LEGISLATIVE COUNCIL

Wednesday 18 November 1992

The PRESIDENT (Hon. G.L. Bruce) took the Chair at 2.15 p.m. and read prayers.

PAPER TABLED

The following paper was laid on the table:

By the Attorney-General (Hon. C.J. Sumner)—

Commissioner for Public Employment—Annual Report 1991-92.

LEGISLATIVE REVIEW COMMITTEE

The Hon. M.S. FELEPPA laid on the table further minutes of evidence of the Legislative Review Committee concerning the Courts Administration Bill.

The Hon. M.S. FELEPPA: I move:

That the members of this Council appointed to the committee have leave to sit on that committee during the sitting of the Council on Tuesday 24 November 1992.

Motion carried.

QUESTIONS

STATE BANK

The Hon. R.I. LUCAS: I seek leave to make an explanation before asking the Attorney-General a question on the subject on the State Bank royal commission.

Leave granted.

The Hon. R.I. LUCAS: I refer to an article in today's *Advertiser* in which the former Premier, the member for Ross Smith, claims he is personally devastated by the wording of the first report of State Bank Royal Commissioner (Mr Jacobs). The member for Ross Smith is quoted in the *Advertiser* as having told Parliament:

He was extremely critical of me in my role as Treasurer in not seeking adequate information or establishing appropriate monitoring procedures. While I accept some of that criticism and could reasonably expect it, I was not prepared for the harsh way in which it was expressed. The format, which rarely puts my arguments or explanations as part of the discussion, does not allow the reader to understand the basis on which the commission draws some of its conclusions.

He said later:

Many elements of his findings touch on a basic issue of public administration which greatly concerns me. It is one thing to be held to account for action taken by me in response to recommendations of Treasury or the bank board. It is very unfair to be held accountable for their state of mind.

The member for Ross Smith concluded by saying:

What I have found personally devastating is the language the has used which, by its strength and colour, seems Commissioner to damn me beyond the report's findings.

My question to the Attorney-General is: given the above comments by the member for Ross Smith and the fact that the Attorney-General was widely acknowledged to be his closest political confidant and adviser—

Honourable members: Opinion!

The Hon. R.I. LUCAS: Is it denied?

The PRESIDENT: Order! It is an opinion.

The Hon. R.I. LUCAS: But is it denied? It is a fact.

Members interjecting:

The PRESIDENT: Order! The Council will come to order.

The Hon. R.I. LUCAS: I am sure the Attorney-General will not deny it, or maybe he will.

Members interjecting:

The PRESIDENT: Order! The Hon. Mr Lucas.

The Hon. R.I. LUCAS: Given that the Attorney-General was widely acknowledged to be his closest political confidant and adviser, does the Attorney agree with Mr Bannon's criticism of the Commissioner's use of language in his report and his opinion that the Commissioner was very unfair on him?

The Hon. C.J. SUMNER: It certainly is an opinion, Mr President, as to whether I am or was the former Premier's closest political confidante and adviser.

The Hon. R.I. Lucas: Do you think you were?

The Hon. C.J. SUMNER: No, Mr President, I don't think I was.

The Hon. R.I. Lucas: Nobody wants to be now!

The PRESIDENT: Order!

The Hon. C.J. SUMNER: I am quite happy to say that I was and still am and will remain a close friend of the former Premier. Obviously from time to time I had political discussions and discussions on issues, but I think it might be a bit of an over-statement to express the opinion that I was his closest political confidant and adviser. However, that is not really the point of the question. On the question itself, the member for Ross Smith is entitled to his opinion but I do not intend to comment on it.

TRAVEL COMPENSATION FUND

The Hon. K.T. GRIFFIN: I seek leave to make an explanation before asking the Minister of Consumer Affairs a question on the Travel Compensation Fund.

Leave granted.

The Hon. K.T. GRIFFIN: A constituent paid nearly $1 000 to a travel agent, Holidaymakers Pty Ltd, on 16 October 1992 for three airline tickets to Sydney in late December. The agent said that it would take two weeks to organise the tickets. When the constituent returned to collect the tickets there was a note on the door saying that the office was closed due to family sickness. Several days later his sister returned and there was a notice on the door saying that the office had been closed by the Office of Fair Trading. I understand that some time in September, at least 16 days before the constituent paid for the tickets, the trustees of the Travel Compensation Fund had cancelled the travel agent's membership of the fund.

Under the Travel Agents Act a travel agent ceases to be eligible for a licence if membership of the Travel Compensation Fund ceases. The constituent is puzzled as to why the Department of Public and Consumer Affairs took no action to revoke the agent's licence for at least

16 days, and possibly longer, after membership of the Travel Compensation Fund ceased. Over that period undoubtedly the agency would have been open for the conduct of business with the public. My questions to the Minister are:

1. Why was the travel agent's licence not suspended or revoked immediately the important condition of membership of the Travel Compensation Fund was breached?

2. When did the department first become aware of the breach?

3. How many persons are to be compensated in this case?

The Hon. ANNE LEVY: I am not aware of the specific details of the case that the honourable member has mentioned. I shall certainly seek a report and get back to him as soon as possible. It is certainly true that membership of the Travel Compensation Fund is obligatory for a licence as a travel agent. I am sure that the department, if notified that a travel agent were no longer eligible to be a member of the fund, would take immediate action to cancel the licence. As to the actual dates on which they were notified and so on I will have to make inquiries, as obviously I am not aware of those details.

It certainly is a very strict rule that a licence is dependent on membership of the Travel Compensation Fund and that that fund always makes inquiries as to the financial standing of any travel agent who applies to join the fund; or, if someone is wishing to set up as a travel agent, their financial status is carefully examined by the Travel Compensation Fund before they are admitted to membership.

The Travel Compensation Fund has its headquarters in Sydney, but I understand that there is to be a meeting of the trustees of the compensation fund later this week. Questions of speed of information flow certainly could be raised at this meeting of the trustees. The role of the department here in licensing travel agents depends not only on their membership of the Travel Compensation Fund but also on judgments that they are fit and proper persons to run such an agency. The cancellation of their membership of the Travel Compensation Fund is an indication that the TCF has become aware that they are no longer financially secure and consequently they are removed from the fund and hence automatically from South Australian licensing.

TONSLEY INTERCHANGE

The Hon. DIANA LAIDLAW: I seek leave to make an explanation before asking the Minister of Transport Development a question about the Tonsley interchange.

Leave granted.

The Hon. DIANA LAIDLAW: The Minister's announcement on Monday that Cabinet had given the go ahead or the $17.1 million bus/train interchange at Tonsley surprised members of both the board of the State Transport Authority and the local Marion council. On 24 September 1990, the board of the State Transport Authority rejected the Tonsley interchange as a site option for such an interchange. Minutes of the meeting read:

> The authority directed that no further action be taken on this project until long-term planning of the corridors and the location of interchanges is determined.

Today, I have been advised that the long-term planning referred to in the board's minutes has not been undertaken and that the board's resolution rejecting the Tonsley site remains the board's official view of this project. Also, the Marion council (which, incidentally, was given no prior advice of the Minister's announcement on Monday) is puzzled by the Minister's statement that 'A draft supplementary plan of the project will now go on show.'

No such plan has been prepared by the Marion council which, like all other councils, traditionally has responsibility for preparing draft SDPs. In fact, in November last year, the council specifically refused to prepare a draft SDP until it had received further advice from the STA about traffic management problems on the Sturt and Marion Roads and at the railway crossing on Laws Road. No such advice has been provided by the STA to the council over the past 12 months and, certainly, at yesterday's date, the council had received no such advice.

In the meantime, I am told that the Kinhill group, which is preparing a draft SDP for the Marion council with respect to the Marion shopping centre triangle, believes that this centre site is the ideal location for the bus/rail interchange in the area. This view is compatible with the Government's own 20/20 Vision, which recommended that development, particularly development along transport corridors, be focused on regional shopping centres. The 20/20 Vision document made no reference to the Tonsley spur line or a future interchange at Tonsley. I ask the Minister a series of questions:

1. Has the Tonsley interchange been endorsed by the STA board?

2. Acknowledging that the council has not prepared a draft SDP for this project, which Government agency has done so to enable the plan to go on show immediately, as suggested by the Minister that it would on Monday, and why was this plan prepared in secret without the knowledge of the Marion council?

3. How does the Minister substantiate the claim in her media release yesterday that 'in the short term the Tonsley interchange will significantly improve public transport between the south and the city', when the former Minister (Mr Blevins) said in the Estimates Committee just two months ago that 'it is fair to say the project is a fairly marginal decision'?

4. Is it proposed that the STA or private bus operators will provide feeder bus services to link the interchange with the Brighton railway station, Flinders Medical Centre, Flinders University and the Marion shopping centre because, as the Minister should be aware, Marion council has no plans to get involved in further community bus services for this purpose?

The Hon. BARBARA WIESE: Some of the arrangements that have taken place in the lead-up to the Cabinet decision on the Tonsley interchange project are matters which preceded my time as Minister of Transport Development, and for that reason I cannot be specific about how some things were initiated or why particular organisations have had certain attitudes to the proposal for an interchange at Tonsley. However, I can say that

the submission that was prepared for the consideration of Cabinet was prepared by officers within the State Transport Authority, and that was initiated by my predecessor. Whether the State Transport Authority board has changed its attitude—

The Hon. Diana Laidlaw interjecting:

The PRESIDENT: Order!

The Hon. BARBARA WIESE: —on the matter I cannot say, but what I can say is that other bodies such as the Office of Transport Policy and Planning have supported the development of the Tonsley interchange. As to the question of the preparation of the supplementary development plan, I am aware that Marion council some time ago indicated that it was not interested in participating in the preparation of such a document.

Last year, I understand that for that reason the Department of Environment and Planning was approached to advise on the best way of going about such a proposition, and in fact the department undertook that role. The draft has been prepared by the Department of Environment and Planning, and is now ready for public display, and it will be put on public display as soon as possible.

I am not aware that this document has been prepared in secret. In fact, as I understand it, considerable effort has been made to encourage Marion council to be involved in discussions on the Tonsley interchange. I am quite sure that my predecessor would have been very pleased for Marion council to have been involved in the preparation of the supplementary development plan or, failing that—

The Hon. Diana Laidlaw interjecting:

The PRESIDENT: Order!

