LEGISLATIVE COUNCIL

Wednesday 26 February 1986

The PRESIDENT (Hon. Anne Levy) took the Chair at 2.15 p.m. and read prayers.

MINISTERIAL STATEMENT: LEGIONNAIRES DISEASE

The Hon. J.R. CORNWALL (Minister of Health): I seek leave to make a statement.

Leave granted.

The Hon. J.R. CORNWALL: As part of the ongoing process of regular reporting of progress of the investigation into the outbreak of legionnaires disease in the southern suburbs of Adelaide during December/January I wish to advise the Council of further developments. I emphasise that while a number of possible cases of the disease are still being traced and investigated, the number of confirmed cases remains unaltered.

The incidence of pneumonia in the community has clearly dropped since the period of the outbreak and public hospitals report that there are few, if any, current admissions which could be considered as possible legionnaires disease cases requiring further investigation. Members should bear in mind that there is a seasonal upswing in cases of legionnaires disease in South Australia each summer. On this occasion the unique feature has been the clustering of a larger number of cases in a relatively small area.

As a result of the extensive investigations conducted by the SA Health Commission's Public Health Service, in close cooperation with the E&WS Department, the Department of Environment and Planning, the Institute of Medical and Veterinary Science, hospital authorities and the medical profession, a clearer picture is emerging. The pattern of the December/January occurrence appears to be that of a cluster of cases closely associated with residence or work in Daw Park. A crescent of other cases lies up to 2 kilometres north and west of the central cases. Their connection with Daw Park is less likely, though some persons are believed to have travelled through that area. There are other cases located at a greater distance from Daw Park but these appear to have no history of activities connecting them with the southern cases. They probably represent the sporadic cases noted in past years in Australia and which have no discernible common source.

As I have explained before, legionnaires disease bacillus is a common environmental organism to which we have all probably been exposed but the disease itself is rarely recognised. Although we know that a quarter of the population has antibodies, indicating past infection, only 10 to 15 cases are reported in South Australia each year. The concentration of cases in the southern suburbs of Adelaide over a short period of time has provided for the first time—and probably for the first time in the world—an opportunity to study possible household sources of legionnaires disease bacillus and to try to determine whether those sources are significantly associated with infection. Following a major review of the world literature there appears to be no published documentation on household sources of the legionnaires disease bacillus.

A major part of the investigative process conducted in Adelaide over the past six weeks has been the sampling of household water supplies. Some hundreds of samples have been taken and the collection and testing of samples will continue for some time. Some of the results to date are unexpected and somewhat puzzling. *Legionella micdadei*, an organism similar to the legionnaires disease bacillus *legionella pneumophila*, has been found in the household water supplies of three of the eight southern cases but in none of the control households. Although *legionella micdadei* is known to have caused pneumonia in a few overseas patients on immune suppressant drugs, as far as is known it has never been associated with human disease in Australia. At this stage there is no scientific explanation why *legionella micdadei* only has been detected, but studies are continuing. A previous preliminary suggestion of a positive finding of legionnaires disease bacillus in a Kidman Park household has now proved to be negative.

A range of follow-up investigations will now be undertaken. The affected households will be retested to confirm the positive results and further specimens will be collected to identify, if possible, where the organisms are harboured. I am pleased to inform members that representatives of the hot water service industry will assist, where necessary, in the investigations which will include the examination of fittings such as taps, showerheads, pipes, water heaters and other associated equipment such as a water softener or filter. The industry has already been cooperating with the E&WS Department by allowing samples to be taken for bacteriology tests from water heaters which have been removed for repair. Tests will be conducted to try to determine what intervention is required to eliminate the organism, always presupposing that it is necessary and practicable to do so. This will involve studies on the effect of changes in water temperature settings, estimations of the amount of sediments in heaters and the effectiveness of flushing the systems. Since some households and institutions may store their hot water at relatively low temperatures in order to conserve energy, the relationship between that practice and the potential for growth of *legionella* bacteria will be assessed. Similarly, the effectiveness of sterilising techniques including the use of ultraviolet light to disinfect water close to the point of use may be useful in large institutions even though such a solution would not be practicable in a domestic situation.

The dearth of published studies on contaminated plumbing systems means that the exploratory work undertaken in South Australia is of a pioneer nature. While some information is available on water systems in large buildings, such as hospitals and hotels, the Health Commission officers are not aware of any proven and effective methods for eliminating the organism from domestic supplies. In addition to the extensive program of sampling and testing, the collection of information through interviews with neighbours of cases and the examination of household environments will continue.

Testing of other possible environmental sources of the December/January outbreak has included about 50 water cooling towers identified in the area. Although not all test results are available, the number of positive findings of *legionella pneumophila* is remarkably low with only towers at the Repatriation Hospital and a Mitcham shopping centre being found thus far. The serotype of the latter isolate is not yet known. Air-conditioning cooling towers to the north of Adelaide are now to be tested for comparison with the southern sample. Experience in some overseas studies would indicate that as high as 40 per cent of towers could be positive but that they are unlikely to be associated with human infection. It is not clear at all what factors make such towers the source of infections. Of the 18 samples fully tested from the Happy Valley water supply system so far, only one has been positive for *legionella*. This sample, collected from the end of a main in Thebarton, confirmed the presence of *legionella micdadei*. This organism has also been found in one air-cooling tower examined as part of the investigation. The State Water Labaratories now have some hundreds of water samples being processed.

The Department of Environment and Planning has carried out a number of calculations to try to establish the possible dispersal of water aerosols released from towers such as those under investigation. These indicate that in the middle of a clear day, with a wind speed of seven metres per second and a temperature of 21 degrees centigrade, the concentration of aerosol in the air rapidly reduces at a distance of more than 100 metres from the source. However, on a cloudy night with a wind speed of four metres per second and a temperature of 14 degrees centigrade (such as might be expected with a gully breeze), the aerosol may remain concentrated for a distance of up to 300 metres from the source.

After examining the distribution of cases in an arc to the north and west of Daw Park, the Department of Environment and Planning has advanced a possible explanation which requires the occurence of an atmospheric inversion. During an atmospheric inversion, when a hot air mass is trapped below much colder air, a plume such as smoke can be dispersed over a wide area. These inversions occur frequently in Adelaide on still summer mornings. Theoretically, an atmospheric inversion could have produced a 'fanning plume' capable of carrying aerosol as far as 2.4 kilometres from its source for a short time. It is not known, however, just how long a person would need to breathe aerosol at the calculated concentrations to accumulate an 'infective dose' of the organism. Once again there is no data on this aspect of the disease in the literature. Investigations are continuing.

QUESTIONS

LYELL McEWIN HOSPITAL

The Hon. M.B. CAMERON: I seek leave to make a short explanation prior to asking the Minister of Health a question about the Lyell McEwin Hospital.

Leave granted.

The Hon. M.B. CAMERON: Yesterday in this place I revealed the grave financial position of the Lyell McEwin Hospital, which faces a deficit for the present financial year of $500 000, according to Health Commission official documents. Despite the Minister's claim that the year end figure will be less than this, the documentation I referred to yesterday showed that even with savings from now until June there will be no appreciable change from the $500 000 figure. This deficit is predicted despite the Minister of Health describing the Lyell McEwin as 'one of the unsung success stories of the health industry during the past 22 months'.

According to information provided to me about the Minister's unsung success story today, it appears that the budget blow-out which I revealed to taxpayers yesterday is not the last financial problem of the hospital. I have today received information about two instances where the Lyell McEwin Hospital has owed substantial sums to private firms for an extensive period without the debts being met. One case relates to the firm Castle Bacon Pty Ltd, which is owed $4 000 by the hospital, including accounts extending back to 1983. Another case brought to my notice relates to a business which is owed $3 500 by the Lyell McEwin. That money has been owed for just over two years and the firm concerned has now been forced to undergo additional expense in attempting to get money which appears rightfully owed to it by an institution which the Minister claims to be one of his 'success stories'. It is likely that there are other examples of unpaid debts which have failed to come to light.

Not only is the Lyell McEwin expected by the Health Commission to overrun its budget by $500 000, but it appears to be failing to pay debts from earlier years, according to information provided to me. Will the Minister direct the Health Commission to take immediate steps to ensure that the Lyell McEwin Hospital honours its financial obligations, if it has not already done so, to suppliers which have dealt with it in good faith, in some cases, I am informed, for several years?

The Hon. J.R. CORNWALL: Really, I think that this has all the chances of developing into the C grade theatre of the absurd. For the Hon. Mr Cameron to suggest that the Lyell McEwin Hospital, which is a fully Government funded hospital and, therefore, has access to the full resources of the Government of the day, is unable to pay debts that are one, two or three years old amounting to a few thousand dollars goes beyond the border of irresponsibility. I am not aware of the particular accounts to which the Hon. Mr Cameron refers. I do not have the slightest idea as to whether or not they are matters which are being contested, but to suggest that the Lyell McEwin Hospital is in such perilous financial straits that it is unable to pay its accounts and that it is accumulating bad debts is of course so absurd that it shows that the Hon. Mr Cameron does not understand, or is indeed extremely desperate. Tomorrow, when I have had appropriate time to look at the metropolitan hospital funding situation generally, I intend to make a full ministerial statement.

I have done some preliminary work on the figures this morning, and in that ministerial statement it will become clear that the only thing that is different this year from last year, the year before or several years before that is that there has been some impact on hospital budgets due to devaluation of the Australian dollar. Such devaluation of the dollar, or the international monetary or economic situation, is not a matter over which I as Minister of Health, the South Australian Government, or indeed to a significant extent the national Government, have very much control. If we leave aside—

The Hon. M.B. Cameron interjecting:

The Hon. J.R. CORNWALL: Devaluation is not my fault. We will hear more about the fabled waiting lists later on, too.

Members interjecting:

The Hon. J.R. CORNWALL: There they are, forgetting nothing and learning nothing. Members opposite did not even read the weekend press. They continue in the same negative, carping, destructive way that they have for the past three years. I find that very encouraging from the point of view of the Government, in the sense that they are not an opposition at all. I find it very disturbing and am very pessimistic in another sense because it is said that good Oppositions make for good Governments. If that is so, there are good reasons for South Australians to be somewhat concerned at this time because this is undoubtedly the worst Opposition in living memory.

With regard to the present situation, what we have every year at this time is the half-yearly projection: that is not money actually spent (cheques actually written or money out of the barrel actually paid over in dollars and cents). It is the projection that the hospital makes on its budget to the end of the financial year. As I said yesterday (and as the Hon. Mr Cameron does not seem able to understand), the only figure that matters is the one on 30 June. Every year we have projections at about the halfway mark as to where hospitals are likely to finish. I will be able to give examples tomorrow. I do not intend at this stage producing figures from memory, because I am insisting on the integrity of financial information that I supply to the Chamber just as I insist on the integrity of financial and management

information supplied from the hospitals to the commission and anywhere else.

I will read in the interim a minute addressed to my Chief Administrative Officer this morning over the signature of Mr G.J. McCullough, Acting Executive Director, Central Sector, as follows:

Further to my minute to you dated 5 February 1986, I provide an updated report on the projected end-of-year situation for the Lyell McEwin Health Service.

In summary, the Health Service has to date only had a relatively minor overrun in payments of $130 000, but the Health Service projects an end-of-year overrun of $540 000.

Action to be taken by the Health Service will reduce this projected overrun by $279 000, and additional funds which will be provided by the Central Sector for specific items amounting to $162 600 will leave a balance of $98 400.

So at this moment, because of actions taken by the commission in the course of its normal administrative duties—and they are doing this in all the hospitals—

The Hon. M.B. Cameron: Yesterday.

The Hon. J.R. CORNWALL: Not yesterday at all. This has been going on for several weeks. The Hon. Mr Cameron should not misrepresent the situation and should not make his position any more foolish. Yesterday he read from a letter dated 23 January. So, this has been going on for weeks in all of the hospitals, as it does every year. The Hon. Mr Cameron is a very foolish fellow to carry on in this matter because he is further alienating his natural constituency.

The Hon. L.H. Davis: Is that relevant?

The Hon. J.R. CORNWALL: It is entirely relevant to the advice I am trying to give to members opposite to upgrade their game as an Opposition, because members opposite are a sad lot.

Action to be taken by the health service will reduce this projected overrun by $279 000, and additional funds, which will be provided by the central sector for specific items amounting to $162 600, will leave a balance of $98 400—not half a million dollars, as the Hon. Mr Cameron alleged yesterday. I believe that this balance can be funded through the central sector funding incentive scheme on a one-off basis for 1985-86. This action will enable the health service to achieve a balanced budget for 1985-86.

RESIDENTIAL TENANCIES ACT

The Hon. K.T. GRIFFIN: I seek leave to make an explanation prior to directing a question to the Attorney-General on the subject of Vice Squad criticisms of the Residential Tenancies Act.

Leave granted.

The Hon. K.T. GRIFFIN: I have been contacted by a constituent who is distressed about the operation of the Residential Tenancies Act to protect the owner of a property which is being used as a brothel. The constituent purchased property and leased it to a man for six months, with the tenancy to expire in March 1986. Last Saturday morning the owner had a visit from police, saying that the property is being used for the purposes of prostitution. That was the first time that the owner had heard about the misuse of his property.

The police indicated that up to 30 men visit the property each day and that one woman, who was using the property, was charged in January this year with offences relating to the use of the property for prostitution. On Saturday morning, immediately the owner became aware of the problem, he completed a form 7, under the Residential Tenancies Act, which requires a minimum of 14 days notice to the tenant to quit.

Last evening the tenant telephoned the owner, laughed at him, and said that the owner would not be able to get him out of the premises. That clearly indicates that the tenant is going to fight the notice to quit. On this basis, the owner has been informed by the Residential Tenancies Tribunal that after 14 days notice expires, on Saturday week, he will need to attend at the tribunal on the following Monday morning—a further two days loss—and seek a hearing. The tribunal will take two or three days to convene a meeting of the parties, and then the tribunal may give seven days notice of eviction to the tenant. That means that at least a month will expire between the notice to quit being given and the eviction occurring—if matters move along speedily and the tribunal grants the order for eviction.

The other difficulty is that the police showed the owner photographs of the interior of the building, and it is clear that the interior has been severely damaged by the occupants, but the owner cannot even inspect the premises in these circumstances unless he gives seven days notice of intention to enter for that purpose, and when he does inspect the premises he will have considerable difficulty in getting sufficient money from the tenants for the purpose of covering the cost of repairs. Yet another application will have to be made to the tribunal for an order to forfeit the bond money which has been paid.

While all this is going on men are still coming and going from the premises, and both the police and the owner are powerless to stop that. The Vice Squad has indicated that it is aware of at least 15 other places that are being rented out and used for similar purposes, and where the owners are not aware of the use to which the premises are being put. The Vice Squad has indicated to my constituent that its hands are tied, that it cannot do anything under the Residential Tenancies Act and that it can only watch the comings and goings. There is a severe deficiency in the Residential Tenancies Act.

I am prepared to make the name of the owner and the address of the premises available to the Attorney-General on a confidential basis, for the purpose of investigating the matter and taking whatever action he might be able to take to resolve the impasse. Obviously, the owner does not want his name released, or details of the location of the premises released, because he must relet the premises when he finally achieves vacant possession. My questions to the Attorney-General are:

1. Will he immediately review the Residential Tenancies Act with a view to providing some more speedy mechanism to allow for the eviction of tenants in circumstances such as those to which I have referred?

2. Will he investigate the problems faced by my constituent with a view to giving him every assistance to obtain vacant possession as a matter of urgency?

The Hon. C.J. SUMNER: The honourable member has attempted to paint a quite dramatic picture of circumstances which, had they existed 10 years ago in this State, it is likely that it would have taken his constituent some six months to get the person out of the premises. The honourable member knows full well that getting people evicted from premises under the old legislation, going through the legal procedures of that time, took much longer than under the Residential Tenancies Act—and indeed it was much more difficult than under the existing legislation. The honourable member has attempted to blame—

The Hon. R.J. Ritson interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: —the Residential Tenancies Act for a situation which, if it had occurred prior to the introduction of the Residential Tenancies Act, would have taken much longer to resolve through legal proceedings. That is the first point. In other words, it is not a problem with the Residential Tenancies Act, as such: the Residential Tenancies Act provides a much quicker means of resolving

disputes than was the case under the old legislation. That is the fact of the matter, and the Hon. Mr Griffin knows it. But, oh no, because people on his side of the Council opposed the Residential Tenancies Act when it was introduced (one of the most significant reforms introduced in the 1970s to protect tenants and to give landlords a chance to have disputes resolved more speedily)' they now seek to find reasons to criticise the Act without the honourable member describing the history of the matter.

The first point that I make is that, had this situation existed 10 years ago before the Residential Tenancies Act came into existence, it probably would have taken much longer to deal with the problem than the period the honourable member has outlined. It is not the so-called new law—the Residential Tenancies Act—which is causing the delay in having his client's problem resolved. The honourable member can tell his client that he has a better chance under this Act of having the matter resolved speedily than was the case 10 years ago. So, we can leave aside the implied criticism of the Residential Tenancies Act—it is good legislation. The honourable member raised a number of other points. First, the landlord has remedies under the legislation which, as I have said, are much more expeditious than they were under the old legislation. If the tenant, as the honourable member alleged, laughed at the landlord, that is something that will have to be resolved by the Residential Tenancies Tribunal. I am not sure whether the honourable member suggests that without proof the tribunal should be able to remove the tenant.

The Hon. K.T. Griffin: The Vice Squad will give you that.

The Hon. C.J. SUMNER: Maybe it can; obviously it has given it to the honourable member. If this place is operating as a brothel, as I understand the law that is illegal. If it is illegal and the Vice Squad is complaining, I would have thought the squad would have taken some action. However, according to the honourable member, it has not. I am not quite sure what the Hon. Mr Griffin wants me to do. If he observes 10 or 20 people walking in and out of a particular house at night, does he want me to close it down and throw out the people without establishing what activities are going on in the premises?

According to the question, apparently the Vice Squad has established that it is a brothel, and it says that it cannot do anything about it under the Residential Tenancies Act. If it has established that it is a brothel, my understanding of the law is that that is illegal; it is illegal to conduct a common bawdy house or a brothel. Perhaps the honourable member could have made that point clear. It is not impossible for the tenants to be removed—that is clear. There are procedures under the Residential Tenancies Act which are much more expeditious than existed previously. No doubt the police could give evidence at the tribunal hearing when the application comes on. I would fully expect the tribunal—and it is a matter for the tribunal to consider—to deal with the matter expeditiously in these circumstances.

Once again, I am not entirely sure what more the honourable member wants. Furthermore, I assume that this friend of the honourable member—this constituent—would have asked for a bond to be paid to him. That bond would have been paid into the residential tenancies fund. So, if there is damage to the property caused by the tenant as a result of these activities, his constituent will have a right to apply to the tribunal for forfeiture of the bond. The Hon. Mr Griffin knows that that is a fact, but he is suggesting that his constituent is somehow left lamenting. That is not necessarily the case. The landlord has rights before the tribunal. The honourable member also mentioned a number of people being observed walking in and out of these premises, and that was the basis of the evidence for the Vice Squad to say that it was a brothel. I can only repeat on that point: that it was a matter for the Vice Squad to take action, if there was any breach of the criminal law.

If the squad, as the honourable member apparently suggests, is aware of 15 other premises being used as brothels by tenants, and it is aware that the landlords are unaware of the premises being used in this way, why did not he suggest to the squad that it notify the landlords that that is what is happening in these premises? I would have thought that that was a fairly simple procedure and, indeed, for the honourable member to have followed. It seems to me that there is no substantial case for a review of the Residential Tenancies Act. The time limits involved in getting people out are very short, given that people have certain rights to dispute matters before the tribunal. I am certainly happy to receive the name of the honourable member's constituent.

The Hon. K.T. Griffin interjecting:

The Hon. C.J. SUMNER: No, I am not blaming the honourable member's constituent for going to see him.

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: I am blaming the honourable member because he comes into the Council and attempts to misrepresent the situation relating to the Residential Tenancies Act. He attempts to ascribe opinions to the Vice Squad which, apparently, he has not even been in touch with. The honourable member has admitted by interjection that he has not been in touch with the squad.

However, he ascribes opinions to them in his explanation. Again, how can the honourable member do that? My criticism is of the honourable member not even for asking the question but for attempting to dramatise the matter and also attempting to misrepresent the situation in the explanation that he made prior to asking his question.

With respect to the individual constituent, I can assure the honourable member that I bear that person no malice, and he obviously has a problem that he wants examined. I am quite happy for the Hon. Mr Griffin to give me the name of the constituent, and I will pursue the matter on his behalf as vigorously as I can.

The PRESIDENT: Before calling on the next questioner, I would just point out that some interjections have suggested that the Minister was fairly far ranging in his answer to the question. I would also point out that the question was fairly far ranging. Although the Hon. Mr Griffin sought leave to ask a question about Vice Squad criticisms of the Residential Tenancies Act, the actual questions which were asked did not relate only to Vice Squad criticisms but ranged far more widely than that. In view of that, I gave latitude to the Minister to also be wide ranging in his reply.

GAMES NIGHTS FOR GAYS

The Hon. R.I. LUCAS: I seek leave to make a brief explanation prior to directing a question to the Minister of Youth Affairs on the subject of games nights for gays.

Leave granted.

The Hon. R.I. LUCAS: Last weekend the *Sunday Mail* carried a story referring to games nights for gays, an idea evidently to teach young people skills for working with young people in the gay community. The article indicated that this idea had been generated by a study commissioned by officers of the Youth Bureau, the Health Department and the Department of Community Welfare. My questions to the Minister are: who were the members of the working party? Over what period did the working party meet? What other ideas have been generated by this working party, and is the Minister pursuing any of these ideas? Will the Minister make copies of this study available publicly?

The Hon. BARBARA WIESE: I am not able to answer the majority of those questions. I am not sure who was on the working party or, in fact, how many times it met or what other issues it looked at. I am aware of the project to which the honourable member refers, the games night for gays which, I understand, is a matter which is currently being examined by the Minister of Employment and Further Education. The newspaper article mentioned the Minister of Labor being responsible for this matter, but I understand that in fact the Minister of Employment and Further Education is looking at this question. I do not know whether he has reached a decision on that issue. However, I will seek a report from the Minister about that matter and the other issues raised by the honourable member.

ASER DEVELOPMENT

The Hon. C.M. HILL: I ask leave to make a short statement before directing a question to the Minister of Tourism on the subject of the proposed exhibition area within the convention centre which, in turn, is part of the ASER development.

Leave granted.

The Hon. C.M. HILL: I know that the Minister of Tourism is very interested in this matter of the convention centre. Back in July of last year she was photographed down at the construction site at the moment of the pouring of the initial 300 cubic feet of concrete for the floor of the centre. She had a shovel in one hand, was wearing a tin hat and was right in the midst of the pour, but because of her high heels and the clothes she was wearing at that time one could not suspect her of being a member of the BLF.

The Hon. Barbara Wiese: I was wearing my wellies.

The Hon. C.M. HILL: The photograph clearly indicates very modern high heeled shoes, so perhaps the Minister left off her wellies for the photograph and wore them for the other part of the inspection. The point of my raising the subject is that members will recall that initially, as I understand it, the plans for the convention centre were announced and approved, and then there was public discussion as to the need for an exhibition area to be incorporated within that convention centre. At the time this made very good sense because, as part of modern conventions, those who are promoting their products and their wares want to exhibit these items for those attending the convention to inspect, and so forth. I think I can recall Mr Graham Inns, as spokesman for a committee investigating the matter, indicating that there was a great need for such an area, and the Government's approving its inclusion.

I have been informed recently that these plans concerning the exhibition area may have been deferred or, in fact, rescinded entirely. This information—which came from a reliable source—worries me very much. Have the plans for the exhibition area been either deferred or rescinded and, if so, what were the reasons for this change?

The Hon. BARBARA WIESE: The matter of the ASER Convention Centre and ministerial responsibility for that complex rests with the Premier. Members of the management committee report directly to the Premier on matters relating to ASER. My information is probably not as up to date as it might be if I was the responsible Minister. However, I am not aware of a plan for the exhibition area being either deferrred or rescinded, but I have some recollection that a proposition was recently put to the Premier about this matter. Whether or not he has made a decision on that issue, I am not sure. However, I will obtain a report from the Premier and bring back a reply as soon as possible.

ELECTORAL SYSTEM

The Hon. J.C. IRWIN: I seek leave to make a brief explanation before asking the Attorney-General a question about the electoral system as it relates to the Senate.

Leave granted.

The Hon. J.C. IRWIN: The Minister will remember my explanation and question last week regarding unfair State electoral systems. In his reply the Minister said:

> There is a Senate Standing Committee on Constitutional Affairs investigating a Bill introduced by my good friends the Australian Democrats and that Bill introduces electoral systems based on one vote one value throughout Australia.

In his reply to my question last Wednesday, the Minister left no doubt in my mind that he supported Commonwealth Government intervention in the States with unfair voting systems and in particular the States of Queensland and Western Australia. Whilst everyone appears to be concerned about the perceived gerrymander of State governments, all appear to ignore the constitutionally entrenched gerrymander of the Senate which was instituted and which has been maintained as recognition of the need for electoral minorities to have a weighted vote in the Senate.

In relation to Senate representation, the position would be, based on one vote one value of the Australian population, as follows: New South Wales, with 34.7 per cent of the population would have 26.4 seats; Victoria, with 26.6 per cent of the population would have 20.2 seats; and South Australia, with 9.2 per cent of the population would have 6.9 seats. First, does the Minister agree that the Senate does not in fact reflect one vote one value of the Australian population, as does this Council and, secondly, will his Government oppose any move, whether based on external affairs powers or referendum, which would seek to move the Senate representation towards one vote one value of the total Australian population?

