

LEGISLATIVE COUNCIL

Thursday, October 7, 1976

The PRESIDENT (Hon. F. J. Potter) took the Chair at 2.15 p.m. and read prayers.

DEATH OF MR. H. L. ANDERSON

The PRESIDENT: It is with profound regret that I refer to the lamented death of Mr. Howard Lindsay Anderson, affectionately known as "Andy" to many honourable members here in this Chamber. He was the sessional security attendant for the Legislative Council since February 18, 1974, and prior to that he was a sessional messenger in the House of Assembly during 1970 and 1971. Mr. Anderson endeared himself to all with whom he worked, and I have sent a letter to Mrs. Anderson expressing the sincere sympathy of honourable members, officers and staff of the Legislative Council.

QUESTIONS**SAMCOR**

The Hon. R. C. DeGARIS: Can the Minister of Agriculture tell the Council what steps are being taken to resolve the present Samcor dispute? If the dispute continues for some time, what effect will it have upon meat supplies to metropolitan Adelaide?

The Hon. B. A. CHATTERTON: The industrial dispute, which was mentioned yesterday, at Samcor concerning claims being made by certain tradesmen has not resulted in a stoppage out there, I believe the matter is being handled by the Arbitration Commission; there is at this stage every hope that it will be resolved and that no stoppage will occur in the supplies of meat to South Australia.

VINEYARDS

The Hon. C. M. HILL: I seek leave to make a statement prior to directing a question to the Minister of Agriculture. Leave granted.

The Hon. C. M. HILL: In the *Advertiser* of March 25, 1975, there was a long article about the vanishing vineyards around metropolitan Adelaide, the heading being "Adelaide vineyards are vanishing". Comments are recorded in this article from various vineyard proprietors, the Premier of this State, and the Minister of Agriculture. The Minister's comments appeared in the article as follows:

Mr. Brian Chatterton, M.L.C., who has a small winery in the Barossa Valley and is chairman of a committee on rebuilding the grapegrowing industry, has some firm ideas on what should be done. He said McLaren Vale was zoned to permit eventual residential development. "It should be rezoned to stay rural, particularly in view of much lower population growth estimates made recently compared to those in the 1962 metropolitan development plan," he said. "If more land is needed there should be a zone swap with land north of Gawler, towards Hamley Bridge." He advocated strict control over change of land use within the declared areas.

Can the Minister say whether in the 18 months since he made those comments he or his committee has brought about any action to prevent the continuation of the sad situation concerning our vanishing vineyards?

The Hon. B. A. CHATTERTON: There has been some misunderstanding by the honourable member concerning the committee to which he referred. The committee of which I was Chairman was not a committee concerned with land use in the areas surrounding the Adelaide Hills. The Government has a committee studying this matter, but I am not, and never have been, the Chairman of that committee. The committee referred to in that report was not correctly named and its function concerned the general reconstruction of vineyards in South Australia, especially in the Riverland area. The main work of the committee was to put forward proposals to the Industries Assistance Commission, which took evidence on the reference made to it concerning the Riverland and the reconstruction of vineyards and irrigated properties in that area. I gave evidence to the commission at Berri and in Melbourne on behalf of that committee concerning the reconstruction of irrigated fruit blocks in South Australia. That was the committee of which I was Chairman. There has been a number of studies, and I believe that the Minister for Planning has recently asked the Monarto Commission to carry out further work concerning the preservation of the Adelaide Hills, with special reference to land use of vineyards in that area.

JUVENILE COURT

The Hon. J. C. BURDETT: I seek leave to make a brief explanation before directing a question to the Minister of Health, representing the Attorney-General.

Leave granted.

The Hon. J. C. BURDETT: I refer to the report of the Juvenile Court Judge tabled recently in this Council and to the report in this morning's *Advertiser* of the Ministerial statement said to have been made yesterday by the Attorney-General. In the press report of the Ministerial statement it was said that the Attorney-General had instituted an inquiry through the Public Service Board into the efficiency and staffing of the court. However, the report tabled in this Chamber called for an inquiry by a statutory committee or other proper authority into the operation of the Act. The report referred to the fact that the Act came into force in 1971, that it was a new Act and that it brought into effect a new concept of dealing with juvenile offenders. The report stated that the Act and the new concept was something advanced which made South Australia a world leader in dealing with juvenile offenders, and it suggested that this attitude was justified. It was also suggested that the concept was something entirely new and that one could not introduce such a new system and merely let it roll along without further examination. What was called for was an inquiry, not merely into the efficiency and staffing of the court, but also into the operation of the Act. Details were given in the report as to various areas where inquiries could be directed. I ask whether the Attorney-General will set up a statutory committee or other competent authority to inquire into the operation of the Juvenile Courts Act.

The Hon. D. H. L. BANFIELD: I will refer the question to my colleague.

The Hon. J. C. BURDETT: I seek leave to make a brief explanation prior to directing a further question to the Minister of Health, representing the Attorney-General. Leave granted.

The Hon. J. C. BURDETT: This question also relates to the report to which I have just referred. In the report

it was suggested that legislation should be introduced to amend the Act so as to allow the media somewhat greater access to the courts and somewhat greater leniency in the matter of reporting to the public. It was suggested in the report that, after all, the courts were the public's courts and the public ought to have some way of knowing what was going on. It was suggested that this could be done without adversely interfering with the rights of juveniles and their parents. I ask whether the Attorney-General intends to introduce legislation to comply with the recommendations in the report and grant greater access to the Juvenile Court by the media.

The Hon. D. H. L. BANFIELD: I will also refer that question to the Attorney-General.

ROCK LOBSTER FISHING

The Hon. J. R. CORNWALL: I seek leave to make a short statement prior to directing a question to the Minister of Fisheries.

Leave granted.

The Hon. J. R. CORNWALL: Last week I had occasion to tour the Lower South-East. It was extremely fortunate that I did so, because I was able to bring constituents back to the real world after the recent cultural tour by the Hon. Mr. Hill, during which he was effusive in his praise for the State Government's policy on the arts. During the visit, I had occasion to call at many fishing ports. A lively discussion is going on in the South-East regarding the periods during which rock lobster should be taken. For example, in Robe there is a large body of opinion that the season should open in October. There is a just as significantly large body of opinion in other ports that it should not open until November. Other fishermen say that it is quite wrong to be fishing and disturbing rock lobster during the spawning season in August and September. One thing that was clear, even among fishermen who had been operating in the area for 20 to 25 years, was that there seemed to be no consensus of opinion. I wonder whether the Minister can say what details are known of the spawning habits and life cycle of rock lobster. I also ask whether he can say if any changes are proposed in the present fishing season.

The Hon. B. A. CHATTERTON: Unfortunately, we do not know as much as we would like to know about the biology of the rock lobster in that area, and it is a field of research that we consider to be of high priority. In fact, with the new research vessel that the Government has purchased, one of the first projects we will be carrying out will be research into rock lobster in the South-East region. The basic interaction between water temperature and the flow of cold water into the depths, and also the habits of the rock lobster need to be known. We would like to be able to do research that would help fishermen to predict the likely catches. This sort of research has been done elsewhere and is of great economic value to the fishing industry. If we can predict the development of generations of rock lobster, water temperature, and the rate at which lobster may be caught, this would greatly benefit the fishing industry and could lead to a more flexible opening of the season in future years, based on research. However, at this stage we do not have any plans for any alteration to the opening and closing of the season in the South-East. We hope that future research will give us better knowledge to enable us to make more flexible arrangements.

SCHOOL CADET CORPS

The Hon. ANNE LEVY: I seek leave to make a short statement before asking a question of the Minister of Agriculture, representing the Minister of Education.

Leave granted.

The Hon. ANNE LEVY: I have noticed in this morning's newspaper an article stating that three South Australian high schools have applied to the Commonwealth Minister for Defence for provision of cadet corps at those schools. Since the cadet corps were phased out of the schools last year, the Sex Discrimination Act has been passed, prohibiting discrimination by any educational authority in this State on the grounds of sex in connection with any benefit provided by the authority or any detriment applied by the authority to the students under the care of the educational authority. As far as I am aware, the Army is not intending to let girls at co-educational schools join the cadet corps, certainly not on the same terms as for boys. Consequently, it appears to me that there may be a contravention of the Act if a school invites the Army to make provision for a cadet corps at the school while the Army discriminates between the sexes in setting up such a cadet corps. Will the Minister inquire from the Commissioner for Equal Opportunity whether she thinks the invitation to the Army to provide a cadet corps at a school while the Army continues to discriminate between the sexes in connection with cadet corps is perhaps a contravention of the Sex Discrimination Act, and hence illegal in this State? If the Minister is so informed, will he convey that information to the principals of the three schools concerned and also inform other schools that may be contemplating applying for the provision of a cadet corps?

The Hon. B. A. CHATTERTON: I will refer the honourable member's question to my colleague and bring down a reply.

JUVENILE COURTS ACT

The Hon. J. C. BURDETT: I seek leave to make a short statement before asking a question of the Minister of Health, representing the Attorney-General.

Leave granted.

The Hon. J. C. BURDETT: My question relates to Judge Wilson's letter directed to the Government and dated September 30, which was tabled with other documents yesterday. His Honour said on page 2 of that letter that pressures had been brought to bear that tended to interfere with his judicial independence. Has the Attorney-General any knowledge of the matters to which His Honour referred and, if he has, would he inform the Council of those matters?

The Hon. D. H. L. BANFIELD: I will refer the honourable member's question to my colleague.

MEDIBANK

The Hon. J. E. DUNFORD: I seek leave to make a statement before asking the Minister of Health a question. Leave granted.

The Hon. J. E. DUNFORD: There has been some confusion amongst constituents regarding the payment of the Medibank levy and payments to private health funds.

It seems to me that people, including members of Parliament, are now signing procuration orders with their employers to have the 2½ per cent compulsory levy, or the contributions for the Medibank-plus 1, 2 or 3 contributions, deducted from their salaries. Most constituents who have spoken to me understand that after October 1 some employees and salary earners will be paid on October 7; some of those who are paid fortnightly will be paid on October 14, some will be paid on October 21; and some who are paid monthly may be paid on October 28. They do not know whether or not they are required to pay in advance. If a person who is to be paid on October 28 signs a procuration order with his employer authorising that employer to take out his Medibank-plus levy, the deduction may be \$30 or \$40 a month. Most people are concerned about what could happen in that period. They are all aware that these deductions will have to come out of their wages. Will these people have to pay an additional sum at the end of the year or at the beginning of October, that is, involving two payments in October? The other matter that concerns people is that some employers are saying to their employees who have signed procuration orders authorising them to take out their Medibank and private health funds, "We will take out the 2.5 per cent compulsory levy. However, if you have Medibank-plus 1, 2, or 3, we will not take out that deduction."

The Hon. M. B. CAMERON: Is this a question or a speech?

The Hon. J. E. DUNFORD: I am merely repeating what people have said to me. I know that the honourable member does not want to listen. One would think that he was the President. The people are asking, "What is happening to us? Where do we stand?" On the one hand, the employer is saying, "I will take out the 2.5 per cent Medibank levy, but if you want Medibank-plus, I will not take it out. I will make the deduction only if you join a private fund." The Hon. Mr. Cameron wants to upset me, but he will not do so.

My question is in three or four parts. Is a person required to pay an additional payment either in advance or at the end of the year to Medibank or to private funds if he has signed a procuration order to have his or her medical and hospital payments taken from his or her pay after signing a procuration order authorising the employer involved to deduct those payments? Can an employer advise his employees that he will deduct basic Medibank payments from his salary on request? However, he will not take out Medibank-plus tables from salaries on request but will take out from salaries any deductions if payments are being made to private funds. The Minister may be aware of these questions which are being asked and which have been brought to my notice, and may be able to answer them today. I know that the people who made these representations would like to have their questions answered. Is Medibank a fair scheme? Is the Minister aware that the 2.5 per cent level on a taxable income only applies to incomes up to \$12 000 a year? After that a flat premium of \$300 a year secures a Medibank cover. Some pay 2.5 per cent, but people such as Mr. Fraser, and other people like him, pay only 0.5 per cent. For an additional immediate cover, if one earns less than \$8 600 a year, it will cost you \$135 a year. Mr. Fraser, and others on high incomes, pay \$59 a year. Can the Minister say whether the scheme is efficient or not? I know the Liberal and private enterprise systems believe in efficiency, and so do we.

Medibank has proved itself an efficient organisation. Here are examples, and I want the Minister to tell me whether

the examples are correct. First, the Medibank administration costs accounted for only 4 per cent of total claims processed, compared with 14 per cent for private health funds; secondly, a private fund, I believe, and I would like the Minister to find out whether this is correct, has a staff of 900 who pay out 10 500 claims a day; Medibank, with a staff of 960, are paying out 50 000 claims a day. Is it a fact that it takes a private fund about 25 days to process a claim, whereas Medibank takes only seven days to process a claim? Is it true that there are over 100 private health funds in Australia all competing for the custom of people as contributors to their fund? They all advertise to attract custom. Medibank has not had to indulge in this activity. Therefore, there have been no unnecessary advertising costs.

Is it true that since October 1 there has been chaos and confusion? Will Medibank be required to carry out the extremely difficult task of tracing people who opt in and out of Medibank? Will the private health funds keep a comprehensive and up-to-date record of names and addresses of contributors? This proved to be beyond them on previous occasions. Will the Department of Health be required to oversee funds and make sure they forward information on the number and type of medical services performed? This also is a function which seems to be beyond the capabilities of private funds. Will individuals have to make a decision whether to stay in Medibank or opt out or take private insurance? This will require many people to forecast their income levels 12 months in advance. The individual will not know whether the employer will be prepared to collect private health insurance payments.

The Hon. M. B. CAMERON: I rise on a point of order, Mr. President. Is this question within the competence of this Parliament? It seems to me that the matters are not for a Minister of this Chamber, but for another Parliament.

The PRESIDENT: I gave some consideration to this, and it seems to me that the matters which have been raised are almost 100 per cent dealt with by the Minister for Health in another Parliament, but I suppose the State Minister has some marginal interest in this matter.

The Hon. J. E. DUNFORD: Thank you, Mr. President. The reason I asked this question is because people have asked me about these matters. I cannot say to them, "I am not Federal, I am State." They say, "You are a member of Parliament. Will you find out?" Maybe the Minister will refuse to find out for me; I don't know.

The Hon. M. B. CAMERON: Direct them to your Federal colleague.

The Hon. J. E. DUNFORD: The people have not asked me to do that. Will all persons taking out private health insurance be obliged to keep the Taxation Office informed on this matter? Will waiting periods for benefits be introduced? People will be covered by Medibank during this period for two months following cessation of private fund membership, and that is another confusing complication for claimants. At the beginning of each financial year or of a new job, will employees have to inform the paymaster that they have taken out private insurance cover?

The Hon. D. H. L. BANFIELD: There are several answers I would have to get from my Federal colleague, but I agree that since October 1 there has been chaos and confusion, which was brought about to some extent by \$1 000 000 being spent by the Australian Government to clear the air. It did not clear the air at all—it confused people more than ever. As to whether or not the Medibank payments are fair, the payment of a 2½ per cent levy, on a low income, is not a fair way of financing Medibank, because the low-income earner is paying a 2½ per cent levy

on his wages whereas people like the Prime Minister, and even people in my own category, are paying much less than 2½ per cent of their salaries. In fact, the Prime Minister is paying about .5 per cent of his salary, so in that respect it is not fair. As regards the examples given by the Hon. Mr. Dunford, what chance I had to check some of them revealed that they were quite correct. I will seek information to answer the other questions asked by the honourable member.

GOVERNOR GENERAL

The Hon. N. K. FOSTER: I direct a question to the Minister of Health, the Leader of the Council. Is it a fact that the Governor-General will be arriving in Adelaide unannounced some time next Friday? Will he be staying in Adelaide on Friday night at an undisclosed address? Is it also true that he will be staying at the Lyndoch Hotel on Saturday night, after a day of "lurching" in the Barossa Valley with the President of the Senate (Senator Laucke) and Geoff O'Halloran Giles, both members of the Liberal Party?

The Hon. C. M. HILL: Mr. President, on a point of order.

