, thank you. Surely the main focus of the Government should be, quite simply, to get on with the job and do the best thing by the people of South Australia. Surely the main job of the Opposition should be to provide constructive criticism on the proposal before this House.

*Mr Koutsantonis interjecting:*

**The Hon. M.K. BRINDAL:** The member for Peake says that they are. I would remind the member for Peake that I have sat in my office and listened to speaker after speaker harp and carp and grizzle about who made which decision, who might have known which when, and what that might mean. It does not mean much to the people of South Australia. What is important to the people of South Australia is: should Optima, should ETSA be sold? If so, under what conditions? What are the guarantees of continuity of power for them—and other important issues like that? I put to honourable members opposite: I have been travelling in country areas extensively and people there are very concerned that this Government does the right thing; but they do not give one brass razoo about who said what to the Deputy Premier and when. They are absolutely concerned about consistency of power supply, about price of power supply and about being not disadvantaged any more than they currently are, and, it is hoped, less.

The competitive risk, estimated by the Auditor-General, has been discussed as being of the order of \$2 billion. Also at stake is the risk of \$1 billion in Federal funding under the national competition payments if we do not conform to the national competition policy, which I remind members opposite was a regime instituted by a previous Labor Government and not by a Liberal Government.

*Mr Koutsantonis interjecting:*

**The Hon. M.K. BRINDAL:** It may well have been Premier Brown who signed on to the national grid, but it was not Premier Brown who instituted the competition policy but rather a Prime Minister of Australia by the name of Paul Keating.

*Mr Koutsantonis interjecting:*

**The Hon. M.K. BRINDAL:** The member for Peake is quite right: I did not oppose Hilmer, and neither did a lot of other people in this Chamber. But I ask the member for Peake, if he has a shred of honesty in him, whether knowing what he knows now he would have been quite so happy for this Parliament to sign off on the competition policy. I can tell him that I would not have been, and most members on this side would have reservations that we did not have at the time. It was a sledgehammer, an idiot tactic introduced by those fools in Canberra, and it was not done with the consequences that were intended. The Premier may well have said—

*Mr Conlon interjecting:*

**The Hon. M.K. BRINDAL:** Selling Optima and ETSA may be the right thing—

*Mr Conlon interjecting:*

**The Hon. M.K. BRINDAL:** That is fine—I do not mind. I am giving my personal opinion, member for Elder, on some of the worst aspects of the competition policy. Under that policy, it will be necessary to sell ETSA. By selling ETSA

we can capitalise one of our major assets and reduce a debt that runs at over \$1 million a day. We need to reduce that debt. We need to get on a competitive basis *vis-a-vis* other things.

*Mr Koutsantonis interjecting:*

**The Hon. M.K. BRINDAL:** Instead of prattling, the member for Peake might listen. All the money will not be used to retire the debt. I heard, as he heard, the Premier tonight say that most of the money would be used to retire the debt and some of the money will be used for employment initiatives. If the member for Peake thinks that it would be wrong of the Premier to use some of the money to create employment initiatives for young South Australians, let him get up and say so. If the member for Peake wants to further deny South Australians jobs, let him get up and tell this House. We are talking about the retirement of a substantial amount of the debt and some of the money going into job creation schemes. If the Opposition has a problem with job creation schemes, let it try to come up with an alternative.

All we hear from members opposite is criticism and carping, and we hear no constructive policies. What is their policy? They simply do not have one, except to create absolute mayhem and maximum damage. They think that in the Westminster system the concept of 'Opposition' is merely to be irresponsible buffoons sitting there larding it out day after day, feeding half truths and innuendo to the media and thinking that somehow when they get the 30 second grab on television it is good.

*Mr Conlon interjecting:*

**The Hon. M.K. BRINDAL:** The member for Elder says that I make 20 minutes seem a long time. I assure him that I make 20 minutes seem much shorter to me than did the 20 minutes of his speech.

*Mr Conlon interjecting:*

**The Hon. M.K. BRINDAL:** So was Groucho Marx funny, but he never wasted words. The work being done to set up an appropriate regulatory system to protect consumers, to ensure price increases below the CPI until the year 2002, is, I believe, an important point missed by members opposite—together with the Government's intention to appoint an independent regulator. Work on addressing the issues related to employment in ETSA and Optima is underway, with a commitment already made by members of this Government to no forced redundancies. This will go a long way towards paying off the State debt and reducing interest payments, currently running at \$2 million a day, as the member for Peake said, in order to provide further funding for essential services. And those essential services, I need not remind the member for Peake, include the Queen Elizabeth Hospital, which is very close to his own electorate, the condition of which is absolutely appalling, because his Party—

*Mr Koutsantonis interjecting:*

**The Hon. M.K. BRINDAL:** The member for Peake said that our Minister had the audacity to blame him, because of four years of neglect. I refer the member for Peake to stories in *Hansard* where, under the then Labor Government, maggots would fall through the roof of this hospital onto patients. The honourable member sits there talking about four years of neglect, but under his Party's Administration there were almost 20 years of neglect. So, we are culpable, in a debt-ridden State, for not fixing the problem in four years; whereas for 20 years Labor Governments deliberately ignored the problem. If that is not the best example of hypocrisy I have heard coming from that side of the House, I do not know what is.