The Hon. C.J. SUMNER: I think that the honourable member is confusing a number of matters. The Government's policy is for fair and equitable electoral systems and that is usually encapsulated in the phrase 'one vote one value'. That is generally taken to mean that it is unfair for an electoral system, where there are single member constituencies, to have one constituency that has, for example, 5 000 constituents represented by one member and another constituency with 40 000 constituents represented by one member. As you well know, Madam President, and as I am sure all members know, that was the situation that pertained in South Australia in the 1960s, and it was patently unfair. Eventually, it was recognised to be unfair by the Parliament.

There are some notable proponents on the side of the honourable member opposite who in the 1970s supported electoral reform. The Hon. Mr Hill was one such person. Indeed, the Hon. Mr Cameron took his stance so far as to leave the Liberal Party in the cause of electoral reform. That is what is generally referred to as one vote one value and in this State we have a system where the quota—that is, the number of electors in each constituency—that is determined cannot vary by more than plus or minus 10 per cent.

When talking about one vote one value other people argue that you cannot have it unless you have a proportional representation system of voting. I will not embark upon that more general discussion. However, it is clear that in the lower Houses of the two States that have been mentioned by the honourable member—Queensland and Western Australia—there is a gerrymander; there is a disproportionate number in the electorates represented by one member. In Queensland, it is clear that the National Party, which holds office, has a majority in the Parliament with some 35 or 37 per cent of the vote. Surely that is not a situation with which the honourable member can agree.

Surely that is not a situation with which the Liberal Party can agree and, as I understand it, it is not a situation with which the Liberal Party in Queensland agrees.

If it is possible to get fair electoral laws by the vehicle of Senator Mason's Bill, I certainly have no objection to it. The Bill, as it is, I think, would need some amendment if it were to be enshrined in the constitution because, as it is at the present time, it may not allow any tolerance from the basic quota that is determined. Those are the general principles.

However, the honourable member has now attempted to bring the Senate into discussion. The Senate was established to represent the States' interests and there is a lot of argument as to whether it does that. The Senate, like most Houses in the Australian Parliaments, is dominated by the Party system. In so far as it represents the States, there are equal numbers of Senators from each of the founding six States of the Federation. I do not see any intention to alter that situation, so to suggest that I would support a proposition whereby representation in the Senate of South Australians was according to the proportion of people in South Australia is not correct. The Senate representation is representative of the States, and Senators are elected by a proportional representation system. If we had a unitary system of Government throughout Australia, then the argument might be different, but we do not: we have a federation. The States are represented in the Senate by equal numbers and, as far as I know, there is no suggestion that that ought to be changed.

ADELAIDE CHILDREN'S HOSPITAL

The Hon. R.J. RITSON: I seek leave to make a brief explanation prior to asking the Minister of Health a question about the role of the Adelaide Children's Hospital.

Leave granted.

The Hon. R.J. RITSON: In recent months there have been some rumblings from the direction of the Adelaide Children's Hospital to the effect that it has a standstill budget or worse. An objective observer might consider that the role of general paediatrics in South Australia is at a standstill level and, indeed, it is a fact that in recent years and decades the development of general paediatric facilities in community hospitals and in some of the newer public hospitals has caused a drift away from the Adelaide Children's Hospital of some of this general paediatric work. Certainly, there has not been any growth in the quantity of that sort of work at that hospital, but the hospital has, in an *ad hoc* sort of way, begun to develop areas of high technology and high specialisation of national and indeed world excellence in some specific areas.

First, does the Government have a specific policy for encouraging the development of the hospital along those lines? Secondly, is the Minister aware that, in the development of areas of excellence in general, people from other countries could make special contributions but, because of the general hierarchical structure and salary scales in our public hospital system, do not?

Thirdly, does the Minister consider that, in the development of centres of excellence, there is a place for special contracts which would not disturb the general salary structure of the health services here but which would allow finite appointments of overseas experts at a suitably attractive salary for specific projects?

The Hon. J.R. CORNWALL: The honourable member rambles around a bit. However, like most of Dr Ritson's explanations and questions there is a good deal of meat in the sandwich and I will attempt to answer in the same serious and responsible manner in which the question was asked. First, with regard to the allocation of standstill budgets, the Children's Hospital, of course, has received supplementation to its annual budget of around $1.5 million in real terms (that is, over and above normal allowances for inflation) over the past three budgets.

There was a specific supplementation that I am sure people will recall after Dr Dutton and I had a friendly chat out there in 1983. What came to light out of that was that, although the hospital framework was rich in committees for communication (in fact, there were more communication terminals than one would find at the Adelaide telephone exchange), but there was no way in which they were connected, so there was great frustration and a great breakdown in communication. It was only after a fairly traumatic period in my early time as Health Minister that we were able to unclutter that. But the intensive care area alone received supplementation in that particular year which was built into subsequent budgets, of many hundreds of thousands of dollars.

That is the $1.5 million in real terms in a total hospital budget approaching $40 million, so it was not a standstill situation over that three year period. Also, we are well advanced in planning for the stage 4 redevelopment, which involves a capital cost in 1985 dollars of $27 million. Therefore, it cannot be said that the Children's Hospital is at a standstill in that sense. It has, over recent years, as a matter of deliberate policy by successive Governments, had its actual number of beds reduced from a peak at one stage, I think, of around 275 to something more like 225 at this time.

It is not intended that it should have more beds than that in the forseeable future. There are paediatric facilities that have been developed in other hospitals, notably at the Flinders Medical Centre, which has a 60 bed paediatric facility, and for primary and tertiary level care it is appropriate that it should have, because it services the southern areas of Adelaide. There are proposals to upgrade paediatric facilities at the Queen Elizabeth Hospital, both paediatric and, in particular, adolescent health facilities.

There are proposals for the Children's Hospital and Flinders Medical Centre jointly to take on the organisation and oversight of the clinical services of the new child and adolescent mental health services, so it is taking on a new adolescent mental health role. That is quite a new, interesting and challenging area of endeavour for the Children's Hospital.

It is involved with an outreach service to the Second Story. Dr Richard Cockington, I am pleased to say, is directly involved in organising and delivering clinical services at the Second Story. He will, on his way home from an adolescent health conference in the United Kingdom in the near future, visit The Door in New York. So, there is certainly a decanting of primary and secondary level paediatric facilities, quite appropriately, but the policy is, and remains very strongly, that the Adelaide Children's Hospital is the paediatric centre of excellence in South Australia. It is a very good paediatric centre of excellence.

I am sure, also, that Dr Ritson would be aware that we are currently appointing members to a scientific committee which will, over a five year period, be responsible for putting in place a specific Paediatric Research Institute. That will be the first specific medical research institute of its kind in this State.

So, there are a lot of things happening in and around the Children's Hospital. That PRI will be physically based in the Clarence Rieger Building after it has been cleared of asbestos and completely refurbished as part of the $27 million program.

There are many good and exciting things happening at the Children's Hospital. It is, indeed, a centre of excellence.

Finally, with regard to the hierarchical structure and salary levels, they are of course agreements in the industrial sense and are, to some extent, inflexible. It makes it difficult to organise special contracts, whether short or long term. Last year I was involved (and I will not go into the specifics or details of that involvement) in looking at the possibility of attracting an extremely well qualified specialist from the United States to work in an area at the RAH and Children's Hospital jointly. In the event, we were not able to devise a package which would have in any monetary sense competed with what was available in the United States.

I was also directly involved in keeping one of our more eminent local specialists in South Australia. There, of course, we had to compete. In fact, I have been involved in this on more than one occasion. When one sees the packages that are put together to attract specialists (particularly with head of unit status) to privately endowed institutions in the United States one sees that, quite frankly, within our established structure we have no hope of matching them.

There are several reasons why we keep these people here: they know that we have the best organised health service in Australia; they know that Adelaide is a very pleasant place in which to live; and there is, indeed, a very good medical academic atmosphere generated within our teaching hospitals and centres of excellence. The honourable member is quite right: we need to look further at the possibility of developing special contracts, whether short or long-term, in specific instances. That will be done with some difficulty because SASMOA, like other trade unions, is legitimately and actively involved in looking after the interests of their members and I do not believe that they want to see existing industrial agreements broken down.

FESTIVAL PLAZA

The Hon. L.H. DAVIS: I seek leave to make a brief explanation before asking the Minister of Local Government, representing the Minister for the Arts, a question about the Festival Plaza.

Leave granted.

The Hon. L.H. DAVIS: The Adelaide Festival Centre complex provides a theatre, playhouse and a multi-purpose space for year round use. It is widely acclaimed and again will be the venue for several key attractions at the Jubilee Festival of Arts commencing this weekend. However, the Festival Plaza remains unloved, unused and largely ignored by the population of Adelaide and visitors to it. The controversial Hayek sculptures have been likened to Lego and the huge expanse of concrete is invariably devoid of life.

The ASER project with its convention centre and hotel, as well as the already opened casino, will dramatically increase pedestrian traffic in the vicinity of the Festival Plaza. Quite clearly, this central location can be put to better use than is presently the case, although it is pleasing to see that this area will be utilised during the Festival of Arts. Any modification of the Festival Plaza would obviously have to be in sympathy with the Festival Centre and other adjacent buildings, including the Constitutional Museum and Parliament House. The jubilee year seems to be an appropriate time to closely examine the possibility of softening the harsh aspect of the Festival Plaza and putting it to more practical use. My questions to the Minister are:

1. What progress has the Government made in establishing a working party of people with an interest in the area, together with persons of appropriate expertise to examine and report on alternative uses for the Festival Plaza?

2. Could the public be encouraged to make suggestions for its use, as it is an area for the community to enjoy: it is the people's plaza?

The Hon. BARBARA WIESE: The matter of the Festival Plaza has been a matter of considerable concern to the Government for some time, not only in relation to the presentation of the area itself but also the condition of the plaza. I am aware that a working party was established some time ago. It looked at this question and put together some suggestions about the way the structural and aesthetic problems, to which the honourable member has referred, could be overcome or alleviated. I am not sure of the stage that the discussions have reached at this time. However, I shall refer the honourable member's question to my colleague the Minister for the Arts in another place and bring back a reply.

SIMS FARM

The Hon. PETER DUNN: I seek leave to make a brief explanation prior to asking a question of the Minister of Tourism, representing the Minister of Agriculture, about Sims farm.

Leave granted.

The Hon. PETER DUNN: Many of us would remember that last year there was a long and protracted negotiation as to the establishment of Sims farm as part of the Cleve Area School. I have been contacted by one of the members of that school council who has told me that the council has received notice that a charge of $3 700 will be made for rental of the property. That was indeed a shock to members of the school council, and one must consider that they are already putting in a considerable amount of free labour to help the school put in the crop. They have negotiated for the fertiliser to be paid for over an extended period; for the fuel costs not to be paid until the harvest has been reaped; and for the chemicals to be paid for at a time further down the track.

Further, the school council is also contributing tractors, ploughs, cultivators, harrows, seeding machinery, spray equipment and harvesting and trucking equipment—all for free. It is estimated that it will cost about $10 000 to seed the crop. Should there be any profit from the crop (and that will be subject to the season) it was estimated that that would go back into the capital improvements on the farm, and I understand that there is some scope for that. My questions to the Minister are:

1. Does the Government intend to transfer the title of Sims farm from the Minister of Agriculture to the Minister of Education? If not, will the Government transfer it to the Cleve Area School Council?

2. Does the Government intend to still impose a rental of $3 700 on the Cleve Area School Council for the use of Sims farm?

The Hon. BARBARA WIESE: I understand that this matter is being dealt with through the Education Department rather than through the Minister of Agriculture or the Department of Agriculture. Discussions have taken place concerning the rental for Sims farm, and the matter is currently under review. I shall refer the honourable member's questions to my colleague in another place—whichever Minister is the more appropriate, whether it be the Minister of Agriculture or the Minister of Education—and I shall bring back a report on the latest situation.

QUESTION ON NOTICE

HMAS *WHYALLA*

The Hon. C.M. HILL (on notice) asked the Attorney-General: Will the Minister provide replies to the questions

asked in this Council during Question Time on 31 October 1985, concerning the retention, rehabilitation or restoration of HMAS *Whyalla*, at Whyalla?

The Hon. C.J. SUMNER: As always, I am pleased to be able to respond to the honourable member with the following reply. The Corporation of the City of Whyalla owns the HMAS *Whyalla*, which was the first ship built at the Whyalla shipyards. The corporation, in conjunction with the Department of State Development, is currently investigating the relocation of the vessel to an inland site to form part of a tourist complex. The development is proposed to include, apart from the *Whyalla*, a museum of shipbuilding and historical description of the development of Whyalla, and the steel and shipbuilding industries, together with a tourist information office.

Funding for the establishment of the project will be sought from the Federal Government's Steel Regions Assistance Scheme. The History Trust has had some minor involvement with the HMAS *Whyalla* over the past few years, although not in actively assisting with the refurbishment of the *Whyalla*.

ENERGY RESOURCES

The Hon. I. GILFILLAN: I move:

1. That a select committee be appointed to inquire into and report upon—
   - *(a)* The pricing and supply of natural gas in South Australia including reserves, prospectivity, cost of exploration for and production of gas and the need for any change in current and future contractual arrangements.
   - *(b)* The role of the South Australian Oil and Gas Corporation and the extent to which this organisation should be subject to public scrutiny and control.
   - *(c)* Present energy decisions regarding future power needs in South Australia.
   - *(d)* The most economical means of providing South Australia's future power needs with due consideration of environmental factors and local employment and in particular the relative advantage of—
     - (i) an interstate connection;
     - (ii) importing black coal;
     - (iii) development of local coal fields;
     - (iv) Northern Power Station Unit 3 and further development at Leigh Creek.
   - *(e)* Possible technologies for the development of South Australian coal resources.
   - *(f)* The 'Future Energy Action Committee, Coal-Field Selection Steering Committee, Final Report'.
   - *(g)* Alternative sources of energy.
   - *(h)* Methods of conserving energy.
   - *(i)* The advantages and disadvantages of having the portfolios of both Mines and Energy in one Government department and under the control of one Minister.
   - *(j)* Any other related matters.
2. That in the event of a select committee being appointed, it consist of six members and that the quorum of members necessary to be present at all meetings of the committee be fixed at four members and that Standing Order No. 389 be so far suspended as to enable the Chairman of the select committee to have a deliberative vote only.
3. That this Council permits the select committee to authorise the disclosure or publication, as it thinks fit, of any evidence presented to the committee prior to such evidence being reported to the Council.

This motion is identical to one which was successfully debated in this Chamber last year in the previous Parliament. Therefore, I do not intend to speak at length on this motion. I will make reference to the previous *Hansard* speeches relating to the motion so that honourable members can refresh their memories and refer back to comments made in speeches on this matter made last year. However, at this stage I indicate that the Democrats still believe that the issues to be dealt in the select committee are just as vital and critical to the future of South Australia now as they were last year. Virtually nothing has changed.

The debate—if one could call it that—last year really only identified the areas of uncertainty and the options that are available. Honourable members who take the trouble to look at the terms of reference will see that they will invite contributions on the whole gamut of energy supply and use in South Australia for generations ahead. Paragraphs *(g)* and *(h)* refer to alternative sources of energy and methods of conserving energy, and these terms of reference are as important as are any others for this select committee. The Democrats are firmly convinced that, whatever improvements there may be in the short term so far as supply and price of natural gas, the most appropriate choice for a coal field, the proper decision as to whether interstate connection or importation of black coal has a relevant future, the indisputable fact still remains that sources of energy from renewable sources, the conserving of energy and the more efficient use of energy are by far the most rewarding ways for the State to go in this whole issue of energy production and use.

I think it is unfortunate that up until now as a community and a society we have been intoxicated with the production and use of more energy without any real regard for the profligacy of that, with very little, if any regard for the diminishing basic finite resources of coal, gas or oil. We are still head in the sand in our attitude to our own consumption of finite resources. I am certain that in the work of the select committee emphasis will be placed and brought forward (by those who make submissions) seeking to change the insensitivity and lack of awareness of our responsibility to finite resources for energy.

Paragraph (i) in the select committee's terms of reference refers to the Ministry controlling energy, which is normally the Mines and Energy portfolio. We have recognised that it can often mean there are conflicting interests involved in one Ministry. Through the work of the select committee I hope that some light can be thrown on the advantages and disadvantages of having both those portfolios together. The Democrats believe that there may very well be distinct advantages in having them as separate portfolios so that there is no conflict of vested interest in mines, mine development and royalties from mining clashing with what we believe is the responsible use of energy, the frugal use of energy and restraint on the use of energy. I commend the motion for the establishment of a select committee and trust that it will have the support of both the Government and the Opposition.

I remind both Parties that they supported the motion last year. In fact, I refer to *Hansard* 18 September 1985 at page 989 where I introduced the motion for the establishment of a select committee; on 9 October 1985 at page 1159 the Hon. Gordon Bruce responded and sought leave to conclude; on 23 October 1985 at page 1443 the Hon. K.L. Milne and the Hon. B.A. Chatteron spoke, with the Hon. Brian Chatterton seeking leave to conclude; on 30 October 1985 at page 1631 the Hon. Brian Chatterton concluded his remarks and indicated Government support for the motion; on 6 November 1985 at page 1830 the Hon. Martin Cameron expressed some surprise at the timing of the motion due to the imminent election—and how right he proved to be in the event. Perhaps one could describe it as an extraordinary flash of prescience. The Hon. Mr Cameron said:

As a matter of form the Opposition is prepared to support the motion.

I hope that the Opposition will see—

The Hon. M.B. Cameron: I said more than that.

The Hon. I. GILFILLAN: The Hon. Mr Cameron said more than that, but they are the words that I quote at this time. I hope that the Opposition's support for the motion

will be more than a matter of form and that it will enthusiastically support it. I urge the Council to support the motion.

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

AUSTRALIA CARD

The Hon. DIANA LAIDLAW: I move:

That this Council convey to the Federal Government its strong opposition to the introduction of a national identification system, incorporating the Australia Card, because the proposal—

(i) Is a simplistic response to the need to combat tax avoidance and social security fraud;
(ii) Represents an unwarranted intrusion into personal liberties and basic rights;
(iii) Has the potential to legitimise false identities;
(iv) Ignores overseas experience which confirms it is virtually impossible to confine their use;
(v) Cannot guarantee that personal information will be secure;
(vi) Does not address how the system will be enforced;
(vii) Is questionable in terms of the cost benefit estimates.

This motion is essentially the same as the motion I moved in this Chamber on 23 October last year. The only difference on this occasion is the tense in which the motion is expressed. The earlier motion was supported by the Hon. Martin Cameron and the Hon. Robert Ritson and I thank them for their support at that time.

The Hon. M.B. Cameron: We still support it.

The Hon. DIANA LAIDLAW: That is welcome news. The motion lapsed when Parliament was prorogued in early November. In the period since 23 October I have neither heard nor read of any grounds to alleviate my many concerns in relation to the imposition of a national identification system incorporating the Australia Card. In fact, the opposite is the case. At the outset of my remarks today I acknowledge that I am heartily sick and tired of my opposition to the Australia Card being interpreted as a willingness to condone and even encourage practices of tax evasion and welfare fraud. The fact is that I share, in common with all who do not evade their tax responsibilities or exploit opportunities for tax avoidance, a resentment to shouldering unfairly a tax burden that should be met by others.

The current abuse of both the tax and welfare systems is undermining the credibility of both systems. I am as keen as the next honest taxpayer to see the implementation of effective measures to curb abuse of both systems. What I do not and cannot accept is the proposition that the introduction of an Australia Card is the most effective means of curbing such abuse. What I do not and cannot accept is the Federal Government's insistence that the card must be accepted by the Australian people as an essential part of its so-called tax reform package. Many times I have heard the argument that those who oppose the Australia Card have something they wish to hide. However, the real issue is not what an individual may have reason to hide but what an individual will have to reveal. In fact, I question whether those who choose to base their support for the card on such a simple proposition appreciate the implication of their argument.

Their argument supports the creation of an atmosphere in which the absence of the presumption of innocence is viewed as acceptable in the fight against crime. The presumption of innocence, until proven guilty, is a basic human right in our democracy. When I addressed the subject of the Australia Card in this place last October I explained at some length my numerous objections to the introduction of the card and highlighted where I believed the Federal Government had not responded to concerns about the implementation and effectiveness of the card.

I do not intend to recycle all those arguments on this occasion. However, before outlining the developments that have occurred since last October I remind honourable members that the introduction of the Australia Card—or indeed any system of national identification—was not part of the Labor policy at the last Federal or State elections, nor indeed of the Liberal Party, the National Party or the Democrats. It was simply one of various options dreamt up by Treasury officials and included in the white paper for discussion by participants at the taxation summit last July. After superficial consideration the proposal received general approval as a means of minimising tax evasion and welfare fraud. Since that time the scheme has snowballed in a manner that reminds me of a *Yes Minister* television farce.

Fortunately, in mid October last year Federal Liberal, National Party and Democrat members of Parliament were sufficiently alarmed by the Federal Government's headstrong resolve to introduce the card that they joined forces to demand that the Government provide answers to wide-ranging concerns about the effectiveness of the card, and various implementation provisions.

Notwithstanding considerable reluctance on the part of the Federal Government, a joint select committee was established at that time to determine that the card would save more than it cost; that it would be effective in combating fraud and tax evasion; and that there would be adequate protection of privacy. The committee is due to report back to Parliament on 31 March. It held its first public hearings in Sydney and Melbourne at a time when most people were winding down in anticipation of the Christmas holidays.

That fact prompted the *Age* at the time to note that the interest shown by members of the public in response to the committee's call for submissions was remarkable, especially noting that it was near Christmas. As far as I can determine, most of the evidence that has been presented at these hearings and since, with the marked exception of that presented in recent days by the Federal Department of Health and the Health Insurance Commission, have either raised doubts about the value of the card in meeting the Government's objectives, questioned the integrity of the card if a photograph or fingerprint is not required, or expressed concern about the adequacy of measures to protect an individual's privacy and civil liberties. The accumulation of such doubts and concerns prompted a member of the joint committee, the Deputy Leader of the Australian Democrats (Senator Janine Haines) to state on 2 February that her earlier doubts about the card were now stronger.

Whilst I do not wish to take the time of the Council to name the wide range of organisations and people who have lodged objections, and to outline in each instance the content of their objections, it is important that honourable members are reminded of the content of some of these submissions and the range of organisations and people lodging concerns.

First, the Australian Federal Police Association on 28 December accused the Federal Government of perpetuating a giant hoax. The association claimed that the introduction of the card would present an intolerable burden for police, and lead to boom times for suppliers of forged birth certificates. The association also doubted that the Government had considered the implications of misuse and the need for investigative staff to conduct inquiries and launch prosecutions.

Secondly, Mr Frank Costigan, head of the Painters and Dockers Royal Commission—a Royal Commission that focused on tax fraud and organised crime—noted on 6 February that he was strongly opposed to the introduction of the Australia Card. He said that those supporting the Australia Card had yet to show that the evil the card was to correct was worth the cost. He said:

You do not have to go anywhere near that far to cure the problem of tax avoidance and evasion. To use the card for these purposes is like using a jackhammer to crack a nut.

Third, Mr B. Meagher QC, who assisted Mr Costigan in his inquiry, advised the joint committee also on 6 February that the proposed ID system was draconian and unnecessary. He said that the system would be ineffective in dealing with organised crime, tax avoidance, evasion of unrecorded cash labour transactions and the tracing of illegal immigrants.

Fourth, individual medical practitioners, based on their experience with Medicare, have highlighted to the committee the grave risks of fraud associated with a computerised surveillance system as proposed for the ID card, and the failure of the Health Insurance Commission so far to maintain confidentiality of its existing records. I may well add that the Hon. Dr Ritson in October last year made many of the same points when speaking to the motion.

Fifth, Mr Roger Clark, Reader in Information Systems at the Australian National University, advised the committee that he steadfastly opposed the system on technical, economic and social grounds. He noted that it would facilitate the concentration of Government information about Australians and would bring about a significant shift in the relationship between the individual and the State by increasing the power of information-rich public servants over the public.

Sixth, the South Australian Attorney-General on behalf of the South Australian Government outlined in a letter to the committee on 14 January that identified 14 major privacy and civil liberty problems that needed to be 'adequately met before it was prepared to determine its final position on the merits of the card.'

Seventh, the Westpac Banking Corporation in its evidence advised the committee that it allows and would continue to allow a known customer to open another account in a false name if an excuse was given such as the customer not wanting a spouse to know about the money.

Eighth, the Department of Foreign Affairs in evidence yesterday advised that it expected no real value to occur to the department through the use of the card, despite the fact that the Government has proposed that the use of the card be mandatory in obtaining an Australian passport and locating illegal immigrants.

Ninth, representatives of PAIN—a group that I have not heard of until recently (and PAIN stands for People Against Identification Numbers)—alerted the committee to the fact that it was preparing a booklet entitled 'How to Get Australian False IDs'. The group claimed to the committee that criminals are well practised in establishing false identities and it was PAIN's intention to widely disseminate information on criminal methods and to encourage people to establish multiple identities in order to sabotage the Australia Card system.

The evidence of Westpac and, in particular, the submission by PAIN add a new dimension to discussion on just how effective and secure the system would be. Their evidence reinforces one of the principal points I made when speaking on this subject last October. At that time I emphasised that, even if a card could be produced which cannot be counterfeited (and that is open to question), the card itself would have to be issued on the basis of some form of identification. For this purpose, a range of suggestions has been made from birth certificates to passports and drivers licences. It is, however, well known in each instance that such documents can be forged or obtained illegally. In New South Wales, for instance, birth certificates do not indicate whether the subject of the certificate has died, making it quite a simple matter to obtain a birth certificate of a deceased person.