The Hon. N. K. FOSTER: Will the Governor-General—

The PRESIDENT: The honourable member will sit down, as another honourable member is raising a point of order.

The Hon. C. M. HILL: My point of order is that the word used in connection with the honourable gentleman is entirely unparliamentary and should be withdrawn.

The PRESIDENT: I think it is quite unnecessary for the honourable member to use that expression.

The Hon. N. K. FOSTER: I accept that. Will the Governor-General proceed to Loxton on Sunday and stay at the Loxton Hotel that night? Will he visit the historical village at Loxton on Monday morning, open the Loxton show on noon, and lunch at the hotel at 1 p.m. on Monday? Finally, is it true that the public has been kept in the dark about his activities, and can the Minister say when Australia last had a Governor-General who was a fugitive from the people?

The Hon. D. H. L. BANFIELD: The direct lines of communication between the Governor-General and me have not been functioning recently so I am not aware of his movements in South Australia. However, I suppose that, by the time I can get the information for replies to the honourable member's questions, he will have seen that the Governor-General has carried out these duties.

COUNCIL AMALGAMATIONS

The Hon. M. B. DAWKINS: I seek leave to make a short statement prior to asking a question of the Minister representing the Minister of Local Government.

Leave granted.

The Hon. M. B. DAWKINS: Recently, there have been a number of council amalgamations and I understand that at least eight district councils have completed amalgamation from two councils to one in each case and four others are discussing the possibility of amalgamation or are in the process of it. Is the Minister aware of any further councils that are discussing this possibility?

The Hon. T. M. CASEY: I will refer the honourable member's question to my colleague and bring down a reply.

PUNTING SYSTEM

The Hon. J. R. CORNWALL: I seek leave to make a short statement prior to addressing a question to the Minister of Tourism, Recreation and Sport.

Leave granted.

The Hon. J. R. CORNWALL: Several constituents have approached me who have recently received a circular in the mail making extravagant claims regarding a punting system. The circular is in the name of Walter Hughes and it is claimed that if people bank \$100 with him they can make a lot of money. He claims that some people say they have made \$10 000 over the last six or seven months by this means. It seems to me that these extravagant claims are verging on fraud. The only address given is a post office box in Sydney. The system is also advertised in a monthly journal known as *Turf Monthly*.

The Hon. R. C. DeGaris: I have received one of those circulars.

The Hon. J. R. CORNWALL: Is the Minister aware of this circular? Is this practice legal and, if not, can the Minister say what action is possible to stop it?

The Hon. T. M. CASEY: I am pleased to hear that the Leader of the Opposition received one of these circulars through the post because, I, too, received one some months ago. It is most unusual for a Minister of Tourism, Recreation and Sport to receive such a circular because, when I looked at it, I thought there was something phoney about it from the word "Go", so I looked up the Lottery and Gaming Act and saw that it contravened the Act. If we look back over the years, we realise that many people have been using this type of advertisement through the post to try to hoodwink people as to what may win races at a particular time in a particular State. It is a serious offence, in that people who contribute to this organisation are actually committing an offence, too, because it would be contravening the Act. It is difficult to catch these people, because they operate through post office boxes in other States. However, I have asked the Attorney-General whether he will take up this matter with his counterpart in New South Wales to see exactly what can be done, because I should hate to see the Leader of the Opposition get trapped in this way.

FIREARMS

The Hon. C. M. HILL: I understand the Chief Secretary has a reply to a question I asked recently about the introduction of firearms legislation.

The Hon. D. H. L. BANFIELD: Legislation is being drafted, and it is hoped that it will be introduced this session.

BRANDS ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from October 6. Page 1296.)

The Hon. A. M. WHYTE: I support the Bill, which is one of three similar Bills at present before the Council, the other two being the Cattle Compensation Act Amendment Bill and the Stock Diseases Act Amendment Bill. All

three are tied in together. They are necessary because of the increasing campaign to combat any incidence of diseases among stock not only in South Australia but throughout Australia. A real need exists to do whatever we can to eradicate and prevent serious outbreaks of disease. The diseases which already exist cause sufficient trouble to warrant every attempt being made to ward them off. The Bill is simple, and clause 4 provides, in part;

It shall not be an offence against this Act for the owner of a registered brand for cattle—

(a) to brand cattle with one or more of the numerals 1, 2, 3, 4, 5, 6, 7, 8, 9 or 0;

I did not know that that was not already the law, because I have seen cattle with numbers branded on their ribs for at least the past 10 years. I am pleased that this matter is at last cleared up, because I have cattle with numerals on their ribs. Clause 5 amends section 53 of the principal Act by striking out the passage "and at least twice in the *Stock and Station Journal*". As the Hon. Mr. Dawkins said, the *Stock and Station Journal* is now known as the *Stock Journal* and can still be used for the purposes stated in the original Act, and I am satisfied about that point.

As few people read the *Government Gazette*, in which all this information appears, it is necessary to have changes to the Act publicised in the publications that are more widely read. As the Minister is nodding his head in agreement, I presume that will be done. Therefore, I have no hesitation in supporting the Bill.

The Hon. R. C. DeGARIS secured the adjournment of the debate.

CATTLE COMPENSATION ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from October 6. Page 1296.)

The Hon. A. M. WHYTE: The Cattle Compensation Act was introduced in 1939 by the late Hon. Mr. Rudall. Its introduction was necessary then because of the incidence of tuberculosis and brucellosis in Australia and because of the reaction of countries throughout the world when it was found that human beings were affected as a result of infected stock. The establishment of a compensation fund was necessary to speed up the eradication of these diseases and to compensate owners who would be financially disadvantaged by the destruction of their stock.

As European countries had already begun eradication campaigns, they demanded that their meat imports should be free from tuberculosis. The compensation fund has been subject to various changes, and in about 1967 the fund, which had built up over the years through the imposition of a levy placed on every 50 kilograms of meat slaughtered, had built up to such a degree that it could be operated without further support or Government aid beyond the original levy.

However, when the Commonwealth Government came on to the scene in about 1970 with a \$1 for \$1 subsidy with the States, South Australia found itself borrowing from the fund to implement its part of the eradication campaign. An amendment was passed to allow the fund to contribute up to \$25 000 in any one year in order to match the Commonwealth grant on a \$1 for \$1 basis. The last withdrawal of \$25 000 was in 1974, when the legislation was again amended to allow the fund to continue independently.

However, the fund was depleted and it was necessary for \$110 000 to be granted to it from general revenue. It was pointed out that the fund should never have been tampered with, and it was then able to cope with all the

normal compensation requirements. It is to be hoped that the fund will continue on that plane, because the Commonwealth has made increasing contributions to the fund and it is now up to the State to match those grants and continue with the eradication campaign.

Stamp duty was increased in 1973 to 5c for every \$20 sale value to a maximum of 50c in 1974. Under that Commonwealth programme it was found necessary to introduce compensation for the destruction of cattle suffering from brucellosis. It was decided that means should be available to raise money from the industry for this purpose and a levy was struck of 6c a pound of beef exported. In 1976 it was decided it would be more equitable and more easily administered if that export levy were dropped and a levy struck of \$1 a head on all cattle slaughtered, which it was estimated would raise about \$7 600 000, and it was to offset part of the \$12 000 000 that the Commonwealth allocated to the States and the Northern Territory for the brucellosis campaign.

Comments were made yesterday regarding the State's contribution and the Commonwealth contribution and, although honourable members opposite seem quiet today, I point out that I have figures to give the lie to some of the accusations made regarding the Commonwealth's contribution to the fund. I refer all honourable members to the report of the Australian Bureau of Animal Health, which contains all the information they require. I am pleased that the Minister has a copy of the report, and any honourable member may inquire further about how the levy is struck and how the allocation to the various States is made. I hope that the State Cattle Compensation Fund will not be affected again by any inroads being made instead of our having the State-Commonwealth grant on a \$1 for \$1 basis, as originally designed.

The Hon. B. A. Chatterton: The point that the States were making was that, unless more money was put into it, it would be just a control and not an eradication programme. That was submitted by every State in Australia.

The Hon. A. M. WHYTE: The Minister's point is factual, and the industry always has asked for more and more money to be spent on the eradication programme, but the industry did not at any time say that the money should not be matched by a comparable contribution by the States. The contribution should have been made by the States, whether on a 50-50 basis or, as it is now, on a 38-62 basis. If the States have to match that contribution, on whatever contribution is decided, and the Commonwealth is supplying much more than 50 per cent—

The Hon. B. A. Chatterton: It is not all their own money: it is producers' money.

The Hon. A. M. WHYTE: Not all of it. The producers do not cover more than about half the money put in. The States should match that, rather than have the Cattle Compensation Fund depleted and left at a point where it must borrow from general revenue. It should be a self-supporting fund. I support the Bill.

The Hon. R. C. DeGARIS secured the adjournment of the debate.

STOCK DISEASES ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from October 6. Page 1298.)

The Hon. A. M. WHYTE: The Stock Diseases Act is being amended to cope with the very real threat of further diseases being inflicted on our stock by the introduction

of exotic diseases or by an increase or upsurge in the diseases with which we are battling already. If my friend the veterinary gentleman of the other side would help me, I would pronounce the name of a rare disease that has now been found in horses in Australia. It was previously unknown, and I am sure that the Hon. Mr. Cornwall could tell me the name.

The Hon. J. R. Cornwall: I have not seen the report but it could be babesiosis.

The Hon. A. M. WHYTE: It would be easy for an exotic disease or a disease unknown to us at present to be introduced into Australia, and it could have a devastating effect on our export income and on livestock generally. Foot and mouth disease, blue tongue disease, or any other of these diseases would inhibit the sale not only of meat but also of wool from Australia and would even inhibit the export of tinned frozen meat and cheese. We must be vigilant at all times, and the amending Bill gives the department further power to be watchful. We have not been very watchful and we have been lucky, perhaps because of the climatic conditions more than anything else, to have escaped the occurrence of serious infection. A lady told me that not long ago she travelled from Rome to Cowell and had not been asked for a passport or any other documents and had not been questioned about whether she had paid her fee or whether she had foot and mouth disease, blue tongue disease, or anything else!

Some diseases in Australia do need special attention, and I refer again to the incidence of brucellosis and tuberculosis. South Australia has been fortunate in that, when Commonwealth money was first made available, some other States were not geared to make use of that money and this State was able to draw more than its fair share. Nevertheless, we have a long way to go in the cleaning-up process and it will be many years before the campaign reaches real fruition. Many areas in this State and in the Northern Territory are such that it is extremely difficult to have a clean muster, because of seasonal conditions there, and to wage sufficient veterinary campaigns of test and slaughter. There are times when the veterinary services lag behind. There are insufficient members of the registered profession to fulfil all the requirements of the eradication campaign and some members of the profession may prefer to operate in the South-East rather than in the heat and dust of the Far North.

The Hon. J. R. CORNWALL: Will the honourable member give way?

The Hon. A. M. WHYTE: Yes.

The Hon. J. R. CORNWALL: There has been a significant increase in the number of veterinary graduates in the past eight or 10 years, particularly between the time of the rural recession of the early 1970's and the present time. About 300 or 400 veterinary surgeons have left rural areas because it was not viable for them to be there. Admittedly, many of these were assistants. The principals of the practices have remained, but fewer professional staff are employed. It is not true to say that there is a shortage of veterinary graduates in Australia. In fact, following representations to the Federal Government by the Australian Veterinary Association, oversea veterinarians are virtually a prohibited import. It is really a question of where we employ the graduates that are available. I grant that a different situation may have existed 10 or 15 years ago, but I assure the honourable member that there is no real shortage of veterinary graduates at present. One reason why they come to the metropolitan area is that they must make a living.

The Hon. A. M. WHYTE: I thank the honourable member for that information. It became necessary for veterinarians who were established in the country to shift elsewhere, because a Siamese cat was a much more marketable product than was a truckload of cattle. No-one could afford to pay a veterinary surgeon to operate on a beast that was practically worthless under the market conditions.

The Hon. J. R. Cornwall: Not even in the South-East.

The Hon. A. M. WHYTE: I agree, but the South-East was perhaps more pleasant than was Oodnadatta during a dust storm at that town. Although much more needs to be done, I congratulate the department on the way in which it has handled and is proceeding with the matter. Other honourable members who have spoken on this Bill have said that, although provision for branding cattle as a sign of quarantine had been in the principal Act, the provision had never been used. Generally, the department has given as much co-operation in such matters as is financially possible. It is heartening to hear the Hon. Mr. Cornwall say that there is now a glut of veterinary surgeons and that there is no reason why we should not be able to speed up the eradication campaign. I support the Bill, at least from that angle.

The Hon. R. C. DeGARIS secured the adjournment of the debate.

POULTRY PROCESSING ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from October 6. Page 1290.)

The Hon. M. B. DAWKINS: The Bill has been introduced as a result of the need for better lines of communication between the broiler producers and licensed poultry processors for the chicken meat industry. In his second reading explanation the Minister of Agriculture said:

Under this scheme it is proposed that the operators of processing plants, which are required to be registered under the principal Act, may in future obtain chickens for processing only from the operators of approved farms or from farms that they operate themselves subject to an approval.

So, it may be said that, under this Bill, there is the possibility of a closed shop and a more organised arrangement between growers and processors. The Bill could also lead to a continuation of the escalation of the cost of chicken meat, but it will probably mean a better arrangement between the two sides of the industry.

The Hon. B. A. Chatterton: It prevents over-capacity.

The Hon. M. B. DAWKINS: That could be so. The Bill tends to provide a form of control of similar effect to that of quotas. I gather that there are about 64 viable commercial growers, and there are four poultry farms run by the poultry processors themselves. There are seven or eight processors, of whom three are large organisations. This Bill is wanted by the industry. The growers, too, need this Bill, which results from the findings of an informal committee, comprising members from both sides of the industry, that has operated for about two years. I am given to understand that the Bill has their general support. While I appreciate the industry's requirements and its considered need for the Bill, I am less happy with the Bill itself, which I believe needs improving. In his second reading explanation the Minister of Agriculture said:

The Bill provides that any matter that is not resolved by the committee to the satisfaction of those concerned may be determined finally by the Minister.

I wonder about that statement. The committee, as it is suggested in the Bill, is entirely appointed by the Minister. Because the committee could be described as a Ministerial committee and because the right of appeal is to the Minister against decisions of the committee, I wonder whether the appeal should be directed to an independent authority. The Bill provides for the establishment of the Poultry Meat Industry Committee and it regulates the committee's operations. The Bill also prohibits the processing of chickens other than chickens raised at an approved farm pursuant to an approved agreement between the farmer and a processor or chickens raised by a processor with the approval of the committee. So, the Bill eliminates the possibility of over-production, but I suggest that it indicates something in the way of a closed shop. I turn now to the Bill itself. Clause 5 provides for the following definition:

"farm" means any place or premises used for raising chickens for processing at a plant.

I wonder whether it would be better if the term "poultry farm" was used rather than just "farm" and whether the word "approved" should be inserted instead of just "any place". Perhaps the definition should refer to a poultry farm or approved place. New section 11b provides:

(1) There shall be a committee entitled the "Poultry Meat Industry Committee".

(2) The committee shall consist of the following members appointed by the Minister:

(a) an officer of the Public Service of the State (who shall be Chairman of the committee);

and

(b) such even number of members as the Minister considers should be appointed in order to represent the interests of the operators of plants and farms in the State of whom—

(i) one half shall be persons who in the opinion of the Minister together represent the interests of operators of plants in the State;

and

(ii) the other half shall be persons who in the opinion of the Minister together represent the interests of operators of farms in the State.

I am given to understand that this committee will probably be rather larger than one would normally expect it to be. I believe it is contemplated that there will be at least three members representing the licensed processors and at least three representing the growers association, plus a chairman, making a committee of seven members. It is possible, so I am informed, that there may be four members representing each section, which would make it a nine-man committee. That seems to be a rather large committee for the purposes contemplated. I ask the Minister to say, when he replies, what he considers that the composition of the committee could be, and whether I am near the mark when I make these suggestions.