The Hon. BARBARA WIESE: —he would have welcomed the input of Marion council into its preparation. It is true to say that the Tonsley interchange proposal is a fairly marginal proposition, but that is true of most or all of these interchange proposals. It is also true to say that the O-Bahn busway proposal was a marginal proposition with respect to the advantages that it could bring to passengers and also in a cost sense.

That is the nature of public transport, and it is a decision that must be made as to whether the trade offs, as I have indicated in this place before in response to questions, are considered worthwhile in the community interest. As far as the Tonsley Interchange proposal is concerned, it has been determined with the research and studies that have been undertaken so far that significant community benefit can flow from the Tonsley Interchange proposal, depending upon the design format and the way in which public transport links are planned.

That work is under way and, until some detailed design work and the possibilities for scheduling have been completed, it is not possible for me to indicate what arrangements will be made for particular feeder services. I am quite sure, however, that the State Transport Authority will explore all options available to it. Whether that means providing linking and feeder services through State Transport Authority resources or whether it means talking with local government or with private sector operators, where that seems appropriate, is yet to be determined.

Certainly, all options will be considered with a view to providing the very best possible service for the least amount of cost. The General Manager of the State Transport Authority has indicated to me that he is right behind this project and will do all he can to ensure that it is up and running as quickly as possible, and I can only take him at his word. I am sure that he is a man who speaks honestly and on whom I can rely to do the very best job in ensuring that this project comes to fruition, once we have been successful in attracting Federal Government funding; and applications for that funding are under way.

The project as it stands has been the subject of considerable community debate over a very long period of time. The project will be implemented by the State Transport Authority with considerable energy. It has considerable local support, and some of the local residents association representatives were present on Monday when the public announcement was made about the go ahead for the Tonsley exchange, and were quite happy to express publicly their support for the project and their support for the decision having been taken. I look forward to the benefits that can flow for people in the near and far southern suburbs from the development of the Tonsley exchange.

The Hon. DIANA LAIDLAW: As a supplementary question, to clarify the matter, will the Minister confirm that this measure does not have Federal Government support, local government support or STA board support and, in fact, is a political beat up that is being imposed on this community?

The Hon. BARBARA WIESE: That is not the way I view the proposal at all. The proposal has considerable support: there is no reason whatever at this point why the proposal should have Federal Government support.

The Hon. Diana Laidlaw interjecting:

The PRESIDENT: Order! The Hon. Ms Laidlaw has asked the question.

The Hon. BARBARA WIESE: It is a State Government sponsored project. Certainly, we are seeking Federal funding, and I believe that there is a very good case for that funding, since this project fits very much within Federal Government guidelines for the development of public transport facilities, just as it fits within State Government guidelines.

There is already a precedent for Federal Government funding for a project of this sort in that funds have already been made available for the development of a bus/rail interchange at Salisbury. I feel optimistic that the Federal Government will view this project favourably, and all efforts will be made to inform appropriate officials at the Federal level of the merits of this case in order that we can attract appropriate Federal funding. Other than that, it has Cabinet support, it has local community support and it has the support of other relevant Government agencies.

TRANSPORT FUEL

The Hon. I. GILFILLAN: I seek leave to make an explanation before asking the Minister of Transport Development a question about transport fuel use.

Leave granted.

The Hon. I. GILFILLAN: I want to quote a couple of paragraphs from the newsletter of the Office of Energy Planning dated October 1992 in which there is an

analysis of energy use in South Australia. In prefacing my question to the Minister I want to quote directly two paragraphs from a paper prepared as part of the Office of Energy Planning's contribution to the Adelaide Planning Review. It reads:

The vision of the State's energy sector is characterised by more efficient conversion and use of energy and by increased use of alternative energy forms. To effect this transition community attitudes to the profligate use of energy must change. Awareness must be raised of the adverse impacts of present patterns of energy use and of currently available measures which provide the opportunity for substantial reductions in energy use without compromising living standards.

It is a repetition of fact to remind the House that this Government has vowed that it is determined to reduce the use of fossil fuel as a matter of environmental responsibility and has often advertised itself as a Government which is moving in that direction.

From this same newsletter, in the Energy Planning Executive on Energy Demand Forecasting—in other words, this is a Government committee—there has been some forecasting done specifically on delivered energy demand petajoules by fuel type and delivered energy demand petajoules by sector. They are spelt out in two brief tables. I do not want to quote the whole of the contents and I seek leave for those two tables to be printed in *Hansard* without my reading them.

Leave granted.

The Hon. I. GILFILLAN: From these tables members will see that, from the timeframe 1990-91 to the year 2006-7 in the fuel types, petroleum products, natural gas, electricity, coal, coke, renewables, process heat, there is virtually no reduction in any energy use and no energy increase from renewables. So that the Government's own department in these tables is forecasting no change in approach to the use of fossil fuels and no increase in the use of renewables.

In the delivered energy demand by sector, where industrial, commercial, domestic and transport are compared between 1990 and the year 2006 in petajoules, industrial goes up from 66.7 to 68.5, an increase of 2.6 per cent. Commercial goes up by 62 per cent from 10.9 to 17.7. Domestic goes up by 18.6 per cent and transport, the area where the Minister is directly responsible, goes up by 14 per cent.

The data, as published by the Government's own committee, indicate that there is no plan for any change in current energy use in South Australia, despite the promises and so-called intentions of this Government to change the pattern. I therefore ask the Minister:

1. Is she concerned at what is a substantial increase in the use of fossil fuel in transport in this State over the next 15 years?

2. What steps will she undertake to reduce the fossil fuel energy consumption through the demand and provision of transport in this State?

The PRESIDENT: I have made a ruling concerning the Hon. Mr Gilfillan's request to have tables inserted into *Hansard*. On reflection, I feel that it would be wrong to permit him to do so during Question Time. Given that the Minister has been asked a question without notice, she does not have the advantage of having those figures before her. For that reason, I am not prepared to grant leave to the honourable member to insert these tables into *Hansard,* because it turns the matter into a debate, rather than a question.

The Hon. I. GILFILLAN: The material is published in a Government document.

The PRESIDENT: I do not dispute the factual content of the material. However, a question has been asked of the Minister without notice and it would not be appropriate for her to proceed with her answer without having that information in front of her.

The Hon. I. GILFILLAN: In my explanation, I referred to the figures upon which my question is based. My question does not refer in any way to other material.

The PRESIDENT: By inserting the information into *Hansard,* the honourable member is debating the issue, and that is not appropriate during Question Time, given that the Minister does not have it available to her.

The Hon. I. GILFILLAN: I accept your ruling, Sir. Will you permit me to read them into the record?

The PRESIDENT: Yes.

The Hon. I. GILFILLAN: The details of the tables are as follow. First, fuel type: petroleum products, 1990-91 82.3, 2006-07 86; natural gas, 1990-91 32.1, 2006-07 42.3; electricity, 1990-91 28.9, 2006-07 28; coal, coke, 1990-91 32.1, 2006-07 30.9; renewables, 1990-91 5, 2006-07 5.1; and process heat, 1990-91 1, 2006-07 8. That makes a total in 1990-91 of 181.4 and, in 2006-07, 206.1. For delivered energy demand in petajoules, by sector, the industrial sector in 1990-91 was 66.7 and by the year 2006-07 it will be 68.5; commercial, 1990-91 10.9, 2006-07 17.7; domestic, 1990-91 24.1, 2006-07 28.6; and transport, 1990-91 79.7, 2006-07 91.3. That makes a total in 1990-91 of 181.4 and, in 2006-07, a projected total of 206.1.

The Hon. BARBARA WIESE: The honourable member may be aware that, in November last year, the State Government endorsed the goals that had been established by the Commonwealth Government for the reduction of emissions of greenhouse gases in our part of the world. In endorsing the target to reduce carbon dioxide emissions by 20 per cent by the year 2005, the State Government recognised that, currently, about one-third of the greenhouse gases in this country are created by human activity in the use of transport whilst the other two-thirds come from industrial and other activities. The State Government has officially recognised the problem and is making plans to try to play its part in meeting the national targets.

As far as the transport sector is concerned, the officers of the Office of Transport Policy and Planning are represented on the State Energy Planning Executive. The executive has established a demand management task force and that group is looking at a number of issues that may enable measures to be implemented in South Australia that would make some impact in this area. As part of the Office of Transport Policy and Planning's contribution to the work, it is proposing to identify a range of transport energy demand management strategies and also to investigate costs and how such things might be implemented.

One of the areas that is considered to be of worthwhile investigation is the area of the use of the private motor vehicle because that is making a considerable contribution to the problems that we face. For example, if we were to increase the average occupancy levels in Adelaide from the present 1.4 to two people, we would reduce the motor vehicle kilometre use by 30 per cent. The honourable member would be aware that numerous schemes for car pooling and other activities have been attempted in Adelaide in the past, but none of those ideas has been successful. Some new ideas, which are workplace based, are emerging from the United States. Individual employers are sponsoring schemes to encourage employees to pool transport resources and, therefore, take more motor vehicles off the road, thereby using less fuel and creating fewer problems for the environment.

In addition, there is general support on behalf of the Government for improving the use of the public transport system and to encourage people to leave their motor vehicles at home. Some success is being experienced with the introduction of new services such as the transit link services. In addition, the State Transport Authority recently signed contracts to take delivery of about 100 gas-fuelled buses, which is a step in the right direction. The STA is working on various other ideas, which are designed to be environmentally friendly, with respect to the services that it provides.

The Office of Transport Policy and Planning has also been involved in national planning activities through the Australian Transport Advisory Council. It has representatives on numerous task forces that have worked on matters relating to environment protection and the ecologically sustainable development proposals that are being worked on at the national level, with transport issues being very much their focus.

So people within the South Australian Government, and in the transport development sector in particular, are working on a number of fronts, both at the State level and at the Federal level and, hopefully, through their activities and the activities of other agencies in Government, some significant awards will flow here in South Australia.