After 20 years of arrant neglect and 20 years of letting the hospital run down, the Labor Party saddled this Government with unconscionable debt and then grizzle four years later, when the Minister is doing his absolute best but has not managed to sort it out. If that is the level of intelligence of members of the Opposition, and if that is the best that the Opposition can do, I pray that the people of South Australia never live to see them in Government, because that is absolute hypocrisy and absolute nonsense. This State deserves much better. I hope I never live to see my grandchildren serve under a Labor Government of such fools.

**Mr WRIGHT (Lee):** The inception of the Electricity Trust of South Australia on 1 September 1946 was made possible as a result of the determination and vision of Thomas Playford. Although the establishment of ETSA was vigorously opposed, it is now regarded as one of Playford's greatest successes and, indeed, the achievement that he is most likely to be remembered for.

Let us consider for a moment the reasons why Tom Playford was so determined, in the 1940s, for the provision of electricity to be removed from the private sector and converted to a public utility. Playford was convinced that the needs of the commercial industry and the community would be met most effectively through public ownership. The findings of the 1945 royal commission reinforced Playford's view and speak volumes about the motivations of privately run enterprise being at odds with public interest.

The key findings of the royal commission were, first, the need for electricity to be set at rates which support local industry development; secondly, lack of restraint by the Adelaide Electric Supply Company to restrain dividends and, therefore, prices; and, thirdly, the failure to extend electrification throughout the State. For Playford, public control over electricity provision was an essential prerequisite for the industrialisation of South Australia—and how correct he was! Under private control, electrification of the State was proceeding slowly, and industry needs were not adequately catered for.

Playford regarded electricity provision as a natural monopoly, where the best interests of the State were served through public ownership. Public ownership ultimately enabled Playford to provide the necessary electricity infrastructure to support the development of the passenger motor vehicle and mining industries in South Australia. It also ensured that regional South Australia had access to affordable power supplies. Private providers, on the other hand, saw the electrification of country areas as unprofitable. Playford and his contemporaries advocated different ideas about what was profitable in the long term and, importantly, in the public interest.

Many of the issues raised in the debate surrounding the future of the electricity industry in 1945 are still applicable today and serve as a timely reminder of what this Government is putting at risk. The privatisation of South Australia's electricity supply would see the end of over 50 years of what has been an affordable, high quality electricity supply. There is not one convincing reason as to why this should happen. We simply cannot allow the South Australian supply of such an important commodity to be placed in jeopardy.

An analysis of the fiscal impact of privatisation reveals a bleak outcome for South Australia. Under a projection in which real revenues grow at 1 per cent per year, a sale price of \$7 billion would be required to compensate taxpayers for the loss of income from ETSA. Even under a projection

incorporating price reductions and loss of market share, a break even price of \$6 billion is required. Under a projection in which income growth generated by ETSA is maintained in line with State gross product, privatisation would entail losses of more than \$1 billion in the first 10 years.

The main components of this flow of income are interest paid to the South Australian Government Financing Authority, tax equivalent payments, dividends, retained earnings, statutory sales levy and uncompensated performance of community service organisations. The first four of these items together constitute earnings before interest and tax which have grown from around \$140 million per year in the late 1980s to around \$300 million per year in 1996-97. In total, the flow to the public sector from ETSA in 1996-97 was around \$340 million per year.

The significance of ETSA's income generation is substantial. However, it has been dismissed by those advocating privatisation. The Liberal Government is offering no plausible alternatives to enable the public sector to recover lost ETSA revenue in the long term other than the reduction in interest payments as a result of debt reduction which falls well short of the income generated by continued public ownership of ETSA.

The idea that Governments should not control public utilities and that the needs of the community will be better met by private companies controlling these assets is absolutely ridiculous. One needs only to consider recent examples of privatisation here, interstate and overseas to realise the untoward but inevitable effects of privatisation. Increasing prices as a direct result of privatisation is an issue of great concern to all South Australians.

The issue of increases in the cost of electricity is pertinent to all South Australians. In country regions, subsidies which currently exist will eventually be lost. Country consumers may be interested in the following statement, which appears in the Auditor-General's latest annual report and which implies that their tariffs will almost certainly be raised. It states:

... the previous arrangement of having uniform tariffs for all consumers, despite their geographical location, is a matter that will be reviewed as competition unfolds.

If tariff increases for country consumers were to eventuate, the effect on the ability of regional areas to attract investment and create jobs would be devastating. Does the Government need to be reminded that it has a responsibility to all South Australians? Where is its duty of care? Where is the public interest in all this? How do the Coalition members and their cross-bench supporters from rural electorates intend explaining to their constituents that their support for the privatisation of ETSA will lead to higher electricity charges and therefore less household money to spend and disincentives to industry?

The effect of privatisation of electricity elsewhere has seen a uniform increase in the cost to consumers. In Britain over the 1989-91 period, domestic electricity tariffs rose by 28 per cent. Although the electricity supply in New Zealand is not fully privatised, the corporatised industry in New Zealand operates on private sector principles and is not subject to any electricity specific regulation, apart from supply standards and safety regulation terms. While the wholesale price of electricity declined by 17 per cent in real terms, domestic costs have increased by 20 per cent over the 10 years since corporatisation in 1987.

Since privatisation of the electricity industry in Victoria, there has been a doubling of the connection fee for domestic users from around \$16 to \$34. A range of services, previously

provided free of charge or at low cost, have been subjected to charges or large increases in charges. Domestic electricity prices were increased by 10 per cent prior to privatisation and frozen in 1993. Since privatisation in 1995, electricity prices show no sign of declining.

