

LEGISLATIVE COUNCIL

Tuesday 24 October 1978

The PRESIDENT (Hon. A. M. Whyte) took the Chair at 2.15 p.m. and read prayers.

DEATH OF PREMIER'S WIFE

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

That this Council expresses its profound regret at the untimely death of Ms Adele Koh, wife of the Premier, and offers its deepest sympathy to the Premier and the relatives of the deceased in their sad loss; and as a mark of respect to the memory of Ms Koh the sitting of the Council be suspended until the ringing of the bells.

The untimely death of Ms Adele Koh came as a shock to many of us this morning. Regrettably, Adele was only 35 years of age, which is when one considers most people as being in the prime of life, but, from the point of view of her long suffering over the past 12 months, it may have been a blessing. I am sure that every member joins with me in extending this expression of sympathy to the Premier.

The PRESIDENT: Is the motion seconded?

The Hon. R. C. DeGARIS (Leader of the Opposition): Yes, Sir. I support most sincerely the remarks of the Minister of Health in expressing profound regret at the passing of the wife of the Premier. All who knew Mrs. Dunstan would understand that she was a person of unique qualities and a certain charm. On behalf of the Liberal Party in this Council, I extend to the Premier and to the family of his wife our deep regret and sympathy at her untimely passing.

Motion carried by members standing in their places in silence.

[Sitting suspended from 2.18 to 2.30 p.m.]

QUESTIONS

MENTALLY RETARDED CHILDREN

The Hon. R. C. DeGARIS: I seek leave to make a brief statement before asking the Minister of Health a question regarding subsidies for the Mentally Retarded Children's Society of South Australia.

Leave granted.

The Hon. R. C. DeGARIS: I have received a letter regarding grants to the Mentally Retarded Children's Society, part of which I will read for the Minister's benefit, because I know of his deep interest in this matter. It is as follows:

On behalf of the Mentally Retarded Children's Society of South Australia Incorporated, Naracoorte Branch, I would like to bring it to your attention that this society is still awaiting an answer to its request for State Government assistance. We seek your support as our representative in the Legislative Council in seeing to it that this society is afforded the same considerations as other organisations catering for the needs of handicapped persons. Mental retardation is the most common handicap on the latest census figures—2.76 per cent of the South Australian community are affected (about one person in every 36). The need for funds is urgent, especially if facilities presently serving people in country areas are to remain viable.

Has the Government considered giving a grant of money

to the Mentally Retarded Children's Society of South Australia Incorporated, and will the Minister say what amount of assistance goes in other ways to other organisations that cater for handicapped children in this State?

The Hon. D. H. L. BANFIELD: The South Australian Government gives a grant of 75c a day for every person in sheltered workshops, whether they be conducted by the Mentally Retarded Children's Society, Heritage Industries or Minda Home. Also, the Mentally Retarded Children's Society and other organisations involved in that field, such as the Phoenix Society and Bedford Industries, come under the aegis of what I think is called the Federal Handicapped Persons Assistance Fund. Those organisations are financed mainly from Federal sources. For a number of years, the State Government was making a grant of 50c a head for all persons in sheltered workshops, and some time ago that figure was increased to 75c a head.

MEDIBANK

The Hon. F. T. BLEVINS: I seek leave to make a statement before asking the Minister of Health a question regarding Medibank.

Leave granted.

The Hon. F. T. BLEVINS: I know that the Minister is as concerned as are most people at the incredible confusion that has been created by the Federal Government's changes to the method of payment for health care and also by the alterations to the original Medibank scheme. The Minister will have seen the leaflets put out by various hospital insurance funds and by the Commonwealth Government, and will agree that, to say the least, they are still very confusing, as indeed are all the advertisements. The main confusion that arises concerns the way in which people who do not insure for private medical and hospital benefits will be covered for their hospital and doctors' bills when they are in Government hospitals. The main concern is that people who do not insure will have large doctors' bills when they are in hospital. The Minister would know that in public hospitals this is not the case. Can he tell the Council what provisions are to apply from 1 November in relation to doctors' fees and hospital charges for patients at the Whyalla, Port Pirie, Port Augusta, Ceduna and Coober Pedy Hospitals who do not take out private hospital and medical insurance?

The Hon. D. H. L. BANFIELD: There will be no charge for hospitalisation of uninsured patients who enter recognised hospitals, including those to which the honourable member referred. It is unfortunate that there has been a change in Medibank, according to a comment I heard last night, once every three weeks. So, there is every reason for people's confusion about what will happen after 1 November. The original scheme provided a pretty fair coverage for people who became ill. As a result of the hospitals agreement between the Commonwealth and the States, there will be no charge for uninsured patients receiving treatment in those hospitals, provided they are hospital patients being treated inside the hospital by the doctors.

SITTINGS AND BUSINESS

The Hon. M. B. DAWKINS: Has the Minister of Health a reply to my recent question about the sittings of the Council?

The Hon. D. H. L. BANFIELD: As stated by the Hon. Mr. Corcoran on 18 October 1978, we will sit this week,

rise for the following week, and then sit until 23 November. It is the Government's intention to come back either in late January or early February for four or five weeks to complete the session.

ELECTRICITY TRUST BOARD

The Hon. J. E. DUNFORD: I seek leave to make a short statement prior to asking the Minister representing the Minister for Planning a question in relation to the appointment of Mr. Coumbe to the Electricity Trust Board and the retirement of Sir Thomas Playford from that board.

Leave granted.

The Hon. J. E. DUNFORD: I have received correspondence from Whyalla indicating that there has been considerable comment amongst the workers in Whyalla regarding Sir Thomas Playford's retirement from the ETSA Board and what he was paid. The letter also refers to the appointment of Mr. Coumbe to the board. The writer of the letter, an organiser of the Australian Workers Union, asks four questions, which I direct to the Minister:

- (1) Were either of those gentlemen entitled to a Parliamentary pension? If so, what was the amount of pension?
- (2) Would either of the gentlemen also be entitled to the old age pension?
- (3) Does the appointment to the ETSA Board carry a pecuniary remuneration or any other privileges? If so, how much, and what are the other privileges?
- (4) Does the receipt of a monetary remuneration from the ETSA Board in any way prejudice the receipt of the Parliamentary pension?

The Hon. B. A. CHATTERTON: I will refer the question to the Minister of Mines and Energy and get a reply.

WOOD CHIPS

The Hon. R. A. GEDDES: I seek leave to make a statement prior to directing a question to the Minister of Forests.

Leave granted.

The Hon. R. A. GEDDES: Following the Minister's visit to southern India and the announcement about a joint timber chip industry, is it envisaged that the State Government, through the Industries Development Corporation, will need to provide finance for this project, or will the Government depend on private enterprise for provision of the necessary funds?

The Hon. B. A. CHATTERTON: It is really too early to say what will be the source of funds. Certainly, there will be a requirement for capital investment for chip facilities, the debarking of logs, and the loading of bulk chips, but the method of financing these matters has not yet been determined.

YABBY FARM

The Hon. J. C. BURDETT: I seek leave to make an explanation prior to directing a question to the Minister of Agriculture regarding the proposed Mannum experimental yabby farm.

Leave granted.

The Hon. J. C. BURDETT: A report by the development officer of the Mannum Economic Develop-

ment Committee dated 22 October states:

Prior to my appointment as development officer, some negotiations have started regarding the experimental yabby farm between Bryce Clark and Mr. Mick Olsen, with some thought from Bryce that Horwood Bagshaw may offer the services of two persons to assist in the operation of the yabby farm. However, this did not eventuate.

After taking up the position of development officer, I inquired with Mr. Mick Olsen as to the requirements he was looking for so as to make this venture happen. On 3 June I found suitable land on the property of Mr. B. Reschke, who, together with his brother, said that they were prepared to carry out the necessary work in looking after the project, if the salary for one could be found.

Mr. Olsen advised that the Department of Agriculture did not have any funds available for the salary and it was decided to apply for a SURS grant, through the District Council of Mannum, with a support letter coming from the Department of Agriculture so as to employ one worker (grade 3). I believe that the council applied for a SURS grant for two years, when it was suggested that they apply for a nine-month grant.

At a meeting with Mr. Chatterton on 27 September, I asked him to offer his support for the project to the Minister of Labour and Industry (Mr. Wright). Last week I was informed that the application to SURS had been deferred as it was outside the guidelines and would have to be resubmitted with more information.

I should mention that the use of the land was given free: no remuneration was expected for that. In a most encouraging and helpful letter to the member for Murray on the subject, dated 18 July 1978, the Minister states:

Further to advice forwarded by my Secretary, additional information has now been supplied on the establishment of a yabby aquaculture project near Mannum. On 14 June, Mr. A. M. Olsen (Chief Fisheries Officer), Dr. D. Arthur (Principal Research Officer), and Mr. Trevor Muirhead (Economic Development Officer, Mannum District Council) visited a site at Mannum which the landholder, Mr. Barry Reschke, 80 Adelaide Road, Mannum, offered for use as an experimental yabby aquaculture site.

The site has water and power available and is very suitable for the establishment of an experimental yabby aquaculture project. Negotiations are being carried out with Mr. B. Reschke on conditions for the use of the site and our purchase and establishment of a transportable building for use as a satellite laboratory by Fisheries Research Branch personnel.

It gives me much pleasure to inform you of the successful search by Mr. Muirhead for a suitable site and the measures now being taken to implement these field and pilot studies. Unfortunately, this project, which would have been extremely useful in a town where employment is at a low ebb and useful in developing a new industry for South Australia, is to fail because there are no funds available to employ one worker (grade 3). That is a shame, especially when there is an obvious market overseas for the yabby industry. Whereas one problem for South Australian primary industry at present is that it can produce the goods but it has not a market, here there is a market. Will the Minister investigate the possibility of getting funds from other sources to provide a worker (grade 3) as a technical assistant to enable this project to go ahead?

The Hon. B. A. CHATTERTON: I have been involved with this project and the participants for some time, and I think it has some potential. I have asked officers of my department to produce a complete report in order to make a submission to the Minister of Labour and Industry, who administers the SURS fund. Unfortunately, not much money is left in that fund and, even if a project is worth

while, it is difficult to obtain money to finance any new initiatives that may have already been taken. However, I will certainly see whether alternative funds are available and, if they are, whether it will be possible to use any in this area.

YABBY FARM

The Hon. N. K. FOSTER: I seek leave to make a brief statement before asking the Minister of Agriculture a question subsequent to the one asked by the Hon. Mr. Burdett.

Leave granted.

The Hon. N. K. FOSTER: It seems rather strange to introduce a matter in this Chamber, by way of a question, concerning investigations that have been made by an organisation whose meetings, from minutes I have seen, are regularly attended by the Hon. Mr. Burdett. I understand the Government pays the salary of a person who the honourable member claims holds a position more or less as a director of that group. Is Mr. Muirhead's salary paid by the State Government, and is he obliged to make known, to officers in various departments, reports on a number of projects that he is examining, so that those officers may have full and proper knowledge of what he and the organisation are contemplating and so that, in turn, the departments concerned can make their own examinations properly and not necessarily through questions asked in this Council?

The Hon. B. A. CHATTERTON: I do not know whether Mr. Muirhead's salary is paid by the Government or more specifically by any of the departments that are my responsibility. However, he has contacted me on a number of occasions to discuss yabby farming and horticultural crops grown in glasshouses. Those are the only matters about which I have had any contact with him.

GOVERNMENT CONTRACTS

The Hon. D. H. LAIDLAW: Has the Minister of Health an answer to my recent question about Government contracts?

The Hon. D. H. L. BANFIELD: The Government is aware that preferences as administered by State Governments in Australia are not altogether a satisfactory way of assisting industry, as they may tend to inhibit optimum plant size and efficiency. It is also aware that liberalisation of trade between States could assist South Australian manufacturing firms by enabling them to compete on equal terms with local suppliers interstate. However, it must be noted that, because preferences affect only a relatively small segment of the market, namely, Government supplies, they are not necessarily a significant impediment to the realisation of economies of scale. Interstate markets are the main outlet for the products of South Australia in manufacturing industry. Any relaxation of trade constraints in all these markets is in South Australia's interests and on balance to the advantage of all States. At Development Ministers' conferences, South Australia has consistently subscribed to the idea of abandoning State preferences.

The Government has been interested in the proposal by the Victorian Premier to abolish preferences on a reciprocal basis. However, it must be noted that the Victorian Government gives substantial preferences to decentralised industry in Victoria. Both types of preferences have the same economic effect of distorting the economy and on an Australia-wide basis of promoting

inefficiency. Victoria would have to agree to relax all preferences before South Australia considers reciprocity.

HOSPITAL BENEFITS

The Hon. N. K. FOSTER: I seek leave to make a brief explanation before directing a question to the Minister of Health regarding Medibank and how it affects pensioners.

Leave granted.

The Hon. N. K. FOSTER: It is absolutely disgraceful that a country of the size of Australia, with the wealth it can command—

The PRESIDENT: The honourable member must not debate the matter.

The Hon. N. K. FOSTER: I am not debating it. I am stating that this Federal Government once again has seen fit to change its mind regarding the national health scheme, and there is absolute confusion in the public's mind. The Federal Minister for Health (Mr. Hunt) should be criticised and approaches should be made to him by responsible people in this State, including the Health Department, the Minister and others, to clarify several areas concerning the community. I refer to the disparity in hospital charges, involving a differential exceeding 100 per cent, that is, \$40 as against \$90 for a share ward and private accommodation. That differential is a disgrace and has not been taken into account by the Federal department. I have contacted Medibank at least eight times in the past 24 hours about one particular aspect, and have received almost as many different explanations. Therefore, on behalf of pensioners (aged or otherwise, but especially pensioners with dependants), will the Minister ascertain from Medibank, the Federal Health Department or even the Federal Minister, whether it is advisable for pensioners to register with Medibank to protect themselves in respect of the 15 per cent differential that they may have to meet in cases where doctors refuse to bulk bill? I understand that, if a doctor does not bulk bill, the pensioner, or his or her dependants, might have to pick up the tab for 15 per cent of the bill. That position ought to be clarified. Regarding the differential, can the Minister explain why a \$40 a day charge in a public hospital skyrockets to \$90 a day in a private hospital? Is it possible to have many of the operations almost exclusively the role of private hospitals made more readily available in public hospital wards?

The Hon. D. H. L. BANFIELD: As part of the question relates to Medibank, I will get a reply to the three questions asked by the honourable member.

WATER STORAGE

The Hon. M. B. DAWKINS: Has the Minister of Health a reply to the question I asked on 10 October regarding water storages?

The Hon. D. H. L. BANFIELD: The storage in country and metropolitan reservoirs as at 10 October is as follows:

Country reservoirs	Capacity	Storage
	Megalitres	Megalitres
Warren	5 080	5 041
Bundaleer	6 370	6 263
Beetaloo	3 700	3 545
Baroota	6 140	5 862
Tod River	11 300	11 300
Metropolitan reservoirs		
South Para	51 300	31 015
Barossa	4 510	4 103
Myponga	26 800	25 973

AUSTRALIAN BROADCASTING TRIBUNAL

The Hon. J. C. BURDETT: I seek leave to make a brief explanation prior to directing a question to the Minister of Health, representing the Attorney-General, on the subject of television hearings and John Martin's.

Leave granted.

The Hon. J. C. BURDETT: An *Advertiser* report on 21 October states, in part:

Mr. Duncan was reported in yesterday's *Advertiser* as saying television channels "caved in . . . quickly" under "sufficient pressure" from John Martin's to reject the commercial. Mr. Duncan said John Martin's was a "large shareholder in Channel 10 and had a considerable influence in the amount of money spent on commercial television stations in this State". Mr. Campbell—

the General Manager of channel 10—

told the tribunal: "I wish to have it placed on record that neither at the time that the advertisement was submitted to Channel 10 for telecast, nor at any subsequent time has John Martin and Co. held any shares in South Australian Telecasters Ltd., which you will note is a wholly-owned subsidiary of TVW Enterprises Ltd. Moreover, that company did not have any shareholding in our parent company. John Martin and Co. did not have any contact with us concerning the advertisement and did not bring any pressure to bear on my station in relation to the televising of the commercial."

First, was the Attorney-General correctly reported, and did he state that John Martin's had shares in the controlling company? Secondly, if he was correctly reported, what was the source of his information? Thirdly, does he acknowledge that what he said was not correct?

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

DROUGHT RELIEF

The Hon. R. A. GEDDES: Has the Minister of Agriculture a reply to my question of 28 September concerning the possible use of finance for drought relief to assist farmers, who have no stock but who have lots of feed, in restocking their properties?

The Hon. B. A. CHATTERTON: Restocking loans are made available to applicants on the same terms and conditions as loans for drought relief, that is, demand loans at 4 per cent. Loans are limited to \$8 a head for sheep and \$60 a head for cattle or 50 per cent of the purchase price, whichever is the lesser, provided (a) the total loan per applicant for drought relief does not exceed \$40 000; and (b) assistance is limited to that number of stock required to bring the stocking rate up to the "normal carrying capacity" indicated on the application form. I wish specifically to point out to honourable members that no drought loans for restocking or other purposes will be granted after 31 December 1978.

SOUTH AUSTRALIAN DEVELOPMENT CORPORATION

The Hon. D. H. LAIDLAW: Has the Minister of Health a reply to my recent question regarding the purchase of Allied Rubber shares by the South Australian Development Corporation?

The Hon. D. H. L. BANFIELD: The South Australian Development Corporation accepted offers totalling 28 per cent of the ordinary capital of Allied Rubber Mills Limited. Offers totalling 627 680 50c ordinary shares were

accepted on 17 May 1978, and an offer of a further 107 320 shares was accepted on 6 June 1978. The corporation had agreed in principle to accept that later offer at the time of accepting the other offers, but the actual offer was delayed owing to difficulty in contacting all of the necessary signatories. The corporation believes that its action was within the existing law and the requirements of the Associated Australian Stock Exchanges. The corporation had no knowledge at the time of purchase on 17 May of any proposed changes to the law relating to takeovers.

NOARLUNGA HOSPITAL

The Hon. C. M. HILL: Has the Minister of Health any further information concerning the provision of hospital facilities in the Noarlunga area? Can he say whether the obstacles to which he has previously referred and which were delaying the construction of that hospital have been overcome, and can he say when the people of that region of metropolitan Adelaide might see the commencement of this work?

The Hon. D. H. L. BANFIELD: I understand that the Industries Assistance Corporation has nearly finalised its report and, as soon as I receive a copy thereof, I will convey the required information to the honourable member.

PAYNEHAM ROAD

The Hon. J. C. BURDETT: I seek leave to make a brief explanation before asking the Minister of Lands, representing the Minister of Works, a question about the closure of Payneham Road.

Leave granted.

The Hon. J. C. BURDETT: Last week, in reply to a question, I was told that work involving the further closure of Payneham Road would be carried out. It was expected to take about two weeks and, subject to variations in the present programme, it was expected that the work would be completed early in the new year. This could mean that part of the closure could occur during the busy trading period just before Christmas. Some shop owners in this area have been forced to consider closing or relocating to other areas because they have been so disadvantaged during the previous closure, which has lasted for many weeks. It would be a complete disaster to these people if they were robbed of their Christmas trading. Will the Minister ensure that the further closure of Payneham Road will be so timed that shop owners will not be deprived of their Christmas trading?

The Hon. D. H. L. BANFIELD: I will take up the matter with my colleague and bring down a reply for the honourable member.

BIRRALEE

The Hon. K. T. GRIFFIN: I seek leave to make a statement before asking the Minister of Health a question regarding Birralee.

Leave granted.

The Hon. K. T. GRIFFIN: It was announced in the 20 October issue of the *News* that the State Government was buying Birralee from the Federal Government. The report indicated that the hospital would be used as a treatment centre for alcoholics and drug addicts, and that it was planned to transfer the Alcohol and Drug Addicts Treatment Board centre from St. Anthony's Hospital,

Joslin, to Birralee. It has been suggested to me that Birralee has about 200 beds or places available, and that St. Anthony's has about 30 places, of which an average of seven are used. Will the Minister say how many beds are available at St. Anthony's for persons in need of treatment, and what is the average number of beds in use? Secondly, how many beds are available at Birralee; how many places does the Government intend to have available for use there; and how many are expected to be in use within, say, a year of the State Government's acquiring the property? Thirdly, what services, if any, not provided at St. Anthony's will be provided at Birralee? Finally, does the Government intend to widen the range of persons who can presently be admitted to St. Anthony's when the move to Birralee is effected?

The Hon. D. H. L. BANFIELD: I will seek a report for the honourable member.

SUPERANNUATION

The Hon. D. H. LAIDLAW: Has the Minister of Health, representing the Premier, a reply to my recent question regarding superannuation cover for officers employed by the State Government Insurance Commission, the State Bank, and the Savings Bank of South Australia?

The Hon. D. H. L. BANFIELD: The reply to the honourable member's two-part question is as follows:

1. 1976-77	Provision for Superannuation
State Government	
Insurance Commission	3½ times total employee contributions for superannuation
State Bank of South Australia	4 times total employee contributions for superannuation
Savings Bank of South Australia	4½ times total employee contributions for superannuation
1977-78	
State Government	
Insurance Commission	3½ times total employee contributions for superannuation
State Bank of South Australia	4 times total employee contributions for superannuation
Savings Bank of South Australia	4⅓ times total employee contributions for superannuation

2. All three authorities consider their provisions for superannuation adequate.

PAYNEHAM ROAD

The Hon. N. K. FOSTER: I seek leave to make a statement before asking the Minister of Health, as Leader of the Government in the Council, a question regarding Payneham Road.

Leave granted.

The Hon. N. K. FOSTER: True, Magill Road and certain main arterial roads into the city have been subjected to much restriction over the past few months. What has happened on Payneham Road will, I understand, also happen on Magill Road. Roadworks, which are still proceeding, on Payneham Road have extended from North Terrace to beyond the main shopping centre. Although I use this road twice daily and

am inconvenienced, I do not mind because I realise that beneath the road are electrical, gas and other essential services that must be maintained. Will the Minister ensure that there is no cessation of works on road projects in the near-city area that will cause the stand-down of workers at a time when they would be denied the right to participate in the spending spree to which the Hon. Mr. Burdett has referred? Secondly, is the shadow Attorney-General offside with the recent statement made by the shadow Minister of Labour and Industry, who suggested that workers—

The Hon. R. C. DeGARIS: I rise on a point of order.

The PRESIDENT: Order! The point of order belongs with the Minister, who must reply to this question. I am sure, however, that the Minister will find it difficult to assess what the Hon. Mr. Burdett thinks. The honourable member has asked questions that cannot be answered unless the Minister wishes to ask the Hon. Mr. Burdett about the matter.

The Hon. N. K. FOSTER: The Hon. Mr. Burdett asked whether work could be undertaken other than during shopping hours at Christmas time. I ask the Minister to ensure that work is not done on public holidays, because the shadow Minister of Labour and Industry, Mr. Dean Brown, suggests that this work should be done by workers at less than normal award rates rather than on penalty rates. Will the Minister obtain a report on these matters?

The Hon. D. H. L. BANFIELD: I will seek a report for the honourable member.

UNSWORN STATEMENTS

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

Leave granted.

The Hon. J. C. BURDETT: During the last session of Parliament I asked whether the Government intended to implement the Mitchell Committee recommendation that unsworn statements in criminal trials be abolished. I was told in the reply to that question that the Government was considering the matter. I noticed in his Excellency's Speech that an amendment to the Evidence Act, which is the relevant Act, was planned. Whether or not that amendment relates to this matter I do not know. However, will the Attorney-General now tell me whether legislation is contemplated during this session of Parliament to abolish the practice of unsworn statements?

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

POLICE RECORDS

The Hon. R. C. DeGARIS: Has the Minister of Health a reply to my recent question regarding police records?

The Hon. D. H. L. BANFIELD: The Police Department has not been requested by the Women's Adviser to the Premier to keep statistics and records on what pornographic material was found in the possession of persons accused and found guilty of rape. As part of its ongoing activities, the Police Department maintains statistics and from time to time conducts studies into crime and crime-related matters, including pornography and rape. When some meaningful findings or clear trends are indicated by these surveys, it has always been the practice to release the results in the appropriate quarter.

WOOD CHIPS

The Hon. R. C. DeGARIS: I seek leave to make a brief explanation before asking the Minister of Agriculture a question regarding wood chips.

Leave granted.

The Hon. R. C. DeGARIS: I listened with interest to the Minister's reply to the question asked by the Hon. Mr. Geddes regarding the proposed sale of wood chips to India. Has the Minister any information regarding the availability of industries in the South-East to chip timber for export, rather than our having to set up another industry for this purpose?

The Hon. B. A. CHATTERTON: At present in the South-East there would not be surplus capacity in existing plants to process the quantity of timber available for export. The Woods and Forests Department has one mobile chip unit, but certainly this is not enough to cope with the quantity required to make this a viable proposition.

Certainly we will investigate alternative ways of doing it. I assure the honourable member that our investigations so far show that there is not sufficient capacity in existing plants to cope with the volume of timber. If there is capacity and if the people concerned would like to be involved, we have no objections.

HEALTH COMMISSION

The Hon. C. M. HILL (on notice):

1. How many employment positions have been advertised for the Health Commission since the South Australian Health Commission Act came into effect on 1 July 1977?

2. What are the positions, and what salary ranges are involved?

3. How many new appointments have been made?

4. Have any new positions been created and filled without those positions being advertised, and what are the details of such positions, if any, including salaries?