Mr Justice Stewart, in his Royal Commission into drug trafficking, in the interim report No.2, highlighted the fact that forgery of proof of identity papers should not be dismissed lightly, and said:

It is known to be common throughout Australia and has been used extensively in such areas as passport fraud.

Meanwhile, most honourable members will recall that just two weeks ago we witnessed in South Australia the arrest of four young people from New South Wales for alleged possession of 28 bogus drivers licences, to be used for converting into legitimate South Australian licences. At the time of the arrests the police were reported to have said that the licences with the false names attached could be used as identification for credit purposes or, alternatively, offered for sale in South Australia.

There is no doubt in my mind that unless the integrity of a person can be established beyond doubt at the point of issue of the Australia Card, the national identification system as proposed would be a boom for the cheat and the criminal. Such concerns have already been expressed by the Department of Social Security and the federal police, amongst others. Certainly, overseas experience confirms that where ID cards have been adopted they have become a popular means to aid and abet, not thwart, those wanting to establish a false identity in order to defraud the taxation and welfare systems within their respective countries. I question whether we are so isolated in Australia from world experience that we cannot recognise that if we adopt a system where ID cards are the gilt-edged proof of identity we will be institutionalising an easy and effective avenue of fraud, whether by the forgery or theft of such cards or the sources of identification upon which such cards are issued.

Another matter that I wish to address briefly is the number of conflicting statements issuing from Canberra over the past few weeks, the essential aim of each being to convince the Australian public to support the Australia Card. For instance, I noted that Dr Blewett, the Minister responsible for overseeing the introduction of the system, has been reported on numerous occasions over the past month reassuring us that there would be no requirement to carry the card, meanwhile suggesting that to do so would merely help people to facilitate transactions.

In contrast to these statements that appear quite conciliatory, it is interesting to note the submission to the joint committee by his own Department of Health, entitled 'Towards fairness and equity'. At page 205, it states:

It is recognised by the Government that to ensure that the Australia Card program is effective, use of the card (see Chapters 3 to 5) must be mandatory for:

(a) specified financial transactions;
(b) employment purposes; and
(c) obtaining Commonwealth benefits, allowances, pensions, subsidies or other income support.

Persons who do not produce an Australia Card or number would, according to the circumstances, either be prohibited from undertaking the financial transaction, be taxed at the highest marginal rate, be denied access to the benefit or entitlement, or be subject to other sanctions as appropriate.

It is interesting that the department has not seen fit to define what other sanctions may be appropriate but, when one reflects on that statement, it is totally at odds with what the Minister has said.

On the question of revenue, we are again being presented with almost daily revisions of the estimated sum to be recouped. We should not find it surprising perhaps that, in a climate where the Government is trying to sell the proposal, the daily revisions are becoming ever more attractive. When I last spoke in October, I highlighted the alarming variations between estimated revenue gains. By the sixth year, the interdepartmental committee had estimated the gains to be $960 million. Meanwhile, the Committee on the

National Identification System suggested a lower figure of $740.7 million. A later report by the Treasury estimated $554 million, which is just under half the gains estimated some six months earlier, yet last week the Department of Health, in its submission to the joint committee, estimated that the taxation revenue gains would be $551 million after four years of operation, or $724 million if the card included a photograph.

However, this week senior taxation officials advised the joint committee that the Department of Health's figures were conservative and suggested that the Federal Government could recoup 75 per cent more than estimated by the department. They were more convinced of that figure of 75 per cent if a photograph was included on the card but, upon questioning, the taxation officials conceded that their figures were based only on qualitative assessment and guesswork. They added that the Taxation Department had no files on tax evaders, and they had no knowledge of the way in which evaders would behave if an identity card was introduced.

I have highlighted these areas of conflict between the statements made by the Minister of Health, his departmental officials and also officials from Treasury and other Government departments, because I believe that they serve to undermine the validity of the argument that the card will be in the best interests of all Australians. I suggest that their argument is based more on mere hope than it is supported by facts.

Before concluding, I repeat that I am keen to see the implementation of effective measures to curb abuse of the taxation and welfare systems in this country. What I find most infuriating about this whole subject is that the Federal Government is willing to commit vast sums of money to embrace a national identification system (a new and most questionable initiative), but is loath to direct extra funds to ensure that existing investigative and detection systems operating within the Taxation and Social Security Departments or within the federal police service operate effectively and efficiently.

I would argue that, by starving the investigative systems of funds, the Federal Government has helped to undermine the credibility and effectiveness of our present systems. In the process it has fostered a climate in which people are very anxious to accept any initiative to ensure that taxation and welfare evasion are minimised, even such a radical and ill-considered initiative as a national identification system. However, I suggest that few people who claim to be relaxed about the introduction of an ID system appreciate that an ID card will not affect the major processes of taxation evasion. It will not inhibit bottom of the harbour schemes, tax havens, dividend stripping or other *quasi* legal rackets that from time to time flourish. An ID will not make taxable cash economy payments, or stop people minimising their income in advice to the Department of Social Security, and it will not stop money being laundered through false bank accounts, as company bank accounts will not have to produce an ID card. I suggest that it is little wonder that the federal police have been prompted to call the Government's enthusiasm for the Australia Card a giant national hoax.

In conclusion, while I am totally against the imposition of any form of national identification system in this country, the motion I have moved is confined to the Federal Government's current proposal to introduce a card without photograph or fingerprint. I staunchly believe that the card as proposed undermines the whole integrity of a national identification system. On this and other counts that I noted on 23 October last, and again today, I hope that this Council will support the motion to register with the Federal Government our strong opposition on a variety of counts to the introduction of the Australia Card.

The Hon. R.J. RITSON: This motion was before the Council prior to prorogation last year and, as such, it has been debated to some extent already, but it is restored to the Notice Paper and I feel that I should, in conscience, rise briefly to give some support to what the Hon. Miss Laidlaw has already said.

I have no sympathy for people who defraud the revenue and the taxpayers in various ways. I very much want to see measures taken to crack down on such fraud. The difference between myself and the proponents of the card is that, like the Hon. Miss Laidlaw, I do not believe that the card will be a cost effective way of cracking down on this fraud. I suppose that the more dramatic forms of fraud which depend on the question of identity would be the situations in which, through the use of false documents of another kind—perhaps drivers licences or birth certificates—a person will adopt multiple identities and make multiple fraudulent claims for social services. Indeed, recently there was a report in the newspapers relating to somebody who had multiple identities and, over a period of a couple of years, had received something like $180 000.

That sort of instance, of course, creates shock waves in the community and I suppose that the instant gut reaction is to tighten up on proof of identity. I remind the Council that not all fraud turns upon the question of identity: there is a vast amount of fraud against the taxpayer going on in the community by the simple failure to disclose information which would disqualify such a person. Probably one of the most common forms of obtaining benefits by people who are not truly needy is the case of persons who, as a matter of record, are supporting parents but who, as a matter of fact, are supported by a *de facto* mate, and sometimes supported very well.

That problem hinges not upon the identity of the persons receiving the benefit, but on their willingness to be honest about the other support they are receiving. Although I have the greatest sympathy for people who find themselves in an impoverished situation as a result of marital breakdown or desertion by a *de facto*, it is a fact of life that a substantial number of people do obtain benefits, not by adopting a false benefit but by simply failing to declare that they are not truly needy because they are receiving support from a friend.

Another area that would not be helped by the concept of the Australia Card would be the black economy. A modern feature of today's economy is the practice of performing work, perhaps tradesman's work, in the home and quoting a price based on the assumption that the person being paid for the job will not pay tax. The price for carpentry or work about the house can be markedly different depending on whether or not the job is paid for in unmarked $2 bills or a crossed cheque. Already that arrangement amounts to a collusion to deprive the Taxation Commissioner of his due revenue, and to require that identity based on the Australia Card be disclosed as part of such a transaction would be quite futile.

As I have said already, the black economy depends on collusion. If the Australia Card were introduced it would simply be a case of, 'If you do not show me your card I will not show you mine.' Supposing there is a catch rate of people who are perpetrating fraud, is it cost effective? I, like the Hon. Miss Laidlaw, have anxiety in this area, particularly since the Federal police have expressed those same anxieties. The Medicare card is quite a simple piece of plastic and in many cases covers families. An Australia Card, obviously, to be at all effective, would have to be more elaborate and tamper-proof and cover individuals rather than, as in many instances, families: so, rather than the seven million Medicare cards, we would have to have

substantially more than that. They would cost substantially more. I do not know what their wear out rate would be.

The Hon. Diana Laidlaw: If it's anything like my American Express Card, it wears out very quickly.

The Hon. R.J. RITSON: Which way does it wear out?

The Hon. Diana Laidlaw: Both.

The Hon. R.J. RITSON: We already have a situation with Medicare of seven million cards being initially issued. Replacement is at the rate of about every three years. They cost more than a dollar each. Australia Card would have to be a more elaborate and extensive service. One of the things that nobody has answered satisfactorily for me is the question of how one provides an Australia Card identity that is any more reliable than the identity originally used to obtain the card.

In order for a card to be issued to me that reliably says who I am I have to provide the Government with some other evidence of who I am. What do I use? Do I use a passport? We are already told of the difficulties with false passports. The Federal Government, in trying to tighten this up, has recently introduced the requirement of applying for your passport in person. Does this mean that in order to be equally reliable we will have to apply for the Australia Card in person? We know that we did not apply for our Medicare card in person. We know that we filled out a form and received it by post. Will we all need to be interviewed?

The Hon. Diana Laidlaw: Many people received that automatically, too.

The Hon. R.J. RITSON: Yes. Obviously, the Federal Government considers that the multiple questionnaire one filled out to get one's passport and the special knowledge one had to have (such as one's mother's maiden name) is not good enough unless one attends in person. Now, if the Australia Card is to be a better and more reliable source of identification than a passport, surely we will have to attend in person and be interviewed for our Australia Cards. I would be interested to know from the Hon. Miss Laidlaw whether anyone has looked at the logistics of issuing these cards on the basis of a personal interview per card holder. If every Australian over the age of 18 has to be interviewed by another Australian perhaps we should all join the Public Service for a short time and interview each other so that we can be issued with Australia Cards.

The Hon. Diana Laidlaw: There has been concern expressed by the business community about whether they pay for the people to do it in their own time or whether the Government would pay for a person's time off from the work place for this purpose.

The Hon. R.J. RITSON: Yes. I am also concerned about the ongoing trouble that will be caused—not the frauds in our midst—to the ordinary citizen now encumbered with this card when the card is mislaid? We can draw some inference from the Medicare situation because there are provisions for administrative procedures when a person goes to their doctor without the Medicare card.

The Government told us when Medicare was first introduced that it was not compulsory to have a card; one still got one's benefits. However, what happens when a patient goes to a doctor without a card is that it is encumbent upon the doctor to discover whether that person has had a card or not and whether that person has, in fact, enrolled. The doctor is instructed not to accept the patient's word but to telephone a particular Medicare number and give the patient's personal details over the phone, whereupon the doctor will be told whether the person is or is not enrolled.

If the person is enrolled the doctor will be told the Medicare number. If the person is not enrolled, the instruction is that the doctor must then use one of the forms he is provided with to enrol the patient on the spot. If the doctor does not go through these motions and an account is rendered without the Medicare number, or with the wrong Medicare number, the account will not be paid, so I guess that with seven million cards in circulation, if one person in a hundred who attends the doctor each day forgets their card, the system must be generating thousands of phone calls daily across the nation to sort this out. Obviously, if one's Australia Card is meant to be a much tighter and more secure piece of plastic, the loss of the card will not be fixed by a quick phone call without identification.

Obviously one needs to identify oneself to get a new card. What does one use to identify oneself with? Would it be something better than the Australia Card or something worse? Would one use one's driving licence? If it is satisfactory to replace a lost card by identifying oneself with one's driving licence, why not just use a driver's licence to begin with? The whole thing is absurd in practical terms. It can only possibly touch matters where fraud is dependent upon identity. As I mentioned, a lot of fraud is not dependent on identity but on some other false representations, such as concealment of income and the like.

It will be expensive in a way that I do not think anyone really understands or has thoroughly costed. One doubts very much whether it will be a more secure form of identification than those presently existing, since the initial issue of the card and the replacement of it will have to use some other identification than the card itself. As I have said, if that other identification is satisfactory for the issue of a card, why issue the card in the first place?

Finally, I take the point that Miss Laidlaw raised as to the possible widespread intrusions on human freedom brought about by the demanding of the card to be shown for various purposes. The Federal Government has stated that the use of the card will be restricted to certain areas such as application for social services, certain banking transactions and taxation purposes. But I demonstrated in this Council late last year that already the South Australian Health Commission was planning a patient information identification data bank to be based on the Australia Card number. I really cannot believe that other organisations, perhaps finance companies, etc., would indeed take up the Australia Card system as a convenient data base. If one forgot to take one's card one could strike administrative difficulties when dealing with a finance company or a building society. So, I see a whole range of irritations and inconveniences developing which will affect all Australians, yet the card will probably have an ineffectual impact on social security fraud and tax avoidance. In those respects I sympathise entirely with the Hon. Miss Laidlaw and for those reasons I support the motion.

The Hon. J.R. CORNWALL secured the adjournment of the debate.

LOCAL GOVERNMENT ACT AMENDMENT BILL

The Hon. BARBARA WIESE (Minister of Local Government) obtained leave and introduced a Bill for an Act to amend the Local Government Act 1934. Read a first time.

The Hon. BARBARA WIESE: I move:

That this Bill be now read a second time.

The Local Government Act Amendment Bill makes a number of amendments to the Local Government Act designed to provide greater flexibility for councils to promote schemes for the benefit of the community, improve the administration of the Act and repeal obsolete and archaic provisions.

For some time there has been concern in local government that the existing provisions are not sufficiently flexible

to enable councils to implement a wide range of schemes to provide services or facilities which, although not seen as traditional local government functions, will improve the quality of life for the community and/or promote economic development. Proposals coming within this class include the provision of remote area television receivers and cable networks in country areas, and schemes developed by traders to levy separate rates to be applied to promoting the area or portion of an area, similar to the rate levied on Rundle Mall traders to promote the mall. The Bill provides for a council after consultation with its electors to be able to submit for the approval of the Minister a scheme for the carrying out of any undertaking for the benefit of the area, and empowers the council to give effect to the scheme if authorised by the Minister.

The Bill contains a provision extending the maximum terms of lease of the Adelaide Oval from 25 to 50 years. The extension of the term of lease will enable the Adelaide City Council to extend the S.A. Cricket Association lease of the oval, providing the additional security of tenure needed by the association to finance the much needed upgrading of oval facilities.

The Bill contains a number of provisions designed to improve the administration of the Act, for example, by providing that councils may by resolution temporarily suspend the passage of traffic in streets for special community events such as carnivals, Jubilee 150 and 1988 bicentennial events.

As part of the rewriting of the Local Government Act, the opportunity is being taken to repeal a large number of archaic or obsolete provisions relating to such activities as ferries (now the responsibility of the Minister of Transport) and hide and skin markets, together with provisions inserted in the Act with expiry dates now passed or for special purposes which are no longer required. I seek leave to have the explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clauses 1 and 2 are formal.

Clause 3 inserts a new section 34a in the Act to provide that the association may carry on the business of providing workers compensation insurance to councils.

Clause 4 amends section 47 to enable the Governor to provide, in a proclamation made under division VI of part II, for the adjustment of the term of office of a member of a council.

Clause 5 amends section 48 by providing that when the office of a member of a council becomes vacant the chief executive officer is to notify other members of the council and the Minister.

Clause 6 amends section 49 of the Act to provide that an annual allowance payable to a mayor or chairman may be paid in monthly instalments.

Clause 7 amends section 54 so that a member cannot be precluded from voting on a matter affecting a non-profit organisation in which the member or a person closely associated with the member is a director or member.

Clause 8 amends section 63 of the Act to provide that each elector present at a meeting of electors is entitled to vote in the elector's own capacity and where the elector is a nominated agent in the elector's capacity as nominated agent.

Clause 9 amends section 66 of the Act to provide that a person appointed to act in the office of chief executive officer for more than three months must hold a certificate of registration issued by the Local Government Qualifications Committee or have the appointment approved by the Minister.

Clause 10 amends the Act by inserting a new section 68a which provides for the delegation by the Local Government Qualifications Committee of any of its powers or functions to any member of the committee or any advisory committee or a member of an advisory committee.

Clause 11 amends section 101 of the Act to provide that a candidate in an election is not eligible for appointment as a scrutineer in the election.

Clause 12 amends section 150 by removing the requirement that the council and the Minister be notified of a member's failure to submit a return.

Clause 13 repeals section 286 of the Act. This section deals with the payment of council moneys.

Clause 14 amends section 292 by removing the entitlement of an elector to inspect accounts. This is now provided for in section 64 of the Act.

Clause 15 amends section 293 by removing the reference to 'the Auditor-General' as the Auditor-General no longer has the power to inspect a council's accounts unless appointed by the council.

Clause 16 amends section 305 to provide that on the vesting in the council of any street, road or land to be declared a public street, road or land all private rights shall be discharged.

Clause 17 repeals Division XIII of Part XVII dealing with the right to use streets, footways, etc., formed and drained, etc., at the expense of the landowners.

Clause 18 amends section 358 of the Act by providing that the erection of safety islands, etc., by a council is subject to the provisions of this Act or any other Act.

Clause 19 inserts a new section 359 in the Act providing that a council may by resolution exclude vehicles generally or vehicles of a particular class from a particular street, road or public place. Such resolution is not to take effect until it is published in the *Gazette* or a newspaper circulating in the area.

Clause 20 repeals section 365b and substitutes a new section enabling a council to authorise the erecting or placing of a stand or shelter for milk containers, a stand, platform or ramp for loading or unloading goods or animals, a rubbish container or a letter box on a public street or road within the council area. The section also provides that the council may revoke an authority given and cause the structure to be removed. A penalty of $1 000 applies to a breach of the section.

Clause 21 amends section 377 of the principal Act to enable a council to enter into a contract with a local government body established under the law of another State or Territory of the Commonwealth.

Clause 22 inserts a new Part XVIIIA in the Act which provides that a council may propose a scheme to carry out any activity (not otherwise authorised by the Act) for the benefit of the council area. The proposal setting out certain information is, prior to submission to the Minister, publicised to enable any interested member of the public to make submissions. One month after the date of publication the council shall hold a meeting to hear any submissions and to resolve whether to carry the scheme into effect or not.

If the council decides to adopt an alternative scheme the council shall cause a fresh public notice to be given and hold a further meeting unless the council is satisfied that those affected by the alternative scheme have had an opportunity to consider it and make any submissions or that the alternative scheme differs from the original in minor respects only. Upon the completion of the hearing at the council meeting a copy of the submissions, proposal and council's resolution shall be forwarded to the Minister who has the opportunity to require additional information or make any

amendments considered necessary. If the Minister consents to the scheme a copy shall be published in the *Gazette* and the council may give effect to the scheme from the date it is so published.

Clause 23 repeals sections 444, 445, 446, 447 and 449b of the Act which protected the rights of debenture holders under Acts that are now repealed.

Clause 24 amends section 475a of the Act by striking out an outdated reference to the Road Traffic Board of South Australia.

Clause 25 amends section 475i of the Act to include bailee in the definition of owner.

Clause 26 repeals section 481 of the Act which empowered the City of Glenelg to lease certain parts of the foreshore for 50 years from 6 December 1923.

Clause 27 repeals sections 521 to 527 (inclusive) of the Act which provide for the installation of sewerage mains which are now dealt with under the Sewerage Act 1929.

Clause 28 repeals Part XXIX of the Act which provided for the operation of ferry services which are now provided for by the Highways Department.

Clause 29 amends section 628 of the Act by striking out the outdated reference to the word 'surveyor' and substituting the word 'council'.

Clause 30 amends section 667 of the Act by striking out by-law making powers with respect to the following:

- sewerage and drainage;
- regulating, controlling or prohibiting the passing along streets, roads and public places of vehicles;
- ferries.

Clause 31 amends section 668 by removing the requirements for the making of a by-law under that head of power. This amendment is consequential upon the amendment to section 667 (1) III.

Clause 32 amends section 679 by striking out the subsection dealing with a resolution relating to the temporary suspension or prohibition of traffic or closure of streets or roads which is now provided for by the amendment proposed in clause 19. Subsection (3) of section 679 is amended to provide that a resolution shall not take effect before it has been published in the *Gazette*.

Clause 33 amends section 682 by providing that a resolution disallowing a model by-law shall be published in the *Gazette*.

Clause 34 amends section 691 by providing the Governor with power to make regulations prescribing the manner in which money received by councils shall be dealt with and the manner in which payments by councils are to be made.

Clause 35 amends section 748d of the Act by providing that the amount of an expiation fee is to be prescribed and that an authorised person is a person appointed under Division VI of Part VI of the Act.

Clause 36 repeals section 752 which provides that a council member absent for more than three consecutive meetings without cause, shall be fined $200. This situation is now covered by section 48 (1) *(e)* of the Act.

Clause 37 amends section 794a to provide that an authorised person who believes on reasonable grounds that an offence against this Act or a prescribed Act has been committed may give that person a notice permitting the offence to be expiated by payment of a fee within 21 days from the date of receipt of the notice.

Clause 38 amends section 855 to extend the form for which the Adelaide oval may be leased from 25 years to 50 years.

Clause 39 repeals sections 877 and 883 of the Act which are now obsolete.

Clause 40 repeals sections 886a and 886b of the Act which are now obsolete.

Clause 41 repeals Part XLVII of the Act which is now obsolete.

Clause 42 repeals Part XLVIII of the Act which is now obsolete.

Clause 43 repeals the seventeenth schedule to the Act which is now obsolete.

The Hon. DIANA LAIDLAW secured the adjournment of the debate.

PRIVATE PARKING AREAS BILL

The Hon. BARBARA WIESE (Minister of Tourism) obtained leave and introduced a Bill for an Act to regulate, restrict or prohibit the use by the public of private access roads, private walkways and private parking areas; to make special provision for the enforcement of provisions relating to private parking areas; to repeal the Private Parking Areas Act 1965; and for other purposes. Read a first time.

The Hon. BARBARA WIESE: I move:

That this Bill be now read a second time.

It repeals the Private Parking Areas Act 1965 and enacts new legislation to regulate, restrict or prohibit the use by the public of private access roads, private walkways and private parking areas and to make special provision for enforcement of provisions relating to private parking areas. The Private Parking Areas Act 1965 was enacted for the purpose of controlling land used by the public, with the consent of the owners thereof, as private access roads, parking areas, or pedestrian walkways to premises.

The owners of private parking areas and interest groups representing disabled persons have become concerned that the Act in its present form is ineffective. The principal areas of concern are the need for proper enforcement of the Act, the adequacy of signs indicating the nature of controls, method of dealing with offences, and abuse of the right to use a private parking area. The Bill addresses these concerns by—

(1) Providing that the owner of a private parking area may enter into an agreement with a council to enforce the Act.

(2) Not including a requirement contained in certain provisions of the Private Parking Areas Act 1965 that a driver of a vehicle must be requested to remove the vehicle before an offence is committed.

(3) Providing that offences under the Act shall be committed by leaving a vehicle parked or standing contrary to instructions or directions appearing on or indicated by any sign, road marking or notice with respect to the parking or standing of vehicles.

(4) Providing that only vehicles displaying a Disabled Persons Permit issued by the Registrar of Motor Vehicles pursuant to section 98r of the Motor Vehicles Act may stand in areas set aside for disabled persons.

(5) Providing for the prescribing by regulation of a code of practice for signs and/or road markings.

(6) Providing that both the owner and driver of a vehicle shall be guilty of offences under the Act.

(7) Providing that where an agreement referred to in (1) is entered into, offences reported by authorised officers under the Local Government Act 1934 may be expiated upon payment of a prescribed expiation fee.

The proposed amendments are not intended to introduce parking controls of the complexity of those currently operating in relation to on street parking but to put in place

such controls as will ensure the orderly and safe use of private parking areas. I seek leave to have the detailed explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clauses 1 and 2 are formal.

Clause 3 repeals the Private Parking Areas Act 1965.

Clause 4 provides for the definition of expressions contained in the measure. The following definitions are noted:

'Authorised officer' is defined as a person who is an authorised officer for the purposes of the Local Government Act 1934 and includes a member of the police force:

'Exempt vehicle' is defined as any exempt vehicle within the meaning of section 40 of the Road Traffic Act 1961:

'Owner', in relation to land, is defined as—the holder of an estate in fee simple in that land; any person who has possession of the land by virtue of a registered estate or interest in that land; and in relation to land that is not alienated from the Crown—the Minister or instrumentality of the Crown that has the care, control and management of the land, and a reference to the 'owner' of a private walkway, private access road or private parking area is a reference to the owner of the land on which the walkway, access road or parking area is situated.

The clause also contains definitions of 'disabled persons parking area', 'loading area', 'no standing area', 'permit parking area' and 'restricted parking area'.

The areas in which the use by the public is regulated, restricted or prohibited pursuant to the Bill are also defined. 'Private access road' is defined as a road provided on land by the owner for access by vehicles or pedestrians (or both) to premises on that land, and marked by a notice denoting it as a private access road. 'Private parking area' is defined as an area provided on land by the owner for the parking of vehicles used by persons frequenting premises of the owner, and marked by a notice denoting it to be a private parking area (and an area is capable of constituting a private parking area notwithstanding that certain parts of that area are no parking areas). 'Private walkway' is defined as a pedestrian thoroughfare provided on land by the owner for use by pedestrians for access to premises of the owner and marked by a sign denoting it to be a private parking area.