Recent evidence on water prices, following the outsourcing of Adelaide's metropolitan water supply and sewerage services, reinforce consumer concern regarding price and privatisation. Claimed savings of around 20 per cent during the period of outsourcing have not been passed on to consumers. In fact, average household water rates have risen by 25 per cent. If the same increase applies to electricity bills under a privatised ETSA, the average residential bill will increase from \$517 to \$646.

The end result of privatisation is clear: costs will increase and the consumer's hip pocket will be hit the hardest. For the Government to suggest that from 2002 it is expected that competition between suppliers will drive down prices—as it has done in a brochure intended to win over an uninformed public—is ludicrous. Such claims are, unfortunately, just another example of the dishonesty that we have come to expect from this Government.

Another negative result associated with privatisation concerns the loss of local jobs. Once again we can call on past experiences of privatisation as proof of the fate of ETSA employees if privatisation occurs. In October 1992 the State Electricity Commission of Victoria's work force numbered approximately 18 000. This was about 5 000 fewer than the level of three years before. By June 1993, employee numbers in the State Electricity Commission of Victoria were further reduced to 11 986.

Following privatisation in late 1985, the full-time permanent work force was slashed to 6 000. In the La Trobe Valley, employment losses have followed a similar pattern, with the 1990 work force of 10 000 being cut to 3 000 by 1996. By the end of last year, permanent employment in the La Trobe Valley had fallen further to around 1 200. SECV engineers had an international reputation. That highly skilled and professional work force has now been dissipated. However, while the work force in the electricity industry has been slashed, the numbers of senior managers on packages in excess of \$100 000 is now approximately 20 times greater than it was in 1992.

How can this Government continue to deny that privatisation inevitably results in the loss of local jobs? On the one hand we have employment statements, which are generally to be welcomed but, going hand in hand, we have a major asset sale—probably the biggest asset sale in South Australia's history—which can result in only the loss of jobs.

What will happen to workers at Torrens Island, Port Augusta and Leigh Creek? What will be the multiplier effect flowing from those workers who lose their jobs? What will happen to small towns in country areas? Included in the propaganda published by the Government is the false assurance that a privatised electricity industry will result in lower costs to South Australian companies, which will then compete more effectively with other States and boost investment and growth opportunities which, in turn, should create new job prospects. This is nothing more than economic jargon at its best: classic text book economics, not real world, real people economics.

How have we got to this scenario? The Premier came into the House and made a ministerial statement on 17 February. Amongst other things, he claimed that he had received new information as a result of the Auditor-General's Report and

suddenly the Government was aware of financial difficulties that the Electricity Trust was having, whereby the future had some risk attached to it. Then, suddenly, post the last State election, the Government intends to put the sale of ETSA on the public agenda and sell off the State's biggest Government asset. This was not put on the agenda before the last election: quite the opposite, in fact.

Whenever the Premier was asked questions about the sale or privatisation of ETSA, his response was quite the opposite during the election campaign. Suddenly the Premier has new information and figures which suggest to him that ETSA is a great risk to the State's finances.

Where is the mandate for the Premier in this situation? Of course, there is no mandate whatsoever. Quite the opposite: the Premier has a mandate to maintain ETSA and Optima in public hands. Can we afford to weaken the asset base of South Australia any further than we already have? I suggest that we cannot. People are sick and tired of Government assets being sold. People throughout South Australia—people in the country and metropolitan areas—are sick and tired of their Government assets being sold. Furthermore, they are sick and tired of Governments doing such things behind their back and with no mandate whatsoever.

What about the Deputy Premier's role? That is another charade in itself. We have had to sit here day in and day out going through this whole messy business of when the Deputy Premier was made aware of the situation, of when the Premier was aware of it and when they learnt of the \$96 million write-down. What a charade that has been. We have seen a web of deceit and lies continue week after week, and I doubt whether even Government members believe what has been prattled out in the House.

What is the next trick that the Premier will put on the agenda? On 23 May he said that, if ETSA is not to be sold, there will have to be huge increases in the next budget and that the Government will have to bring in taxes of the order of \$150 million. That is the oldest trick in the book: if the Government does not get its way, it will whack up taxes. This is what it will hold over the people's head: no sale of ETSA and the Government will increase taxes by \$150 million.

This enabling legislation does not even distinguish between ETSA and Optima and it does not even necessarily retire the debt, as the member for Hart correctly pointed out to the House earlier. We do not even know from the Bill before us where the proceeds of the sale will be applied. On 17 February the Premier put forward a scenario of problems which the State was facing with its debt and how there was a great urgency to sell off ETSA—this is what was said—so all this money would be used to retire debt. But we find in the Bill before us that that is not the case at all. What is in the Bill is quite hypocritical when compared to what was put before us by the Premier on 17 February.

Much has been said today and publicly about the role of the Anderson-Kennedy tag team. I do not like to comment on individuals.