I am disturbed that all these people are to be appointed directly by the Minister. I am not having a shot at the present Minister when I say that I would prefer to see the sections concerned being able to submit a panel of names, from which the Minister could select the committee members. Although I understand that it is possible that the Minister may do something like that, I would prefer to see it written into the legislation. I should prefer the Bill to provide that half the members of the committee shall be persons selected from a panel of names provided by the licensed processors, and the other half shall be persons selected from a panel of names provided by the members of the South Australian Broiler Growers Association. These persons would be selected by the Minister from those panels of names.

I understand that the Broiler Growers Association has as its membership all the large producers of chicken meat, and that all the processors are licensed at present. I hope something like that can be incorporated in this Bill. I realise that some difficulties exist, in that the growers are at present aligned to one or other of the large processors, and that there would have to be a fairly careful arrangement in relation to the grower who is aligned to "this" processor and the grower who is aligned to "that" processor. New section 11b(3) provides:

Where in the opinion of the Minister a person has a certain character that qualifies him for appointment under subparagraph (i) or subparagraph (ii) of paragraph (b) of subsection (2) of this section, the Minister may, upon appointing that person, specify that qualification in the instrument of his appointment.

As I understand it, that means that, if a person who is aligned to one group changes his group, he will probably need to retire so that someone else from that group can be appointed. As I see it, this is a complicated matter. However, I think that it would not be insuperable to include an amendment along the lines which I have suggested and which would enable both sides of the industry to submit to the Minister a panel of names, or panels of names from each group, from which he could select suitable members, as has been done many times in the past. New section 11c(1) provides:

A member of the committee shall be appointed for such term of office, not exceeding three years, as may be determined by the Minister, and, upon the expiration of his term of office, shall be eligible for reappointment.

I am not happy with the phrase "not exceeding three years" or "not exceeding five years", as appeared in a Bill which the Council debated recently. I believe that the people who are appointed to a committee such as this should have some security of tenure, and that it is not a good idea to appoint them for six months, one year or two years.

I will suggest to the Parliamentary Counsel that the words "not exceeding" be excised and that "of" should be inserted. This will mean that a member of the committee would be appointed for "a term of office of three years", and that there would be no possibility of variation or of any Minister (and I am not necessarily referring solely to the present Minister) appointing a person for a short period of time, which would minimise his value to the committee and which would also leave him open to some undesirable influence. I now refer to the functions of the committee. New section 11g provides:

The functions of the committee are as follows:

(a) to grant approvals under Part III of this Act;

This granting of approvals will be the control measure, about which I am concerned. I realise that the industry is asking for this. The first function of the committee is to grant approvals under Part III of the Act, which will exercise control. The new section also provides:

(b) to use its best endeavours to resolve disputes between operators of plants and operators of farms.

In the normal course of events, it may be better to word that provision, "to resolve disputes between the operators of plants and the operators of farms", leaving out "its best endeavours". I am persuaded that, in the final run-down, the committee cannot really be certain that it can have power to resolve disputes. Therefore, it is probably better to leave in the words "use its best endeavours to resolve disputes".

I am aware that the object of this Bill is to provide understanding by and co-operation between the two sections of the industry, one of which now largely calls the tune. The fact that the processors to a large extent call the tune is probably the main reason for the introduction of this Bill.

The other function of the committee is to report to the Minister on any matter relating to the poultry meat industry referred to it by the Minister or any such matter on which it considers that it should report to the Minister. That is a fairly wide open requirement.

Part III of the Bill refers in detail to the operations of plant and farms, and provides a means whereby the committee shall grant approval to certain chicken meat poultry farmers. New section 11h (4) provides:

Where application is made under paragraph (a) or paragraph (b) of subsection (1) of this section for an approval, not being an application for approval referred to in subsection (3) of this section, the committee may grant the approval if it is satisfied that there is a demand for the supply of chickens for processing that cannot reasonably be met by the operators of approved farms.

The inclusion of the words "the committee may grant the approval if it is satisfied that there is a demand" gives some indication of the measure of control that will be exercised by this committee. As the Minister said earlier, this tends to get away from the possibility of over-supply, but it also tends to involve an exercising of control, which, to some extent, I find objectionable. It means as I said earlier, that there is something of a closed shop in relation to this Bill.

I refer also to clause 10, which amends section 16 of the Act, and provides for an appeal to be made to the Minister. As I said earlier, I question this provision, as the clause merely seeks to amend section 16, which already provides for an appeal to the Minister. At the present time the Act provides for an appeal to the Minister, and it also provides that the Minister may hear and determine the appeal, or appoint some competent person to hear and determine the appeal. I query this situation. I consider it would be better if another arrangement for appeals were made, and I think it would be a more acceptable arrangement for the industry in the long run, and probably for the Minister himself in the event, if an appeals tribunal were set up.

I have indicated that the industry, as I have gathered from discussion, requires this Bill. I cannot ignore the fact that they are seeking something which they believe is for their betterment. Also, I cannot ignore the fact that there are some things about this Bill which I do not like, but I support the second reading, and hope the Council will be able to improve the Bill by amendment in Committee.

The Hon. D. H. L. BANFIELD secured the adjournment of the debate.

APPROPRIATION BILL (No. 3)

Received from the House of Assembly and read a first time.

The Hon. D. H. L. BANFIELD (Minister of Health): I move:

That this Bill be now read a second time.

I remind honourable members that Parliamentary Papers No. 7 showing the Estimates of Revenue, No. 9 showing the Estimates of Expenditure, and No. 18 containing the Treasurer's Financial Statement when moving the second reading of the Appropriation Bill (No. 3) in the House of Assembly on September 7, 1976, were distributed to all honourable members on September 7. As the Treasurer's speech is also recorded in *Hansard* of September 7 at pages 819 to 836 I do not propose re-reading the speech to the Council but seek leave to have it incorporated in *Hansard*.

Leave granted.

TREASURER'S SPEECH

I present the Government's Revenue Budget proposals for 1976-77, which forecast a balanced Budget result after making provision for two special allocations totalling \$27 000 000. Aggregate receipts and aggregate payments are each expected to be about \$1 171 000 000. The forecast of payments comprises detailed provisions for normal running expenses of \$1 090 000 000 at salary and wage rates and approximate price levels estimated to be effective at June 30, 1976, a round sum of \$43 000 000 for the possible cost of new salary and wage rate approvals that may become effective during the course of the year, a round sum of \$11 000 000 for the possible cost of further increases during the year in prices of supplies and services, and the special allocations of \$27 000 000.

The necessary detailed appropriations for future wage awards will be arranged under a special provision, which is included in the main Appropriation Bill each year. Regarding supplies and services, where departments can demonstrate that cost increases are greater than the allowances included in their detailed appropriations, extra funds will be made available from the round sum of \$11 000 000. There is no special provision in the Appropriation Bill to cover this procedure, so that it will be necessary to call on the authority of the Governor's Appropriation Fund and eventually of Supplementary Estimates. The special allocations of \$27 000 000 are for two major provisions, one of \$15 00 000 to support the 1976-77 operations of the Loan Account and one of \$12 000 000 to augment development and exploration activities in the Cooper Basin gasfields. I shall return to both of these matters in a moment.

Consolidated Revenue Account: As to the longer term movements and trends in the Consolidated Revenue Account, I reported to the House 12 months ago that there was an accumulated surplus at June 30, 1975, of \$22 800 000, and that a completion grant of \$2 500 000 was expected as a result of a Grants Commission recommendation in respect of the 1973-74 financial year. That completion grant was received and, accordingly, we commenced the 1975-76 financial year with an effective surplus of \$25 300 000. The Revenue Budget for 1975-76, as introduced to Parliament on August 28, 1975, forecast a balanced result for the year. It took into account a possible increase of 21 per cent in the level of average wages which was based on the assessment made by the Commonwealth Government when notifying the estimated level of the Financial Assistance Grants to the States for 1975-76. It also took into account that increased salary and wage rates could be expected to be accompanied by higher prices for supplies and services. Accordingly, after taking into consideration the provisions built into departmental estimates of payments to cover the carry-over effect of salary and wages awards and price rises which became operative in 1974-75 it was estimated that round sum allowances of \$82 000 000 and \$16 000 000 would give safe protection against future salary and wage rate increases and price increases respectively.

By the end of 1975, it had become apparent that the Revenue Budget was progressing towards a more favourable result than had been forecast originally. There was evidence that wage indexation was starting to have a moderating influence on wage increases, some revenues were improving, and departments were generally exercising a tight control over their expenditures. In February, when it became necessary to ask Parliament to consider Supplementary Estimates, I gave an explanation of the main financial trends which had occurred, and indicated that a surplus of as much as \$25 000 000 could result from the year's operations. This situation continued to improve, despite a rather large wage indexation movement for the March quarter, and, by the time I introduced the second set of Supplementary Estimates in June, it was clear that a Budget surplus of over \$50 000 000 was in prospect. All of the earlier favourable indications had strengthened and further it seemed that the Medibank arrangements would be more favourable than expected originally.

However, the Commonwealth Treasurer's May 20 statement gave an indication of impending problems, in particular for our capital works programmes, and I informed the House when presenting those Supplementary Estimates that it was the Government's intention to appropriate from the prospective surplus sums of \$20 000 000 towards the capital works programme, \$20 000 000 to urban public transport projects and \$10 000 000 to assist employment. When I learned at the Premiers' Conference on June 10 that money for welfare housing in 1976-77 would be held

at the same money amount as for 1975-76, which in turn had been held to the same money amount as for 1974-75, I arranged immediately for the \$20 000 000 for the capital works programme to be made available to housing. I will return in a moment to the problems which arise from the present financial policies of the Commonwealth Government. As a result of those actions, the recorded surplus for 1975-76 was \$2 300 000, which took the accumulated surplus on Consolidated Revenue Account at June 30, 1976, to \$27 600 000. All the major movements for 1975-76 in both receipts and payments are documented fully in Attachment I to the printed Financial Statement.

Loan Account: In respect to Loan Account, I introduced the Public Purposes Loan Bill and the Loan Estimates for 1976-77 to this House about four weeks ago. The Loan documents showed that at June 30, 1976, there was an accumulated deficit on Loan Account of \$8 900 000. The proposals for the State's capital programme envisaged the use of all new borrowings and all recoveries expected to become available during the year. However, as the availability of new funds through general Loan programmes supported by the Commonwealth Government is well below the level required to meet expected cost increases, and as the Commonwealth is holding specific purpose funds to a very low level, it has been necessary to allow the accumulated deficit on Loan Account to remain unrecouped in 1976-77 and to make further demands on the Revenue Budget in order to maintain the essential level of public works, while providing for a balance on the 1976-77 operations of the Loan Account.

Accordingly, an amount of \$15 000 000 is to be appropriated from Revenue Account for capital purposes. The accumulated deficit on Loan Account is expected to remain at \$8 900 000 at June 30, 1977, and to be recouped progressively over the next two financial years.

Tax Sharing: The most significant event that has occurred in recent times in the Commonwealth-State financial field has been the arrangement between the Commonwealth Government and all State Governments for the sharing of personal income tax collections. This new arrangement came into effect on July 1, 1976, and replaced the long-standing practice of applying increments in average wages, movements in population and a general betterment factor to a predetermined base in order to establish each State's Financial Assistance Grant for a financial year. The principles involved in this new arrangement and the events which led to their adoption are set out in Attachment II to the printed Financial Statement. Although I do not propose to take up members' time now with a detailed explanation of those principles and events, I do wish to draw attention to three matters which make me apprehensive about the future of the tax-sharing arrangements as an effective replacement for the Financial Assistance Grants formula. They are:

1. Lack of consultation on the part of the Commonwealth Government. The decision of the Commonwealth Government, announced on May 20, to introduce full indexation of personal income tax in the first year, to introduce a Medibank levy and to change child endowment arrangements and income tax rebates for dependent children was an example of that Government's departure from what I believed was a responsibility to consult with the States on matters which might affect their share of personal income tax collections.

2. The Commonwealth Government's refusal to provide the States with an assurance beyond June 30, 1980, that funds under the tax sharing arrangement will be at least as great as those which would have resulted from a continuation of the formula. In seeking a long-term guaranteed arrangement, I and other Premiers had in mind the possibility that the Commonwealth Government might place less emphasis in the future on income tax as a revenue source.

3. Introduction of the Medibank levy, a long-term income taxing measure and not just a device for short-term economic management. In this the Commonwealth has demonstrated that it does not feel obliged to share with the States all the personal income tax it collects.

Those matters lead me to believe that the States face the prospect, after 1980, of having to rely heavily on their surcharging powers or of using existing taxing measures to make good any short-fall if the Commonwealth Government places relatively less emphasis on income tax as a

revenue raising measure. As it is unlikely that the Commonwealth Government will permit the States to enter the income tax field in other than a marginal way, for fear of weakening its powers of economic management, the burden could well fall back on the States' traditional taxation fields. The present estimate of South Australia's entitlement under the new tax-sharing arrangements for 1976-77 is \$438 300 000. However, in recent years actual collections from personal income tax have varied significantly from the original estimates. A 1 per cent variation in the 1976-77 estimate would vary South Australia's share under the arrangement by more than \$4 000 000. The estimated guaranteed minimum is \$428 500 000, being the estimated amount which a continuation of the Financial Assistance Grants arrangements would have yielded.

Cooper Basin: I referred earlier to a special allocation of \$12 000 000 to augment development and exploration in the Cooper Basin gasfields. The South Australian Government's main concern is the level of exploration which needs to be undertaken in order to assess the extent of the reserves and to permit planning of their future use. In particular, we wish to ensure that adequate gas supplies will be available to Adelaide consumers beyond 1987. I am sure that members would be well aware of the financial difficulties and protracted negotiations which have faced members of the producer consortium developing this important energy resource. The previous Commonwealth Government took an equity interest in the project at the time when some consortium members were seeking to overcome their financing problems. The present Commonwealth Government now seems anxious to divest itself of the equity interest.

The South Australian Government has made an offer to acquire this equity as the most effective avenue of assisting the producer consortium to achieve an adequate level of exploration, and also of obtaining a voice in the management of the Cooper Basin resources. In these Estimates it is proposed to set aside \$12 000 000 as a contribution to the Pipelines Authority of South Australia, \$9 500 000 being to finance the acquisition from the Commonwealth Government and \$2 500 000 being to provide some funds for exploration. Further significant allocations of funds will be required from time to time for exploration and development, and information concerning this will be put before Parliament, of course.

Forward planning: On previous occasions I have stressed the benefits to be obtained from the long-term planning of our financial resources and the desirability of considering each year as only one step in that long-term planning process. In case anyone wishes to refer back, I spelled this out in my 1974 Budget speech. That concept was introduced formally to our capital works Budget some five years ago, and I believe that the planning of those works on a three-year rolling programme has been of considerable benefit in achieving effective use of resources. Further, it has assisted in cushioning the adverse impact of the recent economic decisions taken by the Commonwealth Government.

At this stage, forward financial planning on Revenue Account is less firmly established and is limited in an overall sense to an assessment by departments, each April, of their programmes for the ensuing financial year. There is, of course, no less need for long-term planning in this area than for capital works but, for reasons I have explained previously, it is more difficult to implement. In view of the uncertainties we now face and are likely to face in the future, the need for longer term planning in some detail is becoming more urgent, and I believe that it would be desirable for departments to project their forecasts for a further financial year; that is, to develop a two-year forward planning programme in detail for Revenue Account. I have asked my Treasury officers to take this matter up with the heads of all departments with a view to having it implemented for the 1977-78 and 1978-79 financial years. My objective is that, as departments develop the necessary staff resources and experience, the detailed planning process on Revenue Account should be extended to a future period of three years.

Perhaps I could refer briefly to two matters to give members some idea of the Government's purpose in this matter. First, in education, where there is likely to be a decline in primary and secondary enrolments over the next 10 years, it is vital that planning initiatives be taken now so that school-leavers do not embark on a tertiary course

in the expectation that employment in the teaching profession will be readily available in either Government or non-government schools. For this reason, officers of the Education Department and Treasury have commenced a co-operative exercise to assess what resources may be required to ensure acceptable standards in primary and secondary schooling, what intakes of students may be required to meet the prospective needs for teachers, and what funds are likely to be available. Secondly, the rapidly expanding call on our hospital facilities and the increasing cost of operating those facilities makes forward planning of staffing and associated needs imperative. The Government's present planning in this area will now be incorporated in a co-operative exercise with the Commonwealth in proposed forward Budget plans as part of the new Medibank arrangements for hospital financing.