Clause 5 provides in subsection (1) that the owner of a private walkway or private access road may impose any one or more of the following conditions in relation to the private walkway. A condition regulating or restricting access to or egress from the private walkway. A condition prohibiting use of the private walkway or a private access road for any purpose except access to or egress from premises of the owner and a condition limiting the times within which vehicles or pedestrians may enter or remain in the private walkway. Subsection (2) provides that the owner of the private access road may impose any one or more of the following conditions. A condition regulating or restricting access to or egress from the private access road. A condition prohibiting use of the private access road for any purpose except access to or egress from premises of the owner. A condition regulating, restricting or prohibiting the parking of vehicles on the private access road or any part of the private access road and a condition limiting the times within which vehicles or pedestrians may enter or remain in the private access road. Under subsection (3) any conditions imposed under the proposed section in relation to a private walkway or private access road must be clearly shown on a notice at the entrance to the private walkway or private access road.

Clause 6 provides that a pedestrian who uses a private walkway or private access road in breach of a condition imposed under Part II of the proposed Act is guilty of an offence. A penalty of $200 is imposed for this offence. Under subsection (2) if a vehicle is parked or driven in breach of a condition imposed under Part II of the proposed Act or is parked or driven on a private pedestrian walkway, the owner of that vehicle is guilty of an offence and if the owner is not the driver of the vehicle the owner and the driver are each guilty of an offence. A penalty of $200 is imposed for a breach of the subsection.

Clause 7 provides in subsection (1) that the owner of a private parking area may by notice fixed in a prominent position at or near the entrance to the private parking area impose time limits on the parking of vehicles in the private parking area. Under subsection (2) the owner of a private parking area may set aside any part of the private parking area as a disabled persons parking area, a loading area, a no parking area, a restricted parking area or a permit parking area.

Clause 8 provides in subsection (1) that a motor vehicle must not be parked in a no parking area. Under subsection (2) a motor vehicle must not be parked in a disabled persons parking area unless a disabled persons parking permit obtained pursuant to section 98 of the Motor Vehicles Act 1959 is exhibited in the vehicle and subsection (3) provides that a motor vehicle must not be parked in a permit area unless a permit issued by the owner authorising the parking of the vehicle in the permit area is exhibited in the vehicle. Under subsection (4) a motor vehicle must not be parked in a loading area unless the vehicle is a commercial vehicle that is being used for the delivery of goods to premises of the owner. Subsection (5) provides that a motor vehicle must not be parked in a restricted parking area unless the vehicle is of the class for which the restricted area is established. Under subsection (6) where a time limit is in force under the proposed Act in relation to the parking of vehicles in a private parking area, a motor vehicle must not be parked in the private parking area for a period in excess of the time limit (unless a permit issued by the owner authorising the parking of the vehicle beyond the time limit is exhibited in the vehicle). Subsection (7) provides that a permit is exhibited in a vehicle if, and only if, the permit is exhibited on the inside of the windscreen of that vehicle in a position adjacent to the registration label so that it is easily visible by a person outside the vehicle. Under subsection (8) if a motor vehicle is parked in contravention of this section the owner is guilty of an offence and if the owner is not the driver the owner and the driver are each guilty of an offence. The penalty for an offence is $200.

Clause 9 provides in subsection (1) that the owner of a private parking area and the council for the area in which the private parking area is situated may make an agreement to enforce the provisions of Part III of the proposed Act in relation to that private parking area. Under subsection (2) where an agreement is in force under subsection (1) the following provisions apply. First, no person except an authorised officer shall commence proceedings for an offence against this Act without the prior approval of the Commissioner of Police or the chief executive officer of the council. Secondly, an authorised officer is empowered to exercise in relation to the private parking area any of the powers of the authorised officer in relation to the enforcement of the Local Government Act 1934. Thirdly, any fine or penalty imposed in respect of offences relating to the private parking area shall be paid to the council. Fourthly, where it is alleged that a person has committed an offence relating to the private parking area, the council may cause

to be served personally or by post on that person a notice to the effect that the offence may be expiated by payment to the council of $20 within 21 days of the date of service, and, if the offence is so expiated, no proceedings shall be commenced in any court with respect to the alleged offence. Subsection (3) provides that an agreement under subsection (1) may be revoked by either party to that agreement on giving seven days notice in writing to the other party of the revocation.

Clause 10 is an aid to proof and provides that in proceedings for an offence against this Act an allegation in a complaint that certain land referred to in the complaint constitutes a private walkway, private access road or private parking area shall be accepted as proved in the absence of proof to the contrary.

Clause 11 provides an exemption for fire, ambulance and other vehicles. Under this clause it is provided that notwithstanding any other provisions of this Act, no offence arises from the driving or parking of an exempt vehicle on a private access road, private parking area or private pedestrian walkway.

Clause 12 provides that the use of a private access road, private parking area or private pedestrian walkway does not create any right by prescription or adverse possession in or over the private access road, private parking area, or private pedestrian walkway and does not constitute, or provide ground for constituting, the private access road, private parking area or private pedestrian walkway, a highway, street or road.

Clause 13 provides in subsection (1) that the Governor may make such regulations as are contemplated by this Act or as are necessary or expedient for the purposes of this Act. Subsection (2) provides that the Governor may make the following regulations. First, the Governor may make regulations providing for the establishment of a code of notices, signs, road markings and other devices to denote areas, parking spaces, conditions, limitations, restrictions or prohibitions relating to private parking areas, private access roads, or private walkways. Secondly, the Governor may make regulations imposing, modifying or excluding any evidentiary burden in proceedings for an offence against the proposed Act. Thirdly, the Governor may make regulations providing for, or excluding defences for persons charged with offences against the proposed Act and, fourthly, prescribing penalties, not exceeding $200, for contravention of, or non-compliance with, a regulation.

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

BIOLOGICAL CONTROL BILL

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

The Hon. BARBARA WIESE (Minister of Tourism): I move:

That this Bill be now read a second time.

It complements, and is substantially the same as, the Commonwealth Biological Control Act 1984. The measure broadly is intended to provide a nexus with that Commonwealth legislation and legislation to be enacted in the other States and the Northern Territory to ensure that the administration and legal status of biological control has a uniform basis throughout Australia. Accordingly, the specific objects of the Bill are—

(a) to provide an opportunity for equitably assessing proposed biological control activities and to ensure that they are, in relation to all parts of Australia, in the public interest by—

(i) requiring the unanimous approval of all Ministers comprising the Australian Agricultural Council to any biological control program to be conducted under the proposed Act;

(ii) publishing proposals with a view to obtaining public comment;

(iii) where appropriate, ordering public inquiries to investigate and report on the implications of proposals; and

(iv) providing for review of administrative decisions;

(b) to authorise the release of biological control agents and to ensure that, where biological control activities are approved in terms of the proposed Act, they are not subject to actions for damages or legal proceedings intended to prevent the activities from being undertaken;

(c) to authorise existing biological control programs (which may, in some cases, be subject to the assessment procedures applying to new proposals); and

(d) to provide for action to be taken in the event of emergencies developing which could be prevented by immediate implementation of biological control.

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

Explanation of Clauses

Clauses 1 and 2 are formal.

Clause 3 (1) is an interpretation provision and includes the following definitions:

'agent application' refers to an application to have a biological control agent, such as an insect or a fungus, approved in terms of the proposed Act:

'agent organisms' refers to agents, such as insects, fungi, etc., which are capable of exerting control over a target, such as a weed or an animal pest:

'agent recommendation' refers to the stage of decision making when the Australian Agricultural Council decides that there is sufficient merit in an agent application to proceed further in terms of the proposed Act:

'control' is interpreted to cover all characteristics of the biological control process. Thus, numbers of weeds or pests may be reduced directly or indirectly (for example, by reducing activity or fertility or by directly causing death) or by limiting their further growth:

'organism' excludes man, but includes dead organisms and matter discharged from organisms as to accommodate biological control programs such as the dung beetle program. Although biological control programs are characteristically successfully applied only to exotic target organisms, reference to indigenous organisms is included to cater for the possibility of control of domestic pests, such as the sheep blow-fly, becoming available:

'State' includes the Northern Territory:

'target application' has the same significance as 'agent application', except that target applications refer to targets such as weeds and animal pests:

'target organisms' refers to weeds, pests and the like:

'target recommendation' refers to a decision by the Council concerning the merits of a target application.

Clause 3 (2) introduces the principle that organisms shall be taken to cause harm if the control of those organisms would be for the public benefit.

Clause 3 (3) provides that an organism need not cause harm throughout the whole of the State for its control to come within the ambit of the proposed Act.

Clause 3 (4) to (6) are machinery provisions.

Clause 4 provides that biological control is confined to the control of organisms by living organisms of another kind, that is, natural competition within species and chemical control are not interpreted as biological control.

Clause 5 enables the declaration of Commonwealth or other State biological control laws (with the consent of the Ministers administering those laws) as 'relevant laws' for the purposes of reciprocal provisions in the proposed Act.

Clause 6 provides that the proposed Act will bind the Crown.

Clause 7 ensures that proposals for biological control programs other than those concerned with agriculture may be conducted under the proposed Act.

Clause 8 constitutes the Minister of Agriculture as the South Australian Biological Control Authority.

Clause 9 allows the authority to delegate certain of its functions to officers of the Department of Agriculture.

Clause 10 provides that, subject to following the procedures set out in Part II, organisms may be declared to be target organisms, either at the initiation of the Council or on application made to the authority.

Clause 11 provides that a person who considers an organism (for example, a weed or pest) to be harmful may make a written application to the authority requesting that the organism be declared a target organism. The application needs to provide sufficient information to enable the organism to be identified and to indicate why biological control is being suggested.

Clause 12 provides for the withdrawal of target applications at any time before they are referred to the council.

Clause 13 requires the authority to refer target applications to the council except where other action is already being taken to obtain a declaration.

Clause 14 requires the authority to notify an applicant of the council's rejection of a target application and the reasons therefor.

Clause 15 provides that, where the council unanimously recommends that an organism should be a target organism, notice of the proposal is to be published Australia wide. The purpose of advertising is to provide members of the public with an opportunity to give their views on the proposal to the authority. The notices must provide certain information intended to make the issues clear and invite persons to make written submissions objecting to or supporting the proposal within six weeks, or longer if the authority allows.

Clause 16 requires the authority to consider submissions made in relation to a proposal to declare an organism as a target organism.

Clause 17 requires the authority, after complying with the foregoing provisions, to consult the council and consider other relevant material. If it is considered that persons or the environment may be adversely affected if the target organism were declared, a public inquiry may, subject to the unanimous approval of the council, be ordered. The inquiry may be held by a commission appointed under the proposed Act. Where an inquiry is held no further action can be taken under the proposed Act until a report as a result of the inquiry is made.

Clause 18 requires the authority, after complying with the provisions of Part II and consulting the council, to decide whether the target organism should be declared as such (thereby providing a basis to have relevant agent organisms considered in terms of Part III of the proposed Act). In making a decision concerning a declaration, the authority must be satisfied that the target organism is capable of being controlled biologically and that it is causing harm. Furthermore, the authority must be satisfied that biological control of the target organism will be for the public benefit inasmuch as it will not cause any significant harm to any person or the environment, or if it does cause harm, the harm would be significantly less than if the target were not controlled by biological means. A declaration cannot be made without the unanimous approval of the council. If a declaration is made, it must be published in the *Gazette*.

Clauses 19 to 23 are essentially the same, in relation to agent organisms, as clauses 10 to 14 in relation to target organisms. However, an agent application can be made concerning only a target organism that has been declared, or is being considered, in terms of the proposed Act.

Clause 24 relates to the giving of notices of proposals to declare agent organisms and is essentially the same as clause 15 which applies to target organisms. However, there is a discretion as to whether an agent organism proposal should be published in newspapers, etc. Once a target organism has been declared, it is deemed to be in the public interest to control that organism by means of an agent organism and further advertisement may cause unnecessary costs and delays. The discretion to proceed with advertisement and, if appropriate, public inquiry remains available for those cases where the agent organism may possess properties on which public opinion should be sought.

Clauses 25 and 26 are essentially the same as clauses 16 and 17 which apply to target organisms but provision is made for the holding of inquiries concerning target organisms and the relevant agent organisms simultaneously where this is administratively convenient.

Clause 27 relates to the declaration of agent organisms and is basically the same as clause 18 (declaration of target organisms). In addition to the requirements applicable to target organisms, the authority must be satisfied that biological control by the relevant agent organism would cause significantly less harm than if control were to be effected by other means, be they biological or otherwise. The authority may attach conditions to the release of an agent organism, including, for example, conditions for ensuring that the physical release of the agents is conducted with due care by appropriate persons in specified areas, or for monitoring environmental effects of the release.

Clause 28 allows the authority to make emergency declarations of target and agent organisms where the authority is satisfied that an emergency exists because of the serious effects of an organism on the health of humans, animals or plants, the significant harm being caused to the economy or the significant damage being caused to the environment. The authority must also be satisfied that the release of the agent organism would not have any significant adverse effects. The council must be consulted and give its unanimous approval before an emergency declaration is made.

Clause 29 allows the authority to declare organisms released before the commencement of the proposed Act, and the relevant target organisms, to be agent organisms and target organisms, respectively, for the purposes of the proposed Act. This action can be taken only if the authority is satisfied that it is probable that the declarations could have been made had the proposed Act been in force before the release and the council has unanimously approved of the declarations being made. The effect is to prevent litigation in the future in respect of such a release.

Clauses 30 and 31 make, in relation to proposed declarations of existing organisms under proposed clause 29, essentially the same provisions as to advertisement and the holding of inquiries as apply to the declaration of new target

organisms and agent organisms. Subject to any recommendations of the council, the powers are discretionary.

Clause 32 provides for the declaration in South Australia of target and agent organisms which have been declared under the Commonwealth law or under other States' laws.

Clause 33 authorises the release of declared agent organisms.

Clause 34 bars the institution or continuation of legal proceedings to prevent the release of declared agent organisms or to recover damages in respect of the release of declared agent organisms within the State. Actions for damages will, however, be available where the effects could have been, but were not, predicted at the time of release.

Clause 35 contains similar provisions to those in clause 34 but relates to the barring of actions in South Australian courts in respect of the release of agent organisms in other States, or in Territories, under reciprocal legislation.

Clause 36 provides for the appointment of commissions to hold inquiries under the proposed Act and sets out the matters to be inquired into and provisions applicable to reports of inquiries. The authority must consult the council before appointing a commission. A commission is not subject to direction by the authority or the Government.

Clause 37 enables the remuneration and allowances of Commissioners to be prescribed by regulation.

Clause 38 requires notice of inquiries to be advertised.

Clause 39 sets out the procedures relating to the holding of inquiries. Inquiries will be public unless the commission otherwise directs.

Clause 40 gives a Commissioner power to summon witnesses.

Clause 41 provides a penalty where a witness fails to attend an inquiry.

Clause 42 empowers a Commissioner to administer an oath or take an affirmation.

Clause 43 provides a penalty for failure to take an oath or make an affirmation or for refusing or failing to answer questions, etc.

Clause 44 gives a Commissioner the same protections as apply to a Judge of the Supreme Court and gives to witnesses the same protections, and imposes on them the same liabilities, as apply to witnesses in proceedings before the Supreme Court.

Clause 45 provides penalties for the giving of false or misleading evidence.

Clause 46 provides a penalty for obstructing, hindering or disrupting an inquiry.

Clause 47 gives a Commissioner power to inspect, copy, etc., books or documents produced at an inquiry.

Clause 48 provides for the prescription of witnesses' travelling and other expenses.

Clause 49 provides penalties for any acts which may prejudice a witness before an inquiry (including the dismissal or threat of dismissal of an employee who has given, or proposes to give, evidence at an inquiry).

Clause 50 provides that the proposed Act does not render illegal biological control programs not carried out under the proposed Act. However, any biological control activity that is not considered and approved under the proposed Act remains open to common law actions.

Clause 51 provides that the Authority may, where the council unanimously approves, revoke a declaration.

Clause 52 provides that agent organisms may continue to be released while a declaration remains in force.

Clause 53 provides for the service of documents on the authority.

Clause 54 provides for appeals to the Supreme Court against a number of specified decisions of the Authority under the proposed Act.

Clause 55 empowers the making of regulations under the proposed Act.

The Hon. J.C. IRWIN secured the adjournment of the debate.

DAYLIGHT SAVING ACT AMENDMENT BILL

The House of Assembly intimated that it had agreed to the Legislative Council's amendments.

ROAD TRAFFIC ACT AMENDMENT BILL

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

The Hon. J.R. CORNWALL (Minister of Health): I move:

That this Bill be now read a second time.

With the concurrence and cooperation of all members of the Council I seek leave to have the second reading explanation incorporated in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

It is designed to improve road safety by improving administrative arrangements in that area. The Government has established a Division of Road Safety within the Department of Transport with the objective of better coordinating the existing diverse road safety effort by providing a focus for and increased emphasis on road safety. In parallel with the development of the Division of Road Safety, the existing and past roles of other organisations involved in road safety have been reviewed. It is considered that further significant advantages will be gained by decentralising the Road Traffic Board's authority to local councils, the Highways Department and the Division of Road Safety.

First, this Bill will abolish the Road Traffic Board and transfer the powers currently held by the Road Traffic Board to the Minister. It will also enable the Minister to delegate, to a particular person or committee, any of the powers or functions conferred on or assigned to the Minister by or under the Road Traffic Act.

Secondly, the Bill will enable the Minister to give general approvals to authorities, as defined in section 16 of the Road Traffic Act, under which the authorities may install, maintain, alter, operate or remove prescribed traffic control devices without the need to seek individual approvals from a central controlling body in each case. Such general approvals will increase the responsibility and accountability of local councils and senior officers in the Highways Department in relation to traffic management matters. It has important implications for road safety in that it will, in many cases, eliminate unnecessary time lags between the identification of road safety hazards and the action required to alleviate them.

However, any such general approval will be conditional on the authority in question demonstrating, to the satisfaction of the Minister, that it has either an engineer on staff who is accredited in traffic engineering or has the use of accredited traffic engineering consultants for traffic engineering initiatives. To avoid situations arising in which motorists could be confused by the non-uniform design and use of traffic control measures, authorities will be required to follow stipulated guidelines in relation to the installation, design, specification and proper use of prescribed traffic control devices. Additionally, authorities will be required to periodically provide to the Division of Road Safety, for road safety monitoring purposes, information on traffic

control devices it has installed, altered or removed. An authority will also be required to consult with other authorities prior to proceeding with a traffic management scheme which could have implications for traffic flow on roads of the other authorities.

The Traffic Engineering Branch of the Division of Road Safety will prepare the guidelines for the installation, design, specification and proper use of traffic control devices and, although desirable, it is unrealistic to believe that the responsibilities for all traffic control devices could be transferred immediately to the various authorities. Control of the more complex or innovative and as yet unproven devices, such as speed humps and slow points, will be retained by the Minister.

In addition to its role in preparing the guidelines, the Traffic Engineering Branch will be responsible for—

(a) answering queries and providing interpretations relating to the Road Traffic Act;

(b) monitoring the installation of traffic control devices to ensure uniformity in their design and proper use;

(c) reviewing and updating the guidelines as necessary;

(d) ensuring that there is adequate liaison between authorities in relation to traffic control devices and traffic management schemes;

(e) administering the traffic control device matters which have not been delegated to the various authorities and providing advice to authorities on traffic management matters;

and

(f) the analysis of accident and traffic data at hazardous 'black-spot' locations and the recommendation for treatment of these sites.

Thirdly, the Bill will through the proposed amendment of section 163aa enable the granting of permits, to exempt vehicles from the mass and dimensional limits imposed by Part IV of the Road Traffic Act, to be delegated to the Commissioner of Highways. Although the matter of permits for the operation of overmass and overdimensional vehicles is a complex and sensitive area with road safety connotations, the primary concern relates to the potential for damage to roads and bridges. The ability of vehicles to safely carry their loads will be assessed by the Vehicle Engineering Branch of the Division of Road Safety following which the Highways Department will be responsible for the issue of the permits, subject to conditions relating to such matters as routes, times, escort vehicles and warning signs as may be warranted.

Finally, the Bill provides the Minister with the ability to delegate to the Division of Road Safety the powers necessary for it to be able to assume the responsibility for all other road safety related functions contained in the Road Traffic Act, including those concerning vehicle design and equipment standards. I commend the Bill to honourable members.

Clause 1 is formal.

Clause 2 provides that the measure is to come into operation on a day to be fixed by proclamation.

Clause 3 amends section 5, the interpretation section, by removing the definition of the Road Traffic Board and making an amendment consequential upon the abolition of the board.

Clause 4 provides for the repeal of clauses 11, 12, 13, 14 and 15 which provide for the constitution, procedures and functions of the Road Traffic Board. The clause inserts a new section 11 and new section 12. Proposed new section 11 provides for delegation by the Minister of any power or function conferred on or assigned to the Minister by or under the Act. Under the proposed new section, delegation may be to a person or a committee or to the occupant for the time being of a particular position. A delegation may be unconditional or subject to conditions specified by the Minister. Proposed new section 12 provides that any approval of the Minister required under the Act may, if the Minister thinks fit, be of a general nature extending to matters specified by the Minister and may be unconditional or subject to conditions specified by the Minister.

The remaining clauses (clauses 5 to 21) all make amendments consequential upon the abolition of the Road Traffic Board. Under the amendments, powers presently vested in the board are to be vested in the Minister. Provision is also made for amendments consequential upon proposed new section 11 (delegation by the Minister) and proposed new section 12 (general approvals and conditional approvals by the Minister).

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

SUPPLY BILL (No. 1)

Adjourned debate on second reading.
(Continued from 25 February. Page 478.)

The Hon. L.H. DAVIS: It is customary for the Opposition to support the Supply Bill. Quite often the Supply Bill is accompanied by an Appropriation Bill. On this occasion, of course, we have been advised that there is no need for an Appropriation Bill to provide supplementary expenditure for the current financial year 1985-86. However, it is customary to grant supply for the opening months of the next financial year 1986-87. The Bill now before us has that as its purpose. In fact, the Government seeks the granting of Supply of $475 million to enable the Public Service of the State to be carried on in the opening months of 1986-87.

In the second reading explanation we are advised that the 1985-86 budget seems to be on course. However, with four months remaining it is clearly premature to be dogmatic about whether or not that position will be achieved. I do not intend to comment at length on various budget items, although I understand that some of my colleagues may take the opportunity to debate particular matters of interest from the budget estimates during the course of the debate. I formally support the second reading.

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

WORKERS REHABILITATION AND COMPENSATION BILL

Adjourned debate on second reading.
(Continued from 25 February. Page 496.)

The Hon. C.M. HILL: I do not intend to speak at length in regard to this matter. I totally support members on this side who have already addressed the Bill and I wholly support the reasons they have given for their objections to the measure. I oppose the second reading but at the same time I agree that changes are necessary in our present workers compensation legislation.

There is criticism of the present Act on all sides. There is criticism by the legal profession because of protracted and ever-increasing common law claims; there are criticisms of the courts because of delays in the system; insurance companies are criticised for spiralling premiums; unions are criticised because of their rather aggressive pursuit of compensation.

There is some dishonesty in the present system in that some workers endeavour to manipulate the system to suit their own ends, and Governments—I think quite rightly—have been criticised because of their inflexibility in achieving change. There certainly is serious criticism because, with the ever-increasing premiums for workers compensation, employers find it impossible to increase their work force.

People wanting to establish themselves in business are fearful of doing so and employing people because of the costs associated with workers compensation and, with unemployment at its present level, this is a very important factor indeed. On all sides one hears of the need for change, and I think we should make every endeavour to effect improvement, but the Bill in its present form has some very serious deficiencies. Other States have tackled the question of reform: New South Wales and Victoria have new legislation, and I understand that in Western Australia change is planned.

The Government, of course, accepts the need for improvement and change. I am not very impressed with the principal reason given by the Minister of Labour (Hon. Mr Blevins) in another place, when he says, in effect, that we have been talking for many years about it, therefore we must now proceed to achieve some action in the matter. His main objective, in my view, should be to endeavour to obtain some consensus before introducing legislation. I accept that that is not an easy goal to achieve, but I am of the view that if he continued in his endeavours for some further time to obtain more approval—especially from the employer groups—then it would have been possible to introduce legislation to Parliament which enjoyed more consensus than this Bill enjoys. Indeed, the only strong support that I can see for the Bill of course comes from the Trades and Labor Council. The major problem with the whole issue is the need to reduce costs. Premiums for workers compensation must be brought down.

The Government claims—and the Minister was quite specific about this in his second reading explanation—that a reduction in premiums is going to be achieved. The importance of costs is highlighted by the fact that from 1980 to 1984 there was a 160 per cent increase in premium charges. Further increases, of course, are inevitable unless we can find some way out of the present situation. As well as the question of costs there has been other input by other interests. I read the long submission made by the Australian Medical Association and its conclusion is as follows:

> The profession has advocated reform of workers compensation legislation for some time, seeing the inadequacies of medical input, the interminable delays and the psychological damage that results from these factors. The proposed legislation does little to solve these fundamental problems.

That reason combines with the question of costs to make the whole issue very important indeed. I do not agree with the Government's approach of dispensing with the private enterprise factor, in doing away with the insurance companies as the mechanism in this matter. They have, of course, replaced those companies with the proposed corporation, which is a public monopoly. This expands the public sector, and it is my firm view that such institutions do not work as efficiently as private enterprise. Added to that is the fact that the corporation under this Bill will provide a combination of benefits which, from my information are available nowhere else in the world. I believe that insurance companies are efficient private enterprise institutions, and they are quite capable of being left within this form of control, so I oppose that particular change.