*Mr Venning interjecting:*

**Mr WRIGHT:** I will come to that if you give me a chance. I have only three minutes to go.

*Mr Venning interjecting:*

**Mr WRIGHT:** Yes, a very good mate of mine. We should be careful when we speak about individuals in this House, particularly individuals who cannot defend themselves here. As for Alex Kennedy, I do not know her and I do not wish to comment on her. With respect to Geoff Anderson, as the member for Hart pointed out quite clearly, he is a good

mate of mine, and I speak more in sorrow than anger. He is a former colleague of mine, that is correct. The member for Schubert pointed that out. He was part of a Labor team who shared certain Labor philosophical beliefs and principles. As I said, I speak more in sorrow than anger because he has seen fit to put himself on the market and work for a Liberal Government—something I would never, ever have thought of Geoff Anderson. He has sold himself to a Liberal Government.

Well many members opposite laugh. The member for Waite has played a very important role in this, and we thank him very much. Any time that we look to continue to keep things on the agenda for the public of South Australia, we will go to him again because he has been a great ally in this matter. I am sure his colleagues are also very thankful for the role he has played.

**Mr Foley:** Especially Ingo.

**Mr WRIGHT:** Especially the Deputy Premier, who unfortunately is not here at the moment. Is the Government so one-eyed to the benefits of privatisation that it just does not see that privatisation will not result in more jobs but will actually create job losses, or is it just choosing to ignore the fact? Either way, the Government's position on this issue is absurd and flies in the face of what we have seen with SA Water.

The reality of the Government's preposterous and irresponsible idea to privatise ETSA is that the Government will receive a one-off payment to enable it to retire some debt resulting in an interest saving much less than the recurrent income produced by continued public ownership of ETSA. There is no compelling economically based reason for selling ETSA.

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

**Mr VENNING (Schubert):** I support the sale of ETSA and Optima. This is the most important debate that I have been involved with in the 8½ years that I have been in Parliament. There are many good reasons to back this argument, but there are two main ones. First, ETSA is a vibrant business with a tremendous cash flow as it stands today and is worth a large sum of money, which obviously can be factored into negotiating a handsome sale price. Large private companies and/or private consortiums are very interested in buying ETSA. We know of several that have been in and out of our State. Also, people have expressed an interest in buying the New South Wales generator. I believe that whoever comes second in this race will lose many opportunities.

The second major reason is the financial risks to which the State is exposed considering that the national electricity market is imminent. These risks are for skilled and experienced private sector market participants, not the taxpayers. We have seen this situation with the State Bank.

I am amazed that the Labor Party has not learned from that debacle. We saw what happened with the State Bank, when private people played the market with the backing of the Government. We are still paying that huge debt but the Labor Party has not learned. Admittedly, many of these people are new players. However, the current Leader was there, so surely he should have known. The Premier stated only today in the House that there are no guarantees of dividend flows in the coming years to the Government from ETSA and Optima. That was a quite clear and definite statement.

There is also the matter of conflict of interest between the commitments by the Government to implement the electricity reform agreement and the competition of principles agreement on the one hand and the interests as a shareholder and guarantor of ETSA and Optima on the other. As stated previously in this House, this conflict of interest could put at risk the Commonwealth Government's competition related financial assistance package. This amounts to \$332 million over a nine year period and current financial grants of \$690 million over the same period, totalling \$922 million. That is almost \$1 billion—not a sum to be sneezed at by any stretch of the imagination—and it would certainly make a big difference to our debt restructuring. We have no choice but to pursue this matter with absolute zeal; every hour that goes by is lost time in expediting this matter.

I remind the House again that the Labor Party has put the State in this mess, and the South Australian people have given us the job of fixing it up. They have given us no room for movement or for luxuries. It is the same in your private life: if you are cashed up, you can afford to take risks but, when you are not cashed up—and we are not—you cannot afford to take any risks or have any exposure in the market. As a businessman, I understand that very well. You should always hedge your bets and, if you are exposed, you protect yourself. The Labor Party knows deep down that this is the only responsible course of action to be taken. It knows it; I have heard it from members individually. They say, 'Get about it so that when we come into power it is a thing of the past.' They will be a long time coming into power: this matter will be a distant memory by the time they do, and I will be well out of here. As we see every day, they try to milk every last drop from this issue because they caused it. That is a very sick joke.

In the *Advertiser* today we read about a deal that was struck last July concerning a leaseback arrangement with ETSA. The date proves quite clearly that the self-off of this utility could not have been on the Government's agenda in any way, shape or form. It would not have done a deal like this. Why should this deal be done if we were going to sell it off? It just goes to show that it was good business at the time. I acknowledge that this would have to be paid back with a profit to the people who are paying the lease, and I can understand that. It just proves quite clearly that the rhetoric we hear from the other side in relation to who knew what and when is false.

The Labor Party is completely misguided in suggesting that moves were afoot to sell ETSA before the Premier announced it early in the year. Certainly, it had been talked about, and so were all the other options. I had heard the option, but it was not until January this year that we heard the strong moves that we should consider selling it, particularly in relation to what the Auditor-General had told us in his report.

I refer to another article in today's paper entitled, 'ETSA wins \$2 million deal'. All members would have seen it: at least I hope they have. It is unusual that such things should appear in today's paper. This is evidence that the company is a healthy, vibrant enterprise today, and that should augur well to secure a premium sale price. However, I must say a word of caution: senior bureaucrats should be careful when brokering these deals. We should remember that this deal was done in Sydney. We have sold power to Sydney, and we have beaten all the local authorities in a \$2 million deal.