5. How many of the newly appointed officers were employed previously in the Public Health and Hospitals Departments?

6. How many of the newly appointed officers have transferred from other Government departments?

The Hon. D. H. L. BANFIELD: The replies are as follows:

1. Twenty-four.

2. Steno-Secretary Grade 1—\$9 552-\$9 889.

Administrative Secretary—\$17 087-\$17 700.

Assistant Commissioner (Planning)—\$28 571.

Assistant Commissioner (Health Services)—\$35 683.

Divisional Director (Environmental and Occupational Health)—\$34 863.

Co-ordinator (Occupational and Environmental Health)—\$34 819.

Divisional Director (Health Services Co-ordinator)—\$34 863.

Co-ordinator (Health Services, 2 positions)—\$34 819.

Divisional Director (Community Health Services)—\$34 863.

Director (Aboriginal Health)—\$32 612.

Publications and Information Officer—\$15 011-\$15 478.

Steno-Secretary Grade 1—\$9 831-\$10 173.

Director (Projects)—\$24 784-\$31 601.

Planning Assistants (4)—\$11 832-\$12 856, \$13 091-\$14 530—Depending on qualifications.

Divisional Director (Information Services)—\$32 748—Medical qualifications. \$26 423—No medical qualifications.

Project Officer—\$20 365-\$20 984.

Divisional Director (Policy and Evaluation)—\$33 174—Medical qualifications. \$26 766—No medical qualifications.

Divisional Director (Financial Services)—\$26 766.

Divisional Director (Administration and Personnel Services)—\$24 591.

Divisional Director (Management and Technical Advisory Services)—\$24 591.

3. Twenty-nine.

4. Yes, as follows:

Policy Analyst—\$24 591.

Director (Special Projects)—\$28 942.

Personal Assistant (to Chairman, South Australian Health Commission)—\$11 832-\$12 856.

Stenographer, Grade 1—\$9 831-\$10 173.

Clerk (4 positions)—\$5 080-\$9 716.

Clerk (1 position)—\$4 897-\$9 441.

Office Assistant (4 positions)—\$4 897-\$8 890.

Assistant Commissioner (Administration and Finance)—\$28 942.

Project Officer—\$17 890-\$18 813.

5. Hospitals Department—Twenty.

Department of Public Health—Two.

6. Two.

HEALTH ACT AMENDMENT BILL

Second reading.

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

That this Bill be now read a second time.

The provisions of the clean air regulations, 1969, which were intended to control burning in the open, including burning at rubbish tips, were declared *ultra vires* by the High Court of Australia in an appeal by a tip operator who had been prosecuted. Section 94c (1) (i) of the principal Act provides that regulations may be made "regulating, controlling and prohibiting the burning of rubbish at private, public or municipal incinerators and tips". The Crown Solicitor has recommended that the reference to "rubbish" should be removed from this provision so as to avoid the problems associated with that term which were raised in the case of *Paull v. Lewis* (1971) 3 S.A.S.R. 230. Burning in the open, and particularly burning on tips in the Wingfield area, is a source of continual complaint from the public. The Government believes that it is essential that adequate controls should exist over such activities.

Clause 1 is formal. Clause 2 redrafts section 94c (1) (i) of the principal Act to remove the reference to "rubbish".

The Hon. C. M. HILL secured the adjournment of the debate.

APPROPRIATION BILL (No. 2)

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

PUBLIC PURPOSES LOAN BILL

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

**APPROPRIATION BILL (No. 2)
AND PUBLIC PURPOSES LOAN BILL**

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

That Standing Orders be so far suspended as to enable the Appropriation Bill (No. 2) and the Public Purposes Loan Bill to be read a second time without delay and for one motion to be moved in regard to the second reading of both Bills.

Motion carried.

The Hon. D. H. L. BANFIELD: I move:

That the two Bills be now read a second time.

The Appropriation Bill, which is the main Appropriation Bill for 1978-79, provides for an appropriation of \$1 035 448 000. The Public Purposes Loan Bill provides for an appropriation of \$240 948 000. The Treasurer has made a statement and has given a detailed explanation of these Bills in another place. That statement has been made available to honourable members and, rather than repeat it here, I seek leave to have it inserted in *Hansard* without my reading it.

Leave granted.

The Government's Revenue and Loan Budget proposals for 1978-79 provide for a balance on the year's combined operations. The Budget has been framed against one of the most difficult financial and economic backgrounds this State has seen for many years. It is a background which has seen the favourable financial position of the Government's accounts, built up through our careful and sound management of the State's resources, eroded as a direct result of recent Commonwealth Government policies.

Last year, when I introduced the Loan Estimates to this House, I said that to maintain existing services and to offset some of the worst effects of the Commonwealth's budget on the building and construction industry and on employment would take all the accumulated reserves on the combined accounts. That proved to be the case and we now enter the 1978-79 financial year with a small accumulated deficit of \$6.5 million on our combined accounts.

The National Economy

During 1977-78 most economic indicators performed very sluggishly. They can be summed up in the overall figure for the Gross Domestic Product. In real terms G.D.P. rose by only 1.4 per cent between 1976-77 and 1977-78. This was a very low figure whether it is compared with normal Australian levels—averaging 4 per cent to 5 per cent in the fifties and sixties—or with the current performance of other countries having a similar standard of living.

Within sectors, by the end of the 1977-78 financial year, Australia's economic position was—

- static industrial production
- very depressed new dwelling construction
- a depressed heavy construction industry
- slightly improving but still low new car sales
- modest real increases occurring in retail sales
- the balance of payments under strain and requiring heavy overseas borrowing to maintain reserve levels.

One figure summarises the slump in Australia's new dwelling construction industry—the 117 700 houses and flats commenced in 1977-78. This was the lowest figure for housing commencements since 1966-67, and compares with a close-to-normal level of 141 700 in 1976-77. And the position deteriorated over the year. The number of new housing approvals nation-wide in July was the lowest since 1962. New housing activity levels have a marked effect on

sales of new domestic appliances. In the other major consumer durable area, new motor vehicle registrations in the last financial year amounted to just under 564 000, a figure lower than for any of the four previous years.

The Australian recession has now lasted four years. The number of unemployment registrants rose sharply between mid-1974 and mid-1975, from 79 000 to 246 000; flattened out in 1975-76, and would have declined had it not been for the abolition of the Federal RED Scheme; but since then has jumped by 68 000 to 333 000 in the year to June, 1977 and by another 61 000 to 394 000 in the year to June, 1978.

In addition, there has been a very severe fall in the proportion of people who even consider themselves in the work force. In the 13 months to June, 1978 it is estimated that 131 000 people around Australia have been so discouraged by work prospects that they have opted right out of the work force. This number needs to be added to the increase in unemployment to obtain the true dimension and social cost of our current economic malaise.

Within the 13 months to June, 1978 the average duration of unemployment rose sharply, from 19.1 weeks to 26.1 weeks, for seekers of full-time work.

The only good news on the national economic front has been the falling inflation rate. At the time of the 1977 Commonwealth budget, the Commonwealth Treasury's estimate of 1977-78 inflation had been a figure in excess of 10.5 per cent. However, the CPI actually stood 9.5 per cent higher on average in 1977-78 than in 1976-77. Most of the decrease occurred because productivity gains have been reflected in restraint on cost increases, and hence on inflation, rather than in the potential wage improvements set out under the indexation guidelines. The ACTU is to be commended for its responsible wage policy, which has facilitated the continuing reduction in inflation.

The State Economy

During the four years 1973-74 to 1976-77 the South Australian economy, on most of the key economic indicators (such as new dwellings, new motor vehicle sales, employment levels), had fared better than the Australian average. However, the national recession caught up finally with South Australia towards the end of last financial year.

From a position of consistently below national-average unemployment in the period mid-1973 to the first part of 1978, this State has been hard hit in recent months. The main contributing factors have been—

- heavy retrenchments in car manufacturing
- the virtual closing down in recent months of the Whyalla shipbuilding industry.
- some decline in domestic appliances manufacturing
- adverse seasonal conditions leading to major reductions in employment in food processing and agricultural machinery
- a decline in housing and associated industries.

Over the year to June, 1978, civilian employment in South Australia has declined by just under 10 000. The reduction is almost entirely accounted for by the falls in the manufacturing and construction sectors of the economy. Elsewhere gains in some sectors (such as finance, insurance, real estate and business services) have been offset by reductions in others (such as motor vehicle dealers, petrol and tyre retailers).

Nearly 90 per cent of the decline in manufacturing is to be explained by the developments which I outlined a few moments ago. In particular, South Australia has lost some 3 500 jobs in the transport equipment sector of our economy. The recent major problems at one of our large car concerns have been well publicised, and need little

further explanation. It remains, true, however, that the restructuring of the company now in progress has been hindered by the depression of the national market to which I referred earlier. The overwhelming bulk of its output is sold to that national market. The transport equipment sector has also been hit heavily by the virtual closing of the Whyalla shipyards. More than 1 000 jobs have been lost there over the past year.

Especially dry conditions over the past three years have placed the State's rural-based activities under heavy pressure. While the long-overdue breaking of the drought earlier this year was very welcome, it has served initially to depress further employment prospects as graziers re-stock instead of sending output to the slaughter yards. In consequence of these developments, there has been a decline in employment of more than 1 000 in food processing, and a lesser reduction in agricultural implement manufacturing.

In addition, following a boom in the new dwelling sector of housing in 1976 and the first part of 1977, there has been a marked reduction in employment offered in the building industry as unsold new housing stocks are being run down. The fall in South Australian new dwellings commenced was from 14 260 in 1976-77 to 9 472 in 1977-78. Part of this was in line with general recession nationally. A further part was in correction of speculative over-building, which had occurred in a number of cities including Adelaide and Melbourne.

It is anticipated that in South Australia most of the excess stocks will have been worked off by early 1979. Some rise in new housing activity should then eventuate. The recent announcement by my colleague, the Minister for Planning, of new SGIC-financed long-term additional loans through the State Bank will assist this process. And along with the gains in employment in prospect in the coming year in housing, there should also be improvements in those industries basically dependent on dwellings. Over the past year, for example, about 1 000 jobs have been lost in non-metallic mineral products and wood products. Their resurgence, along with that of the household appliances sector, would be greatly assisted by any recovery in the national housing market.

The Department of Economic Development and other State agencies have been engaged heavily over the past year in the process of assisting the restructuring of the local economy. Despite the adverse national economic climate, a number of significant gains for South Australia have been accomplished. In particular, the part played by the South Australian Development Corporation in setting in train a major expansion of the food processing industry in the Riverland is noteworthy. We would also be assisted greatly by construction of a petro-chemical complex at Redcliff. A number of other important projects have been the subject of major progress also during the year just ended. It remains true, however, that Australian industry in general needs to become more export-orientated. I am pleased to say that a number of our South Australian firms have been pioneers in this area.

South Australia has more than shared in the reduction of national inflation. Over the 12 months to June, 1978, the Consumer Price Index rose locally by 7.6 per cent as compared with the 7.9 per cent national rate. Adelaide's rise over the year was the second smallest of the six State capitals, being only one-tenth of a per cent higher than Sydney's rate. It remained well below the inflation rate recorded in Melbourne, Brisbane and Perth.

The Commonwealth Budget

Given the very gloomy national economic scene, my Government favoured a controlled stimulus to the

economy in the 1978 Commonwealth budget. It is the estimate of our economic advisers that no stimulus to the economy is given in that document for this financial year. Indeed that is also the judgement of Liberal leaders elsewhere in Australia. To quote only a mild comment, Sir Charles Court said that the policy being followed is a "prescription for recession".

It is argued by the Commonwealth Government that its pressure on prices and interest rates, by restraining economic activity, will induce sufficient local and international investment to call forth, at some indefinite point, a revival in sales, production and employment.

It has been well said that the Commonwealth budget is based on a series of gambles, the chief of which are—

- that extra-high unemployment will make a contribution to reducing inflation
- that private consumption will rise strongly in real terms to offset non-growth in the Government sector and low growth in private investment and exports; and
- that revenues will hold up to the optimistic budget forecasts better than they did last financial year, despite the similar prospect of higher unemployment which threatens consumer confidence.

Every one of these gambles is subject to considerable doubt. But it is extremely dubious that any extra restraint on inflation will come from the additional unemployment now freely admitted to be in prospect by the Prime Minister and his Treasurer. Even in terms of the economic model adopted by Commonwealth Treasury, the so-called "inflationary expectations" theory, the disastrous prospective increases in unemployment represent an exercise in over-kill. That theory, which I do not for a moment accept as a valid representation of reality, suggests that inflation will fall so long as unemployment is above the so-called natural rate. Even the highest guesses by adherents to this line suggest that in Australia the natural rate is no greater than 4 per cent. We now have unemployment of 6 per cent even at the seasonal trough. In other words, there is already more than enough unemployment in the system to ensure compliance with the Commonwealth Treasury's theory. On the basis of that theory, inflation will fall, almost come what may. Hence, the prospective increases in unemployment amount to savage and sadistic over-kill. Even in terms of the theory of inflationary expectations, it would have been perfectly possible to attempt to reduce both unemployment and inflation simultaneously.

Last year when I introduced the Budget to this House, I said that the Commonwealth Government's policies would not be conducive to economic recovery. I noted that "the projected M3 money supply target of 8 per cent to 10 per cent is simply inadequate to finance the sort of recovery that the Australian economy and Australians generally need". In particular, I said that "the housing industry will remain depressed throughout the country". Both predictions proved absolutely correct. Unfortunately, I was wide of the mark on my other prediction that by now "the message of all State Premiers may have gotten through to the Prime Minister". What we are still getting is more of the same contractionary policy. I am sure that the Commonwealth Government will not win all of its gambles, and that in consequence we will see levels of unemployment of around 500 000 this financial year, not counting the great number of hidden unemployed.

Despite the doleful picture, the Commonwealth is still pursuing a hard and relentless line towards business activity, whether conducted privately or publicly. It will not relent to give a stimulus to the economy through either sector. In particular, it has ignored completely the pleas of all State Premiers—Liberal, Labor and National Party

alike—for some moderate relaxation of its economic policy.

At the meeting of the Australian Loan Council in June, 1978, the Commonwealth Government agreed to support a total programme of \$1 434 million for State works and services. South Australia's share of this programme is \$186.9 million. That programme is for the same money amount as in 1977-78. It has no regard for inflation, which is forecast by the Commonwealth Treasury to be running at about 6 per cent in 1978-79. In other words, the Government's capital works programme for 1978-79 has been reduced effectively by \$11 million below the inadequate 1977-78 level, which had itself been cut in real terms over the previous two-year period. It is South Australia's private sector construction firms who will suffer most from this savage reduction.

In another major area of Commonwealth Government financial support—personal income tax sharing—we have fared little better. The combined effects of high and increasing unemployment and lesser increases in income levels have so diminished the Commonwealth Government's personal income tax collections that the State is now unlikely to receive in 1978-79 any more than it would have received under the old formula arrangement. In 1975 and 1976 it was said by the Prime Minister that his policy of "New Federalism" would be of great benefit to the States. It is now clear from all the evidence that that much vaunted policy is in tatters. I will return to this matter in just a moment.

In those two major areas alone, the Government is facing a significant shortfall in funds below reasonable expectation. On top of that, the Commonwealth Government has abandoned the Hospital Development programme, at a cost to South Australia of over \$5 million; drastically reduced its support for the School Dental programme, the Leisure and Cultural Facilities programme, the Government Schools programme and the Childhood Services programme. Further, it has varied, without warning, the funding arrangements for Natural Disaster Relief programmes which will impose an additional and totally unexpected cost of over \$3 million on the State budget for drought relief measures this financial year.

To that imposing array must be added Welfare Housing for which the Commonwealth Government has reduced its support to South Australia by more than \$11 million below the 1977-78 level. Indeed, in money terms, it is the lowest level of support since 1973-74.

While there have been a few areas of increased support, notably Technical and Further Education and the Bovine Brucellosis and Tuberculosis campaign, these factors have resulted in this State being down some \$33 million in 1978-79 as compared with the most conservative expectations of Commonwealth Government support previously used for planning purposes.

From South Australia's viewpoint the cut in car sales tax rates announced in the budget is welcome. My Government has been calling for such a reduction for some considerable period now. By itself it should lead to some lift in car production and employment. However, it is accompanied by savage depletions elsewhere of disposable income and adverse impacts on petrol prices, so that it remains to be seen whether much net stimulus has been given to the industry.

Another industry of special importance to this State, the brandy industry, has been dealt a severe blow by the 83.6 per cent increase in brandy excise. The inevitable big rise in brandy prices must cause a substantial contraction in sales which in turn will affect the intake of certain types of grapes, the growers of which are concentrated in the

Riverland areas. In many cases a high proportion of growers' incomes comes from the sale of such varieties, which now appear unlikely to be needed in the 1979 vintage. My Government finds this brandy impost unjustifiable and incomprehensible.

State Budgetary Strategy

Last year I delivered a budget designed to offset as far as possible the contractionary forces bearing down on the State economy from Commonwealth policies. To a large extent that policy was successful. For most of the past financial year unemployment in South Australia remained below the national average. Members will realise how much of an historical exception that situation has been in times of national recession. It was not until almost the very end of the financial year, in the figures for May, that the State's unemployment rate finally edged above the Statistician's national estimate. While the contractionary forces were very heavy indeed, the State's budgetary policy offset them for the greater part of the year. In the light of circumstances then in effect, the Government thought it sensible to tide over the South Australian economy until such time as the upturn came in national business fortunes.

Following the patent neglect of the counsels of the united Premiers by the Prime Minister, there is now no prospect of a recovery in national economic activity levels for some considerable period ahead. We have to plan accordingly. It is not possible, given our resources in relation to those of the Commonwealth Government, to offset these contractionary policies indefinitely. We would be simply out-gunned. In consequence, I am forced now very largely into the position of being unable to use the South Australian Government's budgetary policies to resist further the Prime Minister's repressive theories.

It has been said by many people, including the Prime Minister, that such restrictive policies will lead to a fall in unemployment. Unfortunately, they have precisely the opposite effect. I pointed out last year at this time that an output growth of at least 4 per cent a year was needed merely to stop unemployment rising. That cannot happen unless support is given to either or both the public and the private sector. No support has been given at the Commonwealth level. In consequence, output has not risen sufficiently rapidly, and unemployment has climbed inexorably.

I have included in this budget several measures which will help the private sector. One such is the Establishment Payments Scheme which will help significantly to induce business to locate and expand in this State.

My colleague, the Deputy Premier, announced last week the introduction of the Establishment Payments Scheme. This new scheme, which is estimated to cost \$1.5 million in 1978-79 and more in a full year, is available either as a long-term loan or a grant to new and expanding industry in South Australia. It is designed to encourage economically viable and export-orientated industries to establish or expand in South Australia by means of a single payment related primarily to the increased employment and capital investment undertaken. The maximum payment to any one firm is \$375 000 in nominated regions, \$325 000 in the major service centres, and \$315 000 in Adelaide and the rest of the State. The detailed criteria have already been announced by my colleague.

Two factors have led us to introduce this new policy. In the first place, studies have shown conclusively that the success of regional development is intimately bound up with the birth rate of new firms. Most of today's big firms started off as small operations, and we would like to give every encouragement to the birth of new firms and their

subsequent growth. However, we are also impressed by the critical capital needs faced by viable firms early in their history. We have decided, therefore, to concentrate assistance to them at this stage. Those taking advantage of the scheme can get off to a flying start in South Australia.

In the overall economic interests of the State, the Government has decided also that it will not increase existing taxation rates, or introduce new taxation measures in 1978-79. As far as possible, we will seek to avoid imposing extra burdens on a private sector now ravaged by factors outside its control.

During the past three financial years the Government has abolished the petrol franchise tax, rural land tax and succession duty on property passing to a surviving spouse. We have also reduced stamp duties on conveyances, increased the exemption levels for payroll tax and given other relief in succession duties and land tax.

I would like to do more to help both the private sector and the unemployed in this budget, because I am convinced that such help is necessary. However, beyond these decisions we are captives of the financial chains imposed on us by the Commonwealth Government.

In these circumstances, in the expectation of little real improvement in 1979-80, and with the prospect of having to find funds for Redcliff, a major development project of economic importance to the State, the Government has no choice but to take a number of hard and regrettably unpopular decisions to prune expenditures in order to achieve a balance on its 1978-79 operations.

As a first measure, we are planning to hold the public service to a no-growth constraint in 1978-79. We will review services and re-deploy staff, where necessary, to meet urgent needs and new initiatives as they arise. The effect in some vulnerable areas will need to be watched closely, including in our National Parks and Wildlife Service where an upgrading of services is urgently required.

Secondly, there will be a major thrust by the South Australian Health Commission to rationalise services and to reduce hospital operating costs, while being careful not to undermine standards of patient care. The Education Department will need to review its plans for increased non-contact time for primary teachers and for the provision of ancillary staff in all Government schools.

Thirdly, we are examining critically all existing programmes and activities and, where possible, we will divert resources to achieve further economies of operation consistent with an acceptable level of service to the public. We will maintain a firm control over all expenditures. Later in my speech, and in great detail in Attachment III, I will give fuller comment on the Auditor-General's suggestions for improvements and the responses of Departments.

Nevertheless, other more unpalatable measures have to be taken. I have already announced that the Government will have to restrict its support for the State Unemployment Relief Scheme to a programme of \$7 million this financial year. It is a decision which the Government deeply regrets and has found difficult to take. The scheme has proved to be a most effective one, not only in providing jobs, but also in providing facilities and services of real value to the community. As a direct result of the Commonwealth Government's actions, we are now being forced to reduce drastically the operations of the scheme at a time when all the evidence shows that those operations will be sorely needed. Moreover, the cutback will adversely affect that Government's deficit, because of the taxation it will lose and the extra unemployment benefits it will have to pay.

In addition, hospital, school and other Government

building programmes will have to be reduced substantially in 1978-79. Again, this decision is one of concern to the Government, but the inescapable fact is that the State's financial resources have been so depleted by the Commonwealth's decisions, that it is just no longer possible for the Government to give as much support as it has in the past to industry in this State through Government building programmes. However, we hope that the adverse effect on the building and construction industry, and on employment in this State, will be offset to a considerable extent by non-budgetary measures involving the State Government Insurance Commission, the South Australian Superannuation Investment Trust and other agencies. Once again the SGIC will prove its value to South Australia. The Members opposite who opposed the birth of this magnificent institution can ponder the wisdom of their past remarks. We can be very thankful that we have this source of finance to help reduce the inroads being made on the State's construction industry.

Against that background, let me now give Members a brief overview of the total financial position.

1977-78—Combined Accounts

Members will recall that, when I introduced the Revenue Budget in October last, my Government planned for a deficit of \$18.4 million after providing for two special provisions, one of \$12 million to support the 1977-78 operations of the Loan Account and one of \$22 million to provide for the continuation and some expansion of the State Unemployment Relief Scheme.

In the event, \$3.4 million was required to support the Loan Account and \$24.5 million was provided for the State Unemployment Relief Scheme, including \$2.3 million towards the 1978-79 programme.

On Revenue Account receipts fell \$3.8 million below estimate, the main falls being in the area of stamp duties, succession duties and payroll tax. Payments exceeded estimate by \$2.7 million, the main increases being interest on the public debt, unemployment relief works, health services, drought relief payments, power for pumping and other costs associated with water supply and sewerage services.

The final result showed an excess of payments over receipts of \$24.9 million for the year.

As to Loan Account, with the support of \$3.4 million from Revenue Account, the planned balance on the year's operations was achieved. Receipts and payments were each \$5.8 million below estimate.

There were, of course, a number of variations from estimates in both receipts and payments in 1977-78 on both accounts and these are documented fully in Attachment I to the printed Financial Statement.

The Government commenced the 1977-78 financial year with accumulated reserves of \$18.4 million on its combined accounts.

Those reserves have now been applied towards the excess of payments over receipts of \$24.9 million on the year's operations. As at 30th June, 1978, there was an accumulated deficit of \$6.5 million on the combined accounts.

1978-79—Combined Accounts

I have said already that the Government proposes to maintain a balance on the 1978-79 operations of its combined accounts. Accordingly, the accumulated deficit is planned to be \$6.5 million at 30th June, 1979.

With respect to Revenue Account, the prospect is for a balance after providing for an unemployment relief appropriation of \$4.7 million (which, together with \$2.3

million set aside in 1977-78, will give a total programme of \$7 million), the recall of \$17.5 million from the Pipelines Authority and the transfer of \$5 million from Loan Account.

Earlier this year, the South Australian Oil and Gas Corporation was established for the purposes of acquiring the Commonwealth Government equity interest in the Cooper Basin, of carrying out further development and of increasing the level of exploration. This wise move has enabled the Government to recall \$17.5 million, previously made available from Revenue Account to the Pipelines Authority of South Australia for these purposes.

In the past I carefully accumulated surpluses and reserves to hold against the time they would be needed to offset economic tribulation. The Opposition constantly demanded that I dissipate them by reducing revenue. The Government's decision to hold and to use them sensibly to give local stimuli in the construction industry and job creation was the right course. But they do not last forever.

As to Loan Account, the proposal is for a balance also on the year's operations after providing support of \$5 million to Revenue Account.

Before turning to the detailed explanations on those budget proposals, I would like to comment, briefly, on a few more major issues.

