HOUSE OF ASSEMBLY

Wednesday 28 March 2001

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

NATIVE BIRDS

A petition signed by 29 residents of South Australia, requesting that the House urge the government to repeal the proclamation permitting the unlimited destruction by commercial horticulturalists of protected native birds, was presented by Mr De Laine.

Petition received.

FIREWORKS

A petition signed by 1 887 residents of South Australia, requesting that the House ban the personal use of fireworks with the exception of authorised public displays, was presented by Mrs Geraghty.

Petition received.

SALISBURY CAMPUS

A petition signed by 532 residents of South Australia, requesting that the House ensure the Salisbury Campus of the University of South Australia be rezoned mixed-use, was presented by Ms Rankine.

Petition received.

ALICE SPRINGS TO DARWIN RAILWAY

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

Leave granted.

The Hon. J.W. OLSEN: I wish to clarify reports today in relation to the proposed funding arrangement for the Adelaide to Darwin railway line. The state government is not proposing issuing special bonds as replacement funding. Media reports suggesting that the government will issue special bonds to cover the $26.5 million shortfall in the rail funding are not accurate. A loan from the South Australian Financing Authority to the consortium will replace the CKI loan if legislation is passed by parliament. SAFA currently issues bonds in the domestic and international financial markets. In the domestic market SAFA offers retail bonds which can be bought in $500 lots. There are currently more than 7 000 individual investors in this retail program. SAFA retail bonds currently return 4.2 to 4.5 per cent on maturity. I simply want to impart to the House the importance of the SAFA funding and its retail paper that is currently in the market.

LEGISLATIVE REVIEW COMMITTEE

Mr CONDOUS (Colton): I bring up the 13th report of the committee and move:

That the report be received.

Motion carried.

PARLIAMENT, PHOTOGRAPHING

The Hon. G.A. INGERSON: Mr Speaker, I rise on a point of order. Could you advise the House under what privileges the media are able to abuse their right to photograph members other than those on their feet, and I refer particularly to the television cameras?

The SPEAKER: A procedure was set in place some years ago—and I think about three or four presiding officers ago—whereby the management of the television stations signed a document agreeing to rules that members would only be filmed if they were on their feet speaking. That was the agreement that was set in place between the House and the television stations and it is an agreement that the House would expect the television stations to adhere to and honour.

QUESTION TIME

ALICE SPRINGS TO DARWIN RAILWAY

The Hon. M.D. RANN (Leader of the Opposition): My question is directed to the Premier. Given that the Premier gave an undertaking on 28 June 2000 that $150 million was the drop-dead figure and that parliament would not be requested to approve any further funding to support the Alice-Darwin project, what guarantees can the Premier give that the $26.5 million SAFA loan will be the last demand on the South Australian taxpayer for financial support for the construction or operation of the railway? On Monday 23 March this year, the Under Treasurer briefed the opposition on the rail project and said that he could not guarantee that there would be no further calls on South Australia for financial support.

The Hon. J.W. OLSEN (Premier): When I last had legislation in this parliament last year on this project, I acted on advice, and that advice was given to me in good faith and in goodwill. From time to time governments can only act on the professional advice that is made available—

Mr Hanna: You got it wrong!

The Hon. J.W. OLSEN: Obviously the member for Mitchell has never done a deal of any significance so he would not understand the implications. This is a project—

Mr Hanna interjecting:

The SPEAKER: Order! The member for Mitchell will come to order.

The Hon. J.W. OLSEN: The inane comments of the member for Mitchell indicate his ignorance in relation to commercial matters. This project involved—

Members interjecting:

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

The Hon. J.W. OLSEN: This is an interesting approach from members of the Labor Party: either they are going to back it in or they are not, and I would hope that at the end of the time they would. Now, if they want to play short-term politics with the issue, do so, but—

Mr Conlon interjecting:

The Hon. J.W. OLSEN: I just say to the member for Elder—

Members interjecting:

The SPEAKER: Order!

The Hon. J.W. OLSEN: I say to the member for Elder that I have publicly acknowledged the role of the opposition in looking at this issue. If members opposite want to come in with interjections like the member for Mitchell and the

member for Peake, that is fine, you can have your political one-upmanship. Let me go back to the substance of the leader's question. When I had legislation before this parliament last year, I advised the House on the advice that I was given—and bearing in mind that heading up the Australasia Rail Corporation is no less than Rick Alert, who is recognised as such in his commercial and business dealings to be on the largest boards in this country. When someone of that stature gives me advice, I take the advice for what it is, and I have no doubt that he acted with good faith and goodwill in giving advice to me. I advised this House based upon that professional advice from people representing the interests of the South Australian and the Northern Territory governments.

This is a project of $1.2 billion nature. It is a project that involves three governments. It is a project that involves the consortium of half a dozen or more partners. It is a project where finance committees, credit committees, the financial institution and banks have had to sign off to the tune of $700 million in boardrooms in Australia and overseas and, as I understand it, as late as last week in London. That indicates the complexity of the project in itself. There have been changed circumstances. Do I wish the changed circumstances had not occurred? Of course, I do. However, at the end of the day the responsibility and the buck stops here. We have to ensure that this project materialises for this state and its long-term interests.

Some media have suggested that I should be severely embarrassed for I have failed in relation to the CKI involvement. Let me just say this—and the member for Peake nods his head.

Members interjecting:

The SPEAKER: Order, the member for Stuart!

The Hon. J.W. OLSEN: In relation to that, I could have avoided the possibility of that being said by either the members for Peake or Mitchell or some sections of the Labor party, but it would be to retreat—

An honourable member interjecting:

The Hon. J.W. OLSEN: —or some sections of the media. But that is not accepting the responsibility to try all avenues on behalf of the state. At the end of the day in all good conscience, having tried and not being successful, I can say that at least I know that those avenues have been exhausted. If it is a matter at any time of running the risk of not being successful or running the risk of the member for Peake saying that I ought to be embarrassed, that is fine. But, I know in all conscience that I have done the right thing by the taxpayers of South Australia—absolutely! And I will put up with the barbs, because at the end of the day it is about exercising your responsibility diligently on behalf of South Australians.

In relation to the first part of the leader's question, the advice that has been given to me is that there will not be any more calls. But how does the leader expect me to indicate 10 and 20 years down the track the situation with this project, which is a 50 year operational project. I do not know whether the leader has a better crystal ball than I, but the simple fact is that nobody can anticipate the whole raft of issues that will apply in transport operations in this country over the next 50 years. We can only pursue and undertake all the appropriate, careful, cautiously managed steps to best ensure ourselves that our interests are protected.

To underscore that, I would not have spent the last six to eight weeks and put in the time that I did on this project and exposed myself to the comments and criticisms of the member of Peake and the media about being embarrassed or not being successful at the end of the day if I did not want to protect the taxpayers' interest at the end of the day. In this instance, actions speak far more than the words of the member for Peake.

ELECTRICITY, NATIONAL MARKET

Mr WILLIAMS (MacKillop): Will the Premier advise the House on the progress of the establishment of a task force to review the impact of the national electricity market on business and domestic consumers in South Australia?

The Hon. J.W. OLSEN (Premier): Earlier this month I announced that the government would be establishing a high level task force to review the impact of the national electricity market in South Australia. As it stands today, the market model was eight to 10 years in the gestation period. It was first mooted in about 1991, and it was a couple of years later that the NEM and the model emerged from those previous models. That model is now operating in the markets here.

I also indicated to the House my intention to pursue the issue at the highest level of government across the nation, namely, the Council of Australian Governments. This is not just an issue for South Australia. To that end, as I indicated to the House yesterday, I have written to the Prime Minister calling for a national review of the design and model of the current market system. We can now see the market in operation and make a judgment about its operation and how the model might need to be adjusted to look after the interests of us all, including South Australia.

In terms of the need for a review, I have asked this matter to be listed as a major priority at the next meeting of the Council of Australian Governments. I indicated to the Prime Minister that fundamental questions are being raised by industry and consumer groups about the design and model of the market and whether it is delivering, to the fullest possible extent, the goal of lower prices and customer choice for energy users. I note that, since that comment about a task force and a call for a national review, both the New South Wales and Victorian governments have supported that stance.

I can announce today to the House the membership of that electricity task force: chair of the task force, Mr John Eastham (chair of the Electricity Supply Industry Planning Council); President of Business SA, Mr Mike Hannell; Chairman of the South Australian Gas and Electricity Users Group, Andrew Haines; former President of the Australian Retail Traders Association, Mr Albert Bensimon; Loxton Mayor, Jan Cass; the Chief Executive Officer of ETSA Utilities, Mr Basil Scarsella; Managing Director SA of Australian National Power, Dr Ed Metcalfe; General Manager, Energy Sales Marketing, Mr Michael Fraser—

Mr Foley interjecting:

The SPEAKER: Order! The member for Hart will come to order.

The Hon. J.W. OLSEN: —the South Australian Independent Industry Regulator, Mr Lew Owens; the Electricity Ombudsman, Mr Nick Hakof; and (the one departmental official) Department of Treasury and Finance officer, Mr Gino DeGennaro.

The task force will broadly examine the rules of the national electricity market and its impact on South Australia, review the design and model of the current market system and recommend what action needs to be taken to improve the operations of the market in South Australia. The task force will report directly to me and I will make its findings public.

I am certainly hopeful that the task force will be able to report back within a time line of approximately three months. Just—

An honourable member interjecting:

The Hon. J.W. OLSEN: The honourable member says that it is an outrage: she would not know half the people on the task force or their expertise or background. It is an interjection of ignorance, as it also relates to the member for Hart.

Mr Foley interjecting:

The Hon. J.W. OLSEN: Let me just focus on the member for Hart for a moment. He is very good at waving around red books from the Auditor-General.

The Hon. G.A. Ingerson: What about the last one?

The Hon. J.W. OLSEN: That is the point I want to make. The member for Hart is very good at waving around reports from the Auditor-General. But the Auditor-General's Report was tabled yesterday and where is the member for Hart? Why would that be? Usually, the member for Hart is out of the starting blocks immediately. I could tell members why the member for Hart—

Members interjecting:

The SPEAKER: Order! There is a point of order.

Members interjecting:

The SPEAKER: Order! Members on my right will remain silent.

Mr FOLEY: It is misleading for the Premier to say what he has just said because I have spent the past 12 hours trying to sort out his problems over railways.

Members interjecting:

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

Mr FOLEY: I have had no time for anything else.

Members interjecting:

The SPEAKER: Order!

The Hon. G.A. Ingerson interjecting:

The SPEAKER: Order! The member for Bragg will come to order.

Mr FOLEY: I can't do everything, John.

The SPEAKER: Order! The Premier.

The Hon. J.W. OLSEN: The member for Hart can always find time to attempt to score a political point. I have never known anything to interrupt the member for Hart if he thinks that he can make a political point. The point is that he does not have one here; that is why he has not referred to the report. Let me quote what the Auditor-General has to say. The Auditor-General has reported that the privatisation of the state's power assets resulted in a net benefit of $115 million in savings of interest after $4 958 million was paid off the state's debt. On the whole, 97.25 per cent of the gross cash proceeds was available for debt retirement.

The Auditor-General, once again, reiterated his statement that based on the information provided to him, the government received total cash proceeds exceeding the upper limit of the total estimated valuations of the asset. The Auditor-General also commented that by reducing debt the government has reduced its debt management risk, in particular outright interest rate risk. That was a contributing factor in the upgrading of the state's credit rating to AA+.

Members interjecting:

The SPEAKER: Order!

The Hon. J.W. OLSEN: The Auditor-General also commented that the government has also reduced its risk exposure to operating businesses in the national electricity market. They were the key points—policy principles, the driver for the implementation of the policy—and I would be more than happy for the member for Hart, when he has a little time, to look at the red book, and I am sure he has read it from cover to cover already—

Mr Foley interjecting:

The Hon. J.W. OLSEN: Yes, I am sure you have—and raise some of these issues. The Auditor-General underscores the importance of the policy, its successful implementation and the benefit to the taxpayers of South Australia.

ALICE SPRINGS TO DARWIN RAILWAY

The Hon. M.D. RANN (Leader of the Opposition): My question is again to the Premier—and I am grateful that he has acknowledged the opposition's support in this situation. Following the rejection by the Asia-Pacific Transport Consortium of the CKI loan brokered by the Premier on the grounds that it was outside normal commercial terms, will the Premier now agree to ask the Auditor-General to assess and sign off on the Premier's latest plan for SAFA to lend $26 million to the project?

The Hon. R.L. Brokenshire interjecting:

The SPEAKER: Order, the Minister for Police!

The Hon. M.D. RANN: He is apparently on the dream ticket; there's Brindal and Hall, and Kerin and Brokenshire.

The SPEAKER: Order! The leader will get on with his explanation.

The Hon. M.D. RANN: On 13 March the Premier rejected the opposition's request for advice from the Auditor-General on the CKI loan saying that 'there was no time to involve the Auditor-General'. We would rather see the Auditor-General involved proactively rather than reactively.

The SPEAKER: Order! The leader is now starting to drift into comment.

The Hon. J.W. OLSEN (Premier): Under the Public Finance and Audit Act the Auditor-General has the opportunity to take up any of these initiatives. I have no doubt he will on this occasion and I would welcome his review of it.

The Hon. M.D. Rann interjecting:

The SPEAKER: Order! The leader has asked his question.

COUNTRY FIRE SERVICE

Mr MEIER (Goyder): Can the Minister for Police, Correctional Services and Emergency Services outline to the House details regarding the level of funding for the Country Fire Service, in particular as it relates to funding from the emergency services levy, and, further, can he explain to the House the relationship between the Emergency Services Administrative Unit (ESAU) and the CFS?

The Hon. R.L. BROKENSHIRE (Minister for Police, Correctional Services and Emergency Services): I thank the honourable member for his question and, having travelled most of Yorke Peninsula visiting CFS and SES stations to see what was required, I think it is appropriate that this question comes from the member for Goyder. In answering this question about current funding for the CFS, I want to go back a little so I can put it in real terms as to where we are going as a government with our commitment not only to the CFS but indeed to all of the volunteer emergency services and the paid emergency services. Between 1986 and 1993 the CFS accumulated a debt of around $15 million, to survive, because of the lack of funding it received. It was required to spend this money but was not actually receiving it; that is, $15 million between 1986 and 1993. The CFS budget this year is approximately $35 million. Prior to the new funding

system coming in, the funding for 1997-98 to the CFS was around $21 million.

Of course, on top of this, we are all aware in this House of the volunteer support grants programs of $1 million a year which go to allow autonomy for niche requirements to the CFS, the SES and the like across the state and, because of the size of the CFS, it seems to be getting about $700 000 of increased budget there as well. So, we are looking at a situation of what was a $15 million debt, at a cost of $1 million a year to service, coming up to a situation where now it has a budget this year of about $35 million.

The capital works program for 1997-98 was about $2 million to $2.5 million. Last year, the capital works program was $10 million. This year, it is about $8 million, and I anticipate that we will be able to sustain the capital works spend to the CFS at about $8 million recurrent. Of, course, importantly, the fact is that there is a huge backlog when it comes to capital works requirements for the CFS.

It was interesting that, in the South-East last week, I met with some people regarding a new CFS station that is required at Kingston. The station that those people are in at the moment is 46 years old, and one must ask why, under the old system, going right back, there was not a replacement of their station that is now 46 years old. That is one example.

Another example is Aldgate, where the fire station that was promised some years ago still has not been built. The Blanchetown CFS does not have toilets or handbasins at the moment. I could go on ad nauseam with a list relating to backlog requirements.

The important thing is that we are delivering. We will not be able to pick up that backlog in just a couple of years, and I have said that to the House previously. However, our commitment and our endeavour is to deliver on that backlog as quickly as possible and, clearly, the House can see what is happening there with respect to the increased funding.

I note that it was quoted that 17 of the 59 CFS groups currently are over budget. In fact, for the whole of this year, no CFS group has spent its entire budget. Some 17 groups at the moment, year to date, are a little over budget, but there is $189 000 in all the CFS groups that are under budget year to date to 28 February. Of course, I have said in the chamber previously that that would be the case, because it is only since the new funding system that we have known what sort of money it would really cost operationally to run an organisation such as the CFS. I have said that we would have to have a very busy fire year, we would have to have an average fire year and a quiet fire year, and then, by looking at a median across that, we would understand what it would cost.

Of course, it has been a very busy year this year, and I expect that some of the groups will come in over budget for that reason. Therefore, we also are factoring in a reserve, which is a good way to run the CFS in the future, rather than the way in which it was run under Labor, where the legacy of Labor was $13 million of debt—$13 million of debt under Labor, and we have a reserve there. But we also have the Auditor-General, and, of course, it would be opportune for the Leader of the Opposition to remember that, with the Auditor-General, the Economic and Finance Committee and the fact that this is now funding going into a centralised quarantine system, we have to be very accountable with the money. Therefore, what happens operationally is that the CEO of the CFS and the board set the budgets and then, if there are further requirements, they can be called upon over that year.

With respect to ESAU, it is subservient to the CFS, the SES, the MFS and other organisations that are accessing it. The net cost of running ESAU is $1 million. The balance of the money for running ESAU is just a transfer of money where the non-operational people from CFS, SES and MFS have come across to ESAU so that they can provide better risk management and better occupational health and safety right over.

The member for Elder (who has more focus on heading towards the Senate, as the rumour has come more towards the facts, than he has on what is good for the CFS, or any other organisation) ought to listen to this. When we took over the emergency services fund, as it is today, there was a $1.8 million unfunded CFS liability for WorkCover loan. There are two issues involved in that. The first issue that worries me immensely—and, sadly, we have seen it again recently—is that we do not want our volunteers, of whatever organisation, injured. We are now setting up, through ESAU, better risk management and better occupational health and safety. If we can rein in those unfunded WorkCover liabilities and keep people safer, we will be able to deliver more. Nothing is ever done overnight, particularly when there is a huge backlog, but we are delivering more and there will be more to come in the future as we address those issues I have highlighted today.

The final issue is that we have to make sure that those brigades and units across the state that were so grossly underfunded—they did not even get overalls to wear—receive the basic requirements. For 13 painful years Labor ignored the backlog that existed in this state and left the CFS with a $13 million debt. However, when we catch up with that backlog we inherited when Labor left office, we will deliver more.

ALICE SPRINGS TO DARWIN RAILWAY

The Hon. M.D. RANN (Leader of the Opposition): My question is again directed to the Premier. Given the rejection of the Premier's CKI loan deal by the Asia Pacific Transport Consortium, on whose advice did the Premier tell this House that the consortium was in a position to quickly achieve financial close of the project? After returning from Hong Kong on 13 March, the Premier told this House:

> The Asia Pacific Transport Consortium, having secured the CKI funding, together with additional funds from the Northern Territory and commonwealth governments, is now in a position to quickly achieve financial close of the project.

Yesterday, the Chairman of the Asia Pacific Transport Consortium, Mr Malcolm Kinnaird, rejected the Premier's loan deal on the ground that it was outside normal commercial terms.

The Hon. J.W. OLSEN (Premier): As I have said on a number of occasions publicly, and I will repeat here, when I invited CKI to be involved, to their credit they were prepared, at short notice, to look at the proposal, undertake appropriate due diligence, enter into discussions with the consortium and then subsequently agree to look at investment. As I told the House at the time, and I have said publicly, we have taken the role of introducing CKI to the consortium for the purpose of completing this part of the financing package. It was, at the end of the day, always to be a commercial negotiation between the consortium and CKI, and I acknowledged that in my comments in the House. We had facilitated their interest, facilitated their introduction to the consortium, and on best advice it would have been closed

off. In the end, it has not been, and I am disappointed about that fact.

The Hon. M.D. Rann interjecting:

The Hon. J.W. OLSEN: I understand the bait that is being offered, but I do not intend to bite. I am disappointed that the matter, given the energy and the effort that have been expended on it, was not successfully concluded. However, I am satisfied that every avenue of private sector funding has been exhausted. We do not have the luxury of time on our side in this issue. The escalation in costs, I understand, is of the order of $2 million a month for every month of delay involved and, therefore, with all the other banks and credit committees having signed off—if my memory serves me correctly, the last credit committee and financial institution signed off last Friday or Saturday—the financial documentation for financial close is now ready but for the $26.5 million that is a matter before the House today. But for that, financial close can now occur in the next few days. If that is able to be secured, I am also advised that draw-down will be on 7 April. That would then enable—

The Hon. M.D. Rann interjecting:

The Hon. J.W. OLSEN: Which one did you have in mind? In relation to that, depending on the passage of legislation—and I acknowledge that members opposite have indicated their support for the passage of that legislation—and assuming parliament endorses that approach today, financial close should be able to be effected at the end of this month—on Friday or Saturday of this week. That then triggers the capacity to draw down the first instalments on 7 April, as I understand it. That would mean that some sort of construction work could commence immediately after that. Whilst I have not seen the construction sites, I understand that in the past month or two some preliminary work has already been undertaken for the establishment of some camp sites so that construction teams can be moved in at relatively short notice, to ensure that they beat the wet season in the Northern Territory. So, the amount of construction in this dry season prior to the next wet season and the amount that they can construct then would not impact and delay for a further year.

MURRAY-DARLING BASIN

Mr VENNING (Schubert): I have a very important question. Will the Minister for Water Resources inform the House whether he is confident that the Murray-Darling Basin Ministerial Council will secure agreement from the Queensland government to sign a cap on diversions?

The Hon. M.K. BRINDAL (Minister for Water Resources): I thank the member for Schubert for his question. As all members in this House will realise, this Friday's ministerial council meeting will be one of the most important—

The Hon. M.D. Rann interjecting:

The Hon. M.K. BRINDAL: If the Leader of the Opposition wants to open the curtain on certain boxes he is welcome to. I heard him allude to the *Rocky Horror Show* earlier. I would remind the Leader of the Opposition that if he wants to raise that curtain we will find out who the real Frankenfurter is opposite. I would also remind the Leader of the Opposition that the theme song for that show was 'Let's do the time warp again'.

The SPEAKER: Order! I ask the minister to come back to the question.

The Hon. M.K. BRINDAL: And, in reference to this question, that is all about a Labor Party stuck 10, 15 or 20 years ago and not getting on with the problems of today which directly affect this state. The biggest problem affecting this state is the Murray River. It is absolutely critical that this Friday Queensland signs off on the cap. About three years ago they said they would sign the cap and, from that time until now, every meeting we have gone to, Queensland has had another excuse or reason for not having signed the cap. Time is running out. If members opposite would help—and the Leader of the Opposition has promised bipartisan support on this issue—

The Hon. M.D. Rann: I am always here to advise you, Mark.

The Hon. M.K. BRINDAL: Perhaps, instead of advising me, the Leader of the Opposition could be advising Premier Beattie, one of his mates. It is harder to get an outdoor toilet approved in Queensland than for a diversion on water. All around Queensland 50 000 megalitre dams have been built. In the St George and New South Wales border area, the cotton growers and water hoarders have about 40 000 hectares of dams, and about 33 per cent of that is on one station.

Mr Hill interjecting:

The Hon. M.K. BRINDAL: If the shadow minister, who is interested in this subject, would like to listen, I can say that on Cubbie Station there is 33 per cent of the storage: enough storage on one station in Queensland to swallow the waters of Sydney Harbor. Next door, across the border, there is the New South Wales Labor government, a government that is at least trying to implement the cap. And what help does the Labor Party in this state give even to the New South Wales Labor government that is trying to do the right thing? That government is trying to implement a cap, and their irrigators are furious, because their irrigators are saying, 'Why should we implement a cap, when north of the border there are no rules; the cowboys operate?'

I am telling this House that this is a state issue, on which the state forces, both Labor and Liberal, should combine. I will not answer the opposition's snarling, because I am asking the opposition, the shadow minister and the Leader of the Opposition, to ring Beattie and tell him that enough is enough, and that South Australia will not sit by and listen while you defend your mates in Queensland. Do not defend them: get off your backside and do something for South Australia.

ALICE SPRINGS TO DARWIN RAILWAY

The Hon. M.D. RANN (Leader of the Opposition): The Minister for Water Resources is clearly overwrought. My question is again directed to the Premier. Before asking parliament to increase the South Australian taxpayers' $150 million commitment to the Alice Springs-Darwin railway by approving a $26 million loan by SAFA, will the Premier table a summary of the conditions of the SAFA loan, including securities and conditions for the repayment of principal and interest, the timing and pre-conditions for the drawdown of funds, details of repayments, including interest rates, and the rights of the lender in the event of a default?

The Hon. J.W. OLSEN (Premier): In relation to the detailed nature of the question, I have indicated to the leader that officers are available, and have been available, to give background briefings and information. Regarding any other specific details that the Leader of the Opposition would want, I am more than happy to make arrangements for the chairman to supply him with those details.

FOOD POISONING

Mr SCALZI (Hartley): Will the Minister for Human Services outline to the House how many cases of food poisoning occur in South Australia each year, and what is the impact of the food poisoning?

The Hon. DEAN BROWN (Minister for Human Services): The Australian and New Zealand Food Authority, which is a national body, estimates that approximately 11 500 cases of food poisoning occur every day throughout Australia. That is an enormous number of cases, and it comes with an estimated national cost of approximately $2.6 billion for the whole of Australia. In South Australia, the number of actual confirmed food poisoning cases (in other words, it is not only confirmed by the GP but it has also gone through an appropriate test with the IMVS for confirmation of the bacterium involved) is 3 000 a year. In one single outbreak, such as the salmonella poisoning that occurred through orange juice, you can have up to and greater than 500 confirmed cases. In fact, we estimate that it might be 10 times greater than that. In terms of the number of confirmed cases in any one year, we believe that you could multiply 3 000 by at least 10 to cover actual numbers of food poisoning within South Australia.

What is particularly concerning is to see the increase in food poisoning that is occurring, particularly with salmonella within our community. In the period from 1982 to 1995, it is estimated that salmonella food poisoning within Australia increased fourfold; that is, fourfold in about 13 years. Food poisoning is very much a real issue for the food industry of the whole of Australia.

This morning, I was able to announce details of the proposed legislation that will be brought to this parliament later today. I acknowledge the leadership that has been given by South Australia in bringing about national uniform legislation on food poisoning. The former Minister for Health, the member for Adelaide, initiated uniform national legislation. It was then seen as something that would be impossible to achieve. The food industry is a national industry, and the borders of the various states and territories of Australia—

Members interjecting:

The SPEAKER: Order, the member for Peake!

The Hon. DEAN BROWN: —just do not count today in the modern food industry. That is why it was important that we have leadership of the type provided by South Australia, where there was this drive for national uniform legislation. Today we now have an agreement by all the states and territories around Australia and the federal government that there should be uniform legislation. The draft legislation is there for each of the states and territories to adopt. The draft protocols are there with the agreement of the Australian government.

This legislation will bring about a vast improvement in food hygiene for the whole of Australia. Food poisoning is a major issue, and as Australia and particularly South Australia embark on a program of wanting to become a major food exporter in the world—and the opportunity is certainly there—the one thing Australia will have to do is lift its standards in terms of food hygiene. That is what this legislation is about. It will impact on the manufacturers and those involved in the transport, storage, retailing and wholesaling of food. So for the fist time the entire industry will be caught up with severe penalties for breaching the food hygiene standards.

ALICE SPRINGS TO DARWIN RAILWAY

Mr FOLEY (Hart): Given that the rail consortium has rejected the CKI loan proposal brokered by the Premier, what agreement did the Premier have with the Chairman of the rail consortium, Mr Malcolm Kinnaird, about the acceptability to the consortium of the Premier's proposal when the Premier claimed to parliament on 13 March that he had achieved 'a marvellous result'; 'the best of both worlds'; 'They are putting their money in and the interest is being paid by the consortium, not us'?

The Hon. J.W. OLSEN (Premier): I have answered the thrust of the honourable member's question over and over again. If he wants to keep asking me the same questions, I will keep repeating the answers. The sequence of events that have unfolded is self-evident. They have been reported on, and I have explained them. I do not think there is anything further to add in reply to the member for Hart's question.

CLIPSAL 500 RACE

The Hon. G.A. INGERSON (Bragg): Will the Minister for Tourism provide the House with an update of the best V8 race in Australia, the Clipsal 500 Adelaide race?

The Hon. J. HALL (Minister for Tourism): I am delighted to give the House some fantastic news about the race that is now 10 days away from the time when the street circuit livens up and puts some sparkle back in our lives. The preparations for the race are going particularly well, and the weather, which has been somewhat disturbing over the past week, has not in any way hindered the time lines and deadlines for the construction of the track and all the grandstands. One of the really great aspects of this race is that we have just topped the $2 million sales figures for the race that will take place in just 10 days from now. It is a quite extraordinary achievement. The board, Andrew Daniels and his team, and all those involved ought to be congratulated not only on the progress they have made so far but also on the fact that sales are ahead of the same time last year. That is quite extraordinary. A few seats are still left in the main Pit Straight—about 650 out of the 11 000.

The general admission tickets are still selling particularly well and that is clearly where we hope to break a few more records. For those members of the House who have not yet bought their tickets, I remind them of the great value for a three day pass. It will cost $82.50 for the three day pass—great value. If members just want to go on the Friday, it is $22; Saturday is $38.50; and the Sunday pre-purchase ticket is $44. That is great value and, if the weather gods are smiling on us we might be heading for yet another record. This year the corporate sales will be around $23 000, which is an increase from the original $16 400 in the first year.

Attendance at last year's race was 164 000 and, again, if the weather is looking after us, I hope that we will exceed that record. One aspect about this race, in which, I am sure, members opposite are really interested, are the new initiatives the program has managed to put into place. One of the races that offers enormous value and great interest is the Legends of Touring Cars. Whilst I could read out all the names, I will read out some of my favourites: Norm Beechey, Kevin Bartlett, Colin Bond and Allan Moffatt. They will be going out to show that they are still supreme on the track.

The new star of this year's race, apart from Lowndes and Skaife, is the all female celebrity race. I must say that the interest that has been shown in that race is quite extraordi-

nary. That will involve a fairly competitive group of people and, apart from our South Australian women, who I am sure will do very well, the fact that Natalie Lowndes and Jill Johnson have joined the list of racing drivers will create enormous interest. The final aspect of this race that has us all particularly interested is the interest shown in interstate tour packages that have been sold, in addition to the interest out of New Zealand and Malaysia.

We are hopeful that there will be an increase in visitor numbers of approximately 20 per cent to the state, both from interstate and internationally. As we know, the number of international visitors who attended last year was considerably up on the year before. We are aiming for an increase of 20 per cent this year. All I can say is that I hope that all members attend the race at some stage over the three days because it is sure to be absolutely sensational.

ALICE SPRINGS TO DARWIN RAILWAY

Mr FOLEY (Hart): My question is directed to the Premier. Given that the CKI loan arrangement to the Alice to Darwin consortium failed over a dispute on a loan of just $10 million in a project worth $1 200 million, what guarantees will the Premier give this House about the commercial viability of the operations of the railway?

The Hon. J.W. OLSEN (Premier): I guess that that is underscored by the fact that in excess of some $700 million is being put into this project from a range of commercial enterprises. They would not be doing so had they not seen a business plan and been able to reflect on the returns over the longer term of that business plan. This project will be, in the long term, important for our state's future. Not only will jobs be created in the construction phase but, over the life of 50 years, when the rail line is then effectively handed back to the two governments, it will be a piece of long-term transport infrastructure that will serve the state well.

The judgment in relation to the commercial nature and viability is surely underpinned by the range and number of investors who have looked at the business plan, undertaken due diligence and whose credit committees, at the end of the day, have signed off in relation to investing hundreds of millions of dollars.

HALLS AND INSTITUTES, DISUSED

Mr LEWIS (Hammond): My question is directed to the Premier. Why has the government decided to confiscate the proceeds of the sale of disused halls, that is, old institutes, in rural and regional towns throughout the state on the grounds that now many of the trustees have died and the land, and therefore the halls and other buildings on it, revert to the Crown, even though these institutes and similar buildings were constructed and maintained by local subscription and fundraising efforts in the local communities which they serve? Is this not a double standard when compared to the government's attitude over the Charles Sturt City Council's ownership of the land on which it built the soccer stadium at Hindmarsh?

The local hall committee at Borrika in the Mallee, like so many other depopulated communities around the state, no longer needs its hall, and its members have written to ask me to ask the Premier why the government is using a legalistic device to steal the buildings and, more particularly, the meagre sale price of $5 000 from them, which they wish to use for the restoration of their local memorials. In their letter they have asked why the Premier and the government are so mean and desperate as to refuse their plea for the proceeds to be returned to their community.

Members interjecting:

The Hon. J.W. OLSEN (Premier): I notice the bipartisan support of members opposite on this issue. Regarding the specific instance about which the member for Hammond talks, clearly, I am not personally familiar with the background and details of it. While I attempt to keep abreast of all the other portfolios and every component of them, I would be more than happy to have the issue taken up and looked at for the member for Hammond. I will attempt to get a response to him in the course of the next seven days.

FARMBIS

Ms HURLEY (Deputy Leader of the Opposition): My question is directed to the Minister for Primary Industries and Resources. How much of the state and federal funds allocated to the FarmBis program was spent on farmer training and programs, and how much of that funding has been spent on administration and management of the program?

The FarmBis program is a joint state-federal grant available to farmers for training to improve business management skills. It is administered by Primary Industries and Resources SA, but many of the staff employed to deliver the program are also employees of PIRSA. There has been criticism that the costs are not being contained by PIRSA and that too little of the funding has been reaching farmers. The funding was $2.254 million in the 1999-2000 financial year.

The Hon. R.G. KERIN (Deputy Premier): This question is based on misinformation which was put out by the Hon. Ian Gilfillan from the other place and which totally misrepresents what has happened with FarmBis. The funding into FarmBis is more than what the member said. The Hon. Mr Gilfillan stated that a large percentage had gone on administration. That is just not correct. The amount of FarmBis money going into administration is capped at 10 per cent. The outcomes in South Australia are above the outcomes in the other states. In fact, the other states to some extent are picking up on our model here.

Mr Gilfillan also quoted Queensland's administration figure. That is not an actual figure. That was their target, which was not achieved. The figures misrepresent what has happened. That information was put out in error previously and was addressed at that time. It has been put out again. I will get actual details for the Deputy Leader of the Opposition as to what has happened with FarmBis and what a successful program it has been.

EDUCATION AND TRAINING

Mr HAMILTON-SMITH (Waite): Does the Minister for Education and Children's Services agree with me that it is vital to position education and training in South Australia at world best standards, and can he elaborate on initiatives that this government has taken to so enhance international cooperation in technical and vocational training?

The Hon. M.R. BUCKBY (Minister for Education and Children's Services): I thank the member for Waite for his question, because I know how interested he is in quality education, certainly in his electorate. This week, quality education has again been recognised in South Australia—

The Hon. W.A. Matthew interjecting:

The SPEAKER: Order, the Minister for Minerals and Energy!

The Hon. M.R. BUCKBY: —because, in an Australian first, the Adelaide Institute of TAFE has been named as a UNESCO international centre of excellence in technical and vocational education training. It is certainly a feather in the cap of the Adelaide Institute of TAFE. The institute has earned this distinction in partnership with the Adelaide-based National Centre for Vocational Education Research for its management of a UN accredited training and research centre. This follows on from recent vocational training successes, particularly the Regency Institute of TAFE and its involvement with Le Cordon Bleu in establishing its building and its school here in South Australia—again, recognising South Australia for its quality education and delivery.

This high level of recognition from UNESCO is not lightly given, because the Adelaide Institute of TAFE is only the second educational institution in the world to be granted this status of a centre for excellence; it is only the second institution in the world to be granted this honour.

The Hon. M.K. Brindal interjecting:

The Hon. M.R. BUCKBY: The member for Unley asked me who the other one is: it is in Korea, and it was established some two years ago. But this one, of course, was established in Adelaide, which is an excellent outcome. It does prove that the government has its education and training strategy right, and we will continue to invest in vocational education and training in schools and in increased apprenticeships and traineeships—unlike the Labor government, which closed technical high schools in the 1980s (the last one being Goodwood Technical High School in 1991) and sold out the future of our youth. I well remember when the Premier opened Windsor Gardens Vocational College in 1999, and a teacher from the old Goodwood Technical High School wrote a letter to me, saying how pleased he was—

Mr Koutsantonis interjecting:

The SPEAKER: Order, the member for Peake!

The Hon. M.R. BUCKBY: —that the government had taken this initiative. He said that he was reminded of five students—five young boys—who would not be accepted by any other school because of behavioural problems and who had come to Goodwood Technical High School, and he said of those five boys, 'I never once had a problem.' He said that he had no behavioural problems with those young fellows because they were doing something in which they were vitally interested, in a vocational education—something that they could put their hands to, to build their skills, to take them into an apprenticeship and to go on from there.

We have reinstituted that vocational education and training in our schools. As I have said in this House, in 1997, some 1 500 started: last year, there were over 15 000. With respect to the Windsor Gardens Vocational Education College that the Premier opened at the start of last year, at the start of last year their student numbers were 400, and this year that number has risen to 600. That shows the absolute acceptance of vocational education and training by parents and students of this state. Of course, last year we opened Christies Beach Vocational Education College, in association with eight other schools in the area, and that is also working particularly well. In addition, we have instituted the apprenticeships and traineeships while young people are at school so that they can start a school-based apprenticeship and traineeship—something that the Labor Party had never done. The same party now wants nine out of 10 students to complete year 12 and to go on to a university career. It is known as Labor's 'one size fits all retention rates policy', and it is wrong.

This government recognises that there are many avenues by which young people can achieve vocational education training to get a job in the community. It recognises that not everybody wants to go to university. In fact, it recognises that there are now many paths open to university: you can take on an apprenticeship, then undertake study with TAFE and, with universities now recognising TAFE qualifications and giving accreditation for that, do a university degree. So, a young person may well start training as an electrician and end up being an electrical engineer. This know-how that this government is developing in vocational education training has been recognised by UNESCO, one of the highest education authorities, which has been set up to look at education right across the world.

VICTIMS OF CRIME

The Hon. I.F. EVANS (Minister for Environment and Heritage): I table a ministerial statement concerning country services for victims of crime tabled by the Hon. K.T. Griffin in another place.

GRIEVANCE DEBATE

Ms BREUER (Giles): Today I want to discuss the intolerable strain that cost-shifting within the hospital system is placing on patients and families, particularly in regional South Australia. A report released by Labor on 26 March shows that the shortage of aged care beds in South Australia will worsen in the year 2001 because of the Howard government's failure to plan for the state's ageing population, and we are all very aware of this. On the basis of figures provided by the minister's own department and the Australian Bureau of Statistics, it is possible to project that there will be a shortage of aged care beds in 2001 and 2002, and that in 2001 the government will fall 785 short of its own estimate of the number of aged care beds needed in South Australia. That means that almost 800 frail, elderly people in South Australia will be denied access to the care that they need.

Yesterday, the minister spoke in this place of the need to fund some 150 to 250 extra high care beds in South Australia to relieve the pressure on the public hospital system. I was very pleased to hear him say that, and I certainly welcome those comments. Today, I want to particularly talk about a situation that has occurred in Whyalla in recent months. The combination of cost-shifting within the hospital system and insufficient nursing home beds in Whyalla is tearing families apart. The latest incident involves the Whyalla Hospital and the Royal Adelaide Hospital and has more in common with pass-the-parcel than the humane treatment of a patient.

On 10 January this year, a Mrs Castillo, a 75 year old Whyalla resident, was admitted to the Whyalla Hospital and on 30 January she was transferred to the Royal Adelaide Hospital for further investigation of her condition. Mrs Castillo's husband and her family expected her to be transferred back to Whyalla following the investigations, and that was also the understanding of the staff at the Royal Adelaide Hospital. The Whyalla Hospital will now not take Mrs Castillo because of funding constraints. This situation

has left 78 year old Mr Castillo, her husband—a pensioner with minimal funds—to cope physically and emotionally with the separation and an ongoing 900 kilometre round trip to Adelaide. Mrs Castillo has been assessed as needing a high level residential care bed and it seems the Whyalla Hospital is willing to let the Royal Adelaide Hospital wear the cost until a bed is found, despite the impact on Mr and Mrs Castillo.

What an appalling situation the Whyalla Hospital has found itself in. I will always defend the hospital; it has needed to do this just out of necessity. It had no alternative. This is a bean counter approach to patient welfare—an approach which turns a blind eye to the effect on the patient and the family and an approach which doubly disadvantages regional South Australians. Time and time again, elderly people from Whyalla have been shunted around the state in order to secure a nursing home bed. Families are being torn apart because of the need for relatives to go to places such Cleve, Adelaide and Yorke Peninsula.

Mrs Castillo needs to return to the Whyalla Hospital pending the availability of a nursing home bed in Whyalla. The insufficient funding of the public health system and A lack of federal funding for nursing home beds in regional South Australia is a disgrace and is directly impacting on the health and quality of life of elderly people. I believe that in Whyalla at present we are in urgent need of seven high care beds. The facts speak for themselves. There are seven people who are in need of high care beds in Whyalla who are not able to find accommodation.

To put a human side to this, I want to quote a letter from Mr Castillo's son. He writes:

> We all find it hard to believe that it is necessary to request, to ask permission, to return our mother back home to her husband and friends. This is not a case of whether 'figures balance out in a ledger' but of doing what is morally right by the patient. We did not ask to go to Adelaide. Medically, nothing more can be done for my mother other than care and compassion. I hope to hear from you, as this situation is unbearable.

Her husband is quoted in the local newspaper as follows:

> 'I go down for three or four days and then come back again,' says Mr Castillo. 'It feels like I don't have a home. It's very difficult. I want to be with my wife, but someone also has to look after the house.'

He also says:

> I've been told nothing. I don't know how or when she is coming back, so for now I catch the bus down and see her.

This is a dreadful situation for this family, and it is typical of the situation for so many families in recent years.