We all remember the disaster bestowed upon the State only a few years ago when Marcus Clark was securing his

market share. We know what happened. He bought his market share with reckless abandon. He did not hedge his bets or consider the taxpayers' exposure. I hope that in this deal the authority has considered its profit margin, that it is reasonable enough and that it is secured. If it is not, here we go on the first stage of a down slide. I prefer to be positive, and I congratulate them on this business.

I understand that before we pass this first Bill we must know the conditions of a sale and the guarantees, etc. given. I was very pleased to hear the Premier's assurance in the House today that this will be the case. As a country member I want to be assured that, before I finally stand in my place on this Bill, I will receive the assurance that country people, that is, my constituents, will have guarantees in terms of maintaining certain levels of service, because in the past there have been some outages and blackouts.

Since the recent rationalisation of ETSA various accusations have been flying about. People are very touchy about their vital power and electricity service diminishing. I do congratulate ETSA on being very efficient in recent days, because these power outages have been kept to a minimum; but there have been some power blackouts which have caused concern. I will also be looking for guarantees in terms of the future employment of ETSA and Optima workers, their packages, etc. Service, delivery, protection against blackouts, contingency plans, etc. also should be quite clearly stated before we stand in our places on this Bill, and I am sure that it is before the experts now.

Mr Deputy Speaker, as you know I have many constituents who are dairy farmers. Milking cannot be postponed by more than two or three hours, and to hand-milk large herds is not an option. Dairy farmers need assurances at this time because they depend on a reliable power supply. I can understand their concerns in this respect. These principles will be in the second Bill. I am pleased that we will have these assurances before we vote on this Bill. I also appreciate that the Parliament will sit until the debate on this Bill has been completed, even if it takes until the end of August. The sale of ETSA underpins our future. Its non-sale gives the State very unpleasant options that are too difficult to contemplate.

The debate has sunk to a very low political level by the Labor opposition, and the information extracted under freedom of information has been very selectively quoted by the Opposition. I refer to the 400 pages obtained from ETSA under freedom of information and to the document conveniently left out by the member for Hart. This revealed the hypocrisy of the Opposition wherein its spokesperson, the member for Hart, agreed to the basics of the Government's intentions in an interview which I believe was held in August 1997. The Government has in mind reform for the future, but the State Labor Opposition only has political games to play.

This debate is a historic debate. So, I want to see what history tells us in relation to this issue. The Adelaide Electric Supply Company had 8 000 shareholders before Premier Playford nationalised it in 1945 (three months before I was born). Playford was, in his wife's words in relation to power and water, 'mad about them'. I got this information from *Playford, the Benevolent Despot*, by Stewart Cockburn. It is very interesting reading, and I refer it to members of the House in relation to this issue. In 1895 the newly formed South Australian Electric Light and Motive Power Company Limited applied to Parliament for power to supply electricity within the colony of South Australia. This company was the true ancestor of ETSA.

When Tom Playford was building his new home prior to his marriage in 1928 he was told by the electricity people in Adelaide that he would never get electricity at Norton Summit, and so the challenge was put down. Power to all South Australians at a reasonable cost was Playford's desire and dream. In 1945 a Royal Commission recommended that the Adelaide Electric Supply Company be taken over by the State, and this strengthened Playford's resolve. The company should be answerable to the community and not to the 8 000 shareholders. How Playford nationalised South Australia's electricity supply was a crowning test of Playford's capacity as a political leader. I highlight the following quote from *Playford, the Benevolent Despot* (page 102):

It was a test in Australian history and perhaps in that of the British world.

The LCL dominated Upper House was opposed, and Playford defied the substantial group of conservatives amongst his own colleagues. He won the day, and that victory stamped Playford's authority over his Party and the Government. The future of South Australia was dependent upon access to power and water at a reasonable price, and it was the Government's responsibility to ensure the availability of cheap power and to pump the water so that it could open up the State. We know what happened with the Whyalla pipeline, which was one of the first and greatest projects for which he was responsible. The wheels of industry developed and multiplied on a vast scale that was unprecedented before or since. All this can be read on page 948 of the South Australian Parliamentary Debates of 1942.

Through the great skills of J.W. (Bill) Wainwright, who was well known to my father and others—he was the Auditor-General of South Australia for 11 years from 1934 to 1945—Playford got the Adelaide Electric Supply Company (AESC) to extend its services into the country and restricted the rewards to its shareholders. The South Australian Gas Company led the way, and the Government limited the prices charged for gas and electricity. It is curious that history repeats itself here, because as we know the Gas Company has already been privatised.

The Reed Royal Commission announced its decision in August 1945. Playford contacted the Prime Minister (Ben Chifley), a Labor Prime Minister, with the request: 'Can I borrow \$10 million from you?' Following explanation, he said, 'Do you, Tom, do you really? Well, that's different. Get in touch with the Governor of the Commonwealth Bank. Tell him that I said it's all right, and he will fix it up.' And so it happened, and we saw the birth of the Government taking over the control and distribution of power in SA. During the next 50 years, South Australia witnessed unprecedented development and success. The decision to nationalise South Australia's power assets was the right one to make in 1945. It had the desired results: power and water accessible to all the people of South Australia in all regions. That was the option, and that is what happened.