The Government has endeavoured to obtain an independent opinion as to the costs if this measure becomes law, and the responsibility for that independent inquiry has been given to the Auditor-General. He is a person of unquestionable integrity: everyone trusts him and his general approach in preparing this report, but it is not before us at the present time. It is not before all the interested parties involved in this whole area. It is not before the public of this State, and I believe that the Government should agree to a delay in this matter to enable that report to be brought down.

I noticed a few days ago that that view was supported by the *Advertiser*, and I commend the newspaper for that. There is no doubt that, although the Government claims that the real net savings will be in excess of 30 per cent—and that includes the 8 per cent stamp duty which is going to be exempted under clause 125 of the Bill—the Government also claims that the actual net reductions will exceed 40 per cent, and that includes the system by which the first week's liability will be met by the employers. Despite that fact, if this Bill went through and those forecasts and the expectations of the Government were not realised in a few years time, that would be very damaging to the Government, because I think that is its main plank in regard to the introduction of this measure.

An independent inquiry into this forecast of a reduction in premiums is therefore very important. It cannot be very long before the Auditor-General brings down that report. As I understand it, he is proceeding with appropriate haste. I think he has given some indication that it is something which will take a little time, but when we begin to talk about the seven years in which the matter has already been discussed, and when we are on the threshold of that very important indication from an independent and responsible party as to this forecast of a reduction in premiums, I fail to see wisdom in the Government's view of being hell-bent on pushing the matter through in this situation.

I will give every support possible to delaying the measure until that report has been received. One of the functions of this Council is to delay matters but not obstruct them—I place great emphasis on that—until the opinion contained in this report is available for us and the public at large to peruse. That is the burden of my song. I do not propose to vote for the second reading.

I want to be more convinced that the premiums will be reduced appreciably by the measure, because no measure on workers compensation should pass unless Parliament is convinced that the problems that exist today in regard to the ever-increasing premiums will be alleviated, so that the criticisms I have mentioned and the all-important aspect of employment are dealt wiht satisfactorily. Until we are on the right track in those areas, I do not think we should proceed, so I stress the point that this Council should do all in its power to delay the matter until the Auditor-General's report is available for perusal.

The Hon. T.G. ROBERTS: I will not canvass anything put forward by the Hon. Frank Blevins in another place but, rather, I will try to reply to some of the reasons put forward by the Opposition for delaying this Bill. I will quote from some documents that have been followed in Victoria and, also, perhaps supply some statistics in relation to some of the industrial accidents that have occurred in South Australia and thereby show that there is an urgent need for the speedy introduction of this legislation.

The figures that are put forward in relation to industrial accidents are very hard to collate. The latest statistics on industrial accidents which result in death and lost time pertain to 1982-83, which is not very up-to-date information. If one wants to check out 1984-85, one really has to dig to get to the nitty gritty, but the position regarding cost savings is covered in an article in the *Age* of Tuesday 21 January 1986 which states:

Metal trades employers estimate that the engineering industry in Victoria will save $100 million in the first year of the State Government's Work Care scheme. Most major employer groups report big overall savings in premiums, but also a number of problems with Work Care, which replaced the old workers compensation system last September. The Victorian Director of the Metal Trades Industry Association, Mr Bob Herbert, said: 'In our industry we don't think there is any doubt that the benefit of reduced premiums has been demonstrated.'

I think the issue of costings has been canvassed by the Hon. Frank Blevins in another place and the general assessment is that the transfer of savings by way of reduced premiums to the employers, and particularly self-insured employers, will be a major benefit.

Some concerns were raised yesterday about major employers being advantaged to the disadvantage of small employers. That is yet to be seen, but in general terms in South Australia major employers are quite happy with the situation. I believe that BHP has collated some figures, as have some of the other major self-insurers. I believe, on the figures that have been presented, that the negotiators of the document are quite happy that there will be savings.

Mr Hepburn, the Marketing Manager for the Accident Compensation Commission in Victoria, said that there might be some problems with the new Act, and he also said:

... the problems, while important, 'are not causing the system to break down and they are being addressed as the new ACC staff come on board. They will be putting some amendments to the autumn session of Parliament.

They introduced the Bill in the form which was agreed to by the negotiating parties. Obviously, problems will emerge, as is the case with most Acts, particularly the Workers Compensation Act because a number of people and groups with vested interests are involved. It is a very complicated Act which deals with people and their lives and with families and their requirements, so that under the Act we find insurance companies that have a vested interest; employers who run self-insurer groups and they have a vested interest; small employers usually engage insurance companies; the medical profession in all its forms is involved from treatment through to rehabilitation and then assessments; the legal profession has a vested interest and the employees, their unions and their representatives also have a vested interest.

I pay a tribute to those people who have sat down and obtained agreement among all those sections within the community and have achieved such a major change as that contained in this Bill. Both the Opposition and the Democrats ought to look towards, without unnecessary delays, agreeing to the Bill so that it can be put into effect in order that the benefits may pass not only to the employees but also to the employers.

Probably there is a philosophical split in the interests of those people represented by the Opposition, which I suppose is receiving submissions from different sections of the employer groups. In general terms the employees and the unions are convinced that the Bill will cover all those problems that have emerged or were not covered under the old Act, or in the new industrial arena that has problems that were not addressed in the old Act. I refer particularly to harmful substances in industries, such as chemicals.

The statistics that I have pulled out in relation to 1982-83 present a problem in relation to occupational health and safety legislation which will be introduced, hopefully, after August. To be able to get up-to-date figures, or to have prevention clauses in Acts one must have figures to analyse exactly what one is trying to prevent. That is addressed in the new Bill and I think that statistics will be up-to-date and that we will be able to act upon some of the trends that emerge much more quickly than in the case at present in relation to prevention.

When searching for details I found in 1982-83 that there were 26 fatalities in South Australia: that is, workers who set out for work with their lunch boxes in the morning and who were to return home in the evening but did not return. The provisions of the Workers Compensation Act had to be put into effect from the time of the accident until the finalisation of the financial arrangements for the affected family. When one is dealing with live people, then commercial interests should recognise that it is the people in the forefront in the work place and the unions who represent them and who come into contact with the human trauma associated with industrial accidents.

The commercial considerations that run right through the legal profession, medical profession and insurance industry and those people ought to have been able to get together to ensure that this Bill works. The politics over delays in relation to costings should be avoided and a consensus (which is a bit of a swear word in some people's vocabulary) reached without the sort of debate that went on in another place.

The Opposition might have been able to pick up some political points out in the industrial world in relation to this matter. I see that the Hon. Robert Lucas is trying to woo some of the industrial vote by becoming involved with unions. That is probably a good idea because the Opposition will then be able to work out exactly what happens at the work place level. It will be able to work out the importance of having good legislation to cover workers in relation to compensation and rehabilitation.

The occupational health and safety legislation that will hopefully follow the introduction of this Bill will complement the rehabilitation and compensation legislation in a way that will revolutionise the work place in relation to lost time, accidents and serious accidents. Already, before the ink has dried on the draft Bills, large and small companies have put together occupational health and safety plans and are already implementing them in their work places.

Stitched together with legislation that provides support for injured workers and rehabilitation that will go a long way towards South Australian industry having a work force that is well covered without being extravagent. Given the figures supplied by independent sources to the drafters of the Bill and the unions, I think the whole community will benefit. I hope that members minimise the pain in relation to the introduction of this Bill. In relation to the overall thrust of the Bill, if the activities of commercially vested interests in connection with any clause of the Bill are minimised, the chances of the victims and families being catered for increase. The Bill does that, and I support it.

The Hon. L.H. DAVIS: Two things should be said at the outset: first, undoubtedly reform in the workers compensation area is long overdue in South Australia; and, secondly, workers compensation is inevitably a very complex area. Sadly, but perhaps not surprisingly, very little public attention has been paid to the substance of the argument for and against the Government proposal that we now have before us.

This workers compensation Bill is arguably the most important piece of legislation that will be introduced during the second term of the Bannon Government. Workers compensation is a major component of labour oncosts. According to surveys conducted by the Confederation of Australian Industry oncosts represent 43 per cent of total direct wage payments. Workers compensation premiums range between 25 per cent and 50 per cent of oncosts. Therefore, it is quite clear that we are debating a major issue and that we must get it right.

However, this Government is proceeding with debate in the Legislative Council without the Auditor-General's report

on costings. The costings presented yesterday by the Attorney-General and prepared by Mr Cumpston show an alarming variation with costings prepared by the same person a short while ago. I will expand on that point later. If one is charitable, the arguments in the second reading in favour of the Bill now before us are tenuous. If one reviews the arguments in a businesslike fashion the proposition is laughable.

I have a background in the private sector where projects, whether major or minor, are not proceeded with on a best guess basis, yet here we are asked to approve legislation, which is not a band-aid measure but is major surgery on a significant component of labour costs, without actuarial costing or satisfactory explanations. I believe that is unacceptable and unprofessional. Would a member of the community agree to have a house built without knowing what it cost, whether it would have two or three bedrooms? Would a business enter into a contract to buy a piece of machinery without being aware of its cost or performance? Of course they would not!

I put on record my agreement with what the Hon. Trevor Griffin said about the need for the Auditor-General's report to be brought down before a final decision is made in relation to the various key clauses within this Bill. I am pleased to see that (at least as far as I know) the Democrats support the position laid down by the Hon. Trevor Griffin. In fact on 11 February the *Advertiser* carried a story under the heading 'Democrats may delay compo changes', in which it stated that the Australian Democrats Leader in this place, the Hon. Ian Gilfillan, had said that the issue of time was not as important as getting to the facts.

Although I can well understand that time is of the essence in the short term, and that the sooner we get workers compensation legislation in place (if that legislation is right) the sooner the costs of workers compensation will be reduced for employers allowing the benefits to flow through to the whole community. However, if we get it wrong, we can repent at leisure because it will not be easy to correct the wrongs that we may do in the short term.

I also place on record my disappointment at the Labor Government's decision to proceed with this measure so quickly. It knows very well that there is controversy about the costings and uncertainty about whether or not costings that have been laid down by various people at various times are correct. There is widespread concern that there has been no actuarial costing of this complex proposal.

Given that it won a mandate at the last election, the Bannon Government has introduced legislation, but it is significantly different in many key aspects from the legislation that was proposed before that election. The Premier has stood aside from this debate. No doubt he has relished the opinion polls which show that he is popular with 82 per cent of the people. However, I submit that if people really knew the consequences of this legislation a popularity poll in relation to the Premier and the Government would indicate a sharp decline in that level of popularity. I can well understand why the community might be blasé about this measure—given that it is Jubilee year, that the Festival of Arts is beginning, and the perception is that all is right with the world. However, there is no room for complacency with this legislation.

There seems to be some surprise in certain sections of the community that the Liberal Party opposes the legislation so vehemently. The reasons are straightforward and sensible. Put simply, this proposal, if implemented, would give South Australia the most generous workers compensation scheme in the world. For some people that might be a cause for rejoicing, to think that we have the very best scheme in the whole wide world—how marvellous, and how wonderful! But even the Hon. Terry Roberts, new as he may be in this Chamber, would accept that benefits that were better than those provided by any other scheme in the world would naturally involve costs which would have to be borne by employers, the Government and the community. There can not be much doubt about that, and I will underline that point in a short while, when I give some examples of benefits of workers compensation schemes in operation elsewhere.

Quite clearly, the workers compensation scheme as it is now proposed will increase costs to South Australian employers. It will inevitably increase State taxation and charges over time, and it will further erode this State's economic base. That is in sharp contrast to the argument which has been advanced in the second reading explanation that the measure will be advantageous to South Australia's economic position. I will show that that proposition is a nonsense.

I have already mentioned that workers compensation is a significant component of labour costs, representing as it does between 25 per cent and 50 per cent of labour oncosts, according to the Confederation of Australian Industry surveys. If that cost increases at a rate faster than that which occurs in other States (and I would argue that there is every likelihood that that may happen) it would act as a disincentive for both potential new investors in South Australia and established businesses contemplating expansion in this State.

It has been conventional wisdom to argue that South Australia is a low cost State and that Adelaide provides cheaper living than do other Australian cities. The consumer price index gives the lie to that argument. Since a base year of 1980-81, when the consumer price index was set at 100 for each capital city, Adelaide's cost of living has increased at a rate faster than all other major capital cities. I seek leave to have incorporated in *Hansard* a table, of a purely statistical nature, which sets out the consumer price indices for capital cities in the period 1981-82 through to 1985-86 inclusive.

Leave granted.

CONSUMER PRICE INDEX: ALL GROUPS INDEX NUMBERS
(Base of each index Year 1980-81 = 100.0)

	Weighted average of six State capital cities *(a)*	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
1981-82	110.4	110.2	110.4	110.7	110.5	111.2	110.0	110.7	111.1	110.4
1982-83	123.1	123.4	122.8	122.9	123.5	122.5	121.6	124.0	123.1	123.1
1983-84	131.6	130.9	132.1	131.7	132.3	131.0	129.9	132.3	130.2	131.6
1984-85	137.2	136.0	138.1	137.9	138.7	136.1	136.1	138.8	135.1	137.2

CONSUMER PRICE INDEX: ALL GROUPS INDEX NUMBERS
(Base of each index Year 1980-81 = 100.0)

	Weighted average of six State capital cities *(a)*	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
Quarter—1981-82										
December	109.9	109.4	110.1	110.1	110.0	111.2	109.7	110.0	111.3	109.9
March	111.8	111.5	111.6	112.5	111.7	112.4	111.3	111.8	113.0	111.8
June	114.5	114.6	114.3	114.1	114.4	114.6	113.4	115.2	115.0	114.5
1982-83										
September	116.5	118.7	118.3	118.0	118.6	118.6	116.9	118.7	118.8	118.5
December	121.9	122.4	121.3	121.9	121.8	121.8	121.0	123.3	122.1	122.0
March	124.6	125.1	124.0	125.0	125.2	123.7	123.5	125.9	124.6	124.7
June	127.3	127.4	127.4	126.6	128.5	125.9	125.9	128.0	126.9	127.3
1983-84										
September	129.5	129.2	129.5	129.3	130.3	129.4	127.5	129.8	128.6	129.4
December	132.5	131.8	133.3	132.0	132.9	132.3	130.4	133.0	130.3	132.5
March	132.0	131.2	132.6	132.3	132.9	131.1	130.7	133.1	131.0	132.0
June	132.2	131.2	133.0	133.3	133.1	131.1	130.9	133.3	130.9	132.3
1984-85										
September	134.0	132.8	134.9	135.2	134.7	133.2	132.3	135.3	132.7	134.0
December	135.8	134.7	136.6	136.5	137.5	134.7	134.9	137.4	134.0	135.9
March	137.8	136.8	138.3	138.7	139.4	136.7	137.1	139.6	133.2	137.8
June	141.1	139.7	142.4	141.1	143.0	139.9	140.2	142.8	138.4	141.1
1985-86										
September	144.2	142.7	145.3	144.7	146.0	142.9	143.8	146.2	143.2	144.2
December	147.1	145.9	147.8	147.5	149.1	146.1	146.7	149.3	144.8	147.1

The Hon. L.H. DAVIS: That table indicates that South Australia's prices have increased by 49.1 per cent since the base year of 1980-81. That is in sharp contrast to Sydney, generally regarded as being a pacesetter, which recorded an increase of only 45.9 per cent in the same period. The increase in Melbourne was 47.8 per cent; in Perth, 46.1 per cent; and in Brisbane 47.5 per cent. It was only the capital of Australia, Canberra, which recorded a marginally higher increase over that same period. Therefore, the proposition is quite clear. It is a myth, perpetuated by recent Labor Governments, that cost of living in South Australia is lower than in other States.

That argument can be given further weight by examining the high cost of housing in Adelaide and it also underlines the need to recognise that Adelaide, no longer has a cost advantage. I would like to incorporate in *Hansard*, without my reading it, another statistical table, which relates to median house prices for Australian capital cities in November 1980, November 1983 and November 1985.

Leave granted.

AUSTRALIAN CAPITAL CITIES—MEDIAN HOUSE PRICES

	November 1980 $	November 1983 $	November 1985 $
Perth	38 300	46 100	53 800
Adelaide	36 800	54 700	77 300
Sydney	80 000	91 000	95 000
Melbourne	44 000	62 400	81 900
Canberra	51 500	73 200	95 000
Brisbane	37 500	55 800	62 600

Source: National Real Estate Institute monthly survey.

The Hon. L.H. DAVIS: This table indicates that the median house price in metropolitan Adelaide has increased by over 110 per cent in the five year period from November 1980 to November 1985. That is in sharp contrast to Perth, where the increase over a similar period was only 40 per cent, and Brisbane, where the increase was 67 per cent. Whereas, the median house price in metropolitan Perth and Brisbane in November 1980 was marginally higher than that in Adelaide, by November 1985 the median house price in Adelaide was 40 per cent in advance of that in Perth and about 20 per cent in advance of that in Brisbane.

I certainly concede that it is fine for people who purchased houses several years ago to have the benefit of that capital appreciation, but it is certainly not such an appealing statistic for the Department of State Development when it goes out to sell South Australia to interstate and international companies as an attractive and reasonably cheap place in which to establish a business. I would also submit that there is very good evidence to suggest that the private sector remuneration packages in Adelaide have moved increasingly into line with those offered in Brisbane, Perth and even in Melbourne.

I return to the point that I want to emphasise in this speech. The fact is that this workers compensation measure, if passed unamended, within a few years will impose an intolerable burden on employers and the community. The Bill before us has not been actuarially costed, and it differs in several significant respects from what was proposed before the election. It is worth looking at the Bannon Government's industrial relations policy, made public in the weeks leading up to the 1985 election. One of the chapters in its industrial relations policy was headed 'Consultation not coercion' and stated:

> Business and trade union leaders in South Australia have praised the Bannon Government's approach to consultation on key issues.

That theme was taken up by the Hon. Terry Roberts in his contribution to the second reading debate, just a short while ago. He used the word 'consensus'. I suggest that there certainly has been a lot of 'con' and not much 'sense' in the proposal currently before us.

There has been no consultation and most certainly there has been coercion in this Mark II version of the workers compensation proposal that is now before us. I refer to the industrial relations policy of the Bannon Labor Government at page 12, as follows:

> Independent costings commissioned by the Government indicate that employers' premiums can be reduced by in excess of 40

per cent as a result of the Government's proposed reforms. The Bannon Labor Government's workers compensation reform measures will improve the competitiveness of South Australian industry and give a major boost to employment in this State.

On page 13, it argues:

The reform of the workers compensation system by the Bannon Government will be one of the most important social reforms of the decade.

That is pretty heady stuff and it sounds most attractive.

However, let us move closer to the nub of the argument and look, first, at the differences which exist between the first draft Bill for workers compensation reform (presented ahead of the election and spelt out in some detail in the so-called white paper, which was made available in August 1985) as against the package now before us. First, the proposed maximum lump sum benefit has been doubled from $30 000 to $60 000. There is no consensus in that: that is what the unions wanted and that is what they got. We have it in black and white in the *Advertiser* in an article of 31 January 1986 by Greg Kelton headed 'Blevins' new deal for injured workers', as follows:

Both Mr Blevins and the UTLC—

that is, the United Trades and Labor Council—

now admit they made a mistake in the lump sum question and realise it should have been put at $60 000 from the outset to bring it in line with the other States. They said, even with the changes described by Mr Blevins as minor, there would be still substantial saving in premium costs of between 27 per cent and 37 per cent.

We know that we are all victims of inflation, but it would appear that election promises are also the victims of inflation. Whereas in October/November the Labor Party talked about savings in premiums in excess of 40 per cent, by 31 January 1986—and just referring to what was called a minor adjustment, that is, the increase in the lump sum from $30 000 to $60 000—the 'substantial savings in premium costs' had come down to between 27 per cent and 37 per cent. As I will demonstrate as we go through the debate, it is really quite a game. It is a bit like spinning a chocolate wheel and coming up with any number.

The Hon. K.T. Griffin: There's no prize with it.

The Hon. L.H. DAVIS: Yes, the only difference with a chocolate wheel is that at least with a chocolate wheel there is a winner; under this proposal there will be no winner in the long term. The second difference that exists between what was originally proposed in Mark I and what is now before us is that the benefit drops to 85 per cent of average weekly earnings after three years and not two years in certain circumstances. In other words, there is an increased potential benefit and, of course, an increased potential cost built into the system. There is also the fact that medical stabilisation of a disability has been dropped in favour of an employment test. It is now much more a social security type system. To build on that point I think one of the things that the Hon. Jack Wright would say in private (and I am sure that he is too loyal to the cause to ever say it publicly) is that he is disappointed about the lack of emphasis on rehabilitation in this proposal.

The whole emphasis is now first on payment rather than on rehabilitation. That saddens me and, of course, it brings in an additional cost component. Human nature is wonderfully constant. If you make something attractive enough and if you make the golden fleece easy enough, obviously people will reach out for it. I accept immediately that there is a difficulty in achieving balance in any measure like this. I put it to honourable members that they should think very carefully before making South Australia the world leader in workers compensation. If honourable members think that our fragile, narrowly based, and geographically disadvantaged economy is strong enough to sustain the best workers compensation system in the world, I would like to hear from them.

Let us have some decent facts instead of the fiction which has been peddled in the debate so far and in the second reading explanation—if one can call it that. Furthermore, a most important point is that overtime payments and other allowances are now included in the definition of 'average weekly earnings'. Of course, that is a benefit; it is also a potential cost. Quite clearly, overtime in many industries will be a significant factor. Take the rural industry and some of the heavy industries involving physical labour. Quite clearly, overtime can be a factor in those industries, and workers compensation premiums will be relatively high because the risk of injury is high. Seasonal overtime is also very common in those sorts of industries.

If a worker is injured in the up season—the busy season—they will receive more than the people remaining at work. Then, if they recover and are fit enough to return to work on light duties, they will still be better off than the next person. Again, that is not consistent with the philosophy of rehabilitation. To include overtime in this calculation is not acceptable. It cannot be justified in economic terms, and I do not believe that it can be justified in philosophic terms in relation to giving priority and due weight to rehabilitation.

I ask the Attorney-General, who I presume is handling the Bill in this Council, whether the overtime component has been properly costed. It is very difficult to see from the fuzz before us in the second reading explanation whether or not that is the case. I have touched on a few of the matters that have been changed—a few of the significant matters which undoubtedly affect the financial costings in a very real way between workers compensation Mark I and workers compensation Mark II. We are told, although we are not given supporting evidence for this, that there have been some isolated costings done on what the increased benefits will mean. It has been suggested that there will be an increase in the vicinity of 3 to 5 per cent (as indicated in the second reading explanation). I will return to the costings in a moment.

I now deal with the credibility of the Government's costings and I refer, first, to the heavy reliance it has placed on Professor Ison, a Canadian consultant. The fact is that Professor Ison was dismissed as Chairman of the British Columbia Workers Compensation Board in 1976, and two inquiries into the board's operation were unfavourable. Specific reference was also made in the second reading explanation to the assistance received from Justice Woodhouse in New Zealand, and I want to return to look at the schemes over which they presided, because I think it gives some indication of the difficulties that exist in this area.

To come even closer to home, let us look at the South Australian proposals for workers compensation reform, that is, the white paper which was made public in 1985. The statement is made on page 6—unsupported by any detailed working—that the potential exists for in excess of 2 000 jobs to be created as a direct consequence of the proposed reforms. I would be very interested to see where the Government obtained that figure. How did it arrive at that figure of 2 000 jobs? On pages 6 and 7 of this white paper there is talk about the study on costs which had been undertaken by Dr T. Mules of the University of Adelaide and Mr T. Fedorovich, Chief Project Officer of the Department of Labour, in 1984. Their report, which was essentially an academic document, was presented at the 'New Directions' conference convened by the then Minister of Labour (Hon. Jack Wright) for a discussion on the various aspects of workers compensation. Based on the conclusions reached in that report:

The establishment of the Workers Rehabilitation and Compensation Corporation to act as sole authority and administer the Workers Compensation Act should lead to a cost saving of approximately 25 per cent.

That is a direct quotation from the white paper. It is further stated:

These savings arise from economies of scale in routine administration, 6 per cent; the elimination of brokerage and other procuration expenses of insurance, 4 per cent; the elimination of the margins required by private insurance for profit, risk fluctuation and contingency reserves, 9 per cent; the elimination of interest earned by insurers on the investment of surplus funds, 6 per cent.

Those four items total 25 per cent.

The Hon. J.C. Burdett: What was it they were really costing?

The Hon. L.H. DAVIS: Exactly! The Hon. Mr Burdett has in fact pre-empted my argument by saying, 'Exacty what were they costing?' and I want to develop that point in a minute. In addition, further cost savings totalling approximately 5 per cent were estimated by Dr Mules and Mr Fedorovich to be achieved by the following:

The elimination of the statutory reserve fund levy currently required to cover the risk of insurance company insolvencies, 1 per cent; the effect of changing to an administrative system for settling disputed claims in lieu of the present highly legalistic adversarial processes of claim settlement, 4 per cent.

So, the argument developed in this white paper is that there will be savings of approximately 30 per cent. They conceded that there would be an offset in the form of higher costs of introducing a no-fault system of indexed pensions and lump sums for functional loss as compared with the present mixed system of statutory benefits and common law settlements, and the report on page 7 says:

It is estimated that these increased costs will approximate 6 per cent of premiums. It is, therefore, anticipated that the net result will involve significant cost savings for employers.

The proposed transfer of first week payments to employers will further reduce the premiums which the corporation needs to charge.