The Hon. G.M. GUNN (Stuart): I am pleased to participate in the grievance debate. I am sorry the member for Peake is not here; I wanted to congratulate him on being the highest paid JP in South Australia. He has distinguished himself, and I hope he continues to get publicity such as he got the other day. The matter I want to talk about is that people in South Australia—

An honourable member interjecting:

The Hon. G.M. GUNN: The honourable member should contain himself; I know he has had a bad day. The matter I want to speak about today is the interesting attitude that the Labor Party has taken in Victoria. Obviously, if it is ever successful in this state it would adopt the same sorts of programs, and I think people in South Australia are entitled to know, particularly rural producers. I understand that legislation has been before the Victorian parliament known as the fair employment bill. That legislation provides that, if the headquarters of your workplace is your home or you run your farm from your home, union people are given the right of access to your home. That is what is in the legislation, and this parliament should be aware that that is what has been passed through the Victorian House of Assembly.

Mr Atkinson: Where do you live?

The Hon. G.M. GUNN: The honourable member is threatening people. That is his typical stance. We know that the honourable member had to apologise to Ralph Clarke.

Mr Atkinson: Where do you live, Gunny? It's not your electorate, is it?

The Hon. G.M. GUNN: I'm in the same place I've lived all my working life.

Mr Atkinson: In Adelaide.

The Hon. G.M. GUNN: That is untrue and, as usual, the honourable member knows so little about the geography of South Australia that he does not know what time of day it is. The people of South Australia ought to be aware that, not only would WorkCover premiums increase and all small employers would be burdened with this cost, but also that union officials will be given access to their homes. We will make sure that every small employer and farmer in South Australia is aware of this.

Fortunately, in Victoria it will be blocked in the upper house. So, the people of South Australia should be aware that these are the sorts of plans which they have in store for people. It would be interesting to hear from the honourable member, who has had so much to say on other issues but who is very quiet on his party's industrial legislation program.

Mrs Geraghty: This is just scaremongering.

The Hon. G.M. GUNN: Let the honourable member stand up and tell us. Don't be shy; stand right up and tell us your policy on WorkCover. No, you are not game; you do not have the courage. We know what your mates have done in Victoria. We know how they have escalated the cost of WorkCover.

Members interjecting:

The Hon. G.M. GUNN: I am sure those people in rural Victoria will take note.

Mr Atkinson: They're very happy with the member for Maryborough.

The Hon. G.M. GUNN: I would be surprised if that was correct. But never fear: we will make sure that the people of South Australia are well aware of what has been done with this Victorian legislation. I heard the member for Giles talking about elderly citizens care. I would like to relate that last Sunday, in the company of minister Brown, I attended the opening of a hospital at Eudunda, an excellent new facility provided by the South Australian government. That is an excellent facility, and it is the second state government project that has been undertaken in the past few months in cooperation with the Lutheran church. The government funded some independent living units on the Lutheran church property.

Mr Atkinson interjecting:

The Hon. G.M. GUNN: One of the things I can do that the honourable member cannot is make a living outside this place. That is one of the things I can do—and I have done it pretty successfully.

Time expired.

Mr WRIGHT (Lee): What a sorry presentation that was. It is a very opportune time for me to speak after the member for Stuart tried to speak about industrial relations, about

which he knows nothing. I think the case I will bring to the House today is an example of the very thing that the member for Stuart, with his mad right-wing ideology on industrial relations, would well support.

Last week I had faxed to my office an employment contract. It is a very opportune time to draw the attention of the House to what is in that employment contract. Members should take note of what is in this individual employment contract, which was proposed between the Foundation Medical Centre and an individual employee. This individual employment contract is for a casual employee. These are the types of employees for whom the government would give no coverage and in most cases it does not even allow them to get into the Industrial Relations Commission.

This sets out a number of clauses that, according to the Foundation Medical Centre, this individual was to follow. It sets out a whole range of conditions that this casual—and I stress that word 'casual'—employee was to adhere to. When it comes to sole employment, one of the clauses of this individual employment contract provides:

> During the course of your employment with the employer you will not be entitled to accept any other employment, whether for remuneration or otherwise, unless you first obtain the written consent of the employer. Consent shall be in the sole discretion of the employer and shall be capable of being withdrawn on one week's notice to you.

Can you believe this, sir? This is a 'sole employment' clause in an individual employment contract for a casual employee, who does not know what or how many hours a week they would be required to work, or whether they would be required one day, two days, five days or whatever the case may be. We all know that casual employment is meant to be irregular work, but employers are using the definition of 'casual employee' far more liberally than that. Here we have a clause of that nature in an individual employment contract.

What we have is a prima facie case for this law being struck down. This is a contract which is a restraint of trade. This is not a legal document: it is an illegal document. The only time that you might be able to have a clause of this nature in a contract—and I am not talking about casual employees, but perhaps beyond that—could be if you went to work for a competitor and there was some aspect in respect of confidentiality; but one could not imagine that we would get anywhere near that situation in this type of employment. This is a casual employee working for a foundation medical centre which wants to whack in a clause such as that to restrict what this person could do.

This is nothing short of a disgrace and the government should come out and say so. These are the types of policies that we have as a result of changes to our industrial relations legislation to which the member for Stuart would be giving 100 per cent support. I will ensure that the minister receives a copy of this contract and I would like to see what he does about it. At a minimum, he should contact the foundation medical centre. In fairness to the centre, I will not name it on this occasion, although I probably should. What this highlights is the environment that has been put in place by a conservative Liberal government when it comes to conditions for workers in South Australia. What their legislation puts in place is an unpleasant environment. How dare the member for Stuart talk such gobbledegook when we have a situation such as this occurring in South Australia.

Time expired.

Mrs GERAGHTY (Torrens): I want to raise some concerns expressed to me by one of my constituents. William has raised the issue of overcrowding on our bus services which are operating from the city and also on the many feeder bus services operating from the Paradise interchange. William said that, on one occasion, he was part of a rather huge crowd waiting to board the 242 bus in Grenfell Street. When he was on the bus, he counted about 22 to 24 people who were standing up in the bus. William was concerned for the people who were standing, particularly the elderly folk such as himself and the ladies on the bus, including mums who were carrying very young babies. He was concerned about what would happen if those buses needed to brake hard to avoid a collision.

What William cannot understand is why overcrowding on buses should occur, and he cited the fact that, when the minister privatised our bus services, we were told that anyone using our public buses would not be disadvantaged. The situation that I have described on William's behalf not only disadvantages those who use our bus services but also puts them at risk. Another example of overcrowding put to me by William was that one of the many feeder bus services operating from the Paradise interchange—and I cannot remember whether it was the SL10 or SL12—had nine passengers standing up in the bus. One of the other passengers who was also concerned about this matter pointed out to William that there was a very clear sign in the bus saying, 'No standing in buses'.

What William has pointed out is that, if the 'No standing' sign was displayed, we would presume that that is exactly what it means: no standing in the buses. We wonder why the bus operators allow that situation to occur. Quite clearly, if there is a demand for our bus services—and on this occasion and many others there is—why are more buses not provided to accommodate those very well patronised routes? William does not have any complaints with the bus staff. He said that the service he receives is very good, but he is very concerned about the two issues that I have mentioned. He has told me that it is not right that bus patrons, first, should have to wait in long queues; and, secondly, then have to stand up with 20 other people who are all jammed into a bus. It is a very dangerous situation and I certainly agree with William on that.

The other issue is that, if connector buses are not timing their runs to meet en route with bus services coming from either the northern or the southern suburbs, that also needs to be rectified. Clearly, we need to add some more buses. I noticed yesterday that in the other place the minister spoke about buses running late due to accidents, breakdowns and other situations. People generally accept that those things do occur on the odd occasions but, when buses run late simply because their schedule is too tight, many other people are affected.

I raise another point on that matter; that is, I wrote to the Minister for Transport a week or so ago highlighting the fact that, when some of my other constituents caught the bus from the city to the Paradise interchange, their feeder bus had already departed. The bus from the city was running on a tight schedule and it arrived late, but the feeder buses, in an effort to keep their schedule intact, had departed, leaving a number of my constituents stranded. This was late on a Friday evening. It has happened on several occasions and those people, a number of whom are elderly folk, have had to walk quite some distance in the dark. Given that we are coming into our wet season, that will not only put them at risk

of being attacked as they walk through a reasonably dark suburban area but they will get drenched as well. Clearly, if our bus services are not providing the kind of services we need, they will not be patronised, and obviously the minister will then be complaining that it is not a well patronised service and the number of buses will be reduced—and that further disadvantages the public.

Mr SCALZI (Hartley): Today I would like to comment on some concerns of my constituents in the area of Campbelltown regarding the Campbelltown Leisure Centre, which has been in the local papers and I make special reference to the meeting on 14 March. There have been many articles and letters to the editor. I have received letters and telephone calls expressing concerns about the leisure centre and seeking my support to ensure that the leisure centre remains and that the open space be assured. I attended a meeting with the residents prior to the meeting of 14 March which, as members would know, was a sitting day. I refer to the comments in the *Messenger* which were attributed to me:

> Liberal Hartley MP Joe Scalzi, whom the residents approached for help, defended the council's decision to consider options.

I do defend the council's decision to consider options. Unfortunately, one of the candidates in the area has been scaremongering and putting fear in the residents' mind that somehow there is one big conspiracy between state government and councils to get rid of all open spaces and fill up the area with housing.

There is nothing further from the truth. Yes, I do defend the council's decision to have options. I have received a letter from the chief executive officer. I made representation on behalf of concerned residents not only on this occasion but also on many other occasions. The expressions of interest followed a council resolution. Obviously one of the candidates does not understand that we have three different levels of government and different jurisdictions and, for example, the leisure centre comes under local government's jurisdiction: it is not state land. Where the state government has a stake such as with the Lochend and Hectorville Primary School sites, I have made representation and I am working closely with the council to ensure that we achieve the best outcome for the community. The motion of 15 January stated:

> That council authorise the Mayor and Chief Executive Officer to seek expressions of interest for the lease or sale of the Campbelltown Leisure Centre land and building for the purpose of providing recreation and sporting facility and comprising of the portion of land from Lower North East Road up to and including the centre or concepts to provide benefits to the community through the use of the facility and that council undertake community consultation with regard to the future of that facility.

I defend the council's right to carry that out. It is right and proper that the elected representatives of a local government are able to go through that procedure. I must commend the Democrats and SA First for not being involved in the scaremongering of the residents in the area. A committee has been formed, and the Chief Executive Officer advises me that the council engaged the services of Dale Wood Real Estate to prepare an expression of interest, which closed on 26 March. The letter continues:

> The council also formed the council's Campbelltown Leisure Centre working subcommittee comprising of Mayor Steve Woodcock, area Councillors Durden and Amber, Councillors Matzick, Liapis and Di Fede with the object of considering and recommending to the council options for the future Campbelltown Leisure Centre and site. Council has also in its recent *Outlook* publication sought comments and views from its residents by 30 March.
>
> A report will be forthcoming to the working subcommittee outlining the expressions which have been received, together with the comments from residents and subsequently will make a recommendation to council concerning the future of the centre. It is then that the council will undertake the appropriate public consultation prior to any final decision in relation to the centre.

No decision will be made without public consultation, and there should be no scaremongering.

Time expired.

Mr LEWIS (Hammond): I want to commend the government for its commitment to the dry zone of the central business district of Adelaide. I trust that that includes all the land between the centre of the River Torrens to the southern side of the south parklands. It is only by that means that we will be able to make it possible for folk who use that space to feel safe late in the day any day, especially during pleasant autumn and spring weather, less so in the summertime and even less so in really cold winter weather. Those people who go to public spaces get themselves drunk and create a nuisance and then claim themselves to be homeless very often are not homeless. When their true identity is finally discovered they are found to be tenants in common with someone else, whether it is someone of the same sex or different sex, someone from their family or a different family, it does not matter. They may even be tenants in their own right in premises that have been provided to them at public expense in some measure.

The benefit of the doubt is constantly given to those people who make a public nuisance of themselves—in the best possible terms; that is the best construction you can put on it—to the point of not just being a public nuisance but worse circumstances where they will even assault somebody who refuses their drunken or drug induced, stupefied demands for money. They are not begging; they will threaten and will assault people. I have become aware of this more so, I guess, because I am married to a Korean person by birth and an Australian by choice. I notice when I am in public places with her the attitude of people, not only beggars and other miscreants but just anybody, is different to what it is when I am alone. It is the attitude of folk unknown to me that still ensures that I understand, if nobody else does, that racism is alive and well in this community. I really think that is sad.

The tragedy of it is that those people we seek to encourage to visit us from overseas, because we need their dollars to support our tourism industry and the number of jobs we enjoy here, find themselves more particularly the target of antagonistic approaches, whether begging or finally being assaulted by the by. I have mentioned that in the past, and I mention it again, because the Premier is on the right track, whereas the Lord Mayor and the other people trotting out the line that he is putting about really are in cloud cuckoo land. There is no necessity for anybody to make a public nuisance of themselves in any place, particularly places where they know it will do considerable damage to our reputation collectively, that is, yours, mine and their own as South Australians. Indeed, the police have told me that some of the people whom they have not apprehended (but whom they have helped out of the place) have found that they are not from South Australia but have had public assistance to get here, ostensibly to go to a funeral or something else, and have hung around since and sold off at discount on the black market the return fare ticket or given it away to someone else. That is sad.

There is another matter I want to address, that is, the Residential Tenancies Tribunal and the bind it imposes on landlords. That is crook and that, too, needs the same attention as has been given to this problem of drunkenness, vagrancy, begging and assaults around our squares, streets and terraces, even of children in the south parklands. This tenancy problem relates to the irresponsibility of people who get into premises, then leave them and 'give' them to someone else, leaving the landlord without the ability to evict them and ending up with thousands of dollars of expenses to repair the place.

Time expired.

SITTINGS AND BUSINESS

The Hon. J. HALL (Minister for Tourism): I move:

That Standing Orders be so far suspended as to enable Government Business Order of the Day No. 2 to be taken into consideration before Committee Reports.

The DEPUTY SPEAKER: As there is not an absolute majority of the whole number of members of the House present, ring the bells.

An absolute majority of members being present:

Motion carried.

ALICE SPRINGS TO DARWIN RAILWAY (FINANCIAL COMMITMENT) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 15 March. Page 1121.)

The Hon. J.W. OLSEN (Premier): Further to the introduction of the Alice Springs to Darwin (Financial Commitment) Amendment Bill 2001 to the House, I wish to amend that bill. The previous—

An honourable member interjecting:

The Hon. J.W. OLSEN: We did that in question time.

The DEPUTY SPEAKER: Order! The chair is of the opinion that the Premier has already spoken on this bill.

The Hon. J.W. OLSEN: Yes, I have.

The DEPUTY SPEAKER: Then, is the Premier closing the debate?

The Hon. J.W. OLSEN: No.

The DEPUTY SPEAKER: If the Premier speaks, he closes the debate. The Leader of the Opposition.

The Hon. M.D. RANN (Leader of the Opposition): The opposition today is in the extraordinary situation of basically moving to secure the project and to secure funding for it. We do so because we have a fundamental commitment that this Alice Springs to Darwin railway is in the best interests of the people of South Australia and, indeed, the people of Australia. It is an act of nation building. There has been a bipartisan commitment to the project, certainly over the past seven or eight years.

Like the Premier, I have met with the Prime Minister. I have met with Kim Beazley in order to secure commitments from the federal Labor opposition. I have met with the former Northern Territory Chief Minister, Shane Stone, and the Leader of the Opposition, Clare Martin, as well as with various industry partners in this project.

But, it is important to place on the record our concerns. The simple truth is that the Labor Party cooperated with the government last year when we were told something at the eleventh hour—days before the Premier was supposed to be in London with the Chief Minister of the Northern Territory to sign the agreement with the Prime Minister. That was last July or August. I was telephoned by the Premier and asked whether we were prepared to amend the enabling legislation for the railway in order to underpin a $150 million contribution from the South Australian taxpayer.

We were told, when we asked for consideration of the matter by the Auditor-General (nearly a year ago), that there was no time for the Auditor-General to be involved. We were also told that the $150 million was it; the government said that this was the stand or fall figure for the South Australian taxpayer; that it would be wrong for extra money, in addition to the $150 million, to be appropriated; and that there would be no further call on the South Australian taxpayer.

The truth is that when we asked those same questions in the parliament, the Premier assured the House that $150 million was it. That was supposedly, and I quote, 'a drop dead figure', beyond which the government would not move any further. Also, shadow ministers met with Mr Rick Allert, Chairman of the Rail Corporation—not the chairman of the consortium which is, of course, another entity representing the various private sector investors in the project. Mr Allert underpinned what the Premier said. Mr Allert told us that, in fact, $150 million was it and that there would be no further call on the South Australian taxpayer. He assured us that the railway would not be a bottomless pit and that, as various problems unfolded, they would not continuously come back and ask the taxpayer to bail out the project.

Indeed, Mr Allert said himself that he would walk away from the project if that was to be the case. We were given fundamental cast-iron guarantees. Originally, we were told that $100 million was all that was needed, and then it was $125 million, and then $150 million that would be capped. We were told that that was it: that there would be no further call on the South Australian taxpayer. Of course, we were also told that the opposition, given its support for the project in a bipartisan way over time (and that support was about the jobs to be created in the construction phase, but it was also about, of course, a transformational project that would provide an export corridor for manufactured goods up to the gateway of South-East Asia), would be kept in the loop, that we would be informed of developments, and that our support was welcomed.

Of course, what happened is that, after we agreed to the passage of the legislation that provided a cap on $150 million (the so-called 'drop dead' figure), we were no longer in the loop. The government was concerned because of its declining popularity and was trying somehow to enmesh the Premier in the ribbons of the railway, and this was not to be a bipartisan project: it was, in fact, the Premier's project. We were not informed at all, and nor were the parliament and the public of South Australia: we were not informed that the John Hancock Group was withdrawing $100 million of its investment in the project.

In fact, some of the other consortium partners acted to fill some of that gap, so we were left with an $80 million shortfall. It was not revealed until some months later that the John Hancock Group had withdrawn. Then, of course, we were told, 'Okay, John Hancock has withdrawn.' We saw Denis Burke, the hapless Northern Territory Chief Minister, saying that the Northern Territory government would have to put in some more money. Then we heard the Northern Territory Chief Minister and the Prime Minister of Australia announcing their contribution. But, of course, that left

$26.5 million for the South Australian taxpayer, or for some other entity or investor, to invest in the project.

Then, of course, we were told that there was no need for any more South Australian taxpayers' funds to go into the project—that there would be an equity investor. We understood that that equity investor would be CKI, the group that is, of course, Hutchison Whampoa and the group Hong Kong Electric, which includes also ETSA Utilities. Certainly, a couple of weeks ago I was briefed informally and unofficially that the following day, Thursday, the senior partners, the parent company of ETSA Utilities, was about to announce $79.2 million of its equity investment in the project.

That would have meant, of course, that the Northern Territory would not have had to put in its slice and that the federal government would not have to put in its extra slice; and that this would have filled the gap effectively left by the withdrawal of Hancock; but there was no announcement the following day. A few more days passed and no announcement—just as there was no announcement at the weekend about the upgrade of the airport, although it was supposedly scheduled for the weekend. What happened then is that we suddenly heard that the Premier was flying off to save the deal.

This is a deal that was announced in 1997, before the election. The Premier, the Northern Territory Chief Minister and John Howard, before the 1997 election, said that it was a goer; that straight after the election tracks would be laid; and that, by the time of the following election, trains would be running up and down the track. There was of course huge publicity. We saw some stations, particularly Channel 9, and the *Advertiser* at that stage trumpeting the triumph of the Premier in achieving this sudden go-ahead for the railway. After 90 years it was going to be 'tracks laid' straight after the election. Then of course there was delay after delay. It was official; it was at risk; it was saved; it was official; it was announced; it was at risk; it was saved again. Then we saw the Premier flying off to Hong Kong to save it for the 10th time and, hopefully, he was going to come back triumphant with an equity investor of $79.2 million. Of course, that did not happen; instead it was a loan. I was telephoned by a senior director of CKI. I was at my electorate office at Salisbury late on a Monday night—as is my wont. I was telephoned and told that it was an honour and a privilege for CKI to provide the funds to secure the project. It was an honour and privilege. I said, 'Is this an equity funding?' They said, 'No, it is a loan arrangement we have entered into with the Premier this afternoon.' It was a loan arrangement of $26.5 million, but it was an honour and a privilege for CKI to provide this financing. Despite claims that it was 12 per cent over 20 years of the life of that loan, the next day it was announced that it was 12 per cent per year. No wonder it was an honour: it was certainly a privilege! People were ringing us from the finance sector saying, 'Who wouldn't lend to a project or an investment when you have a government/taxpayer guarantee and a 12 per cent return?'

The Hon. G.A. Ingerson interjecting:

The Hon. M.D. RANN: I am surprised the member for Bragg did not invest in the project.

The Hon. G.A. INGERSON: It shows how dumb you are to believe it.

The Hon. M.D. RANN: The member for Bragg says it shows how dumb I was to believe the Premier. It was the Premier who announced the deal. It was an honour and a privilege! It was not going to be $79.2 million in equity but, rather, a special loan; and, therefore, the consortium was going to have enormous comfort from this. It was a marvellous deal, the Premier said. It certainly was for CKI. The project could be underpinned, the consortium would be happy and the South Australian taxpayer would not be touched again. It is a wonder the Premier did not say that it was win, win, win in terms of getting those responses.

But what happened was that, in fact, the consortium was not happy about the deal. The consortium could see one financier getting a deal that was quite extraordinary compared with the others. We were given briefings about the CKI loan and the government guarantee. I have to say—and I want to voice on record—how disappointed I was with those briefings, because I do not believe we were told the full story. We were not told there were problems with the Macquarie investment, even though questions were asked about whether there were problems with any other investor and I understand that two investors were trimming and cutting their contribution.

We also asked questions of the Under Treasurer about the impact on the budget, the impact on the finances of the state, and whether the Premier would be coming back to us once more, given the undertakings he had made to the parliament and also undertakings made to us by Mr Allert. We asked whether he could give an assurance that there would not be a further call on the taxpayer after the provision of the government guarantee for the CKI loan. The answer was that he could not give us that assurance. The first answer, however, was that it was a political issue. My answer to that was: 'You are the Under Treasurer of the state. Your job is to give financial advice, not political advice.' I was disappointed in the briefings we were given. I do not believe we were told the full story.

I also believe that as of Monday afternoon there was wind of what was about to happen, because not only were we not told about the Macquarie deal not being quite what it was supposed to be but we were also signalled that there might have to be a further briefing the following day. Of course, during that briefing the next day I received a telephone call and was told that in fact the rejection by the consortium was believed to be likely some days before; that the story about the government finding out about it at the eleventh hour when the Premier called the shadow treasurer and me into his room before question time was not in fact the case. There was a one-line letter from Malcolm Kinnaird stating that they had rejected the CKI loan because of some commercial arrangements that it involved. In fact, the government was well aware that was likely to happen some time before. It was just the official announcement, which is why we were tipped off the day before that we would have to be briefed again.

Last July we were told there was no time for the Auditor-General to be involved because there was going to be financial closure within days and the deal had to be signed and, once again, on 13 March, I asked after the CKI loan was announced, 'Can we have the Auditor-General's involvement? Can we ask him to act proactively in the taxpayers' interests rather than be told several years later that the Olsen government had stuffed up the deal financially?' We wanted to get the Auditor-General to sign off on these arrangements. Just as it was in the political interest of the government to involve the Auditor-General proactively with the sale of our electricity and other assets, I want to know why there are different arrangements now. On 22 March, I wrote to the Auditor-General as follows:

Dear Ken,

I write concerning new arrangements for additional funding for the Darwin Alice Springs railway following receipt of a briefing from Messrs Jim Hallion (DIT) and Phillip Jackson (Crown Solicitor's Office) on 15 March. As you are aware, the South Australian Parliamentary Labor Party has provided strong bipartisan support to the railway. However, I am sure you will agree with our view that taxpayer-funded support must be provided in a prudent manner that protects the public interest.

During 2000, the parliament approved additional funding for the railway which brought the state's total contribution to $150 million. At the time of the passage of this additional appropriation through parliament the Premier assured the House that this was a 'drop dead' figure and that no further appropriations would be asked for or considered. Both the Premier and AustralAsia Railway Corporation Chairman Rick Allert underlined this assurance in their personal briefings to me.

When the Hancock Group withdrew from the rail consortium it was understood that the government was seeking a new private equity partner. Indeed, I have now been briefed that the Hong Kong infrastructure firm CKI was considering an equity investment of $79.2 million in the project and such a contribution had been recommended to the CKI board quite recently. However, the government has secured loans rather than equity. The additional amount of $26.5 million has been supplied by CKI in the form of two loans underwritten by the government.

On 15 March, the officers from DIT and Crown Law assured the deputy leader, the shadow treasurer, my economic adviser and me that the only circumstances in which the taxpayer would be exposed to the cost of this loan would be if:

· the consortium became insolvent; or
· the railway could not be completed.

The officers confirmed that the annual rate of interest on the loan over 24 years would be 12 per cent. Despite this being more than twice the current 10 year government bill rate, the officers claim that the 12 per cent rate was appropriate and competitive given the terms of the loan. The Premier has claimed that this interest rate is competitive and that there was not the time to go to market to seek out other lenders.

This seems puzzling in light of the fact that CKI has not only received a rate of interest twice the current 10 year government bill rate, but has also obtained government guarantee for that return. The CKI conglomerate is exposed to no risk as a result of that government guarantee. I am not aware of other consortium partners receiving such favourable terms.

The draft amendment to the railway bill is attached. The amendment appears not to restrict the minister from taking out further loans in addition to the CKI loan, provided they do not individually exceed $26.5 million. Last week I asked the Premier in parliament if he would allow your office to examine the loan contract, so that it could be assessed for soundness, probity and the public interest. He replied that there was insufficient time available to allow this.

The opposition wants to see the prompt completion of the Darwin to Alice Springs railway. However, we are most concerned to ensure that the taxpayer is not exposed to further financial risk as a result of the CKI loan.

The issues of my serious concern include, but are not restricted to, the following:

1. Is the high rate of return to CKI justified, given the current cost of government borrowings and the provision of a government guarantee to the company?
2. I am concerned that there may be serious and so far undisclosed risks associated with the project, given the facts that the assistance comes with a government guarantee, is a loan (rather than equity), and that the company is receiving a return on its capital of double the current government bank bill rate. I would appreciate your views on these matters. The opposition is anxious to obtain an explanation as to the extent of potential taxpayer exposure arising from these arrangements.
3. Further I am concerned that the proposed amendment does not specify that the minister is empowered to approve one loan to the value of $26.5 million, and one loan only. What is audit's view?
4. We have been advised that the state would only be liable if the consortium were to become insolvent. What would be the state's position if one or more of the consortium partners or one or more of the contractors were to become insolvent?

I am aware of the constraints on the time available to you to consider these matters, particularly as the bill is to be debated in parliament next week.

I repeat that Labor is very keen to see completion of the Darwin to Alice Springs, but this must be done within a framework of financial responsibility. Your assistance in helping the parliament to understand the implications of loan from CKI would be greatly appreciated.

Yours sincerely,

Mike Rann MP, Leader of the Opposition.

We have not received a reply from the Auditor-General, and I have to say I am disappointed that we have not received an assurance from the Auditor-General that, even if the government does not want him involved, the Auditor-General's office should be involved.

Let us remember the water deal, in which we were told that it was in the contract—a whole range of things, we were told, which were not in the contract. We were told that there was a 20 per cent reduction in the price of water—of course, it has gone up 30.5 per cent. The shadow treasurer and I went to see the Auditor-General with information of serious concerns about some of the probity issues concerning that water contract, which the Auditor-General said would take weeks for him to investigate. About four or five days later, the Auditor-General signed off on the water contract deal—just as the government thought it was vitally important to get some kind of political protection to have the Auditor-General sign off on the ETSA deal arrangements, even though, retrospectively, it appears that they went wrong. Both the Auditor-General and the electricity regulator have issued reports in recent times talking about the mess that is now confronting South Australian industry and consumers because of the way in which the electricity deal was botched.

That is why I cannot understand why the Premier does not want the Auditor-General involved now, as he did not want him involved last year in the rail funding arrangements. That raises suspicions. Why is it that the government does not want the Auditor-General to have a look at these loan arrangements? What is the government trying to hide? Of course, secondly, I am disappointed that the Auditor-General, or his officers, have not been assigned to act proactively, rather than reactively, to these current arrangements.

I repeat my appeal to the Premier today to involve the Auditor-General in this process. I repeat my appeal to Mr MacPherson to use his own powers under the Audit Act to become involved in this process. The bottom line for us is that we want this railway to go ahead, but we do not want the taxpayer to be exposed once again, and again and again, to further bailouts of this project. We are in the extraordinary situation today, as an opposition, of rescuing the Premier as well as rescuing the project. I am happy to do that, because it is in the interests of the state to do so. But I doubt whether we will be invited along to the turning of the first sod, whomever may be doing that, when it comes to the official start of the railway and the tracks being laid.

The point is that we want to act responsibly on this. We have suggested to the government that we believe that Mr Kinnaird (and I do not have any problems in criticising him; I have been criticising him for years) has, basically, acted outrageously in rejecting the CKI loan. He was offered the $26.5 million with a taxpayer guarantee to fill the gap that was left by the withdrawal of Hancocks in terms of South Australia's share and, at the very final moment, when he knew full well that the parliament was about to approve the project, and when one of his senior officers had rung me in Sydney on Friday to urge the Labor Party's support for the legislation to underpin the CKI loan, suddenly there is a reversal of fortune. So, I believe that there has been some

dishonesty—I have to say that, dishonesty—in terms of the way in which the opposition and this parliament have been dealt with, not only by government officials but also by members of the consortium.

On Friday I was asked by the consortium to ensure that the Labor Party votes in support of legislation giving a guarantee to the loan from CKI, but suddenly we are told, at the final minute on Tuesday, that the Chairman wants to kybosh the loan. If $780 million of private sector financing can fall over at the last minute because of some minor concerns about the nature of the $26.5 million loan, that makes me wonder whether some of the members of the consortium are serious about this. Why were we in the opposition being asked on Friday to support the legislation to underpin a loan that the same consortium says on Tuesday is unacceptable? Why are two messages being sent out? Why the dishonesty? Why is it that the Auditor-General was not involved? What future exposure is there to the South Australian taxpayer if we, as a parliament, were to approve this loan? Will we see yet another return to this parliament because it is vitally important to fill a funding gap?

I am prepared, and so is the South Australian Labor opposition, to support this bill. We have done so after careful consideration. I think if I had been in the position of the Premier I would have called Malcolm Kinnaird's bluff. With respect to his letter yesterday—his one line with no explanation—I would have got on the phone to Kinnaird and said, 'Explain yourself. Why did you tell us this was fine on Friday, and why have you dudded us today? What has gone wrong?' Call his bluff. Is he prepared to risk Brown & Root's involvement in the project, and all those other investors, the constructors and the 700 companies that would be involved? Is he playing games at the final hour? I believe that it is a question of who blinked first, and I think that Malcolm Kinnaird should have been stood up and, basically, called his bluff and then seen what he had to do.

One has dealt with Malcolm Kinnaird before over the water deal. I would be happy to play poker against him on any day of the week. You get a bit of yelling and carrying on, and he has his advisers, like Geoff Anderson and others, in different modes, but he is hardly a scary proposition. My view is that the bluff should have been called, and I still believe that this project is a goer, will be a goer and has an opportunity to be transformational. But the truth is that the opposition, which has been supportive all along, was not told the truth by advisers—certainly, not told the whole truth. We had important information that was not revealed to us. We have an Under Treasurer who thinks a question about whether or not there will be any further call on the taxpayer is a political issue, when it should be a financial issue—I hope he will not be giving me that sort of advice if I am the Premier. I believe that other officials from DIT also were less than helpful with the information that they have given us.

So, my view is that we are doing the right thing. We are supporting the project: we want this bill to pass. We understand that it is now not at the 11th hour but it is about 10 minutes past 12. We are doing the right thing by ensuring that there are no more alibis or excuses for this government or for Malcolm Kinnaird or for the consortium. They have no more chance to withdraw funds or mess around with this project. The time is now. We will support this project this afternoon and support this loan, and there will be no more alibis or excuses for this government or for the consortium, because they will not be able to walk away from it legitimately. So, the Labor Party supports this bill.

Mr HAMILTON-SMITH (Waite): I support the bill and commend the Leader of the Opposition and members opposite for doing likewise. I note that the Leader of the Opposition has couched his address in terms of bipartisanship and a genuine willingness to see the railway go ahead, and I believe that to be so. However, let us be fair and frank: to block and to destroy this project would be a political catastrophe for the opposition, as it would be for the government. The opposition has little choice but to support the railway, because South Australians are clearly of the view that it is a nation-building exercise, that it is important to the future of the state and that it is important to the future of the country. That is the reality. The opposition supports it because the majority of South Australians support it: I commend the opposition for that. But let it not, in its effort to whack the government, gild the lily. The reality is that we all want the railway to be built.

Far from rescuing the Premier, the opposition, in my view, is being responsible and recognising that this is a decision which is in the best interests of South Australians. It is acting responsibly and, as I said, I commend it for that. However, I was disappointed to hear the regular themes trying to portray the government as somehow underhanded and dishonest, trying to portray the government as somehow not being in command and not in control of what it is doing, and trying to create the impression that things are not well.

The government and, in particular, the Premier have done an absolutely outstanding job in getting this project to the point where it is today. For almost 100 years, we have sat on the promise that one day we would get a railway from Adelaide to Darwin. Finally, a government has delivered. Everybody in South Australia knows the amount of work that has gone into it by the Premier, by the cabinet and by this government to bring it to pass. This government has delivered the railway, and the opposition is helping to deliver the railway: let us get that very clear. Because, during all those years of federal labor governments, there was no great national vision from them to build this railway.

I am mystified as to what interests in the Australian Labor Party might not support the concept of a railway to a private port in Darwin: it might have some difficulty with the idea of an alternative means of promoting trade and commerce through a private railway line and a private port. Of course, I do not think that South Australians need to think very long and hard before reaching their own conclusions about what interests within the Labor movement might be at work to get in the way of the railway. However, I commend the opposition for rising above that and recognising that this is an important bit of nation-building.

Mr Foley: You have been in London for the last two weeks. What would you know about what has been going on here?

Mr HAMILTON-SMITH: The member for Hart is well remembered over there for his previous visits, and he is remembered quite fondly.

The other aspect on which I want to comment in respect of this bill is that the opposition must appreciate the degree of difficulty that exists when governments attempt to negotiate very expensive infrastructure projects with private consortiums. One day the opposition may be in government, and it will have to face up to the difficulties of bringing together a disparate group of financial interests to an infrastructure project of this magnitude. It is extremely difficult.

As a member of the government, I am extraordinarily impressed and proud of the way that the government has delivered on this issue. Of course, there have been last minute problems: one of the consortium members withdrew at the last minute. These things happen in the hard world of business and infrastructure investment. The opposition knows that as well as the government knows it. The Premier and the government have attempted, and have done so successfully, to achieve an outcome which allows the project to go ahead and which gets around the last minute problems that have sprung up.

The Leader of the Opposition has been fairly thorough in his criticism of Malcolm Kinnaird and has suggested that, somehow or other, if he were the Premier, he would have called Malcolm Kinnaird's bluff and gone into some sort of negotiation or some sort of argument or debate which would put the project at risk. It is very easy to make sweeping claims like that when in opposition: it is another thing altogether to risk the future of the project on the basis of calling people's bluff. We have just heard the emotional mumbo jumbo of 'This is what we would do if we were there.' I cannot wait for the day—I hope it is a long way off—to see members opposite have to shoulder responsibilities and make tough decisions. I think it is a credit to this government that it has brought this project to this point today.

For the next couple of hours we are going to have to listen to various members opposite get up and have a whack each way. They are going to say that they support the government, but they want to thump the government for somehow supposedly mucking it up. Far from mucking it up, the government has sorted out the problem. It was not a problem of this government's doing and, in fact, the government has acted swiftly and responsibly to replace the $26.5 million shortfall.

Let me draw to the attention of the House—and I am sure members do not need reminding—that the future of the north of Australia and the future of South Australia are inextricably linked. Let me make that very clear. Developing the north of this country is the next great adventure that this country will undertake: it is the next frontier in development and growth. At the moment, Darwin is a relatively small city. We have 5 per cent of the world's land mass and a mere fraction of its population, and we proudly claim that we have no room for anyone else.

In my maiden speech to this parliament, I made a very simple point to the House, and that is that there will come a time when this country can no longer turn its back on the rest of the world community and claim to occupy 5 per cent of its land mass with a mere 20 million people. There will come a time when we have to further develop this nation. The time will be soon, and the location, in my view, where most of that development will occur, is in the north of the country, where there is plenty of water, plenty of land and plenty of scope for further growth and development of this great nation. This railway will provide a lifeline for that future growth.

Some figures have been done. I have heard some members opposite, while wandering the corridors—and some Independents—claiming to have exhaustively examined the financials of this project and pontificating about how the financial viability of this project is extraordinarily questionable and what a waste of time it is: electors in their particular constituency have no interest in it and the whole thing should never go ahead. Of course, they will all support it today, but they go around the corridors saying this.

I am intrigued when I hear people, many of whom have never been in business, huffing and puffing about the financial viability of projects. It is virtually impossible to say which way the economy of this country and the economy of the north will go in the next 50 years. But let me just forecast that the use of this railway will far exceed the planning figures that have been used to put together this financial commitment to the infrastructure project.

Members interjecting:

Mr HAMILTON-SMITH: You do not know, any more than anyone else here, exactly the level of development that is likely to ensue in our north. I anticipate that it will exceed your wildest expectations. This railway will feed that growth. Industries in South Australia will benefit from that growth, and this railway is the linchpin to it. I totally support this bill. I again commend the opposition for its support. I do not think it had much choice; members opposite realised that the people of South Australia want this project to go ahead. It is a grand bit of nation building for this state and for the country. I look forward to the bill being soundly supported by members opposite.

Mr FOLEY (Hart): There is clearly a pattern developing in speeches here this afternoon, opening on the other side with support for the legislation and then providing some critique, and I will follow that pattern briefly. The reality is that this project has been a long time coming. There have been many moments of concern and tension throughout this process. I want to comment on some of the history because, as the Leader of the Opposition said, this project has been announced and reannounced numerous times over the past four years. We well remember in the lead-up to the 1997 state election the stickers saying 'We're on track' and the numerous announcements by this Premier, the Prime Minister and the Chief Minister of the Northern Territory, Dennis Burke. The fact of the matter is that the Premier here in South Australia has track form when it comes to announcing and committing projects before they are properly signed off.

The Premier announced too early, before it was signed off on, that we had a new airport terminal in Adelaide. He told us we had the 'tower of inspiration' in Adelaide—knockers, stand aside—before that project was terminated. We well remember during the 1997 state election the announcement of 1 000 jobs with Teletech, which project we have never seen come to fruition—

Mr Conlon: Let's not forget the southern O-Bahn.

Mr FOLEY: —and there was the southern O-Bahn, of course. But what we have seen with this rail project has topped all that. For their base political purposes, the Premier, the Prime Minister and the Chief Minister of the Northern Territory have continued to make announcements, cut ribbons and raise expectations on this project well ahead of the time that they should have done that. Until they had financial closure and the final agreements and until they were able to announce a done deal, this government should have held its fire. Whether it was the lead-up to the 1997 state election, a federal election or a Northern Territory election, or whether it was just to try to lift the sagging stocks of a Premier sitting on 27.5 per cent, they continued to make announcements for base political purposes. That has created a difficult environment in which to negotiate and conduct arrangements with this project.

The announcement of the Hancock withdrawal was of concern to the opposition, as it clearly was to the Premier and his government. There is more to be said about whether the

Hancock Group was ever really in and whether or not Dennis Burke in the Northern Territory had done some inappropriate deal with the Hancock Group as it related to an electricity corridor. It has now paid for that, which I understand has been the subject of criticism by the Auditor-General and others in the Northern Territory. In the aftermath of these negotiations it will be interesting look at that whole issue. I think that it shows one of the areas where the whole deal has been very poorly handled.

This is a project of risk. There is no good in denying that, trying to sugar-coat the deal or turning a blind eye to that. There is no good in getting over-hyped about this project without being honest, open and objective enough to acknowledge that this is a high risk project. Such a project has not succeeded for 90 odd years, for obvious reasons; it is a project of high risk. It requires 50 per cent of its funding from taxpayers, and that amount is ever increasing. That again highlights the very real risk within this project. It is imminently appropriate for politicians on either side of this House to have degrees of scepticism, concern and interest, and to hold their own views about the viability of this project and how we should proceed. It is highly appropriate for us to have our various views and to conduct a mature debate in this place without other members getting up and saying the opposition does not do this or does not do that and all the nonsense that tends to come when we are trying to debate this issue.

Members are right to be concerned. Initially, $100 million of South Australian taxpayers' money was required. That grew to $125 million and was then required to grow to $150 million, with a long-term loan by government. At the eleventh hour it has then required a further $28 million facility. So, we have nearly doubled the South Australian component, and that should send us a signal. What should send us an even more significant signal is the fragile nature of the consortium as it stands at present and of negotiations to date, and the fact that a dispute over a $10 million facility brings this project to the brink of collapse. They are factors which none of us can or should ignore. We should not turn a blind eye to them or get caught up in the rhetoric and be oblivious to these clear signals. It took some time to get this information, but we are advised that, unfortunately, further participants in the consortium also withdrew their involvement only in recent weeks, to the extent of some $12 million. These are important facts that we all need to be aware of, because as the private sector shows nervousness for this project so should we.

The Hon. G.A. Ingerson interjecting:

Mr FOLEY: The member for Bragg asks whether I will talk about it or stand here and make criticisms. This is the problem. We cannot have a mature, objective debate in this place without the nonsense opposite. I am trying to work through this issue and—

Mr Conlon: If you want to have another caucus meeting, we could fix that.