The infrastructure required to get that power to all our regions was absolutely massive. As the member for Eyre said earlier today, I remember as a boy having to put up with 32 volt power in the regions. When the wind did not blow and the batteries were down, you went to bed when the sun went down because there was no option. In 1966 when I went to that good school in Adelaide (the same school that you attended, Sir), when I went home one weekend the power had been connected and the difference was phenomenal. We took out the kerosene fridge, and all the lights could be turned on

in the house at once. It made a tremendous difference to our lives and we appreciated it—no more dependence on the wind or starting the engine at night.

Fifty-three years later the scene has altered. The distribution of power in South Australia is largely complete and power is still relatively cheap—at least it is affordable to most of the population. However, the playing field has changed. What has been a milch cow for successive State Governments for five decades has now become a potential liability and could cost the Government. Playford nationalised a private monopoly over the provision of essential State services. Today, we do not have that monopoly. I wish members to consider that. This is 1998, and technology has changed greatly. The national competition policy, first mooted by a Federal Labor Government under Prime Minister Paul Keating, has changed the scene. I opposed the whole concept of it, but we have to live with it, at least for the time being.

Electricity is now sold and available on a national grid. This State's electricity generator is in opposition to at least three Eastern State generators. One is already a private company, and if we dilly dally I am sure that New South Wales will follow suit and as we read today, the Labor Government in NSW is in favour of selling its power generator. As has been mentioned, the Victorian generator at Yallourn sits on a mine of premium grade coal. Kennett quickly privatised that, and he is now reaping the benefits. Electricity is now tradeable on the stock market. Any trader can play the spot market. You only need to watch the rise and fall and pick it up on the down and sell on the up. It is pretty easy once you study trends and can make a lot of money.'

It is a matter of great concern that we will expose ourselves in this area. Electricity is now in the risk market and South Australia's monopoly protection is gone, and therefore our taxpayers are exposed to the uncertainties of the Australian power market and, worse, to the power speculators, who will be in there only to make money, trading not generating power. They will win. Guess who will lose? If we are there, I am sure it will be us. Certainly I have grave concern about that. I believe that the decision is to vote for obvious advantages for South Australia. If we do not, what will Labor do to solve the problems? Yes, Playford did get it right, nationalising a private monopoly to benefit South Australia. Now it is time to move with the times. I firmly believe that members opposite are only talking rhetoric because that is what they have been told to do by their Party. I am sure that most of us can remember the State Bank and most of us can consider the risks.

Why do not members opposite vote for obvious advantage and obvious benefit to South Australia and put those risks behind us, because that is what they are—obvious risks. I say again that we do not have a monopoly in generating power. We have to compete in the marketplace against Victoria, New South Wales and Queensland. I ask members to consider that. Now we must move with the times. I am a firm believer that the people of South Australia have confidence in us and in five years time will be pleased that we made the decision that we made. I support the Bill with guarantees.

**Mr De LAINE** secured the adjournment of the debate.

#### MEDICARE

**The Hon. DEAN BROWN (Minister for Human Services):** I seek leave to make a brief ministerial statement.  
Leave granted.

**The Hon. DEAN BROWN:** I wish to clarify some remarks I made to the House earlier this afternoon concerning the Medicare agreement. I told the House that the Federal Government had 'apparently introduced legislation for a one-year Medicare agreement instead of a five-year Medicare agreement'. I have now been advised that the Bill has not yet been presented to the Federal Parliament but is expected to be presented this week. Incidentally, my information had come from a journalist in Canberra who had somewhat jumped ahead of himself. My understanding is that what is being introduced is a five-year appropriation which then will allow yearly payments by the Federal Government to be made. So, the effect is still exactly the same as I pointed out to the House, but I wanted to highlight the fact that the legislation has not yet been presented. We are expecting it later this week.

#### ADJOURNMENT DEBATE

**The Hon. DEAN BROWN (Minister for Human Services):** I move:

That the House do now adjourn.

**Mr HANNA (Mitchell):** I rise this evening to deal with a specific case of injustice that has come to my attention in my capacity as the member for Mitchell. I consider it exceptional to go into the details of a specific case, but this case raises general issues of concern in relation to the law of defamation, the Whistleblowers Act and people who deal with public authorities generally. The woman concerned—I will call her by her first name, Rosemary—has asked me to take up this matter publicly, and I do so gladly because of the concern I have about the injustice that has been done to her. She is a woman who worked in her twenties and thirties, had a child and then decided to resume her career, and earnestly and with dedication went back to TAFE to retrain herself for the work force.

She undertook some computer studies, and then in 1997 she proceeded to take on an advanced diploma in accounting. In doing so she took a particular course where she was going to learn the computer program 'Sybiz'. Her lecturer, Mr Rob Williams, in the Department of Business Studies at the Panorama campus of the Mawson Institute, was her lecturer. She was very unhappy with him, and that is an understatement. She was a student in his class from 4 February to 27 May 1997.

Because of her concerns she wrote to Mr John Turner, who is the Educational Manager, Business Studies, alleging dissatisfaction with Mr Williams. It is important to note that before she made her written complaint she sought advice from the student counsellor at the Panorama campus. She obtained a copy of the student grievance procedure which on paper sounded effective and, given her concerns, she was advised to write openly and subjectively regarding her complaint. She did that and gave her letter to the student counsellor, who gave it to Mr John Turner. Because it is important to understand the story clearly, I will read the substantive part of the letter she wrote, as follows:

Nine weeks into this module and I am no further advanced, feeling totally frustrated, stressed and disillusioned with this module. His tutoring technique, or lack of, is totally ineffectual and disjointed, which gives me no confidence in his ability. His arrogance is intimidating [and] his attitude is condescending. I am sure these sentiments are shared not only by myself but by many other students, as the drop-out rate in his class is indicative of his tutoring ability. The cost of this module does not come cheaply and I do not want to

have to repeat this again through incompetence. As this class has an attendance of approximately six students, he should and could give us some personalised tutoring. When a question needs to be asked, Rob Williams is nowhere to be seen. Needless to say, we are then compelled to ask one of the other students in the class for help, when he should be there helping us.