Personal Income Tax Sharing

We have had two years' experience of an arrangement between the Commonwealth and the States for the sharing of personal income tax collections. We now enter the third year of that arrangement.

The Government faces the prospect that, for the second time in the three-year period, it will receive no more than it would have received under the old Financial Assistance Grants Formula.

I have said before that the benefits ascribed to the New Federalism were largely illusory. In the present circumstances, I see no need to further justify that view.

There are, however, two important aspects of the arrangements which need to be brought to the attention of Members.

The first is the review of State relativities which is to take place before 30th June, 1981—a review which the Commonwealth seems determined to use as the basis for depriving South Australia of the financial benefits which it obtained by transferring the non-metropolitan railways to the Commonwealth. Needless to say, any such move will be resisted with every means at our disposal.

The second is the passing of Commonwealth legislation late in 1977-78 which now opens the way for all States to impose a surcharge on or grant a rebate from Commonwealth personal income tax. We have no plans to involve South Australia in such an operation.

For 1978-79 the Commonwealth has estimated that South Australia's formula guarantee will be \$562.6 million. This estimate is based on the assumption that average wages for the year to March, 1979, will be 8 per cent greater than average wages for the year to March, 1978. We do not believe that wage increases will reach that level and have adopted a wage factor of 7 per cent for the purpose of calculating the State's entitlement. This would yield \$557.4 million and this estimate has been incorporated in the State Budget.

Attachment II sets out in more detail the course of recent events of the income tax sharing arrangement.

Housing

The new Commonwealth-State Housing Agreement offers the potential for much more flexibility in welfare housing programmes. Unfortunately, reductions in the

level of Commonwealth finance will have the opposite effect.

After three years in which the amount allocated by the Commonwealth for housing was held at \$56.4 million, there was an increase of about 4 per cent to \$58.5 million in 1977-78. This year the Commonwealth contribution is divided into two parts, a basic allocation and an amount which will be available only if the States provide matching funds on a \$1 for \$1 basis. South Australia's share, in proportion to its share in previous years, will be—

	\$ million
Basic	27.9
Matched element	19.5
	47.4

This represents a significant reduction on the \$58.5 million we had last financial year.

We will have no difficulty in proving that our own allocations to housing are more than sufficient to attract the matched element of Commonwealth funds. Even so, the Commonwealth allocation is \$11.1 million, or nearly 20 per cent, less than in 1977-78.

The decision of the Commonwealth, not only to refrain from increasing its allocations in line with inflationary increases in the price of basic housing but to actually reduce them in money terms, has reduced the capacity of the States to provide assistance to people of modest means seeking housing. South Australia has contributed significant sums from its own resources in recent years in an attempt to overcome the worst effects of these decreases in the real level of Commonwealth support.

This year's reduced allocation will make it all the more difficult. However, we are examining ways and means of reducing the impact on low income home buyers and the recent announcements of the Minister for Planning with regard to the issue by the State Bank of additional loans for 15 years represents one of the steps we propose to take. Others are under examination and will be announced at the appropriate time.

Cooper Basin

While no allocation is proposed in 1978-79 for Cooper Basin activities, I believe it would be appropriate to give Members a brief report on the project as it is one of the most important areas in which the Government has taken an initiative in recent years.

Members may recall that last year I informed them of the South Australian Government's firm offer to acquire the Commonwealth Government's equity interest in the Cooper Basin. That offer was finally accepted and the interest was obtained for a cash outlay of \$12.5 million.

Likewise, Members will recall that earlier this year, an Act was passed which made possible the establishment of the South Australian Oil and Gas Corporation, a company with the South Australian Gas Company and the Pipelines Authority of South Australia as shareholders. The Corporation is now functioning and will represent the Government as a member of the Cooper Basin Producer consortium.

The Cooper Basin is, at this stage, probably the single most important factor in the economic development and industrial security of this State. The Government will be looking to the Corporation for the proper exploration and development of this valuable asset. Members will be aware from recent publicity of other significant changes in the equity interest in the Cooper Basin.

Redcliff

The proposed development of a petro-chemical complex at Redcliff, between Port Pirie and Port Augusta, is vital

to the effective use of the gas and liquids resources of the Cooper Basin. It is also of considerable importance to the industrial base of this State and to the creation of employment opportunities.

Detailed negotiations with the Commonwealth Government in respect to the financing of infrastructure have extended over many months. I am confident that an early and favourable response to our submissions will be forthcoming in the form of Commonwealth support at a special meeting of the Australian Loan Council. We expect this to lead to a special approval for the Electricity Trust and the Pipelines Authority to raise additional semi-Government loans.

In the meantime, the Government is reviewing its financial resources so that adequate reserves may be available to meet in full our commitment to this valuable development project. It will involve the reallocation of resources from other areas of government priority.

Unemployment Relief

We all know that unemployment in Australia today is at an alarming level and is increasing. It has become a massive problem which not only denies people work opportunities and work experience, but also creates significant social problems.

Whilst the Commonwealth Government's economic policies continue to ignore the problem, the South Australian Government has taken practical and positive steps to reduce the plight of its people, particularly its young people, by providing considerable funds for the operation of a State Unemployment Relief scheme. Since 1975, when the Commonwealth abandoned its Regional Employment Development Scheme, the State has provided \$46.5 million to finance unemployment relief projects. We propose to appropriate a further \$4.7 million in 1978-79 taking the total to just over \$51 million.

The scheme has proved to be most effective and, indeed, I am pleased to be able to report that—

- (a) approximately 13 500 people have been employed under the scheme to date with an average employment period of 14 weeks.
- (b) of 7 700 people employed during 1977-78, about 1 500 have found permanent employment with their sponsors or other employers.
- (c) about 600 people are currently employed and all recruitment is arranged through the Commonwealth Employment Service.
- (d) administration costs have been kept to a minimum and, in fact, they represent about 0.5 per cent of funds employed.

Furthermore, the scheme is not just one of making jobs. It is providing a host of facilities and services which are of real value to the community. Nor is it confined to construction works. Jobs are being provided in the clerical and administrative area, in social and community work and for many people with professional qualifications.

It is with deep regret that the Government finds that it must now curtail this programme. I can only hope that the Prime Minister will see his way clear to heed the advice of all Premiers and other concerned people and relax some areas of his Government's economic policy so that some improvement may occur in this tragic situation.

Drought Relief

It is pleasing indeed to see the end of the drought conditions which have blighted this State for so long. Severe hardship has been caused to many people, particularly those on the West Coast and in the Murray Mallee area.

Despite the improvement in seasonal conditions, there is still need for support for many people in the rural community who have to wait until later in the financial year to secure benefit from those improved conditions. Consequently we have included about \$11 million in the budget for this purpose.

The Commonwealth has varied its funding arrangements to require the State now to meet the first \$3 million under the Natural Disasters Relief programme and 25 per cent of all expenditure above that level. Again the Commonwealth has shown complete disregard for appropriate consultation and made that detailed arrangement without reference to this State or others.

The impact on the State Budget in 1978-79 is estimated at just under \$5 million.

Effective use of Resources

I propose to comment briefly on the benefits to be obtained from long term planning of our financial resources, from improved financial management and from review of policies and operations.

As Members know from my previous reports on the matter, the Government has been planning its capital works on a three year rolling programme for a number of years. Forward planning has been of considerable benefit in achieving the effective use of our resources and, further, has helped us to cushion the adverse effects of recent budgetary decisions taken by the Commonwealth.

Last year I informed the House that Treasury officers were working with departments on the development of a two year forward planning programme for Revenue Account. Progress has been made and useful information is now available in respect to the 1979-80 financial year.

On the matter of the review of the Government accounting systems to facilitate the development by Treasury and departments of budgets and financial management systems which place greater emphasis on individual responsibility and accountability, further progress has been made. The Public Accounts Committee has given its support to proposals for a new Government accounting system and Treasury is now developing the first stage of that system. The aim is for introduction in 1980-81.

As I mentioned last year, all departments have been asked to examine critically their existing activities and to identify areas where economies might be achieved. Benefits have arisen out of this initiative and, in order to maximise those benefits, the Government has established a Co-ordination of Review Group comprising the Chairman of the Public Service Board, the Director-General of the Premier's Department, the Under Treasurer, and the Auditor-General. The function of the Group is to co-operate with, and assist departmental management in the development and implementation of more effective financial management systems and in the carrying out of reviews of departmental operations. I emphasise the words co-operate and assist as the responsibility for these matters must rest, properly, with the Permanent Departmental Head. The Group has been asked also to follow up and report on the action taken by departments in respect to financial management and other matters raised by the Auditor-General in his report to Parliament.

Matters raised by the Auditor-General and action taken in response to his comments are set out in considerable detail in Attachment III. I hope that Members will read carefully through that document. It has been suggested from time to time by the Opposition, by newspapers and public comment that the Government simply has taken no

action in respect of the Auditor-General's comments. Those accusations are completely unfounded, as will be seen by the attachment that sets out the work that has been done in Government departments in response to suggestions by the Auditor-General.

Long term financial stability has been, and will continue to be, one of the major aspects of the Government's policies. I cannot say this too often or too strongly. We see the firm control of expenditures within the limits approved, the improvement of our financial planning and budgeting, the achievement of economies wherever practicable and the flexibility to cope with changing circumstances as essential elements in the achievement of our objectives. This is particularly so in the present difficult financial climate.

I pay a special tribute to the officers of the South Australian Treasury, who are responsible for compiling the Treasury documents. South Australia is particularly fortunate in its Treasury officers, the Under Treasurer and his senior officers in the department: Mr. Sheridan, Mr. Hill, and Mr. Kidd. We are very much the envy of the other States in the quality of Treasury officers we have in South Australia. I give my personal thanks as Treasurer to them for the extraordinarily fine work that they do in the Treasury.

I also want to thank my Economic Adviser, Dr. Hughes, who works closely with Treasury officers in the preparation of the Budget documents and in the overall Budget strategy. Again, he is the envy of Ministers in other Cabinets in Australia, including the Federal Cabinet.

THE REVENUE BUDGET

The forecast for 1978-79 is for a balance on the year's operations after providing for a transfer of \$5 million from Loan Account.

Aggregate receipts and aggregate payments are expected to each total about \$1 270.6 million. In the case of aggregate receipts, the amount includes \$17.5 million recalled from the Pipelines Authority and the transfer from Loan Account of \$5 million.

The forecast of payments comprises detailed provisions for normal running expenses of \$1 230.4 million at salary and wage rates as at 30th June, 1978, and at price levels which include some allowance for inflation, a round sum allowance of \$33 million for the possible cost of new salary and wage rate approvals which may become effective during the course of the year, a round sum allowance of \$2.5 million for the possible cost of further increases during the year in prices of supplies and services and a special allocation of \$4.7 million for unemployment relief. This Scheme will be operated at a significantly reduced level in 1978-79.

The necessary detailed appropriations for the bulk of future wage awards will be arranged under a special provision which is included in the main Appropriation Bill each year. In respect to supplies and services, where departments can demonstrate that cost increases are greater than the allowances included in detailed appropriations, extra funds will be made available from the round sum of \$2.5 million. There is no special provision in the Appropriation Bill to cover this procedure, so it will be necessary to call on the authority of the Governor's Appropriation Fund and eventually of Supplementary Estimates. The latter procedure will be necessary also for a small part of the cost of wage increases.

REVENUE RECEIPTS

If we leave aside the special recall of funds from the Pipelines Authority and the special transfer from Loan Account, then revenue receipts are expected to increase by only \$80.9 million (or 6.9 per cent), from \$1 167.2 million last year to \$1 248.1 million in 1978-79.

While there will be increases in certain charges to enable the Government to recover the cost of services provided to the public, rates of taxation will not be raised and no new taxation measures will be introduced in 1978-79.

Taxation

As the prices at which people are prepared to buy and sell land increase, so does its value for taxation purposes. Thus, even though the Government does not propose to alter the rates at which land tax is levied, the increases which have occurred in the last twelve months in the valuation of land will be reflected in receipts of tax. It is expected that revenues will rise from \$20.1 million to about \$23.4 million.

Receipts from the various forms of stamp duty which the Government imposes are estimated to increase slightly from \$78.2 million (which included \$1.4 million for the establishment of the South Australian Oil and Gas Corporation) to \$79.1 million. Activity in this area of taxation, particularly in respect to property and motor vehicle transactions, has been severely depressed. Property transactions give little cause for confidence at the moment, and it is very difficult to foresee the future for motor vehicle sales and transfers. As I said earlier the stimulatory effect of reduced sales taxes is likely to be offset by the effect of higher petrol prices and reduced disposable incomes. Given those factors and in the expectation that there will be some growth in other ad-valorem duties by virtue of a continuing increase in prices, we have estimated a small increase from this revenue source.

The effects of concessions given to taxpayers in respect to succession duty suggest that the Government can expect little growth from this area of taxation. The estimate is for receipts of \$17.5 million in 1978-79.

The outlook for economic activity, business and employment throughout Australia remains gloomy and its effect is most marked in payroll tax receipts. The estimate of \$152 million takes into account that there will be no improvement in employment prospects in 1978-79—indeed on all the evidence available a further deterioration in the unemployment situation could be reasonably assumed. It also takes into account that payroll tax will no longer be paid on the salaries and wages of employees transferred to the Australian National Railways Commission. This will have no net impact on the Budget but will reduce gross payroll tax collections by rather more than \$2 million. The carryover effect of the increased exemptions introduced on 1st January, 1978, will also have some impact on collections in 1978-79.

Recent legislation to close a loophole in the Business Franchise (Tobacco) Act now provides for monthly payment of licence fees by tobacco wholesalers, based on the actual turnover in the month occurring two months prior to the month for which the licence will be issued. As the previous quarterly licence period (due to expire on the 30th September, 1978) was terminated on the 31st July, 1978, the catching up effect will mean receipt of 14 months licence fee in 1978-79. This change is explained in the second reading speech which introduced the amendment and can be found on page 22 of *Hansard* of the 13th July, 1978.

This change, together with the effect of the increase in excise duty on tobacco, imposed by the Commonwealth in its recent budget, is expected to increase receipts from tobacco licence fees to about \$10.3 million in 1978-79.

Public Undertakings

The Department of Marine and Harbors anticipates an increase in revenue from \$14 million in 1977-78 to \$15.7 million in 1978-79. This takes into account a full year's receipt of the rate increases which operated from 17th October, 1977, the carryover effect of the increase in bulk handling charges as from 1st April, 1978 and an expected rise in grain throughput.

The price of water has been increased from 19 cents to 22 cents per kilolitre in 1978-79 and sewer rates have been increased by about 20 per cent. These higher charges, together with a reduction in the volume of outstanding accounts, are expected to raise cash receipts by the Engineering and Water Supply Department from \$80.7 million to \$94.7 million.

A contribution of only \$2.8 million from the Woods and Forests Department is provided for in 1978-79 compared with \$4 million contributed last year. Certain changes have taken place which now place the Department's financial operations on a more commercial basis and affect the way in which the Government finances the operations of the Department. In effect, expenditure previously met from loan funds will now be met from internally-generated funds and, while less will be available for contributions to Revenue, less will be required from Loan Account.

Departmental Fees and Recoveries

Recoveries from the Commonwealth towards the campaign to eradicate bovine brucellosis and tuberculosis are expected to rise from \$1 million to \$2.7 million, including about \$279 000 in respect of the 1977-78 programme.

Natural disaster relief arrangements in the past, have required South Australia to provide the first \$1.5 million in any year for agreed relief and restoration measures and the Commonwealth to meet all costs in excess of that amount. Those arrangements have now been changed by the Commonwealth and, in future, the State will be required to meet the first \$3 million in any year and to provide \$1 for every \$3 of Commonwealth funds towards expenditure beyond \$3 million. The extent to which the new sharing formula will apply to commitments made under the previous arrangements, but not yet met, has not been made clear. In the meantime, the Budget provides for a reduction in the level of Commonwealth assistance towards drought measures from \$11.9 million to \$5.8 million.

The decline in real terms in the level of Commonwealth assistance for government schools is reflected in the estimate of specific purpose grants for the Education Department. The estimate for 1978-79 of \$26.2 million is only 1.4 per cent above the 1977-78 money amount and is well below the expected level of inflation. In real terms it means a reduction in physical programmes.

Commonwealth support for the Childhood Services Programme is estimated to fall from \$6.5 million to \$5.2 million. It is of interest that, in 1975-76, grants of \$7.3 million were paid into Revenue Account to offset the costs of this programme. Since then, the Commonwealth has steadily withdrawn from its involvement in this area with the result that the State is being forced into picking up the major part of the cost.

Payments to Public Buildings Department for hospital maintenance are expected to decline from \$9.9 million to

\$8.5 million. The 1977-78 figure includes a recovery which related to 1976-77 and, in addition, the South Australian Health Commission is expecting a reduced programme this year in order to contain hospital operating costs and live within its restricted budget allocation.

On 1st February, 1978, the fees for the registration of motor vehicles were increased by about 15 per cent. The carryover effect of this increase, together with normal growth in the number of registrations and the number of drivers' licences, is expected to raise receipts from \$46.6 million to \$50.6 million.

For some years, the South Australian Film Corporation has paid its earnings into the Revenue Account and received back a broadly comparable sum by way of addition to its grant for the operation of the film library. It has been decided to discontinue this practice and, in the future, the Corporation will retain earnings from its commercial activities. Thus no receipt is estimated for 1978-79.

It is estimated that the contribution to Revenue Account from the Hospitals Fund will increase from \$15 million to \$18 million. Betting with the Totalizator Agency Board is not expected to be much above the level of last year but further growth is considered likely in the turnover of the Lotteries Commission. This and a reduction in the end of year balance in the Fund will increase the transfer to Revenue Account.

Commonwealth

It is our view that South Australia's entitlement from the personal income tax pool under the Commonwealth Government's tax-sharing scheme is likely to yield only \$551.6 million for 1978-79. Honourable Members may recall, that, before agreeing to the new arrangements, the Premiers insisted on the continuation of the formula negotiated with the previous Commonwealth Government, as a guarantee against unexpected shortfalls in the personal income tax revenues in which the States share. It seems almost certain that, for 1978-79, the formula will produce a greater sum than tax-sharing and that, once again, the Premiers' insistence on that guarantee will be vindicated.

There remains, of course, the question of the level of grant likely to be produced by the operation of the formula, which has three components, an Australian wages factor, a State population factor and a betterment factor. The betterment factor is fixed at 3 per cent and there is rarely much variation in any one year in the population factor. For the wages factor, the Commonwealth Government has adopted a figure of 8 per cent and so has derived an estimate of \$562.6 million for South Australia. We do not believe that average wages for the year to March, 1979, will be 8 per cent greater than average wages for the year to March, 1978, and, instead, have adopted an increase of 7 per cent which produces the guarantee estimate of \$557.4 million included in the Budget.

REVENUE PAYMENTS

Throughout its period of office the Government has been able to announce in the annual budget speech a number of proposals for the improvement of public services in South Australia. In the earlier years these were financed quite deliberately by an increase in taxation rates, increases which were necessary so that the standard of services could be brought up to the level expected by citizens in a relatively affluent society. Further improvements were made possible by the approach of the

Commonwealth Labor Government which held office from 1972 to 1975 and which saw its task as one of overcoming the deficiencies which still existed in many areas in the provision of public services. Finally, in recent times South Australia has been able to continue to effect improvements by virtue of the favourable financial effect of the arrangements made for the transfer to the Commonwealth of the non-metropolitan railways.

In 1978-79 we are facing a different situation. The South Australian Government considers that there are still many areas where there is a need for the standard of the services which it is providing to be raised. However, the present Commonwealth Government is taking a particularly severe approach to Government spending, including payments to the States, and in many cases actually requiring the States to accept a greater share of the burden of providing existing services. In these circumstances, the Government has decided that the prudent policy is to make 1978-79 a year of consolidation, a year in which we can take stock of the changes now occurring in Commonwealth-State financial relations and assess the likely extent of their impact on our future activities. Therefore, it is not a year in which a great number of bold new initiatives can be expected.

Special Acts

The provision for the Government contribution to the South Australian Superannuation Fund has been raised from \$18.4 million to \$23.6 million. This reflects the increase in pensions in line with increases in the Consumer Price Index, the attractiveness of the scheme which is encouraging people to retire at 60 years of age and the disparity between the pension levels of those receiving pensions for the first time and those whose pensions cease.

The transfer to the Highways Fund of the net proceeds of motor vehicle taxation is expected to increase by about \$2.9 million to \$22.1 million. Motor vehicle registration fees were increased from 1st February, 1978, and the carryover effect of that increase will result in more funds being available for the construction and maintenance of roads.

Interest payable on the public debt of the State is estimated at about \$131 million in 1978-79. The increase from \$119.5 million in 1977-78 is attributable to the full year's cost of loans raised last year, the conversion of old loans at significantly higher interest rates and the estimated impact of the proposed new borrowing programme for 1978-79.

Development of the State

Economic Development

The most significant change in the Government's efforts to promote the economic development of the State will be the replacement of the decentralisation incentives scheme with a new establishment payments scheme as announced last week. Assistance will now be available, under certain conditions, to firms setting up or expanding operations anywhere in the State.

Assistance under the new scheme will be available to firms wishing to set up their operations in South Australia for the first time and also to firms already established in South Australia who are looking to expand and/or diversify their operations to take advantage of market opportunities. In both cases the effects on existing South Australian industries will be carefully assessed before assistance is given and any assistance will be subject to the prior recommendation of the Industries Development Committee.

The maximum level of assistance for an individual firm will vary according to the location in which the operation is

established. In nominated growth centres, up to \$375 000 will be available, in major service centres up to \$325 000 and in Adelaide and elsewhere up to \$315 000. The extent of a firm's eligibility will be determined by four key factors—

- new capital invested
- new employment created
- relocation costs
- significance for the region or the State.

The greater part of the assistance will be allocated on the basis of the first two factors and will be paid three months after the new enterprise commences activities.

An amount of \$1.9 million has been initially appropriated under Premier, Miscellaneous to meet established commitments under the old scheme and anticipated commitments under the new scheme.

Apart from this significant new initiative, the Department will continue to advise small businesses on financial, technical and managerial matters and, through its overseas activities, will promote South Australian goods, services and technology wherever possible.

Agriculture

An amount of \$10.8 million has been provided for drought relief. As mentioned earlier, the Commonwealth Government has decided to alter the basis of the arrangements for the relief of natural disasters to require much greater contributions from the States. It is not yet clear how the costs of commitments already entered into will be shared, but there is no doubt that, in the future, the States will be bearing a greater proportion of the burden. In the meantime, the aftermath of the recent drought years will continue to place demands on the Rural Adjustment and Rural Assistance Programmes.

The second of the Department's regional offices, in the Riverland, will come fully on-stream in 1978-79, and planning for the Eyre, Northern and Central regions should be completed. Wherever possible, the Department is re-deploying its resources and strengthening its economic, extension and information services to assist the rural community to adjust to changing economic circumstances.

The Department has been successful in curbing the invasion of two new aphid pests which threaten lucerne and medic pastures, the basis of so much of our agriculture. Continued financial support by the Government will permit the development of aphid-resistant pasture species and the distribution of parasites as vital defence measures for our rural industries.

The bovine brucellosis and tuberculosis eradication campaign which is vital for the preservation of our beef markets will continue. It will attract increased Commonwealth support in 1978-79.

To increase the effectiveness of patrolling and surveillance work in respect to fisheries, a helicopter-based service will be introduced this year. Planning is also under way for the installation of an extensive radio communication network to increase efficiency of both fisheries and agriculture staff in remote areas.

Mining

Expenditure by the Department of Mines and Energy is estimated to rise only marginally in 1978-79 from \$7.7 million to \$7.9 million. The Energy Branch, however, will step up its activities with regard to both the monitoring of current research and initiation of new programmes for research and development. The financial position of the Australian Mineral Development Laboratories is much improved now. This has enabled the Government to reallocate funds to the continuing programme of

underground water resource assessment.

Public Undertakings

Engineering and Water Supply

Good rains during the winter have enabled the Government to reduce the sum provided for electricity costs associated with pumping water from the Murray. Even so, it has been necessary to increase the price of water. This should enable a balance to be achieved in the metropolitan area but will still leave a deficit on country operations estimated at about \$29 million.

A provision of \$300 000 has been made to cover an operating deficit at the Ottoway foundry. A decline in subdivisional activity has led to a temporary situation in which the foundry is not able to operate at a level sufficient to use its capacity and, accordingly is not able to cover costs.

During September last year, the first water filtration plant at Hope Valley was commissioned. The allocation for 1978-79 provides for the cost of operation of that plant for a full year. Work on the second plant at Anstey Hill is well advanced and provision has been made for some operating costs in anticipation that it will be commissioned later this financial year.

Marine and Harbors

The major thrust of the activities of the Department of Marine and Harbors is currently headed by the Commercial Division which, during 1977-78, undertook initiatives aimed at publicising the commercial ports of South Australia and, in particular, the port of Adelaide.

A working liaison is being established between the Department and those shipping and other organisations which move goods to and from South Australia. The Department is also pursuing attempts to attract direct shipping services between the State and important trading areas, Japan for example, which currently do not have such links with South Australia. At the same time, closer relationships are being fostered with Exporters and Importers Associations and with Commonwealth and other State Departments.