Members interjecting:

Mr FOLEY: Sure.

The Hon. G.A. Ingerson: Are you going to support it or not?

Mr FOLEY: We have said we are going to support it, Graham.

The Hon. G.A. Ingerson interjecting:

The DEPUTY SPEAKER: Order!

Mr FOLEY: I should learn to ignore backbenchers like the member for Bragg, sir.

An honourable member interjecting:

Mr FOLEY: Cabinet Secretary, of course. The involvement of CKI and where we got when the Hancock Group withdrew is worth some comment. I have already touched on the fact that I found the Hancock Group's involvement interesting and intriguing, but I have been on the public record on a number of occasions expressing concerns about the initial moves by the Premier to secure finance from CKI. I believe that my reasons for that are well founded. They are these. First, I believe that, when faced with a shortfall in funding, the Premier was correct to seek alternative sources of finance other than the taxpayer. I have no argument with that; it was a very prudent move, unlike the Chief Minister of the Northern Territory, whose regard for public finance and accountability is zero. They just write cheques because they know that at the end of the day a mendicant territory with its budget position can simply call on the federal taxpayer to relieve it of its budget problems. I mean, they build Taj Mahals with their Parliament Houses, Supreme Courts and whatever. Denis Burke had no trouble in committing his small territory to another $28 million. John Howard, again with flagging popularity stakes, thought he had best go along as well, but, given the magnitude of their budget, it was hardly a big commitment from the commonwealth.

I do give the Premier credit for the fact that he did not have a knee-jerk reaction and think that he should source other finance. My criticism of the move, though, was that I think the Premier should have exhausted a number of avenues for finance, particularly given that a government guarantee was in the offing, because the Premier had previously said, 'Well, the finance sectors, the other private providers of capital, knew this deal was around. They could have come knocking on our door; they had not, so too bad.' Once he attached a government guarantee to this finance facility, the Premier, in my view, should have exhausted all avenues of other finance, and I would be very surprised if there were not some other financial institutions that may have been more interested in looking at this process if given the time to do their due diligence, given that it was backed by a government guarantee, but—

Mr Williams interjecting:

Mr FOLEY: The Premier chose not to do that and to put his eggs in one basket—that was CKI. I think that was an issue of concern—and I have said this publicly and I will say it here—for a number of reasons. Firstly, the critical one of not canvassing other options; but, secondly, the relationship between the government of this state and CKI is a very special one, because CKI are the owners and operators of ETSA. It is one of the largest companies operating in South Australia. It is a company that has a day-to-day relationship with the government of the day. It is a business that, in effect, is regulated by the government of the day. I think that the relationship between the government of the day and ETSA (CKI) has to be one that is robust and unfettered. There must be a strength in the relationship about which there should be no question of whether or not the relationship is anything but robust and professional. If CKI were providing finance which could have been considered of assistance to the state government of South Australia, I happen to think that just makes it harder for the government of the day to have what should be an open and robust relationship.

I think we should have steered clear of putting obstacles in the way of that relationship. The other one, of course, is that I understand CKI is on the public record as saying that it is interested in the Port of Adelaide, the Ports Corporation,

which currently is on the open market, and again issues of conflict of interest and other issues relating to that sale could have caused some difficulty. I believe that they were issues of concern and that is why I was a little uncomfortable with CKI.

Having said that, the Premier asked the opposition to support the CKI deal, as the Leader of the Opposition has indicated. We were also asked by others to support the CKI deal and we had a robust discussion in our shadow cabinet and our Caucus and resolved to support the CKI arrangement yesterday morning, only to be told some hours later that that had collapsed, and for whatever reasons. Again, why the consortium withdrew its support for that funding arrangement at the eleventh hour may make for some interesting discussion and debate at a later stage. Again the opposition was under pressure, as were all politicians in this House, to decide what is the way forward.

Late yesterday we had a number of discussions with the Premier—good discussions, honest, open and frank discussions—in which we canvassed a number of possibilities. I will not comment on what those discussions were, except to say that they were good discussions and it was an opportunity for an opposition and a government to do something it very rarely does; that is, to talk about problems and issues and to try to find a solution together, as against perhaps the open warfare that tends to occur from time to time. As it was, last night we could not find a joint approach on this in terms of other options and we find ourselves in the position today of deciding how we go forward.

The Labor shadow cabinet met this morning and the Labor caucus met around lunchtime today and resolved to support this legislation. That, though, was not without a high degree of debate within my Party and a wide range of views within our caucus. Each and every one of those views were well-founded, well based and were an excellent contribution to the debate and allowing us to arrive at the decision that we did. The Labor caucus was rightly concerned, quite frankly, and they expressed that concern in no uncertain terms, because one of the difficulties in all this process is that the opposition, the shadow ministers and the leader are clearly removed from the negotiations. Obviously, as much as we would like the government to invite us to the negotiating table from time to time, that is not an invitation forthcoming, and nor should it be. However, it is even more difficult for a backbench and my other colleagues to comprehend or to deal with these ever moving goal posts and changes. I mean—

Ms Thompson interjecting:

Mr FOLEY: Sure. We have a duty to our colleagues to give them all the information and the benefit of our views, which they often do not necessarily share exactly—and nor should they. So it has been a difficult process, but one that I think needed to be done. I say to members opposite: sure, let us have our cheap political points and let us all play our political games, but do not be critical of an opposition that has not automatically endorsed your approach the minute you have told us what that approach is. I have sometimes wondered in the last 12 or 14 hours, Mr Premier, where we might have been if we had agreed to pass your legislation to support the CKI facility on the day you asked us to? Where we would be if we had agreed to this legislation 10 days ago when you wanted us to? We would have had to come back and change it again. The opposition was quite correct 10 days ago in saying, 'Hang on a minute, let's collect our thoughts; let's catch our breath; let's think this one through; let's take advice; let's consult.' It was a prudent thing to do. The process of the opposition has been well-founded.

I conclude with a couple of final remarks and I touch on the role of the Northern Territory in all this. It is not often that I have sympathy with the Premier of this state, but I would have to say that dealing with the Chief Minister of the Northern Territory must have been one of the more excruciating processes and roles that he has had to play in this whole period, because if I have ever witnessed a cowboy outfit, an incompetent government and politicians simply not capable of handling complex issues it is the Northern Territory government.

When I visited the Northern Territory over a year or so ago I was briefed by the then minister responsible for the railway line, and it was an amazing briefing. I left that briefing a little concerned at the expertise available to this consortium or to the public corporation into the project coming out of the Northern Territory. However, I say to the Premier, no doubt you have been under a lot of pressure from Denis Burke to make a knee-jerk reaction. I commend you for not doing that. We in the Labor opposition have been the subject of much criticism from Denis Burke over recent weeks as well. We have plenty to do in South Australia worrying about our affairs than to be commenting publicly on Denis Burke, except to say that he is clearly an incompetent Chief Minister. I fear for the Northern Territory. I fear for the Northern Territory under a CLP government that shows no due process, no care for its taxpayers and no professionalism, and has probably put this project into more jeopardy than any other single group. We in South Australia have shown a degree of responsibility that no other government has shown—not even the Northern Territory or commonwealth.

I will conclude on the commonwealth. The member for Waite talked about a nation-building project, and I absolutely support that. The reality is, though, that the nation is not paying for it all: the small states of New South Wales and the Northern Territory have to pick up 70 per cent of the cost of it, and that is an unfair burden. From day one the commonwealth should have picked up a larger proportion of the funding for this project. The fact that it did not do that is a great disappointment, and we would not be in the position we are today had the commonwealth shown more responsibility in relation to its share. The opposition supports this legislation.

The Hon. G.A. INGERSON (Bragg): I rise to speak in this important debate, because it is probably the most important infrastructure project we have to look forward to over the next 10 years. Other issues such as electricity, water, and so on, are obviously important, but this is the greatest opportunity for us to develop our infrastructure in conjunction with the Northern Territory and, more importantly, to give us a formal connection with South-East Asia—and that is really what this is all about.

I am surprised at the criticism that has come from the opposition. I recognise that the last speaker the member for Hart, as the shadow treasurer, has taken a more moderate and accurate view regarding what has happened. I should have thought that it was pretty simple: the government has attempted to develop a commercial relationship, and that commercial relationship fell over. The government made a strong public commitment to support this project and, once that had fallen over, it had the choice of doing one of two things: it could either involve general bonds through a

managed scheme with SAFA or take it straight out of capital works. They are the only two options left for the government.

The government has come in here and laid it on the table, but it did not do that of its own volition. The government would have much preferred the deal to go ahead commercially between two private sector individuals. One of the parties of its own volition, for commercial reasons or whatever, has decided that it wished not to go down that track. It is fair and reasonable for the government to say to the opposition, and in particular to this parliament, 'Circumstances have changed. We would like to go down a different route. Here is what we want to do.' It is then up to the parliament to recognise that position clearly.

I would also like to comment on the writing of a letter to the Auditor-General by the Leader of the Opposition. If the honourable member had read the Public Finance and Audit Act—with which I am reasonably au fait at present—he would note in it that the Auditor-General has two functions under section 34. First, he has his function as auditor and, secondly, he may examine any matter at any time. The Auditor-General does not need any instruction from this parliament, because under section 34 of the Public Finance and Audit Act it is clear that he can examine the matter now. He does not need any specialist help; he can do it. There is no question that he should not do it. There is no reason why he could not do it without any support from this parliament. He can do it now, because section 34 of the Public Finance and Audit Act enables him to do it. As a consequence of that, the grandstanding is not needed. Of his own volition, the Auditor-General can go ahead and make that comment.

I am also disappointed that this agreement has been done by qualification. Clearly that is what it is all about from the point of view of the opposition. I should have thought it was in the interests of all of us in this state to have this railway line built. Everyone in this parliament knows that a significant amount of risk is involved. If there was not the risk, there would not be any requirement or any request for the government funds that are already there. Clearly, it is a very significant element of risk in this project, because almost 40 per cent of the finance is government finance. That element of risk has been clear to everyone for a long time.

If we look back into the past and consider the Snowy River scheme, do we think we would ever have done it? We would never have done it under this sort of examination, and we would not have had one of the most important single engineering exercises in this country.

An honourable member: Who did that?

The Hon. G.A. INGERSON: It was done by a Labor government, and it was one of the best projects that this country has seen. This is the next major infrastructure project that we also ought to be supporting. I was fascinated to listen to the member for Hart make comments about the reannouncing and general announcing of projects. Members opposite ought to recall such projects as Marineland, Scrimber or, more importantly, Redcliff. Redcliff has been announced more than any other project I have ever known. I even remember the number of times we had the visitations of the submarine project. That was a fantastic project for this state, but it was announced more times than any race meeting I have ever attended. For the member for Hart to come into this place and say that it is not normal practice for governments to announce and reannounce projects just shows the sort of hypocrisy in which he is involved.

This project is very important. I accept the comments that the opposition ought to be asking these basic questions, but let us not have a qualified sort of acceptance. Let us have the total support of this parliament to go ahead on this major infrastructure project in South Australia.

Ms HURLEY (Deputy Leader of the Opposition): The member for Waite started off very well. He said that this project has public support and that it had the support of the Labor party. Those things have been demonstrably true over the entire two terms of this government. Of course, what is not true is what this government has always told the Labor Party when it has come to us in times of crisis, that is, that it would continue to keep us briefed on this project and that it appreciated and valued our support and would engage us with the project. But, no, the Premier has insisted on treating it as his personal win, as his personal project that he has secured for this state. He has staked his premiership on it. That is why members of the government want to stand up here today and say that we should not really question the project. They want to say, 'We appreciate your support, but that's all we want out of you. We don't want any questioning of this project; we want unfettered support and agreement to continue to dip into the public purse for this project.' They will not get that.

We have asked questions in our briefing, and we will ask questions today about this bill. We are deeply unhappy that the public of South Australia has to put more money into this project, given that it is a national project and given that we have not had access to the figures that demonstrate the clear economic advantage to which the member for Waite also alluded. We have not been included to that extent, and we will test the member for Waite's brave predictions about our reaping benefits beyond our wildest dreams at the end of the day.

I certainly hope that he is right. I certainly hope that a railway, in this modern day and age, will produce those incredible benefits about which he talks. What I do know is that the honourable member's concocted socialist conspiracy theory that the Labor Party has less support because it is going to a private port does not support any claim to intelligence on his part.

An honourable member interjecting:

Ms HURLEY: Yes, the ideologue in the member for Waite is coming out. He also over-estimates, I believe, the value of his experience in business. Members of the opposition have had experience in business and, certainly, when I was working in merchant banking in Sydney in the 1980s in corporate finance, admittedly in a very lowly position, I saw some very complex deals put together, and I can tell members that I think that a lot of those deals were put together in a better fashion than this deal.

We have applauded the Premier's attempts to have private sector involvement but his way of going about it, before getting agreement of the consortium and before even getting CKI to sign on the dotted line before he makes a public announcement, is not an example of good business practice. There is no question that that part of this deal was bungled. So, ultimately, the government has had to come back to this parliament and ask for government funds to be put into this project. The opposition has agreed to support that. We do appreciate that we are over a barrel; that we must agree to put in more government funds, despite the fact that two or three members of the consortium have either reduced or pulled out of their involvement.

The member for Waite also said that the economic viability of this project was proved by the private sector involvement. It has proved that we have cause to question it,

because some of them have pulled out. They are not so convinced of the viability of this project. The opposition has a duty to question the government about the viability of this project and whether we should continue to put taxpayers' funds into it.

An honourable member interjecting:

Ms HURLEY: I certainly hope, despite the honourable member's public comments, that in the party room those questions have also been asked; and I certainly hope that members opposite received better and more honest answers than the opposition received.

The Hon. R.B. SUCH (Fisher): I would like to put this issue in some sort of context and perspective. If members reflect on this matter, they may acknowledge that the cost of this project is, in total, about the cost of a Collins class submarine, which I hope would never be sunk, but in defence circles people accept that something costing $1 billion is lost and it barely rates a mention in the newspaper. I would acknowledge that, if one takes a narrow accounting or economic view, the rail line, as proposed at the present time, is not strictly viable, but I say 'at the present time', and that is taking a narrow economic or accounting view of its operations, otherwise the project would obviously not need government support.

I acknowledge the issue that has been raised—risk. There is a risk both now and obviously well into the future. However, if we do not engage in risk in our lives we will be sitting at home, essentially sitting on our hands. I point out that if the pioneers had taken that view they would still be sitting on the beach at Glenelg. This project has a significant element of economic nationalism, and I do not see anything wrong with that. I guess that the economic rationalist would criticise it because it is not strictly economically viable. However, we do not have to do everything in life that comes down purely to narrow economics or accountancy. This rail line is about trade, transport (obviously), tourism and defence, and it will provide many positive spin-offs. I would not be surprised in the future if we do not see some mining ventures arise in and near the rail line. We will see benefits for Whyalla and other parts of South Australia in spin-offs, and I think that that is to be welcomed.

I see the railway, despite some reservations which I have indicated and some more which I will indicate in a moment, as an expression of confidence in our future—a steel band of optimism. I acknowledge that the cost of spending the money on the railway is the cost of not spending it on other things—the opportunity costs. If you put the money into the railway, obviously, it is not available for other things. As I said, we must, I believe, have confidence in our future and show some initiative even though a significant element of risk is involved. Something in terms of the broader picture which does concern me is that Australians are reluctant to invest in infrastructure. We are at a stage where more and more overseas companies and individuals own our infrastructure.

I am certainly not against that in any absolute sense, but we tend to want the good life in Australia. We want all the comforts of consumerism but we are not prepared to invest in wealth-creating infrastructure, which means that, in the future, we deny ourselves the opportunity to have an even better life because we have gone for the good life in the short or medium term. If we think back to our time at school—and some of the younger members may not have experienced this—when we had the old Savings Bank, we encouraged students to put aside some money. It was well before my time, but the Commonwealth Bank, the penny bank, funded the east-west rail line. That was creating in young people and others the sense that we need to invest in infrastructure. Sadly, today, and I am as guilty of this as anyone else, people are more interested in the good life, the present life, rather than investing in long-term wealth creation. We want the comforts and the good times, rather than taking the long view. I am keen to see us invest more in infrastructure as a community, whether it be from the private sector or the public sector.

I have argued for a long time that South Australia should be offering infrastructure bonds. I did write to the Premier in 1997 and he indicated that, without federal support in terms of some taxation benefit, it would be pretty hard to offer competitive infrastructure bonds to the people of South Australia, and I accept that. I wrote to the federal Treasurer suggesting that the federal government consider special taxation considerations for infrastructure bonds, but he kindly declined my suggestion. I still think that many people in South Australia—grandparents, parents and others—would be happy to invest in the future of this state, whether the money goes into schools or hospitals. They may not necessarily seek a high return.

I am aware that the United Kingdom's program is conducted on the basis of a lottery, which is very popular. I am not suggesting that we must do this in the form of a lottery, but the United Kingdom gives no interest in return for the chance to win some cash benefit. I think that we could be innovative in what we do here, but the main incentive would be a federal government tax concession in relation to infrastructure bonds. I would like to see that idea resurrected and, if it were in place, we would probably not be debating this issue now.

One consequence about which I am mindful is the effect on the port of Adelaide. It is a very successful port and I commend the people involved there, but I am not sure in the long term what the effect of the rail line will be on the port of Adelaide. I just note that because I am not in a position to crystal ball gaze. I suspect that one reason we are debating this measure at the moment is the interest rate volatility. People investing, whether from overseas or locally, are very wary of being locked into something at a high interest rate or cost when interest rates could fall even further than they have fallen in recent times.

I suspect that as an explanation that is a significant factor. The contraction in the economy, both in the United States, parts of Asia and, indeed, in Australia is no doubt creating some nervousness among investors. I am aware, too, that the South Australian budget will be very tight. I do not think you have to be a world leading economist to realise that we are facing a fairly tight budget this year. The consequence of funding this rail link will put the budget, both now and in the future, under even greater stress. I do not believe it is a time for petty politics or petty point scoring. I think we need to get behind this project, and look on it as a positive and a vote of confidence in our future. I hope the project succeeds and I hope it succeeds for the future benefit of all South Australians.

Mr CONLON (Elder): It has been said that if you put enough chimpanzees and enough typewriters together, eventually you will get a novel. Having heard the speech of the member for Waite and the interjections of the member for MacKillop, I say that if the names of any chimpanzees were Martin Hamilton-Smith and Mitch Williams the chance of a novel would be greatly reduced. The member for Waite today

offered one of the greatest no-brainer contributions I have ever heard in this place and I will turn to some of the things he had to say in a moment. Let me say we have heard a lot about this issue.

Mr Scalzi interjecting:

Mr CONLON: The little fellow up the back is jumping up and down. Do it while you can, Joe; you are not here for long. We have heard a lot today about why the opposition should support this project and not be negative. Let us be clear about what has happened and whether anyone else would have treated this with as much objectivity and courtesy as we have. When someone marches in and says, 'We want you to commit $26 million of state funds. We do not have much detail for you but you have 24 hours in which to do it,' it is a bit of an ask. It is also a bit of an ask when one considers that it follows on from being asked to do something very different just the day before on very short notice.

In the circumstances, I think it is a bit rich for the government to be critical because we have some complaints about the process which we faced. The process is very disappointing. The briefings we have had, I must say, have been fairly disappointing, too. I put on record my gratitude for getting an hour's briefing, along with other members of the opposition, from Mr Allert who was probably able to provide us more information in that time than we were able to piece together previously. The opposition was asked to commit $27 million of state funding to a loan, with 24 hours notice and with very little detail except to say, 'Trust us, it is a good idea.' I think we have done all right in those circumstances, to bring ourselves to the position where we will be supporting the government on this.

I recognise some of the difficulties under which the Premier has operated. Forgive me, but that bozo in the Northern Territory did not make it easier by rushing out and committing money several months ago from his funds and from federal funds and leaving South Australia backed into a corner in terms of funding for the project. From what I have seen, a great deal of what has unfolded relates to the fact that the Chief Minister in the Northern Territory placed the consortium in an extraordinarily strong bargaining position vis-a-vis South Australia. Quite frankly, in my view they have used it to ensure that they have not had to go to the marketplace for money but that the poor old South Australians are chipping again.

While recognising the difficulties the Premier has been under, I have one fundamental criticism. It should not have been necessary for us to do this today. If the Premier had taken the government guarantee that he decided on some time ago and extended to CKI, if in the very first instance instead of looking for a much fancier solution he had taken that government guarantee out into the money market, the money would be there now. The Premier can shake his head but that is the fact of the matter. Some six or eight weeks ago—at least six weeks—if he had gone out with the government guarantee into the money market, into the marketplace, we would not be lending state government funds now. The Premier has to wear that. It is a decision he took and he took a risk.

In my view, he wanted to be the saviour of the project. That is all right; we all are in the political business and we all like to look good. He took a decision and he took a risk. He should have taken the safe course six weeks ago. That is my first and fundamental criticism of what we are doing today. Like the leader, I say that we have been at a game of poker with a player in a very strong bargaining position who stuck us up. I find it hard to believe, like my leader, that a project that has seen the commitment of $780 million worth of private money, a total of $1.2 billion, was going to fall over because of the last $10 million.

I find that hard to believe. If it is the truth, it does raise very serious questions about just how well the project is going at the moment. I have a fear about that. We in the opposition have supported this project throughout. We have got nothing but ill-informed bantering and interjections from some of the no-brainer government members today. Quite rightly, as the premier in waiting, the Leader of the Opposition, said, the timeline is 10 past 12 and deals are still being cobbled together. It is simply not the way in which the biggest infrastructure project in many years should be done. I will say no more on that because it is so plainly obvious.

I now turn to some of the comments of the member for Waite. My goodness me! One of the suggestions from the member for Waite—because it will tie into another point I will make—is that, somehow, the fact we are in here shovelling more state funds towards the project has been the problem of Labor people not supporting it. He has not actually got any chain of reasoning or any disclosed argument for it.

Mr Hamilton-Smith: I did not say that.

Mr CONLON: The honourable member says that he did not say that. I heard him say that. Did anyone else hear him say it? When we talk about the commitment of a federal Labor government as opposed to the federal Liberal government on infrastructure projects, every one of the last major infrastructure projects in this state was signed off by the previous federal Labor government. We have got nothing out of John Howard because his vision ends at the Blue Mountains. He does not know we exist. If you want to talk about the attitude of the feds to this railway line, we have taken support from the feds but look what happened at the last election when John Howard was frightened of One Nation. He devised support for a railway link to Darwin that weaved like a drunken man through most of the Outback marginal seats he wanted to win. One of the eastern states commentators in a newspaper called it the One Nation Express. So don't talk to us about a lack of support from the federal people. Kim Beazley before the last election offered $300 million. That was his suggestion for it. Kim Beazley, like the member for Waite, recognises that this is much more a national project than it is a South Australian project.

We have seen a large contribution of public money to make this project work. That contribution has come on the basis of a third from us, a third from the Northern Territory and a third from the federal government. The contribution from the federal government has been inadequate. This is a nation building project. The greatest interest in it is with the commonwealth government. It breaks my heart, in a state where we are running underlying deficits year after year and a commonwealth government which has a budget surplus as a result of its new tax system that it cannot climb over and which it is frittering away in whatever latest backflip it has thought of, with a budget surplus that runs into the billions, that when a little bit more money has to be stuck into this project it is going to come from us. While we are supporting the project and while we are giving our agreement today—

Mr Scalzi interjecting:

Mr CONLON: This guy—you are a triumph of art over life, member for Hartley, you really are. You have got into this place for two terms. I know that you are out next term, but you should be pleased with that, because I think that it is

a triumph of art over life: that someone could have elected you for two terms. However, I return to the subject.

Today the government very much has taken for granted the support of the opposition on this matter. We do support this program, and we have done so throughout. However, the point I just made is that it breaks my heart to see a state with an underlying deficit, a state that has had a demonstrable problem paying for essential services, going into our kick once more, when the commonwealth is sitting on such a massive surplus and when, as I said, the Premier six weeks ago might have gone out into the money market with a government guarantee and obtained this money easily. He will tell you that that is not the case, but I would guarantee that, if he had gone out six weeks ago with a state government guarantee, the coffers would be filled now.

It is not easy for us to decide that more money should go in, especially when the Under Treasurer will not give us an assurance that more money will not be needed. We support the project, but we run a state with a tight budget, as the Premier well knows, and there is a limit to how many hospital beds, teachers, schools and police we will forgo to keep funding the rail link. I signal that today, because people have to know honestly what is being said in our caucus. We do have concerns about how many hospitals, schools, teachers and police we will have to forgo to keep funding the project. We want a line drawn in the sand, and we would like it drawn here today.

We support the project, but I wish to comment on the absolutely disgraceful conduct of the consortium (and this was touched on by the Leader of the Opposition) when, last Friday, its representative rang Mike Rann, seeking his support for the CKI deal, and someone else rang and said, 'What are you talking about? We never supported it.' I hope that they have been treating the government better than they have been treating us. But I suspect not, and I suspect that that is why we are going into our kicks again today. I look forward to asking some questions in the committee stage.

Mr WILLIAMS (MacKillop): I think it was the member for Waite who made a very good speech on this subject here today. One of the things that he pointed out was that we would spend quite a considerable time this afternoon listening to a whole heap of diatribe coming across the chamber from a group which wants to have the public face of supporting this project but which wants to do whatever they can to confound it, to stall it, and to bring it to its knees. If they possibly could, they would like to be able to blame the failure on the government, yet they want to have the public face of being bipartisan and supporting it. I am delighted that they are supporting it, because this is a fantastic project for South Australia.

Mr Clarke interjecting:

The SPEAKER: Order!

Mr WILLIAMS: A couple of points were made by the member for Elder that I would like to refute. He said that we could have gone out in six weeks and raised the money on the money markets. That just demonstrates the lack of understanding of the member for Elder of exactly what is and what is not possible, and it reflects that members opposite have not learnt anything from the demonstration of their financial bona fides eight or 10 years ago in this state. They have not learnt very much at all.

The member for Elder also asked how many hospital beds, police officers and teachers this would cost. For his benefit, I will tell him. It will not cost any. It will be—

Members interjecting:

Mr WILLIAMS: Those interjecting might care to work through the budget papers and see how many police officers and teachers are paid from SAFA bonds. How many SAFA bonds do we raise to pay recurrent costs?

An honourable member interjecting:

Mr WILLIAMS: I think if the member studies the budget he will see that—

Mr Hanna interjecting:

Mr WILLIAMS: The member is drawing a long straw there.

Members interjecting:

Mr WILLIAMS: This, in fact—

Members interjecting:

The ACTING SPEAKER (Mr Venning): Order!

Mr WILLIAMS: This, in fact, is—

Mr Clarke interjecting:

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

Members interjecting:

The ACTING SPEAKER: Order!

Mr WILLIAMS: This, in fact, is what has been happening in South Australia for the last six or seven years: we are reinvesting in the future of South Australia; we are reinvesting in the capital of South Australia; we are building new capital in South Australia and creating jobs and economic activity which has built up the opportunity, through the increased tax revenues, to provide more teachers, nurses and police, and whatever, for which the public of South Australia is asking. That is a substantial part of the reason why we have been able to lower unemployment from 11 per cent odd to about 7 per cent. That is because we are starting to rebuild South Australia and we have an economy which is working, and that is one of the things that building major infrastructure projects such as this achieves.

I think that the speech of the member for Fisher was one of the better contributions here this afternoon. He compared this project with a major nation building infrastructure project, the member for Bragg talked about the Snowy Mountains scheme, and I think they both got it right. I think that is something that this nation should be doing. Instead of spending billions of dollars, as we did previously, on unemployment relief schemes and on social welfare, if governments of this nation bit the bullet, went out and grabbed major infrastructure projects such as this on a regular basis, this nation would be a much better nation both today and well into the future.

The Leader of the Opposition and the member for Hart seemed to be in conflict. The member for Hart complained that we had announced this and we had talked about it for a while, whereas the Leader of the Opposition thinks that we should have talked about it a heck of a lot more and, in fact, had the Auditor-General sign off on it before we did anything else. I do not think that we would have got the Auditor-General to sign off on it before we had announced it. So, there is a fair bit of hypocrisy between those two gentlemen and how they would have done it. In fact, the Leader of the Opposition, I think it was, announced a policy this afternoon. That is the only time that he has told the parliament what he would have done. He would have called Malcolm Kinnaird's bluff, and put the whole project at risk—and we have had a few speakers over there talk about risk. The government has not subjected the project to that risk, and I think that we have done the right thing by South Australia and for the future of

South Australia to go ahead with this project through this financing process.

The member for Elder talked about the Beazley promise. I certainly look forward to that, but I do not think it will ever happen, because I do not think that Beazley will ever become the Prime Minister. But, if it ever did come to pass, I look forward to Beazley kicking in the extra $150 million odd and reimbursing the people of South Australia. I think that would be a magnificent gesture on his part. It was very easy for the Leader of the Opposition, prior to the last federal election, to make all sorts of promises, knowing that he would never have to deliver—it is a bit like the Democrats.

However, that is enough comment on the negativism coming across the chamber. I certainly support this project. As I said, it is a very important project for the whole state. It is particularly important for the region that I represent. The South-East area of the state is the major producer of perishable goods. A lot of the perishable produce that comes off the farms in the South-East is shipped into the markets in Asia. I sincerely hope that this project meets financial closure over the next few days, because it will certainly increase the impetus to the reopening of the rail network through the South-East, from Wolseley to Mount Gambier, and give the South-East—that most important part of this state—access to the port of Darwin and the very considerable benefit of getting produce into those markets in South-East Asia.

For that reason alone, I think that this is a great project for the state, but it is also a very great project for the region that I represent and that the member for Gordon represents—and I note that he is supporting those comments that I have just made. I am certainly delighted that the opposition is supporting this bill. I just wish that its support was coming from the heart.

Ms WHITE (Taylor): I am extremely disappointed that taxpayers are being called upon again for further exposure in relation to the Alice Springs to Darwin rail infrastructure project, because each additional dollar of taxpayer exposure to this project is potentially a dollar less that can be used to pay for vitally needed education and health services. Several members have referred to the contribution of the member for Fisher. I do not want to take a pot shot at the member for Fisher, because I have some level of respect for him, but his argument is fundamentally flawed because, by comparing expenditure on this project with expenditure on defence hardware, he is forgetting one very crucial point. He is talking about commonwealth expenditure, and the commonwealth budgetary situation is much different from the state budgetary situation.

I understand that the member for MacKillop and other Liberal backbenchers may not understand the state budget situation because they have to listen to party room rhetoric from the Premier and Treasurer, and I have no doubt that the parlous state of our state budget has not been disclosed to them. However, I can tell them, as shadow minister for education in this state, that I am acutely aware of the great need which exists within our education system at this time.

Mr Williams interjecting:

Ms WHITE: I did not hear what you said, Mitch. I am acutely aware of the impact of the budget cuts in education spending in this state. The $180 million that has been removed from education in this state over the last three years has had a big impact on our schools and TAFE system, and to argue otherwise is to not see what is happening in the community.

I refer to one other member's contribution. I will not refer to the backbench Liberal contributions but I think it is important to comment on the contribution of the member for Bragg, because he is not a backbencher. He dared the opposition's right to question the government over the arrangements of this very important piece of legislation and very important deal. I am pleased to see that the member for Bragg has just come in, because—

The Hon. G.A. Ingerson interjecting:

Ms WHITE: I am not going to say very kind things about the member for Bragg, because implying that the opposition was wrong to question this government highlights the government's problem. This man, more than any other in this government, is the total embodiment of why we need to question the government of this state. This man, as a senior government minister before the last state election, stood before the people of this state and said that there would be no sale of ETSA: 'Full stop, full stop, full stop', he said. This is the man who says that the opposition has no right to question the government. His credentials have disappeared.

Of course, we should question the government. Taxpayer exposure has lifted from $100 million to $125 million to $150 million, then by an additional $26.5 million. Where will it end? The Premier will give us no guarantees. During question time today he, on one hand, said that this is the last amount of money; on the other hand, he said that he could not guarantee that there would be no call for further exposure. Just some days ago, on 13 March, when announcing by way of a ministerial statement in this place that he had brokered a deal with CKI—a deal with the consortium that has fallen through—he said that it was highly unlikely that the consortium would go bust or that the project would be abandoned. I sincerely hope that he is correct. However, the substantive clause in this bill provides—and I understand that there is an amendment to this clause:

> This bill authorises the minister to enter into arrangements to underwrite or support the provision of loans—

and I stress the plural 'loans'—

> in connection with the authorised project.

In other words, it is further taxpayer exposure—and a blank government cheque by way of guarantee at that. So, at the same time as the Premier was saying that it is extremely unlikely that anything will go wrong with this project and that the consortium will not go bust and the project will not be abandoned, he was also trying to legislate for a blanket guarantee by the government of taxpayers' dollars.

We were to debate that matter yesterday but today, of course, the situation has changed. Again, a future exposure by South Australian taxpayers is sought. How can we believe the information we have been given when, as the Labor leader and those who were party to the briefings on behalf of the Labor opposition confirm, misinformation has been given to the opposition by government officials and by the consortium. Indeed, we find after the event that certain information given by the Premier of this state to parliament is not the case, and a further call on taxpayer guarantee and funds is sought. The future of education and health spending in this state, by not only this government but future governments, depends on the quality of the deals brokered by this Premier and the deals that this government has already locked this state into. Let us hope that they have got it right.

Mr McEWEN (Gordon): It is important that we acknowledge that our present dilemma is not of the Premier's making

but that it has been very much of the making of the Chief Minister of the Northern Territory and the Prime Minister. However, to go beyond that and insult either of them I do not think will serve us well in terms of the fact that we need to work with them in future. We are also well aware that the Premier is not impressed with the behaviour of the consortium and I think that at another time we ought to take a close look at the consortium's behaviour in this matter, at what its interests have been and whether its interests and the state's interests have been complementary in this regard. I also acknowledge that it is too late to turn back, so we must have closure, even if it means revisiting the financial instrument.

The fourth point I make in defence of the Premier is to say that, although he was discussing this matter with CKI, if it had been such a good deal he would have received plenty of phone calls; if it had been such a good deal, he did not need to pursue other solutions to the funding gap; if it had been such a good deal, the marketplace would have known very quickly and would have been talking to him.

But, having said that, I put briefly on the record that I am the heretic in these hallowed halls because I am the non-believer in this railway line. It is no railway line to nirvana: it will not solve all our long-term problems. Certainly, there will be a lot of activity during the construction phase, but beyond that a great deal of work will have to be done to ensure that this piece of infrastructure is maximised for the best economic benefit of Australia. So this is not the end: this is but the starting point in terms of extracting some value from a very expensive piece of infrastructure. Part of extracting that value will be linking the South-East to the line.

I do not know whether it has occurred to people in this place that two of the generators of product, which others argue this line will be needed for in terms of access to South-East Asia, do not at this stage have immediate access to that line. There may be also some indirect benefits in that there is an opportunity to take freight off our road infrastructure and, to that end, a social benefit can be factored into the equation. That, again, is something which is not easy to quantify but I acknowledge that, as long as we can link the South-East to this railway line, there might be some immediate indirect benefits through relieving some of the present pressures on our road infrastructure. That in turn will mean that the reinvestment on those roads—which, I might add, is close to a critical point—might be saved for a little longer. Unfortunately, I am the doubter, but this is not the time to have that debate. This is the time to accept that the Premier did as good as he possibly could have done in a difficult environment and to accept that there is now no turning back.

Ms BREUER (Giles): I have listened to the comments made today by the Leader of the Opposition, my colleagues and members opposite and have noted with concern a lot of the comments that have been made today. I am certainly concerned about the evidence of mismanagement, errors and incompetence that have occurred over this contract and what has been happening in recent days and weeks. I am also very concerned about the escalating costs to the state particularly and the commonwealth over this railway, but it is important for me to speak today because I am also concerned about a lot of anxiety out in the community about the project and escalating costs. I know that the South Australian community, not just the opposition, are expressing their concerns about this project. I know there is a great deal of disquiet out there and that the talk-back radio stations have been running hot with people saying, 'Enough is enough.'

The reason for my concern is that, above all others in this place, I really care about this railway and whether or not it is built. The reason I care more than anyone else in this place is because of the importance of this railway to my electorate and, in particular, to the people of Whyalla and the rest of the north of this state. I have been somewhat at odds with some of my colleagues on this. I know there are very many concerns, but this project is absolutely vital for Whyalla and of major importance to my part of the state. It represents jobs and a future for many people in my part of the state.

The figures of 2000 jobs in the construction of this railway and 5 000 jobs in the supply of goods and services have been quoted. I believe that some 800 South Australian companies have been invited to tender for this and have tendered, including 160 companies from the Spencer Gulf region, which includes Whyalla. I have talked to many of these companies in Whyalla and in that surrounding region. It is vitally important for them that this rail project goes ahead. Many of them are actually building their future on this rail project going ahead.

My major concern is for OneSteel in Whyalla. I know that the order for the rail for this railway is a 'very significant order for OneSteel' in Whyalla, to quote the company's own words. Something of the order of 155 000 tonnes of steel rail are to be made in Whyalla if this project goes ahead. On the surface, that means jobs for only 20 to 40 people for about 18 months, but it is vital for OneSteel's viability in the future. Something that figured very much in the sale of OneSteel, which was formerly BHP, was the prospect of this rail and the magnitude of this order for OneSteel for this railway. So, it is absolutely vital to our future in Whyalla that this railway go ahead.

In my community we are reliant on OneSteel. We have looked at other prospects for Whyalla, which has been going through a major depression in recent years. We have looked at all sorts of prospects for Whyalla, but nothing seems to be coming on the horizon. OneSteel is absolutely essential for us to survive, so we all implore that this railway go ahead so that OneSteel has some viability for the next few years. I want to see that 70 per cent of the total project costs spent on these goods and services are supplied from South Australia and also the Northern Territory, which adjoins my electorate. It is absolutely critical for the Upper Spencer Gulf cities, as it is for Whyalla and the rest of our state.

I believe that the railway is some 1 410 kilometres. This means that there will be a strong demand on South Australian industry, and particularly industries in my region. We will be looking at the steel rails, sleepers and 120 new bridges. Structural steel is required, as well as some 100 000 cubic metres of reinforced concrete. The project also entails earthworks, culverts, bridges, ballast, sleepers, rail and rail clips, rolling stock, track laying, signalling and communication, terminals, electronics and buildings, the supply of fuels, fencing and security, accommodation for the construction workers on the site, catering for the work force, maintenance of plant and equipment, hire of tools, plant and equipment. We need offices and office workers, design workers, procurements and testing services. They are just some of the goods and services that will be required in this project.

There is a great potential there, because the Spencer Gulf region and the upper northern part of the state and Whyalla can supply a lot of that work. There is a great potential for firms in my region. It is also vital for Port Augusta. Port Augusta has strong links to the railway industry. Its heritage and connections with the rail industry date back over

100 years. I know that Port Augusta will fight tooth and nail to get this railway to go ahead, and I know that the Mayor, Joy Baluch, has been fighting very strongly for this.

Because of the lack of other opportunities, most areas in my part of the state are relying very heavily on tourism for their future potential. Communities rely on tourism. The prospect of passenger trains going from Adelaide though to Darwin and stopping off in our region at Coober Pedy or Katherine has been mentioned. The prospect of passenger trains is very much heralded in that area. It is a wonderful opportunity for local and overseas tourists to travel across Australia on a train such as this.

When I talk about this, I have to mention something I have brought up on a number of occasions, namely, the possibility of a spur going from the railway through Coober Pedy and back out to the main railway. This is aside from the Alice Springs to Darwin part of the project, but if that spur for Coober Pedy were considered, the potential for its tourism would triple immediately. The railway station at Coober Pedy is some kilometres away from the railway track, the train often arrives at night and it is difficult for tourists and local passengers when they arrive there. That project really needs to look at this and to fix that for the Coober Pedy tourism industry.

As for the future for our region, we are certainly developing aquaculture industries. There is great potential there with minerals, and the SACE project is heralded as having great possibilities for the future, particularly for Coober Pedy and Whyalla. There is so much potential in our region for industries to go ahead, if we have the right sort of infrastructure there to carry that through. I know there are concerns about the viability of this railway. I have heard these concerns over and over again. I know people are saying, 'Enough is enough; we have pumped enough money into this railway and we don't want to be doing any more. We don't want to have to put any more money into this railway,' but I believe we have to make it work.

We have to make this railway viable if we do build it. It can work. I know that OneSteel and BHP use rail to transport a lot of their rail products. They are very happy with the contract that they have on this, and they certainly use it for a great majority of their rail products, which are taken out by rail from Whyalla to other areas of Australia. You can make rail transport work and make it viable. But we have to work on changing public perceptions on this, and on changing business perceptions on the cost of using rail transport. We have to build up that freight and the tourism potential on that railway. We must change the whole perception that this railway, if we do build it, will not work.

We have waited for 100 years for this railway. People have been talking about it for 100 years. We do not want it canned in this place or in the media. We do not want people in the community saying, 'It will not work.' We are committing so much money to the project, so let us make the bloody thing work and let us change the community's perception. There are great possibilities and potential. Yes, the project has been overblown; yes, we have asked for more money; and yes, there are possibilities of future requirements for this railway. But, if we build it, do not let us be like the two old men—if members have a long memory, as I have—from the *Muppet Show* from years ago—

Members interjecting:

The DEPUTY SPEAKER: Order!

Ms BREUER: And I know that my colleagues on my left will remember the *Muppet Show*, they are that old—who used to sit in the corner and say, 'This won't work. It's not going to work. This is hopeless.' We make it work: that is, if we build the railway, we make it work. So make the bloody thing work. We are committed, so let us commit some more. Let us change the perception: make it viable and attractive to people, and do something for my part of the state.