That is a further point developed on page 7 and, again, I am quoting directly from this document:

A real reduction in costs for employers will also arise through the Government's proposal to phase out over a two year period the current 8 per cent stamp duty on premiums. All employers, apart from those few who are not involved in stamp duty because they self-insure, will eventually enjoy an 8 per cent reduction in premiums on this count alone.

In summary, the potential estimated cost savings are as follows: the establishment of a sole authority, 25 per cent; the reduction in adversarial processes, 4 per cent; the elimination of a statutory reserve fund levy, 1 per cent; abolition of stamp duty to be phased out over two years, 8 per cent. That is a total of 38 per cent, less the additional cost of the no-fault benefits package, which was said to be 6 per cent, leaving a net real saving on premiums of 32 per cent, plus the transfer of first week payment to employers (that is, the employers pick up the cost of workers compensation for up to one week), 12 per cent—so a potential reduction in workers compensation premiums of 44 per cent.

That was the argument. It seems all pretty simple and straightforward. I just want to make a few comments on those proposals and then subsequently look in more detail at some of the arguments that have been developed on costings from other sources. The first point to make is that the transfer of first week payment to employers, 12 per cent, is just what it says: it is a transfer. It continues to be a real cost and, indeed, I think it can be argued that the real cost of employers carrying that compensation—given the administration that will go with it—will perhaps in many cases increase the effective cost to the employer.

I have heard that proposition put by several people in smaller companies and I accept that, although it is a marginal argument. So let us ignore the 12 per cent, because someone still has to pay it. In fact, who knows whether there will be an increase in the incidence of workers compensation claims because the employer is carrying the first week? That is an unknown factor and I do not pretend to know the answer to that, but the 12 per cent cost remains.

Secondly, the elimination of the statutory reserve fund levy of 1 per cent and the abolition of stamp duty of 8 per cent, a total of 9 per cent, are unrelated to the introduction of this scheme. They could have been done at any time. Indeed, I understand that the industry has been arguing for some years for the elimination of those two imposts.

Straight away we see this 12 per cent which still exists, and 9 per cent which is unrelated to the introduction of this new package of measures, so the potential reduction in workers compensation premiums effectively, as a direct result of this scheme, comes down straight away to 23 per cent. That assumes, of course, that all the proposals we have before us are correct; that the quite highly academic study of Mules and Fedorovich is accurate. By far the biggest component of benefits flowing from this package of workers compensation involving the single insurer in fact relates to the establishment of the sole authority.

Mules and Fedorovich have argued that the benefit flowing from the establishment of the sole authority is 25 per cent. I want to look at that in some detail to see whether or not that claim can be justified.

The Hon. C.J. Sumner interjecting:

The Hon. L.H. DAVIS: We could go back forever, but I do not want to cloud the issue. I am suggesting that without the benefit of the Auditor-General's figures, without the benefit of an independent actuarial inquiry into the scheme, my view is probably going to be as good as the next man's.

I will submit to the Council that the Mules and Fedorovich proposal does not allow for an over-exaggeration of insurance company profits, nor for an under-exaggeration of the actual impact of this scheme when it goes into the marketplace, because I believe that there is a very real danger that the scheme we now have before us will be open to abuse and it will be far more costly than has been suggested in this very thin and tatty second reading explanation.

I turn now to the report dated 22 February 1986 from the firm of Mercer, Campbell, Cook and Knight prepared by Mr J.R. Cumpston for the South Australian Department of Labour, and it relates to the cost of private and Government workers compensation schemes. The Attorney-General referred to this report yesterday, and in fact it was given some prominence on page 3 of today's *Advertiser*. The Attorney-General was reported in the *Advertiser*, as follows:

Introducing the Workers Compensation Bill in the Council yesterday, the Attorney-General, Mr Sumner, said the study by Mr Cumpston found profits of private sector general insurers from 1975 to 1984 varied between a loss of 3 per cent and profit up to 13 per cent of premiums. Over the 10 years profits averaged 7 per cent. Mr Cumpston estimated the required profits of private insurers to be 14 per cent of premiums including returns on investments. This corroborated the findings of the Mules-Fedorovich report. Mr Sumner said Mr Cumpston estimated the long-term saving on the replacement of the private insurance industry by a central workers compensation scheme would be 20 per cent of premiums compared with the Mules-Fedorovich estimate of 25 per cent.

This report is considerably more up to date than the Mules-Fedorovich inquiry (which is really a camel that has been cobbled together over a period of several years and basically an academic inquiry). It is a report dated only a few days ago which states that the benefits flowing from the establishment of a single authority are only 20 per cent, whereas the Mules and Fedorovich inquiry which formed the basis of the proposals for the white paper of August 1985 argued that the establishment of a sole authority would have a

potential cost saving of 25 per cent, so there is a further 5 per cent reduction in the potential cost saving flowing from this workers compensation measure now before the Council. That means that the net real benefit flowing from this package is now down to 18 per cent, and so far we are talking only about the Government's figures: we are not talking about anyone else's figures, but just those from the people who are supporting the Government's proposition.

Let us look at what this same Mr J.R. Cumpston said on 18 June 1984, a little more than 18 months ago. I should have said that Mr Cumpston is now a Director of the Victorian superannuation workers compensation scheme called Work Care and, in summarising the new direction for workers compensation in South Australia, from a conference which was being held at that time, he said:

Dr Mules and Mr Fedorovich—

those are the two same gentlemen I have been giving some airplay to in recent minutes—

presented a report on the likely effect of workers compensation premiums of the key changes recommended by the Tripartite Committee. Dr Mules is a senior lecturer in economics at the University of Adelaide, and Mr Fedorovich is Chief Projects Officer in charge of the Labour Market Research Branch of the South Australian Department of Labour.

They estimated the total savings from the recommendations as 17 per cent of premiums. There are however some errors, omissions and uncertainties in their estimates. The committee's scheme may cost as much or more than present insurance.

They estimated savings arising from administration changes as procuration costs avoided, 4 per cent; reduced administration costs, 6 per cent; margin for profit, risk and reserves, 9 per cent; investment earnings in excess of inflation, 6 per cent; replacing lawyers by an administrative system, 4 per cent.

That is a total of 29 per cent. The report further states:

They assumed that the administration costs of the proposed scheme will be about 3 per cent of premiums. They seem to have found this something or other.

The report also states:

The third and fourth of these savings seem to assume that insurers make a before-tax profit of 15 per cent of premiums. Actual profits by insurers in Australia have, however, been much less than 15 per cent. The Australian Insurance Commissioner's annual reports show that, in the eight years from 1975 to 1982 the before-tax profits of private insurers varied between 2 per cent and 10 per cent of premiums, averaging 5 per cent. These profits include all investment earnings, and are for all classes of insurance together. Australia is an attractive long-term prospect for overseas insurers concerned about economic and political instability elsewhere. Extreme competition between insurers is likely to continue for many years, with low profits.

The Insurance Commission's most recent report shows that private insurers had shareholders' funds of about 42 per cent of premiums. Investment income from these funds would be at least 5 per cent profit that insurers have averaged over the past eight years may thus have come entirely from investment of shareholders' funds, with zero profit from insurance contracts. For the future it may be reasonable to assume average profits of 5 per cent from insurance contracts, in addition to investment income from shareholders' funds.

The estimates by Dr Mules and Mr Fedorovich of the above five types of savings add to 29 per cent. From this they deduct 12 per cent as the net cost of replacing redemptions and common law by pensions. This gives their 17 per cent estimate of the net savings resulting from the Tripartite Committee's proposals. Disturbingly, they note that 'a sample of common law claims suggested that settlements are, on average, 33 per cent less than they would be if each case went to court'.

He then goes into some detail and, finally, he states:

They appear to have ignored the extra costs of pay-as-you-go funding, on the grounds that employers would enjoy the yield on the funds otherwise needed for a funded system. This is only partly true, as company taxes would be payable on income from the retained funds. Assuming an average tax rate of 46 per cent the net extra cost of the proposed pay-as-you-go operation may be about 5 per cent of premiums. The adjustments needed to their estimates, in the areas discussed above, thus appear to be: insurer profits derived from employers, 10 per cent; error in common law calculations, 3 per cent; error in redemption calculations, 3 per cent; extra costs of pay-as-you-go, 5 per cent.

These adjustments total 21 per cent, enough to turn their estimated 17 per cent savings into 4 per cent additional costs. All of these estimates are however small in relation to the uncertainties inherent in the proposed long-term pensions.

I submit that there is a sharp variation between the conclusions laid down by Mr Cumpston in the report dated 22 February 1986 and his very frank and open criticism of the Mules and Fedorovich costings, which were set down in June 1984.

I find some difficulty in reconciling these differences. Mr Cumpston, 18 months ago, was most critical in his attack on the Mules and Fedorovich costing—quite open about it; it is there on the public record. Yet, this man who is now a Director of Work Care in Victoria, has as recently as 22 February said that the Mules and Fedorovich figures are okay. I would like to know why there has been that change. It concerns me, Madam President, that there has been such a turnabout. It underlines further the lack of credibility that exists with regard to the Government's costing. It underlines further the need for caution by this Council when examining these very important and complex proposals. It underlines the reasonableness of the Liberal Party's submission that the Committee debate should be postponed until the Auditor-General's report is available.

I have already mentioned the fact that the emphasis in this Bill has switched away from rehabilitation to payment and that there is simply not enough incentive given to people to return to the work force. Whilst the benefits remain as attractive as anywhere in the world, it will not be surprising if rehabilitation ranks a distant second and costs continue to escalate. The view that I have put has been given credence by the submission to members of Parliament by the South Australian branch of the Australian Medical Association. Hopefully, its view will be respected in matters of rehabilitation. I quote from the first page of the submission that members would have received in recent days, as follows:

The proposed changes are essentially a change in the administration and make no real impact on the treatment and rehabilitation of injured workers except by alteration in the climate in which they occur. The injured worker will still find himself enmeshed in an administrative bureaucracy and the adversary system is entrenched in the medical and other review tribunals which will replace the courts by virtue of their method of appointment which involves equal numbers of members being selected by the employer organisation and the UTLC.

That, of course, is a criticism of a specific point. I want members of the Council to dwell on the fact that the AMA has said that this legislation has no real impact on the treatment and rehabilitation of injured workers. That is something that I hope we can address if and when we reach the Committee stage of this Bill.

I have already referred to the fact that this is the most expensive scheme in the world. I will underline that point with some examples. In New Zealand the scheme is grossly underfunded and, in fact, there is a liability which has built up to more than $100 million in just 10 years. That is in a country with fewer than four million people—a country with three times the population of South Australia. It should be emphasised that in the New Zealand scheme benefits are much less generous than the benefits in the South Australian scheme. After one week the benefit is 80 per cent of weekly earnings up to $600.

We can examine British Columbia which, likewise, has been unable to contain the increase in liability. In British Columbia (and my recollection is that it has a population in the vicinity of about five million people) the debts of the fund have built up to $500 million. Again, they have a lower level of benefit than those proposed in this scheme. In contrast to those two schemes, which are unfunded ones (they are open ended schemes), South Australia proposes a fully funded scheme. That, of course, is something that we

should all support. In other words, it is a scheme which should look after itself as it goes.

Employers can only pay so much and as the legislation is now set down they will have to bear the burden of any increase in premiums that may occur. If one looks at schemes in Europe, in Holland there is a 65 per cent benefit payable to workers on compensation with a maximum 15 per cent top up. The figure in Austria is 80 per cent. One could go on. I am yet to find anyone who can say that there is another country in the world that, in all the circumstances we now have before us, has a more generous workers compensation scheme.

We saw the introduction of a Work Care scheme in Victoria only a few months ago. On recent evidence it seems that more businesses in Victoria are paying higher premiums than are paying lower premiums. The Hon. Dr Ritson gave strong evidence on that point in his second reading contribution yesterday. There is also evidence that the Victorian scheme is already running over budget. However, the Victorian Government has set premium levels for five years and, therefore, there will be a big buildup in liabilities over a period of time that will defer the evil day and defer the reality.

In conclusion, Madam President, I remain concerned about this legislation. I remain concerned that we have inadequate data on which to make a proper judgment about the costs of this scheme. Certainly, the benefits are clear, but the future costs are unclear. All we have had is a comparative study based on assumptions. The Mules and Fedorovich paper, which was first presented at the April 1983 conference, initially was a costing of the Byrne committee recommendations of 1980. Essentially, it was an academic paper, and their costings had been upgraded by adapting calculations to changes on the way.

That is no way to go about costing such a major and massive reform as this one. No-one in the business world in their right mind would approach a major reform in such an *ad hoc* manner. A proper survey has never been done by the Government or any consultants to the Government of the actual costing of this patchwork measure, given that significant changes have been made to the proposals as first mooted in August. I defy any member of the Government to stand up and say that this is the way it would be done if they were in business on their own account, or that this is a professional approach to such an important measure.

As someone with an interest in this area, I am quite unable to test the validity of the results that have been arrived at by Mules and Fedorovich. We have been unable to examine the inputs that they have made. No-one has had access to the actual workings of Mules and Fedorovich to be able to test and verify their findings. Is that open government? Is that a way in which you can really expect people to examine a serious matter and come to a conclusion?

I want to put on record my dismay that this rush to judgment has occurred. I believe that if we continue to press on with this, if the Government and perhaps the Democrats join forces to rush through the Committee stage of the Bill before we have the Auditor-General's report and any other information which may be in the pipeline, South Australian employers will be worse off, the community will be worse off, and we will be putting a millstone around the neck of future generations of South Australians. It is one thing to enjoy the short term benefits, which undoubtedly will accrue to injured workers, by introducing the best scheme in the world, but it is quite another thing for legislators to take the long term view and to accept what the long term consequences will be to South Australia and future generations of South Australians.

[*Sitting suspended from 5.55 to 7.45 p.m.*]

The Hon. J.C. IRWIN: I enter this debate tonight not to waste the time of the Council but because I have a duty to put forward my thoughts on what I consider to be the most important Bill to be debated in the Council certainly in this session; and I predict that it could be the most important and far reaching legislation that we may have to deal with in this Council for the whole of the year, if not later years. Of course, by now most matters have been canvassed either in this Council or in the other place by members of the Opposition and by some members of the Government. All members of the Council have a duty to add their thoughts to the general debate, even if their general comments support the policy of their Parties.

I am disappointed that we have not heard from the Democrats, despite being close to the end of the debate. They seem to choose the media and not Parliament to make their position known. What we have heard is that the Democrats believe that the Government has a mandate for bringing in a workers compensation Bill. Inherent in that specific mandate are three issues: first, a single insurer or another statutory authority; secondly, workers rehabilitation; and, thirdly, workers compensation. I put it to the Council that the Democrats cannot just pick out one of those three—namely, a single insurer—and say because there is a mandate they will not oppose it. The Democrats will not even condsider, prior to the Committee stage, a report supposedly coming from the Auditor-General whose figures may or may not support immediate and long term benefits to employers and employees.

As one honourable member has already said, it is like building a house without any plans or without any idea of costs. Building a house is something of which I know the Hon. Ian Gilfillan has some experience, because I seem to recall a recent photo of and article about the honourable member making his own bricks and building his own house. The very future of the insurance industry depends on this legislation. The industry gave away third party insurance because it was a loss area for it. It now looks like losing workers compensation. I put it to the industry and the people of South Australia: what next? Surely the progression is obvious.

If the Democrats believe that because the Government of the day has a mandate to make major changes—as this legislation does—they should believe that that mandate extends to the nuts and bolts of the legislation, the 120-odd clauses that make up the Bill. What right do they have in these circumstances to muck about with the so called carefully thought out clauses of the Bill?

I have concluded that, if a mandate means that they have no position on a Bill other than to follow the Government, then they appear to be irrelevant and the votes of the people putting them into Parliament also appear to be irrelevant.

I, too, am tempted to say that we should let all this go through without any fire or fuss from the Opposition, and let the Government wear it; then let the people of South Australia be the judge of it in four years time, together with all the other cost increasing measures for which this Government is responsible. For some time the Liberal Party has believed that something should be done about compensation and rehabilitation. Indeed, all Parties believe this. Obviously we differ markedly in how to go about this.

In 1982-83 workers compensation premiums cost South Australian business about $120 million. The number of claims has increased significantly. A survey of the claims history of 10 major companies shows that between 1979 and 1983 claims increased 244 per cent or from 5 886 claims to 20 157 claims. The cost of workers compensation claims has become a major disincentive to the creation of more jobs, and a major cost on production. Common law pay-

ments have increased. The incentive for rehabilitation is and was not working, and the settlement of claims has been very slow.

Our policy was put down well before the last election, and most industry groups making submissions to the Government on this Bill know the Liberal policy. Indeed, the speakers on this Bill from this side of the Council base their remarks on that policy—and how well they have been put by the Hon. Trevor Griffin, the Hon. Legh Davis, the Hon. John Burdett, and others. Those speeches stand in stark contrast to the Bill before us. We do, for instance, believe that the private insurance industry has a legitimate and important role to play. Private enterprise is a cornerstone of Liberal philosophy. Government enterprise is a cornerstone of ALP philosophy.

I mentioned previously the monopoly enjoyed and held in relation to third party insurance. Prior to having been taken over by a single insurer, SGIC in 1974, third party cover was held in the private sector, with losses being spread throughout the private companies, which held cover for a variety of other insurance items. As an example of what a monopoly can do in the area of third party cover, I use the following example for the 11 year period 1973-74 to 1984-85 and using 1984 dollar terms. The premiums, for instance, for a family car have risen on an average yearly basis by $2.97 (or 2.1 per cent) in real increase dollar terms; a two tonne truck has risen $4.70 per annum (or 3.3 per cent) in real terms; taxi premiums have risen $29 per annum (or 8 per cent) in real terms; buses have risen $24.02 (or 5.3 per cent) in real terms; and, motor bikes, using the example of an engine capacity exceeding 250 ccs, have increased by $19.50 per annum (or 32 per cent) in real terms.

If we look at the whole mix of third party cover over 42 items, we have an average rise in premiums of 6.4 per cent in real terms of increase per year. Of course, this increase using real terms is after allowing for inflation. In respect of SGIC third party payouts, 1984-85 represented a loss in excess of $30 million. Investment of premium income reduced that loss to a deficit of $13.6 million in 1984-85. The investment of premiums is a question we have raised in respect of this Bill. I am concerned for the impact that this Bill will have on primary production. My judgment is that premiums will rise in real terms as they have with third party insurance—after an initial reduction, as promised in the contents of this Bill and in the publicity that the Government has given it.

The Hon. C.J. Sumner: Third party insurance has risen because of the increase in damages awards.

The Hon. J.C. IRWIN: That is one contributing factor. I am concerned that the UF&S, which represents primary producers in South Australia, has accepted the establishment of a single insurer. I am not concerned about the work it has done or the integrity of its conclusions. I believe it is wrong in supporting yet another move against private enterprise. It should know from its vast experience with Government authorities that the increase is ever upward. It may not be proved wrong in the first year, in the second year or even the third year, but in the end it will be wrong on two counts: first, abandoning the private enterprise theory; and, secondly, high costs as part of production. I hope for the sake of primary production costs that this Bill, if and when it is passed in whatever form, does in fact help reduce high production costs.

I make brief reference to the rehabilitation aspect, because this was well covered by the Hon. Bob Ritson and others. This is a vital area which is not properly or clearly covered in the Bill. Rehabilitation is a vital cog in any workers compensation arrangement. Finally, private insurers can make just as good a job of workers compensation as any Government authority if they are able to use the cost of savings, for instance, or stamp duty and the one week which this Bill says should be carried by the employer.

I pose the question: will administration really be cheaper? With all the changes from the white paper to this Bill and with the advantages given to the proposed authority, I put it to honourable members that the private insurance industry would be able to deliver a wide range of insurance, including workers compensation, better than any Government authority could do.

The Hon. PETER DUNN: I want to put the position of one who has been an employee and also an employer. I do not think there are many in this Chamber who have had that opportunity. I look around the Parliament and find very few in the Parliament who have ever found the opportunity. There are plenty of employees here, but very few have ever been employers. Perhaps the few words I say about this Bill might be looked at from that angle. I am not going in to bat for employers only, but just the practicality of employing people and what it means.

Every one of us knows that we cannot work in this country without good relations between employees and employers. Perhaps it has to start with the employer: he has to be generous enough to his employees, but what this Bill will do is start them off on the wrong foot. You are alienating the employee and the employer before they even put their hands together to acknowledge a contract to work together. This Bill of 120-odd clauses—

The Hon. R.J. Ritson: And some of them are very odd.

The Hon. PETER DUNN: That could be so. I do not wish to comment on that, but the fundamentals of human relationships are, in my opinion, being undermined by some parts of this Bill. What we are about is raising the standard of living in this community and seeing that there is a fair share of the wealth generated within the community given to the people who work and deserve that share.

The increasing costs of workers compensation are astronomical. Most of the people I have employed have been itinerant workers who have come on the property, have worked for a while and have left. These people are in a unique position because they usually come and do work which is very hard and of long hours. They usually travel some distance, but they are well rewarded for that.

Shearers, for instance, do some of the hardest work in the rural community that anybody does. Shearers use workers compensation to a large degree. One only has to look at the percentage of their salary that an employer has to pay—and it has been in the order of 18 per cent—when the shearer is paid something like $120 per 100 sheep. If he shears his 150 sheep a day, that is a reasonable salary, and when he becomes proficient at it he finds that reasonably good work. If he has to drive to work that is a cost that is put against the shearing of those sheep, so that is built into the amount of money that he receives for shearing those sheep.

Should this Bill go through and he receives 100 per cent of his average wage, it will be difficult to encourage him to go back to work, because he will not have to pay for to-ing and fro-ing to work, and that becomes a rather large component of his costs. He will not have to worry about five sets of shearing clothes which he has at the moment. He does not have to worry about gear (that is, combs and cutters) which is fairly expensive today, so he will find out that once he goes on to compensation there will be very little incentive at all for him to return to work.

If I were in his shoes I would be saying, 'Blow that: I don't have to lose all that sweat. I will stay as long as I can on that compensation, because it is a very easy and rewarding way.' So, the shearer will finish up much better off if

he is on compensation, and that is incorrect; that is dishonest. I am not saying people will deliberately be doing it but, human nature being what it is, they will do it.

I have had examples of it and I will not relate them in the Council, but it does happen. Incentive is important in making these people return to work. Why do we work? We work because we wish to raise our standard of living. The danger is that people will not have an incentive to work—and that is fundamentally what this is doing, with the compensation being 100 per cent of their previous salary. I find that very difficult to justify.

Furthermore, I believe it will lower the competitiveness of export industries, and by doing that will ultimately lower our standard of living if we cannot compete with other countries. As for the single insurer, I have my own views about that. Perhaps the whole Bill need not be in this Council, apart from the rehabilitation part of it. Perhaps if we built into their salaries that component which is needed to cover them, and let them cover themselves, that could be the best factor. I do not know whether it has been floated in this place or another but, if it has not, perhaps we should be looking at that. Let the individual choose whom he wishes to have insure him, in the same way as I have to when I take out self-employed insurance on myself because I work at home.

I do not have the benefit of having workers compensation. Maybe we should be returning to that and giving the individual the right to choose whom he wishes to have insure him. So, a single insurer will finish up, I am sure, with the same situation as we have with third party insurance on motor cars. That is certainly not a terribly healthy thing at the moment.

I have mentioned the competitiveness of this country. We have great problems at the moment because we are not competitive—rurally, in our manufacturing or in our general day-to-day overseas exports. It is high time that our industry and our rural production became competitive, because our standard of living has slowly declined since about the 1930s and, in fact, we are on a slippery dip at the moment in the rate at which we are falling behind other countries.

I am not sure that this Bill will achieve what the Government hopes it will. In fact, I believe that in about five or 10 years time this Bill will be an absolute monster because, people being what they are, they will exploit it—and it is potentially open for exploitation. As long as there are the rewards for not working that this Bill has built into it, I believe that is all that will happen.

The Hon. M.J. ELLIOTT secured the adjournment of the debate.

COOBER PEDY (LOCAL GOVERNMENT EXTENSION) ACT AMENDMENT BILL

Adjourned debate on second reading.
(Continued from 25 February. Page 499.)

The Hon. BARBARA WIESE (Minister of Local Government): I thank honourable members for their contributions during this debate. I refer particularly to some of the remarks that were made by the Hon. Mr Hill during his contribution. I will ignore the rather uncomplimentary remarks that he made about the Government and about successive Ministers of Local Government, but I would like to answer the substantive question that he asked about the future of local government in Coober Pedy and particularly the provision that is contained in this Bill to extend the sunset clause of the legislation.

I point out that the reason we had extended the life of the Bill by one year is to give ourselves a safety net, if you like: it is really a precautionary measure. It is my intention to meet the deadline of the life of the legislation, if that is at all possible and, since this is a hybrid Bill, it is my intention to set up a select committee as soon as possible after the Parliament rises. I hope that the issues relating to the Bill itself and the broader question of the future of local government operations in Coober Pedy can be dealt with during the parliamentary recess and that a suitable report or amendments to legislation, whatever is appropriate, can be brought back to the Parliament very early in the budget session. That would mean that we would be taking the action that I think we all feel is desirable within the life of the current legislation.

I think that we must all bear in mind (and I am sure that the Hon. Mr Hill appreciates this) that the issue of the future of local government in Coober pedy is in fact a very controversial one and we cannot be absolutely certain as to how quickly the matter can be resolved once we start taking evidence on that question from interested parties in Coober Pedy. It seemed to me that it was a sensible precaution to extend the life of the legislation to ensure that we have sufficient time in which to consider all those issues which need to be taken into account by a select committee. I once again thank members for their contributions and I hope that the select committee can resolve these issues very quickly.