A further related matter is a review of the Government's accounting systems to facilitate the development by Treasury and departments of budgets and financial management systems which place greater emphasis on responsibility and accountability for heads of departments. Members will recall that this approach to financial management was supported by the Committee of Inquiry into the Public Service, and has been the subject of comment in recent reports of the Auditor-General. Treasury, in its review of methods and procedures, is having regard also to the growing use of automatic data processing, to developments such as planning, programming, budgeting systems and to steps taken by the United Nations and other authorities to bring about standard presentation of Government financial material. As a result of this work it may be necessary to ask Parliament, at some later stage, to consider modifications to the presentation of formal financial information in Budget papers and Treasurer's Statements.

Summary of major financial factors: In looking at the major financial factors which influenced this 1976-77 Revenue Budget, the most important is the financial policy of the Commonwealth Government and the ill effects flowing from that policy. We all know that the Commonwealth Government is strenuously pursuing a policy of reduced public spending both in its own area and that of the States. I have said several times, both publicly and to the Prime Minister himself, that I believe this policy can only increase unemployment beyond the already high and unacceptable level, reduce consumer confidence, discourage private investment and generally lead to an overall economic decline. It ignores the present plight of the building and construction industry which is operating at about only 75 per cent of its effective capacity in this State and which is in even worse straits in some other States. I have already mentioned welfare housing and the acute lack of funds in this area. Suffice it to say now that the adverse effects of the Commonwealth policy can be measured against the background in this State of a waiting list of over two years for a State Bank loan and, with the exception of a few country areas, a waiting list in excess of three years for a Housing Trust rental house.

In respect to public transport, sewerage works, hospital and school buildings, and a variety of other public works and services it fails to recognise several urgent needs. It is a policy which is insensitive to the needs of people, particularly the Aboriginal people. In trying to look into the future and to plan for it, we do not know how long the Commonwealth will persist with its present policies, and we certainly do not know how tough that Government will be in its approach to specific purpose grants to the States and to support of Loan programmes in 1977-78.

These factors, together with other uncertainties such as our ultimate share of personal income tax collections above the guaranteed level and changes to Medibank which have made it difficult once again to estimate receipts from this major source, suggest that it would be prudent to try to maintain a balanced Budget for 1976-77, and thus to retain our accumulated reserves of \$27 600 000 in order to cushion the effects of any adverse moves in the future. Further, the holding of those reserves will improve our chances of avoiding taxation increases in 1977-78. While the recent actions of the Commonwealth Government have not allowed us to go as far as we would have liked, I am pleased to say that, by careful planning and a firm control of expenditures, the Government believes it can offer some relief to the South Australian taxpayer and still achieve a balanced Budget in 1976-77.

I have already announced that the Government will introduce legislation during this session to exempt from succession duty the property passing to a surviving spouse.

It is intended that this legislation take effect from July 1, 1976, and apply to property passing to a surviving spouse as a result of a death on or after that date. The cost to the Budget in a full year is estimated to be about \$4 000 000 to \$5 000 000. As to land tax, I had stated some weeks ago that the Government would forgo the increasing revenues which would have followed automatically from higher valuations, and that legislation would be introduced this session to hold land tax collections in 1976-77 to the same money amount as for 1975-76. Following further Cabinet consideration, it was my pleasure to announce last week that the Government would remove some increments in tax rates from the higher end of the progressive scale, give relief in the middle of the scale, and eliminate rural land tax. As a result, we estimate that land tax collections in 1976-77 will be only about \$18 600 000 compared to more than \$19 800 000 in 1975-76.

Concerning pay-roll tax, there has been a very useful practice of consultation between the States before making adjustments to rates and exemptions. The aim has been to try to keep the pay-roll tax legislation as uniform as practicable. As a result of recent informal consultation, there seems to be a general acceptance among State Governments that exemption levels should be raised to take account of increasing wage levels. I am pleased to announce that in South Australia the present exemption levels will be raised by about 15 per cent as from January 1, 1977. The cost to the Revenue Budget is estimated at about \$1 000 000 in a full year, and \$500 000 in 1976-77. On the subject of pay-roll tax, the Government intends to provide, within approved guidelines, a range of incentives to industries wishing to establish or expand their operations in South Australia. An amount of \$160 000 is provided for this purpose.

We propose also to amend the Stamp Duties Act this session in order to reduce the level of stamp duty on conveyances and to provide some relief to purchasers of blocks of land, houses, and small business properties. The measure which will reduce the stamp duty bill on modest transactions by up to 22 per cent is expected to cost \$3 000 000 or more in a full year, and about \$2 000 000 in 1976-77. The remarks I have just made about tax concessions have given me much pleasure. Now, it is with sadness that I must comment briefly on the shocking seasonal conditions which South Australia and large areas in other States are going through. We are in the grip of one of the worst droughts on record, and there are no prospects of relief. The Government expresses its sympathy to all of the rural community affected. As a practical token of our concern we have included in this Budget total appropriation for drought relief of \$11 500 000, of which we expect the Commonwealth to provide \$10 000 000 and the State \$1 500 000 in accordance with established guidelines. I have written to the Prime Minister seeking urgent consideration of our submission for assistance and I will make a further announcement immediately I hear further from him. I am happy to report that a reply has been received from the Prime Minister, who has indicated that his Government will support freight rebates for the transport of fodder and stock and carry-on loans for drought-affected primary producers in certain circumstances. In respect to stock disposal, transport of water and drought-generated unemployment relief measures, the Prime Minister has stated that urgent consideration is still being given to these matters. However, because of the serious plight of the farmers and their families and the prompt attention which the Commonwealth Government has already given to our initial request (indeed, the Prime Minister phoned me at home last Friday concerning the matter), I am hopeful that a quick and satisfactory solution will be found to any problems which may be associated with these urgently needed relief measures.

Despite the adverse seasonal conditions, I believe it is fitting to repeat my thoughts of last year and to say that South Australia has entered 1976-77 in a better financial situation than has any other State. We propose to keep a firm control of expenditure within the limits approved, to improve our forward planning and budgeting still further, to maintain flexibility so that we may cope with changing circumstances, and to continue to keep long-term financial stability as one of our major aims.

The rest of the information relates to details of the estimates of revenue and expenditure. Before I seek leave to have it inserted in *Hansard*, I want to pay a tribute once again to South Australia's Treasury officers, who are the envy of the Governments of other States. Indeed, I find

that our Treasury officers are not infrequently called on to advise other States on how those States may deal with Treasury problems which South Australia is coping with so satisfactorily. We could not possibly do the job that has been done in the Treasury in South Australia without the sterling work of our officers, and I give them my personal thanks and, I think, the thanks of all honourable members. I seek leave to have the remainder of the explanation of the Bill inserted in *Hansard* without my reading it.

Leave granted.

RECEIPTS

In 1976-77 receipts are expected to amount to \$1 171 000 000. I shall now give some detail of the main areas of interest.

Taxation: In the normal course, revenue from land tax would have increased by about 25 per cent in 1976-77 as a result of rising land prices and thus higher valuations. However, having regard to the growth which has occurred in these receipts in recent years, to the desirability of giving relief to taxpayers, if possible, and to the present favourable Budget position, the Government has decided to give substantial concessions in land tax rates and exemptions. In looking at the prospective effect of continuing the existing provisions we were very conscious of the probable impact in two particular areas; the city of Adelaide and the rural areas. In deciding how to give concessions we had in mind the special problems in these areas. Accordingly, we decided to remove from the progressive scale of rates the top five increments above 28c for \$10, to reduce by 1c each of the 12 steps from 6c to 28c for \$10 and finally to remove land tax on primary producing properties. In the absence of these measures, it is likely that the receipts of just over \$19 800 000 last year would have grown to almost \$25 000 000. With the proposed measures, which will operate for all of 1976-77 tax, of course, receipts from land tax are expected to be only about \$18 600 000.

The Government also intends to reduce the rates of stamp duty now levied on conveyances where the transactions involve comparatively modest amounts. In this area a simple comparison with New South Wales and Victoria suggests that similar transactions are presently taxed rather more severely in this State. In view of the differences between the States in the cost of comparable real estate, I have some reservations about the validity of such comparisons but, nevertheless, the Government has decided that, in the interests of providing some relief to both prospective home owners and the business community, it should make some modest concessions in this area. The cost of the proposed concessions will be more than \$3 000 000 in a full year and about \$2 000 000 in 1976-77. Overall, however, receipts from stamp duties are expected to rise from \$65 000 000 to about \$74 000 000.

Last year the Government amended the Succession Duties Act to provide relief for widows and widowers and to increase the rural rebate. However, few of the estates finalised during the year were eligible for assessment under the new legislation, and so the cost of the changes was not felt by the Revenue Budget in 1975-76. This year the impact will be much greater, and receipts would not have been expected to increase to any great extent for this reason alone. Now, of course, the Government has announced its intention of abolishing succession duties between spouses with effect from July 1 last. The full cost of this decision, estimated at between \$4 000 000 and \$5 000 000 a year, will not be felt until 1977-78, but there is expected to be at least some impact in 1976-77 and, accordingly, provision is made for a nominal increase only in succession duty receipts this year.

Given no changes in the legislation in respect of rates and exemptions, it is likely that receipts from pay-roll tax would have increased from \$119 500 000 to about \$136 500 000. However, as I have mentioned, informal consultation between the States indicates a general view that exemption levels should be increased to take account of rising wage levels. As a result, the South Australian Government has decided to increase exemption levels by about 15 per cent. The present level of \$41 600 is to be increased to \$48 000 and it will taper down to \$24 000 (now \$20 800) at pay-roll level of \$84 000 (now \$72 800). These amendments will be effective from January 1, 1977. They are expected to cost about \$1 000 000 in a full year and about \$500 000 this year. Estimated receipts for 1976-77 are thus shown at \$136 000 000. The franchise tax on the sale of petroleum products operated for the

first quarter of 1975-76 and produced revenue of \$4 700 000. The passage of the railway transfer legislation placed the State finances in such a sound position that the Government decided to abolish the levy and nothing will be received on this account in 1976-77.

Public Undertakings: Bulk handling charges imposed by the Marine and Harbours Department were raised on January 1, 1975, but wharfage charges, conservancy dues, pilotage and tonnage rates have not changed since July, 1973. The Government is becoming concerned about the increasing impact which the operations of the department are having on the Budget and, therefore, has decided to raise those charges which have remained unaltered for three years. The full year's yield from the increase in rates is estimated at more than \$3 000 000. It is expected that in 1976-77, receipts will increase from \$10 700 000 to about \$13 300 000. Earnings of the Produce Branch of the Services and Supply Department are expected to fall from \$1 500 000 to \$900 000. The decision to transfer responsibilities for the Port Lincoln freezing works from the department to the South Australian Meat Corporation is responsible for this decline. In future the operations of the Rail Division of the State Transport Authority will be treated in the same manner as the operations of the Bus and Tram Division, and only the net impact will be reflected in the Budget. For this reason, no provision is made in the Estimates of Revenue for the receipts of the railway undertaking. However, the relevant information is given by way of an inset to the appropriation authority contained in the Minister of Transport—Miscellaneous section of the Estimates of Expenditure.

The Government has already announced that water and sewer rates will rise by an average of about 15 per cent in 1976-77. Together with the natural growth in the number of consumers, this will increase the revenue of the Engineering and Water Supply Department by about \$7 100 000 to about \$68 800 000. There is no need for me to recite once again the difficulties which South Australia faces in the area of water supply nor the reasons for the losses which occur in the provision of water to country areas. In view of the adverse criticism which the decision to raise these rates has attracted, however, I point out that it would be a senseless deception for the Government to freeze these charges, and to allow the deficit of the water supply and sewerage undertaking to grow continually. Ultimately, the cost must be borne by the community, either by increased charges elsewhere in the Budget or by a reduction in the level of services provided by the Government. The Savings Bank of South Australia experienced a buoyant year in 1975-76, in which income from all sources showed a significant increase. This improvement is reflected in its contribution to the Revenue Budget for 1976-77. On the other hand, the contribution from the State Bank of South Australia for 1976-77 is down on the previous year, mainly as a result of increased interest payments and the cost of renovations to the bank's premises.

Recoveries of debt services: One of the consequences of treating the rail division of the State Transport Authority as an entity which operates outside the State Revenue Budget is to alter the manner in which its debt charges are shown in the State accounts. In the past, interest and sinking fund have been allocated to the division from the total payments made by the Government and appropriated under the Special Acts section of the Estimates. In this way the full extent of the division's operating losses has been made apparent in the Auditor-General's Report. Now that the rail division is to be treated as part of a statutory authority it is appropriate that it be made specifically responsible for the debt incurred on its behalf and for the interest and sinking fund charges arising from this debt. The operating results of the division will in no way be altered but the State accounts will now show a payment of interest by the division (reflected in the transfer towards its deficit) and a corresponding recovery of interest by the Government. It is this change in presentation which gives rise to the increase from \$1 200 000 to \$3 300 000 in the recovery of interest from the State Transport Authority and the increase from \$100 000 to \$300 000 in the recovery of sinking fund from the same source.

Other departmental fees and recoveries: The estimates of receipts from Commonwealth grants for education purposes have been based on the information contained in the recent Commonwealth Budget. From pronouncements made by the Commonwealth Treasurer it would seem that these allocations are designed to provide for schools a 2 per cent growth in real terms and for technical and further

education institutions a 7.5 per cent growth in real terms. Both these figures relate to the suggested increase in funds for 1977 over the programme approved for 1976. Because these figures are for calendar years rather than financial years and because certain payments in respect of 1974-75 were received in 1975-76, it is not possible to apply the percentages to actual receipts last year to derive this year's expected receipts. As members will note, the grants towards the schools programme are expected to rise from \$21 100 000 to \$23 500 000, and the grants towards the further education programme to fall from \$4 800 000 to \$4 600 000.

For the pre-school and child-care programmes the Commonwealth Government has decided to increase grants to the States from \$49 000 000 in 1975-76 to \$54 000 000 in 1976-77. It is also giving consideration to changes in the programme designed to place greater emphasis on the child-care component. As yet the Childhood Services Council does not have sufficient information from the Commonwealth to be able to assess the likely impact of these changes on its 1976-77 budget. Therefore, the Government has adopted a rather conservative approach and has allowed for an increase from \$7 300 000 to only \$7 700 000 in grants for these purposes.

Receipts from other activities of the Education Department are expected to decline from \$2 900 000 to \$1 600 000. The main reason for this is the loss of income from the rent of school residences. Since July 1 last all such rents have been paid to the Teacher Housing Authority which has taken over responsibility for constructing and maintaining residences occupied by teachers. In the past the cost of providing housing for teachers has been spread between the Education and the Public Buildings Departments. One of the advantages of the new system will be to bring together into one place all the costs associated with this activity and thereby to permit a more accurate comparison of these costs with the rents charged to teachers. The 20 per cent rent subsidy paid by the Education Department will continue and it is hoped that this, together with the rentals paid by teachers, will be sufficient to cover the costs incurred by the new authority.

In May, 1976, the Commonwealth Government altered the basis of its Medibank contributions and ceased to distinguish between payments to the States on the basis of patient bed-days and payments representing the Commonwealth's share of hospital net operating costs. For 1976-77, therefore, all Medibank contributions by the Commonwealth have been treated as payments of the Commonwealth Government's share of net operating costs. Taking as the basis of comparison the combined bed-day and operating costs contributions in 1975-76, these payments are expected to increase from \$62 000 000 to \$84 000 000. Part of this increase is due to the fact that bed-day payments formerly made direct to subsidised hospitals are now channelled through the State Budget, as Commonwealth contributions towards the cost to the State of subsidising these institutions. A corresponding increase has taken place, of course, on the payments side of the Budget. The balance of the increase is a reflection of the substantial increase expected to occur in the costs of operating both Government and non-Government hospitals in 1976-77 and of the opening of the new Flinders Medical Centre.