Mrs MAYWALD (Chaffey): I will be supporting the legislation before us. However, I do not feel at all comfortable about the haste of this decision. I do not doubt that most members in this House want to see the Alice Springs to Darwin rail project go ahead, and I along with most hope that this project will provide to South Australians all the benefits that have been promised by the promoters. Although it is an iconic infrastructure development of national significance, I hope that the numbers stack up. I also hope that history will look back on this day and judge us to have made the correct decision.

It is most unfortunate that this parliament has been forced under the threat of collapse of the project to put at risk more taxpayer funds without the opportunity properly to assess the economic viability of the project. Indeed, most members in this House have not been privy to any economic analysis of the project. That includes opposition, crossbench and government members. Because of the time frames involved, if we want to see this project proceed, we have no choice but to accept, on face value, the limited advice provided to us over the last 24 hours.

There is no doubt in my mind about just how much is at stake here. This is a high risk project that appears to be economically marginal at best. Why else would an issue involving over less than 1 per cent of the funding requirements put the entire project at risk? There are many unanswered questions in my mind. We have been told that the terms of the CKI loan were unacceptable to the consortium, and that begs the question whether the negotiators sought to establish the terms before they went to Hong Kong to facilitate a deal. Why were announcements made that the deal was in the bag, when the signatures were not on the dotted line? Why did the consortium leave their decision to reject the deal until the death knell? Was it to maximise the political pressure on the government so that we would be forced to cough up more taxpayers' funds?

At what stage do we reach the ceiling of government support for this project? What happens, if in six months' time, the consortium announces huge cost blow-outs? Will the taxpayer again be asked to pick up the tab? What happens if during the operational phase it is found that the operators cannot offer a competitive price: will the taxpayer again be asked to prop it up through subsidies? Will we again be trapped in a political conundrum?

I have many reservations about the project and the large contribution required by government to underpin it. Today this parliament has been put over a barrel and forced to make this decision on the run. I hope that history will judge us well.

Mr WRIGHT (Lee): I share a number of the concerns that the member for Chaffey just expressed and other concerns that have been echoed on this side of the House. Needless to say, there are some very positive elements of this project that we would all welcome. Jobs are fundamental to what we are all about in this House, that is, trying to generate as much employment as possible. I understand that some 700 companies have registered an interest in the construction phase alone.

The member for Giles spoke very eloquently about the political importance for OneSteel, a major company which we would look at providing support and some stimulus. We know how important it will be to the northern region, cities such as Port Augusta and Port Pirie, and other country areas, which already are doing it very tough.

There is a whole range of reasons for identifying how important this project is, including the time sensitivity of products for the local industry and the vast range of job opportunities. This debate has been going on for many years, and here we are caught up in it. It is something that, if it was economically viable, should have been done a long time ago. My personal opinion is that this is a national project and that the federal government should have taken a far greater active financial role in it. I think it is getting out very lightly.

I think that a project of this iconic status should be driven by a national government, just as the Snowy Mountain system was generated by a Labor national government. Projects of this iconic nature that break across geographical boundaries really are the responsibility of a national government, which is getting out very lightly; make no mistake about that.

Obviously the opposition has discussed this matter in great depth and great detail. We would hope, in giving support to the government and to the Premier, that the Premier can assure us that this is the limit of any future exposure. The Premier should be left in no doubt (if he is not already in that position) that the opposition cannot and will not simply give a blank cheque to this project—or any other project. The opposition has approached this matter with a great deal of maturity. We have discussed it with a great deal of maturity both at a shadow cabinet level and also in caucus. At the end of the day, members are supportive for the critical reasons that have been outlined by a number of members on both sides of the House.

However, we would like an assurance from the Premier that this is the drop-dead figure. We have been taken back to the fountain now on a number of occasions and, in all honesty, we really need some assurances from the Premier that this is the drop-dead figure. I might say that the Premier has been put in a very invidious position. I know that he has (and has had for some time) great and sincere enthusiasm for this project. I know that he sees it as critically important to South Australia and the nation. I feel that he has been let down by the consortium. I do not think the consortium has behaved very well through this particular episode, and it is a great shame to them.

It is somewhat staggering that, at the eleventh hour, the Premier receives this notation—and makes it available to the opposition—from Malcolm Kinnaird representing the consortium that it will not accept the offer that the Premier negotiated in Hong Kong. Obviously, the whole project has been put in some jeopardy as a result, and we are now finding another way of doing it.

As a part of the deliberations, we have also raised the prospect that the Auditor-General should have greater involvement and participation in this process. We are disappointed that he will not have that direct involvement, but, nonetheless, the opposition is still willing to move on from that position in a truly bipartisan manner. However, let us be realistic and honest: we do have a range of reservations, but so do government members and Independent members and, in all probability, I dare say the Premier probably does as well.

Various people at the coalface, in the business sector and in the various industries that will have a part to play in whether this project is successful have advised that it is a very marginal project, and there are government members who share that point of view. The jury is out on whether the economic figures stack up at the end of the day. Let it not be forgotten—I do not think the Premier has underestimated this but perhaps his government colleagues have—that, after having previously given commitments of a different nature, the opposition has come into this House today prepared in a genuine, bipartisan way to provide the support required for this bill to go through the parliament.

I remind members—and I apologise if I am repeating something that has already been said, because I have not been here for every contribution—that this could go ahead without any bill today. Let us not hide from that. It does not require or necessitate a bill going through the parliament today. The Premier could appropriate this in the budget, and the money could be acquired by the government. And so it should be because, at the end of the day, the government is there to govern. It is the government's responsibility—it is the government of the day—and, when it comes to matters such as this requiring expenditure, the government has not only the responsibility but the right to govern, and we should not forget that.

The opposition has a number of reservations with respect to what has taken place here. We have some sympathy for the Premier in regard to what has occurred. At the end of the day, from the point of view of the consortium, the Premier has not been given the due respect that he as Premier deserves. Let us not mince our words; let us be totally up front. He may not be able to say that, and we appreciate why. The Premier is in a position that makes it difficult for him or whoever is the Premier of the day. However, the Premier of South Australia has not been treated with due respect—and I am talking not about anything happening inside this building but about the consortium, and I say so very deliberately.

I conclude by saying that I support the comments of my colleagues on this side of the House. In many respects, the member for Giles is more affected as the representative of her electorate than are many other members. However, we all have a vital interest in this matter because of the effects that it will have from both a state and a national point of view. This is a big issue. As an opposition we have grappled with and debated this matter I believe with great maturity, and we have come to a common ground position that we will support this measure.

We hope that the Premier can give us assurances about limits to any future exposure, because we do not believe that we can simply have a blank cheque with this, all of us knowing at the end of the day that whatever taxpayers' money is used for this or any other project cannot be spent in other areas. When we want to do what we want to do with regard to health, hospitals, education, schools, police, and law and order, there will be a cost. Having said all that, we also appreciate the iconic nature of this project, and the groundswell of support that exists in the community throughout and beyond South Australia. We also appreciate the importance with regard to jobs and the critical and essential nature of the big number of companies involved—and the one still involved. We realise the significance of this project for country and regional South Australia. We as an opposition look forward to this project being successful and hope that it will be.

Mr LEWIS (Hammond): I appreciate the opportunity to make a contribution to this debate. I have listened with

interest to the remarks made by many other members. Make no bones about it, I support this proposition, and it is not the one that is in the bill. The bill has to be gutted the moment it gets into committee so that we can put down what it is we really will do rather than what the Premier told us he was thinking of trying to do back on 15 March when this bill came into this place. Of course, the sad thing is that he brought in this bill, and it is on the *Notice Paper*. Yesterday, the Deputy Premier or leader of the House—whichever minister was in here—if he had any brains at all, would have moved to discharge this bill from the *Notice Paper* so that the Premier's speech, which I am waiting to hear and which he probably thought he could make when he stood on his feet in here in the first instance when the matter was called on, could have been made. It was inept on the government's part not to do that, because I do not have the advantage of being able to respond to what the Premier wishes to tell us in the reasons he is giving.

For instance, on the information available to me, I cannot come to entirely the same charitable conclusion as the member for Gordon has come to about the Premier's own aptitude or ineptitude in handling this matter. On the face of it, what the member for Gordon says is quite plausible, namely, that it was not countenanced that any one of the financiers in the consortium would pull out at the last minute as Hancocks did. As a parliament we ought to have been told about the side deals that were done with some of these companies within this constitution—that means in South Australia—if any were done. I do not think there were; we have had no indication that that is so. But certainly deals were done in the Northern Territory, and one way or another the satisfaction or otherwise derived by Hancocks in their relationship with the Northern Territory government I am sure is at the root cause of their withdrawal.

I have no respect for them, given the way they have conducted themselves, in that they made a commitment and they knew that the people of Australia—the commonwealth, South Australia and the Northern Territory—were passing legislation relevant to their commitment. However, business being what it is, they have done what they see as being in their best interests, and the extent to which that has been a betrayal of trust is something on which I do not have any information to make it possible for me to make a statement of certainty one way or the other. But it has a certain sniff about it.

That having happened, the Premier found himself in the terrible position, as the member for Gordon pointed out, that money needed to be found from somewhere and there was no-one in the marketplace willing to come forward and say, 'I'll take it up.' Indeed, the consortium did not want any equity holders in any case. The consortium became difficult to get along with. It did not want to reduce its shareholding and the extent of its participation in dividends which there might be by further diluting their equity—any one or other of the members of it. That meant that public funding had to be the way to go.

Let us go back a bit. We ought to have done that much earlier in the piece, anyway, and a reason for so doing would be to get public shareholders through South Australian government part ownership of the business involved to provide certainty to the railway business of the number of its customers. If you have a hell of a lot of shareholders in your business and you are in the business of providing service of one kind or another, they are likely to be loyal to you, because their dividends depend on the success of the company, and if they do not get any dividends they know they have had pretty cheap costs on their business to get the service from the company. On the other side, if they get good dividends, the costs may have been higher than they might otherwise have been, but they get it as dividends, so they are not losers.

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

Mr LEWIS: At the point of departure before dinner, I was explaining how I believed it would and should have been possible for us to have had a government underwritten float for a percentage of the equity in the railway line and its operation, some time ago. The mess we now seek to fix would never have happened had that been undertaken. The government would not have needed to have found the extra money or, indeed, any more money that it was willing to put up in the first instance at $100 million. We had the time then to prepare and present a prospectus underwritten by the state and offering an earlybird opportunity to resident South Australians, as natural persons and corporations with their head office address here, to invest in the railway line.

Not only would that have resulted in a lot of public support being cemented for the project, long term, and support through which people would have taken a strong interest in the way in which the project performed economically (because they would be shareholders of it), but it would also have produced a large number of very loyal customers of the service, where those people buying shares were also people or firms using the service to be provided.

If the freight rates were high and the profits were there the dividends would be good. If the freight rates were low and without so many profits those customers would have been comforted by the fact that the cost of getting their goods to market was so low that they would have had profit in their own pocket because they would have been the customers who benefited from the lower prices—either way you are on a winner. It is the same formula by which I believe public participation could have been also facilitated in the electricity business. However, I lost that argument in the Liberal party room to which I used to belong. There was not sufficient understanding of the benefits in the marketplace, as I saw them, of an adoption of such a policy approach.

I do not want the Premier to be mistaken about my commitment to support the project. That is conditional upon his giving an unequivocal commitment to enable the project to be examined by the Public Works Committee as an independent assessor of the viability of the project; and, more importantly, the engineering features that are being designed into it. At present, we have heard nothing from anyone, not that most members of the general public would trust any assurance given to them by any of those ministers along the front bench, the Premier included, if they explained what the design features were. Half of them do not know what questions to ask, leave alone whether or not to ask a question that is relevant in—

Mr Hanna interjecting:

Mr LEWIS: Quite so: the weight of the sleepers; the interval between the sleepers; the fixing technology; the length between the fish plates and the rail; the weight of the ballast; and, most importantly, the head load of the rail to be used in the construction. There are a few other aspects, such as the nature of the abutments, the strength of the causeways, the level of flooding, which can be accommodated by the culverts in those causeways in each of the waterways that

have to be crossed, and therefore the return interval of intensity of flooding that will defeat the usefulness of the causeway, the serviceability of the causeway.

Let me put that in simpler terms. If you are only going to design the damn thing to stay serviceable and stable through a one in 10 year flood and nothing stronger than that, you are in trouble because if there is a one in 100 year flood that will do serious damage at that point in the track. It will cause subsidence if you take a train across the foundation material—that is not the footings, the footings are what you put there, the foundation material is the ground over which you put it: if you do not have the load spread out sufficiently over that ground whilst it is saturated and you take a train across it, you will cause considerable damage through subsidence and that is why I want to know—

Mr Hanna interjecting:

Mr LEWIS: You cannot; you are stuck with it. It will mean that the viability of the entire operation is in jeopardy. They are the kinds of issues that I think needs to be provided to a committee of one or more of the parliaments. I do not hear any of the other parliaments bothering to undertake such scrutiny of the project. If the Premier wants, I will resign as Chairman of the Public Works Committee so that he can be satisfied—

Mr Clarke: He might take you up on that.

Mr LEWIS: Yes—that it will not be a political exercise. I do not engage in that kind of activity. My clear commitment is to the public interest, as painful or otherwise as it may be for some of the people who come to the committee. It is not to embarrass them: it is to ensure that whatever they are proposing to do with the funds they are getting from the public purse and out of the taxpayers' pockets are funds that are to be well invested; and, if they are not well invested, why are they not well invested and assess where the risk arises? That kind of thing, I am sure, will be to the benefit of the Premier and the entire government at the end of the day. The commitment that the Premier gave last time and the kind of words he used were quoted back to us in the Public Works Committee about who would pay if we did such an examination, both by taking evidence here and a site inspection with design engineers along the way.

The word that was used by the Premier was 'facilitate'. Well, damn it, 'facilitate' was then used in the letters written to us by his chief of staff to mean, 'Well, yes, we will arrange it for you so that you can do the inquiry,' but there was absolutely dead silence as to where the cost of making that examination would come from. In a $1.25 billion project, I reckon it is worth a few thousand dollars—not just $2 000 or $3 000, I am talking about something like $20 000, or so—to make sure, satisfy and put on the public record what it is that we are buying, what the performance features are and what the likely consequences will be in a best case and a worst case scenario in the economic analysis of how it will perform in financial terms once the investment has been made.

If that kind of examination is not what the Premier countenances, I want him to tell us as a parliament, here and now, when he responds to the second reading contributions and/or in committee, that he does not agree that it is necessary. Let the public know that the government does not see that there is any reason to reassure the public that it is all above board and that it can perform in the way in which we have been led to believe it will perform for us as South Australians. There is no other reason for us to be committed to it as South Australians or members of this parliament if it cannot.

On the back of an envelope, I have always been satisfied ever since this idea was first mooted in 1993. It has looked good, and the lower the interest rate goes the better it looks, and the lower the dollar goes even better. At the present time it looks extremely good. In this respect, I refer to the internal costs in US dollar terms of shifting freight from the south of the continent along a railway line to Harbor East in Darwin and then shipping it by fast sea freight—the technology for which is already here—into the East Asia markets as far north as the port of Inch'on, at Seoul in Korea, Pusan in Korea, or Nagoya or any other port in Japan. As an aside, I am not a great fan of trade with China. When it suits them, the sods will not pay; they do not honour contracts; they do not honour international law; and they do not honour patents, copyrights or anything else when it suits them. They think that we did such—

Mr Clarke interjecting:

Mr LEWIS: I could probably help a great deal in getting more realistic deals by so doing.

Mr Clarke: Declare war on them.

Mr LEWIS: No, not at all. If you want to do a deal with a Chinese firm, be it a commune or anything else, on soil under the control of the government of Beijing, what you need to do before you ship them anything is ensure that the money is not held in any institution under the control of the government in Beijing—and certainly not onshore in mainland China. You need to make sure that the money to pay you is outside the reach of the Chinese government treasury. If it suits them, regardless of what assurances you have been given by provincial government, by the firm supplying you and by the bank that works for their interests, if it suits the government politically they will stop payment and you will sing for your money forever.

Leaving that aside and coming back to where I was at the point of departure discussing the factors that affect viability of the line, there is no doubt in my mind that in the short and medium term after construction is completed the economy of South-East Asia will be sufficiently strong—and getting stronger over that time—to ensure that it does succeed. I cannot see further than the short to medium term, meaning that no-one ought to postulate about what will happen in that theatre of the world beyond 10 years.

The effectiveness and the attitude of the Chinese government itself will be fairly substantial in the influence of the way in which economic development and international relations are conducted in that marketplace; and, second only to that, is the ability of the Japanese now honestly to face up to the economic problems that are causing the malaise in their economy.

There is a sociological attitude in Japan that if things get tight you must save and spend less; accordingly, consumption goes down and things invariably then get tighter because the firms that are supplying that consumption contract their work force, their production output and their profitability. Things get tighter and the consumers get more afraid, so they save more and spend less. That is the vicious cycle into which they have got themselves, and they have also fictionally created unrealistic real estate values to use as security and/or collateral for borrowings in their financial system. Those unrealistic values placed on such real property mean that they have lent against those assets greater than the rest of the world would be prepared to pay for them if they opened their market as the IMF has required every other South-East Asian economy that has got itself into trouble to do.

Sooner or later the Japanese will have to do that, but demand in total for what they will be buying from Australia will not shrink tremendously any time soon. They will still require energy, and we remain the best source of energy. They will still require other raw materials and food—just as will Korea; Korea even more so, but it has fewer people. I am therefore confident that the market is there and that the prospects are good in the short to medium term, and in the long term the real risk ought not to be the quality of construction of the railway line. If there is a real risk there—and I see one—it comes from the influence which the Chinese government may have on the stability of markets and international relations in the region.

I therefore await the Premier's assurances one way or the other about the kind of scrutiny that will be given to the nuts and bolts of this project—metaphorically as well as literally—and otherwise commend the bill to the House.

Mr HANNA (Mitchell): We are here to consider the Alice Springs to Darwin (Financial Commitment) Amendment Bill. The Alice Springs to Darwin railway project is of such monumental and historic significance that is what we in our secular society call an icon. Indeed, in a strategic political sense, the Liberal state government in its dying days relies on these kinds of icons to distract the public from the real problems we face in health care, public schools, policing, and so on—the factors which have a real impact on the day-to-day quality of life of the people of South Australia.

The state Liberal government must focus on the Murray River and the Alice Springs to Darwin railway—and who knows what else—to distract the people from the real hardship that they face in their day-to-day life. That is not for a moment to detract from the significance of a project such as this. There is no doubt that it is of great potential benefit to businesses in South Australia, particularly during the construction phase of the project. But I am not sure that it is what the public thinks it is.

There is an extraordinary lack of detail about the real economic costs and benefits of the project. Most members of the public to whom I speak think that it is a great idea because it will assist an export boom from South Australia and that it will promote tourism as a result of the passengers going up to the Northern Territory and back. But, there are some real questions there. Is it going to carry any passengers at all? Are South Australian exporters seriously going to use the Alice Springs to Darwin railway? I say that because for someone in Adelaide or Whyalla it costs a handling fee once to put their goods on a ship which is going around the coast to South-East Asia or the Middle East, or wherever, and it will cost that exporter twice if they put it on a train and pay for it to go from a train onto a ship at Darwin. There are real questions which have not been answered by the South Australian government.

There is suspicion that, if there is money to be made from the project, notwithstanding the 50 year structure of the financing arrangement, it is on the interstate trade, in other words, supplying Darwin with goods. If the worst predictions about the Alice Springs to Darwin railway are realised, it will be called the beer train because more than anything it will supply beer to Darwin—and nothing more. I am looking tonight for an assurance from the Premier that this will be a linchpin for South Australian exports. I do not know if the Premier can realistically give that assurance.

When it comes to major infrastructure projects, I am an interventionist. I believe that government, including state government, has an important role to play in supplying capital to facilitate the expansion of business, particularly exports. But, every time the government expends a significant amount of money—and when we are talking about hundreds of millions of dollars there is no doubt about that—a cost benefit analysis needs to be done. It needs to be explained frankly to the opposition and to the public. That process has not taken place with this railway. It has been talked about for years and the dream is something that has been sold to the Australian public. The *Advertiser* and other media outlets have been complicitous with the Liberal government in selling the dream to South Australians, but the hard figures of likely exports and export contracts which will rely on or be assisted by the railway have not been forthcoming.

Apart from the capital cost involved, we are also talking about the maintenance cost—millions of dollars in years to come—which will eat away into the state budgets which Labor governments will administer. I am acutely aware that there is a great economic cost, an opportunity cost, to the expenditure being proposed in relation to the railway. We are talking about hundreds of millions of dollars, even without any blow-outs occurring in relation to the construction costs, and without any consideration of the maintenance costs, which are likely to be significant. We are talking about perhaps $50 million or $60 million a year being cut out of the incoming Labor government's budgets which we really want to put towards hospitals, schools, policing, improving the environment, creating jobs and so on. If the railway is the success that the dream says it will be, that is well and good. But the point is that we have not had the cost benefit analysis: we have not had it provided by the government to the opposition or the public. All we have had is the dream.

We have reason to be suspicious because of the duplicity in relation to the financing deal itself over the last few weeks. We have heard today the Leader of the Opposition and shadow ministers explain that they have not been properly briefed; they have not been frankly briefed; they have not had access to all the information. The Premier and the government are keeping it close to their chest, because the truth may be that there are questions which cannot be answered by the Premier. It is the Premier who seems to have botched the financing deal which has brought us to this point today, where we have to be calling for $26 million from a state government financing authority.

The Premier is critical of the opposition for raising questions about the financing deal. Yet the member for Bragg (to take one example), on the government benches, has raised questions about the risk of going ahead with the deal. We would be completely abdicating our responsibility if we did not ask those questions; if we did not put our doubts and suspicions on the record. And it is for the government to answer them. We support, as a party, John Olsen's call for this legislation to be passed so that the Alice Springs to Darwin railway project can proceed. But it is done with the knowledge that the government could easily have put the money in the budget and spent it anyway. It does not need us. The very fact that it has brought this bill to parliament is a political exercise on the part of the government.

Members of the government know that, if we oppose the bill, they and the *Advertiser*, our daily newspaper, will attack the Labor opposition every week, every month, until the state election, and say that we are spoilers, simply because we have asked responsible questions. If we back the bill—which we are doing—then, in government, after the next state election, we have to live with it. Even though we have canvassed

questions, even though we have raised the doubts we have and the problems we foresee, in the absence of being fully briefed by the government, after the next election the public will say to us, 'You voted for it; it is your railway. It is your railway as much as it was the Olsen Liberal government's, and you have to wear the $50 million or $60 million a year that will eat into your budget and prevent you from funding hospitals and public schools in the way you want to.' We will have to wear that, and we would rather wear that in the hope that the dream will be realised than give any suggestion that we will stop it at this point. It is an example of the bipartisan approach that the Labor Party so often offers to the Liberal government—sometimes against our better judgment. But it is better to go this way than to be in any way responsible for the project collapsing.

This whole debate is a political exercise brought on by the government. It does not need this legislation. It could have supplied the money that the state government will contribute through its capital works budget. It could have put it in the state budget, which is coming up in a couple of months' time, and assured the money that way—for that matter, it could have been in the last state budget. But, instead, we are being put on the spot and, if we are put on the spot, we will offer that bipartisan support which we have offered to this project for the last few years. We do so in the hope that the dream will be realised, but we do so with the reservations which I hope I have fully spelt out.

Mr SCALZI (Hartley): I also wish to add my support to this bill and to this very important project. I think that the *Advertiser*'s editorial sums up the importance of this project really well, as follows:

> Today is probably the most important day of the year for this state. It is the day parliament will get the opportunity to make a decision on one of the biggest projects in South Australia's, indeed the nation's, history. It will have to vote to provide an extra $26.5 million to ensure the giant Darwin-Alice Springs rail line goes ahead. It is a project which has been promised for more than 100 years and is now so temptingly close. It is a crucial infrastructure development which will provide new jobs, new investment and a great deal of confidence in both South Australia and the Northern Territory.

I believe that sums it up. This is no time for criticism of governments and oppositions: it is a time to get behind the Australian dream. I would have criticism of federal governments in the past, of all political persuasions, which did not deliver that dream for that 100 years, and especially since 1911. It is true that federal governments should have put more money into it but the reality is that they did not. I believe that the Premier should be commended for his hard work in making sure that this project has got off the ground.

There have been difficult times. I am sure that the Premier would have preferred not to come before this House again for the $26.5 million and the SAFA bonds. I am sure that he would have preferred the agreement to go ahead with the private financing. I am sure that he would have preferred it if we did not even have to go to private financing. But, whenever one is dealing with projects of this size, one is bound to encounter some hurdles. There are those who see the hurdles and are overcome by them, and those who plod ahead regardless. This government has done so, and I commend the opposition for supporting the government.

I am a little disappointed with some of the members who have spoken, as though they are born again rationalist economists, about cost benefit analysis. This is no time to do that.

Mr Hanna: Just throw that out the window!

Mr SCALZI: No, you will not be able to do a cost benefit analysis in terms of 50 years. The member for Mitchell is no Keynes.

Mr Hanna: What do you think economists do all day?

Mr SCALZI: Every time we come up with economic arguments, you tell us that we should look at the social infrastructure; that we should look at things not just on an economic basis. This is one such project that demands commitment, not just based on economics—

An honourable member interjecting:

Mr SCALZI: Of course, you have to base it on economics, but not focus to the extent that you criticise something that the South Australian public is right behind. No other project has had the full support of the South Australian community that this project has. I am sure that we would have liked this project to go ahead long ago, but the realities, the complexities, when you have three governments, the consortiums and all those things that have to be put together—

Mr Foley interjecting:

The SPEAKER: Order, the member for Hart!

Mr SCALZI: If the honourable member stopped grooming his thesaurus, maybe we could get on with the debate.

Mr Hanna: The complexities are marginal, like you.

The SPEAKER: Order, the member for Mitchell!

Mr SCALZI: I am amazed at the member for Mitchell. I am sure that his constituents, the electors of Mitcham, would want to know that the honourable member is 100 per cent behind this project. The opposition has given its commitment: why blow it with your criticism? Let us get on with it. It has been a difficult time but we are going to reap the dividends, not only the economic dividends but to make sure that we realise the Australian dream that has been there for a very long time.

Mr Hanna interjecting:

Mr SCALZI: Oh rubber stamp! You are such a cynic. All I am saying is that I thank the opposition and I note that the shadow treasurer, in his comments, was really appreciative. I do not normally commend the shadow treasurer, but today—

Mr Conlon: And it has worried him for a very long time!

Mr SCALZI: I noted with interest his commitment to the project and his comments regarding the Premier's difficulty in trying to get this project off the ground, and I know it is appreciated by this side of the House. I look forward to getting on that train to Darwin.

Mr KOUTSANTONIS (Peake): In speaking in this debate, I remember what the Premier said today in question time when he was asked a question by the opposition about responsibility for the near collapse of this project. He said, 'I took the best advice I could and it was wrong, but I cannot apologise for that.' I am just quoting from what I remember; I might be misquoting the Premier but, roughly, he said, 'I was given advice and it was wrong.' Can you imagine John Charles Bannon walking into this chamber after the State Bank collapse and saying, 'I was given the wrong advice, I'm sorry but it is my adviser's fault, not mine'? 'Oh, well, that's okay, Premier Bannon, no problem at all.' Of course, the response from members opposite was very different when the responsibility was that of the former Premier.

We are talking about a $26 million deal, although of course over $1 billion in its entirety. But we are talking about a large number of agreements brought together, and I

understand the Premier's difficulty with this. It must be very hard to work with people like Denis Burke, who has been a complete fool, probably, in the way he has handled this matter—he has put the whole project at risk—and, of course, with a Prime Minister who is not prepared to cough up as much as the Labor Leader Kim Beazley. I read an interesting thing in a very good book *The State of Denial*, by Chris Kenny—

Mr Clarke: Who's Chris Kenny?

Mr KOUTSANTONIS: Chris Kenny in fact now works for the government. He is a senior adviser for the government on their tactics, apparently on their road to victory in 2001 or 2002.

An honourable member: Which minister's office is he in?

Mr KOUTSANTONIS: I think he is in the Premier's office. He writes a lot of interesting things about lessons we should learn. But before I go on I want to read a few quotes from former Leader of the Opposition John Olsen. In a November 1989 Liberal Party policy speech he said:

> Under a Liberal government, South Australians will have much more information about what their government is doing in their name, with their tax money.

That sounds great, Premier. It almost sounds inspiring.

Mr Conlon: It's nearly a concrete promise.

Mr KOUTSANTONIS: Concrete—honest John, a promise you can shake on. This was made in 1989 during an election campaign, and former Premier John Bannon said:

> After the hard work of rebuilding South Australia's finances, I am not going to put the future of your children at risk by a lavish lending spree. I am not prepared to bankrupt this state just for the sake of being in office.

The Leader of the Opposition and the Premier at the time were talking about the excesses of government, the excesses of spending money we do not have, the excesses of building icons and the excesses of doing things that we cannot afford. It seems to me that we have not learnt the lessons of history. In the foreword in this book, a former Labor member, who I think is somewhere in the building—I am not quite sure—is quoted as saying:

> Just as Wakefield, Light and Kingston, Playford and Dunstan can be seen as builders of South Australia, so will Tim Marcus Clark and John Bannon be seen as demolishers.

I hate to think that, because of this railway—which I believe in and I think should be built—and because of the mismanagement of this government in this contract, a book will be written about John Olsen talking about the commitments he has made us give now, and written about financial disaster in the coming months.

We have been asked to agree, and for political reasons the Premier has brought it to the parliament. Of course, I accept that. As the member for Elder said earlier, he is a politician, he is in it to win, he wants the glory, fine. But members opposite have been attacking us for their failure to get a deal up. It is amazing. They are coming in here and saying, 'Well, you're supporting us and we accept that support but, gee, you're being mongrels about it.' Well, it is because we have learnt the lessons of the past. We have learnt the lessons of John Charles Bannon. We have learnt the lessons of Tim Marcus Clark, and we are not going to let it happen again. But members opposite obviously have not. So maybe they should be reminded. I am glad the member for Unley is walking in. The current adviser to the Premier writes quite eloquently in his book:

> We must also expect more from whichever party is in opposition. Throughout the period the Liberals have had a team thin on talent. It made the Labor MPs appear better than they were. It is only since the bank disaster, when the Liberals recalled Mr Olsen and Mr Brown to parliament, that they have been able to assemble a reasonable front bench. In the meantime, their lack of competence in parliament and lack of confidence with the media detracted from their message and fuelled Labor's confidence.

What Chris Kenny is saying here is that you need a strong opposition to criticise and critique government expenditure. What we have had now is government members saying, 'How dare you criticise our expenditure. How dare you criticise our deals. This railway is too important for criticism.' They have obviously not learnt the lessons. Maybe they should speak to Chris Kenny and ask him about the lessons that should have been learnt from 1989, but I do not think they will. The book further states:

> The new batch of Liberal politicians contains more than the usual share of renegades, more than the normal dose of experience and more ambition than will be easily accommodated.

I think Chris Kenny is a very good fortune teller, because history repeats itself. I am sure the Premier has read this book and I am sure that he has an autographed copy in his room somewhere from his staffer. But the lessons from that book are not being learnt today. We have just heard the diatribe from the member for Waite and from the member for Hartley, who have said, 'How dare you criticise this expenditure. How dare you get up and examine the government's expenditure.' I mean, they have come back; it is a billion dollar deal; Howard's not putting in. The Premier told us that taxpayers' money would not be needed any more, but he has come in again and said, 'We need $26.5 million. They rejected that and now we are going to dip into the taxpayers' coffers to get that money.'

We on this side want to know how much more we will be paying for this? Will you be coming back to parliament again? But, of course, we will not have any of those assurances. The Premier today in question time also said a few other things about responsibility. He put the responsibility on us. In his press conference last night on Channel 9 he said, 'The Alice to Darwin rail link hangs in the balance. It is in the hands of the Labor Party. They are the ones responsible.' Well, Mr Premier, we are not the ones responsible. We have given you full support for this project but we are entitled to critique it, criticise it, look at it and examine it.

But if you have forgotten where the buck stops, let me remind you from some previous debates. During the State Bank disaster, a member of parliament said this—and whether he knew or did not know of the bank's financial predicament is absolutely irrelevant:

> The Premier is the Treasurer of this state and thus the treasurer of the State Bank. It was his responsibility to know. Not knowing can be deemed well and truly negligent and an abrogation of the trust and responsibility placed upon him.

I wonder who said that. Well, that was the member for Bragg. The member for Bragg was saying that premiers cannot wash their hands of responsibility. Then, another backbencher said:

> Unfortunately, what has happened is that, to save his hide for a very short time, in my belief the Premier has borrowed against the security of the hard work of all South Australians.

That has sounded very familiar to me during this debate today. Who said that? It was Michael Armitage in response to the 1991 budget.

It seems to me that this government has not learnt a single lesson of the 1990s. Members opposite come here and lecture us every day about financial management and responsibility.

The member for Stuart waves his hands. He has been here longer than all of us; he has been here 30 years. He has seen Premiers come and go. He has seen young whippersnappers like me come in here and go; he has outlived all of us. He more than anyone would know the folly of Premiers repeatedly coming in and committing to a project without proper financial scrutiny placed upon it. This is another example of that.

We support the government, because we support South Australia and the railway. If this government continues with this sort of financial management, it will be swept from office, because the people of South Australia are sick and tired of seeing it stuff every single deal it does—especially with this Premier. As a minister under the Brown administration this Premier was charge of the water privatisation. He promised us that the price would not go up, but we have had a 30 per cent increase. As Premier, he promised us that he would not sell ETSA. He sold ETSA, and then promised us that prices would not go up and power would be guaranteed—more broken promises.

Now he comes in and promises us that this is it; there is a line in the sand and there will be no more money. I bet you we will be back here again, because this government cannot secure a good deal for South Australia, and it is relying upon the Australian Labor Party to do that for it.

Mr CLARKE (Ross Smith): Many members on both sides of the House have expressed the view—which is true, in my view—that the Alice Springs to Darwin railway has become such an icon that it is almost treasonable in South Australia to speak against or oppose it. It has become almost an article of faith. We must know that it is an article of faith and that it is good for South Australia, because the *Advertiser* tells us so and, if the *Advertiser* tells us so, it must be so.

Mr Conlon interjecting:

Mr CLARKE: As the member for Elder says, he will have to think about that—and quite rightly so—with respect to the *Advertiser*. The member for Giles spoke very passionately on behalf of her electorate and particularly the citizens of Whyalla and Port Augusta, who have seen nothing but cutbacks in government services and the loss of government employment, both state and federal and in the private sector over the past 20 to 30 years. It is only natural for people, particularly those in regional areas, to reach out and hope that this project will provide the economic bonanza that we talk about. The trouble with setting up these icons is that it then becomes very difficult politically to start to question the wisdom of it in front of the public, where we do not look at the economic facts but more to what our heart tells us.

I do not oppose the building of this railway line if it is to be an act of nation building and if it will assist in our country's defence. The recent difficulties that the Australian Defence Forces experienced in getting thousands of Australian troops over to East Timor at short notice with all the necessary materiel and the like available in Darwin at short notice are a salutary warning to us that the railway line can be very useful in relation to the defence of the commonwealth. That is the responsibility of the commonwealth government in terms of the defence of the nation and a cost that should be borne by all Australians.

With respect to this issue, when the Labor Party first gave its support for the Alice Springs to Darwin railway line, we were committed to no more than $100 million over 10 years, if my memory serves me correctly. We on the Labor Party side gulped and said, 'It is an icon; we do not want to criticise it; it is an act of nation building; and we know that on pure economics if it has to be funded purely by private enterprise it will not happen.' So, we committed ourselves to $100 million. Then it went to $125 million at the second tranche. We gulped and said, 'Well, it is an act of nation building and it has become such an icon that the parliament collectively does not want to be seen as scuttling that icon.'

Then, would you believe it? On a third occasion the Premier came to us and said, 'Look; these welshers in private enterprise have not come good with the money again; what about $150 million? But this is the drop dead figure; no more; I've drawn the line in the sand. I'm not going to be bullied any more. Sign off on $150 million, and here is the guarantee to the public of South Australia that that will be it.'

Mr Hanna: Don't take John Olsen to an auction with you!

Mr CLARKE: As the member for Mitchell rightly points out, I would not want to take the Premier to an auction when I am bidding for a house.

Mr Koutsantonis: He can buy my house, any time.

Mr CLARKE: As the member for Peake says, he can come to an auction of his house at any time. Here we are, 24 hours from being told, 'Look, I am sorry about this $150 million drop dead figure; it is now $180 million in round figures. Whereas yesterday we provided a guarantee, that has been scuttled by people who assured me only a matter of weeks ago that the deal that we did with CKI was acceptable. But now it is not acceptable, and we will have to pick it up directly through SAFA.' I do not claim to be a clairvoyant, and I did not know what was happening prior to question time, but the Premier and I and another member were stuck outside, because unfortunately, sir, we missed your opening prayers. I turned to the Premier and half in jest said, 'What disaster are you going to bring us today?' He said, 'What disaster?' I said, 'Just going on track record, that's all.' Then we walked in, had question time and an hour later we found out that the $24 million deal with CKI had evaporated moments beforehand.

An honourable member interjecting:

Mr CLARKE: Out of these sorts of figures, what is $2.5 million between friends? Then I heard the Premier's dulcet tones on the radio just before 9 o'clock this morning. I was a bit tardy and was shaving myself. When David Bevan from the ABC asked the Premier, 'Can you tell us, Premier, whether this will be the absolute end of it—another drop dead donkey?' How many dead donkeys (or whatever expression the Premier used) do you need? To the ABC journalist the Premier said, 'I don't know; I hope so.'

Well, that is four times you have been to us. You drew the line in the sand first at $100 million, then $125 million, then $150 million. Now it is $180 million, but you will not draw a line in the sand, because you do not know. As we hear from the shadow Treasurer, the Under Treasurer is saying it could blow out.

Mr Koutsantonis: If John Bannon said that!

Mr CLARKE: Exactly. As the member for Peake said, if a Labor Premier said that, could you imagine the howls of indignation from the Tories opposite? Let me just go to some figures. The member for Hammond, whose knowledge in some of these matters I respect, believes that my figures are unduly pessimistic, but I recently spoke to a person who for the past 20 years has had experience in the importation of products to Adelaide and through various other sea ports. I am told that sending a 20 foot container box from Malaysia to Sydney, Brisbane, Melbourne, Adelaide or Perth through the cartel that exists in Singapore will cost the importer

$US1 200 or $A2 400 at today's rate, with various oncosts involved in landing at any one of those Australian wharves of $900, in round figures, totalling $3 300 per 20 foot box.

From Malaysia to go to Darwin—and at the moment there is only one shipping line that will go to Darwin—that same 20 foot box as at admittedly six months ago is $US2 400 or $A4 800; and, with oncosts of $900, that is $A5 700. The consensus among the importers was that the cost of freighting it by rail from Darwin to Adelaide would be about $A2 000. If my arithmetic serves me correctly, that is around $7 700 per box. The Deputy Premier shakes his head in disbelief—

The Hon. R.G. Kerin interjecting:

Mr CLARKE: But, then again, he was part of the crew who said, 'It's $100 million,' and then '$125 million'—the line in the sand—and then, 'It's $150 million'—that is two lines in the sand—but now it is $180 million—and no line in the sand. In terms of the Deputy Premier's credibility as regards the costing of this project, I think I would prefer the information I have obtained from an importer who has been doing this for the last 20 years. As the member for Hammond said to me privately, there is a chance that we might be able to break the cartel in Singapore to reduce significantly the cost in landing in Darwin. Well, good luck to good old Adelaide, in a state of 1.3 million people, busting open a cartel of 12 multinational shipping lines that over the years have screwed Australia successfully. Apparently we will break through this cartel which, to date, we have not been able to do successfully, but maybe we can.

The Hon. R.G. Kerin interjecting:

Mr CLARKE: By all means, get up and speak. What disappoints me about this whole debate—and, in part, this affects all of us, me included—is that since this project was first mooted five or six years ago, in some respects, because there has been no public critical analysis of the cost benefits of this railway line, the South Australian public is sitting around like the highlanders in Papua New Guinea waiting for the cargo to be dropped from a cargo plane flying overhead; that somehow we have to develop this cargo cult mentality that simply building this railway line will be the renaissance of the South Australian economy.

What we have not had debated in this place throughout this afternoon (and in times past) is the actual cost benefit analysis. I have only had a thumbnail sketch from a particular person who has done a lot of importing of materials to Australia over the last 20 years, but we have not had any of these figures fleshed out by any speakers from the government side. In terms of the criticism of the opposition, the government allegedly has within its grasp all the economic facts. How much of it has been shared with every member of this parliament across the board? It is not a case of suddenly at five minutes to midnight saying, 'Let's drag in the leader and the shadow Treasurer and we'll give them a quick briefing for an hour because we find ourselves in a jam'; and then, 'By the way, you have to make a decision by tomorrow or you personally will be responsible for the failure of this railway line. But trust us, because we have drawn the line in the sand on four occasions and now we have wiped out any lines in the sand.'

The problem for all of us here, and particularly what I and every member on the Labor side is fearful of—because Labor will be in government after the next election—is that this will become a giant, black sinkhole where, instead of money being used for hospitals, schools, police, drug education and the whole gamut of state government activities, we will be constantly having to prop up a proposition that is not viable. I must say that I read recently an article written by a former colleague of mine and many members here, the former member for Playford and the former Senator Quirke, before he retired from the senate—and it did send a chill down my spine for more reasons than one: for traditional reasons I have a chill down my spine—in which he said that he thought that the Darwin to Alice Springs railway line would be like two rusting railway lines in the desert because there would not be enough railway traffic going across those railway lines to keep it shiny.