Community Services

Education

Expenditure on primary and secondary education represents the single largest item in the State budget. Accordingly, when growth in State revenues is restricted, either by the depressed state of the economy or by deliberate Commonwealth policy, it is idle to pretend that education can be shielded from the effects. Those commentators who pass off reductions in the real level of Commonwealth assistance to the States as painless or, indeed, beneficial in bringing home to recalcitrant State Governments the need for restraint in public spending would do a service to the standard of public debate about fiscal policy if they took the trouble to gain an understanding of elementary facts such as this.

For 1978-79 the Education Department has a small increase in its allocation from \$299.2 million to \$308 million. In broad terms, this will allow only a continuation of education programmes at about existing levels overall. One of the implications of this is that, as new schools are opened or existing schools expand, the means to operate them must be found by re-deploying resources which are already available to the Department. Similarly, improvements in non-contact time for primary school teachers or in the number of ancillary staff will be possible only if other programmes currently being provided by the Department are curtailed or can be undertaken with fewer resources.

The Government would like to see further improvements in education services, but, for the reasons I have given, is unable to finance them.

Further Education

In the area of further education, the standard of services provided a decade or more ago was probably further from a desirable level than in most other cases and the leeway to be made up was correspondingly greater. The Commonwealth Government appears to have accepted this and to have recognised the urgency of the problems which a shortage of people with appropriate skills create for industry, commerce and economic development generally. Accordingly, they have been comparatively less restrictive in the provision of funds for technical and further education than they have in most other areas.

It is expected that expenditure by the Department of Further Education will increase from \$38.7 million to \$40.7 million. Even so, with the completion of the Gilles Plains Community College and the extensions to the Whyalla College of Further Education expected this year, it has been necessary to review the level of resources being made available to existing colleges and, where possible, to reallocate them so that adequate staff and materials can be provided for the new colleges. No major new initiatives will be undertaken at existing colleges, as all available funds will be required to maintain present programmes and to provide for the subsequent stages of these programmes.

Libraries

In the budget speech last year I mentioned that the Library and Information Services Planning Committee was preparing a comprehensive plan for future library services. That plan has been completed and is now under consideration by the Government. In the meantime, the provision for subsidies to local government libraries has been increased from \$2 million to \$2.5 million. Last year the provision was raised from \$1 million to \$2 million to help overcome a shortage of facilities in the western suburbs. This initiative will be continued in 1978-79 and funds will also be available for a general increase in subsidy levels to upgrade a number of existing buildings, to establish new libraries and to permit the State to bear a greater proportion of the operating costs of the larger local authority libraries.

Against the background of the very tight restrictions imposed on expenditure in other areas, the relatively large increase from \$6.4 million to \$7.2 million for the Libraries Department is particularly generous. It reflects the importance which the Government attaches to the achievement of high standards in the facilities available to the public for education, information and recreation.

Health

Net expenditure by the State in health services is expected to increase from \$162.8 million to \$167.1 million. The South Australian Health Commission will make every endeavour to contain costs in 1978-79 and it expects that the sum provided, used with great care, will suffice to maintain the present level of health care.

On a longer-term basis, the Commission is engaged in a detailed review of the provision of health services in this State with the aim of achieving a reallocation of resources so that improved services may be provided without increasing costs.

Welfare

It is estimated that expenditure by the Department for Community Welfare will increase from \$28.5 million to

about \$30 million. Provision has been made for the continuation of financial assistance to sole supporting parents, the unemployed and others in special need in about the same numbers as currently apply. Should economic conditions continue to deteriorate, it may well be that this provision will be inadequate.

The one major new initiative which the Department is undertaking this year is the introduction of a new method of dealing with young offenders. In essence, the aim of the scheme is to provide the facility for the courts to remand young offenders into the custody of individual families rather than to institutions. The families involved in this Intensive Neighbourhood Care programme will be paid in the same way as foster parents but at considerably higher rates. An amount of \$150 000 has been provided for this purpose.

In developing the proposals for the scheme, great care has been taken to achieve the maximum possible reallocation of resources and to minimise the demand for extra funds. The new procedures will be phased in over a period of time and it is envisaged that, as staff at institutions become superfluous to needs, they will be transferred to vacancies which occur in other sections of the Department. This will enable staff structures in the regions to be strengthened by the creation of new positions which do not add to overall staff numbers.

The proposed allocation for Minister of Community Welfare, Miscellaneous is \$11.1 million, which compares with \$8.9 million spent in 1977-78. The Government has raised the maxima which apply to the rates remission scheme for pensioners from \$100 to \$150 for each of council rates and land tax and from \$50 to \$75 for each of water rates, sewer rates and effluent drainage charges. The greater part of the increased sum provided in this area is to meet the extra costs associated with this change.

Police

Expenditure by the Police Department is estimated to increase from \$56.7 million to \$60.9 million. During the year there will be a general review of procedures in order to effect economies wherever possible. In particular, a study will be undertaken of operational procedures to establish means of measuring workload and productivity so that demand for police services and the effectiveness of these services can be kept under scrutiny.

Cadets who commenced their training in June, 1977, are undertaking a two-year rather than a three-year programme. It is intended to phase out the three-year course with the last graduation of the three-year trainees coinciding with the first graduation of the two-year trainees in March, 1979. Graduates will be appointed as Constables at the age of 19 years instead of 20 years with a corresponding reduction in training costs and a more rapid progression from recruit to effective officer status.

Action is being taken to create and equip a specialised group trained in anti-terrorist activity, crowd control, crime prevention techniques, armed offenders apprehension and search and rescue operations. A commander has been appointed and personnel to staff the section are being drawn from other areas.

A firearms control system is being designed to implement the requirements of the Firearms Act. In view of the magnitude of the task, which will entail issuing between 100 000 and 200 000 licences each year and maintaining 250 000 firearm registrations as well as dealer registrations, it is considered that a computer-based system would be most economic. Specifications for the provision of consultant services have been released to selected computer consultants and their proposals are being considered.

Correctional Services

After due consideration of the recommendations of the Criminal Law and Penal Methods Reform Committee, the Government proposes to introduce legislation for a Treatment Offenders Act. Provision has been made in the allocation of \$9.8 million for the Department of Correctional Services for staff to implement the new legislation.

The methods by which the Department performs its functions have been employed for some considerable time without any comprehensive evaluation as to efficiency and effectiveness. In view of the financial constraints which appear likely to apply in the immediate future, the achievement of Government objectives in the management and treatment of offenders may depend to a significant extent on the more efficient use of existing levels of resources. Accordingly, current methods are being evaluated to determine whether or not they are effective and whether the functions performed still serve a useful purpose.

Other Activities

Environment

The allocation to the Department for the Environment in 1978-79 is \$6.7 million compared with actual expenditure of \$5 million last year. Funds will be directed firstly towards the establishment of a Co-ordination and Policy Division within the Department which will also incorporate a Heritage Unit to administer the recently proclaimed Heritage Act.

The Commonwealth's present attitude to public spending, and the severe effect that it has had in other areas, has forced the Government to drastically review its plans to upgrade the management and manning of its national parks and wildlife reserves—plans which the Government regards as being of a high priority. Nevertheless, within the limited funds available some steps will be taken to meet the most urgent needs in park protection, fauna management and park management.

The third major area of expansion will be in the implementation of a range of environmental legislation including that concerned with beverage containers, noise control and the assessment of environmental impact statements.

Corporate Affairs

It is estimated that expenditure by the Department for Corporate Affairs will increase from \$497 000 to about \$842 000. The Department is the first step towards the creation of a Corporate Affairs Commission to protect the public and the great majority of the business community from the activities of the unscrupulous few. The proposed Commission will be structured along the lines of the New South Wales Corporate Affairs Commission and will fit into the national scheme which it is hoped will be introduced in the not too distant future.

The limitations which it has been necessary to impose on finance for the new Department will inevitably curb the scope of its activities in the short term. However, the investigation section has been expanded by the addition of five company inspectors and a start will be made on scrutinising company activities more closely.

THE LOAN BUDGET

The forecast for 1978-79 is for a balance on the year's operations after providing for a transfer to Revenue Account of \$5 million.

Aggregate receipts and aggregate payments are

expected to each total about \$240.9 million.

If we leave aside the special transfer to Revenue Account, the total works programme of \$235.9 million is well below the 1977-78 programme of \$253 million and is a direct reflection of the Commonwealth's recent budgetary actions. It has necessitated a drastic reduction in the State's hospital, school and other building programmes.

The Government is aware of, and concerned by, the adverse effect which those reductions will have on the building and construction industry and employment in this State. We hope that those adverse effects will be offset, to some extent at least, by the involvement of the State Government Insurance Commission and the South Australian Superannuation Fund Investment Trust in other building projects.

LOAN RECEIPTS

At the meeting of the Australian Loan Council in June, 1978, it was announced that the Commonwealth Government would support a total programme of \$1 433.8 million for State works and services. South Australia's share of this programme is to be \$186.9 million, of which \$124.6 million will be made available by way of loan, subject to repayment and interest, and \$62.3 million by way of grant. Further loans, amounting to about \$600 000, will be raised on our behalf to cover the cost of discounts and premiums on loan issues and redemptions. The other major sources of funds for the Loan Account are specific purpose funds from the Commonwealth and the repayment and recovery of amounts made available to departments and authorities in previous years. For 1978-79, funds from these sources are expected to amount to \$53.4 million, giving a total of funds available of \$240.9 million.

About the loan programme, there is little to say which has not been said already. In money terms, the allocation is precisely the same as that for last year, which was only 5 per cent above the 1976-77 allocation. The latter was only 5 per cent above the figure for 1975-76. Over a three year period, therefore, general purpose funds to finance South Australia's capital works programme have increased by only 10.3 per cent. This means an actual reduction in real terms.

Repayments and recoveries to Loan Account, including specific purpose funds made available by the Commonwealth, totalled \$62.6 million in 1977-78. It is expected that they will decline to \$53.4 million this year, due almost entirely to the reductions which the Commonwealth has made in its allocations to South Australia for particular purposes.

Consistent with the emphasis which is now being given at both Commonwealth and State levels to technical education, it is anticipated that grants for college buildings for the Department of Further Education will increase from \$4.7 million to \$6.9 million. Funds for urban public transport projects, which are paid directly to the State Transport Authority, are also expected to increase slightly. For the first time, provision has been made for support from the Commonwealth for salinity control projects in the Riverland. Unfortunately, the benefit which the State will receive from those allocations is offset by the abolition of the Hospitals Development Programme. It now joins the National Sewerage Programme in the category of major initiatives which have been completely abandoned. Commonwealth support for the construction of Government schools and for water treatment has been cut back and the allocations for community centres, community health facilities and the

school dental scheme have been reduced significantly.

Thus total funds from this source are expected to decline from \$36.2 million in 1977-78 to \$26.4 million this year.

Repayments from State sources are expected to increase slightly from \$26.4 million to \$27 million. Under new arrangements made with the State Bank, the Advances for Homes Scheme will be incorporated as part of the State Bank's housing operations. In the past the Bank has acted as agent for the Government in respect to that scheme. Repayment of advances previously made under the scheme will be made by the Bank from its own funds. Those repayments, together with repayments under the Loans to Producers Scheme, are expected to amount to \$2.2 million in 1978-79. Funds generated within the Woods and Forests Department working account and from the depreciation and sale of assets will permit a contribution to Loan Account in 1978-79 of some \$5 million. Funds from depreciation provisions, the recoupment from Revenue Account of the cost of preliminary investigations, the sale of plant and other assets and charges for house connections are anticipated to yield \$8.8 million for the Engineering and Water Supply Department while recoveries by Public Buildings Department from the sale of assets and contributions for work previously carried out are expected to reach \$3.2 million.

Further, the Government is reviewing the extent of land held by departments and the extent of loan funds presently tied up in the financing of various deposit accounts. We believe that it will be practicable to dispose of some land and to reduce the balances of some deposit accounts without any adverse impact on their ability to operate. By these means we hope to arrange for as much as \$3 million to be returned to Loan Account to finance works.

Semi-Government Programme

In addition to the State loan programme allocation through Loan Council, funds also become available through the larger authorities semi-government programme and the smaller authorities programme. In respect of the smaller authorities programme, Loan Council does not set limits on total borrowing by the States as long as no individual authority borrows more than \$1 million in a year. Last year South Australian bodies which fell into this category borrowed a shade under \$22 million. For 1978-79 current indications are that loans of about \$20.5 million will be raised. This could increase as new authorities are created or existing authorities revise their requirements. No account is taken in either of these figures of loans raised by a large number of local governing bodies.

For the larger authorities, Loan Council sets a maximum limit for each State and within that limit leaves it to the State Government to set priorities. The limit for South Australia in 1978-79 is \$56.8 million and it is planned to allocate that sum as follows:—

	\$million
Electricity Trust of South Australia	39.2
South Australian Housing Trust	11.0
South Australian Meat Corporation	2.2
City of Adelaide	2.4
City of Enfield	2.0
	56.8

For both the larger and smaller authority programmes, the necessary funds must be raised by the State or the individual bodies concerned. The success of these programmes, therefore, depends on the liquidity of institutional and other lenders and their willingness to make money available for the terms and at the interest

rates set by Loan Council. In the past we have experienced good support from lenders and I am confident that this will continue and enable the Government to raise the funds it needs. The Government is grateful for that support.

LOAN PAYMENTS

Welfare Housing

The Housing Assistance Act 1978 authorises the operation of a new three year Housing Agreement with the States to cover the period from 1978-79 to 1980-81.

Funds made available under that new Commonwealth-State Housing Agreement are to be advanced to the State at concessional rates of interest of 4.5 per cent in respect of advances for home purchase and 5 per cent in respect of advances for rental housing. As to home purchase advances, the Agreement requires the initial interest rate to home purchasers to increase by a half per cent at the end of each financial year which wholly occurs after the advance is made until the interest rate is one per cent below the long term bond rate (currently 9 per cent). There is room to consider cases of genuine hardship. In the case of rental homes, the Agreement requires that rents be reviewed and be market related.

The new Agreement lays particular emphasis on:—

- assisting those in most need. In this regard, approval of a loan will be granted or the allocation of a house will be made primarily to an applicant who falls within the limit of a defined means test on income.
- gearing assistance to the degree of need and limiting it to the time of need.
- making effective use of past investments in welfare housing.

An amount of \$47.4 million is to be made available by the Commonwealth under the Agreement of which \$19.5 million is subject to \$ for \$ matching with funds allocated by the State for housing. Of that total amount \$19.2 million will be made available to the State Bank and \$28.2 million to the Housing Trust.

At present the average waiting time for a State Bank loan or a Trust rental home is about three years.

While the State Bank will supplement its Housing Agreement money with mortgage repayments from existing loans made available by the Bank, that level of funds would be insufficient for its housing needs and would result in an increase in the present waiting time. In recognition of that situation, the Government proposes to make \$7.5 million available to the State Bank for housing in 1978-79.

Again, in the case of the Housing Trust, its share of Housing Agreement moneys, supplemented by its own internal funds, would be insufficient for its housing needs and would result in an increase in current waiting times. In these circumstances, the Government is reviewing a number of aspects of the Trust's finances in an attempt to overcome the problem.

Woods and Forests

The Woods and Forests Department is undertaking a programme to modernise its milling and forestry activities and to this end commenced in 1977-78 a major reconstruction of the Mount Gambier Log Mill. A large part of the allocation of \$9 million for 1978-79 is intended for work on that project. The programme is designed to improve the efficiency and profitability of the Department and so to enhance its capacity to contribute towards the cost of Government activities in other areas.

Marine and Harbours

The provision of \$7.5 million for Harbours Accommodation purposes is designed to permit continuation of the plan to deepen the channel from St. Vincent Gulf to the new container berth at Outer Harbor. Work proposed in 1978-79 entails deepening and widening the new swinging basin and reclaiming land at Pelican Point. The provision also allows for the rehabilitation of G and H berths at Port Adelaide and for the replacement of the existing slipway at the Glanville dockyard for the handling of small tugs, pilot vessels and launches. Worn-out items of plant and equipment will be replaced and it is intended to purchase two launches for survey and inspection work and a small tug as replacement for two existing tugs.

An allocation of \$1.2 million has been made for fishing havens, principally for continuation of construction of a breakwater at Port MacDonnell to provide protection for the foreshore and the fishing fleet, to improve facilities for the fishing fleet in the Port Adelaide River and to complete the construction of a slipway at Thevenard.

Engineering and Water Supply

An amount of \$4.4 million is expected to be made available by the Commonwealth in 1978-79 towards the water treatment programme. Together with State funds allocated for the purpose, this will permit continuation of the construction of the Anstey Hill Water Treatment Works and the Barossa Water Treatment Works. Provision has also been made within the sum of \$16.9 million set aside for metropolitan waterworks for work on a 21 400 megalitre dam on the Little Para River, 4 kilometres upstream from where the river crosses the Main North Road. The demand for water in the rapidly developing northern suburbs has greatly taxed the system in recent times and the proposed works should meet the estimated doubling of demand over the next 25 years.

Within the allocation of \$20.2 million for metropolitan sewerage, provision has been made for continued work on a major trunk sewer system through Port Noarlunga and Christies Beach to eliminate temporary works and provide for new subdivisions. Extensions are also required to the Christies Beach sewage treatment works to cater for the rapid development taking place in this area. Further work will be carried out on the Christies Creek trunk sewer to eliminate small temporary works which are overloaded and to provide a permanent outlet for sewers in the Reynella-Happy Valley-Aberfoyle Park area. A new pumping station, rising main and trunk sewer will be constructed in the Lonsdale-Hallett Cove area to replace existing works which are overloaded.

All these projects will serve the developing suburbs to the south of Adelaide. In the northern suburbs, the main project is the Elizabeth-Gawler trunk sewer which will augment the sewerage system in Elizabeth and enable new subdivisions to be seweraged.

The major project included in the provision of \$8.6 million for country waterworks is the replacement of trunk mains in the Paskeville-Kadina-Wallaroo area which are inadequate to meet tourist and holiday resort development.

An amount of \$8 million has been set aside for sewerage works in country areas. Work will continue in Port Augusta on a scheme to improve sewerage facilities and to provide disposal facilities to Housing Trust areas and outlets for areas served by common effluent drains. Portion of the outfall sewer at Mount Gambier will be enlarged to cope with the flows resulting from increased population and greater discharges from industry. In the Stirling-Aldgate-Bridgewater area, it is intended that a sewerage reticulation system will be constructed to provide adequate waste disposal facilities to areas where

disposal of septic tank effluent is difficult and creates a health hazard. It is also expected that pollution of the Mount Bold Reservoir will be reduced by this project.

The Engineering and Water Supply Department has now assumed responsibility for certain irrigation and drainage functions formerly carried out by the Department of Lands. An allocation of \$7.1 million has been made for these purposes in 1978-79, the most significant projects being the rehabilitation of the pumping and distribution systems in the Berri and Cobdogla Irrigation Areas.

It is hoped that the Commonwealth will contribute towards the cost of a salinity control programme in the Riverland including upgrading outlets from the Riverland evaporation basin, the replacement of main drain 2 in the Berri comprehensive drainage scheme and some control work at the Renmark reservoir. The Government considers salinity control of its major water source as vital, not only to the Riverland, but to South Australia generally.

South Australia's contribution towards capital works carried out under the River Murray Waters Agreement is expected to decline from \$7.8 million to \$2.7 million in 1978-79. The approaching completion of the Dartmouth Dam has eased the burden of these works very considerably and released funds for other purposes.

Public Buildings

Hospital Buildings—\$15.7 million

Last year, the Public Buildings Department, on behalf of the Government, spent almost \$24.5 million on hospital buildings, of which \$5.1 million came from the Commonwealth under the Hospitals Development Programme. That programme has now been terminated and the Government has been obliged to examine very carefully the extent to which it is able to make scarce loan funds available for further development in the hospitals area. Only limited funds have been provided for new works and, as a consequence, work on the Para Districts Hospital and Stage IV of the Flinders Medical Centre have had to be deferred.

Provision of \$2 million has been made in 1978-79 to complete phases I to III of the Flinders Medical Centre.

Work will continue on the Education Block at the Modbury Hospital where a three storey building is being constructed to provide nurse training facilities, including a lecture theatre to seat 300 persons, seminar rooms, laboratory, library, tutor sisters' offices and demonstration rooms. An amount of \$818 000 has been provided for this purpose in 1978-79.

For the Queen Elizabeth Hospital, \$2.4 million has been allocated to provide additional emergency accommodation including a radiological suite, observation ward, emergency rooms and general assessment and treatment areas.

It is anticipated that almost \$3.6 million will be required for phase I of the redevelopment of the Whyalla Hospital. This will include construction of part of two storeys of a new wing which will include a new pharmacy, facilities for a splintmaker, a central sterile supply department, permanent change facilities for nursing staff, domestics and porters, a nurse training school, maintenance workshops and an energy plant. Alterations will also be made to existing buildings to expand laboratories used by the Institute of Medical and Veterinary Science.

An amount of \$864 000 has been allocated for the erection of a single storey psychogeriatric ward at Glenside Hospital to replace existing substandard accommodation.

The present facilities for handling accounts at the

Institute of Medical and Veterinary Science are not adequate to handle peak demands. It is, therefore, proposed to provide \$700 000 for the installation of a new computer system to permit segregation of patient accounts and to generate the records necessary for the billing of patients.

These comments should be read in conjunction with the comments on non-Government Hospitals and Institutions which appear later in this document.

Primary and Secondary School Buildings—\$40.8 million

Commonwealth support for the State school building programme is expected to decline from \$13.9 million to \$13.1 million in 1978-79. This factor, the severe limitation of general loan funds and the necessity for the Government to re-allocate scarce funds in order to meet urgent demands for other major projects in power and transport have resulted in a reduction in the allocation for school buildings from \$43.8 million to \$40.8 million.

An amount of just over \$1 million has been set aside for further work on the construction of the North Haven Primary School to accommodate 600 students. The complex will comprise five similar teaching units linked by covered ways to a general activity hall, library resource centre and administration block. Each teaching unit will accommodate 120 students in four teaching stations arranged in pairs either side of a central circulation buffer zone with associated ancillary spaces being provided in each unit.

It is anticipated that expenditure of about \$1.6 million will be incurred on the Pedare Primary School. The work involves additions and alterations to the existing Modbury Heights High School to provide for both primary and secondary education in a single school. The primary component involves the construction of a two storey learning block to accommodate 600 pupils, canteen extensions and associated site development work.

The Reynella East Primary School is very similar in concept to the North Haven Primary School described above. About \$1.2 million has been provided for this project in 1978-79.

Provision has also been made for the expenditure of \$1.2 million on a new school being built to replace the existing primary school at Aldgate. The school will be on a new site and will be designed to cater for 360 pupils. It will comprise three similar teaching units linked by covered ways to a general activity hall, library resource centre and administration block and will be similar in concept to the proposed schools at North Haven and Reynella East.

Work is expected to commence on the replacement of the Two Wells Primary School and \$1.2 million has been set aside for this purpose. The school will be on a new site and will be designed to accommodate 360 pupils initially with provision for a future capacity of 480. It will incorporate administration and canteen facilities, activity hall, library resource centre, a junior primary school with four teaching spaces and associated areas and a primary school with eight teaching spaces and associated areas.

The Renmark High School is also to be replaced and \$2.4 million has been provided for work to commence on this project. It will consist of six single storey buildings with a total capacity of 700 students.

An amount of \$2.9 million has been allocated for work on the replacement of the Ceduna Area School. The new complex will accommodate 600 primary and 250 secondary students and will comprise 28 teaching spaces with wet areas, withdrawal rooms, teacher preparation areas and storage areas grouped about a central core of specialist areas interspersed with sheltered outdoor teaching courtyards, covered activity areas and walkways. There

will also be an administration area and a physical education hall with canteen, change rooms, toilets, stores and ancillary accommodation.

A replacement for the Meningie Area School is to be constructed and it is expected that \$1.3 million will be spent on the project in 1978-79. There will be a resource centre, primary classrooms with associated wet areas and withdrawal rooms, secondary classrooms with science and art facilities and associated teacher preparation areas, storerooms, a canteen, an administration area and an activity hall-gymnasium with music, drama and change room facilities. It will be designed to accommodate 500 students.

Further Education Buildings—\$16.2 million

As mentioned previously, further education is an area to which the Commonwealth Government is giving greater prominence and it is anticipated that specific purpose grants will increase from \$4.7 million in 1977-78 to \$6.9 million. This will help the Government to raise total expenditure on further education buildings from \$13.3 million to \$16.2 million.

Construction of the library-learning resource centre at the Elizabeth Community College will continue with \$1.7 million being allocated for the purpose. The centre will serve both the College and the local community. It is on five half levels connected by an open central stair and a lift and will include reader services, seminar rooms, administration areas and a bookshop.

A little over \$5 million has been set aside for work on Stage I of the Gilles Plains Community College. There will be four buildings grouped into two segments with service and pedestrian access available to the rear and mid-points of each building. They will comprise:—

- a resource centre-administration section and a home economics-business studies section.
- a building studies section.
- a lecture theatre and cafeteria.
- a dental studies and applied science section.

Provision is made for expenditure on several projects at the Regency Park Community College. The major emphasis will be on construction of a building to accommodate the School of Mechanical Engineering, the School of Air Conditioning and Refrigeration and the School of Electronic and Electrical Engineering. Over \$5.4 million has been allocated for this project.