Revenue from fees charged to hospital patients is expected to rise from \$12 200 000 to \$16 300 000. After consultation with the Commonwealth Government it was decided to increase fees in Government hospitals by varying amounts from October 1, 1976, in order to reduce the anomalies which were emerging between charges in public and private hospitals. The grant from the Commonwealth Government under the community health scheme is expected to increase from \$2 400 000 to \$4 300 000. A total of \$5 100 000 has been made available to the State for 1976-77 in the form of a block grant to cover both capital and recurrent costs. The Government has decided to take the bulk of the funds to the Revenue Budget to help meet the costs of adequately staffing the new centres established over the last two or three years.

As from August 1, fees for the registration of private motor vehicles were raised by 25 per cent and those for the registration of commercial vehicles were raised by 30 per cent. From July 7, the fee for a driver's licence was increased from \$5 to \$6 a year and a start made on the introduction of a three-year licence system to replace the present annual system. These higher rates, together with the normal annual growth in the number of vehicles and the

number of drivers, are expected to increase receipts from \$32 100 000 to \$45 000 000. After certain administration expenses have been deducted, the balance of these funds will be transferred to the Highways Fund and spent on the construction and maintenance of roads. The Commonwealth Government has offered the States rather less money for roads than is required to maintain the present level of work, and has made such grants conditional upon the States' finding more from their own resources. In order to attract these extra funds and to avoid a deterioration in road construction and maintenance programmes, the Government has been obliged to increase its charges.

The transfer from the Hospitals Fund towards the costs of operating and maintaining hospitals is expected to increase from \$11 500 000 to \$12 500 000. Turnover tax from the Totalizator Agency Board is expected to grow at much the same modest rate as was experienced in 1975-76, but the surplus of the Lotteries Commission should continue to climb in line with the growing popularity of cross-lotto.

Commonwealth Grants: In Attachment II, I have explained at some length the new tax-sharing arrangements which are to replace the Financial Assistance Grants. The latest information available from the Commonwealth Government is that personal income tax receipts for 1976-77 are estimated to total about \$11 060 000 000 of which South Australia's share is expected to be some \$438 300 000. It is relevant here to mention that the present estimate of South Australia's guaranteed minimum, calculated in accordance with the Financial Assistance Grants formula, is \$428 500 000. The estimate of the recovery from the Commonwealth Government of the loss on the non-metropolitan railways has been calculated for the purposes of simplicity on the assumption that the State continues to operate the system for the whole of 1976-77, although it is our aim to have the transfer of responsibility for the non-metropolitan system completed well before the end of the financial year. The non-metropolitan deficit for 1976-77 is expected to be about \$35 000 000 and it seems that the loss on non-metropolitan operations in 1975-76 will turn out to be about \$3 500 000 higher than the amount so far recovered from the Commonwealth. We have budgeted in the expectation of recovering the whole \$38 500 000 in 1976-77.

PAYMENTS

Payments from Revenue Account in 1976-77 are expected to rise by \$136 000 000 to \$1 171 000 000. Included in the total is an allowance of \$43 000 000 for future wage and salary awards, a provision of \$11 000 000 to cover the effects of likely price increases for supplies and services, and special allocations of \$27 000 000 as previously mentioned.

Special Acts: The provision for the Government contribution to the South Australian Superannuation Fund has increased from \$14 600 000 to \$15 300 000. For 1976-77, an amount of \$5 700 000, which would otherwise have been shown against this line, has been appropriated under Part XIII Minister of Transport—Miscellaneous as part of the contribution towards the deficit of the rail division of the State Transport Authority. This change is, of course, consequent upon the alteration to the method of presentation of the rail division in the State accounts. The transfer to the Highways Fund is expected to increase by \$11 100 000 to \$23 100 000. As explained earlier, the Government has been obliged to raise motor taxation quite sharply in order to provide a reasonable programme of construction and maintenance of roads. The rapid increase in this item is simply a reflection of that fact.

The reduction in the contribution to the National Debt Sinking Fund from \$16 100 000 to \$15 700 000 results from the transfer of \$124 000 000 of State debt to the Commonwealth under the terms of the rail transfer agreement. A sinking fund contribution was required in respect of this amount last year because of a technical problem concerned with the Financial Agreement but no such contribution will be necessary in the future. The 1975-76 contribution was recovered from the Commonwealth.

Payment of interest on the \$124 000 000 did not have to be made last year, however. The increase of \$16 200 000 in the State's interest bill, therefore, is a true reflection of the extent to which our liability in this regard has grown. There are several reasons for this increase. In the first place the State's indebtedness rises from year to year as the Government, through the Loan Council, borrows from

the public and from financial institutions to finance its capital works programme. Even if interest rates were much lower, the interest bill would rise on this account. As it is, however, interest rates are at historically high levels. This factor has two effects. It forces up the cost of new borrowings raised to finance the Government's works programme, and in addition, has a considerable impact through the extra burden which it imposes when maturing debt is converted. Frequently, the amounts converted have been borrowed at rates ruling five, 10 or 15 years ago. Naturally, when these borrowings are converted into stock bearing present rates the State's interest burden rises sharply.

Education—Education Department: Expenditure by the Education Department is expected to increase from \$226 700 000 in 1975-76 to \$243 500 000. This expenditure is financed principally from the State's general purpose funds. In recent years, however, the allocation from the Commonwealth Government on the recommendation of the Schools Commission has become increasingly important, particularly as it has enabled the State to improve the standard of education in its schools rather than simply to keep pace with rising enrolments. For this reason the recent report of the Schools Commission has great significance in assessing the funds which the State will be able to allocate to the Education Department this year and in the immediate future. Commenting on the guidelines given to it by the Commonwealth Government for the 1977-79 triennium, the commission points out the inherent conflict between providing for growth in expenditure of 2 per cent in real terms and, at the same time, directing the commission's attention to needs not now being met. To quote the report:

It is important to realise that the guidelines cannot be met in full; the objectives of maintaining existing standards while also undertaking initiatives, though modest and directed towards immediate needs, are ambitious within the funds allocated.

The commission has also reacted with concern to the advice from the Commonwealth Government that the present cost supplementation arrangements are to be abandoned in favour of less automatic provisions. As the commission points out:

... systems cannot plan unless they know how to allow for inflation and when cost supplementation will occur. The basis of cost supplementation must be established quickly and publicised widely so that the true value of basic grants can be assessed and administered accordingly.

Against this rather forbidding background and bearing in mind the small increase in Commonwealth funds overall and the need to avoid tax increases, the South Australian Government has decided that 1976-77 should be a year in which the Education Department maintains its present relatively high level of operations, but has little expansion and few new initiatives.

Further Education: The allocation to the Further Education Department for 1976-77 is \$29 500 000 as compared to \$25 400 000 actually spent last year. The Government is concerned about the growing evidence that the number of new tradesmen entering the workforce is proving insufficient to replace those leaving their trades because of age and other circumstances. In the past the skilled workforce has been supplemented to a significant extent through immigration, but more recently the flow of tradesmen into Australia has tended to abate. This, of course, has thrown a greater burden on our training institutions, and has been responsible for the rapid growth which has taken place in the area of technical and further education.

It is in this context that the report of the Technical and Further Education Commission must be read. Although the rate of increase in the funds made available to the commission is somewhat greater than for schools and for other post-secondary institutions the commission has stated in its report that: "The proper development of T.A.F.E. cannot be accommodated within the minimum growth rates in Commonwealth expenditure guaranteed by the present guidelines." With the strict limitation imposed on the rate of increase of the State's overall funds, we have been obliged to provide for a comparatively modest increase in the resources allocated to technical and further education. It is to be hoped that in future years a rate of increase more appropriate to the needs of the community will be possible. Apart from the commencement of activities at the Regency Park Community College of Further Education, with the transfer there of the School of Food and Catering,

there will be very little expansion in real terms. The withdrawal of Commonwealth support for the training of teachers to staff the new integrated child-care facilities, established as part of the childhood services programme, has made it necessary for the State to allocate some of its own resources to ensure the continuation of this essential task. Courses in the fields of nutrition and home management will commence in 1977 but programmes such as the improvement of adult literacy will of necessity proceed at a slower rate than is desirable.

Independent Schools: The provision for grants to independent schools has increased from less than \$5 000 000 in 1975-76 to \$6 300 000 in 1976-77. Actual expenditure in 1974-75 was \$2 600 000, so that over a two-year period the South Australian Government has raised its contribution by almost 150 per cent. A submission by the Advisory Committee on Special Grants for Independent Schools for an alteration to the method of calculation of the total sum made available to the committee was accepted by the Government, with the result that this amount is now determined on basis of 20 per cent of the most recent estimate of the cost of educating a child in a Government school.

Pre-school Education: The manner in which funds for pre-school education and early childhood care have been made available to the States by the Commonwealth Government has been the subject of frequent and lengthy discussions between members of the Interim Committee of the Children's Commission and the Childhood Services Council and between officers of the Commonwealth and State Public Services. Despite the difficulties which changes of ground by the Commonwealth authorities have caused the Childhood Services Council has succeeded in attracting considerable funds to South Australia for these purposes, and particularly for facilities which provide a range of integrated services. The council is now concerned that there may be yet another change of policy in this area and that funds for the integrated facilities which the council has fostered will be cut back and greater emphasis given to centres providing a more fundamental child minding function. Of course, the extent to which Commonwealth funds are made available to help finance existing centres will have considerable influence on the rate at which the State Government can carry out its undertaking to provide one year of free pre-school education for all children in the State. Until more is known of the intentions of the Commonwealth Government, the council will be greatly inhibited in its planning. For its part the South Australian Government has endeavoured to alleviate some of the council's problems by increasing the allocation to the childhood services programme from \$10 200 000 in 1975-76 to \$13 300 000 this year. If the Commonwealth Government does not raise its contribution to South Australia in line with the total increase provided for in this area in the Commonwealth Budget, the impact on the State will be quite severe in a year when other activities are being held under tight control.

Health—Hospitals: By now members will be well aware of the changes which the Commonwealth Government has made to the Medibank arrangements. The precise effect of these changes cannot be estimated with any accuracy, but to the extent that the introduction of the Medibank levy induces people to take out extra health insurance there will be a saving to the Budget in the net cost of providing health care. For Government hospitals this will come directly in the form of extra fee revenue from insured patients and some small reduction in payments for professional services. For non-government hospitals the effect will be the same but the saving to the State Budget will come through a reduced need for Government subsidies to cover operating losses. Expenditure by the Hospitals Department is expected to increase from \$144 900 000 in 1975-76 to \$173 000 000 this year. Considerable extra expense will be incurred at the Flinders Medical Centre where it is anticipated that by the end of the year 326 beds will have been commissioned. In addition to this, there will be pre-commissioning costs associated with the plan to have a bed capacity of 520 by the end of 1977-78. Significant developments will also be taking place at the Ru Rua Nursing Home where it is expected that an additional 63 beds will be commissioned. Last year saw further progress in the development of community health facilities with the commencement of services in a number of areas. Costs will rise markedly in 1976-77 as these services operate for a full year and are brought up to a level to match the likely demand.

Appropriations under "Minister of Health—Miscellaneous" for non-government hospitals have been affected by the decision of the Commonwealth Government to do away with direct payments to all hospitals of \$16 per patient bed day. As explained in the Budget speech last year, these payments had the effect of reducing the level of State Government subsidy required. Now that these payments are to be made to State Governments for passing on to the subsidised hospitals, it is, of course, necessary to provide extra appropriation authority, although the net cost to the Budget is not affected. It is expected that this will be offset to some extent by a tendency for patients to choose to take out private health insurance under the new Medibank arrangements. If this change eventuates, it will boost the revenues of subsidised hospitals and, at the same time, reduce their payments for professional services. Assistance for current maintenance to organisations shown in Appendix III to the Estimates of Expenditure is expected to increase from \$11 900 000 to \$14 100 000. State Government support for the Home for Incurables is expected to total \$2 600 000, for the Mothers and Babies Health Association \$2 200 000, for the South Australian Blood Transfusion Service \$1 300 000 and for Minda Home \$900 000.

Public Health: Expenditure by the Public Health Department is expected to increase from \$6 300 000 to \$7 900 000. The department continues to assist local authorities in the design and supervision of construction of common effluent drainage systems in country towns. Since local authorities first saw the advantages of this system of drainage in removing insanitary conditions and upgrading the environment, more than 40 towns have been assisted. Work at Williamstown, Kadina and Crystal Brook is expected to proceed this year and plans are being prepared for schemes in a number of other localities. The department is also engaged in investigating proposals for the satisfactory disposal of solid wastes in the metropolitan area. The training of dental therapists is continuing at the Hindmarsh Square and Somerton Park training schools. At present 49 students are in their first year of training and 44 in their second year with a further intake of 50 planned for 1977. An additional five mobile clinics will be commissioned this year and stationary clinics are being constructed in a further 16 schools. When these facilities are operating it is estimated that the number of children receiving comprehensive dental care will be about 70 000.

In conjunction with officers of the Commonwealth Government and the State Governments of New South Wales and Victoria, the department is engaged in a comprehensive programme for the control of mosquitoes in the Upper Murray area aimed at prevention of an outbreak of Australian arbo-encephalitis. The Occupational Health Division is endeavouring to promote amongst employers and employees an awareness of the practices of preventive health. The establishment of area centres to serve groups of medium and small sized industries which cannot afford to provide their own occupational health services is particularly important in this regard.

Law Enforcement—Police Department: The expected increase in expenditure of \$5 700 000 by the Police Department is only a little more than is necessary to ensure the continuation of services at their existing level. There will be the normal intake of cadets and probationary constables and, in addition, it will be necessary to train 53 new constables to offset the effective reduction in strength brought about by the decision of the Industrial Commission to grant police officers an additional weeks annual leave. Provision has been made for the department to assume responsibility for the maintaining of order on Aboriginal reserves in the north-west of the State. Equipment and accommodation are being supplied by the Commonwealth Department of Aboriginal Affairs. It is expected that the upgrading of the country radio network will be completed in accordance with P.M.G. licensing requirements.

Correctional Services: Expenditure by the Correctional Services Department is expected to increase from \$6 500 000 to \$7 600 000 in 1976-77. Much of the increase is necessary merely to continue the present level of activity in the detention and corrective treatment of offenders sentenced by the courts. However, a few modest initiatives are planned. It is intended to take further steps towards the implementation of the recommendations of the Mitchell report relating to the caseload of probation and parole officers. Eight extra officers have been recruited for service at the Mount Gambier and Port Lincoln prisons

to improve the level of manning at those centres and additional technical staff will be sought during the year. This will permit more intensive and individual training of offenders and so enhance their prospects of finding employment when they are released from prison. During 1975-76 the department undertook a programme of growing specialised fruit and vegetables for other Government bodies. These activities will be expanded in 1976-77 and it is the intention to concentrate on exotic fruits and vegetables not commercially cultivated in South Australia in order to provide training in experimental techniques for inmates.

Welfare: The allocation to the Community Welfare Department is \$22 600 000, an increase of \$3 200 000 over 1975-76. Included in this amount is a provision of \$6 900 000 for financial assistance to people in need. Expenditure last year was \$5 400 000, but the number of people seeking assistance is expected to increase substantially over the next 12 months. In addition, rates of assistance have been increased and eligibility criteria liberalised. For the past two years a Social Planning Branch within the department has been financed by the Commonwealth Government. That assistance has now been withdrawn. The State Government does not consider that the activities of the branch should be discontinued, however, and has provided sufficient of its own funds to ensure that the benefits of such planning are not lost to the State.

During 1975-76 the department was able to fill a considerable number of the vacancies in the approved establishment of social work staff. This will permit the department to proceed with its decentralisation programme and provision has been made for new offices to be opened at Ingle Farm, Hillcrest, Kadina and Clare. Family homes will be established at Ceduna and Maitland and early childhood services centres opened at Campbelltown, Nangwarry and Brompton. The appropriation of \$6 400 000 under the heading of "Minister of Community Welfare—Miscellaneous" is for the continuation of the Government's remissions of rates and taxes to pensioners and for its programme of grants to private community welfare organisations.