What we are talking about is two or three trains a week at the beginning. That is incredibly small. I am quite happy for people to have leaps of faith in this sort of project, but it does beggar the imagination. I think that, in some respects, we collectively as a parliament have let down South Australia because we have allowed this project to assume such an icon status that for anyone to publicly question whether or not we ought to build it or whether or not it is economically feasible is regarded as treason to South Australia, and the public are left in the dark. The fact is that the commonwealth government, through John Howard, has short changed us all. Kim Beazley at the last election was prepared to dip in $300 million. The commonwealth government under Prime Minister Howard has only pitched in, I assume the same level as ours, $180 million. I do not know whether the Prime Minister has drawn a line in the sand and said, 'That is a maximum as far as the commonwealth government is concerned' or whether, as with the Premier, he will allow the commonwealth government to have no line in the sand, and as other venture capitalists drop out of the scheme (or whatever) they will simply assume a position of having to make up the differences.

I will close on this point. Let us be under no illusions. What we have done today and this week is said to the consortium, 'You have got us over a political barrel. You can screw this government until its eyeballs pop because it is so terrified of not having one seat left in this place after the next election, and because the Premier as his last act as Premier wants to be able to drive a stake in the ground so that he will have a monument of some description to himself. We also have an opposition that, because we are in an election year, will not rock the boat'—that is what the consortium will feel—'because in an election year it will not want to call into question an icon.' And so, from the consortium's point of view, they have both the government and the alternative government over a barrel and they can screw us rigid until our eyeballs pop.

That is what we have said to the consortium over the last 48 hours: let us not kid ourselves. We have said—because we will not call their bluff—that we will just hand over taxpayers' dollars whenever the private sector are not forthcoming or want a better deal.

Ms THOMPSON (Reynell): As other speakers tonight have said, this state has long dreamed of the Adelaide to Darwin railway line and it is very late that we are getting the Alice Springs to Darwin part of it, but it is the misfortune of the people of this state that the best chance for it to happen is when we have one of the most incompetent governments ever known to this state to manage it. We have seen a record of mismanagement with this government. I do not need to make my own judgments about it: the community makes their judgments about how well this government has handled our water; how well this government has handled our power; how well this government has handled our hospitals; and how well

this government is managing our schools. Now we must trust it with this huge icon, this major engineering, financial and construction project. It is a project of huge complexity when all we have seen so far is a record of payments to consultants and the results that have not stood the people of this state in their best stead.

We have people struggling to pay their power bills, which are increasing all the time; we have people struggling to pay their water bills, which are increasing all the time; we have people struggling to pay their school fees, which are increasing all the time; and we have people waiting and waiting to go to hospital. That is what the people of this state know as their experience of the management ability of this government. They then hear that a further $26 million is required to fulfil their promise and their dream. We have a government which has consistently hidden behind commercial in confidence and which has consistently denied the freedom of opportunity rights that the people of this state should have.

Comments have appeared in the press on many occasions about concern about lack of access to information and the way that freedom of information legislation is being interpreted by this government. How can this community and this parliament be confident that the government has got it right this time; that it really is on track with the railroad when it has that sort of track record?

Ms Rankine: It has not been on track with anything.

Ms THOMPSON: As my colleague says, the government has not been on track with anything, so how can it know this time? I just remind members about some of the government's track record that the community does not like. We have the track record of the Hindmarsh Soccer Stadium. We then have the National Wine Centre. That commenced as a wine museum which most of us supported but which has ended up as an industry centre on parklands with about a third of the space devoted to public access areas where the public can go to understand the history of winemaking and get an appreciation of wine. The rest of it is all about industry offices and industry conferences. It should not be on parklands and it is.

We have the degradation of our beaches in the name of the Holdfast Shores development. We have the much needed extensions to the Convention Centre, which has been a wonderful income earner for this state. However, we started with extensions that were to cost $55 million and we have ended up with extensions that cost $85 million, plus the $11 million for the Convention Centre's Promenade, sometimes known as Riverbank.

There has been no opportunity, as many speakers have said, for this parliament to scrutinise what has been happening with the Alice Springs to Darwin railway line, despite the amount of taxpayer funds and guarantees that are going into it. When the matter was last before the parliament in June last year, the Premier agreed to scrutiny by the Economic and Finance Committee and the Public Works Committee. This will give a genuine opportunity for people to see what the benefits and risks will be. We know there are risks. We would not have to put in all this government money if there were not risks, but we really need to understand them.

Many members of the community know that there are risks in the construction. They will all have their hobby horses about what needs to be done and they will ask, 'Is this happening correctly?' and, 'Is that happening correctly?' They need to have an opportunity to have their investment shored up by the scrutiny of a parliament, as well as the scrutiny of the experts who have been advising the Premier. This matter has had a long history in terms of whether or not it will be scrutinised by a parliamentary committee. The first hearing for the Public Works Committee was scheduled in August 1998. That hearing was cancelled because there was a concern, first, that it was not ready; secondly, that there were confidential negotiations about land access proceeding; and, thirdly, that public scrutiny of the financial arrangements and other matters connected with it could cause a difficulty to the consortium.

Here we are, 2½ years later, after another scheduled hearing and cancellation in May 2000, still with no opportunity to scrutinise properly this major project and major source of public investment. In terms of scrutinising this project by the Public Works Committee, the member for Hammond, Chair of the Public Works Committee, has raised the issue of the importance of a site visit. At the time of the debate in June last year, the Premier indicated that he would facilitate a site visit. There have been problems about what that facilitation means. His chief of staff seems to believe that it means assisting to organise appointments.

With the reputation that politicians have sometimes of being interested in junkets it is important that I spell out why, as a member of the Public Works Committee, I think it is important for us to undertake a site visit if we are to be able to give this project the scrutiny it deserves on behalf of the parliament and the community of South Australia. It does not matter what project the committee is looking at, whether it is a school just down the road from parliament, drains in the South-East or a salinity project on the Murray River, whether it is Christies Beach waste water treatment or the bridge at Gillman.

The current Public Works Committee finds great value in looking at the project and getting a real feel for what is happening, how it will work and what the problems and benefits are. We also find that members of the public like to assist us in this process. They will contact us and ask whether we have looked at this, do we know about that and what are we going to do about something else. We have found in the process of our site inspections that we engage in conversation with the project proponents who are able to explain the project in more detail when it is in front of us rather than talking to plans which are sometimes upside down and which sometimes can be read and sometimes not.

It is for this reason of getting a really complete picture of this project that the Public Works Committee has been pushing in this parliament for a site visit and also the need for us to get an undertaking from the Premier about a quite different arrangement for the site visit, and that is funding by the project proponents. The reason for this is that the site visits are usually undertaken at very modest cost as part of the parliamentary budget. In fact, on one of our major site visits to look at some salinity issues we stayed at a camping ground at Policeman's Point, sharing cabins. We were lucky that sheets were provided for us. At one stage it looked as though we would have to take our own sheets.

The Public Works Committee does not exactly have a track record of wanting to live it up. Policeman's Point was not living it up, although it was extraordinarily valuable in enabling those of us who do not have a rural background to get an understanding of just what is happening with the drainage system in the Upper South-East, what the challenges are and what options are available for overcoming them. It also enabled us to get a better appreciation of the choices made by government. The budget available to the parliament for all its committees to undertake site visits is about the

amount that will be required for the site visit to be undertaken properly by the Public Works Committee on this occasion. This is not because we will be staying in five star hotels. In fact, I expect that there will be a fair bit of heat, dust and flies, and I do not know what sort of accommodation. It is because of the distances that are involved and the fact that, unusually, we are making a visit outside the state.

In my time today, I wanted to speak about the importance of the scrutiny of the parliament of this project so that the community is able to get an understanding of the financial returns, the opportunities in terms of support for our manufacturing exports and the opportunities for getting goods to us quicker and cheaper. It is not just about exporting our products: it is also about the just-in-time arrangements that so many manufacturers use today. How will the railway assist that? That is all part of the sorts of inquiries that the Public Works Committee makes, as those members who have listened when we have been presenting our reports would know.

I want to conclude my comments in relation to the need for the Public Works Committee site visit and return to the general need for the parliament and the public to be able to scrutinise just what is happening about this major project so that it can have an opportunity to know that its hopes and dreams will be realised and that they will not turn into nightmares. When I was in Darwin last year attending the Public Works Committee conference, we were shown the port of Darwin and the hoped for connection with the railway line. We were given a lot of information by the Northern Territory government about the extent to which it is expected that the train will replace vehicles on the roads. This is something that has been raised with me by my community. Will this train get trucks off the road? Will the roads be safer? Will we cut down on pollution? Will we cut down on the use of petrol in this community as a result of using the train? We do not know at this stage. We certainly hear extraordinarily optimistic figures from the Northern Territory government, but we have heard also today that the Northern Territory government cannot be relied on when it cites figures, and that it is full of a lot of hopes and dreams. We do need to know just what this project will do for us.

I expect that there will be criticism of the opposition's agreeing to and supporting this extended loan. It is a lot of public funding. However, as I have thought about the issue, I have realised that this last little bit of public funding does bring the level up to the amount estimated as being necessary by Kim Beazley. Before the 1998 election, as we have heard today, Kim Beazley, the Leader of the Opposition at the national level, promised up to $300 million federal support for this project. At that stage, the South Australian and Northern Territory governments were each looking at putting in $100 million. Mr Beazley's estimate of the amount required from public funds to make this project successful, to fulfil its nation building purposes and to fulfil its defence purposes was about $500 million. That is what is happening: we are putting in about $500 million. The trouble is that it is coming from the wrong place. It should be coming from the federal level and its surplus rather than from us in our precarious economic position.

In terms of those who will criticise our spending more money on the railway rather than on hospitals and schools, my response is that we probably have finally got it right. But we need to draw a line in the sand; we need to ensure that it will not be a bottomless plan; and we need to ensure that we have a plan to deal with any contingencies that may arise. That plan can best be developed through scrutiny of the parliament and full information being available to our community through the committee processes of the parliament.

The Hon. W.A. MATTHEW (Minister for Minerals and Energy): My contribution tonight will be extremely brief. It was prompted by some of the comments made by members opposite tonight. This is obviously a bill that the government would rather not be bringing before the House. But for events of recent days, it was our strong belief that funding for the railway would be found through private opportunities. Regrettably that did not come to place. As the Premier so eloquently pointed out on the floor of this chamber, every avenue was tried by the government before our coming forward with this bill.

I would have thought tonight was a night for statesmanlike contributions from the opposition. It was their opportunity to demonstrate in a truly bipartisan manner that they support the railway line and that they wish to see our state to move forward and prosper from this endeavour.

I have been prompted to contribute tonight because I am disappointed by the tirade of abuse, malicious insults and stretching of the truth that so often occurs in contributions by Labor members of parliament. They would wish the electorate to believe that they are an alternative government. For my part, I will circulate contributions of many of the Labor members in this debate to my constituents to demonstrate to them just what occurs in this parliament even under the guise of bipartisanship.

Ms Stevens: Truly unbelievable. What a hypocrite!

The Hon. W.A. MATTHEW: Unbelievable! The honourable member of all members accuses me of being a hypocrite. The honourable member is one of the last members of this parliament who should be accusing any other member of being a hypocrite. The day that the shadow minister for health, as she would have us believe she is, is in a position to accuse someone else of being hypocritical is a day I believe I will not live to see.

This is an important bill before the parliament and an important piece of legislation for our state. The reason it is important is not simply to deliver a 100 year overdue promise that was made to the people of South Australia by the commonwealth government; and it is not simply the result of long, hard work by this government, more recently by the Premier who has worked day and night to make this railway line a reality. Rather, it is to provide opportunity for the expansion of business and the creation of jobs in our state.

It has already been mentioned in this chamber tonight that the people of Whyalla, for example, will be significant beneficiaries—steel making, track laying and other huge opportunities are there. But it is the add-on businesses that are poised to establish in South Australia when this railway line becomes a reality. As Minister for Minerals and Energy, it is my privilege to deal with a number of companies that wish to have the opportunity to move bulk product. In many cases, that bulk product needs not only transport but also the opportunity of refinement. The delivery of this railway line into South Australia means that many parts of the mineral sector will have the potential to have processing facilities located in South Australia and accessible to the railway line.

It means the opportunity for jobs to be generated as a result; it means a fast gateway to Asia; it means, for example, that instead of blocks of dimension stone being exported to Asia for processing it becomes cost effective to have the

processing done here. Instead of blocks of unprocessed stone being sent overseas to Asia for processing, we can extract the best parts of those stones and make them into floor tiles and bench tops and actually put that finished product onto the railway line, rail it up to the port of Darwin and export it into Asia and into the markets of the United States. That is one small snapshot of the reality that is to come in the way of added value from the railway line.

It may be that members of the Labor Party do not want to see that value add. They do not want to see the government get the credit for this. But this is the railway line that they could not deliver. This is the railway line that a Liberal government will deliver. Together with our federal Liberal colleagues and our colleagues in the Northern Territory, like it or not, the railway line can be delivered. As I indicated, this is not a night for political debate. This is a night to support this bill and to look forward to the benefits that it will bring to South Australians.

Mr De LAINE (Price): This is a high risk project, in terms of taxpayers' money. I do not think that the line is, or will be, viable. In fact, I think that it will be a white elephant. I sincerely hope that I am wrong but, no doubt, time will tell.

I have a couple of concerns. First, I have been consistent in this place over quite a number of years, as the local member for the Port Adelaide area, about the effect that this line may have on the future viability of shipping in the port of Adelaide. The other concern is that a future government, whether it be Labor, Liberal, or whatever, may have to bail out the project at the expense of the delivery of state services for the people of South Australia. I expressed my concerns and opposition to the bill in the ALP party room today but I was rolled. However, being a good and loyal party and caucus member, I will abide by the democratic system of the caucus and I will support the bill.

Ms CICCARELLO (Norwood): Today is a very important day, because my colleague and room-mate, the member for Giles, Lyn Breuer, is celebrating her 50th birthday. Normally, it would not be considered very gallant to mention a lady's birthday and her age. However, I think that Lyn would feel that the realisation of this project is the best birthday present that she could have had.

Lyn has spoken passionately to me about the Alice Springs to Darwin railway line and how important it is to her community of Giles, and particularly to the people of Whyalla and the other electorates in the Far North of the state. It appears that this project has the support of the majority of South Australians, who see this as a fillip for our floundering economy and the realisation of a dream which was first projected in 1901.

I have many reservations about this project and the fact that we have not had the opportunity to properly scrutinise the deal, and that we have been asked to make a decision, essentially, with a gun held to our head. The reality is that the project would go ahead with or without our support, because it is in the Premier's power to approve the funds: it is not necessary for the parliament to do so. We are left with no option but to place our trust with the Premier, his cabinet and the government and I hope that, for the sake of future generations, our trust will not be misplaced.

The Hon. J.W. OLSEN (Premier): Thank you, Mr Speaker—

Mr Foley: Be brief, John, I want to get this over with.

The Hon. J.W. OLSEN: That is an invitation that I cannot resist. I want to indicate two aspects to the House. First, the bill will be replaced by an amendment standing in my name—83(1)—which has been distributed. Further to the introduction of the Alice Springs to Darwin (Financial Commitment) Amendment Bill in the House, I seek to put that amendment on file, to be proceeded with now in the committee stage.

The previous bill authorised the MOU entered into with the Hong Kong-based Cheung Kong Industries. CKI and the consortium for the project have during this time been intensively involved in negotiations on the term of CKI's involvement. From the outset, CKI has demonstrated a willingness to participate in this project, and it responded to our invitation to become involved in negotiations with the consortium. I want to place on record that its response to our invitation, the manner in which it responded to it and the speed with which it was prepared to undertake due diligence reflects credit on CKI as a major transport infrastructure group of international reputation, and also the individuals, who responded at—

Mr Lewis interjecting:

The Hon. J.W. OLSEN: I have their unswerving support. I thank those individuals for their genuine interest in and commitment to this project and the way in which they have approached the matter. I respect the organisation, and I thank them for it.

As I said at the outset, whilst the government was the vehicle which introduced CKI to the consortium, it was always going to be a matter between the two parties to agree on commercial terms. That is not the role of government, nor should it be. But what I did not want to do was take the easy option and rush into parliament with a call on taxpayers' money, when other options had not even been considered or exhausted. During debate, a number of members have put other options that could have been pursued by us, with the luxury of time. However, that is not a position that confronts us now.

I can report to the House that we have been advised by the Asia Pacific Transport Consortium that it has rejected the terms and conditions of the loan offered by CKI and, in particular, the issue of refinancing of the notes has not been agreed by the parties. As I said in the second reading explanation to the initial amendment, the government was not prepared to consider a request for further government financial contribution to the project until we were satisfied that all avenues of private sector involvement had been exhausted. We are now at the end of that road.

This project is too vital for the future of our state and the regional communities to let it fail. As a consequence of advice received, the government proposes the amendment, to which I have referred, to the previous bill to enable the government to provide a loan to the project equal to the amount of shortfall advised by the consortium, $26.5 million. This bill enables the government to provide that loan, which the government proposes will be made through the South Australian Government Financing Authority (SAFA) utilising its existing range of domestic and overseas funding facilities. As part of its domestic funding facilities, SAFA has a bond program available to retail investors. This program offers investments over a number of maturities at current market interest rates, and the payment of interest and repayment of principal is unconditionally guaranteed by the government of South Australia. As at 28 February 2001, the program had over 7 700 individual investors. Effectively, South Australia

will, through the purchase of SAFA bonds, be able to have an indirect investment in this great project. I commend the new amendment to the House.

A number of points were raised in debate. Let me first deal with specific questions of the member for Hammond. As it relates to a submission to the Public Works Committee, I indicated previously a commitment to provide the Public Works Committee with detailed documentation. I have checked this evening. That documentation is, in fact, being prepared. It will include the engineering components to which the member for Hammond has referred, and an engineer will be made available to the Public Works Committee in terms of further explanation of the documentation that will be presented to it. I think that that fulfils one specific request of the member for Hammond and the committee. I am happy to comply with that, and I would not be so presumptuous as to suggest, or to ask of the member for Hammond, that he stand down as chair of the Public Works Committee for that to be assessed, as he indicated during his remarks.

The other point that I want to make relates to the inspection. The point has been made about the nature of this inspection, and that I gave a commitment to the House that previously I would facilitate such a visit. I fail to see how a visit on site, when there is currently nothing there, is of value beyond the documentation, the engineering reports and the explanation of the project. I do understand that an examination of this matter by the Public Works Committee does not interfere with the process, the getting on with the rail track, the construction of it—it does not interfere with it; it does not stop it; it does not inhibit its process. Because of the funds that you have drawn to my attention, Mr Speaker, that are available for interstate trips by respective committees of the parliament, it would be unfair to think that all committees would sacrifice their travel entitlements through the committee system because of this one project. I accept that that is unreasonable. I would therefore invite the Public Works Committee to set out some of the details and the reasons why, and then, on merit, the government will look at that aspect in terms of facilitation of the visit.

Mr Lewis interjecting:

The Hon. J.W. OLSEN: Perhaps I need to refresh my memory. There are one or two letters that come in. Anyway, I simply put that down, in a very genuine offer to the House. I understand that a measure coming in at such short notice tests policy development of individuals and parties: I accept that. But I also hope that the House will understand and accept that these are exceptional circumstances. I would have preferred an alternative process by which this matter came before the House but, with the sequence and unfolding of events, dealing with a $1.2 billion project, dealing with three governments and a consortium that has half a dozen components to it, it was never going to be simple. During that period I have attempted to minimise exposure of taxpayers. Why else would I have spent the last six or eight weeks trying to get further private sector investment in place? Why else would I have risked the sort of jibes that I have received from members opposite and from some sections of the media who said, 'Well, he failed'?

As I said during question time, I would rather try and fail than simply not have a go. If the price of trying to do the right thing means jibes from members opposite and some sections of the media, so be it. At least, in conscience, I know I have followed every conceivable course. Some of my colleagues—by that I mean the Chief Minister and the Prime Minister—responded with cash. They would have responded by putting the money in. I, at least, sought the other course. It was a difficult course and one which was fraught with what could be described as political risk, but I would do the same again because I think it was the right thing to do, even though there is a downside, as some might put it to me. It is the right thing to have done in the state's interests.

I do not want to delay the House because of the need to move this on. I want to make clear a couple of things. Prime Minister Fraser and Prime Minister Bob Hawke promised funding for this railway: neither of them delivered on it. Let us not forget that this railway line has been promised over the last 10 or 15 years and was never delivered. No cash has been put on the table. To Prime Minister Howard's credit, he promised and he delivered. The comment made by a number of speakers opposite was that Kim Beazley promised $300 million before the last election and that is where the funding should be. I also point out that Leader of the Opposition Beazley promised two additional submarines before the last election but has now withdrawn that promise. So let us put a few of these things in their proper context.

As I have mentioned, we simply do not have the luxury of time on our side to put in place alternative arrangements. The member for Mitchell raised a number of concerns. He said that this will have double handling costs. I do not think he has ever heard of land bridging, where you contract to go on rail and sea and road. It is a package; you get from one point to the other with a package. It is not double or triple cost as a result. You actually get efficiencies of scale in delivering it at the end of the day. Let me give one other example for the member for Mitchell.

At the moment we can only export frozen pork out of the port of Adelaide. I have mentioned this in the House before and it is worth repeating, because I think it brings it down to a denominator that can be understood by the broader South Australian community. We export pork and there is a big pork market in Asia. We ought to be doing more, and we are working towards more abattoirs and more piggeries to meet the demand. Instead of Victoria having them, South Australia will have those opportunities in our country areas. At the moment frozen pork can only get to the markets because of the sailing time. Land bridging through the port of Darwin means that we can sell chilled pork to the Asian market. The benefit is $1.50 a kilogram extra for the producer. Therefore, the dynamics are changed. An abattoirs might now be a feasible economic proposition. Further piggeries might now be a feasible economic proposition. It means that country towns and communities experience expansion and growth in employment. That is what we are talking about. That is but one example, and hundreds of other examples could be rolled out to demonstrate that.

On social infrastructure, a number of members mentioned that we need the money in schools, hospitals and roads. That is exactly what I have been trying to do for six or eight weeks, and the reason we are going to SAFA bonds and giving a guarantee on the SAFA bonds is that it will not impact on our capital works program. So this proposal will not, in effect, take away from the head room. It will not take away from the capital works budget. So schools, hospitals, roads and police stations, for example, will not be impacted by the measure that we are putting in place. Those members who have suggested that this takes $26 million off those components simply do not read the budget papers properly, because it does not impact against it and that is exactly what I sought to do and have achieved in this amendment before the House.

A number of members talked about the number of times the project has been announced. Governments, of all political persuasions, over time make announcements. I can remember a Redcliff petrochemical plant. That was brought out every election campaign in the 1970s, every one of them.

Mr Lewis interjecting:

The Hon. J.W. OLSEN: You did, yes. The point is that in the 1970s the petrochemical plant was cycled out at every election campaign. It got dusted off and came out again. But, anyway, it was not proceeded with at the end of the day. I just want to make that point in relation to that suggestion.

In relation to the Auditor-General, as I have mentioned previously, this matter under the Public Finance and Audit Act can go to the Auditor-General at any time to be looked at, and I have no difficulty with the arrangements that have been put in place. If the Auditor-General wants any data or information—I do not have to say that I am going to make it available—he can just simply ask and be entitled to it at any time. But he will have the full support of the government in making the information available to him.

Finally, I thank the House and all members who have contributed. I repeat, I accept that a measure of this nature at such short notice being considered by the House ahead of other business before the House is an exceptional set of circumstances. I thank all members for the way in which they have been prepared to cooperate in the state's interest to give consideration to this matter. There is no doubt in my mind that in the long term this is an important piece of infrastructure for South Australia's future. To all members who are going to support the measure today, you are actually contributing to the building of infrastructure that is important for our kids' future and I thank you for that.

Bill read a second time.

In committee.

Clauses 1 and 2 passed.

Clause 3.

The Hon. J.W. OLSEN: I move:

Page 3—

Lines 16 to 21—Leave out all words in these lines and insert:—

(i) after consultation with the Treasurer, to make a loan or loans up to a total principal amount of $26.5 million (being a total for all such loans) plus the amount of any GST or costs that may be payable in respect of the making of such a loan and, if appropriate, to subsequently transfer the whole or any part of the loan or loans to another party;

(ii) in connection with any loan or loan arrangement for the amount referred to in subparagraph (i) (including following a transfer under that subparagraph), to enter into arrangements (including by giving guarantees or granting indemnities) to underwrite or support the provision of a loan or loans up to a total principal amount of $26.5 million (being a total for all such loans), plus the amount of any interest, including any capitalised interest, plus the amount of any GST and plus the amount of any costs, expenses or losses that may be payable or arise in connection with any such loan or arrangement; and;

Line 23—Leave out '(1)(ba)' and insert:
(1)(ba)(ii).

Mr FOLEY: I want to make a couple of comments prior to a question to the Premier. The Leader of the Opposition has asked that I make these comments on his behalf. He, unfortunately, had a prior commitment tonight and is not able to present these comments. With the indulgence of the Premier and the committee I make the comments on behalf of the Leader of the Opposition.

On Friday, the Leader of the Opposition was contacted by a senior member of the railway consortium, appealing to Labor to support the CKI legislation when it came before parliament this week. The Leader of the Opposition has asked me to put on record that this seems odd when we understand that Malcolm Kinnaird, Chairman of the consortium and Chairman of Brown & Root, had vetoed the CKI loan arrangement by letter on Tuesday of this week. However, the Leader of the Opposition was told this afternoon—that is, Wednesday 28 March—by Mr Franco Moretti, a senior executive of the consortium and of Brown & Root, that the consortium had had a range of problems and difficulties with the CKI loan last week, and that these problems were well established by Friday. So, the leader asks why the consortium was urging the opposition to support the CKI loan. It seems to be at odds. Perhaps I will pose that question to the Premier for his comment.

I am advised this afternoon that Mr Moretti also told the Leader of the Opposition that a number of letters from Mr Malcolm Kinnaird outlining the consortium's difficulties with the CKI loan arrangement prior to his final letter vetoing this loan arrangement yesterday, Tuesday 26 March. So, the final bombshell letter was hardly a surprise.

Was the Premier aware of these letters from Mr Kinnaird outlining the consortium's problem with the CKI loan? Was Mr Hallion aware of the consortium's concerns, and did he see copies of the letters? If so, why was the opposition briefed on Monday that the CKI deal was still alive?

The Hon. J.W. OLSEN: In relation to the request on Friday from the consortium and the phone call, that is inexplicable, in my view. I do not think I could be expected to respond or answer further than that. I indicated to the leader that I had received correspondence at 11 or 12 o'clock or a bit later on Tuesday which was clear and specific. That was the first clear and specific indication to me that they were not going to accept the proposal. That was the basis of my then advising the opposition in relation to that matter.

Mr Foley interjecting:

The Hon. J.W. OLSEN: There was correspondence between the Chairman of the rail corporation and the Chairman of the consortium on issues. They were talking about issues, but there was no letter indicating that this would not be accepted.

Mr Foley: There was no letter ruling it out?

The Hon. J.W. OLSEN: No, there was no letter ruling it out.

Mr FOLEY: You may have seen the Channel 2 news tonight. For your information, there was a comment which we will need to go back and look at on the tape but which certainly did not imply that this was what occurred. It referred to reports from Hong Kong that negotiations with CKI may have involved the seeking of favours from CKI for other government projects here in South Australia, such as the Ports Corporation. It also made mention of the 15 per cent share cap on Santos, and that ABC article implied potential interest from CKI. Can the Premier give an assurance to the House that, on his visits to Hong Kong of late, CKI did not discuss at any time any issue to do with Santos and/or Ports Corp, or any other issue than this loan?

The Hon. J.W. OLSEN: I can give you an absolute and unequivocal commitment—

Members interjecting:

The CHAIRMAN: Order!

The Hon. J.W. OLSEN: I will be very interested in having a look at what was said on the ABC tonight. But I give you an absolute and unequivocal assurance—

Mr Foley interjecting:

The Hon. J.W. OLSEN: Two officers were present at all times when I had any discussions—that the port process was never discussed, and neither was Santos.

Members interjecting:

The CHAIRMAN: Order! The member for Taylor has a question.

Ms WHITE: I ask the Premier whether under South Australian law after the passage of this legislation there will be a legal requirement for this or any future government to return to parliament if further taxpayer contribution and/or exposure is sought. I stress that I am not asking whether your government intends to return to parliament. Is there a legal requirement at law after the passage of this bill for this or any future government to return to parliament if extra taxpayer contribution or exposure for this project is sought?

The Hon. J.W. OLSEN: Crown Law advice to us is yes. Either now or in the future, any further funds will require legislative approval, because the legislature has put a cap on it. We are here debating this today because of the Crown Law advice. A member made a contribution during the debate that this was not a necessary matter to be before the parliament, and that executive government had the responsibility and could have made this decision. That is simply not accurate.

Mr Hanna interjecting:

The Hon. J.W. OLSEN: You do not know what you are talking about, yet again. The fact is that we are here because the parliament previously imposed a cap and, if you put in place a guarantee or an underwriting—

Mr Hanna interjecting:

The Hon. J.W. OLSEN: Gee, you really have a problem tonight, haven't you? The answer to the honourable member's question is yes; Crown Law advice is that the cap is in place and that will require now and in the future legislative support for any additional funding. That includes a guarantee or an underwrite where, as a result of the guarantee or underwrite, it might call in—not that you have spent the funds but that you might have to spend the funds and therefore, in effect, the cap is exceeded.

Ms WHITE: As a supplementary question, when was that Crown Law advice given? I note that in your ministerial statement of 13 March you mentioned Crown Law advice, which would have related to the situation at that time, following the CKI deal. So, exactly when was the Crown Law advice given? Has subsequent Crown Law advice been given relating to the current amendment that you have moved today? Will you table that advice?

The Hon. J.W. OLSEN: I cannot give the member the exact date of the Crown Law advice, but I sought advice about whether, if you put in a guarantee and underwrite, it is necessary. There was some doubt about one aspect of it, but in others there was not; so, to ensure that there was absolutely no doubt, we decided to bring the matter before the parliament. Given that that has been our interpretation of that advice, my answer to the honourable member's first question is that now and in the future that would be the precedent that would be followed.

Ms WHITE: The Premier seems to be indicating, if he cannot remember when that advice was given, that it certainly was not since he formulated this very important amendment that he brings before the parliament today. Is that correct? If it was, then the advice would have had to be given either yesterday or today. Is the Premier saying that he has not sought further Crown Law advice since he formulated this amendment which is the crux of the bill with which we are now dealing?

The Hon. J.W. OLSEN: It has been formulated in consultation with Crown Law; it has not been in the last 24 hours.

Mr FOLEY: The critical issue is that when the John Hancock group pulled out—and that brilliant tactical move by the Chief Minister of the Northern Territory simply to commit immediately the Northern Territory's population of 150 000 to $30 million (I would hate to see the state of their budget) in a blink of an eyelid and John Howard followed that not long after—you were faced with a decision then about what you would do to secure the funding for South Australia. As I said, I am not critical of the fact that the Premier sought other non-government sources. What I am critical of is that the Premier took a decision to put all his eggs in the one basket with CKI and, in the end (as we see), that has not come to fruition. Given the fact that the Premier was prepared to put a government guarantee on the table, clearly the attractiveness of the mezzanine notes, that is, the notes that were made available, would have been, I would have thought, quite attractive.

It seems to me that the Premier made a fundamental error in his tactics when he chose to put all his eggs in one basket with CKI and not go to 'other markets' or 'the market' and test what other level of interest might have been available. Given that he was attaching the government guarantee to these notes, that really took the risk away from the take-up of these notes and domestic or other international financiers might well have been prepared to take up those notes much sooner and in a much cleaner and less drawn-out process, acknowledging that they, of course, would have undertaken their own due diligence. Will the Premier explain to me why he chose CKI at the exclusion of any other alternative? It would be clear now that, had he had his time over again (and had we had our time over again) and had he gone to a wider source of finances with that government guarantee, he may have found that he had options other than CKI.

The Hon. J.W. OLSEN: Simply, the government guarantee was not on the table when the discussions started, and the government guarantee (or the underwriting) became obvious to us only at the end of the process, not at the beginning of the process. We did not start out saying, 'We have a government guarantee: who's in the field?' It began simply with, 'Will you undertake, in a timely way, the due diligence and give us an assessment?' They were prepared to turn around a board decision on due diligence within 48 hours. No other financial institution works with that speed in terms of due diligence and turning board, credit committee—call it what you will—decision making around in that time.

We did not start out with CKI saying, 'We have a government guarantee; will you undertake the due diligence?' It was simply on the basis that this is a project and it started off with a $79 million put option. There was equity and notes, and so they started the due diligence of working through the process. Then, as the process came to its end, it became clear to us that for them to be involved in the process would require a guarantee, and therefore that came in at the end of the process, not the beginning. We did not exclude others in the context of the guarantee being available.

The other point was that, as I understand it, other equity providers or financial contributors to the due diligence

process, which is an extraordinary task, would take well in excess of the 28 days in which CKI said that they could undertake this task. They put a team together in Australia at some considerable expense, I would expect, to undertake this due diligence and assessment. Bearing in mind that I was being pressed substantially by others to match the funding of the Northern Territory and the commonwealth and—

Mr Foley interjecting:

The Hon. J.W. OLSEN: No. As the member for Hart acknowledged in his speech, I stood apart from that. As the member for Hart acknowledged, standing apart from that was a lonely experience for a while, but I considered that to be in the best interest of the state, and the member for Hart has acknowledged that that has been in the best interest of the state. And so, the reason they were simply invited to consider was that, first, they had a time line that they had to meet for this financial close; secondly, the Northern Territory and the commonwealth had already put in their funds; and, thirdly, it was put to me that, because I would not automatically commit $26.5 million without assessment, I was simply standing in the way of this rail project and that I needed to understand what I was doing. Well, I did understand what I was doing. That is the sequence of events that unfolded over the period of a month or so.

Mr CLARKE: The Premier was present in the chamber during my second reading contribution and I gave an example of an importer in South Australia who says that for a 20 foot container box to be imported by sea from Malaysia and landed at Brisbane, Sydney, Melbourne, Adelaide or Perth it costs $A3 300 in round terms; and that, with only one shipping line going from Malaysia to Darwin at the present time, for that same box to travel from Malaysia to Darwin and be freighted to Adelaide based on a rail freight charge, which late last year importers were bandying around of $2 000, it would cost $7 700 a box. Will the Premier explain to me how we will attract more people to use rail than use sea?

I mentioned that the member for Hammond raised with me the fact that they might break this shipping cartel by the use of catamarans, or whatever else, but the shipping cartel in June or July of last year unilaterally increased the cost of that 20 foot container box from $US350 to $US1 200. ANU, which is now foreign owned, is part of that cartel. The cartel is beyond the reach of the ACCC. In fact, late last year that importer raised the issue of launching legal action against that cartel with the ACCC. Alan Fels has written to that company and has said that Australian law cannot touch the cartels.

How do we break the cartel when Australia has no shipping line of its own and, if there is any usurper, some minnow coming onto the scene that would undercut them, all the cartel would have to do is simply refuse to land in Australia or to export from Australia? We do not have enough ships to break the cartel. Coming back to my first point, how does the Premier see our being able to say to that importer that by using the railway line from Darwin it can achieve costs at least no greater than what it currently costs to do it by sea?

The Hon. J.W. OLSEN: The member might have been out when I used the example of time sensitive goods like frozen pork, chilled pork and how that will open up a market for South Australian producers in our state. The freight rates that the member has referred to reflect the low volumes going through the port of Darwin. There is a port, but it does not have a lot around it. There is not a large manufacturing base in Darwin and there are not large volumes going through the port of Darwin. Until volumes start to increase you will not be able to (a) break cartels or (b) reduce rates. But the member's question is predicated on very low rates currently going through the port of Darwin and I am sure we all understand the reason for that. The other point I want to make is that the banks have all looked at the financial model. These are the banks and credit committees that are committing some $700-odd million to the project. They have looked at the financial models which include the freight volumes over the rail line. Banks, as I understand them, are reasonably conservative institutions and they do not—

Mr Clarke interjecting:

The Hon. J.W. OLSEN: Well, I seem to have run into the wrong bank managers, that is all I can say.

Mr Clarke interjecting:

The Hon. J.W. OLSEN: I just make the point that, if one is committing that sort of funding to it, it is based on the financial models that have been checked, the investments of a range of companies in this project, beyond banks—if that is a better indication to the member—running into tens of millions in some instances and hundreds of millions in other instances for this project. It is predicated on the financial model which includes the freight volumes.

Mr CLARKE: Based on what the banks have looked at in their modelling, if the current shipping prices to Darwin are so high because of the low volume, what is the expectation in terms of the volumes that are necessary to at least break through this cartel, to reduce the costs? How many trains and how many boxes a week are we going to have to see run up the railway line? How long will it take for us to reach the number of containers necessary going to Darwin that will reduce the price sufficiently so that the price of coming around by sea to Adelaide, Brisbane, Melbourne or Sydney is no greater than if the goods went down by rail from Darwin to Adelaide, or wherever?

The Hon. J.W. OLSEN: The financial model for freight volumes includes land bridging volumes and freight returns. I am sure that the member does not expect me off the top of my head to have answers to the specific components of the question because I think there are hypotheticals in his question, part of which was, 'What volumes would be needed to break the cartels?'

Mr Clarke interjecting:

The Hon. J.W. OLSEN: I am saying that you will not break the cartel with the low volumes going out of the port of Darwin, and the high prices into the port of Darwin reflect the low volumes. Once volumes increase then you can negotiate substantial reductions in the freight rates. I assume the member would at least concur with that point. Therefore, what we are talking about is trains with volumes going through the port that will give the capacity for renegotiation.

Mr CLARKE: Let me just follow that point through, Premier. This cartel in Darwin (because there is only one shipping line) is roughly $US2 400 for a 20-foot box, versus $US1 200 for a 20-foot box to be in Brisbane, Sydney, Melbourne, Adelaide or Perth. Irrespective of the amount of volume from any of those ports getting out of Australia, this cartel has a universal bottom figure of $US1 200. Even if we bring that cost down to Darwin, let us say that instead of Darwin being $A4 800 it comes down to $2 400, the same as if it landed in Brisbane, Sydney or Melbourne, you still have a cost differential of about $2 000 a box. Unless we can get the cartel to drop its price for landing a box in Darwin significantly lower than for what it will drop it off in Brisbane, Sydney, Melbourne, Adelaide or Perth we are still

not in the race. I repeat: Australia has no shipping line. ANU is part of a cartel, and we are pretty small beer compared to other nations.

What makes you and the consortium so confident that, suddenly, this land bridge that we will have through to Darwin will be the straw that breaks the cartel's back when all else has failed so far, including the fact that Australian law does not extend to these cartels operating out of Singapore when they set these prices?

The Hon. J.W. OLSEN: There are several points. The consortium is expected to put in place integrated freight rates. There is the option of contracting out of the port of Darwin on these integrated freight rate trains about which we have talked. The other point the honourable member needs to take into account is that we are competing with time sensitive goods (and I have made reference to that), high inventory goods, as well as refrigerated traffic, all of which have, in a time sense, an advantage and therefore a cost advantage to go to market.

Mr HANNA: Are there different financial break-even points for the private sector developers compared to government because of the structure of the financial relationships?

The Hon. J.W. OLSEN: I am advised that the conditions are the same.

Mr HANNA: Is any preference given to the private sector developers in respect of interstate trade compared to export trade and the return on the investment that arises from the use of the railway for those different uses?

The Hon. J.W. OLSEN: No.

Mr LEWIS: To what extent has the Premier attempted to understand the nature of the bridges and causeways that will be needed from Alice Springs northwards, according to the variance of flow that exists in the nature of the streams and waterways that they will cross? The watercourses or waterways are wide open, flat areas across which water only occasionally flows, but when it does it is fairly substantial in volume and often also velocity—and in this respect I refer to the sorts of things that brought the *Ghan* railway line, which went through the Lake Eyre Basin, undone frequently.

The route that was chosen there was for the purpose of ensuring that underground water would be available for the steam locos that were needed. They were the state-of-the-art technology at the time. Now, however, we have liquid fuels available to us and we use diesel locos. I understand that this line, of course, will operate far more efficiently if it uses compressed natural gas for its fuel source. That is not part of the question that I am putting to the Premier at this time. I am asking the Premier what he has been told or what information has the government received about the kinds of design constraints, and to what extent has the Premier or the government been satisfied that the design constraints for those crossings are, indeed, appropriate to the circumstances in which whatever structure is erected will be erected.

The Hon. J.W. OLSEN: The Australasian Rail Corporation set out the specifications in the pre-tender call. The consortium will be required to comply with the pre-tender call, that is, as it relates to the specifications about which the member talks. The design rules, I am assured, have taken into account the issues of flooding and the impact of those extraneous events. These matters, I am further advised, are included in the public works submission that will be presented to the Public Works Committee. The Australasian Rail Corporation sought engineering advice in the original design and specifications that were put in place for the tender call.

Mr LEWIS: I am pleased to have the Premier say what he has, although I am not much reassured. I go on from there and ask: to what extent is the consortium responsible to indemnify any of the government's, ours included, likely risk of collapse and failure any time after construction has been undertaken of any structure anywhere along the line in the financial details that he has looked at? What provisions have been made for insurance, if any, and, if none, how has the consortium allowed for internal self-insurance risk in the construction and then operation of the line against the likely damage that might arise from flooding, for instance?

The Hon. J.W. OLSEN: I concede to the committee that I have not sought to look individually at the design specifications, the requirements of the bridges, or whatever. I am not an engineer: I simply rely on the professional advice in terms of the submissions which were made and upon which the Australasian Rail Corporation developed its bid requirements and specifications. The design, construction, operation and maintenance risk is all with the consortium and not with ARC. Upon financial close, ARC intends to let a fixed price contract for design and construction of the project.