The Hon. I. GILFILLAN: Mr President, I ask a supplementary question. Will the Minister indicate how much she believes that the steps the Government is going to implement will reduce the amount of petajoule demand for transport? If she cannot give that figure today will she undertake to get that information from the department and provide it to the Chamber?

The Hon. BARBARA WIESE: I will seek that information and provide it later.

TEROWIE RAILWAY STATION

The Hon. R.R. ROBERTS: I seek leave to make a brief explanation before asking the Minister of Transport Development a question about Terowie railway lands.

Leave granted.

The Hon. R.R. ROBERTS: Some 18 months ago I visited Terowie in the Mid North, at the invitation of councillor Pearl Harvey, to meet some constituents and look over the town. Councillor Harvey and I visited the the railway station site, where the platform and some of the buildings are still intact. This area is a significant site in the history of South Australia. Terowie was once a thriving rural and railway centre, and indeed was a troop marshalling area during the Second World War. The most significant event during those years was when the famous American Colonel MacArthur addressed the troops on the station, where there is now a citizens' plaque in memory of that occasion. Councillor Harvey, who has a deep concern for Terowie and its people, recognises the significance of this site and its tourism and recreational potential and has raised with her council the prospect of acquiring this historical site for development.

Initially the proposal did not meet with enthusiasm with council, I understand, but now has the support of most councillors. I understand that the site belongs to Australian National Railways or to the STA. My question is: could the Minister investigate and advice councillor Harvey and other councillors who owns the land and whether the land is required for Government use, and will she consider transferring this site to the council for development?

The Hon. BARBARA WIESE: I, too, have visited Terowie. I visited there some time ago when I was Minister of Tourism, at the invitation of some of the local residents. I am very well aware of the efforts of local people, including councillor Harvey, who have a keen interest in the preservation of their town. I am aware that many of the local residents have over the years banded together, to purchase some of the township properties in order that they might be preserved and restored, and considerable community effort has gone into the restoration of buildings. They have been very active in seeking Government grants for the development of park facilities and other things that might attract visitors to their town.

I know that councillor Harvey has been very much involved in these activities and that she has made this suggestion to her council that efforts might be made to take over the old railway station building for redevelopment for tourism purposes. I am not sure whether the railway building is actually the property of Australian National or the State Transport Authority. However, I shall be happy to make inquiries about the matter and to discover what plans if any the relevant authority has for its future and whether or not it might be possible for the property to be made available to the local people for redevelopment.

I might say, from my previous experience as Minister of Tourism, and having received representations from various local community groups and local councils, that dealing with both Australian National and the State Transport Authority in trying to negotiate the handover of railway properties at no cost has always been a difficult thing to do, because both the State Transport Authority and Australian National have been given the charter by their respective Governments to be commercially oriented and to maximise every dollar of income. So it is a rather difficult issue, but certainly I will raise it with the appropriate authority, whether it be the State Transport

Authority or Australian National, to determine what the future plans are for the station at Terowie.

STATE BANK

The Hon. L.H. DAVIS: My questions are directed to the Attorney-General. Will the Attorney-General advise the Council when he first became aware of or concerned about the disastrous financial position of the State Bank of South Australia, and when was the Attorney-General first aware of the recommendation of Mr Woodland, economic adviser of Mr Bannon, who in February 1990 suggested than an independent assessment of the State Bank of South Australia should be made?

The Hon. C.J. SUMNER: To my recollection, the first indication I had of any problems within the bank was towards the end of 1990, and that was by way of a discussion at the time with Mr Blevins. It was an informal discussion. His state of knowledge at the time was that there were, which he advised me, some difficulties in the bank but that they were manageable—words to that effect. Of course, it was shortly after that, after the J.P. Morgan examination, that the full extent of the problems became apparent and the action was taken by the Government in February 1991. I cannot recall being aware of any advice from Mr Woodland until it became a matter of public comment.

The Hon. L.H. DAVIS: I ask a supplementary question, Mr President. Could the Attorney-General put a more accurate date on when he first became aware of the difficulties in the bank, which he mentioned was in late 1990, and could he advise the Council: did Mr Blevins explain what the nature of the difficulties with the State Bank were?

The Hon. C.J. SUMNER: At that stage it was not great alarm being expressed about the bank, as I understand it, on his state or knowledge or my state of knowledge, either. I cannot give the honourable member an exact date. All I can say is that it was quite late in 1990.

NOARLUNGA HOSPITAL

The Hon. M.J. ELLIOTT: I seek leave to make a brief explanation before asking the Minister representing the Minister of Health and Community Services a question about Noarlunga Hospital.

Leave granted.

The Hon. M.J. ELLIOTT: During discussions recently with medical practitioners in the southern Adelaide area, a number of concerns were raised with me regarding Noarlunga Hospital. I understand that this hospital currently has 60 of its 120 beds open and that that is one of the reasons why nearby hospitals, such as the Southern Districts War Memorial Hospital at McLaren Vale, have had their funding for surgery reduced. Among the concerns voiced to me about Noarlunga Hospital were the fact that the hospital has no resident medical staff, that there are incidents of patients having to wait all night on barouches in corridors because no Medicare funded beds are available, although beds designated private are empty, and the fact that patients are having to be transferred from Noarlunga Hospital to Flinders Medical Centre after operations have been performed because infections have set in, and apparently that has happened quite regularly. The last category causes me concern, because it means that one patient is tying up the resources of two hospitals, and particularly with people going into a more intensive care hospital, something which should not be necessary. My questions to the Minister are:

1. How many patients have been transferred from Noarlunga Hospital to Flinders Medical Centre this year, and what have been the reasons for the transfers?

2. When are the remaining 60 beds expected to be opened?

3. When will resident medical staff be employed at Noarlunga Hospital?

The Hon. BARBARA WIESE: I will refer those questions to my colleague in another place and bring back a reply.

POLICE VEHICLES

The Hon. J.F. STEFANI: I seek leave to make a brief explanation before asking the Minister representing the Minister of Emergency Services a question about parking of police vehicles on private property.

Leave granted.

The Hon. J.F. STEFANI: In October this year I raised various complaints that were referred to me by a number of constituents about the practices adopted by police whilst operating speed detection devices. One of those complaints dealt with the unauthorised parking of police vehicles on private property. Recently, I received more than a dozen photographs which have been taken by members of the public. On each occasion the photograph shows a police vehicle parked on private property, usually with a police officer sitting in the vehicle.

Following the recent public uproar about the accuracy of speed cameras, I understand that police operational procedures have been upgraded to ensure that a police officer is observing the speed reading recorded by speed cameras. However, I am not aware whether management directives have been issued in relation to the parking of police vehicles used in the operation of speed cameras. Will the Minister investigate the unauthorised parking of police vehicles on private property? Secondly, will the Minister seek an assurance from the Commissioner of Police that such a practice is stopped immediately, and will the Minister ensure that an appropriate directive is issued through the police management unit to correct this inappropriate practice?

The Hon. C.J. SUMNER: I will refer that question for a reply.

ST JOHN AMBULANCE

The Hon. R.J. RITSON: My questions are directed to the Minister representing the Minister of Health, Family

and Community Services. For the financial year ended June 1992, what was the total number of St John Ambulance road trauma carries in the metropolitan area? What was the amount charged to SGIC in respect of these carries and, as a consequence, what was the mean charge for these carries? In how many cases was the SGIC liability with respect to these carries subsequently denied? What was the mean charge for all other priority one carries in the metropolitan area?

The Hon. BARBARA WIESE: I will refer those questions to my colleague in another place and bring back a reply.

CHILD ABUSE

The Hon. BERNICE PFITZNER: I seek leave to make a brief explanation before asking the Minister representing the Minister of Health, Family and Community Services questions about the follow-up procedure for child abuse.

Leave granted.

The Hon. BERNICE PFITZNER: I have recently received a 20 page letter detailing the shocking events that are alleged to have occurred to a teenaged juvenile which are tantamount to child abuse, covering a period of two years from 1990 to 1992. The covering letter states:

> Two years ago my...sister ran away from home, suffering from anorexia nervosa, and...became embroiled in the prostitution 'industry'...To our disbelief we found ourselves unable to help her in any way... It would appear to us that something is very wrong if our community services, police and other welfare organisations stand back and say, 'She has to be allowed to do what she wants, regardless of the fact that she is emotionally and psychologically unstable and/or immature.'

This letter goes into further graphic details that have been sent to the Attorney-General, the CEO of FACS and to the Commissioner of Police, as well as to other senior State officers and politicians. The details are disturbing and are a definite case of child abuse, for which nothing appears to have been done.

I give a quick summary of the facts. The juvenile is anorexic, emotionally disturbed and runs away from home. The police are notified and look for her. She is alleged to have been in a prostitution agency and is under the influence of a Mr X. The police are informed. They check on Mr X and report that he is a good and honest citizen. The family are not convinced and try to convey the level of her psychological condition to the police. A police officer talks to her and decides that the girl is perfectly well. FACS is also approached in the branches of Port Pirie, Gawler and Norwood. It is alleged that they are not disinterested.

A telephone call in February of last year from an alleged prostitute said that 'they are about to use the juvenile in her first job.' FACS is contacted again and nothing is done. The juvenile phones home and states that she is now working as a prostitute. When the juvenile is visited, it is noticed that there are scratches on her wrists and blood smears on the walls and doors. She has reported that she has tried to commit suicide.

In September, an Angas Street police officer is informed of the whole situation. The officer just says, 'What a pity', and states that he can not do anything and gives the phone number of Patriot, a special police unit. In September last year, the family receives a phone call from the city watch house to say that the police are holding the juvenile after picking her up as a prostitute. Mr X suggests that the juvenile should plead guilty as a minor, as she would not suffer any consequences. She is charged in the Childrens' Court with keeping a brothel, and she pleads guilty.

Meanwhile, the police inform the family that Mr X has been arrested on sexual charges. To the total disbelief of the family, FACS and the police have agreed that the juvenile and Mr X be allowed to communicate again.