Public Undertakings: With the transfer of responsibility for the non-metropolitan railways to the Commonwealth Government, the State has been relieved of a major burden on its Revenue Budget. However, the formal transfer has not yet been completed and, therefore, it has been decided to appropriate the loss on the railway system in full and to provide for a recovery of the non-metropolitan loss from the Australian National Railways Commission.

The metropolitan operations of the railway system are now under the control of the State Transport Authority in the same way as the operations of the metropolitan bus and tram system. Accordingly, it has been decided to treat them in the same way for accounting purposes. In the past, some considerable detail has been supplied in the Estimates of Expenditure to support the appropriation for the Railways Department while a separate line has been included in the "Treasurer—Miscellaneous" section of the Estimates for a grant to the Municipal Tramways Trust to cover its deficits. For the future it is proposed that the appropriation authority for the deficit of the State Transport Authority will be a single line under the "Minister of Transport—Miscellaneous" section of the Estimates. This will make the accounting treatment of the authority consistent with its status as a statutory body and, at the same time, provide the authority with additional flexibility in operating and co-ordinating both bus and rail services.

While the transfer of the non-metropolitan railways to the Commonwealth Government has resulted in a considerable benefit to the State Budget, the fact remains that, of the five major State business undertakings, the Engineering and Water Supply Department, the Marine and Harbours Department, the Woods and Forests Department, the metropolitan rail service and the metropolitan bus service, only the forestry undertaking is operating profitably. The South Australian Government has never accepted the "user pays" principle in its purest form. In our view, the advantages of a public transport system, for instance, are enjoyed not just by those who use the service but by the entire community and it is appropriate, therefore, that the community bear part of the cost of providing the service. Nevertheless, a judgment must be made from time to time about the extent to which these services can be

subsidised from the general revenue of the State. If Governments follow the line of least resistance and hold charges steady so that deficits climb and there is a greater and greater burden thrown on to general revenue, there must come a time when taxes will have to be increased or other public services curtailed simply to pay for the operating deficits of public undertakings. It is to avoid this situation that the Government has decided this year to raise the charges imposed by the water supply and harbours undertakings.

Expenditure by the Engineering and Water Supply Department in 1976-77 is expected to increase by \$5 900 000 to \$42 600 000. Due to the extremely low level of intake into reservoirs during the winter months it has been necessary to provide for pumping costs amounting to \$5 000 000 as against actual expenditure of \$2 600 000 for 1975-76. Provision has been made also for the commissioning of the new water filtration plant at Hope Valley and for increased costs associated with the continual expansion of the water and sewerage system. The major new programme of investigation into the State's water resources, which was commenced last year, will continue in 1976-77 and provision has been made for the cost of this together with the costs of administering the recently promulgated Water Resources Act.

Other Activities—Drought Relief: The provision of \$11 500 000 for natural disaster relief recognises the serious and widespread drought conditions currently prevailing in this State. Most of the State's agricultural zone has been declared a drought area and the conditions show every sign of being the worst in the State's history. Serious problems now face primary producers, some of whom are experiencing their second consecutive year without a grain crop. Disposal of stock is now a major problem and a potential health hazard. On top of that is the increasing problem of unemployment in the drought area.

The proposed provision of \$11 500 000 recognises those problems and also the need, when conditions improve, for farmers in necessitous circumstances to have the availability of low interest finance in order to restock and seed their properties. It also recognises that some farmers may need financial support in the meantime so that they can provide for their families, maintain their properties and stay in the business of primary production until conditions improve. The Commonwealth Government has been approached to support the State's programme under its National Disaster Relief Scheme to the extent of \$10 000 000. In anticipation of that support an amount of \$8 500 000 has been provided as a receipt in the Estimates of Revenue for 1976-77. There may be some carry-over of the final settlement into 1977-78.

Water Hyacinth: A recent threat to Australia's major water systems is the growing incidence of water hyacinth in the Gingham water course in New South Wales. The Governments of New South Wales, Victoria, South Australia and the Commonwealth are co-operating to overcome this problem and \$50 000 has been allocated as our share of the cost in meeting this emergency.

Amalgamation of Departments: Members will, no doubt, recall that one of the recommendations of the Committee of Inquiry into the Public Service was that:

The South Australian Public Service comprise fewer, stronger departments so that they can manage their affairs and be held accountable for managing.

The Government has accepted this recommendation and taken a number of steps during the last 12 months to put it into effect. The resulting changes to the Estimates of Revenue and the Estimates of Expenditure have made comparisons with last year rather difficult and to assist members in this regard I have summarised the alterations in Attachment III to this speech.

ATTACHMENT I THE YEAR 1975-76

The Revenue Budget presented to Parliament on August 28 last forecast a balance of receipts and payments for the year 1975-76. This forecast was based on an estimated increase in the level of average wages of 21 per cent as advised by the Commonwealth Treasury. After taking into account the provisions built into departmental estimates of payments to allow for the carry-over effect of wage and salary awards which came into effect in 1974-75, it was calculated that a further \$82 000 000 would be required to give safe cover against new awards which could be expected to come into effect in 1975-76. It was also considered desirable to include a provision of \$16 000 000 against the

likelihood of further price rises for supplies and services as a result of increased wage and salary rates in the private sector.

By the time departments had completed their first quarterly review for the year, it had become clear that wage indexation was working well and that continuing restraint in this area would have a favourable net impact on the Budget. In addition, the review showed that careful control was being maintained on payments and that there were some prospects of improved receipts. Further, the Commonwealth Treasury had suggested that it might be appropriate to assume an increase of only 16 per cent in the level of average wages instead of the 21 per cent advised earlier.

In February, 1976, it became necessary to present Supplementary Estimates to the House in order that the Government might have the necessary appropriation authority to cover changed circumstances in a number of areas. At that time I was able to inform members of a further significant improvement in our Budget prospects. The half-yearly review by departments had indicated the possibility of a surplus for the year of \$25 000 000. There were five main factors contributing to that situation. In the first place, indexation had continued to work well and there had been a responsible and restrained approach in the community in the area of wages and salaries. The net benefit from this was estimated to be \$4 000 000.

In the second place movements in average wages in South Australian State Government employment were not consistent with those in the Australian community as a whole. Whereas in both 1973-74 and 1974-75 the actual costs to the State Budget of wage awards were considerably higher than might have been expected, given the Australia-wide experience, it was apparent in February that for 1975-76 the cost to the State Budget would be less than might have been expected. It was estimated that this factor could have a favourable effect of about \$10 000 000. Thirdly, the favourable effect of wage restraint was moderating the rises in prices of goods and services used by departments, with the result that the special allowance for increased prices was not being called on fully. More importantly, departmental officers were controlling payments very firmly and endeavouring to avoid using the special allowance. The favourable effect of these aspects was estimated at about \$10 000 000.

Fourthly, a number of State revenues were showing some upward trend. Stamp duties in particular were buoyant and there were prospects that, in total, receipts could be \$5 000 000 above estimate. Offsetting these favourable influences to a small extent were a number of unexpected increases in payments. After allowing for savings in other areas, the net effect was expected to be an increased outlay of about \$4 000 000. As members will recall, the Government's Budget position continued to improve and in June, when presenting further Supplementary Estimates, I was able to report that a surplus of about \$50 000 000 was in prospect. Those Supplementary Estimates contained, in addition to a number of routine matters, special appropriations of \$55 000 000 designed to make effective use of surplus funds and to ensure that areas of particular concern to the Government would not be affected seriously by any cut in funds which the State might have to face in 1976-77. In the final event, the result for the year was a surplus of about \$2 300 000.

Payments totalled \$1 034 700 000 compared with the original estimate of \$1 051 000 000. The net saving of \$16 300 000 was the end product of a number of conflicting influences. In keeping with the spirit of wage restraint abroad in the community at large, the cost of new wage and salary awards was \$40 400 000, some \$41 600 000 less than the allowance of \$82 000 000 included in the Budget. Awards for which automatic appropriation was available in terms of the Appropriation Act amounted to \$34 600 000, while decisions which fell outside the scope of the legislation cost \$5 800 000.

It is significant that, of the saving of \$41 600 000, no less than \$17 000 000 was due to a smaller movement in average weekly earnings in Government employment than in the community as a whole. The balance, of course, was due to a lower than expected increase during 1975-76 in Australia generally. Last year, when reviewing the 1974-75 financial year, I mentioned the adverse effect which above average movements in Public Service rates of pay had had on the Revenue Budget. Our experience in 1975-76 has implications for the future as it lends force to the argument that such movements are temporary aberrations which are unlikely to be sustained over time.

Apart from the saving of \$41 600 000 in award costs there were further apparent savings of \$18 900 000. Of this amount, \$9 200 000 was actually in respect of interest payments on debt taken over as a result of the railways transfer arrangements. Because arrangements for the transfer were far from complete at the time of presentation of last year's Budget, I decided to retain existing appropriation procedures and provide for full recovery from the Australian National Railways Commission of the non-metropolitan deficit. In this way members were able to assess the full impact of the transfer. The State was not, of course, required to pay interest on debt taken over as a result of the railways agreement and there was a difference of \$9 200 000 on this account. A corresponding shortfall occurred in the recovery from the Australian National Railways Commission. The balance of the savings, \$9 700 000, was spread across the whole range of Government functions. Taken together with the interest difference and the saving on award payments, they produced total reductions below estimate of \$60 500 000.

Offset against this were a number of special appropriations made during the course of the year and incorporated in Supplementary Estimates. An amount of \$20 000 000 was transferred to the State Transport Authority for expenditure on urban public transport projects, following advice from the Commonwealth Government that grants sought for these projects would not be forthcoming. A further \$20 000 000 was transferred to Loan Account for general capital purposes and subsequently allocated to housing following the decision by the Commonwealth Government at the June Premiers' Conference to provide the same money amount for housing as was made available in 1974-75 and 1975-76. Spending on unemployment relief works exceeded estimate by \$14 800 000 and included a transfer of \$10 000 000 to a special deposit account to be used to provide jobs in 1976-77. Finally, \$3 000 000 was appropriated for electricity works on Eyre Peninsula so that areas now served by local generation could be supplied from the Electricity Trust's transmission system and \$2 400 000 was transferred to the Highways Fund to enable work on the Strzelecki track serving the Moomba gasfields to proceed. In total these special items resulted in overspending of \$60 200 000. When offset against the savings outlined above they produced a net saving of \$300 000.

To date I have made no reference in my explanations to the \$16 000 000 provided at the beginning of the year for price increases. Although a number of departments were obliged to seek extra funds to cover price increases these extra allocations were more than offset by savings elsewhere within the Public Service. The figures I have given above for departmental savings are, in fact, inclusive of price increases estimated to have been of the order of \$10 000 000. On that basis the full provision of \$16 000 000 represents a further saving to the Budget and must be added to the figure of \$300 000 to arrive at a total underspending of \$16 300 000.

Budget receipts in 1975-76 amounted to \$1 037 000 000, a figure \$14 000 000 below estimate. Proceeds from State taxation exceeded estimate by \$5 800 000, principally as a result of stamp duties which yielded some \$10 000 000 more than anticipated. The major shortfall was in the area of pay-roll tax where the moderation of wage increases and the generally depressed state of the economy led to actual receipts being \$6 500 000 below estimate. Recoveries of debt services were \$3 000 000 above estimate. During the course of the year the State had more funds to invest than had been expected, and this, together with the ability to invest for the first time on the approved short-term money market, enabled \$1 900 000 more to be earned than was originally estimated.

In the general classification of other departmental fees and recoveries there were a great number of areas where receipts exceeded estimate and a considerable number where receipts fell short of estimate. The net result was a gain of \$11 300 000 to the State, with the major variations occurring in Commonwealth specific purpose payments for education and health purposes. Grants for education activities were a net \$3 300 000 above estimate while grants for Medibank and other health schemes were a net \$4 300 000 above estimate. These increases in taxation, debt service recoveries and departmental fees and recoveries, in total, produced an amount \$20 100 000 greater than anticipated.

Offsetting this were a minor shortfall of \$200 000 in territorial receipts and a major shortfall of \$33 900 000 in general purpose payments from the Commonwealth Government. The Financial Assistance Grant was \$13 200 000 below estimate due principally to the effects of wage moderation on the average wages factor, and the recovery arising from the railways transfer was \$20 700 000 below estimate. As mentioned earlier, \$9 200 000 of this was due to the provision for recovery of interest payments on \$124 000 000 of State debt taken over as a result of the railways agreement. Provision was made in the Budget papers for the payment and recovery of this amount in order that the full implications of the transfer could be shown as clearly as possible but it was not expected that either payment or recovery would be necessary. The remainder of the apparent shortfall was due to two factors. The first is that the original estimate was made on the assumption that the railway services would need to call heavily on the allowances for wage and price rises and that these costs would be recovered. In fact, the railways expenditures increased less rapidly than expected, thanks to the benefits of wage moderation. The second is that the reimbursement approved by the Commonwealth was even lower than the reduced non-metropolitan deficit as estimated late in the year. The final settlement is subject to negotiation. Apart from these major factors there were a number of other important variations which influenced the final Budget outcome in 1975-76. In some detail they are as follows:

RECEIPTS

The shortfall of \$14 000 000 in State revenues may be summarised as follows:

	\$	
Taxation	5 800 000	above estimate
Public undertakings	—	as estimated
Recoveries of debt services	3 000 000	above estimate
Departmental fees and recoveries	11 300 000	above estimate
Territorial	200 000	below estimate
Commonwealth Government	33 900 000	below estimate
	<u>\$14 000 000</u>	<u>below estimate</u>

Taxation: The effects of revaluations on receipts from land tax were a little greater than expected and resulted in actual revenues exceeding estimate by \$500 000. Stamp duty receipts were about \$10 000 000 above estimate. In 1974-75 the Government experienced a significant shortfall in receipts from stamp duties despite a number of rate increases. This was largely the result of the economic downturn which became evident during that year and in particular the very subdued level of activity in the real estate market. Estimates for 1975-76 were prepared against that background and obviously were too conservative. Revenues from duty on credit transactions and mortgages were both above estimate but the major variations were in the areas of conveyances of property and new and transferred motor vehicle registrations. Both the number and value of property transactions exceeded estimate while for motor vehicles it was mainly the continued upward movement of prices which produced the extra revenue.

Receipts from succession duties totalled \$19 100 000, a figure \$2 600 000 greater than anticipated. The rapid escalation of property values in recent years has had the effect of pushing a significant number of estates into much higher tax brackets than was considered appropriate. The Government introduced legislation during 1975 to rectify this situation by giving more generous rebates to spouses and to primary producers and by indexing most rebates to future movements in property values and the consumer price index. It was expected that the effects of this legislation would become apparent during the second half of 1975-76 but, because of the considerable lags between the date of death, the assessment and finally the payment of duty, most of the revenues received in 1975-76 were derived from estates assessed under the old legislation. The impact of the new legislation should now be felt during 1976-77.

Pay-roll tax receipts were \$6 500 000 below estimate. Amendments to the legislation were introduced during the course of 1975-76 to widen the basis on which concessions are given and to overcome avoidance of the tax through company-splitting by employers. It is estimated

that these amendments have an annual cost of about \$1 000 000. The balance of the shortfall was due largely to the rate of increase in wages and salaries being rather lower than expected. An apparent increase of \$1 100 000 in licence fees collected by the Labour and Industry Department was the result of a decision to reclassify these as taxation items rather than as fees for services.

Public Undertakings: The Marine and Harbors Department received \$400 000 more than estimated during 1975-76. Earnings from bulk handling charges were greater than expected due to a high through-put of grain and this more than offset a slight shortfall from wharfage charges. Railway receipts, on the other hand, were \$1 700 000 below estimate. A substantial shortfall in revenues from the carriage of wheat was to some extent offset by higher receipts from the carriage of barley. However, competition from road hauliers made inroads into receipts from the transport of general merchandise and this was the main reason for the deficiency. These factors affect the non-metropolitan rather than the metropolitan area and, therefore, will have no net effect on the State Budget. Charges for excess water usage were responsible for the receipts of the Engineering and Water Supply Department exceeding estimate by \$1 200 000.