Bill read a second time.

The PRESIDENT: I rule that this Bill is a hybrid Bill and that it be referred to a select committee pursuant to Standing Order 268.

Bill referred to a select committee consisting of the Hons G.L. Bruce, Peter Dunn, M.J. Elliott, J.C. Irwin, T.G. Roberts, and Barbara Wiese; the quorum of members necessary to be present at all meetings of the committee to be fixed at four members; Standing Order 389 to be so far suspended as to enable the Chairperson of the committee to have a deliberative vote only; the committee to have power to send for persons, papers and records, to adjourn from place to place, and to sit during the recess; the committee to report on the first day of next session; the committee to be instructed it have power to recommend amendments to the Coober Pedy (Local Government Extension) Act 1981 in regard to the future operation of local government for the Coober Pedy community.

BUILDERS LICENSING BILL

Adjourned debate on second reading.
(Continued from 18 February. Page 186.)

The Hon. K.T. GRIFFIN: This Bill repeals the Builders Licensing Act 1967 and the Building Contracts (Deposits) Act 1953. It establishes a new mechanism for licensing builders and building supervisors and provides a form of negative licensing in relation to building consultants. The Bill was first introduced by the Government prior to the 1985 election. My colleague the Hon. Mr Burdett was then the shadow Minister of Consumer Affairs and spoke at length on the Bill, drawing attention to a number of deficiencies, and the matter was then not proceeded with because of the intervention of the election.

The Bill comes back to us with a number of amendments which reflect some of the criticisms made by my colleague the Hon. Mr Burdett, but there are a number of matters to which I will refer in the course of this second reading speech. I should say that this is a Bill which the Opposition generally supports. There are some areas of concern relating to spe-

cific parts in the Bill but, generally speaking, we recognise the need to tighten up the provisions of the present Builders Licensing Act which first came into operation in 1967.

As I say, there are some areas which create some difficulty. This Bill was first presented to associations of builders on 28 January this year with a letter from the Director-General of the Department of Public and Consumer Affairs indicating that the Bill was to be introduced on 11 February. As it turned out, it was introduced some days later.

However, urgent submissions were sought from associations on the content of that Bill. There was not much time within which to do that. Both the Housing Industry Association and the Master Builders Associations did make further submissions. The Consumers Association of South Australia also made representations on that draft Bill but none of the submissions made were picked up in the form of the Bill introduced last week into this Chamber.

I was proposing to make some criticism of the Director-General and of the Minister for the haste with which they have proceeded to introduce the legislation, but since I gave consideration to that point of view I am informed that there have been quite productive discussions for some hours with representatives of the HIA and the MBA and that as a result of those discussions certain areas have been clarified and a bundle of amendments is now on file.

There will be an opportunity to consider those amendments during the Committee stage. As the Bill is essentially a Committee Bill, it would be helpful to the Council if I were to identify some of the problems that I see with the Bill as presently drafted, taking into consideration the amendments that the Attorney-General has on file. Hopefully, that will facilitate the Attorney-General's giving consideration to the particular areas of difficulty to which I will draw attention.

The first area of concern relates to the definition of the word 'insolvent'. That is relevant in relation to the application for a licence under clause 10 and also in relation to the disciplinary provisions under clause 19. The definition of 'insolvent' in so far as it relates to a body corporate means 'under official management, in liquidation or receivership, or subject to a composition or deed or scheme of arrangement with or for the benefit of creditors'.

In the context of the application for a licence, as well as disciplinary proceedings, the definition is too limiting. There are under the Companies Code opportunities for companies to enter into schemes of arrangement, not because they are insolvent or wish to make a composition with their creditors but because they want to restructure the operations of the company or amalgamate with another company.

If the drafting as it appears in the Bill at present is maintained it will mean that all companies that enter into a scheme of arrangement with or for the benefit of creditors, but in the context of an amalgamation or reconstruction, will be subjected to disciplinary action and certainly will not be able to apply for a licence where that has occurred within 10 years preceding the date of application. I am of the view that insolvency in relation to a corporation should taken into account the commercial fact that arrangements are frequently intered into for the purposes of reconstruction and amalgamation.

If we look at clause 10 of the Bill, which among other things deals with applications for licence, where a natural person applies for a licence or a director of a body corporate applies for a licence and the person has been during the period of 10 years preceding the date of the application insolvent, or the Director of an insolvent body corporate, or if there is a body corporate applying for the licence which during the period of 10 years preceding the date of the application has been insolvent or in a prescribed relationship with an insolvent body corporate, then the tribunal is not to grant an application unless it is satisfied that there are special reasons why the application should be granted.

The first point is that 10 years is too long. Under the Bankruptcy Act in relation to individuals, five years is the period and it appears to me that five years is a more appropriate figure to include in clause 10. More particularly, if a body corporate has entered into a scheme of arrangement, or has even been the subject of receivership, special reasons have to be disclosed why a licence should be granted.

If the body corporate is in a prescribed relationship with an insolvent body corporate, that is, it is a related corporation under the Companies Code where there is a relationship between perhaps a holding company and a subsidiary company, a licence cannot be granted unless special reasons are adduced.

We have to face the facts of commercial life that where there is a receivership that does not necessarily mean that the company is not able to pay all of its debts if it were wound up. It is in the interest of the company and the secured creditor on occasions for a receiver to be appointed to assist in the operations of the business of the corporation and to allow some breathing space in the payment of creditors and in those circumstances not to be granted a licence, would be to the detriment of the operation of the body corporate and would serve no useful purpose.

In fact, it may harm those members of the community dealing with that particular body corporate. Whilst there needs to be some supervision by the tribunal in areas where there has been a receivership or a scheme of arrangement, I do not believe it is necessary for the onus to be placed on the applicant corporation to show reasons which are not defined but which, nevertheless, must be exceptional for a licence to be granted.

In the context of clause 19, which deals with the disciplinary powers of the tribunal, it is a real problem if the person licensed under the Act is a director of a body corporate that is insolvent or in the case of a body corporate is in a prescribed relationship with a body corporate that is insolvent. In that context it may be that a subsidiary has financial difficulties but the holding company holds the licence. In those circumstances there would be disciplinary action against the holding company. I do not see that that is commercially realistic and, in fact, therefore there ought to be amendments which pick up the real facts of commercial life without putting at risk the consumers who deal with the body corporate or the licensed person.

There needs to be, as I said before, some supervision, but there does not need to be the very heavy embargo placed upon such insolvent persons by this Bill. In clause 11 there is a provision dealing with the duration of licences. The only point I raise in relation to that clause is that I would like to know what is likely to be the prescribed information that will be required of a licensee to be lodged in the annual return with the Registrar operating under the Act because it is going to be important to know what information licensees will be required to disclose.

The Hon. J.C. Burdett interjecting:

The Hon. K.T. GRIFFIN: That is required by the tribunal, but this is in an annual return as well as being required by a tribunal.

We need to know what sort of burden would be placed on licensees by a provision for information to be promulgated by regulation. Also in that context, it would be helpful to know what the requirement of having sufficient business knowledge and experience means in the context of an application for licensing. My colleague, the Hon. John Burdett, drew attention to this matter when the Bill was before the Council prior to the election, and he indicated that he was inclined to the view that there ought to be specific criteria identified in the legislation as to what may be sufficient

business knowledge and experience. It would be helpful if the Attorney-General could give us some information about what is envisaged in relation to that concept of sufficient business knowledge and experience, which is a prerequisite to a licence being granted.

In relation to clause 12, we debated last week a provision in a similar context in the Travel Agents Bill. The clause provides:

> Where a person carrying on business in pursuance of a licence dies, the personal representative of the deceased, or some other person approved by the tribunal, may continue to carry on the business for a period of 28 days and thereafter for such period and subject to such conditions as the tribunal may approve.

No-one can get a grant of probate and deal with the assets of a deceased estate within 28 days, and although there is a discretion for the tribunal to extend that period of 28 days, I submit to the Council that that is an inadequate time within which to allow the executor of an estate to make relevant decisions in order to protect the asset, as well as to find some alternative person to carry on the business under the licensing requirements of this Bill. In the Travel Agents Bill six months was allowed for this purpose. I was reminded on the occasion when we debated that Bill that a six month period was also provided in the Second-hand Motor Vehicles Act. Therefore, it is important to achieve in this measure some consistency with the other occupational licensing provisions provided in legislation, and that could be done by extending the period from 28 days to six months.

Another point in relation to that is that under the Administration and Probate Act it is not possible to obtain a grant of probate within one month after the date of death of the deceased unless an order is made by a judge of the Supreme Court. So, unless an application is made to a judge for a grant of probate of a person who was licensed under this Act, there will be considerable difficulty in complying with the provisions of clause 12.

Clause 15 deals with application for registration as a building work supervisor. There are several points to be made in respect of this clause. The first is that the application is to be accompanied by the prescribed application fee. The point has been made to me that the person applying for registration as a building work supervisor in the context of a small business may in fact be the licensed builder, and so the licensed builder in the context of this clause will be applying for registration as a building work supervisor and will be required to pay the prescribed application fee, having been required to pay that fee on the initial registration as a licensed builder. This provision ought to be amended to ensure that only one fee is payable in that context.

Clause 17 deals with the duration of registration of a registered building work supervisor. I make the point that again this is a requirement for a building work supervisor to pay a prescribed annual registration fee, a fee fixed by the regulations, and which will be an additional fee to that which is required of a licensed builder. It is important that there not be two fees required in those circumstances where a licensed builder is also the registered building work supervisor.

The Hon. I. Gilfillan interjecting:

The Hon. K.T. GRIFFIN: I do not think it is necessary for there to be even a token fee. I am not saying that there should not be a requirement for registration as building work supervisors but that when the registration is applied for two fees should not be required from one person who might be a licensed builder and a registered building work supervisor. The records will still be maintained by the registrar, but the fee will be paid only once in those circumstances, and I consider that to be important.

In the context of clause 18, I raise the question of whether a building work supervisor ought to be licensed in relation to a particular licensed builder's business. It has been put to me that there could well be some difficulties in that regard, for example, where a building work supervisor changes employment, in which case there would need to be an application made to the Tribunal for approval to change from one builder to another. There might be a group of builders who are all part of the same operation where the building work supervisor is licensed in relation to one builder but may subsequently want to do some work for another builder. That appears to be prohibited unless that person is registered in respect of each business.

The suggestion has been made to me that maybe this is for the purpose of administering the Act in the sense that the registrar will know who is doing building work supervision for each builder. If that is the position, I suggest that a much more convenient mechanism would be for the licensed builder to give notice to the registrar of a particular person being the building work supervisor for his or her business and for any change in that relationship to be notified in writing to the registrar. The building work supervisor would still be registered and notification would still have to be given to the registrar of the association between the building work supervisor and a licensed builder.

The object of having a building work supervisor is to ensure that there is a person present with the appropriate qualifications, that person having the responsibility for supervising the building work of a licensed builder. Although there may be a builder who does only home building work and the registered building work supervisor has qualifications recognised for that work, there may be other builders who do a broader spread of building work with a building work supervisor recognised with qualifications suitable for that sort of work. So, the qualifications can be recognised and controls imposed in the sense that a building work supervisor can do work only according to his or her particular category of registration. I put it to the Council that there is no need to have a building work supervisor licensed or registered in relation to certain licensees.

As long as that person is registered, and as long as notification is given to the registrar of the person who is the building work supervisor for a particular licensee, that satisfies the consumer protection provisions of the legislation as well as the need to maintain suitable administrative records of those relationships.

I now raise a question in relation to clause 19 (3), which provides:

> Any person (including the Commissioner) may lodge with the Tribunal a complaint in the prescribed form setting out matters that are alleged to constitute grounds for disciplinary action against a person referred to in subsection (1).

There is no time limit within which that complaint may be laid. Unless I have missed some other relevant part of the Bill, it seems to me that it is an oversight which should be remedied. I ask the Attorney-General to clarify what time limit is proposed within which a complaint may be lodged in order to institute disciplinary action.

In relation to clause 19 (6) the tribunal is required to be satisfied that proper cause exists for disciplinary action. If the tribunal is so satisfied, certain significant powers may be exercised—a reprimand, a fine not exceeding $5 000, some limitation on a licence, or even cancellation of a licence and perhaps some temporary suspension. I would like the Attorney-General to say something about the concept of proper cause and endeavour to identify what is proposed to be the scope of that concept of proper cause being found by the tribunal.

A difficulty with clause 19 comes with subclause (6) *(e)* where the tribunal may deal with a particular building con-

sultant or former building consultant. It may make an order to prohibit the respondent from carrying on business as a building consultant permanently, for a specified period, or until the fulfilment of stipulated conditions, except in accordance with those stipulated conditions, or until further order. The concept of that paragraph is accepted. It is a form of negative licensing and I think it is the more appropriate way to deal with misbehaviour by a building consultant. It seems to me that it may be necessary to spell out with more particularity the nature of the orders and the mechanisms for enforcement of those orders when they have been made.

Under clause 19 (11), if a licensee has been guilty of a breach of any other Act or law, disciplinary action can be taken. I have raised this matter on previous occasions, but it seems to me that that is fairly wide and can extend to breaches of, say, the road traffic law without necessarily being related to the conduct of a licensee's business. It may be that parking offences are involved. One would think that that would be an extreme basis upon which a tribunal might take disciplinary action; nevertheless, the potential is there. It seems to me that perhaps that provision should be somewhat more clearly defined as being specifically related to the conduct of a licensee's business.

Paragraph *(b)* of subclause (11) is similar to a matter that I raised in the Travel Agents Bill, namely, where a licensee has acted negligently, fraudulently or unfairly a disciplinary action may be taken. The concept of 'unfairly' is subjective; it is not defined in the law and, as I said last week in relation to the Travel Agents Bill, unless there is some criteria by which unfairness can be determined by the tribunal there is at least the potential for unfair treatment of a licensee. In relation to one set of circumstances, a particular conduct of a licensee may be quite fair, but the same conduct in relation to another set of circumstances may be regarded as being unfair. However, a builder or other licensee may not have been in breach of any law or have acted negligently or fraudulently. So, there is the potential for injustice.

A later provision in the Bill deals with a code of conduct being prescribed. The proposition has been considered that maybe 'unfairly' ought to be related to a code of conduct or practice prescribed by regulation. I would be happy to support such a proposition because it gives some particularity to the rather vague concept of unfairness referred to in this clause. I have already referred to clause 19 (11) *(c)* (iii) which relates to questions of insolvency. I do not think there is any need for me to pursue that further.

Clause 20 gives some concern because it provides:

> A person who is disqualified from being licensed or registered under this Act shall not, without the prior approval of the tribunal, undertake any employment, or be otherwise engaged in the business of a builder.

That is strong stuff. In the case of a person who has been involved in a building business, who goes into liquidation (or ceases to carry on that business) and who wants to act as a quasi-principal or even as the principal of another business as a builder, if such a person has been previously disqualified, I can understand that it is inappropriate for that person to be engaged in the business of a builder. It is, however, very harsh that a person who is disqualified from being licensed and who wants to go to another builder to undertake his or her trade as an employee and under supervision would be effectively prevented from so doing under this clause unless that person went to the tribunal and said, 'May I do so.' It may be that that disqualified person wanted to be a builder's labourer to earn some income or to be a clerk with a builder.

The Hon. I. Gilfillan: What about subclause (3)? The tribunal can give that—

The Hon. K.T. GRIFFIN: Yes, but the point I am making is that it is very wide. It will mean an application to the tribunal on every occasion. What I am seeking to do is limit it so that, instead of applying across the board, it may be limited to 'actively engaged in carrying on the business of a builder', because I do not see any problems with a person being employed in a building business under supervision where that person is carrying on a trade but is not actively carrying on the overall business of a builder.

Part V of the Bill deals with provisions with respect to domestic building work. Clause 23 (1) *(d)* says that any contract must comply with any requirements of the regulations as to the contents of domestic building work contracts. It is not clear exactly what sort of provisions will be in the regulations, and I would like some clarification of what is proposed to be included in the regulations seeking to regulate domestic building work contracts. Is it intended that provisions be incorporated in building work contracts which, in fact, make certain matters unlawful when they are not specifically dealt with in this legislation? What is proposed by the Government in that context?

With clause 24 of the Bill, which has caused a great deal of concern about variations to the contract, there is some confusion whether subclause (5) deals with prime cost items or variations. I understand that from a departmental point of view it is only intended to refer to prime cost items and that variations to a contract can be dealt with in accordance with general practice.

If that is what is intended, there needs to be some redrafting of paragraph *(a)* of subclause (5) with a view to ensuring that out in the community among the people who have to deal with this legislation—builders, customers and owners—there can be no area for confusion or disagreement. I believe that it is important to clarify that it relates only to prime cost items.

In relation to clause 24 (6), the Housing Industry Association has drawn to my attention that it has just had 5 000 new contracts printed, and alongside the rise and fall clause, where specific items are referred to, they have clearly identified the words 'subject to alteration'. The Bill in fact requires the contract to contain a statement saying 'this price may change' or 'estimate only,' and I would think that 'subject to alteration' would be just as declaratory of a rise and fall provision in a contract as those words already in the Bill. I want to ensure that that is adequately covered by way of amendment.

With respect to clause 25, there is no clarification as to the sorts of payment which can be required of owners or customers by a builder, unless it is a genuine progress payment in respect of work already performed, or is of a kind authorised under the regulations. Again, we do not know what is in the regulations, and I would ask the Government to clarify what sort of payments are proposed. It has been put to me that there is a need to ensure that the genuine sort of preliminary work costs—like obtaining soil test reports, local government approval and other similar costs expended by the builder on behalf of the owner or customer—can be recovered. That is reasonable. There is no reason at all why the builder should have to bear the disbursements of obtaining permissions and consents from local government bodies and obtaining soil tests and related matters.

One of the suggestions made to me in relation to clause 24 (and I will go back to that briefly) is that subclause (5) *(a)* should read:

> The actual cost to be incurred in acquiring material specified in the domestic building work contract or in performing work specified in the domestic building work contract.

In relation to clause 25, a form of words, such as 'a payment constituting a genuine assessment of costs may be incurred

by the builder in the nature of engineering fees, drafting fees, Government or local government fees and similar payments', would be appropriate to have specified in the Bill as being fees which the builder could require to be paid. One of the suggestions in conjunction with that matter is that perhaps the Bill could be amended to ensure that in relation to domestic building work contracts, where there are those sorts of preliminary payments to be made, a trust account could be established by a builder into which could be placed all the moneys received in anticipation of engineering fees, drafting fees, Government or local government and similar fees, and that those payments be made out of the trust fund after notice is given to the owner. It would seem to me that that may well be a suitable alternative to the sorts of difficulty which builders will experience if there is not a clear indication of the sorts of preliminary fees which they can presently recover.

Under clause 28, there is a problem, I am told, with the building indemnity insurance relating to subcontractors, those who hold class 3 and class 4 licences, particularly where those contracts are over $5 000 in value and require local government approval. The case has been put to me of an owner-builder who does not require insurance—that is, the person is not eligible for insurance—and who engages subcontractors to do various works. The concretor may price at $2 000, the bricklayer at $4 000, but the next trade—the carpenter, say—quotes $6 000. The carpenter becomes subject to the Act and is required to obtain indemnity insurance. I am told that there is no way in which any underwriter will insure this trade where other work has been done without there being controlled supervision. The insurer would, however, insure the case where only one trade is involved in the total works—that is, where a carpenter erects a pergola and no other trades are involved. That is a matter to which, the Minister and his officers will need to give some attention in order to—

The Hon. I. Gilfillan: It would be some pergola for $6 000.

The Hon. K.T. GRIFFIN: Instead of a pergola, it may be to put up a timber frame room at the back of a house or something else that a carpenter does.

Whether it is a carpenter or a person who lays the roof, once he gets over $5 000 for a trade subsequent to earlier work which has not been done under supervision, then there can be no insurance, because it is not available. It is a problem and I want to flag that for the Attorney-General to consider. Under clause 30 (1) *(c)*, under a policy of insurance there may be limitations on the liability of an insurer and those limitations may conform with the regulations. I would like to have some indication as to what is proposed for those regulations. Subclause (2) provides:

> A person who is entitled to the benefit of a statutory warranty in respect of building work in relation to which a policy of insurance has been taken out under this division is entitled to sue on the policy in his or her own right.

I am not sure what that really means. Does it mean that a building owner is entitled to sue in his or her name the insurer, or the builder, or to take some other action? If nothing else, the drafting seems to me to be somewhat vague and it may need some attention.

With respect to clause 31 there are a number of issues. The first relates to a cooling off period which is specified in the Bill as five clear business days. Effectively, if two weekends intervene between the signing of the contract and the expiration of the cooling off period, that may mean nine days. Under the Land and Business Agents Act the cooling off period is two clear days. Many sales are made of land with a house to be erected—it is a package—and it will create considerable difficulty if, on the one hand, the land sale contract has a cooling off period of only two days yet the building aspect of it has five days. I think that there ought to be consistency and two days is adequate.

In relation to this clause the other point I raise is that, under the Land and Business Agents Act, if a solicitor gives advice to the purchaser on the contract, then the cooling off period is not applicable. There has to be an appropriate declaration that legal advice has been sought but, when that has been obtained, then the cooling off period does not apply. There does not seem to be any provision in the Bill for a similar sort of advice to be obtained either from a lawyer or a registered architect or both. Can the Attorney-General indicate why there has not been any consideration given to allowing some variations where an architect, for example, advises the owner and is acting for the owner against the builder, or opposed to the builder, or on the other side from the builder, in conjunction with legal advice on the contract?

There may be occasions where a home builder obtains architectural advice and leaves it to the architect to negotiate the contract and to do all the supervisory work on behalf of the owner. In those circumstances it seems to me that there are some provisions of the Bill which effectively could be set aside, because one could say that the owner is being properly advised.

The other difficulty with clause 31 to which I refer is contained in subclause (2). It seems to me that an owner can give notice to a builder, who is in the course of doing building work, to stop work and the owner can cancel the contract. That is the end of the matter, except that the tribunal may be able to fix some moneys to be paid by one party to the other and that relates to the materials supplied, work in progress and matters such as that. There is no provision for any damages to be paid, say, to a builder who has had the contract terminated in the middle of the work, who has an obligation to subcontractors and who may well have so scheduled his work as to have set aside, say, two or three weeks or some other period to concentrate on that building.

It seems to me that it is not necessary to have any reason for the contract to be terminated by the owner. In those circumstances there is a potential for considerable injustice. If we have had any house building work done, we have all had some disagreements with builders but, generally speaking, they can be resolved. If there is a particularly nasty home owner who says, 'I do not want to deal with you any more, even though you are being reasonable', then it seems to me that clause 31 can give the owner the opportunity to cancel the contract and get out of it without having to worry about any damages to the builder for breach of contract where the builder is acting quite properly, reasonably and has not committed a breach of the contract.

I do not think that that is reasonable and, if that is what was intended, it certainly needs some amendment. If it was not intended, then I think that the drafting needs clarification. There is no reason at all why the tribunal should not have the power to award damages to the defaulting party in those circumstances, damages which take into account obligations which have been incurred and which, when terminated, will result in liability being incurred by the terminating party.

As a matter of principle I have some difficulty with clause 33, which deals with harsh and unconscionable terms in a contract. I think it is somewhat limited by subclause (2) and it may be that there are occasions where objectively it might be assessed that there are harsh or unconscionable terms or conditions, so I will not deal in any detail with that provision. Suffice it to say that in the context of domestic building work, whilst I do not concede that there is a necessity for this sort of clause in the general law, with

the sorts of limitations which are placed on the clause, it may be that it can be tolerated on this occasion.

Clause 36 creates some problems for large developers and building corporations, particularly where they are advertising for tenders from other persons in the industry. It has been put to me that the requirement to state licence numbers of the licensed builder and associated builders will certainly add to the administrative work. If there is a mistake made by a clerk, or even the newspaper for that matter, in putting the right licence number on the advertisement, a penalty can be incurred. There is extra administrative work in ensuring that that information is on those sorts of advertisements. It may amount to only several hundreds of dollars in extra cost per year to do it, but it does not serve any useful purpose because the advertisements for tenders are directed towards the building industry. If they were directed to ordinary members of the public, then I would not argue with the clause as presently drafted.

However, because it relates to those within the industry it seems to me to be unreasonable to require details of a licence to be on every newspaper advertisement. If members flick through the advertisements in the newspaper they will see that there are frequently well into the tens and sometimes hundreds in a particular week or over a matter of days, so I think that there needs to be some modification of that.

I am pleased to see that the Attorney-General has an amendment to clause 38 which gives some jurisdiction in the tribunal to act more equitably than merely forbidding the recovery of any fees by an unlicensed person. The industry has drawn to my attention in relation to clause 39 that there is inadequate protection provided in subclause (2) and that, if there is to be effective stamping out of the professional owner-builder who is building or selling spec homes and units, then the period ought to be at least 24 months rather than 12 months.

It should, of course, apply to domestic building work, but not really to minor building work. I am told that since October 1985 of council approvals for domestic building work some 60 per cent have been for owner-builders where the amounts are over $5 000 and some 30 per cent for homes where a large number of them are undertaken by professional owner-builders: that is, they buy a house, do it up themselves and then put it on the market. To protect the consumer in relation to that sort of building work 24 months would be more appropriate.

A suggestion was made to me that maybe we ought to follow the New South Wales system of a one-off permit situation for owner-builders. However, I do not think that I would go down that track, but would suggest an increase in the period of time under clause 39 (2). I draw attention to clause 43. It is somewhat inconsistent to have the Commissioner of Consumer Affairs acting as the conciliator when the Commissioner may generally have been the person who has made the complaint to the tribunal.