In March this year, Mr X is found guilty of keeping a minor in the house for the purpose of prostitution. FACS has now closed the file and the situation is continuing. As the reporter says, FACS has given no assistance to the family whatsoever. My questions are:

1. Has the Minister of Health, Family and Community Services received this report from the Attorney-General?

2. If he (the Minister) has, what has the Minister done about this shocking alleged child abuse case?

3. Can the Minister further investigate this case if he has not already done so and bring back a report, as the family still has had no response from FACS?

4. As the family and I ask, how and why has this been allowed to happen?

The Hon. BARBARA WIESE: I will refer the questions to my colleague in another place and bring back a reply.

REPLIES TO QUESTIONS

SILKES ROAD FORD

In reply to **Hon. J.C. BURDETT** (20 October).

The Hon. BARBARA WIESE: Reids Road and Silkes Road are local roads and therefore are the responsibility of Local Government. The future and treatment of the Reids Road/Silkes Road crossing of the River Torrens is consequently a matter for the Tea Tree Gully and Campbelltown Councils to resolve.

From the Government's point of view the existing crossing of the River Torrens via Lower North East Road is adequate to cater for the needs of the longer distance arterial road traffic in this area. The Government therefore has no plans to provide an additional arterial road crossing of the River Torrens to the East of the existing Lower North East Road crossing. The volume of 5 000 vehicles per day estimated by the honourable member to be using the Reids Road/Silkes Road crossing is relatively small compared to the 25 000 vehicles per day using the Lower North East Road crossing. Such a relatively low level of usage would not be sufficient to justify the high cost of a new arterial road crossing. The Government has a responsibility to ensure that the available funds are spent on the high priority projects for which there is net return on the investment.

In the meantime, the Department of Road Transport has co-operated with the Councils in ensuring that traffic management measures on the adjacent arterial roads are

compatible with Local Government objectives. These measures include the introduction of traffic signals at the junction of George Street and Lower North East Road improving the attractiveness of Lower North East Road as an alternative to the Reids Road/Silkes Road link.

CLUB KENO

In reply to **Hon. R.I. LUCAS** (12 February, 9 April, 15 April, 9 September and 5 November).

The Hon. C.J. SUMNER: The Treasurer has provided the following response to the Hon. Member's questions:

"Club Keno machines are monitored by means of an on-line computerised monitoring and recording system which logs all activity on the wagering terminals. Full details of wagers placed, including their value and time of placement are recorded, as well as validations, signing on and off of terminals by operators with password control and any requests for reports. Daily sales and validation reports are available from the terminals for accounting purposes. The system provides for a secure operational environment and has been the subject of favourable security reviews by the Auditor General's Department.

The Commission provides protection to the player for any unclaimed prizes through its Customer Subscription Service. Wagers placed using this service and which subsequently win a prize of two dollars or more are automatically forwarded to the prize winner after 13 weeks. Players may also have their tickets validated through the terminal for up to 12 months after the draw if they are not a Member of the Customer Subscription Service. It is interesting to note that the percentage of uncollected prizes for Club Keno is very low, at only 1.34 per cent of sales.

There are two sources of documentary evidence for the results of Club Keno games. The first are the official results printed by the Commission, while these were freely available at agencies their availability has been withdrawn as there was no demand for the information. The second method of providing results is through the wagering terminal. Results can be requested for any draw for the preceding 12 months and a copy of these results can be printed through the terminal. Players can also confirm whether their ticket has won a prize by requesting that it be validated through the terminal. The onus for checking tickets is on the customer, as prescribed in the Rules and non-winning tickets remain the property of the customer. A sign to this effect, prepared by the Commission, must be displayed at the point of sale, in accordance with instructions issued to agents. Instructions have also been given to agents that players are entitled to request a printout of the validation for their information.

Agents are accountable for all sales and validations made through their terminal. If, notwithstanding the high level of security built into the Club Keno system an agent (or an employee of an agent) should try to defraud the Commission, the normal remedies are available to the Commission through the Courts. It is most unlikely that such an attempt would go undetected.

With respect to possible fraud on customers by agents the Commission has taken an additional step to strengthen control measures by having the on-line terminal automatically print two copies of the prize validation slip in order that the customers may be given a copy. The necessary software modifications were operational as from 18 June 1992.

Customer Display Units which are connected to the wagering terminals at clubs and hotels are being progressively installed. These units display, for the benefit of customers, information similar to that displayed on the wagering terminal display screen. Approximately 60 units have been installed to date with a further 150 to be installed by the end of 1992.

So far as player-activated terminals are concerned, the Commission has studied the technology but at their present stage of development is not satisfied that they meet the necessary standards of operation and service. Many lottery jurisdictions throughout the world have not embraced this technology for similar reasons. Those lottery jurisdictions which have installed the units are not entirely satisfied with their operation and reliability. Despite these reservations, the technology is being kept under review.

The Commission has been made aware of one instance of misappropriation of Club Keno funds by the employee of an agent. However, the agent replaced the funds before it was necessary for the Commission to take any action.

Five instances of agents or their staff participating in Club Keno without paying have been identified. The Commission has recovered the money in three of these. In one case the identity of the perpetrator has not been established, and another is the subject of legal proceedings to recover the money. All cases have been reported to the Police.

Amendments to the State Lotteries Act are proposed to strengthen the Commission's powers of investigation in this area.

In relation to the claim that a report was commissioned by the General Manager into Club Keno in September 1989 the General Manager advises that he did not request or receive a report on the matters raised in the Honourable Member's question. Furthermore he is unaware of the existence of any report produced at or about September 1989 in relation to the potential for fraud in Club Keno. Despite this the General Manager advises that a thorough search of all documentation relating to Club Keno has been undertaken and has failed to reveal such a report.

COURT PENALTIES

In reply to **Hon. K.T. GRIFFIN** (22 October).

The Hon. C.J. SUMNER: The Minister of Correctional Services has provided the following comments in relation to the matters raised by the honourable member.

At the Conference of Community Correctional Centre Managers and Senior Probation Parole Officers, held on 9 September, 1992, a number of issues were discussed and proposals examined to enable the Department to manage its probation, parole, community service and fine option caseloads more cost effectively.

The meeting specifically dealt with concerns associated with the supervision of probation, parole, community service and fine option cases in the community. Part of this discussion centred around the Administrative Discharge from a Court supervision order and a proposal to seek consultation with the Chairman of the Parole Board for the Department to be given the delegation to administratively discharge parolees from the latter part of the supervision aspect of their parole order.

It did not discuss early release from prison for fine defaulters or sentenced prisoners. Probationers are, in most cases, at highest risk of re-offending in the early stages of their supervision order.

Continuing to supervise the offender past that critical period reduces the level of resources that can be directed at those of higher risk, for example, those in the early stages of their supervision order.

Probation Officers are expected to continue working beyond the six months limit with offenders considered high risk or where the requirements of the case plan have not yet been completed". The honourable member may also wish to note the Ministerial Statement given by the Honourable Minister of Correctional Services in another place on the 27th October, 1992 (p. 1047).

ISLAND SEAWAY

In reply to **Hon. DIANA LAIDLAW** (20 October).

The Hon. BARBARA WIESE:

1. Regarding costs to the tax payers the extra $1.3m requirement in 1991-92 was largely due to delayed achievement of crew and stevedoring savings. These savings were budgeted to be achieved at the start of 1991-92 but crew savings were not achieved until February 1992 and stevedoring savings were achieved only recently. These savings were largely dependent on negotiations conducted by the vessel operator. Once off costs associated with crew redundancy payments were also part of this extra amount. Reduced vessel income due to depressed trading circumstances was another factor. Therefore it is incorrect to suggest that there was a blow out in administration costs of $1.3m in 1991/92. The extra costs compared with the estimate were therefore delayed savings, associated once off special payments to achieve the savings, combined with the effect of depressed trading circumstances. More importantly, if a comparison is made between the subsidy level in 1989/90 and 1991/92 excluding the extraordinary items associated with crew separation there has been a significant reduction in costs. On this basis costs in 1991-92 would have required a subsidy of $6.44m compared with the subsidy level in 1989-90 in today's values at $8.93m. This is a real cost reduction of $2.49m that has been achieved by the continuing efforts of Government in conjunction with the vessel operator.

Negotiations on the new performance based subsidy arrangements are anticipated to be finalised in the near future. The proposed operating period and the cost to tax payers is fundamental to the satisfactory completion of negotiations.

2. The Department was aware of a possible commitment by KI Sealink to acquire a larger vessel when the company expressed interest in providing a service between the mainland and Kangaroo Island in April 1992. The Department has not yet received any details of, or firm commitment by KI Sealink to replace its two vessels with a super ferry. An assessment of the impact of this on the Island Seaway will commence shortly.

3. The new wharfage charges gazetted on 15 October 1992 for operation from 1 January 1993 cover all South Australian ports including Cape Jervis and Penneshaw. KI Sealink has approached the Department about wharfage charges and a report was made available by them to the Department. Wharfage charging options are currently being assessed.

PORT ADELAIDE

In reply to **Hon. DIANA LAIDLAW** (8 October).

The Hon. BARBARA WIESE: The concerns of 'K' Line have been discussed on a number of occasions and it is expected that their needs can be met. Their most recent vessel (the "Wolfsburg" was handled very smoothly on 11 October (arrived 0600 hrs and departed 1300 hrs) and interim arrangements were made for handling and wharf side storage of the vehicles discharged.

Discussions with both 'K' Line and their associated car processing company Prix Car Services are continuing, with the view to ensure satisfactory handling of their vehicles in the future. The variation in lengths of ship which can be safely accommodated in the Inner Harbor arises from the particular characteristics of the Pure Car Carriers (PCC's.

The PCC's are rather ungainly high slab-sided vessels which present a large area to wind forces and their handling is very sensitive to wind. The larger PCC's (greater than 165 metres) cannot be safety handled in the narrow Port River channel, nor swung in the Inner Harbor with safety!

Conventional vessels with much less wind age can be safely handled up to a length overall of 200 metres. Larger vessels are sometimes handled in the Inner Harbor, subject to known draft and handling characteristics.

STATE TRANSPORT AUTHORITY

In reply to **Hon. DIANA LAIDLAW** (7 October).

The Hon. BARBARA WIESE: The State Transport Authority has identified in the Corporate Plan 1992-95 various strategies for ensuring that a responsive public transport system continues to be developed for the people of Adelaide.