Recoveries of Debt Services: During the course of the year the State's Revenue Budget position improved steadily. This naturally led to a situation in which the Government had a much greater volume of funds on hand for investment purposes than had been anticipated. Together with the Government's wider investment base, this factor was responsible for actual receipts from interest earnings exceeding expectations by \$1 900 000.

Departmental Fees and Recoveries: As explained earlier, the most significant variations in this area were in Commonwealth specific purpose payments. Grants for primary and secondary education exceeded estimate by \$1 600 000 and grants for further education were \$500 000 above expectations. In both cases the Commonwealth Government accepted State submissions for extra funds to cover cost escalation during the course of the year. This same factor was partly responsible for grants towards the childhood services programme being \$1 300 000 above estimate. In addition, however, the Commonwealth Government proved willing to accept the responsibility to contribute towards a wider range of costs than had been anticipated.

Under the Medibank arrangements, as originally negotiated, the Commonwealth met half the net costs of the operation of hospitals but incorporated in their half share was a separately identified contribution of \$16 a patient bed-day. The South Australian Budget was prepared in a manner which required these latter contributions to be credited quite separately from the rest of the Commonwealth payments. However, in May, 1976, the new Commonwealth Government ceased to make this distinction between the two elements of the payments with the result that receipts from Medibank bed-day contributions fell \$2 300 000 short of estimate.

This was also one of the reasons for the Commonwealth contribution towards hospital operating costs exceeding estimate by \$5 400 000. There were, however, two other relevant factors. Under the original arrangements bed-day contributions to non-government hospitals were paid direct to the hospitals but cost-sharing contributions were paid through the State Budget. With the change in procedures introduced in May, the full Commonwealth contribution towards non-government hospitals passed through the Budget and receipts rose accordingly.

In preparing the estimate of receipts from patients' fees for 1975-76, an assessment was made of fees outstanding and of fees for which, at that stage, an account had not been sent. The assessment of the latter item proved to be much too low and as a consequence actual receipts from this source exceeded estimate by \$2 200 000. Grants from the Commonwealth Government for domiciliary care, paramedical services, community health centres and mental health services were almost \$1 000 000 below estimate. In general, the explanation for this shortfall was that development did not proceed quite as rapidly as had been hoped.

The pharmaceutical benefits scheme has, for the most part, been subsumed within the Medibank Hospital Agreement. Amounts received in 1975-76 were therefore largely in respect of the final claim for 1974-75 plus pharmaceuticals on hand at June 30, 1975. In preparing the estimate for 1975-76 too little emphasis was given to this latter factor with the result that receipts exceeded estimate by \$800 000. For much the same reason the payment from

the Commonwealth for consumable stocks on hand at the commencement of Medibank was over-estimated to the extent of \$1 200 000. Many of these items, were, in fact, eligible for subsidy under the pharmaceutical benefits scheme with the result that their net cost, and hence the Commonwealth payment under the Medibank arrangements, was much lower than anticipated.

Territorial: South Australia has only three sources of mineral royalties of any significance, coal from Leigh Creek, iron ore from the Iron Knob district and natural gas from the Cooper Basin. Revenue from Leigh Creek coal was close to estimate but royalties from the other two sources fell somewhat short of expectations. As a result, actual receipts from royalties were \$200 000 below estimate.

Commonwealth Government: The State's single most important source of revenue, the Financial Assistance Grant, fell \$13 200 000 short of estimate. The moderation in wage increases was responsible for \$11 900 000 of this through its influence on the average wages factor, while the balance of \$1 300 000 was due to a rate of population increase rather lower than anticipated.

The reimbursement from the Commonwealth Government towards the loss on the non-metropolitan railways was \$23 800 000, a figure \$20 700 000 below estimate. The estimate of the extent of the recovery was too high partly because too much allowance was made for wage and price movements. Moreover, there were two other factors which account for a large part of the shortfall. In the first place it was decided to show both the payment and the recovery of interest on debt taken over as a result of the railways agreement in order to provide Parliament with the best estimate of the responsibility assumed by the Commonwealth. This interest was neither paid nor recovered and the reimbursement was lower than indicated on this account alone by \$9 200 000. In the second place the final calculation of the non-metropolitan deficit for 1975-76 has not yet been made. Until that exercise has been completed to the satisfaction of both parties the State's final entitlement for that year will not be known. In the meantime, the Commonwealth Government has adopted a very cautious attitude in paying to the State what we have estimated will be the final liability. There is the possibility of a final payment of about \$3 500 000.

PAYMENTS

For a number of years now the Budget has been presented in such a way that the allowance for future wage and salary awards is not distributed between departments but shown as a separate item. It is inevitable, therefore, that in a period of rising wages and costs, actual expenditure by individual departments will exceed estimate in most cases. In the explanations which follow it must be remembered that, where wage and salary costs are involved, part of the over-spending at least was provided for in the lump sum allowance for future wage and salary awards. The same comment applies in respect to increases in prices for supplies and services. A brief explanation of the major areas of difference follows.

Special Acts: Expenditure specifically authorised by Parliament fell well short of estimate. The transfer to the Highways Fund was only \$12 000 000 instead of \$13 700 000 as anticipated at the beginning of the year. Receipts from motor vehicle taxation were down on estimate while the costs deducted from these receipts before the transfer to the Highways Fund is made were greater than expected. In particular, the operating costs of the Highways Department and the Motor Registration Division of the Transport Department were above estimate.

Interest payments on the public debt were \$5 800 000 below estimate. A significant part of the explanation for this lies in the procedure adopted at the beginning of the year of appropriating interest in respect of the \$124 000 000 of debt taken over by the Commonwealth as a result of the railways transfer. For reasons already explained this interest was never paid. Partially offsetting this saving were higher payments arising from heavy loan raisings in the first half of the year and unfavourable interest rates in respect of conversion loans.

Chief Secretary: Expenditure by the Police Department was \$3 600 000 above estimate. The cost of wage and salary awards accounted for \$2 300 000 of this and the balance was the result of price increases and the necessity to provide for a 27th pay period for the Police Force in 1975-76.

Treasurer: As mentioned in the Supplementary Estimates presented to the House in June, a sum of \$3 000 000 was paid to the Electricity Trust late in the year to finance the extension of the trust's transmission system in the western areas of Eyre Peninsula. The cost of local generation in these areas has become prohibitive in recent years and it is expected that the extension of the trust's system will produce substantial savings in future subsidy payments. Also included in the June Supplementary Estimates was an appropriation of \$20 000 000 to Loan Account to supplement capital programmes. It has since been announced that this money will be used to boost the State's welfare housing programme in 1976-77.

The other factor which accounted for the overspending of \$23 500 000 in the "Treasurer—Miscellaneous" section of the Budget was the transfer towards the deficit of the Bus and Tram Division of the State Transport Authority. The division was able to absorb price increases but could not absorb all of the wage and salary awards of \$900 000. Therefore, an extra amount of \$800 000 had to be provided.

Minister of Lands: Award costs of \$400 000 were responsible for most of the overspending of \$500 000 by the Lands Department. In the "Minister of Lands—Miscellaneous" section, however, it was the Government's initiatives in the area of unemployment relief which pushed expenditure to a level \$14 800 000 above estimate. The February Supplementary Estimates contained a provision of \$4 200 000 to enable the programme to continue for the duration of 1975-76 while the June appropriations provided for a transfer of \$10 000 000 to a deposit account to finance relief works in 1976-77.

Minister of Works: Expenditure by the Public Buildings Department was \$3 000 000 above estimate. The cost of wage and salary awards accounted for some of this excess but maintenance expenditure on schools and hospitals was a more significant influence. As part of a deliberate effort to keep unemployment to a minimum, the Government approved additional expenditure on contract maintenance of schools, particularly in country areas, with the result that the original Budget estimate was exceeded by \$1 200 000. As I explained when presenting the June Supplementary Estimates, the Government decided to charge the cost of certain minor works and equipment for the Hospitals Department to Revenue Account rather than Loan Account. No extra expenditure was incurred simply by virtue of the transfer but the charge against the Revenue Account was raised by \$800 000.

The cost of wage and salary awards to the State Supply Department was \$300 000. During the year attempts were made to maintain a constant level of activity at the Port Lincoln freezing works and so to provide better employment opportunities. A number of export contracts were obtained through the South Australian Meat Corporation and the increased requirements for processing helped stabilise the number of people employed at the works. However, the costs associated with this policy were not included in the original Budget and expenditure for the department as a whole exceeded estimate by \$800 000.

In the "Minister of Works—Miscellaneous" section actual expenditure was \$900 000 above estimate. In line with the Government's policy of improving the control of environmental pollution, a toxic waste disposal plant was constructed at Bolivar to receive waste which is not acceptable in the sewerage system. This facility was not provided for in the Budget and cost about \$100 000 to install and operate in 1975-76. The cost of preliminary research and investigation work into water supply projects was written off to Revenue Account at a rather greater rate than expected with the result that actual expenditure in this area exceeded estimate by \$800 000.

Minister of Education: Actual expenditure by the Education Department was \$226 700 000 as against an estimate of \$214 000 000. The cost of wage and salary awards and items of a similar nature was \$12 800 000, but the department was successful in holding other costs within the total of the original appropriations. Experience in the Further Education Department was similar. In total, expenditure exceeded estimate by \$1 300 000, but wage and salary awards during the year cost the department almost \$1 400 000.

Minister of Agriculture: There were a number of fruit fly outbreaks during the year that necessitated the employment of contract labour for stripping and spraying trees. This factor, together with the cost of wage and salary

awards, was responsible for estimated expenditure being exceeded by \$700 000. An advance of \$100 000 was made to the Dairy Cattle Fund from the "Minister of Agriculture—Miscellaneous" section of the Budget to offset increased testing costs incurred by herd testing associations.

Minister of Transport: In considering expenditure incurred by the Rail Division of the State Transport Authority it is important to remember that much of it was incurred on behalf of the Australian National Railways Commission and, therefore, is recoverable under the terms of the railways transfer agreement. Wage and salary awards cost the division \$3 800 000 while price increases, particularly for fuel, had an impact on operating expenses. In the Way and Works Branch a large order of steel sleepers and spring clips was not met until July, 1976, with a resultant saving of \$1 500 000 in 1975-76. Two special appropriations contained in the June Supplementary Estimates were responsible for expenditure in the "Minister of Transport—Miscellaneous" section exceeding estimate by \$22 500 000. An amount of \$20 000 000 was made available to the State Transport Authority to assist it to purchase urgently needed buses and to upgrade and expand the fleet of suburban railcars. This transfer was made necessary by the decision of the Commonwealth Government to cut back sharply the provisions of funds for public transport projects in 1976-77. Cabinet also decided to transfer \$2 400 000 to the Highways Fund to enable the Strzelecki track to be upgraded. Roads funds available from other sources are fully committed but, in view of the consequences for gas supplies to Adelaide and Sydney if the track were rendered impassible, it was considered prudent to make a special allocation from the Revenue Budget.

Minister of Community Welfare: Expenditure by the Community Welfare Department was \$1 100 000 below estimate. When the Budget was prepared at the beginning of the year, the number of deserted wives and wives of prisoners likely to apply for financial assistance was significantly over-estimated. The saving against this provision was the main reason for the shortfall. In the "Minister of Community Welfare—Miscellaneous" section of the Budget there was a further saving of \$700 000 against the provisions for payment of portion of the rates and taxes of pensioners and others in necessitous circumstances. The figure for local government rates was prepared without comprehensive information of the likely level of rates and was over-estimated to the extent of more than \$500 000. Offsetting this to some degree was a contribution of \$400 000 to the Housing Trust towards the cost of administering the Government's programme of welfare housing for Aborigines. The gap between rents received and costs of administration and maintenance was causing the trust some concern, and it was agreed that a special contribution should be made.

Minister of Health: The cost of wage and salary awards to the Hospital Department in 1975-76 was \$8 000 000. Savings elsewhere within the department, however, totalled \$7 100 000 and the original allocation of \$144 000 000 was overspent by only \$900 000. Part of the saving was due to factors mentioned previously, such as the unexpectedly low payment by the department to itself for stocks on hand at the commencement of the Medibank hospital arrangement and a rate of progress in community health and associated programmes that was somewhat slower than anticipated. In addition, there was a considerable saving against the provisions within the department for payments to the Institute of Medical and Veterinary Science for pathology services. The most significant factor, however, was the shortage of people with appropriate training. This shortage made it difficult to recruit staff for the Flinders Medical Centre and, at the same time, to expand services in existing hospitals. As a consequence the number of vacant positions rose and salary costs did not increase in line with increases in award payments. Expenditure under the Minister of Health—Miscellaneous heading was \$1 200 000 below estimate. In my Budget speech last year I pointed out that the provision in this area was subject to a very wide range of possible variations depending on the choices which individual patients made between standard ward and other accommodation. It is largely fortuitous, therefore, that actual expenditure was so close to estimate. As a very broad generality, extra support for the Adelaide Children's Hospital to meet the cost of award increases was offset by lower requirements in other institutions.

ATTACHMENT II TAX SHARING

Since the time of the Second World War the States have been compensated by way of grants from the Commonwealth Government for their effective loss of the power to impose income tax. These grants have been determined in accordance with formulae which have varied from time to time but which, for the past 17 years, have had three common elements: a wages factor, a population factor, and a betterment factor. As explained in my Budget speech last year, the formula to operate from 1976-77 was to have included a factor reflecting movements in average wages throughout Australia, a factor reflecting movements in population in individual States, and a betterment factor of three per cent (previously 1.8 per cent). The new Commonwealth Government proposed the abandonment of these arrangements and their replacement by a system of payments to the States based on Commonwealth personal income tax collections. In addition, it was proposed that each State be permitted to impose a surcharge on personal income tax collections within that State.

In February a Premier's Conference was held to discuss the board principles on which the proposed new policy would be based. At that meeting the Prime Minister assured the Premiers that the intention behind the new policy was not to disadvantage the States but to strengthen their independence and flexibility. I undertook to co-operate in the further development of the new policy provided that the States were left at least as well off as under the Financial Assistance Grant formula in both the short and the long term and that previously approved special arrangements between a State and the Commonwealth were not disturbed. In seeking appropriate assurances I had in mind the possibility of a decline in the relative importance of income tax in the Commonwealth sphere and the effects which this would have on State entitlements in the future. No attempt was made to resolve issues at the February conference, but a working party of the heads of Commonwealth and State Treasuries was established to examine the technical issues involved.

The report of that working party was presented in March, and in April a further Premiers' Conference was held so that firm decisions could be taken on the form of the new arrangements. The most important features of the scheme which emerged from that meeting were as follows:

Stage I

- (1) In any year the States would be entitled to a fixed percentage of Commonwealth personal income tax receipts, excluding Commonwealth surcharges or rebates, collected in that year.
- (2) The percentage entitlement of the States would be determined by relating total Financial Assistance Grants in 1975-76 to total receipts from personal income tax in that year.
- (3) An entitlement for the States as a whole would be struck first and then divided between States in the same proportions as the per capita relativities for Financial Assistance Grants purposes in 1975-76.
- (4) These relativities between States would be reviewed from time to time.
- (5) Until the time of the first of those reviews the relativities between States would be capable of being changed only by the absorption of specific purpose grants into the general revenue arrangements.
- (6) For each of the three years 1976-77, 1977-78 and 1978-79 the States would be guaranteed at least as much as they would have received under the Financial Assistance Grants formula (including the effect of a 3 per cent betterment factor).
- (7) The four less populous States would continue to be free to apply for special supplementary grants on the recommendation of the Grants Commission.

Stage II

- (8) A working party of officers would be given the task of establishing an appropriate framework so that States would be able to impose income tax surcharges in 1977-78.
- (9) The State surcharges would be based on personal income tax levies by the Commonwealth in each State and would be expressed as simple percentages of the levy (exclusive of Commonwealth short-term surcharges or rebates).

- (10) Equalisation arrangements would be made so that the less populous States would be enabled to obtain the same relative advantage from a surcharge as the States with a broader tax base.

Review

- (11) There would be a review of the tax-sharing arrangements before the end of 1980-81.