The sum of \$2.1 million has been provided for Stage II of work at the Whyalla College of Further Education. Extensive alterations to the existing workshop block, minor alterations to the existing classroom block and conversion of the canteen to a lecture theatre are involved, together with the erection of a workshop block, an administration wing, a resource centre and classroom wing, an auditorium including drama and music facilities, a classroom block, a cafeteria and an arts, crafts, hairdressing and home science wing.

Other Government Buildings—\$25 million

A total of about \$6.6 million has been provided for continuation of work on the Parks Community Centre. The centre will be a multi-purpose complex incorporating a comprehensive school, a wide range of medical facilities, a computer centre, a library, child care facilities, a performing arts centre, a recreation centre and a district office of the Department for Community Welfare. These funds have been provided under several headings.

Construction is proceeding on an eight-storey reinforced concrete building at Port Adelaide for the Department of Marine and Harbors. The building will also be used by the Departments of Agriculture and Fisheries, Labour and

Industry and Services and Supply and by the South Australian Health Commission. An amount of \$951 000 has been provided for this project.

The air-conditioning and lighting of the Art Gallery are to be upgraded to provide better conditions for the conservation and public display of art exhibits. Building renovations, including the painting of the Gallery, alterations to the sculpture court and landscaping, rearrangement of administrative offices and storage areas and additional furnishings, will be undertaken at the same time. Almost \$1.8 million has been allocated for this purpose.

It is anticipated that 14 new school dental clinics will be established during the year at a cost of about \$1.3 million. Last year the Commonwealth reduced the level of its contribution from 90 per cent to 75 per cent of the capital cost of these clinics and this year cut back its support still further to 50 per cent. The State expects to receive about \$660 000 of Commonwealth grants towards the cost of this programme in 1978-79.

Electricity Trust

The Trust faces a major capital works programme over the next ten years to ensure that adequate power supplies are available to industrial and private consumers. That programme includes the construction of a northern power station, relocation of the Leigh Creek township and further development of the Torrens Island power station. In recognition of the strategic importance of an adequate power supply for the future development of the State, the Government intends to make available to the Trust loan funds and, more particularly, semi-government borrowing capacity to the maximum extent possible. For 1978-79 an allocation of \$3.5 million has been made from Loan Account while \$39.2 million of the total larger authorities programme of \$56.8 million has been set aside for the Trust.

These amounts, together with internal funds generated by the Trust's normal commercial activities, will be used to finance a capital programme of \$79.6 million in 1978-79. Work will continue at Leigh Creek on the development of Lobe B and on relocation of the township and, in the second half of the year, coal and overburden haulage equipment will be purchased. Some \$15.9 million has been allocated for these purposes. It is planned to spend a further \$38.6 million on power stations with the major proportion, about \$31.6 million, being directed to the Torrens Island developments. In addition progress payments on earthworks and initial payments for piling and the rail loop siding at the northern power station will be made and the three gas turbine generating units at Snuggery will be purchased. Almost \$13.7 million is to be spent on further development of the distribution system and the balance of the programme will be for the purchase of plant and vehicles and for other minor works.

State Transport Authority

The State Transport Authority proposes to mount a capital programme of about \$31.6 million in 1978-79, of which \$3 million will come from the State Loan Account, \$1 million from small authority borrowing and the balance from funds made available by the State in previous years, from Commonwealth payments for urban public transport and from internally generated funds.

About \$18 million has been allocated to the Bus and Tram Division and, of that sum, it is planned to spend \$7.9 million on the purchase of buses, \$9.5 million on depot buildings and plant and the balance on minor works. The \$13.6 million provided for the Rail Division is to be allocated \$11.1 million for the purchase of rolling stock,

\$1.4 million for development of metropolitan stations and the balance for minor works.

Non-Government Hospitals and Institutions

An amount of \$9.3 million has been allocated for expenditure on non-Government hospitals and institutions. It is expected that more than \$5.2 million of this will be required for the major developments taking place at the Adelaide Children's Hospital. These comprise:—

- erection of an energy-workshop complex built on an adjacent site and connected by tunnel to the first stage of a new building to house additional bed and clinical accommodation.
- erection of a new building and alterations to existing buildings to provide a new casualty department, specialist outpatient clinics, radiology and nuclear medicine departments, new operating theatres and new laboratories.
- erection of the Good Friday Building which will provide replacement ward accommodation.

Construction commenced in 1974-75 on a new building at the Home for Incurables and the project is now nearing completion. Provision of \$821 000 has been made for a covered way from the east block and for alterations to the Rotary Building and the west wing.

The clauses of the Public Purposes Loan Bill are in the same form and give the same kind of authority as the Public Purposes Loan Acts of previous years. The clauses of Appropriation Bill (No. 2) 1978 are also in the same form as previous Acts except for a minor change to Clause 2 which ensures that the moneys transferred from Loan to Revenue Account are appropriated under the authority of the Appropriation Bill.

ATTACHMENT I

THE YEAR 1977-78

In presenting the Revenue and Loan Budgets to the House last October, I said that the forecast for the year on the combined accounts was for an excess of payments over receipts of about \$18.4 million and that this excess would be met by using all of the available reserves held on those accounts. On Revenue Account, receipts were expected to total \$1 171 million and payments \$1 189.4 million, while on Loan Account it was expected that \$259 million of funds would become available and be expended during the year. This included a provision for the transfer of \$12 million from Revenue to Loan Account in order to support the greatest possible capital works programme.

By February, however, it had become apparent that it would not be possible to contain the year's net outgo on the combined operations within the planned level. At that time, the best estimate was for an overall net outgo of approximately \$26 million. Expenditure was then expected to be about \$5 million above estimate, while on the receipts side an anticipated shortfall of some \$6 million in the Revenue Account was expected to be offset in part by an increase in loan repayments and recoveries of about \$3 million.

In the event, payments from the recurrent budget were \$1 192.1 million, \$2.7 million above estimate, while receipts were \$1 167.2 million, \$3.8 million below estimate. For capital purposes, the State received and spent \$253.2 million. This included a transfer of \$3.4 million from Revenue Account. Thus, the excess of payments over receipts on the two accounts combined was \$24.9 million.

After applying the reserves from previous years of \$18.4 million, the State recorded a deficit of \$6.5 million at 30th June, 1978.

The principal factor contributing to the shortfall of \$3.8 million in receipts on the Revenue Account was the depressed state of the national economy. The effects of the slump in business activity were particularly severe in the areas of payroll tax and stamp duties, where actual receipts fell well short of estimate. The effects were reflected also in receipts from other forms of State taxation. The total shortfall in taxation revenues was \$17.8 million.

This was offset to a large degree by receipts in respect of other activities, which exceeded estimate by \$14 million. Payments to the State by the Commonwealth for a number of specific purposes were above estimate while South Australia's share of the total State tax-sharing entitlement also exceeded expectations. Revenues from motor vehicle registration fees, fines for traffic offences and fees for the registration of companies were all well above estimate.

The over-run on the expenditure side of the Revenue Account was kept to \$2.7 million. This was due partly to the lower than expected transfer to Loan Account. Instead of the \$12 million originally provided for, only \$3.4 million was used to supplement the capital programme. Wage and salary awards are estimated to have cost the Government some \$34.4 million in 1977-78 rather than the \$43 million allowed in the Budget estimates. The call by departments on the round sum allowance for wage increases is incorporated in the actual payments of those departments which are picked up in comment later in this document.

As with the allowance for wages, the call by departments on the round sum allowance of \$5 million for price increases is also incorporated in the actual payments for those departments. However, unlike wages, it is very difficult to isolate the effect of unavoidable price increases from other factors which increased expenditures in those departments.

In all areas, variations occurred both above and below estimate. The major variations were in Special Acts, where interest on the public debt and the transfer to the Highways Fund were \$4.1 million and \$2.7 million above estimate, respectively, health services, unemployment relief and water supply where the dry seasonal conditions resulted in heavy pumping costs.

Receipts on Loan Account were \$5.8 million below estimate. Repayments and recoveries and additional borrowings to cover discounts were about \$2.8 million above the original estimate but these increases were more than offset by the decision of the Government to transfer from Revenue Account to Loan Account some \$8.6 million less than provided for in the initial Budget proposals.

Payments on Loan Account were also \$5.8 million below estimate so that the final result on Loan Account was a balance for the year as originally predicted. In effect, this was brought about deliberately by the Government's decision in respect to the transfer from Revenue Account.

There were a number of variations, both above and below estimate which contributed to the net shortfall of \$5.8 million in payments from Loan Account. Details of the major variations are given later in this document.

REVENUE ACCOUNT

RECEIPTS

Taxation

Collections from stamp duties in 1977-78 fell \$7.4 million below estimate. Indeed, for only the second time in the last ten years the total of revenue from stamp duties of all kinds failed to reach the level of the previous year.

Revenue from stamp duty on cheques was very close to estimate but shortfalls occurred in all other major forms of duty, reflecting the widespread malaise currently affecting the economy. In summary, the results for the year as compared with estimate were:—

	\$ million
Credit and rental returns	- 1.6
Annual licences (insurance)	- 1.8
Conveyances on sale	- 1.9
Mortgages	- 0.5
Registration of motor vehicles	- 1.7
Other	+ 0.1
	- 7.4

Receipts from succession duties also fell below the level of the previous year and, indeed, were well below the level of collections in 1975-76. It would appear that the principal reason for this was the Government's decision to abolish succession duty between spouses. When that decision was taken, it was possible to make a reasonable estimate of the likely cost based on the pattern of beneficiaries at that time but it was not possible to predict with any accuracy the degree to which people would change their wills to take advantage of the new situation. A considerable number of such changes appear to have taken place and this is the most likely explanation for the shortfall of \$2.8 million below estimate in collections from succession duty last year.

Payroll tax receipts for the year were \$6.5 million less than provided for in the original estimates. This reduction bears testimony to the adverse impact which the Commonwealth's economic policy is having on employment.

Public Undertakings

For the most part, earnings and contributions by business undertakings were very much as estimated. The one exception was the Department of Marine and Harbours where proposed increases in rates did not go ahead exactly as contemplated at the time the Budget was presented last year and where, due to the poor seasonal conditions, grain throughput was considerably below expectation. The shortfall amounted to almost \$1 million.

Departmental Fees and Recoveries

Contributions by the Commonwealth Government towards drought relief were \$1.7 million greater than estimated. The provision made at the beginning of the year was necessarily approximate and it emerged that rather more assistance was necessary than had previously been thought. The extra amount received had no net impact on the Budget since it was matched by extra payments to farmers.

Receipts by the Department for Community Welfare were almost \$2 million above estimate. To a significant extent, the extra revenue arose from the fact that the State submitted claims in respect of payments made to sole supporting parents and in respect of the operating costs of its Maintenance Branch which covered periods greater than 12 months. In addition, there was a marked increase in the number of sole supporting parents applying for assistance and an increase in rates of assistance in line with similar increases in Commonwealth pensions.

Fees now collected by the Department for Corporate Affairs for the registration of companies and for the lodgement of various returns were increased substantially in December 1977. This had the effect of raising these receipts to a level about \$1 million above the original estimate.

Commonwealth grants for education programmes carried out by the Education Department, the Department of Further Education and the Childhood Services Council exceeded estimate by about \$1.6 million. The State was able to make a case during the year, for further assistance in respect of cost increases and new projects. Even so, the aggregate recoveries in 1977-78 were less in real terms than in 1976-77.

Various adjustments in respect of costs incurred in previous years under the Hospitals Cost Sharing Agreement, the Community Health Programme and the Dental Health Programme amounted to \$1.6 million. Whereas the original intention had been to pay them to the Health Commission, the final decision was to take them to the credit of Revenue Account. There was no net benefit to the Budget because payments to the Health Commission had to be increased correspondingly.

Higher fines for traffic offences were introduced from 1st March, 1977, and it was expected that this would give rise to a significant decline in the number of offences. No such decline occurred, however, and receipts from fines imposed by the courts exceeded estimate by a little over \$1.2 million.

The method of accounting for the operations of the A.D.P. Centre was altered last year so that only the net effect of the Centre's operations would appear in the Budget. The surplus achieved by the Centre was not brought into the Revenue Account during 1977-78, however, and this will now be done during 1978-79. There was a consequent shortfall of revenue of \$656 000.

Receipts from motor vehicle registration fees and fees for drivers' licences exceeded estimate by about \$2.7 million. The principal reason was the increase of about 15 per cent in registration fees which took effect from 1st February, 1978.

Commonwealth

For 1977-78, the entitlement for all States under the tax-sharing arrangements was fixed at \$4 336.1 million. South Australia's share was estimated to be \$507.7 million and, after allowing for the repayment of \$745 000 overpaid by the Commonwealth in respect of 1976-77, it was expected that the State would receive \$507 million. However, the population estimates used to calculate the distribution of the States' entitlement between individual States proved somewhat conservative. For South Australia the degree of underestimation was proportionately larger than in most other States. As a result, the State received \$761 000 more than estimated at the beginning of the year.

PAYMENTS

Special Acts

The Government contribution to the South Australian Superannuation Fund was \$945 000 greater than had been anticipated. There is considerable scope for error in estimating the number of people likely to retire in any year and for 1977-78 the estimate was too low.

The transfer of the net proceeds of motor vehicle taxation to the Highways Fund was \$2.7 million above estimate. This variation was almost identical with the variation in receipts from motor vehicle taxation and, of course, reflects the increase in registration fees which took effect from 1st February, 1978.

Several factors contributed to the very heavy interest bill incurred by South Australia in 1977-78. In the first place, the Commonwealth Government raised an unusually large proportion of the State's requirements very early in the year and interest payments for the early

months were correspondingly high. In the second place, the interest dates selected for Commonwealth Securities resulted in heavier payments than had been anticipated. Thirdly, the rate of conversion of existing debt was very high and so the total amount owing to the public and to financial institutions increased more rapidly than had been expected. Actual payments were \$4.1 million above estimate.

Chief Secretary

Expenditure by the Police Department was almost \$2.5 million above estimate. The cost of wage and salary awards was about \$1.4 million and significant extra costs in the nature of terminal leave and pension payments were incurred as a result of an unexpected increase in the number of retirements. Costs of operating and maintaining the vehicle fleet also exceeded estimate.

Attorney-General

The Department for Corporate Affairs was created during the year to administer legislation relating to companies and trading in company securities and to bring together related activities previously performed by the Law Department and the Companies Branch of the Department of Public and Consumer Affairs. Much of this was provided for in the original Budget under other appropriations.

Despite the transfer of certain responsibilities to the new Department for Corporate Affairs, expenditure by the Law Department exceeded estimate by \$592 000. Some \$166 000 of this was due to wage and salary awards and another \$242 000 is estimated to have arisen from fewer staff vacancies and extra payments for trainee reporters. The balance is attributed to extra payments required for jurors and witnesses, greater costs for printing and publishing *Hansard* and unexpectedly high administration expenses.

Treasurer

When the Budget was presented, it was planned to transfer \$12 million from Revenue to Loan Account to supplement capital programmes. As the year progressed, it became apparent that taxation receipts would not measure up to estimate and that offsetting savings could be necessary on the expenditure side. In the final analysis, a number of savings were effected in the capital programme and only \$3.4 million was transferred to the Loan Account.

Minister of Works

Expenditure by the Engineering and Water Supply Department was \$5.5 million above estimate. Of this amount, some \$1.6 million was the result of direct wage and salary awards. A further \$1.6 million, being the amount by which electricity costs for the pumping of water exceeded estimate, was due to the dry season. Apart from electricity costs, extra pumping necessitated increased repairs and maintenance of equipment. This, too, raised costs above estimate. Funds also had to be found for the alum dosing of Milbrook and Mt. Bold Reservoirs to counteract the dirty water coming into the metropolitan system early in the financial year.

A further amount was needed to cover the cost of design staff engaged on Revenue programmes due to a reduction in activity on major Loan Works projects. A decline in sub-divisional activity made it necessary to transfer staff usually engaged on reimbursement work to a variety of maintenance activities. This decline in activity also had its effect on the Ottoway Foundry for which it was necessary to provide \$450 000 to fund the deficit of the foundry and

workshops.

Minister of Education

Direct wage and salary awards added \$9.2 million to the costs of operating the Education Department during 1977-78. Extra funds were also required to cover increases in wages and salaries which do not come within the scope of the Appropriation Act provision. The balance of the excess of actual expenditure over the amounts appropriated last year was due to the transfer of the Museum and Botanic Garden Divisions to the Department during the course of the year and is broadly matched by savings within the Department for the Environment.

Expenditure by the Department of Further Education exceeded estimate by over \$1.9 million. Wage and salary awards accounted for \$1.3 million of this and increased expenditure on pre-apprenticeship training and migrant education courses, the costs of which are subject to reimbursement by the Commonwealth, also resulted in greater outlays.

Minister of Labour and Industry

At the end of 1977-78, the Government transferred a further \$2.3 million to a Deposit Account to help finance unemployment relief activities in 1978-79. The total charged against Revenue Account exceeded estimate by this amount.

Minister of Agriculture

Wage and salary awards increased the costs of the Department of Agriculture and Fisheries by about \$384 000. In total, expenditure by the Department exceeded estimate by \$577 000, the balance of the extra cost being incurred mainly in the Plant Industry Division which was responsible for mounting programmes to deal with pasture aphids and outbreaks of fruit fly.

Payments for natural disaster relief exceeded estimate by \$1.7 million. This was offset by a comparable increase in the amount received from the Commonwealth.

Minister of Marine

Under the terms of the Mobil Lubricating Oil Refinery (Indenture) Act, 1976, the State is required to make refunds to Mobil Oil Australia Limited of wharfage payments made in excess of a guaranteed amount. It was not possible to estimate the likely amount of these refunds accurately when the Budget was being prepared and actual payments exceeded the sum provided by \$344 000.

Minister of Transport and Minister of Local Government

Expenditure by the Highways Department exceeded estimate by \$877 000. Wage and salary awards accounted for \$487 000 and the balance was due to increased operating costs, including greater charges for maintenance of the Walkerville administration building and higher computer and printing costs.

Contributions towards the deficit of the State Transport Authority were only \$502 000 above estimate. However, the cost of new wage and salary awards to the Authority was about \$1.3 million. This additional cost was offset by other factors, primarily a Government decision to finance depreciation in a different way.

Minister of Community Welfare

Costs incurred by the Department for Community Welfare were \$2.1 million above estimate. This was due partly to the cost of wage and salary awards (\$540 000) but mainly to increases in financial assistance to sole supporting parents and others. This resulted from both greater numbers of applicants and higher rates of

assistance, following increases in Commonwealth benefits.

Minister of Health

The cost to the State of supporting Government and non-Government hospitals, together with a number of related bodies, exceeded the original estimate by \$18.2 million. Wage and salary awards including retrospective salary increases for medical officers and nursing staff added \$14.7 million to the costs of operation. Much of the balance was due to a shortfall in some hospital receipts, the provision of additional hospital staff and increased charges for medical and surgical supplies, all of which impacted on the net funding by the Government of the Commission's operations. The decision of the Government to transfer various adjustments in respect of previous years expenditures to Revenue Account rather than to the South Australian Health Commission increased the Commission's requirement for funds by about \$1.6 million but had no net impact on the Budget.

LOAN ACCOUNT

RECEIPTS

Loan Council Programme

Loan raisings and capital grants were as originally expected and included in the Loan Estimates.

Repayments, Recoveries and Additional Borrowings to cover Discounts, etc.

These exceeded estimate by about \$2.8 million. The main variations making up this increase were about \$1.3 million repaid by the State Transport Authority as a result of the finalisation of certain arrangements in respect to the transfer of the non-metropolitan railways to the Commonwealth, \$800 000 more than had been expected from Commonwealth grants for Further Education, and \$1.1 million more by the Public Buildings Department from the sale of land and property. A number of smaller variations above and below estimate resulted, in aggregate, in a shortfall of repayments of about \$400 000.

Transfer from Revenue Account

Whereas the original intention had been to transfer \$12 million from Revenue Account to Loan Account, the amount actually required to give a balance on the year's operations on Loan Account was only \$3.4 million, a reduction of \$8.6 million.

PAYMENTS

Treasurer

Provision of \$9 million was made in the Loan Estimates for advances to the State Bank to finance loans for housing where applicants fall outside the means test under the Housing Agreement and to provide working funds for the Bank's activities in lending to industry. It was decided during the year to separate the provisions for these two quite distinct functions and the necessary change in presentation has been made in this year's Loan Estimates.

Minister of Works

For the Engineering and Water Supply Department, payments from Loan Account fell \$2.3 million below estimate. Much of this was due to the reallocation of resources from capital works to maintenance.

Minister of Education

Expenditure on Further Education buildings was \$1.2 million above estimate. The Commonwealth made available about \$800 000 more than had been expected and this permitted more rapid progress on works than had been provided for in the original Estimates.

Minister of Marine

Expenditure by the Department of Marine and Harbors fell \$1.4 million below estimate. Part of this shortfall was due to the fact that payments on new hopper barges were deferred until 1978-79. In addition, costs associated with dredging and reclamation at Outer Harbor turned out to be lower than anticipated.

Minister of Transport and Minister of Local Government

Advances to the State Transport Authority from Loan Account were about \$3.8 million more than had been provided for at the beginning of the year. This was arranged to offset lower than expected funds from Commonwealth urban public transport grants and a lesser build up in internal funds from depreciation provisions than had been planned.

Payments from Loan Account to subsidise expenditure by local authorities on stormwater drainage fell \$1.1 million below estimate. It is the local authorities, rather than the State Government, which initiate and manage projects in this area and claims were much lower than had been anticipated.

Minister of Health

The hospitals capital programme was cut back as a matter of deliberate policy by the Government and savings of \$3.7 million on Government hospitals and \$1 million in the non-Government area were achieved. Cabinet took the view that a slower rate of progress in the provision of hospital facilities would be necessary in the light of the Commonwealth's attitude towards health costs.

There were other minor variations, both above and below estimate, and these are identified in the Loan Estimates.

ATTACHMENT II

THE NEW FEDERALISM

At the time the State Budget was presented to Parliament last year, there was under consideration a proposal from the Commonwealth that the tax sharing arrangements be altered. The proposal was to provide for State entitlements to be based on Commonwealth collections of personal income tax in the previous year rather than the current year. As an interim measure, State entitlements for 1977-78 were to be set at an aggregate of \$4 336.1 million.

Agreement in principle to the proposal was reached prior to the Budget being presented and the details required to put it into effect were agreed subsequently, following a brief report from Commonwealth and State Treasury officers. The result was that the States became entitled to 39.87 per cent of the previous year's collections in lieu of 33.6 per cent of the current year's collections. The change was made to prevent a recurrence of the budget uncertainty of 1976-77, when the States saw their expected entitlements decline sharply in the latter months of the year as Commonwealth personal income tax receipts fell well short of estimate. Their actual receipts in 1976-77 exceeded their finally calculated entitlements for that year and in 1977-78 they were faced with repayment

of the excess.

South Australia's share of the \$4 336.1 million for 1977-78 was estimated to be \$507.7 million. After allowing for the repayment of \$745 000 overpaid by the Commonwealth in respect of 1976-77, it was expected that the State would receive \$507 million in 1977-78. In the event, the population estimates used to calculate the distribution of the aggregate entitlement between individual States proved somewhat conservative. For South Australia, the degree of underestimation was proportionately larger than in most other States and our share of the \$4 336.1 million turned out to be just over \$508.5 million. After repaying \$745 000, our final net entitlement was \$507.8 million.

In 1977-78 Commonwealth personal income tax collections aggregated \$12 129 million, of which \$324.6 million came from the health insurance levy. This left a figure of \$11 804.4 million as the base for determining the tax sharing entitlements of the States in 1978-79. For the States as a whole, the amount to be shared came to \$4 706.4 million (39.87 per cent of \$11 804.4 million) and for South Australia it was estimated that the entitlement would be \$551.6 million.

In all probability, however, the tax sharing entitlement calculated in this way will be irrelevant. It seems clear that, for the second time in three years, South Australia will receive general purpose revenue assistance calculated in accordance with the Financial Assistance Grant formula. In 1976-77, the first year of the new arrangements, the formula guarantee provided more than tax-sharing. In 1977-78 the Commonwealth Government abandoned its original proposal and, for one year, fixed the entitlement of the States at a figure well in excess of the guarantee. Now, in the third year of the tax-sharing arrangement (the first year to be based on a previous year's collections), it appears that the formula will once again produce a result for the States which is superior to their theoretical tax-sharing entitlements. If we were to accept the Commonwealth proposition that average wages throughout Australia for the year to March, 1979, will be 8 per cent greater than average wages for the year to March 1978, South Australia would expect to receive \$562.6 million. The Government finds it difficult to believe that wages will increase to this extent and, therefore, has adopted a wages factor of 7 per cent for the purposes of calculating our formula guarantee in 1978-79. This yields an estimate of \$557.4 million. Since this is greater than the amount given by the tax sharing calculation, it is the figure which the Government has used in preparing the State Budget.

Population Changes

At this time last year, there were several issues associated with the new tax-sharing arrangements which had not been finalised. Amongst these was the question of the use of uncorrected population estimates to determine population weighting factors for the distribution between the States of the aggregate tax-sharing entitlement. All States except Queensland had proposed a recalculation of these factors on the basis of revised population figures, and a special addition to Queensland's entitlement to compensate for the continuing effects on its Financial Assistance Grant of the under-enumeration of its population in the previous five years. Without such a supplement all the other States would have improved their positions at the expense of Queensland.