Mr LEWIS: The Premier missed one important element in the second question I asked him, and that was about the insurance. Does it seek someone else outside to cover that? Is it, or is it not, in the documentation? If it does not seek someone outside, how has it been brought to account? Notwithstanding the written documentation that binds the consortium in law, we need to know the extent to which it has countenanced and covered that, because if it gets halfway through the bloody project and there is a natural disaster of a kind to which I have referred it will blow the costs out to hell and gone.

Let me just remind the committee of what I am talking about. This is a very harsh and unforgiving landscape. There was a bloke here, just over 100 years ago, who had a vision to connect this country to the world, and what a great man he was—no question about his genius. But he overlooked one simple fact: that on this continent there are more species of termites eating a wider range of materials than there are on any other continent on this planet. He built a telegraph line to connect the centres of population in the southern part of the Australian continent to the rest of the world with a cable going under the sea to Timor and onto Europe. His name was Todd. Everything looked good, but questions could have been asked and should have been asked, especially if people had consulted Sturt's diaries. Sturt wrote in his diary what he saw as the problems in that landscape. Everything was documented. I know this from my own reading of history.

I am not just a listed member for the sake of being a member of the Royal Geographical Society of Australia (SA Branch). That is a branch without a tree: there are no other societies in any other states. I am not a member of the South Australian History Society just because I want my name on another list. I am interested in those aspects and the kinds of pitfalls there have been in, as it were, making it possible to live civilised lives in civilised communities on this continent.

Whereas Todd was respected and trusted, what the poor sod had to do after the termites ate all the telegraph poles was to put them up again. Quite apart from the heart-rending experience for both him and his work team, there was a great cost. I do not want us to be confronted with that kind of oversight. I want to know to what extent the government has checked out that sort of thing; who is covering that risk; and

how it has been underwritten from the beginning of the construction phase. I am sure that members know what I am now talking about.

The Hon. J.W. OLSEN: In the concession deed there is a requirement for insurance and for reinsurance cover to be taken out. In addition to that, the AustralAsia Corporation has sought independent advice to check the adequacy of that insurance and reinsurance cover.

Mr HANNA: What has been forecast as the maintenance costs of the line in years to come?

The Hon. J.W. OLSEN: I cannot advise the member exactly what the annual maintenance costs would be. We are talking about concrete sleepers and steel rail line, but whether some of this information might be commercial in confidence at this stage, I am not aware. I am more than happy to take the question on notice to see whether I can obtain some information for the member.

The CHAIRMAN: The member for Hammond has had three questions.

Mr LEWIS: I should have the opportunity to ask another question in view of the number of questions you permitted the members for Ross Smith and Hart to ask.

The CHAIRMAN: The member for Hammond has had three questions, as have other members in this committee.

Amendments carried.

Mr LEWIS: Now that the clause is amended, am I not permitted to ask questions on it?

The CHAIRMAN: Yes.

Mr LEWIS: What will happen if we get most of the line constructed and there is a substantial loss of infrastructure as a result of a natural disaster or two and the consortium decides that it is outside the reach of its finances and it just lets it be? Do we leave the railway line unfinished and unused? In addition, if we get it finished and we start using it and the same sort of thing happens, and it is going to cost heaps of money simply because the likely design constraints and so on that were used were not able to cope with what befell the structure at that point or points, what do we then do?

The Hon. J.W. OLSEN: In the previous answer to the member I indicated that the concession deed required the consortium to take out insurance. Independently we have had that checked to ensure there is adequate insurance. For an event of the nature the member talks about there is a requirement for adequate insurance cover that will be called in for the reconstruction, so that position is protected.

Mr LEWIS: Will that insurance cover also cover those events called 'acts of God'? It should not be lost on the Premier. I could put the question another way. How many fault lines will the line cross? What questions have been asked or attempts made to discover those areas of risk along the way? Given the effects of the Meckering earthquake, for instance, in Western Australia and the Kingston South East earthquake on the alignment of boundaries of properties that were affected by it, this is not unrealistic in that, if a fault in a quake shifts the terrain a couple of metres, as happened on those two occasions and in other instances on this continent in recent geographical history—if that sort of thing happens and it is called an act of God, does the insurance cover that or do we pick up the tab? To what extent has the Premier asked the people who put the bids together to include those contingencies in their proposed bids before one was finally accepted—the one that has been successful?

May I point out to the Premier in asking that question that, until the Public Works Committee started to ask proponents coming before it about the earthquake risk to the structures that they were seeking to either build anew or refurbish, they had not thought about it. It has meant now that it is a matter of course that all public works being undertaken by the state look at earthquake and the likely consequences for existing structures that are heritage buildings to ensure they are properly shored up to withstand reasonable shock and risk in that regard.

I am mentioning this as part of the reasons why I believe the Public Works Committee ought to go on a site inspection. The engineers do not think of these things. The task is divided into little parts. Each of them has an explicit little task to do and they are expert in it, but none of them accept responsibility for the integrated consequence. They all put disclaimers into their advice along the way. Unless you nail some sods' feet to the floor they run in all directions saying, 'It's not my fault and it's not my responsibility. We said this in our disclaimers.'

If you do not go there and you do not get that kind of assurance on the spot virtually under oath, telling them if they tell lies they are misleading parliament and we will screw them for so doing, they do not care. I am saying that we are putting a lot of money into this. I do not know and I do not care either what the commonwealth and Northern Territory governments have done. I do not want us to put our good dollars into a development that, through oversight on the part of the people who were designing it and then others who were constructing it, fails in the short run where it ought not to and that failure could have been averted if only there had been a bit of lateral thinking and a little more responsibility accepted for the global consequence in the design and construction features.

The Hon. J.W. OLSEN: With respect to questions like (and I think it is more a rhetorical question) how many fault lines there are, I simply do not know how many fault lines there might be between here and Darwin. But there is a detailed regime in place on the insurance and reinsurance cover. I do not have that detail with me. I am happy for the information as to the detail of the coverage to be made available to the Public Works Committee. As I said, I do not have that detail. I have been assured that ARC put in place an insurance and reinsurance regime that was very detailed, very specific. It might not cover things such as acts of war and the like, but that—

Mr Lewis: Earthquake distortion is said to be an act of God.

The Hon. J.W. OLSEN: Yes, I understand that an act of God is different from an act of war. I am just saying that the latter is not included, as I understand it, in the insurance component. I understand where the member is coming from. With respect to the detailed information, we will get the schedule for the reinsurance basis of it and the components of it, and I will ensure that they are made available to the Public Works Standing Committee when the other documentation comes in.

Mr FOLEY: This is a question that I have been meaning to ask for the last couple of days, and this is the appropriate forum. Why did we not try to get a proportion of the funding for this project from the Victorian government? It dawned on me the other day when I was being briefed, when—

An honourable member interjecting:

Mr FOLEY: Exactly. Listen to my logic, listen to my reasoning; it is a good point, and I have been working on it. Give me respect. I need it. I deserve it. As advisers said to us the other day, some of the beneficiaries of this railway line

will be manufacturers and producers in Victoria. There is no reason why, if a manufacturer in Adelaide can get advantage out of this line, someone in Victoria would not get advantage out of it. Why are we not asking them for a pro rata share of all this?

An honourable member interjecting:

Mr FOLEY: It started back in the Kennett days. But it is a very logical question.

The Hon. J.W. OLSEN: Because having three governments deal with this has been hard enough, without adding in a fourth. The other thing is that we are the beneficiaries. One of the options (and I have referred to this in the House before) is establishing transport hubbing—land, road, rail, air—and South Australia, either at Port Augusta or in Adelaide, can establish itself as a major freight transport hub. For example, a lot of the containers that go into the United States of America go into Long Beach, California. It was put in place in the Reagan government days. I forget the name of the person who developed the model for that. In fact, an attempt was made to bring him out to have a look and say how this might apply in the long term to South Australia and how to put it in place.

Manufacturing product out of Victoria land bridged into Adelaide then on to Darwin, the mix that that brings, the freight opportunities and the employment that it might bring, I think, is the advantage that we get out of that. That does not specifically answer the question of the member for Hart, which was: why did we not seek Victorian money? We did not at the time. No-one suggested it. This is the first time that a suggestion of that nature has been put before us.

Mr Foley: You should come to me more often for advice.

The Hon. J.W. OLSEN: If the member for Hart has these brainwaves, perhaps he might put them in place when we are doing the deal at the start so that we can factor it in, not at the end, when it is impossible to factor in.

The Hon. J.W. OLSEN (Premier): I move:

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

Motion carried.

Mr FOLEY: One of the strengths in terms of the viability of this project that has been advised to the opposition is that there will be a large domestic component to this project, therefore, we are taking quite a lot of tonnage off the road and putting it on rail. What is the assessment of the displacement of labour with respect to trucking, truck drivers, roadhouses and so on? It will cause a fair economic restructuring in the Northern Territory and, indeed, in South Australia. I think it is an interesting question, and I would be interested to hear what assessment has been done of that sort of impact on the existing road industry to Darwin.

The Hon. J.W. OLSEN: It is anticipated that, on a route to Darwin, it might take up to about 80 per cent of road traffic. After that, volumes will increase substantially. So, whilst the 80 per cent might shift from road to rail, the other factor is that the volume going up also will increase. So, the 20 per cent is of a larger volume than a smaller volume. The other aspect that the member for Hart ought to take into account is the savings to the taxpayer on road infrastructure by shifting to rail rather than road. There is a very substantial road infrastructure saving as a result of that move.

Mr FOLEY: No doubt, I will look at the May budget and just see how much we lose in speed fine revenue from that corridor in our budget. Given the high-spirited bipartisanship that has been displayed over some years, I suspect, on this project, but particularly the last 24 to 48 hours, will the Premier give the House an absolute guarantee and assurance that the Leader of the Opposition, Mike Rann, will participate with him in the official events surrounding the opening and the laying of the first peg and the various ceremonial functions that I think the Leader of the Opposition should rightly be afforded the courtesy of joining with him? Will the Premier give us that commitment tonight, given the bipartisanship that has been displayed?

The Hon. J.W. OLSEN: These are not normal requests from an opposition in something of this nature. I have indicated that this has been an unusual sequence of events—it is unprecedented—and, by choice, I would have had a different path for debate and deliberation of this matter before the parliament. I have indicated to all members that, with respect to this project, I appreciate the spirit with which all members have contributed to the debate, for the state's interests. I could have done without some of the barbs, but I understand—

Mr Foley: You would do the same.

The Hon. J.W. OLSEN: I understand that in the political process you will get some barbs on the way. So, I have acknowledged in the past, and will continue to acknowledge, the involvement and support.

Clause as amended passed.

Title passed.

Bill read a third time and passed.

Mr HAMILTON-SMITH: Mr Speaker, I draw your attention to the state of the House.

A quorum having been formed:

The Hon. J.W. OLSEN (Premier): I move:

That standing orders be so far suspended as to enable government business to take precedence of committee reports.

Motion carried.

FOOD BILL

The Hon. DEAN BROWN (Minister for Human Services) obtained leave and introduced a bill for an act to provide for the safety and suitability of food; to repeal the Food Act 1985; and for other purposes. Read a first time.

The Hon. DEAN BROWN: I move:

That this bill be now read a second time.

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

Leave granted.

All States and Territories are participating in a comprehensive national reform of food safety.

The purpose of food law is to protect public health and provide information enabling consumers to make informed choices. Legislation provides a framework aimed at ensuring that food, as one of the important potential means of transmitting illness, is correctly labelled, safe and wholesome.

Australian food law generally comprises three regulatory elements:

- an Act which establishes principles, framework, administrative structures, offences and penalties,
- food standards which set down compositional, microbiological, chemical, labelling and quality criteria which food is required to meet,
- food hygiene regulations which relate to ensuring the production, processing, storage and handling of food does not result in microbiological or chemical contamination.

To promote greater national uniformity of food standards in Australia, the Food Standards Code (FSC, the Code) was adopted by States and Territories. The FSC prescribes compositional, chemical,

microbiological and labelling standards for food offered for sale in Australia.

Each Australian State and Territory has been responsible for developing its own regulations for food hygiene, resulting in significant variation across Australia. The Australia New Zealand Food Authority (ANZFA) is developing a national uniform food safety standard. The aim of the ANZFA reform process is to attain national uniformity with respect to food hygiene, similar to that achieved with food standards, so that food businesses trading nationally only have to comply with one food standard. It will also ensure that Australian food is identified with a single hygiene standard which promotes a safe food supply and thereby has advantages for promotion of Australian food overseas.

A Model Food Bill has been drafted which aims to protect public health and safety by enabling the effective and uniform adoption and implementation of the national Food Safety Standard, facilitate uniform interpretation of the Food Standards Code and rectify past deficiencies which have been identified through the many years of operation of current Food Acts.

The reviews relating to the Model Food Bill and the Food Safety Standards are part of a comprehensive overhaul of the way the food industry is regulated in Australia. This has included the Food Regulatory Review ('Blair Review'), under the auspices of the Council of Australian Governments (COAG), with a view to reducing the regulatory burden on businesses.

ANZFA's proposed Standards include a requirement for a food business to have a food safety program based on Hazard Analysis Critical Control Point (HACCP) concepts. This is a common practice for many food businesses already, particularly the larger manufacturing companies. This requirement will be phased in based on risk. Exceptions are proposed for some charitable and community organisations.

The Standards propose a requirement for the independent auditing of food safety programs. In South Australia, the inspection of food businesses for compliance with food hygiene requirements is presently the responsibility of local government. Under the Food Safety Standards, third party auditing would be an alternative.

In August 2000 a draft SA Food Bill and draft Food Safety Standards were released for public consultation.

Public consultation on the SA food safety reform proposals included meetings with key stakeholders including local government and 31 public consultation meetings at 22 metropolitan and regional centres throughout the State attended by approximately 1150 people. 95 written submissions were received.

The package comprised:

· A draft Food Bill based on the national model.
· Food Safety Standards related to
  - Food Safety Practices and General Requirements (3.2.2)
  - Food Premises and Equipment (3.2.3)
  - Food Safety Programs [3.2.1]
  - Interpretation and Application [3.1.1]

In July 2000, the Australian New Zealand Food Standards Council (ANZFSC), comprising Health Ministers from all jurisdictions, approved the incorporation of Standards 3.2.2 (Food Safety Practices) and 3.2.3 (Food Premises and Equipment) into the Food Standards Code. The Code is adopted into SA law by regulation. However, as with some other jurisdictions, implementation of these Standards will be deferred until after the commencement of the new Act as the current SA Food Act does not create the necessary offences to make the Standards enforceable.

On 3 November 2000, the Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association signed the Food Regulation Agreement (at COAG). The Agreement commits jurisdictions to using their best endeavours to introduce legislation into their Parliament based on the Model Food Bill within 12 months. Provisions in Annex A of the Model relating to definitions, application of the Act, offences, penalties, defences, and emergency powers are to be introduced in the same terms as the Model (ie using the same wording). The administrative provisions in Annex B, if included in the legislation, do not need to be in the same terms, but are to be consistent with the Model.

Much of the comment on the SA consultation draft was directed towards the draft Food Safety Program Standard. There was generally strong industry support for Food Safety Programs as important in securing a safe food supply. The need for the requirement to be nationally consistent and sufficiently planned and resourced was highlighted.

As work is progressing on a national standard and there is strong support for South Australia to implement a requirement for food safety programs on a nationally consistent basis, it is not proposed to implement these requirements until the national standard is adopted. The proposed national standard provides for a lead in time for the requirement based on the risk classification of the business. For high risk food businesses there is a proposed 2 year period for implementation after the operation of the new Standard, a 4 year period for medium risk businesses and a 6 year period for low risk businesses.

Turning to the main features of the Bill—

Administrative Structure

The Bill provides for a two-tiered administrative system similar to that under the current *Food Act 1985*. Under the Bill, the—

· Relevant authority is the Minister.
· Enforcement Agency includes the relevant authority and other persons or bodies prescribed by regulation; it is intended to prescribe local councils.

The administrative provisions are set out in Part 9; although the functions of the authority and agency are identified in specific clauses throughout the Bill.

Adoption of Food Standards

The definitions of 'Food Safety Standards' and 'Food Standards Code' are in line with the requirements of the Food Regulation Agreement. They provide for the Code to be adopted or incorporated by regulation.

Food Businesses

The Act will apply widely, including charitable and community bodies, and one-off events—in other words, they will be obliged to produce safe food. However, it is intended to use the power of exemption so that fundraising events for community or charitable purposes or micro-businesses are not required to have a Food Safety Program based on the national draft. It is also intended that flexibility will be applied in relation to businesses in ares outside local government boundaries so that they are not required to comply with onerous requirements.

Application to Primary Food Production

Clause 7 defines primary food production, in particular for the purposes of Clause 10. The Bill provides a broad obligation on all persons involved in the food supply system from source to consumption to produce safe food.

The provisions of the Bill in relation to notices, auditing and notification do not apply to primary food production and there are limits on the exercise of the inspection and sampling powers in relation to primary food producers.

Requirements in the Bill applying to food businesses do not apply to primary food production.

It is intended to prescribe the *Meat Hygiene Act* and *Dairy Industry Act* under Clause 7(1)*(e)*.

Offences

The offence provisions follow the Model Food Bill. The penalties are significantly higher than those that currently apply, especially in cases where a person knows that he or she is acting in breach of the requirements of the Act.

Defences are provided if the person took all reasonable precautions and exercised all due diligence to prevent the commission of the offence. Defences are also provided for non-compliance with a provision of the Food Standards Code if the food is to be exported and complies with the laws of the country to which it is to be exported.

Emergency Powers

These powers are exercisable if there is a serious danger to public health and are vested in the Minister. They provide for publication of warnings; prohibition of cultivation, harvesting, advertising or sale of food; recalls; destruction of food.

There is a right of review of such orders to seek compensation.

Inspection and Seizure Powers

Authorised officers are appointed by enforcement agencies (Division 3 of Part 9). Clause 37 sets out the usual powers of such officers to inspect premises, take samples, examine records etc. It also enables an officer to seize and retain or issue a seizure order for things which may be used as evidence. Provisions relating to seizure orders, and compensation for seized goods are set out in Division 2.

Improvement Notices and Prohibition Orders

Authorised officers can issue improvement notices to remedy unclean or insanitary conditions and require compliance with the Code. The relevant authority or head of an enforcement agency may issue a prohibition order if an improvement order is not complied with or there is a serious danger to public health. There are provisions for reviewing such orders.

Auditing

There is provision for approval of food safety auditors, in particular for the purpose of ensuring proprietors of food businesses prepare, implement and maintain a food safety program.

The requirement for businesses to have a food safety program will be a new legislative requirement. Many businesses, particularly larger manufacturers already have such programs. However for the majority of food businesses, this will require them to develop a program, document it and ensure it is audited. A food safety program involves a systematic analysis of all food handling operations, identification of potential hazards which could be reasonably anticipated, documentation and implementation of the program, maintaining records and regular auditing.

A proposed national standard is being developed. In October 1999, it was agreed by a majority at the ANZ Food Standards Council to defer implementation for 2 years.

However, as mentioned previously, in South Australia it is intended to use the power of exemption so that fundraising events for community or charitable purposes and micro-businesses are not required to have a Food Safety Plan based on the National draft. It is also intended that flexibility will be applied in relation to businesses in areas outside local government boundaries so that they are not required to comply with onerous requirements.

The provision in the Bill provide for food businesses to ensure that their food safety program is audited as required by the enforcement agency. This permits food businesses to select third party auditors.

As work is progressing on a national standard and there is strong support for South Australia to implement a requirement for food safety programs on a nationally consistent basis, it is not proposed to implement these requirements until the national standard is adopted. The proposed national standard provides for a lead in time for the requirement based on the risk classification of the business.

Notification of Food Businesses

This provision requires a food business to provide a 'one off' notification to the enforcement agency. It includes a requirement to notify changes of ownership, name or address.

Administrative Arrangements

The Bill spells out the role of the relevant authority and the enforcement agency. It is intended to work closely with local government to further define roles, responsibilities and procedures in working towards implementation. The Bill also provides for the appropriate enforcement agency to be notified of the existence of a food business, to determine the risk classification and frequency of auditing, and to receive audit reports. The specification of the appropriate agency is to be done by regulation. It may be appropriate, for instance, for the Minister as the State agency to be responsible as enforcement agency for businesses with multiple sites to ensure consistency. Also the Minister may need to act in particular circumstances eg where substantial problems exist which while emanating locally are of wide significance, localised problems of particular State policy significance or requiring DHS expertise or to deal with long standing complaints not acted upon by the local council.

Miscellaneous

A general power of Ministerial exemption is included.

The provisions relating to confidentiality are much more limited than those in the current Act. They relate only to information relating to manufacturing secrets, commercial secrets or working processes. They do not extend to include inspection reports generally, reports to councils recommending prosecution or the issue of an order, or similar which are not disclosed under the current Act.

The regulation making power includes provision for the adoption of codes or standards with or without modification.

I commend this bill to honourable members.

Explanation of clauses

Clause 1: Short title

This clause is formal.

Clause 2: Commencement

The measure will be brought into operation by proclamation.

Clause 3: Objects of Act

The objects of the measure include—

(a) to ensure food for sale is both safe and suitable for human consumption;

(b) to prevent misleading conduct in connection with the sale of food;

(c) to provide for the application of the Food Standards Code.

Clause 4: Definitions

This clause sets out the defined terms for the purposes of the measure.

Clause 5: Meaning of 'food'

For the purposes of the measure, food is to include any substance or thing used, or represented as being for use, for human consumption (whether it is live, raw, prepared or partly prepared), ingredients or additives, any substances used in the preparation of food, chewing gum, and other prescribed material (the presumption being made on he basis to a declaration under the *Australian New Zealand Food Authority Act 1991* of the Commonwealth). However, food will not include a therapeutic good. Food may include live animals and plants.

Clause 6: Meaning of 'food business'

For the purposes of the measure, a food business is a business, enterprise or activity, other than primary food production, that involves the handling of food intended for sale, or the sale of food, regardless of whether the activity is of a commercial, charitable or community nature, or whether the handling or sale occurs on one occasion only.

Clause 7: Meaning of 'primary food production'

For the purposes of the measure, primary food production is the growing, raising, cultivation, picking, harvesting, collection or catching of food, and specifically includes certain activities, including any activity regulated by or under an Act prescribed by the regulations for the purposes of the provision. However, primary food production will not include a process that involves the substantial transformation of food, the sale or service of food directly to the public, or an activity prescribed by the regulations.

Clause 8: Meaning of 'unsafe' food

For the purposes of the measure, food will be taken to be unsafe if it would be likely to cause physical harm to a person who might consume it, assuming it was subjected to any process relevant to its intended use, not affected by anything that would prevent it being used for its reasonable intended use, and consumed according to its reasonable intended use. Special provision is made for food that may cause adverse reactions only in persons with certain allergies or sensitivities that are not common to the majority of persons.

Clause 9: Meaning of 'unsuitable' food

For the purposes of the measure, food will be taken to be unsuitable if it is damaged, deteriorated or perished to an extent that affects its reasonable intended use, contains any damaged, deteriorated or perished substance that affects its reasonable intended use, is the product of a diseased animal or an animal that has died otherwise than by slaughter and is not declared under another Act to be suitable for human consumption, or contains some agent foreign to the nature of the food.

Clause 10: Application of Act to primary food production

Certain Parts of the Act will not apply to or in respect of primary food production.

Clause 11: Application of Act to water suppliers

Special arrangements are to apply with respect to the application of the Act to the supply of water for human consumption through a reticulated water system by a water supplier.

Clause 12: Act binds Crown

This clause expressly provides that the Act is to bind the Crown. No criminal liability will attach to the Crown itself (as distinct from its agencies, instrumentalities, officers and employees) under the Act.

Clause 13: Handling of food in unsafe manner

It will be an offence for a person to handle food intended for sale in a manner that the person knows will render, or is likely to render, the food unsafe. It will also be an offence for a person to handle food intended for sale in a manner that the person ought reasonably to know is likely to render the food unsafe.

Clause 14: Sale of unsafe food

It will be an offence for a person to sell food that the person knows is unsafe. It will also be an offence for a person to sell food that the person ought reasonably to know is unsafe.

Clause 15: False description of food

Various offences will apply to circumstances where food intended for sale is falsely described where a consumer who relies on the description may suffer physical harm.

Clause 16: Handling and sale of unsafe food

It will also be an offence to handle food in a manner that will render, or is likely to render, the food unsafe. It will also be an offence to sell unsafe food.

Clause 17: Handling and sale of unsuitable food

It will also be an offence to handle food intended for sale in a manner that will render, or is likely to render, the food unsuitable. It will also be an offence to sell unsuitable food.

Clause 18: Misleading conduct relating to sale of food

It will be an offence, in the course of carrying on a food business, to engage in misleading or deceptive conduct in relation to the advertising, packaging or labelling of food. It will also be an offence to falsely describe food (via an advertisement, package or label) in connection with carrying on a food business.

Clause 19: Sale of food not complying with purchaser's demand

It will be an offence under this measure to supply, in the course of carrying on a food business, food by way of sale that is not of the nature or substance demanded by the purchaser.

Clause 20: Sale of unfit equipment or packaging or labelling material

It will be an offence to sell equipment that, if used for the purposes for which it was designed or installed, would render, or be likely to render, food unsafe. It will also be an offence to sell packaging or labelling material that, if used for the purposes for which it was designed or intended to be used, would render, or be likely to render, food unsafe.

Clause 21: Compliance with Food Standards Code

A person will be required to comply with the Food Standards Code in relation to the conduct of a food business or food intended for sale. A person must also comply with any relevant requirement of the Food Standards Code in relation to the sale or advertisement of food.

Clause 22: False descriptions of food

This clause sets out various circumstances where food will be taken to have been falsely described.

Clause 23: Application of provisions outside jurisdiction

These provisions will extend to food sold, or intended for sale, outside the State (subject to a specific defence for food intended for export).

Clause 24: Defence relating to publication of advertisements

It will, in relation to the publication of an advertisement, be a defence for a person to prove that the person published the advertisement in the ordinary course of carrying on an advertising business. However, this defence will not apply if the person should reasonably have known that the publication of the advertisement would constitute an offence, or the person had been warned that publication would constitute an offence, or the person published the advertisement as the proprietor of a food business or in connection with the conduct of a food business by the person.

Clause 25: Defence in respect of food for export

It will be a defence in connection with a breach of the Food Standards Code to prove that the food in question is to be exported to another country and complies with corresponding laws of that other country.

Clause 26: Defence of due diligence

It will be a defence to proceedings for an offence to prove that the person took all reasonable precautions and exercised all due diligence to prevent the commission of the relevant offence by the person or by another person under the person's control. This defence may be satisfied by proving compliance with a relevant food safety program that complies with the requirements of the regulations.

Clause 27: Defence in respect of handling food

It will be a defence to prove, in relation to an offence concerning the handling of food, that the food was destroyed or otherwise disposed of immediately after the food was handled in the unlawful manner.

Clause 28: Defence in respect of sale of unfit equipment or packaging or labelling material

It will be a defence to prove, in relation to an offence involving the sale of equipment or material, that the equipment or material was not intended for use in connection with the handling of food.

Clause 29: Nature of offences

Generally speaking, offences under Part 2 of the measure are to be classified as minor indictable offences. However, the prosecution may elect to charge a person who has allegedly committed an offence against Division 2 with a summary offence. An offence against Division 2 will be an expiable offence. The defence of mistaken but reasonable belief as to the facts constituting an offence will not apply with respect to a summary offence. The maximum penalty for an offence dealt with as a summary offence will be $10 000.

Clause 30: Alternative verdicts for serious food offences

It will be possible in certain cases to find a person not guilty of an offence, as charged, but guilty of an alternative (and lesser) offence.

Clause 31: Making of order

It will be possible for the relevant authority to issue an order under Part 3 if the relevant authority has reasonable grounds to believe that the making of the order is necessary to prevent or reduce the possibility of a serious danger to public health or to mitigate the adverse consequences of such a danger.

Clause 32: Nature of order

An order may, for example, require the publication of warnings, prohibit the harvesting of particular food located in a specified area, prohibit the sale of particular food, or direct that food be recalled.

Clause 33: Special provisions relating to recall orders

A recall order may require the publication of certain information to the public.

Clause 34: Manner of making orders

A recall order may be addressed to a particular person, to several persons, to a class of persons, or to all persons. An order will expire after 90 days, unless sooner revoked. However, it is possible to make a further order in an appropriate case.

Clause 35: Review of order

A person who has suffered loss as the result of the making of an order may apply to the relevant authority for compensation if the person considers that there were insufficient grounds for the making of the order. A determination of the relevant authority on such an application will be capable of being reviewed on application to the Administrative and Disciplinary Division of the District Court.

Clause 36: Failure to comply with emergency order

It will be an offence to act, without reasonable excuse, in contravention of an order under this Part.

Clause 37: Powers of authorised officers

This clause sets out the powers of an authorised officer to carry out inspections and to undertake other activities for the purposes of the Act. The powers will include the ability to seize anything that the authorised officer reasonably believes has been used in, or may be used as evidence of, a contravention of the Act or the regulations. An authorised officer will also be able to require a person to answer questions or to produce a record, document or other thing.

Clause 38: Search warrants

A search warrant will be required to enter any part of premised being used solely for residential purposes (unless the entry is with the consent of the occupier of the premises or the relevant part of the premises is being used for the preparation of meals provided with paid accommodation), to break into premises, or to undertake an inspection that is not authorised under clause 37.

Clause 39: Failure to comply with requirements of authorised officers

It will be an offence to fail to comply, without reasonable excuse, with the requirement of an authorised officer.

Clause 40: False information

It will be an offence for a person to provide any information or to produce a document that the person knows is false or misleading in a material particular.

Clause 41: Obstructing or impersonating authorised officers

It will be an offence for a person, without reasonable excuse, to resist or obstruct an authorised officer, or to impersonate an authorised officer.

Clause 42: Seizure

This clause provides for the operation of seizure orders.

Clause 43: Unclean or unfit premises, vehicles or equipment

If an authorised officer believes, on reasonable grounds, that premises, equipment or a food transport vehicle used by a food business in connection with the handling of food is unclean or unfit, or is not in compliance with the Food Safety Standards, a food safety program or the Food Standards Code, the authorised officer may issue an improvement notice.

Clause 44: Improvement notice

An improvement notice will require certain action to be taken within a specified period of at least 24 hours (which period may be subsequently extended).

Clause 45: Compliance with improvement notice

Compliance with an improvement notice will be noted (by an authorised officer) on a copy of the notice.

Clause 46: Prohibition order

If a relevant authority or the head of an enforcement agency believes, on reasonable grounds, that circumstances justifying the issue of an improvement notice exist and that an improvement notice has not been complied with, or action must be taken to prevent or mitigate a serious danger to public health, then the relevant authority or the head of the enforcement agency may issue a prohibition order under this clause.

Clause 47: Scope of notices and orders

An improvement notice or prohibition order may be expressed in various terms.

Clause 48: Notices and orders to contain certain information

An improvement notice or prohibition order must specify any provision of the Food Standards Code to which it relates, and may

specify particular action to ensure compliance with the Food Standards Code.

Clause 49: Request for re-inspection

The proprietor of a food business affected by a prohibition order may request that an authorised officer conduct an inspection of the relevant premises, vehicle or equipment.

Clause 50: Contravention of improvement notice or prohibition order

It will be an offence for a person, without reasonable excuse, to contravene or to fail to comply with an improvement notice or a prohibition order.

Clause 51: Review of decision to refuse certificate of clearance

A person aggrieved by a decision to refuse to issue a certificate of clearance may apply for a review of that decision.

Clause 52: Review of order

A person who has suffered loss as the result of the making of a prohibition order may apply to the authority or person who made the order for compensation if the person believes that there were no grounds for the making of the order. A Determination on such an application is capable of being reviewed on application to the Administrative and Disciplinary Division of the District Court.

Clause 53: Proprietor to be informed

An authorised officer who obtains a sample of food for the purposes of analysis must inform the proprietor of the relevant business (or another person in the proprietor's absence) of the intention to have the sample analysed.

Clause 54: Payment for sample

An authorised officer must tender an appropriate amount when obtaining a sample of food.

Clause 55: Samples from vending machines

Clauses 53 and 54 do not apply to samples obtained from vending machines where the officer makes a proper payment and no-one appears to be in charge of the machine.

Clause 56: Packaged food

An authorised officer who takes a sample of packaged food must take the whole package unless the relevant package contains two or more smaller packages of the same food.

Clause 57: Procedure to be followed

This clause sets out the procedure for the taking of samples for the purposes of the Act (to the extent that the Food Standards Code does not otherwise apply). Basically, an authorised officer will divide the food into three parts, one for the proprietor of the business, one for analysis, and one for future comparison.

Clause 58: Samples to be submitted for analysis

The authorised officer will submit a sample for analysis, unless analysis is no longer required.

Clause 59: Compliance with Food Standards Code

An analysis must be carried out in accordance with any relevant requirement of the Food Standards Code.

Clause 60: Certificate of analysis

A certificate of analysis will be prepared in accordance with the requirements of the Act and the Food Standards Code.

Clause 61: Approval of laboratories

The relevant authority will approve laboratories for the purposes of carrying out analyses under the Act. An approval may be granted on conditions.

Clause 62: Term of approval

Unless suspended, an approval will remain in force until cancelled.

Clause 63: Approved laboratory to give notice of certain interests

The relevant authority must be notified if a person involved in the management of an approved laboratory, or an employee, has an interest in a food business.

Clause 64: Variation of conditions or suspension or cancellation of approval of laboratory

This clause sets out procedures relating to the variation of conditions of an approval, or the suspension or cancellation of an approval.

Clause 65: Review of decisions relating to approval

Various decisions of the relevant authority relating to the approval of a laboratory (or to the rejection of an application for approval) will be reviewable by the Administrative and Disciplinary Division of the District Court.

Clause 66: List of approved laboratories to be maintained

The relevant authority will keep a list of approved laboratories, which will be open to the public.

Clause 67: Approval of persons to carry out analyses

The relevant authority may approve natural persons for the purposes of carrying out analyses under the Act.

Clause 68: Term of approval

Unless suspended, an approval will remain in force until cancelled.

Clause 69: Approved analyst to give notice of certain interests

The relevant authority must be notified if an approved analyst has an interest in a food business.

Clause 70: Variation of conditions or suspension or cancellation of approval of analyst

This clause sets out procedures relating to the variation of conditions of an approval, or the suspension or cancellation of an approval.

Clause 71: Review of decisions relating to approval

Various decisions of the relevant authority relating to the approval of an analyst (or to the rejection of an application for approval) will be reviewable by the Administrative and Disciplinary Division of the District Court.

Clause 72: List of approved analysts to be maintained

The relevant authority will keep a list of approved analysts, which will be open to the public.

Clause 73: Approval of food safety auditors

The relevant authority may approve natural persons as food safety auditors under this Act. An approval will be given if the authority is satisfied that the person is competent to carry out functions of a food safety auditor having regard to the person's technical skills and experience and any guidelines relating to competency criteria approved by the relevant authority.

Clause 74: Term of approval

Unless suspended or cancelled, an approval will remain in force for the period specified in the approval.

Clause 75: Food safety auditor to give notice of certain interests

The relevant authority must be notified if a food safety auditor has an interest in a food business.

Clause 76: Variation of conditions or suspension or cancellation of approval of auditor

This clause sets out procedures relating to the variation of conditions of an approval, or the suspension or cancellation of an approval.

Clause 77: Review of decisions relating to approvals

Various decisions of the relevant authority relating to the approval of a food safety auditor (or to the rejection of an application for approval) will be reviewable by the Administrative and Disciplinary Division of the District Court.

Clause 78: Food safety programs and auditing requirements

The proprietor of a food business must ensure compliance with any prescribed requirements relating to the preparation, implementation, maintenance or monitoring of a food safety program for the business. The proprietor of a food business must ensure that a food safety program is audited in accordance with the scheme under the Act.

Clause 79: Priority classification system and frequency of auditing

The appropriate enforcement agency will determine the priority classification of individual food businesses for the application of the requirements of the regulations relating to food safety programs, and the frequency of program auditing.

Clause 80: Duties of food safety auditors

An audit of a food safety program must be carried out having regard to the requirements in the regulations. It may be necessary for an auditor to conduct follow-up audits. Auditors will be required to assess compliance with the Food Safety Standards, and to undertake any reporting required by the regulations.

Clause 81: Reporting requirements

A report on the results of any audit or assessment carried out by a food safety auditor must be furnished to the appropriate enforcement agency. The report may recommend that the priority classification of a food business be changed. A copy of a report will be give to the proprietor of the relevant business.

Clause 82: Redetermination of frequency of auditing

A food safety auditor may determine that the audit frequency of a food safety program be changed.

Clause 83: Certificates of authority of food safety auditors

A food safety auditor will be issued with a certificate of authority.

Clause 84: List of food safety auditors to be maintained

The relevant auditor will keep a list of approved auditors, which will be open to the public.

Clause 85: Obstructing or impersonating food safety auditors

It will be an offence for a person, without reasonable excuse, to resist or obstruct a food safety auditor in the exercise of a function under the Act, or to impersonate a food safety auditor.

Clause 86: Notification of food businesses

The proprietor of a food business will not be able to conduct the business without first giving notice to the appropriate enforcement agency in accordance with any requirements of the Food Safety Standards. The proprietor of a food business in operation when the notification requirements commence will have 3 months to give the

notice. A notification will also need to be given if a food business is transferred to another person, or if there is a change in the name or the address of a food business. These requirements will not apply to a food business that is not required to give a notification under the Food Safety Standards.

Clause 87: Provision relating to functions

The relevant authority will have the functions in relation to the administration of the Act that are conferred or imposed by or under the Act. The relevant authority may take such measures as the authority considers appropriate to ensure the effective administration and enforcement of the Act.

Clause 88: Delegations by relevant authority

The relevant authority will be able to delegate a power or function vested or conferred under the Act. The relevant authority will not be able to delegate a power to an enforcement agency or the head of an enforcement agency without the consent of the agency or the head of the agency (as the case may require).

Clause 89: Functions of enforcement agencies in relation to this Act

An enforcement agency will have the functions in relation to the administration of the Act that are conferred or imposed by or under the Act, or as are delegated to it under the Act.

Clause 90: Conditions on exercise of functions by enforcement agencies

The relevant authority may, after consultation with an enforcement agency, impose conditions or limitations on the exercise of functions under this Act by the enforcement agency.

Clause 91: Delegations by enforcement agency

An enforcement agency, or the head of an enforcement agency, will be able to delegate powers and functions vested or conferred under the Act.

Clause 92: Exercise of functions by enforcement agencies

It will be possible to adopt national guidelines prepared by ANZFA for the purposes of the Act.

Clause 93: Reports by enforcement agencies

The head of an enforcement agency will be required to furnish periodic reports to the relevant authority on the performance of functions under the Act.

Clause 94: Appointment of authorised officers

An enforcement agency will be able to appoint authorised officers for the purposes of the Act.

Clause 95: Certificates of authority

Each authorised officer will be issued with a certificate of authority, which must be produced on request.

Clause 96: Offences by employers

An employer will be responsible for a contravention of the Act by an employee. It will be a defence to prove that the employer could not, by taking all reasonable precautions and exercising all due diligence, have prevented the contravention.

Clause 97: Offences by bodies corporate

A member of the governing body of a body corporate, or concerned in the management of a body corporate, will be taken to have contravened any provision contravened by the body corporate if the person knowingly authorised or permitted the contravention.

Clause 98: Liability of employees and agents

It will not be a defence in proceedings for an offence to claim that the defendant was acting as an employee or agent of another person. However, it is a defence for person to prove that he or she was acting under the personal supervision of the proprietor of a food business.

Clause 99: No defence to allege deterioration of sample

In proceedings for an offence it is not a defence to allege that a sample of food retained for future comparison has, from natural causes, deteriorated, perished or undergone any material change in constitution.

Clause 100: Onus to prove certain matters on defendant

If it is alleged that a statement on a package or in an advertisement relating to the composition or properties of food has caused the food to be falsely described, the onus on proving the correctness of the statement will be on the defendant.

Clause 101: Presumptions

Various presumptions will apply for the purposes of proceedings under the Act.

Clause 102: Certificate evidence and evidence of analysts

This clause deals with the status of certificates of the results of an analysis carried out under the Act.

Clause 103: Power of court to order further analysis

A court may order that a sample retained under the Act be analysed by an independent analyst.

Clause 104: Court may order costs and expenses

A court will be able to make orders in respect of the costs and expenses of an incidental to the examination, seizure, storage, analysis or disposal of any thing the subject of proceedings for an offence under the Act or regulations.

Clause 105: Court may order forfeiture

A court by which a person is convicted of an offence under the Act or regulations may order the forfeiture to the Crown of anything used in the commission of the offence.

Clause 106: Court may order corrective advertising

A court may order a person convicted of an offence under Part 2 to disclose specified information to specified persons or classes of persons, or to pay for advertisements containing material specified by the court.

Clause 107: Special power of exemption

The Minister will be able, by notice in the *Gazette*, to confer exemptions from the Act or specified provisions of the Act. An exemption may be granted on conditions, and may be varied or revoked by further notice in the *Gazette*.

Clause 108: Protection from liability

This clause provides protection from liability for bodies and persons engaged in the administration of the Act with respect to an honest act or omission in the exercise or discharge, or purported exercise or discharge, of a power, function or duty under the Act.

Clause 109: Disclosure of certain confidential information

This clause provides for the protection of information relating to manufacturing secrets, commercial secrets or working processes.

Clause 110: Regulations

The Governor may make regulations for the purposes of the Act.

Clause 111: Repeal of Food Act 1985

The *Food Act 1985* is repealed.

Clause 112: Savings and transitional regulations

The Governor will be able to make saving or transitional provision by regulation.