With approximately 80 per cent operating costs related to the use of labour there needs to be changes to work practices to enable the more flexible use of labour. The STA is negotiating changes to existing award conditions to achieve greater flexibility and productivity, with the various unions respondent to STA awards. Such changes will vary depending upon the occupational group concerned and the current work requirements including the use of casual workers.

The STA has already taken steps to rationalise the number of awards covering its employees. Application has been made to the Australian Industrial Relations Commission to amalgamate the—

- Traffic Operating, Permanent Way, Workshops, Miscellaneous and Suburban Train Driving Grades Award, 1988;
- STA of SA Suburban Train Driving Grades Interim Award 1990;

and

- Metal Trades (SA Government Departments and Instrumentalities) Award, 1985 Part 11,

with the intention in the future to include the bus operators awards into the one consolidated STA Employees Operating Award.

The final step will be to incorporate the STA of SA Salaried officers Award thereby achieving one enterprise Award for all employees. In the consolidation of Awards STA will be negotiating for consistent conditions of employment across all sections of the workforce.

Therefore, as STA moves towards this goal, it will continue to negotiate with individual unions to achieve the best possible work arrangements for each sector of the workforce with the

knowledge that ultimately there will be one award for all employees.

TRANSPORT POLICY AND PLANNING OFFICE

In reply to **Hon. DIANA LAIDLAW** (14 October).

The Hon. BARBARA WIESE: The Premier has provided the following response:

The decision to streamline the machinery of Government by reducing the number of separate administrative units was the driving force behind the proposal to integrate certain functions in the old Transport portfolio to create a new Transport Development portfolio. The original proposition to merge certain functions of the Office of Transport Policy and Planning with other like functions in the Department of Road Transport should not be inferred as implying the abolition of the key functions. Rather, the aim was to achieve an appropriate structure within the new portfolio to best service the focus on economic development.

The Minister of Transport Development has arranged for a review to examine all options for meeting this aim, including the option of retention of an office with revised roles. The report is expected in November 1992.

SELECT COMMITTEE ON THE REDEVELOPMENT OF THE MARINELAND COMPLEX AND RELATED MATTERS

The Hon. ANNE LEVY (Minister for the Arts and Cultural Heritage): I move:

That the time for bringing up the committee's report be extended until Wednesday 10 March 1993.

Motion carried.

SELECT COMMITTEE ON THE CIRCUMSTANCES RELATED TO THE STIRLING COUNCIL PERTAINING TO AND ARISING FROM THE ASH WEDNESDAY 1980 BUSHFIRES AND RELATED MATTERS

The Hon. ANNE LEVY (Minister for the Arts and Cultural Heritage): I move:

That the time for bringing up the committee's report be extended until Wednesday 10 March 1993.

Motion carried.

SELECT COMMITTEE ON THE PENAL SYSTEM IN SOUTH AUSTRALIA

The Hon. J.C. IRWIN: On behalf of the Hon. Mr Gilfillan, I move:

That the time for bringing up the committee's report be extended until Wednesday 10 March 1993.

Motion carried.

SELECT COMMITTEE ON COUNTRY RAIL SERVICES IN SOUTH AUSTRALIA

The Hon. G. WEATHERILL: I move:

That the time for bringing up the committee's report be extended until Wednesday 10 March 1993.

Motion carried.

SELECT COMMITTEE ON THE CONTROL AND ILLEGAL USE OF DRUGS OF DEPENDENCE

The Hon. CAROLYN PICKLES: I move:

That the time for bringing up the committee's report be extended until Wednesday 10 March 1993.

Motion carried.

SELECT COMMITTEE ON REVIEW OF CERTAIN STATUTORY AUTHORITIES

The Hon. T.G. ROBERTS: I move:

That the time for bringing up the committee's report be extended until Wednesday 10 March 1993.

Motion carried.

SELECT COMMITTEE ON THE EXTENT OF GAMBLING ADDICTION AND EFFECTS OF GAMING MACHINES

The Hon. T. CROTHERS: I move:

That the time for bringing up the committee's report be extended until Wednesday 10 March 1993.

Motion carried.

STATE BANK

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

That the first report of the Royal Commission into the State Bank of South Australia be noted.

This motion honours a commitment which the Government gave some time ago to facilitate a debate in this Council on the first report of the Royal Commission into the State Bank which was tabled here by me yesterday. The Government's response to that report was contained substantially in a ministerial statement that I made at the time of tabling the report, and at this stage I do not wish to say anything further than was contained in the ministerial statement. Obviously, however, I will reply in due course to the matters that are raised by members.

The Hon. R.I. LUCAS: (Leader of the Opposition) I move:

Leave out all words after 'That' and insert 'this Council censures the State Labor Government for—

I. gross financial incompetence and negligence;

II. its failure to act on repeated warnings about the operations and performance of the State Bank which exposed taxpayers to huge losses as the ultimate guarantors of the bank;

III. breaching the State Bank Act;

IV. manipulating the commercial operations of the bank with secret interest rate deals for the political advantage of the Government;

V. forcing the bank into high risk growth and loans for property developments like the REMM project and the East End Market project;

VI. repeatedly misleading the Parliament and treating it with contempt;

and calls on the Labor Government to accept the principle of collective responsibility for the State Bank disaster, and to bring about the circumstances for an early State election so that the people of South Australia can deliver their verdict.

The State Bank disaster, as all members will concede, is the biggest disaster in South Australia's history. This report from the Royal Commissioner is the most damning indictment of a Government that we have ever seen in South Australia and, I suspect, are ever likely to see. This report by the Royal Commissioner sounds the political death knell of the Labor Government in South Australia.

The question now is really only one of timing. It is fair to acknowledge in considering the Royal Commissioner's report that there has been criticism of all players in this sad political tragedy. There has been criticism, for example, of the board and management of the State Bank in addition to criticism of the Treasurer, Treasury and Government. But it is important for us to acknowledge that it is the role of Parliament to hold the Government accountable. It is in the Parliament where the Labor Government must be held accountable for its actions or, indeed, its inaction in relation to the handling of the State Bank disaster.

It is therefore proper and appropriate that this debate this afternoon (and perhaps this evening) centre on the role of Government, Premier and departments in relation to the handling of the State Bank disaster. It may well be that, with subsequent reports and, perhaps subsequent debates, we concentrate on debate about the other players in this disaster. But it is our responsibility as a Parliament and as members of this Chamber to hold Governments and the Executive arm of government, in particular, accountable or not for their actions and for their performance.

It is not just the Parliament that is demanding accountability of the Government over this issue: the people of South Australia are similarly demanding accountability. One has only to listen to talk-back radio, as I did late last evening and in the early hours of this morning, and again this morning on the morning talk-back radio sessions, to feel the anger of South Australians against the Government for what it has done to their State Bank. The anger that people have expressed was best summarised by the taxi driver who took me home in the early hours of the morning. He said, 'When are you going to get those bastards out of Government?'

He went on to say some other rather unflattering things about the former Premier and the present Government in relation to their inaction over the State Bank disaster. This taxi driver was a young student who could see the problems that were being caused by the State Bank disaster for schools, and who had seen the cutbacks throughout the South Australian community generally in hospitals, in our education system, in our transport system and a whole range of Government services over the past 12 months.

Sadly, he was prescient enough to see the problems and the cutbacks that will be necessary over coming years to pay off the enormous State Bank debt. That taxi driver and those callers to talk-back radio wanted a chance to express a view, to express their concern and their anger at what had been done to their State Bank. It is fair to say that some of them want revenge: they want to take out their anger on this Labor Government. They want to get rid of a Government which many of them supported at the last election and which many have faithfully supported for the past 10 or 20 years.

What they are now saying after the State Bank Royal Commissioner's report is, 'Enough is enough.' They can put up with no more. Whilst some of them, as good Labor people, might have a healthy degree of cynicism about what a Liberal administration might hold for them, what they say is, 'low is the time at least to give the other side a go: this lot has been there for much of the past 20 years, and look at the mess they have got the South Australian economy into.'

An honourable member interjecting:

The Hon. R.I. LUCAS: He was a very eloquent taxi driver, a student struggling to put himself through university and to cope with the increased taxes and charges inflicted upon him and his family as a result of State and Federal Labor Government administrations. What has been the Government's response to the State Bank commission report? It can best be summarised in one phrase: blame it all on Bannon. 'It was his fault: none of the rest of us knew anything about it. It was his responsibility, and he has now jumped ship (or been thrown off the ship) and everything now ought to be all right.' That has been the basic response: a distinct and coordinated campaign by the Government and its senior members to distance themselves from former Premier Bannon, the member for Ross Smith, as quickly and as far as possible.

The Hon. Diana Laidlaw: They probably want him out of Parliament.

The Hon. K.T. Griffin: They wouldn't want a by-election.

The Hon. R.I. LUCAS: That may well be the case, as my colleague speculates but, as the Hon. Mr Griffin indicates, they would not want a by-election, even in Ross Smith. The attitude to which I have referred was that which was expressed yesterday by Premier Arnold and by the Attorney-General in this Chamber. One has only to look at the *Advertiser* this morning and at the photograph of the Attorney-General, above the heading 'Former Premier "should have quit"'. The article reads:

Former Premier Mr John Bannon should have resigned as Premier and Treasurer over the State Bank disaster, Attorney-General Mr Sumner said yesterday. And he revealed he had been at odds with Mr Bannon's double role, saying he believed a Premier should not also hold the Treasury portfolio.

We have never heard anything about this in the past 10 years: we have never heard about Mr Sumner's concern at what Mr Bannon was doing in taking on too much as Premier and Treasurer, which is the clear inference to be

drawn from what the Attorney-General said yesterday. It was too much for the Premier and Treasurer, he always believed, and he was at odds with the Premier about his taking on the role of Treasurer in the Bannon Government. We, of course, would agree with that, because of the former Premier's incompetence in relation to financial matters.

But that is the judgment. The first time we ever hear anything about this is on the day of the Royal Commissioner's report. The Attorney-General stands up in the Parliament, very coy, as he was again today, about being described as the 'chief political confidante and adviser to the former Premier'. He has been described as such by former Premier Bannon on a number of occasions in a number of press interviews. There have been quite cosy references to the Attorney-General and the former Premier getting together on Saturdays and Sundays for a quiet drink to talk about the week's proceedings in Parliament and to talk about coming matters of common concern that they had.