The Commonwealth Government refused to provide extra funds for Queensland and, as the other States declined to pursue the matter at Queensland's expense, the issue died.

For the future, the Commonwealth Statistician is taking

steps to minimise the effects of revisions in population estimates by improving the accuracy of his original estimates. One of the major sources of error has been the estimate of short-term movements. In order to eliminate this problem, the Statistician has decided to move towards a State-of-residence basis for population estimates and so avoid the necessity for short-term movements to be taken into account. It is proposed that after the 1981 Census, population estimates will be made entirely on a State-of-residence basis. Thereafter problems associated with revisions of estimates should be of lesser significance.

Review of Relativities

Towards the end of 1976-77, the Commonwealth Government endeavoured to forestall further discussion on the review body and its terms of reference by introducing legislation into the Commonwealth Parliament which gave effect to its own point of view. It ignored the strong objections of several States. Fortunately, the Commonwealth was persuaded not to proceed with the legislation and, at the July 1977 Premiers' Conference, a compromise was reached on the composition of the review body. At that stage, amendments proposed by the States to the terms of reference were still under discussion.

Eventually, terms of reference more in keeping with those suggested by South Australia were accepted by all parties. Legislation to establish the review body as an expanded Commonwealth Grants Commission and to spell out the broad principles under which the review would be conducted was passed by the Commonwealth Parliament towards the end of 1977-78. Just prior to the end of the financial year, the question of whether any change is desirable in the per capita relativities between the States of their tax-sharing entitlements was referred to the Commonwealth Grants Commission by the Commonwealth Government and the States were invited to nominate persons for appointment as Associate Members of the Commission for the purpose of the inquiry into this matter.

The importance to South Australia of this review cannot be overemphasised. At the time responsibility for the State's non-metropolitan railways was transferred to the Commonwealth, the Governments of South Australia and the Commonwealth entered into an agreement which produced very considerable financial benefits for the State. There was no suggestion of special treatment for this State as against any other and, indeed, it was open to other States to enter into negotiations with the Commonwealth for the transfer of their railway systems. Against this background, therefore, it is difficult to see what justification there could be for a subsequent Commonwealth Government to seek to deprive South Australia of the benefits it received from the railways transfer arrangements. Nevertheless, the Commonwealth's attitude does suggest that it will seek to have South Australia's favourable financial arrangement negated through the process of the review.

It is interesting to note that there was no mention of any review in the Federalism Policy document circulated by the Liberal-National Country Party coalition before the 1975 elections. Indeed, that document specifically states:—

“... the existing rights of the less populous States will be fully protected. No State will be disadvantaged and the relative positions of the States will be preserved.”

It was not until after the 1975 elections, at the Premiers' Conference of February, 1976, that the concept of a review of relativities first emerged. Since then, the Commonwealth Government has pursued the matter relentlessly and was prepared to force its own view on the

States by introducing legislation which was in conflict with the expressed views of a majority of States.

Clearly, the Commonwealth Government hoped that, by requiring the Commonwealth Grants Commission to carry out a review of State relativities in accordance with its traditional strict equalisation principles, it would receive from the Commission a recommendation that South Australia should be deprived of the benefit of the railways transfer and its share of the total State tax-sharing entitlement reduced.

South Australia accepts that a review from time to time is desirable to ensure continuing equity between the States as their circumstances, their revenue raising capacities and their needs change over time. However, we must do all in our power to protect the advantages gained from the transfer of the non-metropolitan railways and, therefore, from the outset, I have fought for a review body and terms of reference which would permit a broader view to be taken and which would enable recognition to be given to the special circumstances under which South Australia was placed in its comparatively favourable position. Needless to say, my submissions to the Commission will be designed to protect that position.

Points of Understanding

From time to time, the Premier of New South Wales has expressed concern about the lack of precision in many of the points of understanding relating to Stage I of the tax-sharing arrangements. During 1977-78, therefore, he instructed his officers to examine the basis of the agreement between the Commonwealth and the States and to elaborate, where necessary, in order to clarify the meaning of particular clauses. South Australia was given the opportunity to comment on a draft of the revised agreement and most of our suggestions were incorporated in the final proof.

The Prime Minister indicated at the June, 1978, Conference that the document was welcomed by the Commonwealth but suggested that it be referred to officers of all Treasuries for detailed examination.

Review of Tax Sharing

As part of the tax-sharing arrangements, the Commonwealth Government gave an undertaking that it would:—

“... participate in a review of the arrangements when there are changes in Commonwealth tax legislation which have effects on the States' entitlements of such significance as to warrant such a review.”

In June, the Premier of New South Wales wrote to the Prime Minister, pointing out that recent changes in personal income tax legislation would reduce State entitlements by about \$150 million in 1978-79 and by about \$500 million in 1979-80. Accordingly, he suggested that it would be appropriate for a review of the tax sharing

arrangements to take place. The matter was raised again at the Premiers' Conference and referred to Treasury officers for advice.

Extending the Guarantee

Officers have also been asked to report on a closely related matter—the desirability of extending the formula guarantee beyond the year 1979-80. All Premiers have been disturbed at the manner in which their States' entitlements have been eroded under the present tax-sharing arrangements. The moves to have the States' share re-examined and to extend the period for which the guarantee operates reflect their dissatisfaction. There is every indication that in 1979-80 the formula will produce figures well in excess of the theoretical entitlements of the States under tax-sharing. Thus, if arrangements continue as they are, the States may face the prospect in 1980-81 of having a tax-sharing entitlement which is barely, if at all, greater than the sum produced by the formula in 1979-80. With no guarantee to fall back on, they could face a quite impossible budget situation.

To my mind, there is no question about the priorities which the Premiers must adopt. If we were to go into the year 1980-81 and beyond dependent only on a share (even an increased share) of Commonwealth personal income tax receipts, then we would tie our States entirely to a revenue source which the present Commonwealth Government is keen to see become less significant. We would be obliged to rely solely on the generosity of the Commonwealth in supplementing our basic entitlements to avoid a sustained decline in the level and standard of services for which we are responsible. In other words, despite the change in the method of calculation of State entitlements, we could be far worse off than in the depressing days of the sixties and early seventies.

Our best hope of preventing this is to press for the continuation of the formula guarantee, even at the expense of renouncing altogether any claim to a direct share of Commonwealth personal income tax receipts. In this way, we would increase the prospects of a regular and predictable increase in our revenues. This is desirable so that the States may plan sensibly and achieve the most effective use of resources.

Stage II

At the time the Budget was presented last year, the Commonwealth Government was still considering the comments of the States on draft legislation for the introduction of State taxing powers. Certain minor changes were made to the draft legislation and a Bill was introduced into the Commonwealth Parliament late in 1977-78. It is now open to any State to legislate to impose a surcharge on, or grant a rebate from, Commonwealth personal income tax. We have no plans to impose such a surcharge.

ATTACHMENT III

REPORT OF THE AUDITOR-GENERAL
FOR THE YEAR ENDED 30th JUNE, 1977
RESPONSES BY DEPARTMENTS

Auditor General's Report page reference	Auditor-General's Comment	Action Taken	Present Position
1	<p><i>General</i></p> <p>"For several years I have expressed concern at the quality of financial management in many Departments, without which one cannot be satisfied that the maximum value is being obtained for each dollar of public moneys spent."</p>	<p>It is considered that there are two major factors which contribute to poor financial management—</p> <ul style="list-style-type: none"> • management attitudes • presentation of financial information. <p>In an effort to improve management attitudes, the Public Service Board, the Premier's Department and Treasury, with the assistance of a private consultant, have been conducting a Financial Management Development Programme for senior managers within Departments. The object of the programme is to impress upon senior Departmental officers the limits to State Government resources and the benefits to be gained by ensuring that these resources are effectively used.</p> <p>In an effort to improve the presentation of financial information, Treasury has prepared a report which recommends sweeping changes to the Central Government Accounting System. The Public Accounts Committee has endorsed the broad thrust of the proposals contained in that report.</p>	<p>Approximately 200 senior managers from Government Departments have attended the Financial Management Development Programme and several more courses are planned.</p> <p>The first stage of the new Central Government Accounting System is now being developed.</p>
7	<p><i>Internal Audit</i></p> <p>"I consider that the establishment of internal audit in Government Departments, especially some of the larger Departments, is overdue and I am concerned that, although some Departments have included internal audit positions in their manpower budgets, those positions remain unfilled."</p>	<p>Inter-department Committee established to:</p> <ul style="list-style-type: none"> • define the role of Internal Audit in the Public Service, • determine the basic skills required, and the training and development needed to develop those skills, • encourage the acceptance of Internal Audit by Permanent Heads of Departments. 	<p>A study is being made by the Committee of the best means of bringing to the attention of management within Departments the modern concept of internal audit and the benefits which can be gained therefrom.</p>
54	<p><i>Department of Agriculture and Fisheries—</i></p> <p>"Payments under 'Plant Industry Services—Agronomy' included a transfer of \$250 000 to the Pest Plants Commission Trust Fund, reference to which was not included in the description of the line in the Estimates of Expenditure."</p>	<p>Presentation of Estimates amended.</p>	<p>No further action required.</p>
56	<p>"Further to comment in previous reports the Department has formed a Financial Management Investigating Committee with a view to developing an improved system of budgetary control, including an on-going assessment of physical achievement of research projects, so that appropriate managerial decisions can be taken."</p>	<p>The Financial Management Investigating Committee has been examining alternatives to the present budgetary control system. A pilot scheme has been set up in the Fisheries Division and project costing introduced in several other areas of the Department's activity.</p>	<p>The Committee is awaiting the development by the Public Service Board of a Common Accounting and Reporting System to see if it will be suitable for the Department's needs. The system is now at the stage where detailed planning is under way.</p>

Auditor General's Report page reference	Auditor-General's Comment	Action Taken	Present Position
87	<p><i>Education Department— Budgeting and Control of Expenditure</i></p> <p>"It is considered that budgeting should be carried out in much greater detail to enable the appropriate authorities to make sounder judgements of the estimates. In some cases, e.g. staffing, costs should be recorded in similar detail to enable periodical comparison with the budgets with the objective of exercising greater control of expenditure."</p>	<p>A Personnel System for the department's total workforce has been developed which involves an integrated manpower management and pay system. This system forms part of a total departmental management information system which will eventually incorporate expenditure on supplies and services.</p>	<p>Introduction of the integrated manpower management and pay system is scheduled for December, 1978, with the major thrust planned for March, 1979.</p>
90	<p><i>School Based Funding</i></p> <p>"With the approval of the Treasurer, a trial scheme was introduced during the second half of 1976-77 to provide schools with greater autonomy in the management of funds."</p>	<p>The scheme did not prove entirely satisfactory and a Committee was appointed during 1977-78 to consider the most effective policy to be adopted regarding school managed budgets. Private consultants were engaged to recommend on this matter.</p>	<p>The consultants have set out a number of alternative approaches in their recent report. These are being considered.</p>
90	<p><i>Audit of School Funds etc.</i></p> <p>"In my two previous reports I have drawn attention to the fact that the Education Regulations require school councils and parent bodies to have their accounts audited . . ."</p>	<p>During 1976-77 a Committee was formed to consider amendments to the Regulations or other measures which would provide for a common financial year and which would ensure that those organisations submitted audited financial statements to the Department.</p>	<p>Audit arrangements are included in the report of the consultants. The form of audit chosen will depend to a large extent on the form of school based funding selected from the alternatives offered.</p>
95	<p><i>Paringa Park Primary School</i></p> <p>"Notwithstanding the recommendation of the Parliamentary Standing Committee on Public Works in August, 1974, expenditure amounting to \$560 000 for Stage I of the redevelopment of the Paringa Park Primary School was approved. To 30th June 1977, funds totalling \$683 000 have been approved for this project and \$696 000 has been expended."</p>	<p>The Government specifically rejected the report of the Committee and proceeded with redevelopment in accordance with its public undertakings.</p>	
98, 99 100 and 103	<p><i>Department of Further Education— Budgetary Control Financial Management Supply Operation of Colleges</i></p> <p>A number of matters are raised relating to budgetary control, overpayments and the purchase of items for use in training.</p>	<p>The administration (financial and general) of the Department has been strengthened considerably following a review of its administration and finance functions.</p>	<p>The reorganisation gives the Department its own autonomous administration/finance function and appropriate staff to rectify the problems raised and to prevent the occurrence of others.</p>
112	<p><i>Engineering and Water Supply Department—</i></p> <p>"During the year attention was drawn to unsatisfactory aspects of the accounts payable activity resulting in incorrect payments and overdue accounts."</p> <p><i>Department for the Environment— Accounting Procedures</i></p> <p>Attention is drawn to unsatisfactory records and accounting procedures.</p>	<p>The Department has instigated a procedure to prevent a recurrence of this problem.</p> <p>Satisfactory records and procedures have now been introduced.</p>	<p>No further action should be required.</p> <p>No further action should be required.</p>

Auditor
General's
Report
page
reference

Auditor-General's Comment

Action Taken

Present Position

Budgetary Control

The recommendations of the report prepared by the officer on loan from the Public Service Board's Financial Consulting Unit, and received by the Review Steering Committee (in May/June 1977) have not (as at June 1977) been implemented.

Reorganisation of the Department has affected the relevance of some of the recommendations made in the report. Action to implement those recommendations has therefore been deferred.

The Department recently engaged consultants to report on the management information requirements of the National Parks and Wildlife Division.

The current budgetary control requirements of the Department should be met when the Common Accounting and Reporting System (currently under development by the Public Service Board) becomes available. The system is now at the stage where detailed planning is under way.

The Department is considering the report of the consultants.

150

*Highways Department—
Road Maintenance Charges*

"There appear to be a number of measures which could be introduced through amendments to the Road Maintenance (Contribution) Act, Companies Act and Motor Vehicles Act to improve collection of road charges."

A number of proposals for amendment to the relevant legislation have been approved by Cabinet.

Amendments to the relevant legislation are being prepared.

151

Financial Management

"In the meantime another working party appointed to develop, implement and install the Financial and Management Accounting System proceeded with its task in the second half of the year. The probable date for implementation of the system is now October/November 1978, although in October last I was advised of a completion date of December 1977, subject to the availability of suitably qualified and experienced staff. The setting back of the completion date, and on the experience of the past year, the likelihood of further delay, is a matter of great concern".

Development of the system has continued. However a number of unavoidable changes of key personnel engaged on the project have resulted in delays in implementation. As at July 1978, the systems had been outlined and programming was 50 per cent complete.

The revised implementation date is April 1979. Recent staff movements could, however, cause further delays.

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*Hospitals Department—
Financial Management*

Some progress was made towards overcoming the problems encountered in the financial management of the Department, but further corrective measures are essential.

Having regard to—

- The basic changes in financing, accounting and budgeting inherent in the transfer from Department to Health Commission status;

Development and implementation of the new systems, including budgetary control is proceeding at both Health Unit and Commission levels.

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Budgetary Control

"The present pattern of budgeting does not relate costs to identified areas of functional responsibility. It merely presents cost information by object of expenditure and is therefore not designed for control purposes."

- National considerations in respect of accounting, management information systems, financing and reporting for health services;
- Changes in a number of cost-sharing arrangements between the State and the Commonwealth;
- Relevant priorities in maximising available resources,

the Department has considered it preferable to use departmental resources to seek longer term solutions to the matters raised rather than to concentrate on the correction of existing deficiencies in systems which will be superseded by new arrangements under the Commission structure.

Auditor General's Report page reference	Auditor-General's Comment	Action Taken	Present Position
186	<p><i>Department of Lands—</i></p> <p>“During the year it was necessary to draw the Department’s attention to unsatisfactory aspects of its accounting work in respect of—</p> <p>(a) inadequate internal checking procedures relating to the calculation and payment of salaries,</p> <p>(b) non-observance of accepted procedures for the payment of accounts,</p> <p>(c) cost reporting and budgeting control of the Survey Division, and</p> <p>(d) inventory recording of equipment.”</p>	<p>The position with regard to (a) and (b) has been rectified to the Auditor-General’s satisfaction.</p> <p>With regard to (c), a Survey Division costing system has been developed.</p> <p>With regard to (d), a manual inventory system has been introduced.</p> <p>A Management Information System for the whole Department is being developed.</p>	<p>With regard to (a), (b) and (d), no further action should be required. With regard to (c), the costing system is being implemented.</p> <p>It is planned to have the Management Information System in operation by the end of 1978.</p>
215	<p><i>Department of Marine and Harbors—</i></p> <p><i>Accounting/Reporting</i></p> <p>“The financial statement prepared by the Department does not segregate receipts and payments on a functional basis . . .”</p>	<p>A Committee, including representatives from the Public Service Board, has been established to report on the redevelopment of the Department’s accounting system, using responsibility accounting techniques. A preliminary report, dealing with the broad concepts to be followed, has been approved by the Departmental Head.</p>	<p>Work is proceeding on the development of detailed proposals.</p>
220	<p><i>Budgeting Procedures</i></p> <p>“Further to previous comments regarding improvements considered necessary in budgeting control and responsibility accounting in the Glanville Workshop, the Department has now advised that this matter has been further deferred on account of other work of higher priority.”</p>	<p>A revised system of budgetary control (approved by the Auditor-General) was introduced to the Glanville Workshops in May, 1978.</p>	<p>No further action should be required.</p>
225, 227, 228, 229	<p><i>Department of Mines and Energy—</i></p> <p><i>Accounting</i></p> <p><i>Cost Control</i></p> <p><i>Management Information</i></p> <p>A number of adverse comments were made in relation to the Department’s accounting, cost control, and management information systems.</p>	<p>The Department has commenced a review of its accounting system in conjunction with the Public Service Board’s Financial Consulting Unit. A project costing scheme has been introduced into the Geological and Geophysical Survey Division on an experimental basis.</p>	<p>The review is still in the preliminary stages.</p>
249	<p><i>Department of Public and Consumer Affairs—</i></p> <p><i>Accounting etc., Systems</i></p> <p>“During the year the Public Service Board appointed management consultants to undertake a review of the accounting and budgetary control procedures of the Department. As yet the review has not been completed.”</p>	<p>Changes have been made to the organisation of the Department in order to co-ordinate the activities of a number of quite diverse bodies.</p>	<p>The report of the consultants is being considered. In the meantime changes to the budgetary control system are being held in abeyance pending the development by the Public Service Board of the Common Accounting and Reporting System. The system is now at the stage where detailed planning is under way.</p>

Auditor General's Report page reference	Auditor-General's Comment	Action Taken	Present Position
257	<p><i>Public Buildings Department—</i> <i>Approvals</i></p> <p>“The Department’s attention was drawn to the need for action on numerous projects where expenditures exceeded approved funds, including major works excesses of \$18 000 000.”</p>	<p>By 30th June 1978, expenditure in excess of approved funds had been reduced significantly.</p> <p>The capacity to carry out additional computer analysis which allocated over-expenditure to areas of responsibility had been developed.</p>	<p>The Department is continuing to review all projects in an endeavour to prevent expenditure exceeding approval.</p>
	<p><i>Vacant Accommodation</i></p> <p>“Instances have occurred where rented space has been vacant for protracted lengths of time”.</p>	<p>The matter is kept under constant review by the Department and every effort made to keep the time for which premises remain unoccupied to a minimum.</p>	<p>It is anticipated that it will nearly always be necessary to incur some rental costs in respect of unoccupied premises for two reasons—</p> <ul style="list-style-type: none"> • the necessity to secure accommodation when suitable premises are in short supply. • the necessity to undertake commissioning work before occupation.
265	<p><i>Budgeting—Hospital Maintenance</i></p> <p>“An investigation during the year of maintenance costs of the Hospitals Department, Strathmont Centre, revealed certain inadequacies in budgeting and expenditure control through the Hospital Maintenance Unit”.</p>	<p>Previously recorded inadequacies in budgeting and expenditure control in the Hospital Maintenance Unit were corrected by the Department during the year.</p>	<p>No further action should be required.</p>
265	<p><i>Preliminary Costs</i></p> <p>“During the year costs on projects not proceeded with and amounting to \$550 000 were written off by transfer from Loan to Consolidated Revenue. A further review of investigation and design costs revealed that additional projects totalling more than \$1 500 000 would appear to require similar action.”</p>	<p>Preliminary investigation and design costs for projects were reviewed and a further \$550 000 written off in 1977-78 by transfer from Loan to Consolidated Revenue.</p>	<p>Further amounts which should be written off have been identified and appropriate action will be taken.</p>
265	<p><i>Motor Vehicles</i></p> <p>“The Department’s attention was drawn to the following matters in respect of motor vehicles—</p> <ol style="list-style-type: none"> 1. inadequacies in procedures for efficient and effective utilisation of the fleet; 2. non-compliance with Government policy on disposal; and 3. the failure to review vehicle operating cost accounts on a regular basis”. 	<p>The Department has introduced a system of regular reporting and reviewing of costs, utilisation, disposal and purchase requirements for vehicles.</p>	<p>Review of operating costs is now being maintained on an up to date basis.</p>
272	<p><i>Department of Services and Supply—</i> <i>Sundry Debtors</i></p> <p>“In my previous Report I commented on the unsatisfactory position relating to stores and sundry debtors since the introduction of a computer based accounting system in May, 1975. The Division has advised me that problems still exist in relation to the reconciliation of sundry debtors.”</p>	<p>The computer stock file records have been reconciled with quantities physically in the stores.</p> <p>The technical problem which was leading to discrepancies between the debtors ledger and the computer file has been identified.</p>	<p>An examination is being made of the best way to overcome the problem. In the meantime, work is proceeding on reconciling the debtors ledger and the computer file. The Auditor-General is being informed regularly of the situation and the progress being made.</p>

Auditor General's Report page reference	Auditor-General's Comment	Action Taken	Present Position
303	<p><i>Woods and Forests Department— Budgetary Control</i></p> <p>“The matter of unsatisfactory budgeting procedures associated with Forestry Administrative and Service Operations was referred to the Department in May, 1974. The position at June, 1977, was still unsatisfactory”.</p> <p>“In connection with the review of Forestry accounting procedures, the Steering Committee issued a final report, including recommendations, in mid-August 1977, which, after consideration by Departmental management, will be submitted to Treasury. Subject to approval, it is proposed that implementation be programmed for July, 1978”.</p>	<p>A new system was approved by the Government. An internal audit programme was introduced during the year and a copy of the programme has been forwarded to the Auditor-General.</p>	<p>No further action should be required.</p>

ATTACHMENT IV

AMALGAMATION OF DEPARTMENTS, ETC.

Set out below is a schedule of the amalgamations of departments and regrouping 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 creation of a new Department for Corporate Affairs including the Companies Branch of the Department of Public and Consumer Affairs.
2. The transfer of the Unit for Industrial Democracy from the Premier's Department to the Department of Labour and Industry.
3. The transfer of the irrigation function from the Department of Lands to the Engineering and Water Supply Department.
4. The transfer of the Museum and Botanic Garden Divisions (excluding the Ecological Survey Unit and the Aboriginal and Historic Relics Unit) from the Department for the Environment to the Education Department.
5. The transfer of the State Government Interpreting and Translating Service from the Law Department to the Premier's Department.

The Hon. R. C. DeGARIS (Leader of the Opposition): I support the second reading of these two Bills. I support the view that these Bills can be debated as cognate Bills, and I support the new procedure introduced by the Government in dealing with both financial Bills at the same time.

Of course, this procedure will cause some speeches to be rather long, because usually the lead speeches on each Bill previously took about three-quarters of an hour to deliver. However, I hope I will not be speaking for an hour and a half today. Before debating the Bills, I suggest that we adopt the procedure adopted in other Upper Houses (it has recently been adopted in Western Australia) whereby,

when the Budget is tabled and the debate on the lines begins in the House of Assembly, a debate takes place in the Upper House on the tabling of the papers.

I believe that this procedure would assist regarding the timing of the debate on the Bills. It would save time in this Council and we would not be in the position that we were in last week when we had nothing to do because we were waiting for the financial Bills to come to this Chamber. Only once in our history has the Legislative Council amended a Budget. That was in 1912, when the Council acted correctly.

If my suggestions were adopted, most of the discussion on the financial matters for the year would be over and done with when the Bills came to this Council. In that way, members may comment on the passage of the Bills and, by and large, most of the information has been elicited and the Bills can be passed quickly in this place. I think that that suggestion is reasonable and realistic and, whilst I appreciate the procedure adopted this year of dealing with both Bills at the same time, I think we can improve the procedure further by debating papers when they are tabled.

As is the usual practice in the explanations of the financial Bills before the House most blame for any difficulties has been placed on the shoulders of the Federal Government. The Loan Estimates programme proposes an expenditure of \$240 900 000. As \$5 000 000 of this will be transferred to Revenue Account, the effective expenditure on Loan works for 1978-79 will be \$235 900 000.

The Loan programme last year spent \$253 000 000, so this year there will be a reduction of about \$18 000 000; but last year some of the Loan funds spent had been provided from revenue. Last year about \$12 000 000 was transferred from Revenue Account to Loan Account and spent as Loan funds, which tended to lift the available Loan funds above what would be necessary.

The Commonwealth has supported a Loan programme of \$1 433 000 800 for State works and services this financial year and South Australia's share of this is \$186 900 000, or about 13 per cent. This allocation is exactly the same amount as was allocated to South Australia last year. Therefore, while the first part of the explanation of these Bills gives the impression that the Commonwealth has reduced the total sum available, it has not.