As a result of giving that letter to the appropriate authority at TAFE, Mr Turner telephoned Rosemary and asked whether she wanted the letter regarded as a formal complaint. She was surprised at that question, because she thought that she had just made a formal complaint. In any case she said 'Yes, I do.' What happened next is that investigators were appointed internally within TAFE. They simply showed the letter to Mr Williams, who denied all the allegations in the letter and promptly sued Rosemary for defamation. Being on a pension—and I will not go into more detail than that, but I can say that she has no cash to spare—she was then faced with a defamation action in the Small Claims Court. It was a minor civil action in which Mr Williams sought \$5 000 damages.

In his particulars of claim he said that the complaint she had made went far beyond what is legitimate and appropriate. He said that she had falsely and maliciously published to the Department of TAFE allegations in respect of him. He repeated the allegations in her letter and said that those allegations imputed that he was unprofessional and derelict in his duties. That was the claim he made against her. Of course, she was extremely anxious; she had never been involved in litigation before and, as far as she was concerned, all she had done, because she was not getting satisfaction from her lecturer, was to make a proper complaint to the proper person and was now faced with legal action.

Because of the intricacies of the laws of defamation, she quite sensibly sought legal advice. The Marion Community Legal Centre gave her some initial advice but said, 'This is really beyond our scope. We can't deal with this whole matter and take it to court for you; you'll have to go to a private solicitor.' She did that and incurred many hundreds of dollars in costs for advice before the trial even commenced. She did file a defence and, of course, stated that under the law of qualified privilege she was perfectly entitled to make that complaint because she did so in the appropriate manner.

So what did Mr Williams do? The day before the trial when she was fretting, and had spent many hundreds of dollars—which she can ill afford, being on the pension—he discontinued the action. So that is the end of that. He knew what he was doing and he had well and truly worked the system to create suffering and financial detriment on her part and he was then able to walk away from it. What makes the injustice in this case all the more acute is that Rosemary was relying on the written grievance policy that they have at TAFE, and I quote from it:

#### Victimisation

Whether a complaint is formal or informal, steps will be taken to ensure that neither party is victimised or disadvantaged as a result of a complaint being made.

What does it say about defamation? Quite clearly it says:

One of the principles in handling a complaint, whether formal or informal, is that confidentiality will be maintained to prevent the possibility of a defamation suit.

There appears to be a travesty of justice in this case. I raised the matter initially with TAFE management and in December I was told by way of a letter that the matter had been referred to the Crown Solicitor for advice. I have received no further correspondence in relation to what that advice was or whether



any TAFE investigation has taken place. Clearly, the law and the legal system have failed her. I have written to the appropriate Minister. I have written to the Ombudsman who is investigating the matter, and I am hoping that justice can be effected that way.

I am not sure that changing the law of defamation is going to help these sorts of cases, because I do have to say that there might be the case where a student maliciously sets out to malign a lecturer, or the parent of a child at a primary school might seek maliciously to malign a teacher, and so on. The law must take account of those cases as well and that is why we have the law of qualified privilege, which means that if you do the right thing, that you are not being malicious and you have a genuine complaint, you are not to be liable to a successful defamation suit.

We also have the Whistleblowers Act but, unfortunately, the scope of that Act probably does not cover a case such as this. If justice is not achieved by the alternative means that I have mentioned then I will be calling upon the Attorney and within my own Party for a review of the Whistleblowers Act, and possibly the law of defamation, so that the general public, when they deal with public authorities, can feel that they can safely follow a written grievance procedure and not be subjected to the injustice that this woman has been subjected to.

**Mr BROKENSHIRE (Mawson):** It is interesting to note the member for Wright's contribution tonight in the Chamber with respect to the Bill regarding the opportunity to put ETSA into privatisation.

*Ms Rankine interjecting:*

**Mr BROKENSHIRE:** Sorry, it was Michael Wright, the member for Lee. I got it mixed up. It was interesting to listen again to the member for Lee talking about privatisation of ETSA, and I would suggest that for the rest of the member for Lee's life in this Parliament his speeches will be very similar. It is about the third or fourth one that I have heard. His sole remedy to the problems that many of his colleagues caused this State is to build up the public sector. That, of course, is a pretty simplistic approach. If that was the way we could fix economies we would not be sitting in here now; we would be out there rejoicing at the so-called economic boom that would result from these socialist policies—and I might add that they are historical policies because they have failed in the past.

That does not mean that I am about bashing or trying to cut down the Public Service. I work with public servants on a daily basis as a member of Parliament and by and large the majority are clearly committed to working with Government and to getting on with the job of delivering services to the community. It is very much a contrast to what the Premier put out tonight in his Employment Statement 1997-98-99. In reading parts of that statement it is part of what the Government started to do when it first came to office in December 1993, namely, to position this State for the long-term sustainable future of South Australia. Clearly that employment statement tonight picks up and carries on a lot of training initiatives for young people, in particular, but also through DOME and other initiatives mentioned in that document. It talks of the need to up skill many of the people who are currently unemployed. That was an initiative of the previous Premier and I am pleased to see that it is continuing.