I would like to think that the tribunal may undertake the conciliation, or that there will be some other person nominated by the tribunal to undertake that responsibility rather than the person who may well be the prosecutor or complainant. They are the major areas of comment on this Bill. I hope that we can facilitate consideration of the Bill in the Committee stage to enable it to pass. There will undoubtedly be some amendments from me, as there are from the Attorney-General, but let me stress that whatever amendments I propose are designed to assure fairness and equity and not to prejudice the genuine complainant for domestic building work who has a complaint against a builder who might not be acting reasonably and who may, in fact, by trying to take down the home builder.

There have been some instances of that within the building industry, but likewise there have been many more instances of quite reasonable behaviour by home builders. I had my own experience of building operations in a domestic context and cannot speak too highly of the building company which undertook that particular work on two occasions. That, I suggest, is the experience of most people in the community who have had building work done. There are a few people who have had particular difficulties and it is those few people to whom this Bill ought to be directed in offering protection. I support the second reading.

The Hon. J.C. BURDETT: I, too, support the second reading. When I supported a similar Bill that the Government introduced in haste before the election last year I said, as reported at page 1380 of *Hansard*:

> I am pleased that after an inordinate delay the Government is at last prepared to do something for homeowners who find themselves in difficulty. In late 1982, I introduced a private member's Bill to provide for a builders indemnity fund. That Bill was taken over by the Government and passed in early 1983, but the relevant parts did not come into operation until a few weeks ago.
>
> In the meantime, hundreds of home owners had been at risk and a large number of home owners were left unprotected after the failaure of Challenge Homes. The only relief which these home owners have had has been through the good offices of the Housing Industry Association and its members—not the Government.
>
> The delay of the Government is quite disgraceful and its excuses totally without credibility. When I have raised this matter, as I have on a number of occasions, the Minister has repeated his parrot cry that the Tonkin Government pruned the Department of Public and Consumer Affairs so that it did not have sufficient personnel to prepare the necessary regulations. In my view this is not the reason but even if that is accurate it is now almost three years down the track and if it is a fact, which I deny, that the Tonkin Government unduly emasculated the Department of Public and Consumer Affairs, the prescent Administration has had every opportunity to rectify that situation.

The Minister has since made loud noises to the effect that there was no lack of consultation in regard to the previous Bill in 1985, which was introduced in haste before the election. However, what I said in October 1985 in this Council was perfectly true, as follows:

> On Thursday of last week the Minister sent his second reading speech of the Bill and the Bill to the Master Builders Association with a letter requesting submissions and requesting that the submissions be made promptly. This is rather laughable. I had previously sent the second reading speech and the Bill to the MBA and had some discussions with it. The problem had been around for a long time and, to ask for submissions after the Bill has been introduced, indicates to me that the Minister is not very serious about getting the Bill through.

The Hon. C.J. Sumner: You are reading it.

The Hon. J.C. BURDETT: I am reading what is recorded in *Hansard*. I think that it needs to go in again. I continue:

> The point was to get it in so that he could say that something had been done to help home owners before the election.

That was the case: the Minister made no attempt to push the Bill through. As I have demonstrated, many of the points that I raised have now been rectified. The Bill was considered but nothing was done at that time.

The Hon. C.J. Sumner: You people weren't ready to go on with it.

The Hon. J.C. BURDETT: That is quite untrue—we were quite prepared to go on with it at all times. The Minister knows perfectly well that he made no effort whatever to press on with the Bill. The Opposition was quite ready at all times.

The Hon. C.J. Sumner: You raised objections all the way through.

The Hon. J.C. BURDETT: I did not raise objections, I indicated things that needed amendment and, in fact, gave drafting instructions for the amendments. Had the Minister proceeded at all, the amendments would have been promptly

placed on file. We were prepared to proceed at all times—there is no doubt that the Minister was not. To introduce the Bill in haste in October and without giving it due consideration was a cynical political exercise.

As I said, I supported the thrust of the Bill then as I do now, particularly as it really does help home owners. I only regret that the Government has been so dilatory in protecting those people in the past. Many of the matters that I raised in October have been attended to in this Bill, and I thank the Government for that. However, a number of other matters that I raised have not been rectified. I shall refer to just some of them. Other matters have been addressed by my colleague, the Hon. Trevor Griffin. Clause 10 (2) still provides that an applicant for a licence must furnish the tribunal with such information, verified if the tribunal so requires by statutory declaration, as the tribunal may require. I suggest that that is far too wide. The tribunal could require any information at all. The information required should be prescribed by regulation: the same applies to clause 16. The Bill is a considerable improvement of the 1985 version, as it needed to be—

The Hon. C.J. Sumner: I thought you wanted to hurry up the 1985 Bill.

The Hon. J.C. BURDETT: Yes, I did, but it did need to be improved. I was prepared to do that, but the Attorney was not prepared to address the matters raised and press on with the Bill. The present Bill is a significant improvement, although it can be improved further, and we can deal with those matters during the Committee stage. I am pleased even at this late stage, and at the second attempt, to support the second reading.

The Hon. I. GILFILLAN: I support the Bill. I do not want to be so cruelly critical of the Government as the previous speaker (Hon. John Burdett) who has been accusing the Government of a cynical political exercise. They were harsh words indeed, but I consider that, to a large extent, they were true. The history of the exercise was that the Democrats were asked, as they often are, to move into an area of exploitation and abuse of situations that little people find in the community. In this case it was home builders and because of publicity related to that the media realised that abuses were occurring in certain areas of the building industry. I stress that in the main builders are ethical people who provide very valuable contributions of a high standard. However, the rogues in the industry leave behind them a trail of devastated people in our community. It was a crying need that they be protected and looked after, which existing organisations were not doing at that time. In my opinion the Government was insensitive and deaf to the pleadings of those people.

The Hon. C.J. Sumner: That is absolute nonsense.

The Hon. I. GILFILLAN: Because the media identified the Democrats involvement in this, there was an instantaneous burst by the Government (in this case the Attorney-General) and a premature document was put before us. It is very fortunate really that the time delay occurred and that some further work has been done on it. The Bill is studded with new material. Much of it may very well be due to the valuable contribution made by the Hon. John Burdett. I have not identified who was the original author of a lot of this material. I have written in 'new' on every page. There are stacks of new additions. The time delay has been advantageous, as have the suggestions which have been forthcoming and which have shown us how hastily contrived and premature the previous Bill was (introduced as it was as a last minute gimmick before the election).

The Hon. C.J. Sumner interjecting:

The Hon. I. GILFILLAN: I would not have made such a savage criticism of the Government because, let us face it, the real benefit is that the legislation is now before us and there is now no point in petty point scoring. However, the issue was raised by the previous speaker.

The Hon. C.J. Sumner interjecting:

The Hon. I. GILFILLAN: In a way I regret that I had to bring it up. However, the Democrats will deal with this matter diligently and without nit-picking. Representatives of the Home Builders Protection Action Group have had an opportunity to study the legislation. They represent those people for whom the legislation offers most. Of course, it is two sided, and the legislation should not be unduly punitive on the building industry. Nor should it impose unnecessary restraints or put an unfair burden on builders who find themselves dealing with unscrupulous home builders who do not honour their obligations.

In general terms, the Democrats see some enormous benefits coming from this legislation for the intending home buyer or person who plans to have alterations done. This relates to a very wide area of consumer dissatisfaction. Fortunately, the Consumers Association has also had a diligent and thorough look at the legislation, and now, somewhat belatedly perhaps, the Housing Industry Association and the Master Builders Association have had a chance to have their go.

It is interesting to hear the Hon. Trevor Griffin acting very substantially as their advocate in what he indicates as being his amendments to be brought forward during Committee. He quoted extensively and accurately from a document that they gave me just prior to giving it to him. Therefore, I know that fortunately there will be a good conduit for that very important section of the industry into the debate during consideration of the Bill in the Committee stage, and I agree that it is essential that that material be in the Bill.

I have had a chance to look at some of these amendments and obtain other opinions on them. I do not indicate that the Democrats will support substantially a lot of the proposed amendments, but we will be interested to hear arguments of the Government in relation to the points that have been raised. I do not intend to go through the Bill in any detail now; that can obviously be done during the Committee stage. We support the Bill at the second reading stage.

The Hon. R.I. LUCAS secured the adjournment of the debate.

TECHNOLOGY PARK ADELAIDE ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 25 February. Page 496.)

The Hon. L.H. DAVIS: The Opposition supports the Bill. It proposes two changes to the existing Act. The first is to increase the size of the board from six to eight members. The second is to give the Technology Park board power to make staff appointments. It is with some pleasure that the Opposition supports the Bill, because it was during the term of the Tonkin Government that the Technology Park Adelaide Act came into operation. It established Technology Park Adelaide Corporation, and in the three and a half years that Technology Park has been in existence it has established a successful track record. I think that it is appropriate to record a tribute to the Minister who was responsible for the creation of Technology Park, and I refer to the former member for Davenport, Hon. Dean Brown. It was his inspiration and dedication that brought into reality a dream that many people had had for several years prior to

the formation of Technology Park Adelaide in 1982. I have no particular difficulties with either of the proposed amendments to the principal Act. It is perhaps appropriate to mention briefly that Technology Park has recently reported for the year ended 30 June 1985.

It is pleasing to see that it has made such splendid progress in pursuing its twin goals of encouraging and, where appropriate, facilitating, according to the report:

> The establishment and/or development of new technology based industries in South Australia, particularly those based on local invention and innovation and the development and/or adoption of appropriate new marketing technologies by South Australian industry.

The corporation has a corporate plan with five primary objectives. The first is marketing. In marketing it seeks to encourage local industry in particular and also interstate industries to start up at Technology Park. In addition to encouraging with some success the local start up of high technology industry at Technology Park, the corporation has had a direct mail campaign into the United States, and I understand there have been some encouraging signs in recent times. It has also planned a campaign into France and the United Kingdom in the current calendar year. It has also promoted Adelaide very successfully interstate, and it has had at least one company from interstate attracted to and established at Technology Park. Certainly, all the indications are that Technology Park Adelaide leads the way in Australia in marketing and the development of technology.

The second objective of the corporation is innovation development. In this field the Adelaide Innovation Centre is well established. It has assisted many companies to establish at Technology Park. In particular, the Innovation Centre aims to encourage South Australian inventions and technological innovation. Since it was opened in April 1984 the centre has received 450 inquiries; it has assessed almost half of them; and nine of the inventions have been rated as worthwhile of development; and a further 35, as at the date of the recent annual report, are being evaluated and show some prospect for commercialisation. It is this objective of the Adelaide Innovation Centre to translate an idea or concept to the commercial market, to strengthen the economic base and to broaden the economic base of this State.

The third objective of the corporation is research and development. Of course, this is a particularly important role given Australia's relatively weak record in research and development. Australia trails well behind most western countries in the percentage of corporate funds allocated to research and development. So, the corporation's special role is to promote research and development in other companies through the teaching company program which is operated in conjunction with the Federal Government. That is a very worthwhile program because it encourages companies to take on board for a certain period of time a graduate to work on a research and development program within a company under the supervision of an academic. So, everyone is benefiting from this program.

The fourth objective of the corporation is interaction between tertiary institutions and industry. Again, the corporation has had some notable success: for instance, the Adelaide University has its fully owned company—Luminis—which seeks to commercialise the research which has been undertaken at the university, gathering together the intellectual property as it were of the university and developing it for commercial purposes.

The Chairman of Technology Park is David Pank and, in fact, he is also the Chairman of Luminis. Techsearch is an example of another spinoff from a tertiary institution. Techsearch has been formed by the South Australian Institute of Technology with the aim of contract researching and using its research capacity. Certainly, it is a slightly different aim from Luminis; nevertheless, it is worthwhile. Links have also been established with CSIRO and there have been several examples of projects which have been developed to the commercial stage as a result of inventions or research undertaken by CSIRO.

The same is also true with many of the very worthwhile inventions that have come out of the Defence Research Centre in recent years. Indeed, one company which was recently established at Technology Park has taken one of the projects which had been invented at the Defence Research Centre to a point where it has very exciting commercial possibilities at an international level. Indeed, this company has recently listed on the main board of the stock exchange. In addition to the encouraging interaction with tertiary institutions and industry, the corporation is also interested in technology transfer. Of course, that is a difficult area.

There is always perhaps the potential for overlap with other arms of Government but for example, the corporation has developed the microelectronic centre at Technology Park. The expertise that has been built up there steadily over the past year or two is made available to manufacturing industry. It is an opportune time to reflect on the important role of high technology in society. Technology Park is not yet four years old. However, in that very short space of time it has come a long way; it has demonstrated that it can fulfil a vital role in the South Australian community. There are high hopes for it.

Indeed, there are some 22 different organisations which have already established at Technology Park, and I understand that there are more in the pipeline. I indicate on behalf of the Opposition that we formally support the increase of membership of the Technology Park Adelaide Corporation Board from six to eight members; in addition, we support the amendment which enables the corporation to appoint officers without requiring the Governor's approval of such appointments.

The Hon. J.R. CORNWALL (Minister of Health): I will be very gracious in acknowledging the contribution of the Hon. Mr Davis. This is a very constructive piece of legislation, as he has said, and one that I think has engendered a bipartisan approach. I commend the Bill to all members of the Council.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—'Membership of the corporation.'

The Hon. L.H. DAVIS: I am sure that the Minister will have the answer at his fingertips. Clause 3 increases the membership of the corporation from six to eight. I understand that the intention of the Government is to fill these two additional positions with one person from industry and another from a tertiary institution education. I would just like confirmation of that fact.

The Hon. J.R. CORNWALL: I must confess that I am searching in the deeper recesses of my mind. I remember this proposed legislation going through Cabinet. If my recollection is correct—and I think it is—I believe the simple answer to the Hon. Mr Davis's question is 'Yes'.

Clause passed.

Remaining clauses (4 and 5) and title passed.

Bill read a third time and passed.

CATTLE COMPENSATION ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 25 February. Page 504.)

The Hon. J.C. IRWIN: The proposal of the Bill is to widen the use of funds collected so as the funds may be applied for the benefit of the cattle industry, and to provide for a committee to advise the Minister on the use and management of the funds. Similar amendments have already been made to the Swine Compensation Act. The Opposition supports the Bill. I am sure we are all familiar with the second reading explanation setting out the reasons for the Bill, and the Opposition agrees with most of that, except in respect of the amendments that have already been circulated.

The Cattle Compensation Trust Fund provides for compensation to owners whose livestock is destroyed or carcasses condemned due to disease as specified in the Cattle Compensation Act. The legislation provides that, where an owner applies for compensation, proceeds from the sale of the destroyed or condemned carcasses shall be paid into the fund and reimbursed to the owner or owners. For instance, in 1983-84 moneys received into the fund were $624 000, and payments out were $389 000. It is imperative that adequate reserves are held in case there is a serious outbreak of stock diseases.

Thankfully, with the decline of TB and brucellosis in South Australia—due mainly to the diligent work of the department and the cooperation of owners—the trust fund should be building. However, we stress that it is important not to diminish the fund, and in this connection I quote from the Minister's second reading explanation, as follows:

> Clause 3 provides for the insertion of new sections 11 *(a)* and 11 *(b)* and 11 *(c)* into the principal Act. New section 11 *(a)* provides that where, in the Minister's opinion, the amount standing to the credit of the fund on the 30th day of June in any year is sufficient to meet any claims likely to be made upon the fund in the ensuing 12 months, he may direct that the amount of the excess be allocated to such programs for the benefit of the cattle industry in the State as he thinks fit.

Obviously, the Minister would act on the advice of his advisory board. This means that the fund can be diminished by the Minister and spent, although for the benefit of the cattle industry, as he see fit, and that, in fact, takes it out of the compensation fund. Our amendments to be moved later will seek to ensure that the control of the compensation reserve fund stays in the hands of those who provided the funds in the first place. In respect of clause 3 as it now stands, those representing cattle owners on the advisory board should be the best, in our opinion, to give advice to the Minister. The Opposition supports the second reading.

The Hon. PETER DUNN: The Bill is in line with the Swine Compensation Act, as has been indicated by the Minister in his second reading explanation. However, there are a couple of points to be made, one of which has been mentioned by the Hon. Mr Irwin, and that is the limiting of the total amount of the fund. I would have thought that it could be dealt with in the same manner as the Wool Board deals with its fund, whereby there is a roll over provision in it so that when it reaches a certain level funds can be paid back. I know that seems messy, but I believe that it could apply if the fund built high enough.

I am aware that it is necessary to hold a reasonable amount in this fund for the very reason that we have not as yet had—but could have—outbreaks of exotic diseases. The Minister will know only too well diseases such as rinderpest, blue tongue, and foot and mouth, all of which are highly contagious and, should they get into feral animals in this country, unlike any other country in the world, we would have great difficulty in controlling them. Because of that, great sums of money might need to be paid in compensation to eliminate infected and suspected infected animals.

I am aware that that fund may need to be built up to a reasonably high figure for that and that alone. However, as I have suggested, it may be suitable, when the fund reaches that amount, just to cut it off, but I would think that there is probably a safeguard in the fact that the committee can recommend to the Minister that those funds be dealt with in a manner that it thinks fit.

It is with that in mind that I have proposed my amendments. I hope that the Government will consider them, because I believe that it is necessary that the people who provide the funds should have reasonable control over them. I believe that the Minister has sufficient control, given the two members that he has on the board, in particular the chairman, who would be the chief inspector, and perhaps one other of his departmental officers, whom I would anticipate to be a veterinarian. I support the Bill and foreshadow those amendments standing in my name.

The Hon. M.J. ELLIOTT: The Democrats support the Bill, but I would seek leave to continue with my remarks later after I have had a chance to have discussions with the industry in relation to the proposed amendments that have been put forward. I have not had sufficient time to consider them.

Leave granted; debate adjourned.

PAY-ROLL TAX ACT AMENDMENT BILL

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

The Hon. C.J. SUMNER (Attorney-General): I move:

That this Bill be now read a second time.

In view of the lateness of the hour, I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

That the South Australian Government agree to exempt employers of approved trainees from the payment of payroll tax on behalf of these trainees. On 9 April 1985, State Cabinet approved the development of traineeships for young people in South Australia from 1986. Since that time, there has been prolonged discussion with the Commonwealth to agree on the basis for the implementation of traineeships throughout Australia. At the same time, employers, union representatives and Government officers have been working together in industry working groups to develop firm proposals for the implementation of traineeships in particular industries or occupational areas.

The Commonwealth Government is seeking to reach a formal agreement with each State and Territory Government outlining the nature of traineeships, agreeing on conditions for Commonwealth Government support, establishing approval mechanisms in accordance with State legislation, agreeing the respective roles and functions of Commonwealth and State Governments and agreeing on a level of State Government financial commitment to the development and implementation of traineeships. This will take the form of a memorandum of understanding to be reviewed on an annual basis.

Agreement has been reached on the framework, administrative and approval arrangements for the development of traineeships in this State. On 10 January 1986, the Federal Minister for Employment and Industrial Relations stated that 'The Commonwealth considers a commitment on payroll tax and workers compensation exemption an important element of State and Territory Government contributions to the implementation of traineeships.' In accordance with this, the Commonwealth Government has indicated in the

agreement that the South Australian Government is contributing to the Australian Traineeship System by foregoing revenue through waiving of payroll tax. The South Australian Government has progressively raised the payroll tax threshold and decreased the rate of payment of payroll tax for small employers. In addition to this, the South Australian Government already exempts employees of local government, many workers in the human services area and apprentices employed in group apprenticeship schemes from the payment of payroll tax.

In discussion with other States, it has been ascertained that the Western Australian, Victorian and New South Wales Governments have already made provisions to exempt employers of all approved trainees from the payment of payroll tax and that the Queensland and Northern Territory Governments have the intention of doing so. The Tasmanian Government has decided that it will offer $1 000 incentive to employers for each trainee hired rather than offer any exemptions. It is further understood from discussion with Commonwealth officials that the banks and large retail chains which are reaching national agreements for traineeships will offer traineeships in a State on the basis that the State Government provide this type of exemption.

Given the widespread exemptions already existing under the Pay-roll Tax Act and the position adopted throughout Australia, it would assist the development of traineeships in this State to offer a similar exemption. This could be restricted, however, to apply only through the three year development phase, with a review occurring during 1988-89 when the Australian traineeship system becomes an established part of labour market arrangements.

It is thus necessary: to amend the relevant clause of the Pay-roll Tax Act 1971 to include provisions for the exemption of employers of trainees approved under the Australian traineeship system from the payment of payroll tax on behalf of those trainees. This exemption applies only during the developmental phase of traineeships and be reviewed during the 1988-89 financial year with a view to it being removed as the system becomes an established part of labour market arrangements.

The provisions of this Bill are as follows:

Clause 1 is formal.

Clause 2 amends section 12 (1) of the principal Act to insert a new paragraph *(db)* which provides that wages paid or payable to persons employed in accordance with the Australian traineeship system will not be liable to payroll tax. The persons must be employed under the schemes of training approved under section 27 of the Industrial and Commercial Training Act 1981 by the Industrial and Commercial Training Commission. The exemption from liability will apply only to wages paid or payable before 1 July 1989.

The Hon. L.H. DAVIS secured the adjournment of the debate.

STATE GOVERNMENT INSURANCE COMMISSION ACT AMENDMENT BILL

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

The Hon. C.J. SUMNER (Attorney-General): I move:

That this Bill be now read a second time.

In view of the lateness of the hour, I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

This Bill addresses a number of issues. SGIC received legal opinion recently which indicated that its powers to invest in the shares of an existing company were not as clear as might be desirable. The commission was also advised that, in the event that it may wish to promote the formation of a company, specific power should be provided for that purpose.

SGIC's powers to invest in the shares of a company should be clear and unequivocal. SGIC has been exercising these powers for several years in making effective, balanced investment decisions and any lack of clarity in the provisions of the Act in that regard obviously needs to be rectified. The Bill is intended to achieve that result. To ensure that no future problems will arise in relation to past decisions, members will note that proposed section 16a (clause 6 of the Bill) provides that the Commission shall be deemed always to have had these powers. Control is exercised at present in relation to the power to invest in shares through guidelines issued with the approval of Cabinet. The guidelines restrict SGIC's investments in the shares of any one company to a maximum of 9.9 per cent of the issued capital and require that SGIC does not, in the ordinary course of events, seek to influence the operating policies of the companies in which it invests by means of board representation. Departure from these guidelines requires the Treasurer's prior approval.

These procedures provide an adequate framework of accountability in relation to SGIC's normal investment arrangements where SGIC's shareholding is within the guideline limits. However, when special approval is given to SGIC to exceed the 9.9 per cent guideline, the size of the shareholding opens up the possibility that SGIC could influence the operations of the company in a variety of ways. I believe that situation can be covered by requiring the same kinds of arrangements for accountability which should apply where SGIC is involved in the promotion of a company.

There are two sets of circumstances in which SGIC could become involved in promoting a company:

—some aspects of SGIC's business may be more effectively conducted through a company. This situation could arise, for example, where SGIC joins with some other industry associates (e.g. other Government insurance offices) in providing operational services. The most likely vehicle would be a proprietary company.

—SGIC may wish to enter into a joint investment venture with some other body. The vehicle in this case is more likely to be a public company although it is by no means certain that this would always be the case.

It is appropriate that SGIC should be empowered to promote the formation of a company in either of these two kinds of circumstances if the board sees that as the most effective method of carrying out the operation in question. Provision is made in proposed section 16a accordingly. In any situation where the sponsoring agency (in this case, SGIC) has or seeks the practical or legal potential to influence the operations of a company, problems arise in relation to accountability. These accountability issues need to be addressed but any additional measures which limit SGIC's power to act are likely to be unduly restrictive with regard to the effective implementation of SGIC's investment policy. With that in mind, the approach the Government has decided to adopt is to ensure an appropriate level of disclosure to Parliament with regard to action which has been taken rather than to impose further controls in respect of that action before it is taken. The provisions of subsection (4) of proposed section 16a are designed to give effect to this approach.

The Bill also provides the commission with the power to delegate. This power is necessary in the event of the formation of a company through which the commission will carry out any of its activities.

The provisions of the Bill are as follow:

Clause 1 is formal.

Clause 2 amends section 3 (3) of the Act to exclude the new section 16a from the operation of section 3 (3). Section 3 (3) provides for the commission to be subject to the control of the Government through a Minister, but section 16a itself provides for the control of the Treasurer.

Clause 3 amends section 12 of the Act to delete the provisions relating to delegations by the commission. This amendment is consequential to the insertion of the new section 12b.

Clause 4 inserts a new section 12b. Under this section the commission may delegate its powers not only to an officer but also to a body corporate to which it is related under the new section 16a.

Clause 5 amends section 16 of the Act to provide that the commission has power to invest its funds in bodies corporate in the ways provided for in the new section 16a.

Clause 6 inserts a new section 16a. Under this section the commission may purchase shares in a body corporate, participate in the promotion or formation of a body corporate or enter into arrangements such as partnerships or joint ventures with a body corporate. The commission must act in accordance with the Treasurer's guidelines. Subsection (3) provides that the commission will be deemed always to have the powers conferred by this section. Subsection (4) requires the commission to disclose in its annual reports the names of bodies corporate in which it has certain shareholdings or to which it stands in certain relationships, as provided in the regulations.

The Hon. L.H. DAVIS secured the adjournment of the debate.

CRIMES (CONFISCATION OF PROFITS) BILL

Returned from the House of Assembly with amendments.

STATUTES AMENDMENT (VICTIMS OF CRIME) BILL

Returned from the House of Assembly without amendment.

ADJOURNMENT

At 9.52 p.m. the Council adjourned until Thursday 27 February at 2.15 p.m.