Ms STEVENS secured the adjournment of the debate.

LEGAL ASSISTANCE (RESTRAINED PROPERTY) AMENDMENT BILL

Second reading.

The Hon. I.F. EVANS (Minister for Environment and Heritage): I move:

That this bill be now read a second time.

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

Leave granted.

The *Crimes (Confiscation of Profits) Act* was passed in 1986. It came into effect in March, 1987. It was the product of international and national movement against organised crime and drug offenders in the mid 1980s. In particular, there was agreement on the need to enact confiscation legislation in the area of drug offences at a Special Premier's Conference in 1985. Model uniform legislation was agreed by the Standing Committee of Attorneys-General.

In 1994, Mr David Wicks QC (as he then was) was commissioned to examine the legislation and proposals that had been made to improve it, with a particular eye to putting the Act on a sound commercial basis. Mr Wicks' recommendations were thorough and detailed and, as a result of the review and the consultation process which followed it, Parliament enacted a new *Criminal Assets Confiscation Act* in 1996. The Act came into effect on 7 July, 1997.

As was the case previously, the Act contained extensive powers for a court to make what are known as "restraining orders" on application by the Director of Public Prosecutions. Restraining orders are admittedly severe in their operation. They are orders of the court which "freeze" or make an order as to the temporary disposition of property and assets belonging to or found in the possession of the accused even before the trial of the accused has begun. The necessity for such powers is obvious and they exist in equivalent legislation throughout Australia. If the State is to make a serious attempt to confiscate the profits of crime or "tainted property" through the use of which crime has been committed, there must be a way of preventing those accused of crime from moving those assets or property under threat from the reach of the court and the process of forfeiture. Restraining orders are the way in which this can be done.

Since restraining orders have the effect of "freezing" assets, including money, an area of conflict has arisen over whether, and the extent to which, frozen assets can be released for use by the accused

to pay his or her legal costs to defend him or herself. This is not a simple question. It has become more significant since the decision of the High Court in *Dietrich* (1993) 177 CLR 292. In that case, although the High Court held that an accused person had no right to counsel, it held that he or she had a right to a fair trial. It followed, said the High Court, that where an accused charged with a serious offence was indigent and therefore could not afford legal counsel and could not get legal aid, and where the court of trial was convinced that he or she could not have a fair trial because of that lack of legal representation, the trial would be stayed until there was representation. Whether that is a good decision or not is not at issue here. What is at issue is that there may well be circumstances in which a court will be faced with a person charged with a serious crime who cannot be tried until a legal defence is funded by some means.

One of those means may well be "frozen assets". The importance of frozen assets is emphasised by the fact that, if the accused does have frozen assets, the Legal Services Commission will not fund legal aid for the accused until those funds have been accessed.

The predecessor *Crimes (Confiscation of Profits) Act* did not specifically mention access to legal fees for this purpose at all. Section 6(3)*(c)* provided that the restraining order may provide for payment of specified expenditure or expenditure of a specified kind out of the property. This was the source of any application to have restrained moneys released for the payment of legal expenses. The leading authority is the decision in *Vella* (1994) 61 SASR 379. The court held that the general power conferred upon a court to authorise payments out of restrained funds for 'specified expenditure' conferred power on a court to make provision for the payment of legal expenses from restrained assets. Further, the court said that the fundamental principle relevant to the exercise of the discretion is that a person accused of a crime is entitled to employ from his or her own resources the legal representation of his or her choice.

As a result of these developments, the 1996 Act contains specific provision for payments out of restrained funds for legal expenses. Section 20(2) provides:

(2) Property subject to a restraining order may only be applied towards legal costs on the following conditions—

(a) the court must be satisfied that—

(i) it is unlikely a person other than the person who wants the property applied toward legal costs could (assuming the property were not forfeited) establish a lawful claim to the property; and

(ii) the person who wants the property applied towards legal costs has no other source of funds (within or outside the State) that could reasonably be applied towards legal costs; and

(b) the court may only authorise application of property towards the payment of legal costs on a reasonable basis approved by the court.

Legal Expenses and Restrained Property—The Nature of the Problem

While the new Act referred to "legal costs on a reasonable basis" and hence sought to adopt the position taken by Olsson J in *Vella*, it does not specify any further criteria, thus leaving the question of reasonableness to the court. There has, therefore, been some litigation on the question. In *Petropoulos* (1998) 196 LSJS 358 the accused was charged with a number of offences relating to the sale of cannabis. The DPP obtained a restraining order over four amounts of cash: $2 416 found on the person of the accused at the time of his arrest; $63 350 found in the luggage of the accused at the time of his arrest; and $33 050 and $1 000 found in a floor safe at the home address of the accused. The accused applied for a variation of the restraining order so that he could access these funds to pay his legal expenses in defending the charges against him. He declared by affidavit that he had no other assets and no income aside from a social security pension. The question was as to the basis on which the legal fees should be assessed.

It was argued on behalf of the DPP and the Attorney-General that the applicable rate should be the rate set by the Legal Services Commission. It was argued on behalf of the accused that the rate should be the rate set by the Supreme Court scale of costs. Lander J did not agree with either argument. He decided that the rates set by the Legal Services Commission could not be said to be a rate of costs fixed on a reasonable basis. He also decided that the Supreme Court scale was not appropriate for work done in the Magistrates Court. He decided that, as a general rule and subject to particular circumstances, what was reasonable were "the charges prevailing in the market place" and "the scale of costs in the court in which the legal work is to be performed.". This judgment was affirmed in a case in which the accused desired the services of a QC at trial in *Belmonte* (unreported, 1998).

The *Petropoulos* case reveals the inherent problems with this approach. Before trial, the accused argued that the court had no jurisdiction to hear the case because the cannabis in question was intended for sale in New South Wales and not South Australia. The trial judge ruled against the accused but nevertheless stated a question of law on the point to the Court of Criminal Appeal. The accused was represented on the point of law argument by a QC and junior counsel. The Court of Criminal Appeal ruled that the trial judge was right. The accused then tried to appeal to the High Court. On the application for leave to appeal to the High Court, the accused was again represented by a QC and junior counsel. The High Court refused leave. Thus, at that point, more than $40 000 has been spent on legal expenses, there has been no trial on the merits of the case, and the accused has lost each stage of the argument.

In *Pangallo* (unreported, 1999), the accused was charged with one count of selling cannabis and one count of possessing cannabis for sale. The amount of cannabis involved was in excess of 2 kilograms. Police found $5 000 cash on the person of the accused at the time that he was arrested and $36 000 cash on his premises. The DPP obtained a restraining order over this cash and a motor vehicle involved. The accused applied for access to the restrained funds to pay his legal expenses at trial on the basis that he was unemployed and in receipt of a partial invalid pension. He applied to have access to the funds to pay a QC and junior counsel to appear for him at trial at a cost of $3 500 per day for the QC and $190 per hour for the solicitor involved. The magistrate found that on the state of the current law, the accused was facing a serious charge that may lead to imprisonment and that, if he wanted a QC to represent him, a starting point would be $2 000 per day, plus $1 000 per day for a junior plus a solicitor's fee. In the event, he allowed $2 500 per day for the QC in this case. The important point is that the court held that: "It seems obvious that if the defendant chooses senior counsel to represent him in such serious charges, this court should take note of that, and authorise a rate that in the legal market place recompenses senior counsel.".

Legal Expenses and Restrained Property—What is Wrong With the Current System

The important question is: what is wrong with this state of affairs? In the most general of terms, to paraphrase the Supreme Court of the United States in *Monsanto* (1989) 105 L Ed 2d 512, when Parliament decided to give force to the axiom that crime does not pay, it did not mean crime does not pay except for lawyer's fees. The argument that the accused does not receive the benefit of the assets but rather the lawyer does is unpersuasive: the accused receives the benefit of the defence paid for by those assets and, as has been shown by the examples given, that may be a considerable benefit indeed.

The argument that, unless it can be shown that some innocent third party has an interest in the assets, the accused has the best interest in the assets and should therefore be treated as any other funded litigant in the market place is correct in law, but is not sound in policy. The reason is that, by enacting a confiscation of assets scheme which directs confiscated criminal assets into the criminal injuries compensation fund, Parliament has constructed a scheme which, as a matter of policy, gives the State a contingent interest in the assets over which a restraining order has been made. That interest is most clearly shown in a string of cases in which a person accused of drug trading offences is found in possession of large amounts of unexplained cash, and yet applies to the court for access to money to fund a legal defence because he or she has no income or is on a pension. If he or she has no income, and declines to explain the source of the restrained funds, where did all that cash come from?

This problem is not confined to South Australia. There have been far more spectacular examples in other States. Perhaps the most cited example was a Queensland case known as "Operation Tableau" in which 12 defendants successfully obtained access to $1.2 million held in an overseas bank account to fund legal advice. The defendants eventually pleaded guilty, but the entire $1.2 million was spent on the preliminary hearing and pre-trial litigation.

This and other, less spectacular cases, have led to legislation in other States, most notably in Victoria. The Victorian scheme now provides that a court is prohibited from making any provision out of restrained assets for the payment of legal expenses in relation to any legal proceedings (*Confiscation Act*, s 14(4)), and replaces that kind of order with a statutory scheme. The statutory scheme (*Confiscation Act*, s 143) provides that where the court is satisfied that the accused is in need of legal assistance in respect of any legal proceeding, because the person is unable to afford the full cost of obtaining legal

assistance from a private practitioner from unrestrained property, the court may order Victoria Legal Aid to provide legal assistance to the person, on any conditions specified by the court, and may adjourn the legal proceeding until such assistance has been provided. In general terms, if the restrained property is real property, Victoria Legal Aid is entitled to secure the funds to be expended by taking a charge over the property concerned. If there is no such property, or if it is insufficient, then the State must pay that amount to Victoria Legal Aid to the value of any property forfeited or the amount of any penalty paid to the State in relation to the offence in reliance on which the restraining order was made and the Consolidated Fund is, to the necessary extent, appropriated accordingly.

Legal Expenses and Restrained Property—The Recommendations of the Australian Law Reform Commission

The whole area of restrained assets and legal expenses was examined in great detail by the Australian Law Reform Commission in March, 1999. In its report No 87, *Confiscation That Counts*, the Commission identified the following principles to be central to the confiscation regime:

- a person should not be allowed to become unjustly enriched at the expense of other individuals and society in general as a result of criminal conduct;
- property used in, or in connection with, the commission of a criminal offence, should be able to be confiscated to render it unavailable for similar use in connection with such conduct;
- confiscation of property used in, or in connection with, the commission of a criminal offence, should be available as a suitable punitive sanction (in addition to the traditional sanctions of fines and imprisonment) for engaging in such conduct;
- law enforcement agencies must be given the powers necessary to enable them to ensure that the principal objectives are able to be achieved; and
- there is a need to ensure (through the restraining order process) that property that may be liable to forfeiture is preserved for that purpose.

The Commission reviewed the general scheme relating to the relationship between restraining orders and the release of funds for legal expenses akin to that presently in place in South Australia and concluded that it was unsatisfactory. The Commission concluded (at para 15.23):

> "… the proposition that restrained property should be able to be made available to fund a defence to the very proceedings that would, in the event of a finding against the defendant, lead to the forfeiture or possible forfeiture of that property cannot in the view of the Commission, be sustained.".

The Commission concluded that the only justification for legislation allowing for the payment of legal expenses from restrained property was the expedient one of not throwing "a new class of indigent persons upon already thinly stretched national legal aid resources". Assuming that was the reason, the evidence before the Commission led it to conclude that any expectation that providing such an option would do minimum violence to the principles upon which the legislation was based "has been found to be misplaced". The most serious defects found on the evidence by the Commission included (at para 15.33):

> … funds are not infrequently dissipated on unmeritorious proceedings as there is no mechanism to limit the type of proceedings to be funded, and a defendant who is aware that his or her assets may be confiscated is not likely to exercise judgments exercised by ordinary prudent litigators;
>
> … it leaves open the potential for persons with restrained assets to seek the most qualified and expensive legal advice available;
>
> … after available assets have been expended on committal and interlocutory litigation, defendants either plead guilty or apply for legal aid to fund the trial; and
>
> There is simply no fixed scale against which the reasonableness of legal costs can be measured. In South Australia, there is no general scale of costs for the conduct of criminal matters.

All four phenomena have been observed and documented in South Australia.

There are more technical and procedural problems as well, all of which have been found in South Australia. First, the criminal courts are unwilling and unsuited to the task of determining whether the defendant is indigent, and, if so, the extent to which assets should be released and which assets should be released. Most contested matters are dealt with on untested affidavit in the context of a formal court process. Courts are placed in the invidious position of appearing to pre-judge the merits of the substantive issue at a pre-trial stage. Moreover, the court before which the matter of the reasonableness of costs is litigated may well be a different level of the court structure from that in which the hearing on the merits is to take place or the legal expenses incurred.

Second, the fact that the matter is decided by the court inevitably means that the conduct of the case for the Crown is in the hands of the DPP. This is not seen as appropriate, because the DPP can be placed in the position of having to comment upon and argue about how or in what manner the defence is to be conducted.

Third, the court cannot be expected to monitor continually the expenditure of legal representation. In South Australia, the courts have adopted the practice of ordering any released funds to be paid either directly into the trust account of the defendant's legal representatives, or, more regularly, to the Crown, the Crown Solicitor being expected to monitor expenses. Neither solution is satisfactory. The first is simply an abdication of any accountability at all. The second places the Crown Solicitor in the impossible position of taxing the costs of another's legal practice, which not only poses ethical dilemmas, but is also plainly impractical.

This combination of substantive and procedural problems led the Commission to recommend a different system. The essence of that system is as follows:

- Access to restrained property for the purposes of the payment of legal expenses should no longer be possible;
- The State should be obliged to provide a legally adequate defence to any person rendered unable to fund a defence because of the restraint of property;
- The adequacy of the defence should be comparable to that which an ordinary self funded person could be expected to provide to the proceedings in question;
- The defendant could challenge the adequacy of the defence provided by application to the court;
- The administration of the scheme should be entrusted to the State Legal Services Commission which would, for the purposes of means testing, disregard the restrained assets of the defendant;
- The Legal Services Commission should be enabled to access the pool of restrained or forfeited property (in South Australia, the criminal injuries compensation fund) for the purposes of funding the defence required to be provided;
- In the event that the defendant is acquitted, the Legal Services Commission should be able to recover what it had spent from any previously restrained assets and any funds recovered by this method should be repaid into the criminal injuries compensation fund.

Legal Expenses and Restrained Property—The Proposed Solution

The system proposed by the Australian Law Reform Commission has many strengths and only two weaknesses. With the exception of those two weaknesses, it is proposed that it be adopted.

First, the system calls for a level of legal representation "of the kind the ordinary self-funded person could be expected to provide for themselves". Further, a defendant in this position can ask a court to review the level of representation provided. The first element of this is, of course, a fiction. There is no such ordinary litigant. Under the Law Reform Commission proposal, the Legal Services Commission would be asked to have two kinds of clients—those that it normally provides for (and does now) and those for which it is expected, somehow, to provide "more". On the contrary, it should be assumed that the Legal Services Commission does provide an adequate level of legal representation for the type of case it is called upon to handle. The scheme should call upon the Legal Services Commission to fund a proper defence in the normal way without a statutory assumption that, in other cases, the defence that it provides is in some respects inadequate. This exclusion obviates the need for a "court appeal" mechanism which would be just another way of delaying proceedings, expending legal resources and engaging the court in an exercise which, as has been argued above, and vigorously argued by the Commission, the court is not suited to make.

Second, under the Commission's proposed scheme, the Legal Services Commission would have access to the entire criminal injuries compensation fund in each case, without regard to the actual amount of assets restrained in the individual case concerned. It is submitted that that proposal is incorrect in principle. On a pragmatic level, the fact that the restraint of, say, $1 000 may give rise to a call on the criminal injuries compensation fund of, say $60 000 may cause the authorities to not restrain the smaller amount. This sort of calculation is invidious and should not have to be made. On the policy level, once the defendant's restrained and other assets have

been exhausted, then he or she is in exactly the same position as any other indigent litigant in terms of Legal Services Commission criteria. There is no sound reason why the criminal injuries compensation fund should subsidise this kind of indigent litigant rather than any other. The purpose of the fund and the system that lies behind it is not to fund litigation but to compensate the victims of crime.

Other Recommended Changes

Consultation with the Director of Public Prosecutions has resulted in some other recommendations for change. They are:

- Courts have shown a tendency to order that, where a defendant applies for access to restrained property for the purpose of paying legal expenses and succeeds to any degree, part or all of the defendant's costs in making the application should be borne by the DPP. This should not be the case. The DPP is being penalised, through orders for costs, for taking part in a statutory regime designed to ensure that the State's contingent interest in restrained property is not diminished. If the recommendations made above are adopted, this will cease to be an issue.
- There are two issues that have arisen in practice as a result of the provisions in the legislation for "automatic forfeiture", which provisions were new in the 1996 Act. In very general terms, "automatic forfeiture" works as follows. Where (a) a restraining order is made over property that is (b) the subject of an allegation of a serious drug offence (as defined in the Act) and (c) the offender is finally convicted of the serious drug offence then the restraining order "automatically" converts into a forfeiture order 6 months after the conviction becomes final. The DPP has identified two practical problems with the relationship between the provision for "automatic forfeiture" and other provisions in the Act.
- There are exceptions to "automatic forfeiture". One of the most important involves the preservation of the rights of innocent third parties who have an interest in the property. The exception requires such a party to show either that the property was obtained lawfully or that it was obtained at least 6 years before the commission of the offence and, in that case, that the property is not tainted. However, by contrast, where "automatic forfeiture" is not involved, and there is an application for forfeiture by a separate proceeding, the innocent third party has to show that it was obtained at least 6 years before the commission of the offence and that the property is not tainted. The innocent third party can also obtain the property if he or she can show that it was obtained in good faith and for valuable consideration. There is, therefore, a lack of uniformity between the exception to forfeiture in favour of third parties depending on whether the forfeiture is by way of application or by way of "automatic forfeiture". This is undesirable. The exception in relation to "automatic forfeiture" should mirror that in relation to forfeiture by application.
- Where the property concerned is the profits of any criminal offence, the court is obliged to make a forfeiture order. Where, on the other hand, the property was merely used in the commission of a crime, the court has a discretion whether to order its forfeiture or not. If forfeiture is ordered as a matter of discretion, the court may take the amount forfeited into consideration when imposing a penalty for the offence. Since "automatic forfeiture" takes place 6 months after the offender has been finally convicted, in practice the defendant in a case where "automatic forfeiture" is to be relied upon may be deprived of the benefit of any sentence discount occasioned by the forfeiture. Again, this inconsistency is undesirable. The law should be amended so that the sentencing court is obliged to take into account the existence of any restraining order which will lead to "automatic forfeiture".
- There are some circumstances in which the defendant wishes to sell property that is subject to a restraining order but which is legally owned by the defendant. In some of those cases, the DPP, as Administrator of such property, would not want to stand in the way of the sale, if, for example, a particularly good opportunity exists to convert the property into cash. The only interest that the Administrator has is the preservation of the State's contingent interest in the property to the extent to which it is forfeitable. It is clear under the present Act that proceeds of crime can be traced through any number of transactions. However, this provision does not apply to the kind of situation outlined. Therefore, it is proposed that the definition of "tainted property" be amended to include property into which tainted property is subsequently converted.

Related Amendments to Criminal Law Consolidation Act 1935

Sections 360 and 363(2) of the *Criminal Law Consolidation Act* provide that a court may order funding of a defendant's representation from a fund provided by the Parliament if it considers that the defendant has no means. The sections appear to have been overlooked when the Parliament passed the *Legal Services Commission Act 1977*. The latter Act was always intended to be a complete measure for the provision of State funded legal representation and these sections should have been repealed at that time. No fund appears to have ever been provided for the purposes of these sections.

Section 360 was introduced into South Australian law as section 13 of the *Criminal Appeals Act* in October 1924. That Act set up a Court of Criminal Appeal and gave convicted people rights of appeal against conviction and sentence equivalent to those under a 1907 English law. In his second reading explanation (*Hansard*, House of Assembly, 2 October 1924 at page 905) the then Attorney-General explained section 13 as follows:

> . . . which gives a judge power to assign to a convicted person counsel and a solicitor free of charge in any case where the judge considers that he has not sufficient means to enable him to obtain legal assistance and the judge considers it desirable in the interests of justice that he should have legal assistance. This ensures that the right of appeal shall be capable of being effectively exercised, even by the poorest.

In committee the then Attorney-General was asked the following question on clause 13:

> Will the expenses of counsel assigned to an appellant be paid by the government?

He replied:

> I know of no other fund from which the money could come.

Clearly there was then no other fund and certainly no legal aid. It could be inferred from the question and answer in 1924 that, if there were such other fund, different considerations might apply to the nature of and necessity for this clause.

A fund administered by the Legal Services Commission now exists to pay the legal expenses of appellants who qualify on means and merit. Thus the only basis for seeking a section 360 order is where the appellant does not qualify for legal aid. A court in ordering that the costs of such a person's appeal be paid from government revenue (section 363(2)) is in effect overriding the authority of the Commission to decide which appellants qualify to have their appeals paid for out of public funds.

By the *Legal Services Commission Act* Parliament intended to invest in the Commission the authority to assess and determine all funding applications for legal representation based on strictly applied eligibility tests. There was no mention of section 360 in debate upon its introduction. The debate focused primarily on the establishment, nature and functions of a single independent authority through which public moneys were to be channelled and applied to legal assistance for those unable to afford it themselves.

The way in which the Commission might limit the scope of assistance for legal representation by reference to the stage in the trial process or to types of matters for which assistance was sought was not debated. Parliament did not appear to turn its mind to the fact that in retaining section 360 a court would be able, in effect, to override the Commission's authority. It is therefore likely that section 360 was retained inadvertently when the *Legal Services Commission Act* was passed in 1977.

A section 360 order was made in the case of *R v Gillard and Preston*, [2000] SASC 212, assigning solicitor and counsel to both appellants for their appeal against conviction. By virtue of section 363(2) the costs of representation assigned under a section 360 order are to be paid out of moneys provided by Parliament for the purpose and subject to any regulations as to rates and scales of payment made by the Governor. In this case the applicants had been refused legal aid for appeal because the case had reached the legal aid funding cap at trial.

There are of course no specific moneys provided by Parliament for the purpose at all. The fact that the order has been made not only contravenes the public policy behind the law relating to the provision of legal aid in this State but also purports by judicial decree to appropriate money from the public purse without the benefit of any relevant Parliamentary approval. Opinions differ as to what the effect of the order may be. It is not intended to enter into that debate. The point for present purposes is that the existing sections are anachronistic and unacceptable.

This bill proposes important alterations in the law. No doubt it will be controversial. But it represents a better and more rational way forward.

I commend the bill to the House.

Explanation of Clauses

Clause 1: Short title

This clause is formal.

Clause 2: Commencement

The measure will be brought into operation by proclamation.

Clause 3: Amendment of Criminal Assets Confiscation Act 1996

This clause makes several amendments to the *Criminal Assets Confiscation Act*.

Paragraph *(a)* inserts a new definition of 'legal assistance costs', to mean legal costs associated with the provision of legal assistance under the *Legal Services Commission Act 1977*;

Paragraph *(b)* replaces the current definition of 'proceeds' with a new definition that refers to 'proceeds' as being property derived directly or indirectly from the commission of an offence;

Paragraph *(c)* extends the current definition of 'tainted property' to include tainted property that has subsequently been converted into other property (whether by sale or exchange or in some other way);

Section 15(5) of the *Criminal Assets Confiscation Act* sets out special provisions that apply to a restraining order made in relation to a serious drug offence. Subject to various exceptions, such a restraining order cannot be revoked or varied. Paragraph *(d)* amends *Exception 2.*, which relates to the interests of innocent third parties. This now provides that a restraining order may be varied or revoked if the owner of the property satisfies the court that the property was acquired *more than 6 years* before the offence was committed and the property is not tainted. This amendment makes this provision consistent with other provisions of the Act that deal with the rights of innocent third parties and forfeiture applications made under Part 2 of the Act.

Paragraph *(e)* amends section 20 of the Act by striking out subsections (2) and (3), which relate to the application of restrained property towards legal costs, and inserting new provisions. The new subsection (2) provides that restrained property may only be applied towards legal costs if this is authorised by the court and the costs are 'legal assistance costs'. Section 20(3) provides that upon the application of the Legal Services Commission, the court must authorise the application of restrained property towards payment of legal costs if it is satisfied that it is unlikely that no other person has a lawful claim to the property. Under section 20(4), the Legal Services Commission can not make an application to the court unless it is satisfied the person has no other source of funds reasonably available to pay towards legal assistance costs. Under section 20(5), the Attorney-General must be given an opportunity to be heard on the matter.

Clause 4: Amendment of Criminal Law (Sentencing) Act 1988

This clause amends the *Criminal Law (Sentencing) Act 1988* by inserting a new paragraph in section 10. The new paragraph *(ka)* provides that, except where a forfeiture of property operates to remove any benefit obtained from the commission of an offence, a court should have regard to the nature and extent of property that has been forfeited by a person in determining a sentence.

Clause 5: Amendment of Legal Services Commission Act 1977

Paragraph *(a)* of this clause inserts a new definition of 'restraining order' in the *Legal Services Commission Act* to mean a restraining order made under the *Criminal Assets Confiscation Act 1996*.

Paragraph *(b)* inserts a new section 18B, which provides that in assessing whether a person is eligible for legal assistance, the Legal Services Commission must disregard the value of any assets that have been restrained under the *Criminal Assets Confiscation Act 1996*. The restrained assets are also disregarded in assessing any contribution the person must make towards costs, but this does not prevent the Commission from applying to the court to have the restrained assets applied to the costs. A person's liability to pay legal costs to the Commission may be secured by a charge over restrained property. If the restrained property is later forfeited, the property will be automatically released from the charge, and the Administrator of the forfeited property under the *Criminal Assets Confiscation Act 1996* must pay the Legal Services Commission the amount secured by the charge, or the net proceeds of the forfeiture (which ever is the lesser).

Clause 6: Amendment of Criminal Law Consolidation Act 1935

This clause repeals sections 287, 360 and 363(2) of the *Criminal Law Consolidation Act*.

Section 287 provides that a judge may order that property taken by the police from a prisoner may be used towards a prisoner's defence, unless the property is required at the trial or is the subject of a criminal prosecution.

Sections 360 and 363(2) provide that a judge may, in the interests of justice, assign legal representation to a defendant in relation to a new trial or an appeal, if the judge is of the opinion that the defendant does not have sufficient means. The costs are to be paid out of a fund provided by Parliament for this purpose.

Ms HURLEY secured the adjournment of the debate.

FISHERIES (SOUTHERN ZONE ROCK LOBSTER FISHERY RATIONALISATION) ACT REPEAL BILL

The Legislative Council agreed to the bill without any amendment.

POLICE SUPERANNUATION (MISCELLANEOUS) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 1 March. Page 1015.)

Mr FOLEY (Hart): This bill involves a couple of critical issues relating to police superannuation. Its aim is to amend the law to enable police officers to access invalidity pensions from age 55 to age 60. At present, police officers, I understand, can take invalidity pensions up to age 55, and those post 55 to a retirement age of 60 have available to them only the pension scheme. To bring this into line with what we understand is the standard practice in other state government superannuation schemes, we are amending the State Superannuation Act.

In some instances, officers had taken invalidity pensions just prior to turning 55 years of age, and the Police Association has been arguing with the government that it should be sorted out. Given that this applies in other superannuation schemes, it seems an eminently sensible thing to do.

The SPEAKER: Order! There is too much audible conversation in the chamber. I ask members to keep it to a low level.

Mr FOLEY: As I said, as it relates to parliamentary superannuation—

The SPEAKER: Order! I ask members to keep the conversation down.

Mr FOLEY: I thought that my reference to parliamentary superannuation would get the attention of members. Clearly, it is a late night if that does not get members' attention. I am talking about police superannuation.

Another aspect is that as a result of this bill officers will be able to volunteer to make extra payments to their superannuation by way of salary sacrifice, a provision which is available to other members of the public service. Another aspect is that in 1988, as members will recall, the government of the day awarded a 3 per cent productivity wage increase to police officers. That was paid in the form of superannuation. It was done in such a way that a specific occupational superannuation scheme was created, meaning that there were two defined benefit schemes plus the occupational scheme. So, there were three schemes being administered separately and accounted for separately. It seemed, over time, to be a somewhat cumbersome process, so this bill brings it into line with what had been done with other superannuation schemes. We are closing the occupational scheme and merging that funding into the other two superannuation schemes.

As the shadow minister for police is fully aware of these changes to police superannuation I know I have his full

support. As you can tell, sir, I am getting into the habit of trying to remember my speeches and not having them written. It may have escaped your notice that I have also left the bill and my notes in my office upstairs, but having such a brilliant mind, I know that these things just hang there. I think I have covered most aspects of this bill tonight. I apologise to Hansard; this is a rambling contribution. In all seriousness, however, it is a good piece of reform. I have consulted with the Police Association, which fully supports this. We support it as a sensible measure. We are happy for this to go through to the third reading without going into committee.

The Hon. M.R. BUCKBY (Minister for Education and Children's Services): I thank the member for Hart for his contribution and, as he says, a few technical issues are being tidied up in this bill by merging two superannuation schemes into one, allowing police to add additional payments into the superannuation scheme and recognising the invalidity factors between the ages of 55 and 60. I commend the bill to the House.

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

FAMILY AND COMMUNITY SERVICES (SERVICE AGREEMENTS) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 5 October. Page 42.)

Ms STEVENS (Elizabeth): The principal act, the Family and Community Services act, is an act to promote the welfare of families and the community in this state and for other purposes. It has two major objectives: (a) to promote the welfare of the community generally and of individuals, families and groups within the community; and (b) to promote the dignity of the individual and the welfare of the family as the basis of the welfare of the community. Following those two main objectives, there are then 16 further parts describing the manner in which these objectives are to be achieved. One of them is of particular interest to the current amendment before us tonight, namely:

> by encouraging or assisting in the provision of welfare services by volunteers and non-government groups or organisations.

The principal act, along with all other legislation, has been subject to a review under competition policy. The bill before us tonight seeks to make an amendment to the principal act as a result of that competition policy review. According to the competition principles agreement in relation to legislation which contains restrictions upon competition, the government is required to show evidence that (a) the benefits of any restriction to the community outweigh the costs; and (b) the objectives of the legislation can be achieved only by restricting competition. The process in this case was conducted by a competition policy review team, which reviewed the act and reported to the Minister for Human Services. An issues paper was produced in July 1999 for discussion purposes.

I would like to refer to the main findings and points of discussion that arose in that issues paper in order to develop the argument that the competition policy review team developed and in particular to refer to the amendment that is before us. The issues paper determined that the markets affected by the act were the provision of services funded by the government and the provision of certain services for which a licence is required. In relation to the principal act, the particular parts that the competition review team pinpointed were: part 3, division 2—special welfare funds; part 3, division 3—contracting of services; and part 4, support services for children, division 2—services and facilities for children. I will mention each one of those in terms of the deliberations of that competition policy review team.

First, under part 3, division 2—special welfare funds, the committee examined procedures in relation to two funds under the Act, the Family and Community Development Program, including the Community Benefit Fund and also the fund for the Early Intervention and Substitute Care program. In the analysis of restrictions it acknowledged that:

> The sector from which the Community Services Branch purchases services cannot be considered to constitute an homogenously mature marketplace.

For example, for some services there is only one viable supplier; some agencies have a unique knowledge of client needs; there are local priorities and opportunities; and the effectiveness of the service may not be determined solely on the basis of the lowest price, but also on the quality of service and the resultant client outcomes. The report continues:

> Whilst calling of tenders is appropriate for some services, it may not be able to be universally adopted in identifying the most appropriate service providers. . . A range of approaches may be necessary in differing circumstances, including selective tender, preferred provider or a consultative and negotiated approach.

There is much concern in the community welfare sector about these matters and whether a competitive model is appropriate in the provision of services such as these. I would like to refer briefly to some of those issues that have been raised on numerous occasions with me in relation to service providers in the social welfare sector. I was provided with an interesting report called 'Competing interests: competition policy in the welfare sector' by Ann Neville. This was produced by the Australia Institute and Anglicare Australia, and covered the issues of competitive tendering in the social welfare sector and the issues arising from it. I will briefly mention some of these.

In the executive summary, under 'Impacts of competitive tendering,' the following matters were mentioned: first, that competitive tendering has tended to reduce collaboration between welfare agencies and the extent of learning by doing which may lead to the loss of specialised physical as well as intellectual capital. They say this is having a detrimental affect on the quality of welfare services. Secondly, the report states that competitive tendering is reducing choice for many clients of welfare agencies and is removing access to welfare services altogether for some clients. The reduction in choice is a consequence of the decline in the number of small agencies. In addition, potential clients are being excluded from services as eligibility criteria are tightened.

Thirdly, the report mentions that competitive tendering as currently practised increases the administrative costs of agencies, thereby reducing the amount of money available for client services. As I mentioned previously, these issues are raised with me on a very regular basis and, it seems to me, that one of the challenges ahead of us is for us to develop a new model which can be used in relation to the purchasing of services in the social welfare sector which encompasses the need for efficient and effective value for money but which acknowledges and incorporates the nature of the service sector, the needs of clients and the achievement of quality service outcomes.

In relation to that first section, the special welfare funds, the review panel in its final report to the minister stated that 'no viable alternative to the current system has been suggest-

ed that would enhance competition' and, as such, they made no recommendation in relation to any changes to that section. In part 3, division 3, contracts for services, there is a different story and this is the part of the act that we are looking at tonight and, in particular, section 24(3). In the current bill this section states:

> The minister should avoid, so far as practicable, entering into agreements providing long-term care of persons in need of such care unless satisfied that the other parties to the agreement do not enter into those agreements with the objective of making a profit.

That is how it stands at the moment. The meaning of 'long-term' has not been defined in the act, but relates to orders for guardianship until the age of 18 years made pursuant to section 38(1)(d) of the Children's Protection Act.

I understand that at any one time about 1 000 children are in this position, who, for their own care and protection, have been placed under the guardianship of the minister. They are, in effect, the minister's children. They are children who have suffered serious detriment through abuse and neglect and where attempts to alleviate this abuse in their family context have failed. They require special care and support, and it is certainly not an easy task. It is important to note that the current provision does not prevent agreements made with for profit enterprises if there is no practical alternative, but it does indicate that not for profit agencies will be the preferred providers. In its discussion paper the committee says:

> While the restriction may technically be serious, the panel is of the opinion that it has had no practical effect to date, but would if an appropriately qualified and experienced private, for profit agency was to tender for work in this area.

The comment 'no practical effect to date' I presume to mean that only not for profit enterprises are currently involved in this sector. Will the minister confirm whether or not private for profit contractors are or have been providing long-term care under this section?

However, let us consider a real scenario. Alternative Care services, foster care services in South Australia, have been outsourced to non-government not for profit agencies for the past three years or so. I understand that since the commencement of the contract in 1997, Anglicare, the provider of foster care services in metropolitan Adelaide, has accepted that it needed to contribute to adequately resourcing the services it has been providing for the government. However, Anglicare has done this to the tune of an average annual deficit of $146 000 over the three years of the contract. Similar relative deficits apply to the other providers who are involved in the provision of foster care services in the country areas of South Australia.

Furthermore, I understand that, as at the end of year 2000, all alternative care agencies had been offered only 3 per cent on the funding levels which had been in place since 1997. All the agencies—Anglican Community Care, Port Pirie Central Mission and Anglicare SA—had refused to sign agreements on that offer. The real cost increases on staff wages alone is 9.62 per cent. With the current offer and a contribution of $200 000 from Anglicare, they are still looking at a shortfall of $141 000. I understand that the Department of Human Services has since made a verbal offer to those agencies in relation to the next round of funding, but even that has still not been finalised.

Is it any wonder that at this stage the restriction in competition under the current act has had no practical effect? What for profit operator would supplement the funds to that extent? Of course, they would not. What would happen is that there would be a cut to the services provided and that means a cut to the services that are provided to some of the most vulnerable children in our state. In its discussion of the cost to the community caused by the restriction in competition, the review panel cited that, first, the community may be denied the opportunity of testing the real market price of the services on offer by alternative providers; and, secondly, that contracting out services, even when limited to the non-government sector, may lead to a drop in cooperation.

In relation to the community benefit for maintaining the restriction, the review panel said:

> In highly competitive contract situations if the financial margins are slim, non-government agencies with a service 'mission' may be likely to have more regard to the welfare of the client than for the profit bottom line.

It continues:

> Where reserves accumulate from prudent management these would be returned to the clients by non-government agencies in the form of improved services because of their legal structure.

I must say that, after all of this, I was astonished to see that in its final report the review panel recommended that section 24(3) be removed. In other words, that the preference to the non-government sector for these types of services be taken out.

I was even more astonished that the minister has acted upon this recommendation and that this particular amendment is before us. I remind the House of what the minister said in the final two sentences of his second reading speech. He said:

> The removal of this provision will allow for the contracting of family or community welfare services or other related services with the entire range of non-government services.
>
> The quality of services will be protected as the commercial service provider will be required to demonstrate capacity for and comply with the same standards of service provision as any other tenderer.

Mr McEwen interjecting:

Ms STEVENS: The member Gordon says he will believe it when he sees it, and I would like to agree with him. I would like to refresh people's memory in relation to—

The Hon. Dean Brown interjecting:

Ms STEVENS: Well, let us just look at this. The minister says it is not very hard at all. Let us look at the answer to a question that he gave me during an estimates committee hearing on 21 June last year.

The Hon. Dean Brown interjecting:

Ms STEVENS: No, minister, just listen. In relation to the contract with Anglicare, I asked the minister about the benchmarks, and about what provisions the government had in place to ensure that the outcomes that were being produced were, in fact, what the government had paid for. This is the answer from the Hon. Dean Brown MP:

> No benchmark indicators were available for the first funding period of the alternative care contract. This was due to:
> - the complexity of measuring performance in this area;
> - the recommendation from the Flinders Institute of Public Policy and Management contracted by the Department of Human Services to provide advice regarding performance measurement for alternative care services, to allow a period of data collection prior to developing such benchmarks; and,
> - difficulties in establishing uniform and effective data collection processes across FAYS and contracted agencies in the initial stages of the alternative care restructure implementation.

So, it is all very well for the minister to assure us that the quality of services will be protected as providers will be required to demonstrate capacity and comply with standards. However, the fact is that we know that this just does not happen. It might be great in theory but unfortunately the translation into practice has fallen well short, and we do not

think the risk to those young people is worth it. In the opposition's view, the nature of the children whom we are considering means that the welfare of the client is of paramount consideration and the preference to the non-government sector provision of services of long-term care to the minister's children should be retained. Not-for-profit agencies have the following characteristics that justify this:

1. A primary commitment to their mission, not profit.
2. They have a greater opportunity for broader community accountability.
3. They tend to be longer-term, more stable and more able to provide continuity to clients.
4. They have the ability to bring greater personal contact to clients through the recruitment of volunteers.

It is the opposition's contention that on both counts the benefits to the community as a whole outweigh the costs, and the objectives of the legislation can be achieved only by restricting the competition as currently exists in the act.

We sought some feedback from a number of agencies in the social welfare sector in relation to this matter and I would like to refer briefly to that. First, I refer to some correspondence from Pam Simmons, the Chief Executive Officer of the South Australian Council of Social Service (SACOSS), as follows:

> The official SACOSS position in relation to the amendment to strike out the preference to the not-for-profit sector in contracts for long-term care remains as stated in our submission to the review panel.
>
> Given the responsibilities and risk involved in long-term care of persons in need of care, it should continue to be restricted to the not-for-profit agencies. Recent response from SACOSS Policy Council members to the proposed amendment reinforces this view. Comments include:
>
> Given that the program is underfunded, it is doubtful that a commercial enterprise would be interested. They may do so for marketing purposes, but even this is unlikely
>
> Making money from what is essentially a volunteer service, that is, the carers are not paid but reimbursed for expenses, is unacceptable.
>
> There was concern that the quality of care (beyond the standards) would become compromised because the motivation is commercial.

A further letter sent to me from the Child and Family Welfare Association of South Australia is a copy of a letter which was written to the minister, as follows:

> It has come to the attention of the Child and Family Welfare Association of South Australia that the government is now proposing changes to the Family and Community Services Act relating to section 24(3). This section deals with the entering into of agreements for the provision of long-term care for children. The membership. . . is most concerned that the government is recommending changes to this section which would effectively allow the responsible minister to enter into agreements with parties whose objective is to make a profit from such agreements. It is not the view of CAFWA(SA) that competition should necessarily be restricted from this area of community service provision. However, we are concerned that any change or deletion of this section would allow agreements to be made with agencies (irrespective of their status as a not for profit or commercial enterprise) for the purpose of making a profit.
>
> It is unlikely that such a scenario would be possible in the current climate where not for profit agencies subsidise the government for the provision of alternative care services. It is [our] position that any surplus funds generated as a result of such agreements be directed, as is the case with charities and not for profit organisations, to services which support the objectives of the Family and Community Services Act or returned to the government. They should not be allowed to be diverted to a company's shareholders or directors.

I also have a letter from the Association of Major Community Organisations (SA). For the benefit of members who do not know, this association comprises representatives from the Baptist Community Services, the Salvation Army, St Vincent de Paul, Centacare Catholic Family Services, the Adelaide Central Mission, the Port Adelaide Central Mission, Lutheran Community Care, Wesley Uniting Mission, Mission SA and Anglicare SA. The letter states:

> AMCO's position was that the provision of long-term care should remain with the not for profit sector and that government funding be preserved solely for service provision rather than for profits to be distributed to shareholders. . . It is the AMCO view that changes should not be made to section 24(3) of the Family and Community Services Act. The current wording provides appropriate safeguards which should be maintained, if not strengthened.