It may be argued that the effective programme has been reduced because of the effects of inflation, yet it is possible, with better control in expenditures, that the same total programme can be achieved. Indeed, the \$186 900 000 is made up of the same sums as last year, namely, \$124 600 000 Loan and \$62 300 000 non-repayable grant to Loan Account. The other main source of funds in Loan Account is repayments and recoveries. Last year the amount was \$59 200 000 and this year it is \$53 400 000, a decrease of \$5 800 000.

Last year the Government added \$12 000 000 to Loan funds from a Budget surplus, and this year, as previously mentioned, \$5 000 000 is going in the opposite direction. Loan Council allocations to semi-government bodies this year as compared to 1977-78 are as follows:

	1977-78	1978-79
	\$	\$
ETSA	29 600 000	39 200 000 + 9 600 000
SAHT	15 500 000	11 000 000 - 4 500 000
SAMCOR	3 000 000	2 200 000 - 800 000

Last year the total was \$53 100 000 and this year it is \$56 800 000.

For Welfare Housing, \$47 400 000 is allocated, of which \$19 500 000 is subject to matching funds allocated by the State. Of the total, \$19 200 000 is made available to the State Bank and \$28 200 000 to the Housing Trust. A further \$7 500 000 is made available to the State Bank for housing. In reporting on this question, the Minister said:

Again in the case of the Housing Trust its share of the housing agreement money supplemented by its own internal funds, would be insufficient for its housing needs, and would result in an increase in current waiting times. In these circumstances, the Government is reviewing a number of aspects of the trust's finances in an attempt to overcome the problem.

When I read that, I became concerned that, because the trust has a long waiting list and considers that it has not sufficient money to meet the demand for welfare housing or housing of any type, it must consider reviewing several aspects of its finances to try to solve the problem. The Government should at least try to explain what changes it intends to make to solve the existing problem of a long wait for Housing Trust houses.

The amount for the Woods and Forests Department is \$9 000 000, or \$1 000 000 more than was allocated last year. The State can be proud of its Woods and Forests Department. It has a long history, dating back to 1878 and beginning with the work of Mr. J. Ednie Brown, who has not received sufficient praise or recognition for the work he did. Questions have been asked of the Minister of Agriculture today regarding his statement about the sale of chips to India.

One must admit that it does seem strange when we intend importing a lot of rice straw (an abundance of which we have in Australia) and exporting softwood chips of which we seem to have not enough. Perhaps the Minister may be able to explain the matter to me.

The Hon. B. A. Chatterton: Who said we haven't got enough?

The Hon. R. C. DeGARIS: At present we import a tremendous amount of softwood pulp; it seems strange to export chips.

For the Marine and Harbors Department, \$7 500 000 has been provided to deepen the channel at St. Vincent Gulf to the new container berth, and the sum of \$1 200 000 has been provided for fishing havens, mainly at Adelaide and Port MacDonnell, and that is a small reduction compared to last year's allocation.

For the Engineering and Water Supply Department the total allocation is \$68 000 000, a slight drop on last year.

Under "Public Buildings", the sum of \$15 700 000 has been allocated for hospital buildings; for primary and secondary schools it is \$40 800 000; for further education the amount is \$16 200 000; and \$25 000 000 has been allocated for other Government buildings.

Because of the large capital works required to develop lobe 3 at Leigh Creek, the Electricity Trust will be making considerable demands on available Loan funds for some years. The township of Leigh Creek has to be relocated and that alone will place a considerable demand upon available Loan funds. While on that subject, I should like more information on the reasons for choosing the new site for the township of Leigh Creek.

I have examined the site and found the area developed for the new township is about 13 miles from the existing township; the site is in the catchment area for the Aroona Dam, which supplies water to Leigh Creek. It seems strange, where there is an abundance of land, that the site chosen for the new township is in the catchment area of its water supply. Why was that site chosen, when there will need to be a considerable amount spent to prevent the pollution of Aroona dam? I believe a better site could have been chosen, and one that would cost much less to develop and to maintain.

The State Transport Authority has been allocated \$31 600 000. This item shows, probably more than any other, that, once the Government starts moving into areas well served by the private sector, the demands made upon available funds increase. That, in turn, forces less funds to be made available to education, health and other traditional Government areas of expenditure. In the past few years the Government has moved into the area of public transport, and has taken over company after company of private bus operators; those services now operate under the State Transport Authority, and there is a demand on Loan funds to purchase new and better buses and other equipment.

The Hon. Mr. Foster asked several questions recently regarding American capital seeking investment in Australian hospitals. This may well have already happened in South Australia because, as the Government moves into areas previously well run by the private sector, it has to curtail other areas, so that private capital tends to take up the slack in those areas. Therefore, it seems a reasonable assumption that overseas capital may well be seeking investment in hospitals, because of the neglect in those areas of government.

The allocation to the State Transport Authority is a classic example of the Government wanting to become the authority in transport. The Government, having moved into the area of transport, is not providing the same standard of service that had been provided by previous operators.

The Hon. J. E. Dunford: Utter rubbish!

The Hon. R. C. DeGARIS: In the north-east suburbs and in the Adelaide Hills, where the State Transport Authority is now operating, people say that services are not the same or as good as they were. The Government has moved into an area that was perfectly well catered for by private industry, only to find that it has had to cut its Loan funds to education and health in order to find funds to maintain a transport system that is losing about \$20 000 000 a year. The Hon. Mr. Foster can dance in his seat and talk about private money being invested in hospitals. If this situation continues and the Government cannot provide Loan funds for the essentials, private capital will. It is happening in South Australia, and the Government is encouraging it. It is useless to look back and criticise; the Government has moved into areas that it should have left alone.

The Loan Estimates presented show a tight monetary position but, from South Australia's point of view, anything but a disastrous one. With careful management of the available resources, the State should be able to achieve a reasonable standard of capital works in the ensuing 12 months. I see nothing disastrous in that position because, during the last 12 months, there has been a significant drop in the inflation rate from 18 per cent to about 7 per cent, and I believe it will further decline. The State can maintain a satisfactory Loan programme under those conditions. Regarding the Budget, most industrialised nations face the problem of how to foster economic recovery while maintaining relatively full employment. The 1970's in Australia, so far, have been a period of high inflation and huge deficits, which fueled high unemployment. In the 1960's unemployment was kept within 1 per cent and 2 per cent and 98 per cent employment was considered as being the acceptable norm. One sometimes wonders whether acceptable standards of the 1960's will ever be attainable again.

The Hon. J. E. Dunford: Not under a Liberal Government.

The Hon. R. C. DeGARIS: I remind the honourable member that in the 1960's there was a Liberal Government for 10 years during which time unemployment was maintained at about 1 per cent, and the inflation rate was maintained at about 3 per cent. We can go back and argue about Liberal Governments or Labor Governments, but I want to put that issue aside and deal with what I believe is an extremely important problem. The more we develop the argument about who was in power, the less chance we have to come to a satisfactory solution of the problem.

How will we as a community handle what could be a painful social and economic evolution involving far more than just the question of the lack of employment opportunities? A continuing high unemployment rate must be recognised as inhuman and socially divisive. Prolonged exposure to unemployment can be expected to destroy the will to work. It also ferments social unrest and, in some cases, involves a resort to violence.

On the other hand, it can cause resentment and weaken productivity among the working people, who have to provide the taxes to sustain those who do not have to work. We have this dual problem: those who are unable to find work, and the resentment of those who must provide the taxes to sustain the unemployed.

The least we can expect from high unemployment is a hangover that may be permanent, depending on the depth and length of time that the extraordinary level of unemployment exists. A quick solution now is a resumption of economic growth. I wonder for how long we can continue to rely on an increase in economic growth to keep dragging our society out of economic recession.

To spend money merely to inflate the currency in an attempt to overcome the unemployment problem, or to artificially create jobs at public expense, will not solve any problems at all. Even with the best will and the best motives in the world, during 1972-75 we saw exactly this happen: we saw money being created and spent to overcome unemployment problems which fuelled inflation but which did not overcome unemployment at all.

One of the prime objectives of the economic process is to satisfy the community's needs with the least expenditure of human effort. That has been the pattern of human endeavour over centuries. We want to produce a higher standard for everyone with less physical work involved.

The Hon. J. E. Dunford: With higher profits.

The Hon. R. C. DeGARIS: The profit motive has been the catalyst that has produced a dynamic society. If one

denies the profit motive there will be no recovery whatsoever.

The Hon. C. M. Hill: And no employment.

The Hon. R. C. DeGARIS: True. We all know that complex problems confront us. One need only look at the position in South Australia and the advances being made in computer technology to understand that a large number of jobs will become redundant in the near future. All honourable members accept that we are in the throes of computer technology and computer use that could have wide ramifications for society as great as the industrial revolution had in Europe many years ago.

The Hon. J. E. Dunford: You'll have to agree to a shorter working week.

The Hon. R. C. DeGARIS: Clearly—

The Hon. J. E. Dunford: Why don't you have your speech inserted in *Hansard*?

The PRESIDENT: Order! Interjections will be accepted, but not if the honourable member keeps up a patter.

The Hon. J. E. Dunford: I am talking about his speech, which has been written for him. You can see that.

The PRESIDENT: Order! I have just pointed out that I will accept interjections when members are speaking, but I do not intend to allow a rambling conversation whilst a member is on his feet. The Hon. Mr. DeGaris.

The Hon. R. C. DeGARIS: The modern economy can produce a tolerable standard of living for most citizens with considerably less work effort than was required previously. As I have said, the prime objective of the economic process has been to produce more with less effort. That has been a core of our increasing standard of living.

This means that an acceptable modern living standard can be maintained with a growing number of unemployed people. A view held by some sociologists is that society might have to become reconciled permanently to higher unemployment as a norm of society. This view seems to be unnecessarily pessimistic.

The community's demands for goods and services will resume, but there is always a tendency during a recession period to assume that demand will never grow beyond the existing levels. The Australian rural industry now plays a smaller part in our economy in terms of unemployment and gross domestic product, yet manufacturing industry has recently turned relatively downward as an employer of labour in Australia.

It is reasonable to ask why more people are not being employed in the rural sector. There is plenty of work to be done in the rural sector, and there are any number of people who would like to employ workers, but they cannot—

The Hon. J. E. Dunford: Cut up properties.

The Hon. R. C. DeGARIS: That great idea does not work either. One of the simple answers is that rural producers cannot afford to employ workers and consequently tend to use more expensive and larger machinery to overcome difficulties. I can assure the honourable member that there is plenty of work in the rural sector, but it is not easy to employ workers, particularly when one finds that one is losing as a result of creating that employment. This position obtains also in industry. I recently visited a large manufacturing industry in this State in which a new \$1 000 000 piece of machinery had been installed. That machinery did not increase production at all, but it saved 14 jobs.

The Hon. F. T. Blevins: It saved the cost of 14 jobs!

The Hon. R. C. DeGARIS: Yes, and it paid the company to do that. The return on the investment of \$1 000 000 was worth it, because it saved 14 jobs. We must understand

that there are no painless solutions to our existing economic problems, and the most serious economic problem facing our community now is high level unemployment.

In the past few weeks many papers have been delivered at various conferences examining the nature of the unemployment problem. Dr. Valentine of the Australian National University concluded that, if the Theodore Plan of the 1930's had been implemented with cuts in wages, the level of unemployment could have been reduced and output increased. He said that that plan failed because there was no cut in wages. Professor Max Corden of the Australian National University, whose address was summarised in the *Financial Review* (31 August and 1 September) was supported in the views he expressed by several other papers.

Following the delivery of these papers, three Reserve Bank economists set out to find out how much each causal factor had contributed to unemployment. They concluded that 45 per cent of unemployment must be directly ascribed to increases in real wages. Of course, it is the unemployment in the under-21 group that is the most persistent problem, and Professor Corden suggests that high wages for juniors are a major cause of unemployment in this age group. I know that under the "sweat pea" scheme many people are employing a person for six months and then finding that they cannot continue to employ that person once he reaches 18 years of age.

The Hon. J. R. Cornwall: They are exploiting the system.

The Hon. R. C. DeGARIS: They are not doing so; the honourable member is quite wrong in saying that. There is no exploitation whatsoever. I know that in the rural sector a lad can be employed for six months under the "sweet pea" scheme and, when he gets to 18 years of age, it is impossible for a farmer to continue employing him.

The Hon. J. E. Dunford: It's cheap labour.

The Hon. R. C. DeGARIS: It is not. This is an uncomfortable conclusion to come to but, unless there is a fall in real wages, the community will have to accept a high unemployment rate. The Federal Government's strategy since it was elected in 1975 has been to achieve a substantial reduction in inflation. No-one can deny that it has been signally successful in that role. However, its belief that falling inflation would be accompanied by rising employment has not eventuated. This is not to be taken as an argument against policies designed to reduce inflation because, unless inflation is brought under control, there cannot, in the long term, be any real solution to the unemployment problem.

It seems clear that, if there is to be any solution to the unemployment and inflation problems, there is only one answer, namely, a reduction in real wages, or (as the Hon. Mr. Dunford pointed out) a reduction in real working hours across the board. However, that must be associated with a reduction in real wages. We cannot expect a group of people to work for, say, 30 hours a week and to achieve the return achieved in a 40-hour week. That is not possible.

I refer honourable members, if they want to understand the point that I am making, to the work done by the economic conventions that have been held in Sydney and Melbourne during the past three or four weeks. I know that what I am saying will not be accepted by many people. However, I have never been afraid to express a viewpoint when there has been a strong possibility that I was right in what I was saying. One has merely to examine one or two things that have happened to understand what I am saying. I have seen members of the Seamen's Union standing outside the A.M.P. building arguing about Utah's not

employing Australian seamen. That company cannot do so, because the standard of wages under the Seamen's Union in Australia is such that it cannot afford to employ people.

The Hon. J. R. Cornwall: What is Utah's profitability?

The Hon. R. C. DeGARIS: We are not talking about that.

The Hon. J. R. Cornwall: Be consistent.

The Hon. R. C. DeGARIS: I am. I am stating that, if we are to have a system in which the Australian seaman is on a wage twice as high as the international standard, we cannot expect him to be employed. If Utah had to employ Australian seamen, no coal would be exported because that company could not make it pay. No-one can tell me that it is reasonable for an able-bodied seaman to be paid \$530 a week and to get 20 weeks a year annual leave.

The Hon. F. T. Blevins: Where did you get those figures from?

The PRESIDENT: Order!

The Hon. R. C. DeGARIS: One reason why this country's coastal trade does not operate is that the seamen have priced themselves out of a job. If people are to be employed, an employer must be able to receive some return for employing them. It may be confusing for some people to understand why I have raised this matter in the debate on a State Budget. However, I have done so because there is strong academic acceptance of the points that I have made. Secondly, on the general matter of pricing ourselves out of a job (which is really what I have been talking about), South Australia has led the field over the past 10 years. Of all the Australian States, South Australia has over the past 10 years lifted its internal cost structure to a point where some industries are finding it best to leave the State and go elsewhere.

The Hon. J. E. Dunford: Name them!

The Hon. R. C. DeGARIS: I can do so. I refer, for instance, to a transportable home company that has moved to Shepparton because it can produce there at about 6 per cent cheaper than it could here.

The Hon. J. E. Dunford: What are the names of the businesses?

The Hon. R. C. DeGARIS: I do not know the names.

The Hon. J. E. Dunford: No, because what you are saying isn't true.

The Hon. R. C. DeGARIS: I have been told that it is true.

The Hon. J. E. Dunford: Colin Branson would tell you anything.

The Hon. R. C. DeGARIS: I have spoken to people who are in business. One has merely to examine South Australia's employment position (we have 7.9 per cent unemployed, compared to 6.1 per cent in the State whose figures are nearest to us) to see that what I am saying is not a load of rubbish. Among the Australian States, South Australia has lifted its internal cost structure to such an extent that industries have had to leave, or are contemplating leaving, South Australia.

The unemployment problem is the most persistent one facing us at present and, if the announcement made by academic economists is correct, South Australia must in the next 12 months have a deeper problem than has any other State.

The Hon. J. E. Dunford: You said that 12 months ago when last year's Budget was being debated.

The Hon. R. C. DeGARIS: That is so, and I have been proved to be correct, because at present South Australia has the highest unemployment level. As the honourable member would recall, that was the very thing about which I spoke last year. I said then that South Australia's unemployment rate would be higher than that of any other

State. I believe that we will return to a position that obtained in the 1930's. Then, we had the highest unemployment rate in Australia, and again we now have the highest unemployment rate. Also, it is not higher by a small percentage: it is almost 2 per cent higher than the State whose figures are nearest to ours.

I suggest that the policies adopted in 1930 and based on the principles of lower cost and industrial harmony brought about an era of growth and prosperity in South Australia. Dare I suggest that those hard-headed, realistic and practical policies are required again now in South Australia? No doubt those policies will need variation but, unless we face the economic facts of life in this State, we will suffer more, and for longer than will any other State. The position in South Australia is already more dramatic than it is in any other State, but the papers presented to Parliament do not recognise that very important point. The Budget papers state:

The Budget has been framed against one of the most difficult financial and economic backgrounds this State has seen for many years. It is a background which has seen the favourable financial position of the Government accounts,

built up through our careful and sound management of the State resources, eroded as a direct result of recent Commonwealth Government policies.

That statement cannot be supported in any way whatsoever. It places all the blame for the present financial position in South Australia on the shoulders of the present Commonwealth Government. Actually, as I said earlier, we have been steadily moving to this position for the past 10 years, because of the policies we have been following. The problem will not become easier. Workmen's compensation, superannuation, consumer legislation, Government regulation, continuing death duties and gift duties (to mention just a few) are matters requiring urgent attention by the State Government if we are to break the vicious circle that we have got ourselves into. Each year I present an analysis of the Budget papers dealing with the amount of money allocated to various departments, and the increases over the last year. I seek leave to have the analysis inserted in *Hansard* without my reading it.

Leave granted.

REVENUE ACCOUNT

Ministry	1977-78 Actual \$m	1978-79 Proposed \$m	Increase \$m	Increase per cent
Premier	20.28	23.56	3.28	16.2
Chief Secretary	78.0	82.99	4.99	6.4
Attorney-General and Minister of Prices and Consumer Affairs	16.0	17.45	1.45	9.1
Treasurer	37.87	35.7	-2.17	-5.7
Lands and Repatriation	17.29	14.33	-2.96	-17.1
Works	109.96	120.47	10.49	9.5
Education	368.13	382.24	14.11	3.8
Labour and Industry	29.1	9.54	-19.56	-67.2
Agriculture, Forests and Fisheries	33.22	31.91	-1.31	-3.9
Environment	5.09	6.74	1.65	32.4
Marine	11.79	12.7	1.91	16.2
Transport and Local Government	67.94	71.07	3.13	4.6
Community Welfare	37.5	41.12	3.62	9.7
Tourism, Recreation and Sport	4.52	4.61	0.09	2.0
Health	162.8	167.14	4.34	2.7
Mines and Energy and Planning	10.42	11.24	0.82	7.9
Legislature	2.92	2.66	-0.26	-8.9
Total	1 012.75	1 035.45	22.7	2.2
Payment Authorised by Special Acts	179.3	119.6	20.3	13.0
	1 192.06	1 235.07	43.01	3.6

1. The estimated expenditure for 1977-78 was \$969 900 000 while the actual expenditure was \$1 012 750 000, an increase in actual expenditure over estimated expenditure of \$42 850 000. An increase in estimates of \$65 550 000 is an increase of 6.76 per cent.

2. The total budget is further increased by an allowance of \$35 500 000 for increases in salaries and prices during the year so that the proposed budget is \$1 270 570 000, as against the actual payment last year of \$1 192 060 000, an increase of \$78 510 000 or 6.6 per cent.

RECEIPTS ON REVENUE ACCOUNT

	1977-78 Actual Receipts \$m	1978-79 Estimated Receipts \$m	Increase \$m	Increase per cent
Taxation	289.98	304.21	15.23	5.3
Public undertakings	113.15	128.94	15.79	12.0
Recoveries of debt services	71.25	75.73	4.48	6.3
Department fees and recoveries	174.45	197.15	22.7	13.0
Territorial	5.24	5.74	0.5	9.5
Commonwealth reimbursements	513.12	558.8	45.68	8.9
Total	1 167.2	1 270.57	103.37	8.9

THE MOST IMPORTANT PROPOSED CHANGES IN TAXATION ARE:

Tax	Actual Receipts 1977-78 \$m	Estimated Receipts 1978-79 \$m	Increase \$m	Increase per cent
Land tax	20.07	23.4	3.33	16.6
Pay-roll tax	146.52	152.0	5.48	3.7
Business franchises				
Gas	1.01	1.85	0.84	83.2
Tobacco	8.07	10.3	2.23	27.6
Publicans and other licences	10.96	11.83	0.87	7.9
Public works and services				
Wharfage, port dues, etc.	13.95	15.7	1.75	12.5
Water and sewerage rates	80.7	94.7	14.00	17.3
Contribution from ETSA	8.0	9.1	1.1	13.8
Motor vehicle registration	46.59	50.67	4.08	8.8

Recoups and Contributions for Special Purposes from Commonwealth		\$m
Commonwealth Contributions		
Childhood services programme		5.225
Aboriginal Housing		0.1
Education		32.6
Brucellosis & tuberculosis eradication		2.66
Housing		15.5
1978-79		\$56.09
1977-78		\$52.57
Increase		\$3.42
Percentage increase		6.5
		per cent
Recoups		\$m
Natural disasters relief		5.84
Health		1.02
Investigation water resources		0.35
Public buildings		0.13
Water resources		0.38
War service land settlement		0.65
Education services		1.66
Public relief & community welfare		3.47
Aphid control		0.52
		\$14.02

Financial year	C.P.I. rise during year	Percentage rise in total Commonwealth payments over previous year
1967-68	3.3	10.6
1968-69	2.6	11.0
1969-70	3.2	9.7
1970-71	4.8	27.5
1971-72	6.8	7.0
1972-73	6.0	18.5
1973-74	13.0	12.7
1974-75	16.7	39.3
1975-76	13.0	11.9
1976-77	13.8	18.4
1977-78	9.5	17.2
1978-79		9.8

The Hon. R. C. DeGARIS: Once again we see the same pattern: the emotional areas of expenditure are continuing to expand, whereas the areas devoted to production in this State are tending to move downward, and that has been the trend over the past 10 years. Until that trend is reversed, we will see South Australia continuing to have the highest unemployment rate in Australia. I support the second reading.

The Hon. C. M. HILL: I rise to speak on the Appropriation Bill (No. 2), which appropriates the revenue of the State, and on the Public Purposes Loan Bill, which is concerned with the borrowing and expenditure of Loan moneys for public works. The

Government has reported in the past few weeks that the State entered the current year with a small accumulated deficit of \$6 500 000. On the face of it, this indicates a reasonable state of affairs. However, on closer examination of the financial accounts, we see that in the Revenue Account of the State there was an excess of payments over receipts of \$24 900 000. The Loan Account, in broad terms, balanced, with the help of \$3 400 000 that was transferred from Revenue Account, and the Government then used accumulated reserves from previous years of \$18 400 000. Therefore, there was a deficit of \$6 500 000. On considering the financial record of the present Government for the year 1977-78, one sees that there was an excess of payments over receipts of \$24 900 000.

The Hon. J. E. Dunford: What about all the bad things you said last year as to what would happen in 12 months?

The Hon. C. M. HILL: I did say those things last year and I am just pointing out that, as a result of the financial affairs of this State in that year, there was a deficit, not of \$6 500 000, which has been highly publicised, but in fact a deficit of \$24 900 000.

The Hon. J. E. Dunford: It is a lot better this year, isn't it?

The Hon. C. M. HILL: We will not know what the situation will be until 30 June 1979. It is not true to say that our deficit for last year was \$6 500 000: it was \$24 900 000, and the accrued credits brought forward from previous years were used up in that deficit, resulting in the figure of \$6 500 000. This debate provides an opportunity for a general review of the financial position of the State, a review of its sources of income, and a check on whether such funds, once obtained, are spent wisely. It is the responsibility of Parliament to try to see that that money which is collected by taxation or from Loan funds is spent wisely and distributed in the best interests of the community as a whole.

Regarding the total estimated receipts for the State, \$1 270 572 000, the largest contributor is the Commonwealth. The Treasurer has divided those estimated receipts into four headings: taxation, \$304 214 000; public works, services, and other receipts, \$401 810 000; territorial, \$5 740 000; Commonwealth, \$558 808 000. So, the largest contributor to the State's revenue is the Commonwealth. The Treasurer states:

We are captives of the financial chains imposed on us by the Commonwealth Government.

I analyse that statement in the light of the fact that the largest single contributor is the Commonwealth itself. That amount of money comes to this State without any ties attached to it at all as to how the money should be spent. It comes to the State under the Commonwealth Government's formula guarantee scheme. The State is given the right (which is quite proper and should be commended) of

fixing its own priorities and spending that money as it thinks best. The Commonwealth estimates the State's formula guarantee for this current year at \$562 600 000. However, the State believed that the estimate was too high and, for the purpose of the Budget, set the figure at \$557 400 000. That figure has been adjusted to make up the sum of \$558 808 000, to which I have referred.