At the conclusion of the April conference four matters were referred back to the working party of the Heads of Treasuries for a further report prior to another conference. They were:

- (1) Ways of minimising the uncertainties arising out of the use of a current year's collections basis.
- (2) An appropriate framework of consultation on Commonwealth income tax decisions which will affect State entitlements and on State surcharges.
- (3) Matters associated with the periodic review of relativities between the States.
- (4) The application of State surcharges to interest on Commonwealth securities.

On the basis of information available at that time, the Premiers were satisfied that the new arrangements would provide them with a significant improvement on the Financial Assistance Grants formula in terms of funds in 1976-77. Between the April conference and the June conference, however, the Commonwealth Government made certain decisions that had a significant bearing on the likely yield from income tax and on the attitude of the Premiers to the proposed new arrangements. These decisions were announced to Parliament by the Federal Treasurer on May 20. They were the introduction of full indexation of personal income tax in 1976-77, the introduction of the Medibank levy, and the abolition of income tax rebates for dependent children associated with changes in child endowment entitlements. The first of these had an adverse effect on the States' future revenues while the third had a beneficial effect. As to the second, the Medibank levy, this envisaged an increase in income tax yields in which the States would not share. The purely financial implications of the decisions were serious enough, but what concerned Premiers also was the fact that they had been taken without prior consultation with the States. Against the background of the discussions which took place at two conferences, I, for one, believed that such decisions would not be made without first discussing them with the States.

At the June conference two matters were decided:

- (1) Interest on Commonwealth loans would be subject to surcharges imposed by the States:
- (2) The guarantee that the States would receive at least as much as under the Financial Assistance Grants formula would extend to 1979-80.

while matters relating to uncertainty, consultation and the periodic review were referred again to the Heads of Treasuries for further report.

Of principal concern to the Premiers though were the revised estimates of likely personal income tax collections in 1975-76 and 1976-77. In view of the changes announced by the Federal Treasurer, it was no surprise to learn the revised estimates of collections for 1976-77 were well down on the figures given in April. However, the estimate for collections in 1975-76 had increased markedly with the result that the States' likely entitlement for 1976-77 and future years had declined to 33.6 per cent of Commonwealth personal income tax receipts. It has now become apparent that the reason for this was a concerted drive by the Commonwealth authorities to gather as much income tax revenue as possible before June 30, 1976. The net result of all these factors was that the sum estimated to be available to the States for general revenue assistance in 1976-77 was only about \$55 000 000 greater than would have been our entitlement under the Financial Assistance Grants formula. When taken together with the very small increase in funds for capital programmes this left the States with a total allocation which all Premiers maintained was quite inadequate.

Early in July the States were given the final figures for personal income tax collections in 1975-76. Collections were even greater than had been estimated at the June conference, and the States' share of future income tax revenues, calculated in accordance with the new formula, was reduced to 33.3 per cent. Several Premiers, including me, immediately protested at this further erosion of State entitlements

and, in response, the Prime Minister agreed to let stand the proportionate share of 33.6 per cent. This, then will be the share of personal income tax receipts to which the States will be entitled in the future. On present estimates, it will produce in 1976-77 a total of \$3 716 000 000, of which South Australia's share will be \$438 300 000. This compares with a total of \$3 627 000 000, which it is estimated the Financial Assistance Grants formula would have produced in 1976-77. Of this South Australia's share would have been \$428 500 000.

As we are now about to enter a new phase in the development of Commonwealth-State financial relations in Australia I think it appropriate that I should comment at some length on the likely future of the States under the new arrangements. At the February and April conferences I questioned the new policy but raised no strenuous objections to it because there was no firm evidence to suggest that the States would be treated less well than under the Financial Assistance Grants arrangements. Like a number of others, I was aware of the potential dangers in the new approach, and I made my reservations known in the appropriate manner. Even now I am of the opinion that the new policy could be made to work to the benefit of the States, but unfortunately the events of the June conference cast doubts on the desire of the Commonwealth Government to administer its policy to that end.

One of the problems with the system that the States are now to be obliged to accept is the uncertainty which arises from the use of the current year's collection of personal income tax as the base for the States' entitlements. Receipts from personal income tax are subject to rather wider variations from estimate than was the Financial Assistance Grants formula and the States were aware of this when they pressed for adoption of the current year's basis. It must be remembered, however, that at that stage the information available to the States suggested that the new arrangements would provide substantially more funds than the formula in 1976-77, the first year of the new scheme. My judgment was that, if the States received an initial boost to their allocations of the magnitude suggested by the estimates in April last, they would have a reasonable buffer against future fluctuations in their entitlements.

Subsequent events revealed that there was to be no substantial increase in funds and, accordingly, the grounds on which I accepted the new proposals have been altered. It is now up to the Commonwealth Government to co-operate with the States in the development of new techniques to meet the cash flow problems that may arise for the States from wide fluctuations in income tax receipts. There are no insuperable problems if the Commonwealth is prepared to adopt a flexible attitude and to assist in the provision of bridging finance between financial years where necessary. It has been suggested in some quarters that the States should have accepted the option of basing their entitlements on the personal income tax receipts of the previous year and so have avoided this uncertainty. Such an argument overlooks the unsatisfactory nature of previous Financial Assistance Grants formulae based on wages experience of a previous year. The historical trend of the formula has been towards the use of the most current information available and to revert to the use of a base drawn from the experience of a previous year would have been to risk having the States' revenue entitlements based on factors which were not relevant to the current economic circumstances influencing the States' expenditure responsibilities. Quite apart from this there was the simple fact that, on the basis of figures given to the Premiers at the time the decision on the base was taken, there was a clear benefit to be gained by adopting a current year concept. Even now, after the apparent efforts of the Commonwealth Government to boost revenue in 1975-76 and the measures it has taken which will effectively depress receipts in 1976-77, there is still a small margin in favour of the current year concept.

On February 24, I wrote to the Prime Minister about the new policy in the following terms:

My primary concern has been and remains the possibility that, over time, the Commonwealth Government may reduce the relative importance of income tax and leave the States with an inadequate base for the determination of their reimbursements. There is no firm assurance in the policy document nor in the transcript of the recent conference that in these circumstances the States would be as well off as under the present formula (with a three per cent betterment factor). I suggest, therefore, that for

the remainder of the current quinquennium the States be guaranteed, in any year, funds at least as great as those which would have resulted from the continuation of the formula . . . Further, I look forward to receiving from you a firmer assurance than has been given yet that the States will be protected fully, in the longer term, against the possible effects on their revenues of a reduction in the relative importance of income tax.

Since I wrote that letter there have been several discussions at officer level and two further Premiers' Conferences. It now seems apparent that, despite persistent efforts by the States, the Commonwealth Government has no intention of providing us with the long term assurances that we need in order to plan for the future on a reasonably secure basis. Indeed, it was only at the insistence of the Premiers that the 4-year formula guarantee was incorporated in the arrangements.

Much has been said about the beneficial effect which the new policy will have in returning to the States the responsibility for raising their own revenues and reducing their dependence on the Commonwealth. Such talk ignores the fact that this State is dependent for nearly half of its Revenue Budget on funds made available by the Commonwealth Government. Any significant reduction in these funds could be offset only by heavy increases in State taxation and, in particular, by resort to the new surcharge power. It is hard to believe that the Commonwealth Government will permit the States to enter the income tax field other than in a marginal way for fear of weakening its powers of economic management. Therefore, it seems that what the States are being offered is not the opportunity to manage their own affairs in their own way but the obligation to manage their affairs in a manner consistent with Commonwealth economic policy. Where once the States had an assured and growing revenue base, incapable of manipulation, they are now faced with the prospect, from 1980-81 onwards, of being entirely under the influence of Commonwealth income tax policy. The experience of the past few months gives no cause for optimism over the prospects of the States being consulted and having an effective say about the effects of such policy on their entitlements.

Furthermore, the Commonwealth has demonstrated with the Medibank levy that it does not even feel constrained to share with the States all the personal income tax it does raise. This, of course, is in direct conflict with one of the fundamental tenets of the federalism policy as set out prior to the 1975 election. That policy made reference to the possibility that the Commonwealth might wish to impose surcharges and rebates for short-term economic management purposes and to exclude the proceeds or the costs of such action from the tax sharing arrangements. All State Premiers acknowledged the desirability of the Federal Government retaining this discretion and they did not insist that all personal income tax proceeds be shared. What has taken place in the case of the Medibank levy, however, is that the Commonwealth has introduced not a surcharge but a special income tax, which is obviously designed to be a permanent feature of the tax system, and has excluded the States from any share of the proceeds. Not only have the States been denied a share of these tax collections but they have had part of the potential field of operation for State surcharges pre-empted by the Commonwealth Government. There is the possibility that such special levies could be used more and more in future.

Quite apart from the manner in which the federalism policy itself has been implemented and the effects of this on the States' Revenue Budgets there have been cuts in real terms in a number of specific purpose grants and in the capital works and housing programmes. It should be recognised that while the Commonwealth Government retains the power to decide the level of these programmes it is disingenuous to suggest that the level of State independence is being much affected by the new policy.

Turning now to the surcharge power, it must be conceded at the outset that this is potentially a most significant development in Commonwealth-State financial relations. Given the events of the past six months, however, I suggest that the States should be somewhat sceptical of the benefits likely to flow from it. As I have indicated, the Commonwealth Government still has the major say in the volume of funds flowing to the States. If it should seek to reduce these funds below the level necessary for the maintenance of an effective standard of services, the States would be left with no alternative but to raise their own taxes. In these circumstances it is not difficult to foresee a situation

in which the States would be obliged to make more and more use of their surcharge power and to accept responsibility for a growing proportion of the overall tax bill.

We have to go back only a few years for a precedent. When pay-roll tax was transferred to the States, it was levied at the rate of 2½ per cent. In a very short space of time we were obliged to raise this to 5 per cent to offset the effects of the inadequate rate of growth in Commonwealth assistance. Should a similar pattern emerge with income tax, I find it very hard to believe that the Commonwealth Government would not seek to interfere with the freedom of the States to determine the level of their surcharges. We would then have a situation in which the States would have neither the assurance of a formula-based share of Commonwealth revenues nor the freedom to determine their own taxation levels.

Unless there is a change of direction by the Commonwealth Government, I suspect that, by 1979-80, the States will be receiving no more than they would have received under the Financial Assistance Grants formula agreed to at the Premiers' Conference of June, 1975. Thereafter, this guaranteed level of support will disappear and the States will be dependent for much of their revenues on the ebb and flow of Commonwealth income tax policy. Any sustained move to reduce the relative importance of this tax in the overall fiscal scene will have adverse effects on State revenues and force the States to rely more and more heavily on their own taxation powers and, in particular, on the income tax surcharge. This will bring them into direct conflict with the Commonwealth Government and set the scene for Commonwealth intervention in the area of State taxation policy.

From time to time during our discussions with the Prime Minister, the Premiers have been assured that the longer term trends in regard to such matters as changes in the relative importance of personal income tax *vis-a-vis* other taxes will be kept under notice and that there will be a review of the new arrangements when there are changes in Commonwealth tax legislation, which have significant effects on the States' entitlements. It is also a condition of the arrangements that a review of the whole scheme will be made at some time before the end of 1980-81. If the dangers to which I have referred are to be avoided, it seems that the States will have to work hard over the next few years to convince the Commonwealth of the shortcomings of the new arrangements. To date they have had little success in this regard.

ATTACHMENT III

AMALGAMATION OF DEPARTMENTS

Set out below is a schedule of the amalgamation of departments and regroupings of divisions which have taken place in the last 12 months. These changes are reflected in the Estimates of Revenue and the Estimates of Expenditure.

1. The amalgamation of the small lotteries section of the Chief Secretary's Department with the Tourism, Recreation and Sport Department.

2. The amalgamation of the totalisator section of the Police Department with the Tourism, Recreation and Sport Department.

3. The amalgamation of the Chief Secretary's Department with the Hospitals Department and the abolition of the Chief Secretary's Department as a consequence.

4. The transfer of the Worker Participation Branch of the Labour and Industry Department to the Premier's Department, resulting in a new Unit for Industrial Democracy.

5. The amalgamation of the Minister of Works Department with the Engineering and Water Supply Department.

6. The transfer of the State Information Centre, Public Buildings Department, to the Government Printing Department.

7. The amalgamation of the reporting functions of the Government Reporting Department with the reporting functions of the Supreme Court, Local and District Criminal Court, Industrial Commission, and Planning Appeal Board to form a new reporting section within the Attorney-General's Department.

8. The transfer of the remaining functions of the Government Reporting Department to the Public Buildings Department, and the abolition of that former department.

9. The amalgamation of the Fisheries Department with the Agriculture Department to form a new Agriculture and Fisheries Department.

10. The transfer of the Parliamentary Counsel's Office from the Attorney-General's Department to the Premier's Department.

11. The amalgamation of the Produce Department with the State Supply Department, and the transfer of the grain inspection functions of Produce Department to Agriculture and Fisheries Department.

12. The amalgamation of the Minister of Education Department with the Education Department.

13. The amalgamation of the Botanic Garden Department with the Environment Department, incorporating a change of name from the Environment and Conservation Department.

14. The amalgamation of the Superannuation Department and the Public Actuary's Department with the Treasury Department.

15. The amalgamation of the State Taxes Department with the Treasury Department.

16. The amalgamation of the Registrar-General's Department (excluding the Births, Deaths and Marriages Registration Branch) and the Valuation Department with the Lands Department.

17. The amalgamation of the Public Trustee Department, the Births, Deaths and Marriages Registration Branch (Registrar-General's Department), and the following functions of the Attorney-General's Department:

Companies Office

Prices and Consumer Affairs Branch

Licensing Branch

Trades Measurements Branch

Office of the Inspector, Places of Public Entertainment

Office of the Builders Licensing Board

Office of the Credit Tribunal

Administration staff of the Land and Business

Agents Board, the Land Valuers' Licensing

Board, the Land Brokers' Licensing Board, the

Commercial and Private Agents' Board and the

Secondhand Vehicle Dealers' Licensing Board,

to form a new Public and Consumer Affairs Department.

18. The amalgamation of the State Supply Department (including the former Produce Department), the Government Printing Department, the Chemistry Department, and the A.D.P. section of the Public Service Board Department into a new Services and Supply Department.

19. The amalgamation of the Minister of Agriculture Department with the Agriculture and Fisheries Department.

20. The creation of a new Further Education Department.

21. The amalgamation of the Attorney-General's Department, the Crown Law Department, and part of the Local and District Criminal Courts Department into a new Legal Services Department.

22. The transfer of magistrates from the Local and District Criminal Courts Department to the Premier's Department.

The clauses of the Bill are in the normal form. Clause 1 gives the short title. Clause 2 authorises the issue and application of such a further sum as will, together with the sums authorised by Supply Acts, amount to \$956 386 000. Clause 3 (1) appropriates the sum of \$956 386 000 for the purposes set out in the schedule. Clause 3 (2) provides in the normal way that, if increases of salaries and wages become payable by the State or by a prescribed establishment pursuant to any determination made by a wage-fixing authority, the Governor may appropriate additional funds by warrant.

Clause 3 (3) provides that, if the costs incurred by the Engineering and Water Supply Department for electricity for pumping water should be greater than the amounts set down in the Estimates, the Governor may appropriate the funds for the additional expenditure. Clause 3 (4) defines a "prescribed establishment". Clause 4 authorises the Treasurer to pay money from time to time up to the amount set down in monthly orders issued by the Governor and provides that the receipts obtained from the payees shall be the discharge to the Treasurer for the moneys paid. Clause 5 authorises the use of Loan funds or other public

funds if the moneys received from the Commonwealth Government and the general revenue of the State are insufficient to make the payments authorised by clause 3.

Clause 6 gives authority to make payments in respect of a period prior to July 1, 1976. Clause 7 authorises the expenditure of \$12 500 000 from the Hospitals Fund during 1976-77, and of \$5 000 000 in the early months of 1977-78, pending the passing of the Appropriation Bill for that year. Clause 8 provides that amounts appropriated by this Bill

are in addition to other amounts properly authorised. I commend the Bill to the consideration of members.

The Hon. R. C. DeGARIS secured the adjournment of the debate.

ADJOURNMENT

At 3.39 p.m. the Council adjourned until Tuesday, October 12, at 2.15 p.m.