The final section looked at by the review committee was Part 4, Support Services for Children; Division 2, Services and Facilities for Children and, in particular, the licensing of foster care agencies. The opposition was pleased to read the review of the panel's final statement that restricting entry to the provision of foster care through licensing is an essential community service obligation and a trivial restriction to competition to suitable applicants. Section 51 has similar provisions for the licensing of children's residential facilities. The review panel stated that these services also require the current licensing regime to protect clients who are of a vulnerable nature.

The opposition agrees and is pleased to see that no attempt was made by the government to change these aspects of the current act. In relation to section 24(3), the opposition opposes the government's amendment. We believe that the notion of competition in its pure form in areas such as these is problematic. We believe that the community benefit of some anti-competitive practices outweighs the costs. We believe that the long-term care of children under the guardianship of the minister is complex, challenging and requires maximum focus on quality outcomes for clients. The preference for the not for profit sector in delivery of these services is in the best interests of the young people themselves and the community at large.

Mr McEWEN (Gordon): I suspect that the minister would not wish to support the amendments before us tonight, except for the fact that, under competition policy, he is required to review all acts. Of course, as we well know, competition policy has no soul. The act as it stands, I think, gives the option for the minister of the day to go to a for profit organisation as the provider of last resort, and I think that that is adequate. I think that the minister has the powers under the act as it stands to strike a balance between his responsibilities to those who need to be served and his responsibilities to ensure that adequate services are provided.

As it stands, the act states that the minister should avoid, so far as practicable, entering into agreements with for profit organisations. It does not preclude that: it simply says that they ought to be the provider of last resort. Those of us who believe that some things should be above profit would think that the act as it stands goes far enough and, to that end, I indicate that I would not be supporting further amendments to an act that I believe is adequate in its present form to ensure that services will be provided but the emphasis, wherever possible, is on 'not for profit'.

The Hon. DEAN BROWN (Minister for Human Services): I thank members for their contribution to this debate. I want to answer a couple of issues that have been raised during the debate. The member for Elizabeth asked whether I knew of any for profit provider providing foster care to children. The answer is that, to my knowledge, no, there is no such case. Frankly, I do not envisage that there

will be such a case. I cannot see where a for profit provider could possibly provide effective services to the amount that the government pays, and that applies across the whole of Australia.

However, the effect of the proposed amendment to the act simply opens that up, even though I do not see at any stage the possibility of a for profit company, or a person operating for profit, providing that service. What the government would do is put down, in contractual terms, conditions and standards that must apply.

Ms Stevens: But you haven't been able to do that.

The Hon. DEAN BROWN: Yes, we have.

Ms Stevens interjecting:

The Hon. DEAN BROWN: I am saying that we can if we have to put it down in terms of a for profit company. But I do not envisage a for profit company ever being able to make a profit in this area. Whilst at present there is the possibility of a for profit company doing it, equally, as everyone knows, if it is opened up, I do not see any change from what is currently occurring. I guess that members could argue, therefore, that this is no more than a theoretical amendment. In reality that is the case. In fact, competition principles, as laid down federally by the Labor Party under Paul Keating—

Ms Stevens: Designed by you.

The Hon. DEAN BROWN: I point out that it was Paul Keating who pushed ahead. Under competition principles these areas assigned by me were never intended to be used.

Ms Stevens interjecting:

The SPEAKER: Order! The honourable member will wait until committee.

The Hon. DEAN BROWN: It was only the federal Labor Government, prior to 1996, which set up the NCC and said, 'These are the sorts of grounds and legislation that must be reviewed.' I think that some of this is just an absolute farce.

Ms Stevens interjecting:

The Hon. DEAN BROWN: One can have, theoretically, the opportunity there even though that opportunity will never be available for a for profit company. Therefore, in reality, what I am arguing and what the honourable member is arguing and what the members for Gordon and Hammond have argued is that there is no difference at all. I am willing to acknowledge that. I acknowledge there is no difference in terms of where we stand on this. It opens it up just a little further than it is at present. That possibility sits there at present. One cannot deny it. Therefore, all that this bill does is remove that qualification even though we all acknowledge that in reality that will never apply. Certainly, as minister I do not see that reality applying because I would be concerned that a for profit company would have to be able to maintain the standards that I would expect and I cannot ever see that occurring.

Therefore, let us be clear. I think in reality there is no dispute over what is going to apply. There may be a dispute in a technical sense in terms of whether or not the legislation even allows that to be opened up in theoretical terms. The bill is before the House and I invite members to now vote on the bill.

Second reading negatived.

PUBLIC WORKS COMMITTEE: ADELAIDE FESTIVAL CENTRE REDEVELOPMENT STAGE 2 PHASE 3

Mr LEWIS (Hammond): I move:

That the 146th report of the Public Works Committee, on the Adelaide Festival Centre Redevelopment stage 2 phase 3, be noted.

In 1996, the Adelaide Festival Centre Trust commissioned the master plan to chart the long-term directions for the centre and its environs—that is the messuage. The comprehensive five year plan was developed to address the ongoing management, upgrading and maintenance of the centre. Works have been staged since July 1998.

The works in the next phase complete stage 2 and form the next level of priority from the master plan. Their cost is $12.445 million. There are several major features of the proposed work. The entry stairs will be relocated toward King William Road. A total of 2 470 square metres of the plaza will be removed above Festival Drive and Festival Drive will be realigned to create a new entrance to the car park. During evidence the committee was told that future stages of the Riverbank Precinct redevelopment will include the installation of a total traffic and parking management system. I, personally, not as Chairman of the Public Works Committee but as the ordinary member for Hammond, hold the view that the option that the government has chosen—

Mr Wright: The very important member for Hammond.

Mr LEWIS: People in Hammond appreciate being seen to be represented by someone who says what they would want that person to say. I am saying that in this instance the government erred badly in its consideration of options for the solution of getting traffic travelling southwards up the hill, up King William Road into the Festival Centre and/or Festival Drive to other destinations along it, by failing to put in an underpass allowing the right-hand turn traffic to drive into a short tunnel, underneath the outbound traffic going downhill away from the city, away from North Terrace and King William Road, and into Festival Drive.

Mr Speaker, as you would know, and all other members would know, at present when you turn right heading south to get into Festival Drive, you have to cross the outbound lanes of traffic coming out of the city whenever there is a break in that traffic and then you go into Festival Drive and down a fairly steep incline underneath the plaza. The amount of elevation, in fact, above the level of Festival Drive in the plaza region is more than adequate to enable an underpass to be built under the outbound lanes so that traffic, as I say, coming from the North Adelaide direction in toward the city which wishes to get into Festival Drive ought to be able to turn right into the right-hand side lane in Festival Drive without having to stop.

At present, there is congestion from pedestrians walking across North Terrace at that point from the Festival Centre towards the university precinct along the northern fence of Government House on the pathway which is elevated above the Torrens Parade Ground and coming from that direction and going through Festival Drive to the railway station, and so on. That pedestrian traffic is a complicating hazard. It, too, could use the same mechanism that I have proposed, namely, a pedestrian tunnel underneath the southbound lanes would join with the underpass to go beneath the northbound traffic.

Anyway, I return now to my remarks as Chairman of the committee. Strong linkages are to be created in order to provide greater connectivity between King William Road, Festival Drive and the Festival Theatre foyers. The existing foyer cafe will be relocated to a Festival Drive frontage and enlarged to provide seating for 80 patrons. Easy to read and interpret, low maintenance signage will be installed and combined with environmental lighting upgrading to enhance public safety, precinct orientation and building illumination. Lighting will be energy efficient.

The proposed work will also include a replacement of obsolete and deteriorating equipment, floor finishes, including the removal of asbestos-based products, toilet upgrading, improvements to task lighting, and general building condition and compliance work. A new stair and lift will provide access to the lower level of the drama centre for people with disabilities and will create a linkage from the Arts Plaza and Festival Drive to the Riverbank environs, we are told.

The committee was also told that it is necessary to relocate State Theatre South Australia, Australian Dance Theatre, the new Children's Performing Arts Company and part of the service functions currently performed in the centre. A refit of existing vacant areas of the railway building will provide office facilities for 33 staff. The committee has reservations about the consultation that was undertaken. At the committee's suggestion, the proposing agency has written to the University of Adelaide and the University of South Australia and will conduct two surveys in order to determine the views of students who are part of 'passing trade' at the centre. This will assist in the design and documentation phases of the project.

The area of particular heritage sensitivity is the modification proposed for the external environment and the plaza. A full consultation plan has been prepared as part of the preplanning for the works and has been submitted to the Development Assessment Commission for approval. In addition, ongoing consultation is occurring with Heritage South Australia and the Department of Administrative and Information Services' Heritage Unit to ensure that all relevant authorities are fully informed of the proposed works.

The Public Works Committee is told that these works will achieve a number of improvements. Public accessibility will be improved for clients, including those with disabilities. There will be better amenity of Festival Drive. In keeping with the Riverbank External Spaces Study, this work will reinforce the concept of Festival Drive being an open, active environment. Movement through the site will provide an appropriate balance between pedestrian and vehicular traffic.

The Festival Centre experience for theatre patrons, the general public and tourers will be heightened by providing an active frontage to Festival Drive. The public will enjoy better orientation and movement through the centre and Riverbank domain. That is what we are told but, as I said, I question that. I do not think that the public will enjoy better movement through the centre in the Riverbank domain, because more of them will want to go there, so there will be greater congestion and risk of prangs and injuries, and even death, as they attempt to negotiate the crossing of outbound lanes of traffic from the city as they travel down the hill. Accessibility for the Drama Centre and a linkage between the river environs will be another improvement.

An economic analysis shows a net present value of the direct benefits of just over $6 million. This is complemented by indirect benefits principally associated with the connection of the project with the Riverbank promenade and the improvements of the Festival Drive streetscape and King William Road entry. As I said, whilst I see an improvement to the entry as proposed, it is nowhere near what it could have been, and I think that, to spend the money in the way in which we are, without achieving what we could have with a little extra money, is idiocy. However, they were the constraints imposed by the government—I understand the minister—on the Festival Centre Project proponents in that context.

The indirect benefits consist of increased tourism as well as a substantial improvement in amenity in terms of safety, customer choice, high quality public space environment, the stimulus of the space for arts and cultural development, and contribution to the state's heritage infrastructure.

The committee understands that, overall, the stage 2, phase 3, works will conservatively create benefits of $29.332 million. Accordingly, after deduction of the capital expenditure of $12.445 million, the works will produce a net present value benefit of at least $16.887 million.

The project addresses public concerns identified in the master plan regarding accessibility and the perception that the centre's venues are not open to the public. In doing so, it will provide a venue that has modern, efficient services, improved accessibility and public and employee safety. If only we could have gone the extra step. The result will be a greater public patronage of the centre and increased programming activity.

At a personal level, I urge the Minister for Transport and the Minister for the Arts (being one and the same person) to revisit the decision to refuse the proponents permission to put in that underpass for the pedestrians as well as the traffic. Notwithstanding my personal reservations about it, pursuant to section 12C of the Parliamentary Committees Act, because of the benefits that will accrue from the proposed work as it stands, the Public Works Committee (and I) report to parliament that it recommends the proposed work.

Ms STEVENS (Elizabeth): I support the comments made by the Presiding Officer in relation to this project. The project that we have before us, at a cost of $12.4 million, is the fifth staged upgrade to occur at the Adelaide Festival Centre over recent years. As the Presiding Member has outlined, there are a number of aspects to this upgrade, including a new entry to the Festival Centre and Festival Drive, better foyer amenities in public areas, site signage and environmental lighting, a drama centre, disability access, patron food and beverage improvements, the drama centre western wing redevelopment and, finally, relocation of arts functions to the railway building.

I would like to add my support. I think that, as the festival state, it is important that the central facility in relation to our arts focus—the Adelaide Festival Centre—is of a high standard. In relation to the changes that are to take place as part of this upgrade, I am particularly pleased with the new entrance. The current below-street level approach detracts from the centre, and the changes which will be made will mean that the centre will be much more opened up and will make a very positive difference to the centre.

I also would like to make particular mention of the Aboriginal heritage issues. We were told that the centre is located on land that has been a traditional Aboriginal meeting place, and that it is appropriate for the site to continue to be consciously and actively celebrated as a meeting place for the whole community and, in particular, in relation to Aboriginal heritage.

The Reconciliation Public Art Project Trust, through the Graham F. Smith Peace Trust Incorporated, is at this very moment seeking funds for artwork to be displayed in that area on the Festival Centre Plaza, and I encourage all members to consider donating to that trust. I certainly hope that it is successful in achieving its target and that we will see some important artworks at that site which celebrate traditional Aboriginal culture.

Motion carried.

PUBLIC WORKS COMMITTEE: CHRISTIES BEACH WASTEWATER TREATMENT PLANT ENVIRONMENT IMPROVEMENT PROJECT

Mr LEWIS (Hammond): I move:

That the 147th report of the Public Works Committee, on the Christies Beach Wastewater Treatment Plant Environment Improvement Project, be noted.

I point out that the committee's main speaker on this topic will be the member for Reynell. Pursuant to section 12C of the Parliamentary Committees Act, after examination of the matter, the Public Works Committee reports to parliament that it recommends the proposed public works.

Ms THOMPSON (Reynell): SA Water proposes to implement an environmental improvement plant for the Christies Beach Wastewater Treatment Plant at a cost of $13.5 million, to achieve compliance with the legislative requirements of the Environment Protection Act 1993. The EIP requires SA Water to implement environment improvement works by December 2001 and incorporates upgrading the treatment process for enhanced nitrogen reduction, maximisation of reuse opportunities, and environmental monitoring and research through the Adelaide Coastal Waters Study.

The existing treatment plant is a conventional activated sludge plant. It includes screening, grit removal, primary sedimentation, secondary treatment involving a diffused air activated sludge process in conjunction with secondary clarifiers to separate the suspended biomass, and disinfection by chlorination prior to discharge to Gulf St Vincent approximately 300 metres offshore via an open ended pipe.

A review of process applications world wide was conducted in late 1988 leading to selection of the integrated fix film activated sludge (or IFAS) process for this project. In 1999 one of the four process trains at Christies Beach was modified to allow a nine month, full scale trial of the process to be carried out. The trial confirmed the suitability of the process for use at Christies Beach and, in June 2000, a concept design for an upgrade was completed based on the IFAS process. SA Water proposes to:

- reconfigure the existing reactor tanks to convert them to an IFAS process for biological nutrient removal;
- modify the secondary clarifiers to increase the amount of sludge recycled to the reactors to enable biological nutrient reduction;
- upgrade sludge thickening facilities to process the increased sludge volume resulting from reduced nutrients from the waste water. These will allow the present sludge digestion system to be retained without augmentation and will incorporate odour control processes;
- modify the aeration system to provide the additional air required for the IFAS process, including replacement of an existing unserviceable blower;
- install a new plant process control system; and
- provide for carbon dosing facilities to enhance nitrogen reduction.

The design flow will remain at its current level of 31 megalitres per day after the upgrade but the sludge thickener has been designed for the planned future plant capacity of 46 megalitres per day. A project to increase the plant capacity is programmed for 2004-05 and it is far more cost effective to construct a larger thickener now rather than augment a smaller facility later.

Because of power outages in 1999, SA Water has installed an emergency generator at the plant which can provide sufficient power to keep critical pumps and systems operational in the event of a failure of both ETSA supplies. In addition, ETSA has listed the plant as a critical supply requirement so that, in the event of supply failure, priority is given to re-establishing its supply. The committee has been told that increased power requirements of the upgraded plant will require some modifications to the ETSA substations feeding it, and allowance has been made in the project estimate for these costs.

Since the committee considered this matter, it has had more news about likely increases in power, so the committee, while being aware of an increase in the power requirements for Christies Beach waste water treatment, was not, at the time, in a position to inquire into the increased costs which are likely to result from increased power prices.

The committee understands that community consultation raised issues of concern over the capacity of the plant to handle future growth in the area and potential odour and water quality issues related to the proximity of the plant to residential areas. The first concern is being addressed through an investigation to determine the optimum timing for expanding the plant. SA Water has provided for commissioning this further project in 2004-05 on its forward capital program. Future expansion will also take account of odour and water quality issues.

The most significant environmental impact associated with the existing treatment plant is the discharge of the nutrient nitrogen into Gulf St Vincent. As a consequence of the upgrade, the nutrient load discharged to Gulf St Vincent from treated waste water will be reduced by up to 70 per cent. SA Water commissioned a study to determine the impact on the marine environment of treated waste water discharge and to determine the need to upgrade the discharge to meet environment protection (marine) policy (EPMP) 1994 guidelines for nutrient and heavy metal concentrations in the marine environment. The study found no significant deleterious environmental impacts but more recent work by the University of Adelaide revealed chronic disturbances to benthic infaunal communities since the outfall was commissioned.

Further, if the plant is not upgraded for nutrient reduction, a dilution greater than the current outfall capability would be needed to meet EPMP guidelines. In these circumstances, the outfall would have to be upgraded at an estimated cost of between $7 million and $15 million. Upgrading the outfall in this way would satisfy dilution requirements but would leave the total nitrogen load discharged into the gulf unchanged, unlike the proposed upgrade, which will significantly reduce the total nitrogen load discharged. Construction of such an outfall would, potentially, also create significant environmental damage to the sea grass beds and would have no benefit in enhancing reuse.

Notwithstanding the apparent benefits of the proposed project, the committee is concerned that SA Water has not evaluated the environmental cost of alternative options and the 'do nothing' option. The committee is of the view that this should be a fundamental component of any project involving the expenditure of significant sums of public funds and recommends to the minister that all future projects should include an evaluation of this sort.

My personal concerns in relation to this project relate solely to the issue of water reuse. This project will enhance the ability of water from the Christies Beach waste water

treatment plant to be reused. My concern simply relates to the fact that, when the Willunga Basin Waste Water Company was established, that company was given the right to use all the waste water discharged from the Christies Beach plant. If other companies in the area, schools and other community facilities want also to engage in the reuse of water, they must now negotiate with the Willunga Basin Waste Water Company. At the moment, it is unclear what they might have to pay for. At the time that the committee examined the highly commendable project to reuse waste water in the Willunga Basin, I raised concerns that this was done in the absence of any overall government policy about reuse of waste water from waste water treatment plants.

The government is investing considerable funds at Christies Beach which will minimise environmental damage but also increase the value of the waste water from the Christies Beach plant. Similarly, funds are being invested to upgrade the Glenelg plant. An asset is established in the form of the waste water discharge and still we have no policy from the government about the use of waste water. We know that there are companies in the Lonsdale area wanting to use recycled water and looking at how this can be done. Considerable pumping from the Murray will be saved if water is pumped either from Glenelg or from Christies Beach, because many of the manufacturing processes in the Lonsdale area use considerable amounts of waste water. But we still have no policy framework.

Motion carried.

PUBLIC WORKS COMMITTEE: WOMEN'S AND CHILDREN'S HOSPITAL DAY SURGERY UNIT

Mr LEWIS (Hammond): I move:

That the 148th report of the Public Works Committee, on the Women's and Children's Hospital Day Surgery Unit—Final Report, be noted.

I point out that, pursuant to section 12(c) of the Parliamentary Committees Act, the committee recommends the work.

Ms STEVENS (Elizabeth): The boards of the Queen Victoria Hospital and Adelaide Children's Hospital amalgamated in 1989 to form the Women's and Children's Hospital. The building works associated with the amalgamation did not address the inpatient facilities for children's services that were last upgraded in the 1970s and early 1980s. In 1996 the hospital completed a master plan for the redevelopment of the areas that had not been addressed during the amalgamation, and the reconfiguration of the paediatric day surgery facilities was nominated as priority one.

The committee is told that the current day surgery facility struggles to meet the existing activity levels, constrains surgeon availability and cannot meet the projected demand. The proposed project involves the redevelopment of the day surgery unit and the provision of the facility with modern clinical capacity that combines the clinical and financial efficiencies of day surgery with the social advantages of minimising hospitalisation of children in a physical setting conducive to the needs of children and their families. The proposed project will enable collocation of the 24 hour surgical ward with both the day facility and the inpatient surgical wards, thus maximising the utilisation of staff and reducing the duplication of support spaces such as reception, utility, storage and office spaces.

The committee understands that there is an ongoing worldwide trend in health care for increased use of day procedures rather than multi-day stay, as a consequence of developments in medical techniques and technologies. Many children are now no longer being admitted, or require only a short stay admission of less than 24 hours. It is estimated that, by 2005, 80 per cent of the hospital's surgical activity will be day stay or 24 hour stay, with only 20 per cent requiring multi-day stay.

The proposed project is to be completed by December 2001, and the total estimated construction costs are approximately $4.5 million. These will come from private donations specifically provided for the upgrading of paediatric facilities. Donations from Mr Frank Gilford, the Robinson estate, Woolworths and the McGuinness-McDermott Foundation have been designated for these redevelopment works.

The project's aims are to support ongoing improvements in clinical practice and patient outcomes through the provision of a purpose designed day facility that can accommodate 20 day surgery patients, compared with the current capacity of 10, and to provide a collocated 24 hour Monday to Friday ward to efficiently manage patients who require slightly longer stays. The 24 hour ward and the day surgery facility will operate as an integrated unit, utilising the same management structure after hours to ensure efficiency of the unit. Care will be provided in an integrated manner with the adjacent inpatient wards. In a separate initiative, the McGuinness-McDermott Foundation has made a commitment to the hospital for an upgrade of facilities for endocrine and diabetes services. This project is independent of the day surgery objectives.

Consumers have advised that the hospital does not have the facilities to meet the expectations of patients and their parents. Similar views have been expressed by staff and visiting specialists. The existing facilities experience:

- common problems of lack of child and parent privacy;
- insufficient waiting areas;
- insufficient (and, in some cases, no) overnight accommodation close to the child; and
- in the case of the day facility, lack of private privacy and considerable overcrowding during times of peak activity.

The committee accepts that the current day surgery facility struggles to meet the existing activity levels, constrains surgeon availability and cannot meet the projected demand. It also accepts that the proposed project is the only option able to meet all the requirements of increased capacity, improved patient care, privacy and confidentiality, improved facilities and increased operational efficiencies.

The expected outcomes of the proposed development are:

- improved day surgery facilities capable of meeting the needs of increased day patients;
- provision of parent facilities in the day surgery facility and in the 24 hour Monday to Friday ward. This will reduce the social impact on families and support networks;
- more efficient service provision as a result of improved staff utilisation through grouping all short stay surgical patients within the one location. This will achieve reduced staff costs of $514 000 per annum by 2002-03, and achieve a pay back period of between seven and eight years;
- improved teaching facilities incorporated into the day surgery facility; and
- the establishment of a newly consolidated endocrine and diabetes unit and improved surgical consulting suites for orthopaedic and general surgery.

Given these benefits and pursuant to section 12(c) of the Parliamentary Committees Act 1991, the Public Works

Committee reports to parliament that it recommends the proposed public work.

The Hon. DEAN BROWN (Minister for Human Services): I appreciate the work that the Public Works Committee has done on this project. It is one that I announced last year and enthusiastically support. I want to publicly record my appreciation to those organisations and individuals who made a significant contribution towards this project. It is being funded by non-government funds. It is a tribute to the Women's and Children's Hospital that that organisation is able to raise this amount of money from non-government sources, in particular the Gilford bequest and a number of other very worthy organisations. I will not go through and list them all here, but I think it is absolutely outstanding that people within the community are willing to make that sort of commitment to the Women's and Children's Hospital.

This day surgery will be an important part of changing the focus of how the hospital does its surgery. In the past it has invariably been the admission of young children into the hospital following surgery. More and more that is changing with introduction of day surgery. Therefore, we must change the hospitals and the physical structure of the hospitals to cope with that. This is a very important project, and I thank the Public Works Committee for the work it has given.

Mr LEWIS (Hammond): I thank members of the House, particularly the minister and my colleague on the Public Works Committee, the member for Elizabeth, for their contributions on the matter. I want to draw attention to the some of the sources of funds from the private sector, and in particular to that donation coming from Mr Frank Gilford, who was instrumental in obtaining a substantial sum of money for the hospital. He always said that that was the purpose for which he sought the funds in memory of his murdered sister. I believe that he was compassionate and sensitive in the way in which he set out to achieve some effective memorial for his sister. As members will recall, she was murdered in the Middle East whilst she was there working as a nurse, and she had connections with the Adelaide Women's and Children's Hospital before she went there.

Mr Atkinson: What was Michael Abbott's fee? How much did he get?

Mr LEWIS: I do not know what he got for his work with Mr Gilford; all I know is that Mr Gilford himself did not seek to profit from that.

Mr Atkinson interjecting:

Mr LEWIS: Then I am sure the member for Spence would, I am sure, have been able to help the House. By way of interjection, I will allow him to place on the record his knowledge of the benefit which accrued to Michael Abbott from the charges he made as professional fees on the matter.

Mr Atkinson: I believe a very high proportion of the payment.

Mr LEWIS: I suppose his justification for charging such a fee is that nothing would have come to anyone else had he not been able to use his outstanding ability to argue, and in the process negotiate, for the successful contribution. I know that the two women who were convicted of that murder by processes of law in Saudi Arabia were able to get off their sentence. The sentence was death by beheading, as I understand it. They were able to get off because of the payments made, and then sought to dud the deal and renege on the commitments they had given. Had there not been someone of Mr Abbott's ability to argue that their contract was binding and there was no way they could get out of it, even though they tried to paint Mr Gilford in particular, and all South Australians in general, as being people willing to accept blood money or something of that order, nonetheless I commend Mr Gilford for what he did.

I am pleased with the outcome. I know then that his heart was always in the right place and that, frankly, in all of what happened, I have no respect whatever for the women who were accused of the murder and, under the law of the country in which they were living at the time, found guilty of that murder. Altogether, we as a state have benefited from that generosity.

In the course of making these remarks, I do not, in any way, diminish what I consider to be the recognition that ought to go to the Robinson estate, Woolworths and the McGuinness McDermott Foundation for the generosity of those respective benefactors to the Women's and Children's Hospital, and I place on record the committee's appreciation, and I am sure that of the hospital, for what they did. They have now solved those common problems of a lack of child and parent privacy through their generosity. They have helped solve the insufficient waiting spaces. They have helped solve the insufficient—

Time expired.

Motion carried.

PUBLIC WORKS COMMITTEE: TORRENS ROAD UPGRADE

Adjourned debate on motion of Mr Lewis:

That the 145th report of the Public Works Committee, on Torrens Road upgrade, be noted.

(Continued from 14 March. Page 1078.)

Mr ATKINSON (Spence): When I last spoke on this, I was interrupted by the bell. I was talking about the 30 year old proposal for an overpass at Ovingham going from the top of the hill near the Adelaide Aquatic Centre, over the northern railway line and connecting with the ground again at Chief Street, Brompton. This had been promised by both political parties over the years: it had never been delivered, and now it will certainly not be delivered. I mentioned how I had spoken to an old gentleman called Mr Titl who lived in the vicinity and had seen the shops which he patronised demolished to make way for this overpass that never happened; his neighbours' homes were demolished to make way for the same overpass; and how disappointed he was that it had never occurred. Well, alas—

The Hon. W.A. Matthew interjecting:

Mr ATKINSON: —They were demolished in the early 1970s—Mr Titl has since died not seeing the overpass come to fruition. I also mentioned that I had written to the Minister for Government Enterprises and the Minister for Transport and Urban Planning on a number of occasions to try to get them to respond to difficulties that my constituents saw with this development, and they had not responded. The Minister for Government Enterprises has not responded, presumably because we will no longer be running for the local seat, but the Minister for Transport, after 18 months, has responded with a beautiful coloured map but no relief for my constituents. However, the letter runs to about two pages, and I thank her for responding. I should put that on the record. Overall, I am rather indifferent to the development.

Motion carried.

ENVIRONMENT, RESOURCES AND DEVELOPMENT COMMITTEE: NATIVE FAUNA AND AGRICULTURE

Adjourned debate on motion of Mr Venning:

That the 41st report of the committee, being the native fauna and agriculture report, be noted.

(Continued from 28 February. Page 960.)

Ms KEY (Hanson): As has already been reported by the chair of our committee, this was a very interesting inquiry which looked at the issue of native fauna and agriculture, with regard to native birds in particular. I was pleased to hear the Minister for Environment and Heritage announce yesterday in a ministerial statement not only that he had read the report but also that the response he was making in his ministerial statement acknowledged some of the recommendations that had been put forward by the committee.

I must commend the many people who took the time to make presentations to our committee. Obviously this is a big issue, and many of the submissions that we received were quite positive. I note that the minister said yesterday in his statement that it is estimated that damage to South Australia's cherry, apple and pear crop last year equated to a loss of about $4 million. Obviously this is a significant issue for us in South Australia, particularly for people involved in primary industries in this state.

As I mentioned earlier, we made a number of recommendations and we tried to cover as many areas as possible in relation to how birds in particular could perhaps be deterred from ruining the various crops about which we had received complaints. One of the things that was fairly shocking in this inquiry was that very little research seemed to have been undertaken, first of all, on how to identify various native birds, particularly in the Adelaide Hills region, but generally in the state; and, secondly, the lack of information about best practice regarding bird control in particular. I must say that many of the scientific submissions we received worried the whole committee, because it seemed that decisions were being made on methods that were perhaps convenient but not necessarily efficient.

We went through the whole gamut of control mechanisms, from shooting birds and people being hired to sit and shoot birds, right through to gas guns. We found from the different witnesses who came before the committee that the gas guns actually attracted the very smart birds that live in South Australia: as soon as birds saw the gas guns, they realised there must be something around somewhere that was worth eating. They could be found sitting on the gas guns, having worked out that there must be some good food in the vicinity.

We received some interesting submissions about the issue of netting. Although this seemed a considerable cost for many of the growers—again particularly in the Adelaide Hills area—it was one area that was suggested as a preventative measure that could be justified by the fact that the loss was very much minimised by the growers when this was the device used to scare birds. We also received a number of submissions about culling and what was the most appropriate and humane way for this to happen, including the use of mobile habitats that could encourage birds to move from the areas where produce being grown attracted them to what would have been the native food of those specific birds.

All in all, this seemed to be a very important inquiry: one that started off with people being at odds as to what the methods and management tools could be, to obtaining real advice from people who have these concerns about the audible bird scaring devices, the netting, trapping, poisons, decoys, feeding and also shooting, as I mentioned earlier. It was very pleasing to see that the minister (or his department) had not only read the report but that the recommendations that he announced yesterday acknowledged the work that had been put in by the Environment, Resources and Development Committee. I only hope that our recommendations on research are also taken up because this was the area that I think surprised the members of the committee most. Another significant point brought out by our inquiry was the issue of education: if bird culling, in the form of shooting, was to happen, what sort of education was needed by the people undertaking that culling? So, I hope that there will be some further recommendations that will acknowledge those findings as well.

Mr LEWIS (Hammond): I am most apprehensive about this issue: not about the committee's recommendations in relation to it, but rather the politically expedient and selfish attitude of the Minister for Environment, and whatever else he is minister for, in his recent pronouncements on the matter. During the course of the committee's hearings, as I understand the evidence that was provided and as I understand the expert advice that was given both from within the department and from outside it, the recommendation was taken that in relation to certain species of birds which were an outstanding nuisance—not just a nuisance but a pest—to those people who are trying to make a living from growing fruit crops in the Adelaide Hills, there was only one sensible additional policy that needed to be invoked.

That policy was, for those species of birds, to remove the necessity to have a permit system, because the ruddy things migrated to where ever there was a food source in flocks and in great numbers. A month before, indeed a week before, the food to which they were attracted when it became ripe was unattractive to them and there is no evidence of damage. But the moment sugar content and sugar acid balance in the fruit flesh reaches a sufficient point of interest as part of the diet of those birds, they move in in great numbers, and not only native birds, I know, but also exotic species. The birds we talk about here are those that were mentioned by the member for Schubert in his initial report.

The native birds included rosellas and musk lorikeets, which are not endemic to this part of the world, and silvereyes. I do not think that the honourable member mentioned crows, but I am sure that he mentioned red wattle birds, which I know and which I have eaten, and other species. For the life of me, I cannot find the particular contribution now made by the Presiding Member of the Environment, Resources and Development Committee. In any case, the exotic species to which I am referring are blackbirds, starlings, and the like.

Ms Key: Corellas?

Mr LEWIS: Corellas, they are natives, yes. Thank you for reminding me, I say to the honourable member. To my mind, then, the need to get a permit requires the landholder to demonstrate that damage is being done. You must get someone from the department to waste time going to the property to see the damage that is being done. They then issue the permit if they are satisfied that sufficient damage is being done to warrant the permit being issued for a given number of birds to be destroyed. That is dopey because there are better things for National Parks and Wildlife Officers to do.

There is no evidence to indicate that any of the species that were attacking fruit were in any way endangered as a result of their being culled—shot out of the fruit trees. There is plenty of evidence from my personal experience when, as a young boy at age eight (as I have told this House before), I bought my first rifle. I made a good deal of money towards my education by shooting birds in fruit crops. I was paid so much a head from which I had to buy my ammunition. I could only do it, of course, if I thought that it was going to give me sufficient recompense for my time, as well meet the cost of my ammunition.

It did that pretty well. You learn to shoot pretty straight when you are paying for each shot. I never saw any reduction in the number of silver-eyes, rosellas, crows or corellas that I shot. Every year, when the fruit became ripe enough, they were back in great numbers. I have noticed, over the past three decades since the early 1970s when restrictions began to be imposed on what landholders could do to cull birds that were eating their fruit crops, that there has been an increase in the numbers of these species way outside what would be there in their natural habitat.

I want to explain that. In native forest in the high rainfall areas of the Adelaide Hills—and that is the area in which the problem is occurring—the birds had to live on what little native fruit there was available, and seeds from any open space there may be which supported tussock grasses. So, for most of the year there tended not to be so many parrots in that area or silver-eyes, and so on. They nested in the hollow limbs, logs, and so on, but there was not much food available to them. There are not many native species that have a lot of suitable fruit: they have to rely pretty much on seeds.

The moment you clear the native bush—that is the stringy bark and the gum trees, the other smooth barks—and plant fruit crops, of course, the food available stimulates egg production and the number of clutches of fledglings they have in a year increases from one to two, or three or more, if they have other food available than just one or two species of fruit. If they start off in soft fruit, such as strawberries and cherries in October, November, and then move on through plums, peaches, apricots, pears and apples, it will take them through until early June. These birds are literally doing pretty well, and they did.

The thing that limited their population was the availability of nesting sites, as I observed it. Anyway, their populations exploded to the point where they were literally destroying the incomes of some of the fruit growers. The parrots were sitting in the cherry trees and eating the buds, even before flowers came out. Some of the parrots we speak of live on nectar as well as fruit. That in itself is not bad but the fact that they chew the buds destroys the capacity of the grower to even get a fruit set because the blossom buds were eaten before they became blossom.

I say to the minister who made this crazy decision to revoke against the recommendations of the committee's report, the proposal to allow culling of those species which were a particular problem, that it was idiocy. I want to condemn the practice of the organisations that have set out to emotively generate public sympathy for their idiot propositions by saying that there are endangered species involved in this. There are not. That is false.

The SPEAKER: The time allocated for committee reports has now expired.

The Hon. W.A. MATTHEW (Minister for Minerals and Energy): I move:

That standing orders be so far suspended as to enable the House to sit beyond midnight.

A quorum having been formed:

Motion carried.

The Hon. W.A. MATTHEW (Minister for Minerals and Energy): I move:

That standing orders be so far suspended as to enable committee reports to be further considered.

Motion carried.

Mr LEWIS: I condemn the minister for what he has done. It is not based on good science: it is based merely on what he believes will be his political survival. I commend the committee for its good work in discovering the truth of the matter and recommending that the practice and the need for permits be abolished in connection with the need to cull birds in fruit crops where they represent a threat to the incomes that horticulturists can derive, whether it be from fruits, flowers or anything else. It smacks of the very worst kind of politics.

The SPEAKER: Order! There are too many audible conversations going on in the chamber for the chair to hear.

Motion carried.

Members interjecting:

The SPEAKER: Before calling the member for Hammond again, I ask the House whether we could have a little silence so that we can hear the member for Hammond.

SOCIAL DEVELOPMENT COMMITTEE: RURAL HEALTH

Adjourned debate on motion of Hon. R.B. Such:

That the 13th report of the committee, on rural health, be noted.

(Continued from 28 February. Page 963.)

Mr LEWIS (Hammond): I note not only the record which shows that the Social Development Committee looked closely and sensibly at these terms of reference that were given to it by the Legislative Council but also the remarks made by the member for Spence, all of which made sense to me. Indeed, it showed a depth of understanding not common among members of the Labor Party.

Let me remind the House that what we are doing is debating the report from the Social Development Committee of the reference it received to examine, report on and make recommendations about health services in rural areas, with particular reference to access to a complete range of services, with emphasis on acute care, mental health and obstetrics; the adequacy of facilities and equipment; the availability of appropriately trained medical and nursing staff; the impact of medical indemnity insurance, including the role played by government in the negotiating and brokering of medical indemnity insurance; the improvement in claims management and work practices by the medical profession with a view to reducing the number of claims and therefore reducing the cost of medical indemnity insurance; the role of the legal system and its effect on the cost of medical indemnity insurance; the impact of regionalisation—and I presume that means of delivery of health services; and any other related matter.

The member for Fisher indicated that the committee sent out questionnaires to 79 health agencies, including regional health services, hospitals and boards, community health and Aboriginal health organisations, and divisions of general practice. The committee received only about a quarter of those questionnaires back. I presume that the 24 per cent they

got back were the 19 responses. In any case, the member for Fisher pointed out that the questionnaire posed a series of questions but he did not outline what they are. They are in the report.

He also pointed out that whilst the committee visited some of the rural and regional areas of the state it did not go to see the people in the Hills, Mallee Southern and the Mid North, simply stating that they could 'come to Adelaide or go to Port Augusta, Berri or Wallaroo'. I have to tell members that was a bit rich and a bit rough on the people in Karoonda, Lameroo, and so on. I do not think any local members in the Adelaide metropolitan area would take too kindly to being told that, if they want to give evidence to a select committee of the parliament, they can bloody well drive to Port Augusta or Goolwa to do so. That is really what the committee decided it was going to do with respect to the people who live in Lameroo, Pinnaroo or Geranium, when it said, 'You can drive to Berri, go to Naracoorte, or come to Adelaide.'

They ought to remember that Lameroo is 210 kilometres from Adelaide. Indeed, that is a long way further than travelling from Christie Downs to Port Wakefield. Pinnaroo is even further than that; it is about 260 kilometres away. There were problems of the kind which the committee needed to address and which were perhaps as well illustrated by the circumstances in the Karoonda area and in Lameroo and Pinnaroo, the like of which would not be found anywhere else in the state at the time they were taking evidence. They were longstanding problems.

I do not know how many of the women members of this chamber would feel kindly about the notion of having to travel 200 kilometres—certainly well over 100 kilometres—to see an obstetrician, and to go into confinement if there was to be any trouble. That is what was happening to the women who were living in Pinnaroo and Lameroo after Dr Murray found it was just not possible for him to go on providing obstetric services in the local hospital. The cost of the indemnity insurance, which was loaded onto the country GPs and which one expects he would have passed on, was too great. To my mind, that was quite unreasonable at the time.

However, in the main, the committee got its recommendations fairly right. The government of the day set out to try to do something about it, especially as it related to pregnant women and/or women after confinement in post-natal condition with their babies where there were complications and they needed help in dealing with them.

I also want to draw attention to the mental health problems. A long time ago I drew attention to what I discovered was a fairly serious suicide rate among young men, in particular, but young people in rural areas. This committee was looking at that problem.

It was worse—or, at least, there was no other place any worse—than the Mallee, in terms of the deaths per 10 000 head of population arising from suicide. The rate of death out there among young men was higher than the rate of death of Aborigines in custody—and we had a royal commission into that. But this committee did not even see fit to try to take evidence from the families who were affected and afflicted by the phenomenon of having role models destroyed and incomes simply not available. The family farm could not generate sufficient income to feed the family, let alone provide a job of very modest pay for young men to work there. So, they left school in the belief that they would be able to find work at home on the farm, only to discover within a year or so that such work was not available, and the end consequence was that the women to whom they were attracted would find no attraction whatever in them.

They had no future and no prospects. That was, in part, the cause of the problem. Equally, they could not afford to go anywhere or do anything. They had lost most of what they thought life was to be about for them. And there was not a TAFE college to which they could go to get the necessary skills to find alternative employment. They did not have money to drive to Murray Bridge, which was over 130 kilometres away if you lived in Lameroo, and further if you lived in Pinnaroo.

Is it any wonder that we saw an increase in the number of very depressed and seriously mentally ill young men (it was not just chronic, it was acute in many instances) continuing to contribute to the suicide rate? Often, so many of the deaths that were recorded as vehicular accidents and road deaths were, in fact, not that at all: they were suicides. They were people deliberately writing themselves off in desperation.

Whilst I commend the committee for the overall work that it did on the issue, I wish that it had taken evidence from the Murray-Mallee Strategic Task Force and considered the recommendations which we made about the two matters to which I have addressed myself in the limited time available to me in these remarks, and the many other matters which were raised, quite properly, during the consultation process undertaken by the task force as it moved around those communities. Those problems still remain—although, in some measure, they have been addressed. They have not been exacerbated; they have been addressed in some measure. We need, however, to provide additional resources to those communities. They ought not be treated like second-class citizens just because they are farther away from the metropolitan area than journalists bother to visit, and which most politicians also have avoided seeing.

Ms STEVENS secured the adjournment of the debate.

ALICE SPRINGS TO DARWIN RAILWAY (FINANCIAL COMMITMENT) AMENDMENT BILL

The Legislative Council agreed to the bill without any amendment.

ADJOURNMENT

At 12.07 a.m. the House adjourned until Thursday 29 March at 10.30 a.m.