Last year's entitlement from the Commonwealth to the State under this federalism scheme was \$507 800 000; that is to say, there is an increase of \$50 000 000 between the amount actually received last year and the amount that the State expects to receive this year. In view of the figures revealed in the papers, it is hard to appreciate the Treasurer's statement which I have already quoted, as follows:

We are captives of the financial chains imposed on us by the Commonwealth Government.

The Treasurer also states:

Payments to the State by the Commonwealth for a number of specific purposes were above estimate while South Australia's share of the total State tax-sharing entitlement also exceeded expectations.

One must bear these statements in mind when one is considering the other statements that the Treasurer made, I think quite improperly, in the papers that have been tabled. Apart from the proposition that the State is entitled to spend this money as it thinks fit (and that includes in all the areas of criticism by State Ministers of the Federal Government as to relatively minor cut-backs that have been specified in grants under section 92 of the Commonwealth Constitution), a vast amount of untied money has been funded to the State.

We have had an increase of more than \$50 000 000 over the amount provided last year, and it seems to me from the information before us that we received \$513 124 826. In view of the fact that this large amount is not a specific purpose grant, I believe the Treasurer's comments to be ill founded and deserving of severe criticism. I commend the Federal Government on its federalism policy and on how it is distributing these large amounts of money to the States, giving them the right to decide how and where to spend that portion of their revenue.

The Hon. J. R. Cornwall: You're a Fraser man, are you?

The Hon. C. M. Hill: Yes, and I am proud of it.

The Hon. D. H. L. Banfield: Have you ever heard of Sir Charles Court and Mr. Hamer?

The Hon. C. M. Hill: We are realists in the political game and we know that Premiers tend to criticise the Federal Government. Labor and Liberal Premiers of this State have done it and it has been done by other State Premiers, irrespective of their politics, right across Australia. However, there are times when I consider that such criticism is not responsible criticism: I am concerned about taking a responsible attitude in these matters.

The other area of income for the Government is from State taxes, which are expected to bring in \$304 214 000 this year. In my opinion, this amount is too large. It is a pity that expenditure has been allowed to expand, necessitating such high taxation, which, as I have said here previously, affects the working man. It seriously affects the person who is receiving a moderate income, and I find it difficult to understand how this Labor Government hits the working man in some areas of taxation more than the working man in other States is taxed, even by Liberal Governments.

The Hon. D. H. L. Banfield: Did you protest against the proposed taxation increase announced by the Federal Treasurer, to take effect from 1 November?

The Hon. C. M. Hill: No. My point is that this State Government, which claims to represent the working man,

causes, for example, such a person, when he buys a new Holden Kingswood motor vehicle, to pay more stamp duty than his counterparts in any other State are required to pay. This is the Labor Government, and it is putting all this high taxation on the little man! The stamp duty on that motor vehicle here is \$200, whereas in Victoria it is \$165, in New South Wales \$130, in Queensland \$65, in Tasmania \$97, and in Western Australia \$49.50.

The Hon. D. H. L. Banfield: What is the overall taxation per head of population in the various States?

The Hon. C. M. Hill: That is a good question. The Minister is an expert in drawing red herrings across the trail, because he knows that it can be answered in four different ways, depending on from what statistician one gets the information. Figures from the Governments on that question and figures from other statisticians vary considerably, but there is not any variation in how the Government taxes the young man in this State when he buys a Holden motor car. Clearly, that young man is paying more tax in this State than is paid in any other State. In addition, when that young man buys a house he must pay stamp duty. A reasonable figure to take for a house purchase is \$35 000, and the purchaser of such a house pays more stamp duty in this State than is paid for the purchase of a similar house in any other State.

The Hon. J. R. Cornwall: The Liberals tried that ploy during the New South Wales election campaign, and look at what happened!

The Hon. C. M. Hill: The working man here pays \$730 in stamp duty on the purchase of a house valued at \$35 000, whereas the duty payable in Victoria is \$700, in New South Wales \$612, in Queensland \$600 (except for the purchase of a first house, when the amount is \$525), in Tasmania \$587, and in Western Australia \$500.

The Hon. D. H. L. Banfield: Why can't you give the overall taxation per head of population, which is the amount that we must go by?

The Hon. C. M. Hill: That is because a person can arrive at figures that suit his case. We do not know whether to leave out rates and taxes that one statistician puts under the heading of "taxation" and another puts under "fees". They juggle figures to suit their case. I am asking the Government to answer the charge that it is taxing people who buy motor cars and houses more than people are taxed in other States. That is happening after seven years of Labor Government and it is a record for which the Government should be criticised severely. I have used these figures as an example to show that taxation in this State is too high.

The Hon. Jessie Cooper: They are the two things that really matter.

The Hon. C. M. Hill: Of course. The Government is not concerned about the young people, the working people, or people on a middle income. It has been in office for too long, and an inevitable trend of Labor Governments is to overtax those whom they claim to support.

The Hon. D. H. L. Banfield: How is it that the young people support Labor, not Liberal?

The Hon. C. M. Hill: The Government has mesmerised people by propaganda. Moving from income and taxation to expenditure, one must consider whether certain items of expenditure in this Budget or in these Loan Estimates are excessive. Secondly, is value being obtained for money spent? On occasions, those two approaches must be considered together. First, I refer to the expenditures, and the expenditure by the Public Buildings Department in the Grenfell Centre.

The Grenfell Centre is the tall building in Grenfell Street occupied by several Government departments. I

have obtained figures from the Loan Estimates of 1976-77, 1977-78, and 1978-79. In each of those, under the heading "Grenfell Centre" is a list of various departments for which the Public Buildings Department is spending money in that building. This expenditure is for partitions, floor coverings, general fixtures and fittings and office accommodation. In this three-year period the Minister of Agriculture and Fisheries Department, have a proposed expenditure of \$874 000; the Planning Appeal Board, \$828 000; the Public and Consumer Affairs Department, \$949 000; Attorney-General's Department, \$133 000; Government Information Centre, \$34 000; Tourism, Recreation and Sport Department, \$92 000; and Premier's Department, Publicity Section, \$210 000. This is a total of \$3 120 000 for office accommodation.

This is quite scandalous and grossly excessive. In the present Loan Estimates it is proposed, on behalf of the Lands Department in the new Colonel Light Centre, that a sum of \$953 000 will be spent on fixtures and fittings. We are dealing with sums equivalent almost to the cost of some new freehold buildings. These are not buildings like the Grenfell Centre but are of a substantial size, in and near the city.

I should like a full explanation whether the sum of \$3 120 000, which is proposed to be spent this year or has been spent on the Grenfell Centre, has been properly costed. Has the work been let out for tender so that there has been competition between those who are willing to do the work? Would the Minister comment about that huge amount?

Including \$953 000 for the Lands Department, a total of about \$4 000 000 will have been spent to accommodate departments in new buildings. A full report on this is necessary, and I ask the Government to supply it.

In case it is thought that some of the proposed expenditure of Loan money may not have been actually spent, in the 1977-78 figures under the Public Buildings Department, the estimated expenditure was \$49 352 000 and the actual expenditure was \$50 546 000, which left an excess of expenditure of \$1 194 000. On those figures there was an excessive expenditure, and one can reasonably assume that all the money that is proposed to be spent has been, or will be, spent.

One cannot ascertain easily how much the Government is spending on its publicity. A line under the Treasurer in the Estimates "Policy division, administrative committee, secretariat, publicity and clerical staff, \$1 257 855" includes the cost of publicity, but all those items are lumped together. For charges for publicity and design services, \$300 000 has been allocated, and for commissions by Publicity Branch, \$10 000. The aggregate figure for publicity is quite unreasonable. The public is saying that this sum is being spent to keep the Government in office.

As it is the people's money, it should not be spent in this way. People are saying that the Government is operating a propaganda machine to manipulate minds and capture votes. If the Government wants to spend money to capture votes, it can spend its own Party's funds in the normal course of campaigning. I should like further explanation about the exact sum that is being spent on publicity and also further explanation about the actual work done and the guidelines laid down for that department.

Regarding the Adelaide Festival Centre Trust, \$2 137 877 was spent from State revenue last year, and the Government proposes to allocate \$2 358 400 to the trust this year. I believe that that sum is too high. The Government should prevent the trust from becoming involved in entrepreneurial activity. In the past financial year a loss of \$425 000 was incurred, of which \$328 000 was for the rock opera *Ned Kelly*.

The relevant point is that in its entrepreneurial activity the trust lost \$425 000 last year. When that sort of thing happens the Government should move in and ensure that it cannot happen in future. The people who managed and directed the trust when those losses were incurred had little, if any, skill or expertise as entrepreneurs. A business-like approach would dictate such planning curbs, but the Government shows irresponsibility in not exercising more care in administering the trust's policies.

It is of interest to know that, since the inception of the trust's operations, contributions from Consolidated Revenue (from the people's money) totalled \$11 167 000, and \$3 627 000 was provided last year.

Another area of unnecessary expenditure is the Jam Factory to which the Government contributed \$585 000 last year. Despite the criticism that has been made of the Jam Factory and despite all that I thought might have become apparent to the Government regarding this operation, the Government has thrown caution to the wind and is increasing this year's allocation to the Jam Factory to \$620 000. Last year there was excessive expenditure over income of \$479 000 compared to an excess of expenditure over income (a loss) in the previous year of \$391 000.

Losses mount up and up, but the Government pours more money into the Jam Factory. Total grants by the Government from 1973-74 to 1977-78 amount to \$1 592 000. The total excess of expenditure over income, the losses, for the same period amount to \$1 229 800.

The present Jam Factory staff, particularly the board Chairman, have made valiant efforts to improve the situation, but it is the Government that is at fault. It is the Government's policy direction that is wrong. Fundamentally, its policy is ill-founded, simply because one cannot successfully socialise crafts. The Government should support craftsmen as individuals; it should support the craft association, because the factory concept with crafts will never work.

The hard facts are that generally the quality of products at the Jam Factory is not as high as those produced by individual craftsmen elsewhere in South Australia. I believe that the average standard is lower at the Jam Factory. Also, within a factory concept, all kind of scandalous situations arise, such as the payment of \$15 000 to a master craftsman on the termination of his services. That point was made by the Auditor-General in his report this year.

Other plans at the Jam Factory include entry into marketing and promotion, and products from the factory are to be marketed under new plans and schemes. However, the marketing of crafts is a task for private enterprise, for highly skilled professionals, and I do not believe that entry into the marketing area by the Jam Factory will improve the situation. Personally, I cannot see any future for the Government-sponsored Jam Factory. The thrust of the Government's assistance should be towards the craft association and its individual members. I state clearly that the Government is wasting its money at the Jam Factory. It is wasting the people's money and, instead of increasing its grants, the Government should radically change its policy.

Another area of concern that is apparent arises from representations I have received concerning the Minister of Health's administering of the Health Commission and the general establishment of the commission. To learn about the commission and its establishment I refer to the Auditor-General's Report (page 235). The magnitude of the cost of providing total health services in South Australia can be gauged by the fact that the sum of \$347 400 000 comprises the funds for the provision of

health and medical care services for the year 1977-78. That sum is divided into loans, \$29 800 000; operating receipts, \$28 200 000; Commonwealth Government assistance, including capital payments \$121 300 000; and State Government Consolidated Revenue, \$168 100 000. It is a vast undertaking, and in the past financial year nearly \$350 000 000 was spent. Commenting on the objects of the commission, the Auditor-General states:

... to achieve rationalisation and co-ordination of health services and the basic strategy is to provide for a central authority to determine aims and policy, allocate resources, monitor and co-ordinate services and for autonomous boards to manage the provisions of services accordingly.

Grave fears have been expressed about the establishment of the commission, and these were highlighted recently in an *Advertiser* feature article by medical writer Barry Hailstone, who referred to the commission and its problems under the heading "The Unhealthy Commission". In the first three paragraphs of that feature article he states:

After an uncomplicated natural birth South Australia's Health Commission maybe developing into a sickly infant. It is now nearly 18 months since the commission was established to bring radical changes to the administration of the State's \$300 000 000-a-year health and hospital service. But so far the first steps have not been taken. Hospital boards and administrators throughout the State are disillusioned; some authorities are pessimistic; and there is a rising wave of dissatisfaction and mistrust about the commission's promised intentions to give "autonomy and independence to the State's major hospitals".

He comments on the difficulties being encountered in the establishment of the commission, and reports on some of the criticism that he has found when he has made his research into the commission. Much criticism is being brought to me. I am under pressure continually to seek information from the Minister, and the time has come for the Minister to make a long detailed and prepared report to this Council about the present position. There have been troubles concerning 60 community hospitals from country areas about the formation of their boards.

Most of these troubles have centred around the fact that the Government wanted worker participation on hospital boards. Most boards want to be able to make their own decision whether or not to involve themselves in this respect. They certainly do not want to be told by the Minister that they must do so, or that, unless they do so, they will not be incorporated.

There is much unrest amongst these hospitals. I am sure the Minister will agree that in some country Government hospitals much criticism has been levelled regarding this matter. The situation at Whyalla continues to receive adverse publicity. It seems that at Whyalla, where an 11-person board must be formed, the Minister is insisting on appointing five of the members. Everyone knows that at least one of the other six members (I refer to the representative of the Combined Unions Council in Whyalla) will support the Minister. So, everyone knows that the Minister will control that board.

Another problem which has arisen and on which I should like to hear from the Minister is the claim that he is insisting on appointing the chairmen of these boards. It is said that the Minister will not allow the boards themselves to appoint their own chairmen.

The Hon. J. E. Dunford: You want the Liberal Party to run them.

The Hon. C. M. Hill: I do not. However, I want to see this operation successfully launched. I want to see the Government living up to its promise that it will provide independence and autonomy to all these boards

throughout the State. Also, I would like more information on the appointment of the chairmen, because I was asked yesterday what would happen if the Minister appointed a person as Chairman of a hospital board, and that person did not enjoy the board's confidence. What sort of arrangement would then exist in relation to happy, satisfactory and efficient working by the board?

Of course, the boards will not be working as they want to work unless their respective chairmen enjoy the confidence of their board members. Although this may be true in relation to some boards and untrue in relation to others, I have no alternative than to raise the matter in this Parliament and to seek explanations from the Minister.

I refer also to the large Government hospitals in Adelaide such as the Royal Adelaide Hospital and Flinders Medical Centre. When I was a guest at Flinders Medical Centre a few weeks ago for the opening of phases II and III of work there, it was pointed out to me by senior officers there that they have serious fears that the health administrators at what I will call the centre office are not willing to give up their power to allow autonomy, power and control to rest in an independent and autonomous board at Flinders Medical Centre.

If the Minister finally decides that that power should not be transferred, that is his prerogative. However, I point out that when the relevant legislation passed in this Chamber it was a clear undertaking that an important feature of the rationalisation process with the Health Commission was that independence and autonomy would be given to boards.

I was told at Flinders that the proposed constitution had passed four times between central office and the Flinders Medical Centre board, but that it was still unresolved. Judging from a report by Mr. Barry Hailstone in the *Advertiser*, it is the same story in relation to other larger institutions. Where are we getting with all this? As an example of this grave and serious concern, I refer to a letter dated 12 October which I received from a constituent, as follows:

I understand that the Health Commission has now been operating for one year. I am told that very little direction from the top has emerged in that time. It is said that practically no policy documents have been circulated; the only one in fact of a major nature is a document detailing the theoretical philosophy under which the commission could operate.

There is an abysmal lack of communication between the commissioners and the heads of departments responsible to the commission. It is queried why it was necessary for the Chairman of the commission to travel overseas (U.K.) for a short period of a month to do a crash course. Crash course in what?

A claim is made that no system of indexing files within the commission has so far been devised. It is suggested that the Minister should be asked to table all the policy documents and instructions issued by the commission for the guidance of senior staff.

I have a name of a person who you may like to contact at some stage. It is claimed that the staff ceilings which apply to the Public Service under the Government's direction to the Public Service Board do not apply to the commission. Based on the reply I received to my question today dealing with the relevant positions and the salaries applying thereto, this is probably so.

The Hon. D. H. L. Banfield: You're saying that a lot of new positions have been created. That's not the question you asked. You asked how many were advertised and how many came from the department.

The Hon. C. M. Hill: Question No. 5 is probably the one to which the Minister is referring. It was, "How many

of the newly appointed officers were employed previously in the Public Health and Hospitals Departments?" The answer to that question was, "20".

The Hon. D. H. L. Banfield: There are more than that.

The Hon. C. M. HILL: It says, "Hospitals Department, 20" and "Board of Health, two." So, that is 22 altogether.

The Hon. D. H. L. Banfield: Out of how many?

The Hon. C. M. HILL: I have not counted them. Does the Minister know the number?

The Hon. D. H. L. Banfield: No, but what's the answer to question No. 3?

The Hon. C. M. HILL: It is "29". Perhaps this matter could be cleared up when the Minister replies.

The Hon. D. H. L. Banfield: I'd rather we did that now.

The Hon. C. M. HILL: I want to know whether the constraints placed on the Public Service by Government policy, which constraints are referred to in the Treasurer's papers, are to apply to the Health Commission.

The Hon. D. H. L. Banfield: Yes, to health services.

The Hon. C. M. HILL: Well, I will certainly be doing some homework on the answers to the questions I received today. The letter to which I was referring previously continues:

The result is, it is claimed, that the commission is becoming top heavy with experts, all non-medical. They are data analysis experts, computer interpreters, etc., etc. It may pay to follow these matters up.

The Hon. D. H. L. Banfield: Who is that from?

The Hon. C. M. HILL: This letter was sent to me by a constituent.

The Hon. D. H. L. Banfield: That could be anyone. I had a request once to table a letter. Surely, the person is honest and would want us to know whether or not it is fair dinkum, or whether it was made up by you. Be honest about it!

The Hon. C. M. HILL: When constituents write to me, they do not want their names referred to in this Parliament.

The Hon. D. H. L. Banfield: If you're willing to read the letter, be prepared to say who wrote it before I ask that it be tabled.

The Hon. C. M. HILL: I do not intend to disclose the writer's name. This is not an official document.

The Hon. D. H. L. BANFIELD: Mr. President, the honourable member has said that he has received from a constituent a letter that he has read to the Council. I therefore ask that that letter be tabled.

The PRESIDENT: I do not think the Minister has the right to ask for it to be tabled but, if he can turn up something in Standing Orders which says he has the right to ask that the letter be tabled, I will consider it. This is not a document: it is a letter from a constituent that the Hon. Mr. Hill has quoted.

The Hon. D. H. L. Banfield: We are not sure whether it is fair dinkum. Perhaps he might be prepared to let me see it.

The Hon. C. M. HILL: I do not intend to disclose the constituent's name, but I can assure the Minister that it is a genuine letter that came to me. I ask the Minister for replies to the questions posed in that correspondence, and I have every right to do that. I can understand the Minister being upset, but he has a clearcut duty to answer questions raised in this Chamber.

The Hon. D. H. L. Banfield: I do not have a clear duty to answer questions raised in this Chamber by way of correspondence. If the honourable member wants questions answered, he (not the constituent) should ask the questions.

The PRESIDENT: I would like to clear up this matter, so that there is no controversy over it. A Minister may be

asked to table a paper, but a private member is not compelled to table a paper. Standing Order 450 states:

Papers presented pursuant to Statute, or by command of the Governor, or pursuant to an order of the Council, may be laid on the table without comment, at any time when other business is not before the Council.

There is no requirement that a private member must table a paper.

The Hon. D. H. L. Banfield: The Hon. Mr. Hill is not game to show it.

The Hon. C. M. HILL: I hope the Minister will reply, so that it can be seen whether or not those claims are justified. I ask the Minister what the position is regarding these promised constitutions. Have any of them been finalised? What are the Minister's expectations as to what progress he, as Minister in charge of the department, is making in regard to the establishment of the Health Commission? A complete and detailed explanation is needed, and I stress that the administration of the Hospitals and Health Departments, which are the Minister's responsibility, has not been good.

The Hon. J. E. Dunford: In your opinion.

The Hon. C. M. HILL: At page 241, the Auditor-General's Report, dealing with the frozen food service, which comes under the Minister's control, states:

Extract from Report of the Auditor—

1. The maintaining of stock control records was inadequate.
2. Expenditure does not include all costs incurred.
3. The financial control over operations was unsatisfactory.

I also refer the Hon. Mr. Dunford to page 243, dealing with financial control, as follows:

The accounting, operational controls and procedures do not ensure the accuracy and reliability of the accounting data, the provision of accurate stockholding information, and reporting on variances between actual performance and standard. Corrective action is required to assist management in the discharge of its responsibilities and ensure accountability of operations.

Deficiencies disclosed by audit were referred to the committee of management on 13 July 1978. Discussions have taken place and certain matters are being reviewed.

At page 246, the Auditor-General's Report, dealing with the Hospitals Department, states:

In previous reports comments were made on deficiencies in the financial management of the department. Some progress was made towards overcoming the problems encountered but further corrective measures are essential to achieve effective management control.

The Hon. J. E. Dunford: Things are improving.

The Hon. C. M. HILL: If the honourable member thinks that things are improving, I draw his attention to page 250, where, under the heading "Financial Control", the Auditor-General's Report states:

Whilst appreciating the difficulties that have confronted the department in implementing those changes, improved methods are needed to effectively manage the greatly increased financial resources and associated responsibilities.

Previous reports have adversely commented upon deficiencies in procedures and controls, some of which are still unresolved. In many cases too much time is taken before positive corrective action is implemented and some replies to queries are too generalised and require further follow-up.

Two of the most important areas requiring attention to bring about better control and greater cost containment are improved budgeting and reporting systems and the formulation of staff establishments at a level necessary to meet objectives.

At page 251, the report deals with food costs. On page

252, the Auditor-General criticises the South Australian Health Commission in the area of community health centres and canteens. He also criticises patient billing at Flinders Medical Centre and touches on computers. This matter has worried the Government so much that it has hived it off to a committee to review. I am looking forward to that committee's report. The Auditor-General's criticisms are referred to in the Treasurer's Statement before us. The Treasurer responds that there are many matters that are not resolved and will not be resolved because of the changeover to the Health Commission.

There is a tendency by the Treasurer to say we are entering a new operation, namely, the Health Commission: what has happened in the past has happened, and from now on it is expected that there will not be the same problems occurring. However, with the kind of record to which I have referred, I question whether the Minister is capable of administering a changeover in this \$347 000 000 operation from a department to a commission; if he is not, the hospitals and health delivery services as well as the patients will suffer, and that should not be allowed to happen.

I respectfully ask that the Minister, when replying, should not speak simply off the cuff in regard to this matter, but give a full statement of the problems he is encountering, his plans, his progress, and also his acceptance of the responsibility to continue with the changeover and make a full disclosure of criticisms which I have mentioned and which were published in the *Advertiser* on Saturday and in other ways. A full statement is absolutely essential. The people involved with the hospitals and health delivery in this State want to know whether autonomy is going to be a dream or a reality. Can the Minister assure us that, despite problems he is encountering, the future seems bright?

The last query I have deals with Parliamentary Paper No. 18, regarding comments by the Auditor-General that, during the year, costs of projects not proceeded with amounted to \$500 000 and that these were written off by transfer from Loan Account. The Auditor-General said:

During the year costs on projects not proceeded with and amounting to \$550 000 were written off by transfer from Loan to Consolidated Revenue. A further review of investigation and design costs revealed that additional projects totalling more than \$1 500 000 would appear to require similar action.

The action taken, as reported by the Treasurer, is not particularly satisfactory. I do not know in which department that occurred, but the reference is to page 265 of the Auditor-General's Report, which does not correspond to the printed Auditor-General's Report, and there must be a reasonable explanation for that. However, it is impossible for any member to know what that item means and, if \$1 500 000 of excess is being written off, Parliament should have further information about it. I ask for such an explanation.

In summary, I mention again that the budgetary position as the State entered the present financial year was

helped greatly by the accumulated surplus of \$18 400 000 that the Treasurer had at his disposal. I express appreciation to the Federal Government for the extra \$50 000 000 allocated this year under the untied grants system, and I hope the new federalism policy continues with further increases, so that more initiative can be taken by State Governments in expenditures without ties being inserted by Canberra.

I hope that the two areas of stamp duty to which I have referred (motor cars and houses), which affect young people particularly, will be examined or that the duty will be at least made comparable with that in other States. I also believe that there should be a full explanation of the enormous amounts being spent to fit out office accommodation for departments. Further, the Treasurer should apply surgery to his publicity department and save money in that area. He should also tighten the rein on the Adelaide Festival Centre Trust as I have explained, and he should stop wasting money at the Jam Factory. I should also like the Minister of Health to give the long explanation concerning the Health Commission in due course.

I have noted that the member for Mitcham in another place criticised the State Opera Company and its General Manager. I place on record, lest that criticism be interpreted as being shared by the Liberal Party, that I completely disagree with Mr. Millhouse on this matter. I have followed closely the development of the State Opera Company, observed the work of its administrators, and enjoyed its performances. At one stage, I was concerned that local artists were not being encouraged by the company. However, South Australia is fortunate now in having one of the foremost opera companies in Australia, and, like other organisations such as the State Theatre Company and the South Australian Film Corporation, the company should be praised and commended on its successful establishment. It does not deserve criticism.

The Hon. M. B. DAWKINS secured the adjournment of the debate.

LIBRARIES AND INSTITUTES ACT AMENDMENT BILL

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

STATE LOTTERIES ACT AMENDMENT BILL

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

ADJOURNMENT

At 5.6 p.m. the Council adjourned until Wednesday 25 October at 2.15 p.m.