As a member in an electorate where there are a lot of exciting opportunities, and considering all the hard work that many of us in the Parliament have done over the past five

years, I would say that this statement needs to be echoed throughout the southern community. Too often things maybe done for political reasons rather than in the best interests of an area, and I admit that at one stage I was involved in using a political approach when I used to hit the south for being the 'forgotten south'. In admitting that, it was a fact that back then the south was clearly forgotten. It is not a fact any more. The fact is that the south has turned the corner, thanks largely to a commitment by this Government since 11 December 1993.

In this Parliament we need to highlight to all the communities we represent where the strengths and opportunities are and the fact that we have to look forward. That is one of the things I am pleased to see: the initiative of the newly amalgamated City of Onkaparinga. It realised that we have achieved a lot as a community, as a local government, a State Government and, to an extent, as a Federal Government in creating opportunities for the southern region. Some were mentioned in the Employment Statement, such as the Southern Expressway. We heard of the recycled water project. I say to the community down south that we should be looking at and benchmarking what we have created in the way of opportunities. We should be proud of what we have got down there and should be starting to position ourselves, our families and the community at large, in particular young people, to capitalise on these opportunities. This Employment Statement will certainly add to that.

I am delighted to see that the initiative of putting more trainees through the public sector is clearly documented here. In my office I have my third trainee who, as I said to the second one, will not make the full year as a trainee because they only need a bit of up-skilling, empathy building and believing in themselves and they will get a job in the private sector. That has happened with the last two trainees. They are part of the 70 per cent of this traineeship that the Government has adopted for some years. The current trainee that I have will also be part of that 70 per cent. I am trying to paint a picture of the fact that the Government cannot do it alone; it needs to be a bipartisan partnership. It is time to look at the opportunities we have in the southern region rather than trying to pull back for cheap political point scoring—as I have heard recently from some members.

Interestingly, even though during the 11 years of Labor the money that went to the south compared with that that went to the north was about 10 to 1, unemployment figures in the south, whilst still too high in my opinion both generally and particularly with youth unemployment (and any unemployment we need to address if possible), are much better than are the unemployment figures in the north, even though all that money was pushed north for all those years. That is partly because of the fact that the skills both in trades, in middle-skill levels and in tertiary levels are much higher in the south and many people have chosen to live in the south because it is a great place to live. It has a fantastic coastal environment and it has good rural aspects. It is just a generally nice climate and a nice modern living environment. We now need to build on, as I have said.

I commend the new City Manager, Jeff Tate, and the Mayor, Ray Gilbert, for the way in which they have realised that it is time we all worked as a partnership; that we should cut out the petty politics and hit each of us when we make a mistake—or not necessarily hit us but provide some constructive criticism. People should not turn around and pull down the good work that is being done. We need to believe in

ourselves and in each other, and the southern partnership that is now in place will help to develop that. I am delighted to see you, Mr Deputy Speaker, as part of that partnership, along with Minister Brown, the member for Fisher and me, and also the Labor members in our area working now for its best interests. This partnership is a real opportunity, and it is an opportunity that we need to market right throughout our electorates. I will make sure that a copy of this grievance debate is distributed throughout Mawson so that people understand that there is a new direction, commitment and opportunity for the southern area.

Just capitalising on that a little further, it was really great to see at the Farmers' Growers Day last week at McLaren Vale the report from the Willunga Reusers Group, something on which we have worked for five or six years and which will now be receiving a tender call to start the \$7 million pipeline. As my colleague the Hon. Dean Brown said recently, there are real opportunities happening out there now. It takes a few years to get all the planning together; it does not happen overnight, but it is happening now.

I suggest that, as we see the growth now occurring as a result of that water pipeline, we will also see some other opportunities. Metro Meat is an interesting one. I cannot say in this House right now what will happen there, but only two years ago when Metro Meat said it would close 500 semi-skilled and skilled jobs were lost, creating a hole that we thought would never be filled. It is interesting to see the strong negotiations going on that will bring back a lot of other new opportunities for the southern region.

One of the important things that we need to do in any region is to not necessarily look at what we do not have but identify what we have that is a plus to us over and above other areas. If you look at the State situation broadly, we do not have a Sydney Opera House, a Sydney Harbour Bridge or an Ayers Rock, but we certainly have lifestyle and culture and food and wine and good genuine places to visit and have holidays in. Down our way, we also have a lot of those opportunities but we tend not to look at what we have in our own backyard.

With respect to hospitality and tourism, I am pleased to see that the visitor centre is now working direct linkages with the Willunga High School and capitalising on opportunities there, and that is another way in which Government can do the job: it can put infrastructure in place and work with the private sector and the community. We have some fantastic volunteers who are now working with Willunga High School students and other trainees to ensure that they pick up real life skills when it comes to tourism opportunities, and together with a general curriculum those people are now job ready and are picking up places in hospitality and tourism. So, I trust that all members in this House will have a close look at this employment strategy and the ongoing commitment by the Government to rebuild this State.

Motion carried.

At 10.19 p.m. the House adjourned until Wednesday 27 May at 2 p.m.