The former Premier talked of the Attorney-General as being the one person to whom he could turn and in whom he could confide in relation to the difficult issues he was confronting as Premier. But what we found yesterday and again today was that, no, the Attorney-General now does not want to be recognised as the chief political confidante and adviser of the former Premier. He will go as far as saying, 'I am still his friend, but I was never his chief political adviser or chief political confidante.'

As soon as troubles arise and there is difficulty for the Government, people make the judgment as to who must be thrown off the life raft. I am reminded of that classic shipwreck film in which the survivors are in the life raft in shark infested waters and decide who will be thrown off the life raft for the sake of the survival of the others. That is what we see here with this Labor Government: the Attorney-General, Premier Arnold and all members here are on the life raft at the moment, and they have decided, 'We will throw Bannon overboard and feed him to the sharks and hope that that will be enough to ensure the survival of the rest of us.'

The Hon. T.G. Roberts: The sharks are never satisfied.

The Hon. R.I. LUCAS: The Hon. Terry Roberts says, very interestingly, that the sharks are never satisfied. Some of the strategists in the Labor Party factions, and I will not suggest whom, are deciding at the moment, or decided last night, that they made a bit of a miscalculation. They threw the carcass to the sharks a bit too early because now they do not have anyone to sacrifice. As the Hon. Terry Roberts says, the sharks are never satisfied, and when there is a major disaster, like this particular report, for a political Party the best thing to do, as the Victorians did, is to throw a carcass to the wolves or to the sharks in the hope that that will keep everyone else at bay.

Of course, John Bannon's carcass was thrown to the wolves or the sharks some weeks ago and they are now struggling to find somebody as a sacrificial lamb or a carcass to get rid of, they do not have anybody, if you excuse my mixed metaphors, Mr President, to throw to the wolves at the moment and the senior strategists in the factions, in particular the centre left faction, are now saying, 'We made a bit of a miscalculation. We should have waited until the report was delivered and then we could have thrown Bannon to the wolves; then we could have come in with a new Leader and a vision for the future.' The miscalculation they made is that now Lynn Arnold is left trying to defend the indefensible, having to go on the Keith Conlon show, the Ray Fewings show and the 7.30 Report, not doing it well and looking increasingly uncomfortable with this whole business, basically wishing and hoping and praying, in the words of that old song, that it will all go away, and that the public of South Australia will forget about this disaster that has been inflicted upon them.

Members interjecting:

The PRESIDENT: Order!

The Hon. R.I. LUCAS: This political strategy of the Attorney-General, Premier Arnold and other senior members of the Government will not work because the report of the Royal Commissioner points the finger at the Government, and I intend to return to that matter later in my contribution. The report makes criticism of the former Premier, yes, but makes specific explicit criticism of the Government in general.

A central theme for this motion is that this Government must accept collective responsibility for the actions of the Labor Government from 1982 through to 1992. I want to make the point that 10 of the current 13 Cabinet Ministers—three here in this Chamber—have been Ministers throughout the period of sustained parliamentary questioning of the State Bank which in essence commenced in early 1989. Ten of the 13 Cabinet have been there all through that period. It is our view that the Cabinet and the Government must accept collective responsibility.

Mr President, I want to read a quote from the 1976 Royal Commission on Australian Government Administration, where the royal commission made the following reference to collective responsibility:

> Collective responsibility is based on the principle of the unity of Government. This principle recognises the right of the electorate to hold the Government as a whole responsible for the results of its terms of office. Every Minister is required to admit a moral responsibility for the policies which Government as a whole pursues.

That is the finding of the royal commission report into Australian Government Administration in 1976. It is the right of the electorate in the end to hold a Government accountable for its actions. It is our view that now is the time for this Government to be held accountable for its actions on this matter.

The Royal Commissioner's report is such a big report that, whilst it would normally be the case for someone like myself to be introducing, admittedly by way of an amendment, a substantive motion such as a censure motion to seek to address and cover all aspects of the motion I am moving, because of the comprehensive nature of the report and the time that that might otherwise have taken me as one member, members on this side have decided to divide our responsibilities in relation to addressing the various aspects of the motion

that we have asked this Chamber to consider. I will be taking an overview and addressing one or two other areas and my colleagues, the Hon. Trevor Griffin, the Hon. Legh Davis, the Hon. Diana Laidlaw and the Hon. Bernice Pfitzner will be addressing other aspects. We have endeavoured, as much as we can, to ensure that there is not much overlap between the contributions that we make. However, with a difficult issue such as this by necessity there will obviously be some degree of overlap between our contributions.

The Hon. T.G. Roberts interjecting:

The Hon. R.I. LUCAS: I hope so. First, I want to trace a little of the political history of the whole State Bank debate. I want to take members back to early 1989 when we saw the start of the intense period of parliamentary questioning into the role and operation of the State Bank. On 14 and 15 February my colleagues the Hon. Jennifer Cashmore and the Hon. Roger Goldsworthy asked questions in the House of Assembly on Equiticorp and the State Bank exposure. After that there was a series of other questions from shadow Cabinet members of the Liberal Opposition at that time about State Bank exposures.

Soon after that, on 3 March 1989, the then Liberal Leader John Olsen delivered for that time the definitive positioning paper of the Liberal Party in relation to the State Bank group. After the criticisms that had been made by Liberal members the State Bank expressed some concern and invited the Liberal Leader then to address their State Bank Strategic Planning Conference lunch at the Wirrina Convention Centre on Friday, 3 March 1989. I want to address some of the points that were made by Liberal Leader Olsen at that particular venue. He said:

In the 10 weeks since this invitation was first extended, and more particularly in recent weeks—

The Hon. R.R. Roberts: This is not hindsight: this is foresight.

The Hon. R.I. LUCAS: As the honourable member says, this is hindsight. This is me indicating what, back in March 1989, the Liberal Party, through its Leader, was indicating in relation to the State Bank debacle that we now see unfolding before us.

The Hon. R.R. Roberts interjecting:

The Hon. R.I. LUCAS: Let us not hear humbug from the Hon. Ron Roberts, who was not even here at the time, about looking at these issues in hindsight. We have here an indication of the Liberal Party's position on the State Bank in March 1989. The quote continues:

In the 10 weeks since this invitation, and more particularly in recent weeks the State Bank has become the focus of some parliamentary debate—

The Hon. R.R. Roberts interjecting:

The PRESIDENT: Order! The Hon. Mr Roberts will come to order.

The Hon. R.I. LUCAS: I am relaxed about interjections; we do not complain about them. The nice little long hops from the Hon. Ron Roberts we enjoy. On page 3 of that speech the then Leader said:

This means that in funding the reasonable requirements of South Australia and South Australians the bank should exercise due caution with lending risks and not expose itself to unreasonable risk. Care also needs to be taken to ensure the bank is not seen to be an arm of Government which can be twisted, or that it is prone to decisions which fit a particular Government's political philosophy, or that it is willing to fund pet Government projects which private banks would not lend to or fund other projects which other banks will not because of the high risk nature of the investment and where to invest is foolhardy.

From the viewpoint of the Hon. Mr Gilfillan and other members, the warning signals sounded by Mr Olsen carried much weight. He went on to say:

With Equiticorp, the bank has gone not only offshore but into an entrepreneurial, high risk area of lending to an organisation which, it has been suggested, did not have audited accounts...I don't believe that the bank has or will ever have a capital base sufficient to allow it to act on an international basis like our major national private banks.

I know that my colleague the Hon. Mr Davis will address that issue. Further on, Mr Olsen said:

Yet there are concerns in business and other public circles that the State Bank is trying to get too big and, in doing so, all of its heart will not remain in South Australia...It is my view that, once that body [Equiticorp] went into receivership, the onus of the bank's duty transferred to the people of South Australia who guarantee the bank's operations—that this duty overrides the duty to a client in receivership.

On page 14, he said:

The form of your reporting of bad debts also raises questions about the extent to which doubtful debts are recoverable. For example, last financial year, the group wrote off bad debts of more than $6.8 million and reported recoveries of only $97 000 whereas I am informed it is usual private banking practice to recover about 50 per cent of bad debts...In concluding my remarks about accountability, I do recognise the risks inherent in any lending but this issue cannot be swept—

The Hon. C.J. Sumner: Who was that?

The Hon. R.I. LUCAS: It was a speech to senior State Bank management at the strategic planning conference at Wirrina. Mr Olsen continued:

As a Liberal Premier of this State, I will accept responsibility for ensuring your bank, my bank, the people's bank, is fully accountable as must all other agencies of Government be fully accountable. You cannot hide away when things need explaining. Your value to this State is unquestioned. Your integrity also must be unquestioned.

The Hon. K.T. Griffin: They didn't like the speech.

The Hon. R.I. LUCAS: No, I know they did not like the speech.

The Hon. R.R. Roberts: Marcus Clark wrote it for you.

The Hon. R.I. LUCAS: I can assure the honourable member that Marcus Clark did not write it. They did not like it being published, either.

The Hon. R.R. Roberts interjecting:

The Hon. R.I. LUCAS: The Hon. Mr Roberts ought to listen to this instead of bleating away on the back benches. The position that the Liberal Party is putting is exactly the position that the Liberal Leader put at that time. Mr Olsen continued:

Any Premier is answerable to the people, through the Parliament, for the actions of all Government agencies. The State Bank does not have an annual general meeting where you can be seen to be publicly accountable, so, you [the State Bank] must be

answerable, particularly to all those little investors and the taxpayers who currently provide $600 million of your capital.

As I indicated, that position was set down by John Olsen at that time.

The Hon. Diana Laidlaw: It was very perceptive.

The Hon. R.I. LUCAS: It was very perceptive and accurate. As a result, the Government strategists at the time decided that they would roll out the master of the stunt, the member for Briggs (Mr Michael Rann). Mr Rann was rolled out in the House of Assembly after discussion with key strategists, perhaps the Attorney-General and others, to supposedly take the big stick—

The Hon. CJ. Sumner interjecting:

The Hon. R.I. LUCAS: Well, if the Attorney-General was not in agreement with the strategy, he can indicate so. Some six weeks after the then Liberal Leader made the speech to which I have referred, Mr Rann moved in the other place that 'This House condemns the Opposition for its sustained and continuing campaign to undermine the vitally important role of the State Bank of South Australia in our community.' Mr Rann went on to say:

I have moved this motion because I am concerned that the Leader of the Opposition, his shadow ministry and his staff have embarked on a sustained and continuing campaign to undermine the credibility of the State Bank of South Australia and to denigrate and defame its board and its principal officers...In every sense of the word, this campaign amounts to the grossest economic vandalism that this Parliament has seen in recent memory.

The honourable member described the legitimate questions that were asked by the Liberal Party in 1989 as gross economic vandalism. What of the performance of the Bannon and Arnold Labor Governments in relation to their mishandling of the State Bank disaster? Mr Rann continued:

Even members opposite can hardly deny that the State Bank is one of South Australia's greatest success stories...So why has the Opposition, at the behest of its Leader, set out to undermine one of the greatest success stories in the economy of this State? On a superficial level it could be that the Opposition sees attacks on the State Bank as a way of criticising the State Government and its economic management...It is childish but it is consistent with the Opposition's shallowness on economic and financial matters, and it has led the Opposition to become a figure of derision in the business community—apart from a few of his white shoe brigade backers...But why has the Leader of the Opposition instructed his team to smear the State Bank?...The Opposition tried to imply poor commercial judgment in lending money to Equiticorp...Yes, minuscule; our bank is entrepreneurial and aggressive as well as careful, prudent and independent... Mr Marcus Clark's integrity—and, after all the Opposition's intent was to denigrate a great South Australian institution and to smear one of the State's outstanding citizens.

They are the words of the present Minister of Business and Regional Development, the Minister in charge of stunts and anything else like that for the Bannon and Arnold Labor Governments. That was the officially endorsed approach of the Labor Government at the time of the first genuine parliamentary questioning of the Labor Administration about the State Bank. There was never an attempt to say, 'Hold on, let's get behind this. Maybe the Libs are on to something. We had better be careful and at least have a look at it.'

Mike Rann is extremely embarrassed as he slinks about Parliament House these days and does not want to be reminded of certain pages in the Royal Commissioner's report. For the Hon. Terry Roberts benefit, I should point out that a number of his Caucus colleagues are photocopying and faxing that page for other Caucus colleagues and for a number of other people in the Labor Party.

The Hon. K.T. Griffin: They are trying to undermine his power base.

The Hon. R.I. LUCAS: I suspect there is not much of a power base left for the Hon. Mike Rann any more. If there ever was a base, it has been destroyed by his performance on this issue. It was as a result of that motion that the Hon. Jennifer Cashmore delivered her definitive speech to Parliament, to which reference was made by the Royal Commissioner in his report. Later that year the Hon. Ian Gilfillan raised questions in this Chamber about the State Bank and, again, as part of the conscious strategy that was arrived at by the Attorney-General, the Premier and Mike Rann, the Hon. Mr Gilfillan was smeared and vilified, together with the Opposition, by the Attorney-General, for having the temerity—

The Hon. C.J. Sumner: 'Vilified' is a bit strong.

The Hon. M.J. Elliott: What about 'derided and sued'?

The Hon. R.I. LUCAS: The Hon. Mr Elliott suggests that 'derided and sued' might be a more appropriate description because, when the question was raised, the Attorney-General said:

It seems that it is now the turn of the Australian Democrats to knock the State Bank, which is a very successful South Australian enterprise. members opposite apparently do not want the State Bank to operate.

It is outrageous for the Attorney-General to have suggested that that was the case, and I am sure that now in the more sane, cooler light of day he would agree that he was not suggesting that. It continues:

They would rather sell it off. We have had the Liberal season for attacking the State Bank, and now apparently it is the turn of the Democrats.

Then, of course, there is further description, which I do not have time to go into during this contribution. The point I make is that when the first intense period of parliamentary questioning was developed by, first, the Liberal Party in another place, and then Liberal members and the Australian Democrat members in this Chamber, there was a coordinated campaign by the senior members of the Government, the Attorney-General, the former Premier and the Minister Mike Rann to vilify, to smear and to try to scare the Liberal Party away from continuing reasonable questioning in relation to the State Bank and reasonable questioning of the Government on the issue.

I think it is to the credit of Liberal members and the Australian Democrat members that we were not scared off by the Government and some of its supporters in the community and the media from that sort of questioning. I can recall on a number of occasions hearing media

commentators and talk back show hosts asking Liberal spokespersons, and the Liberal Leader at the time, 'Well, what are you doing at the moment? Are you trying to create the climate for a run on the State Bank?' There was always this fear.

The Hon. C.J. Sumner: That was the problem, wasn't it?

The Hon. R.I. LUCAS: It was something that we believe was part of a conscious strategy by the Government, the State Bank and some of their supporters to prevent Liberal members and others who wanted to raise genuine questions about the State Bank from doing so. It was not Liberal members who were talking about runs on the State Bank. As I said, it was the State Bank, the Government and their supporters in the media and in the community. I now want to address the central issue of collective responsibility of the Government. The report that we are addressing today has literally dozens of criticisms of the Government, as distinct from the former Premier and Treasurer. I want to refer to some of those specific criticisms of the Government as opposed to criticisms of the former Premier and Treasurer. I quote from pages 366 and 367 of the report:

> ...but the failure on this occasion to accept Treasury advice serves only to confirm that the Government in general, and the Treasurer in particular, had from the outset been myopic in their vision of an appropriate relationship with the bank.

I am disappointed that the Hon. Ron Roberts is unavoidably out of the Chamber at the moment, because there is but one of dozens of examples where the Royal Commissioner—

The Hon. C.J. Sumner interjecting:

The Hon. R.I. LUCAS: The Attorney-General says that there are not many; in that case I will take the time to put these on the record for him, to disprove his interjection. There are literally dozens of examples throughout the report where, as on pages 366 and 367, the Royal Commissioner identifies 'the Government in general, and the Treasurer in particular'. The Royal Commissioner knows the difference between the Government and the former Treasurer and Premier. He makes it quite clear, quite explicit, in his recommendations that he blames not only the former Treasurer and Premier but also the Government as well. In response to that interjection from the Attorney-General I do need to place on record then perhaps another 10 or so examples. There are literally dozens that I could quote, but I shall refer to another 10 or so examples of where the Government is specifically referred to by the Royal Commissioner. At page 71 he states:

> It is now possible to identify some matters which may have led to significant questions being addressed to the bank, if the Government had shown more interest or concern.
>
> Nevertheless, on one or two occasions the Government did involve itself to an extent that was inconsistent with its 'hands off' approach.

The Hon. C.J. Sumner: That is quite clearly a reference to the Treasurer.

The Hon. R.I. LUCAS: The Attorney-General is trying this furphy that the Royal Commissioner does not understand the difference between the Government and the Treasurer. What an appalling slight or criticism on the Royal Commissioner, a learned judge, Mr Samuel Jacobs. What the Attorney-General and Premier have been trying to spread around for the last 24 hours is that he does not know the difference between the Government and the Treasurer. Yet, I have already referred to pages 366 and 367 where he specifically distinguishes between the Government and the Treasurer.

The Hon. C.J. Sumner: In the first one.

The Hon. R.I. LUCAS: The Attorney-General therefore has to concede that the Royal Commissioner knows the difference between the Government and the Treasurer.

The Hon. K.T. Griffin: What about page 37?

The Hon. R.I. LUCAS: There are dozens, and let me go through a few more. I refer to page 73 which refers to the 1986-86 growth, where the Commissioner talks about the actual growth actually doubling the projected growth. He states:

> This was more than double the growth that had been contemplated in the earlier negotiations, yet no questions were asked by the Government (or by the board for that matter)...

Further, he states at page 74:

> ...there was one glaringly obvious composite question to be asked: how was this fledgling bank creating such a large niche for itself so quickly in a highly competitive and deregulated market? Was it sacrificing quality for quantity?
>
> The answer to such a question should surely have been important to the owner and guarantor of the bank. The Government had all the data, but it never asked the question.

The Hon. C.J. Sumner: That is obviously referring to the Treasury and the Treasurer.

The Hon. R.I. LUCAS: That is not obvious at all. The Attorney-General cannot continue to attack the Royal Commissioner's command of the English language in this way. It is demeaning as a senior law officer in South Australia to continue an attack on the Royal Commissioner as he is doing, suggesting that the Royal Commissioner does not know the difference between the Government and the Treasurer.

The Hon. Diana Laidlaw: He is also suggesting that there is no accountability by Government Ministers to the Public Service.

The Hon. R.I. LUCAS: Yes, and we will turn to that as well. The page 74 quote continues:

> To continue an earlier metaphor, not only was the seaworthiness of the ship not sought to be tested but there was a failure to turn on the echo sounder or the radar, much less listen to, or observe, these instruments.

The Hon. T.G. Roberts: Does he mention sharks?

The Hon. R.I. LUCAS: No, I haven't found that yet. The Royal Commissioner continues at page 77:

> Such uncritical support by the Government of the bank's expansion in Hong Kong is difficult to understand.

He states at page 101:

> There was a blinkered failure to review the Government's position in the face of flashing warning lights.

He states at page 105:

> Apparently nobody in Government asked why, if such business was being written, it was at a very low rate.

He states at page 113:

> The Treasurer maintained a consistent attitude of unqualified trust and confidence in the board and Mr Clark. By this time,

however, there was a growing body of evidence available to and known, or provided to, the Government to suggest that the strategy and policy of the bank, and the capacity of its management, might not justify that confidence, not the least of which was the bank's apparent inability to make and adhere to a realistic plan of growth, or to achieve a reasonable commercial level of profitability.

What the Attorney-General wants us to believe is that again the Royal Commissioner, a learned judge, is going to be using the terms 'Treasurer' and 'Government' interchangeably. Here we have in the one paragraph—and there are literally dozens of these—reference to the Treasurer maintaining a consistent attitude of unqualified trust and confidence, and in the very next sentence the Commissioner talks about a growing body of evidence available to and known, or provided to, the Government to suggest all these problems. It is foolhardy for the Attorney-General to persist with this defence that he and the current Premier have devised that the Royal Commissioner does not know the difference between a Government and a Treasurer.

The Hon. Diana Laidlaw: More than that has been devised.

The Hon. R.I. LUCAS: There may well be more than that. I have referred to the reference on page 366 where the Royal Commissioner clearly distinguishes between the two, where in the same paragraph Treasurer and Government are used to mean different things. So, we cannot have this defence of the Attorney-General that in some way implies criticism of the command of the English language of the Royal Commissioner that he did not distinguish between a Government and a Treasurer. There are dozens of other examples, and perhaps some of my other colleagues will refer to them, but time does not permit me to go through all the rest of them.

I now want to address the role of the current Premier, the Hon. Lynn Arnold, in particular. I want to refer to the pivotal evidence to the royal commission, and the transcript of evidence that Mr Rod Hartley gave to the royal commission regarding what Premier Arnold (as he now is) had been told right from 1988. Many of these references are not in the Royal Commissioner's report; they have not been picked up but they are part and parcel of the transcripts of Mr Hartley's evidence to the royal commission. On page 50 of his evidence are his first expressions of concern, as follows:

> I recall that from as early as the end of 1987 I was commenting to Mr Arnold and several members of his staff, in particular the Minister's principal adviser, Kevin Foley, that the bank board appeared rather commercially inexperienced and was overly dominated by Mr Marcus Clark. It concerned me that Mr Summers and I were the only business people on the board and that no directors other than Mr Marcus Clark had any operational banking experience.

The Hon. C.J. Sumner interjecting:

The Hon. R.I. LUCAS: I am only quoting from the transcripts of evidence. I can't correct the transcript of evidence.

The Hon. C.J. Sumner: What about Mr Simmons?

The Hon. R.I. LUCAS: He wasn't there. This is the evidence: that from the end of 1987 Mr Arnold was being warned by Rod Hartley about his concerns regarding what was going on at the State Bank. On page 51, Mr Hartley states:

> I informed Mr Arnold of these points on two or three occasions in 1987 during our regular meetings and discussions in a casual and informal manner. From late 1987 I formed the view that the Government was erring in not applying commercial criteria when making appointments to statutory boards and other offices—that directors were not chosen solely for their ability to contribute to the business of the enterprise.

Further on, he stated:

> I made this point with regard to the bank and other enterprises several times from late 1987 to the Government, including the Premier, Mr Bruce Guerin, and particularly Mr Arnold. My opinion that the Government's selection processes for boards and other statutory bodies were flawed became an ongoing debate between Mr Arnold and myself.

That was 1987, 1988 and 1989. Mr Hartley states:

> Throughout 1988 I became increasingly worried that the State Bank board was not in control of its Managing Director. My concerns were based on the now common belief that no chief executive, no matter how good, should have so much power, and I told the Government this. I was meeting with both the Premier and Mr Arnold regularly to discuss State development issues and I believe that by the end of 1988 I had made them both well aware of my concerns.

Some of those concerns can be summarised as follows: Mr Marcus Clark was too powerful and dismissive; he did not take very much notice of the board; directors were being swamped with masses of unnecessary routine paperwork and long presentations of financial data, etc. There is a whole series, comprising about two or three pages, of criticisms that Mr Hartley passed on to Mr Arnold in particular but also to the former Premier, Mr Bannon. On page 55 of the evidence, Mr Hartley states:

> When I raised some of these issues with Mr Arnold, as I did on one or two occasions in 1988, he would respond sympathetically stating that he had noted my concerns.

On page 61, he stated:

> I continued to voice my general concerns to Mr Arnold and the Premier whenever the issue of the bank arose.

Further on he states:

> I would have discussed the bank with the Premier on one or two occasions in 1989 and more often with Mr Arnold...which caused me to say to my Minister and the Premier on more than one occasion in 1988 words to the effect—

(and I quote one part of that piece of evidence)—

'You never know whether what you are being told is factual.'

That is a fairly damning piece of advice from a senior Government adviser and departmental head, saying to the Premier and the current Premier, Mr Arnold, 'You never know whether what you are being told is factual.' Should not these sorts of warnings to Mr Arnold as well as to Mr Bannon have been sounding warning bells? That is central to the issue of collective responsibility that we believe needs to be addressed in this motion. What, if anything, did Mr Arnold do as a result of three years of warnings by Mr Hartley?

The Hon. Diana Laidlaw: Apparently he was deaf.

The Hon. R.I. LUCAS: Well, deaf, and he did nothing, but we will address that in a moment. Further on in Mr Hartley's evidence, he talks about his parting review meeting with the Premier in December 1989,

when he handed over a letter that mysteriously can now no longer be located, and when he raised a number of concerns, saying that the bank was his greatest worry and that the board with its current composition was not able to control Mr Marcus Clark.

He raised a number of issues and concerns which he had and which he had raised with the Premier and his staff and the Minister over the previous two years and, at the end of that December 1989 meeting, he gave Premier Bannon that letter.

It is interesting to note that, as I understand it, in the long history of this royal commission only two documents disappeared during this long period. Just about everything else has been able to be located. One of them is this very critical letter from Mr Hartley to Mr Bannon, indicating in quite detailed fashion his concerns about the State Bank. The other letter is an equally critical letter—the memo from Paul Woodland, the economic adviser to Mr Bannon of February 1990, when he advised that, as a result of the concerns that the economic adviser had about what had gone on in Victoria and elsewhere and the situation in relation to the State Bank, there ought to be an independent assessment or review of the State Bank. This was in February 1990.

This is the other critical document to which obviously Mr Woodland, as Mr Bannon's adviser, and Mr Bannon would have had access, but, again, that critical document has somehow not been able to be located for the purposes of the royal commission.

It is clear from that evidence that Lynn Arnold was being told from 1987 through 1988 and 1989 by Rod Hartley of major concerns and weaknesses with the State Bank administration. There was clear advice going to the Hon. Lynn Arnold but, the Hon. Lynn Arnold, now the Premier, clearly sat on his hands and did nothing. He did not raise the issues in Cabinet, even though he did not have direct ministerial responsibility, and we accept that. He did not raise the issues in Cabinet and say, 'Look, there is a problem; Rod Hartley is telling me, and has been telling me for two years now, that we have a problem,' but Lynn Arnold did nothing. He listened sympathetically but ignored those warnings. As I said, he did not raise them in the Party room; he did not raise them in the Cabinet; and he did nothing about them at all, but hoped that it would all go away. He ignored those clear warnings from Mr Hartley that he had been given over two or three years.

It is that essential argument that we submit to the members of the Legislative Council: it means that the Hon. Lynn Arnold in particular but also the Government collectively must accept responsibility for the disaster that has unfolded. It is not sufficient to throw John Bannon to the wolves and hope that no-one else will be held accountable or responsible for what has transpired.

The position of the Hon. Lynn Arnold is critical to this matter. At that time he held a senior position as the third or fourth most senior person in the Bannon Cabinet. He sat very near John Bannon when John Bannon as Premier answered questions in the Parliament during that period and misled that House about this issue. Again, my other colleagues will refer to many other examples, but I want to refer to just two. On 4 December 1990 the then Premier stood up and said:

> I am quite satisfied that the bank is conducting its financial affairs in the appropriate way. I have no information to the contrary.

Then earlier on 7 August 1990 the then Premier said:

> The viability and strength of the State Bank and the State Bank group is important to South Australia. I can assure the House that there are no fundamental concerns there whatsoever.

The Hon. Lynn Arnold knew, in August 1990 and in December 1990, and on many other occasions through 1990, that what Premier Bannon was then saying to the Parliament was wrong, that he was misleading the House. Yet, the Hon. Lynn Arnold did nothing. Again he refused to raise the issue in Cabinet, in the Party room or with the Premier in any way at all. He was compliant in the misleading of the other House by the Premier and the Treasurer. And, as a result, he again must accept some responsibility for the problems that we are now addressing.

I now want to refer to the issue of State Bank manipulation of interest rates prior to State elections which, for members on this side of the Chamber, I can assure you was one of the more interesting aspects of the Royal Commissioner's report. Again, because of time, I will not go through all the references to the interest rate manipulation that went on prior to the 1985 State election and the 1987 Federal election, but I do want to talk about the 1989 State election. I refer briefly to the 1985 State election. The Royal Commissioner says (page 89):

> It is an irresistible conclusion the Treasurer temporarily forsook his hands-off role and his perception of the commercial independent bank. Contrary to his expressed desire on other occasions that the bank's decision making should recognise the advantage to the State of profit oriented decisions, he was willing and anxious on this occasion to sacrifice that advantage in the short term for the political advantage of his Government.

I repeat the words 'for the political advantage of his Government'. Similar criticisms were made of the 1987 Federal election, and now I turn to the 1989 State election where in great detail the Royal Commissioner outlines for members the manipulation that went on by the former Premier and Treasurer on behalf of the Government to hold down interest rates prior to the last State election.

All members know that interest rates at the last State election were an absolutely critical issue in determining voters' ultimate voting decision at that election. Again there is a damning indictment of the Labor Government and its manipulation by the Royal Commissioner in his report. At page 296 he says:

> There is clear evidence before the commission that in media statements and electoral advertisements and propaganda prior to the election it was the Government that claimed credit for holding down interest rates. The manner in which the compensation to the bank was agreed and paid can only be described as surreptitious.

When one goes through the series of meetings that the Treasurer and his advisers had, from May 1989 right through to that election period in late 1989, one can see quite clearly the political manipulation by the Government as a clear strategy, and within two weeks

after the State election, in November 1989, the long delayed interest rates were increased to South Australian home owners.

A decision like that in relation to interest rate manipulation would not have been taken by Premier Bannon alone. No-one would believe that a decision like that, which was absolutely essential to the election campaigns and strategies in 1989 and 1985, would have been taken by the Premier alone. The Premier's chief political confidant and adviser, the Attorney-General, would have been part and parcel of that manipulation. The Attorney-General would have been part of the group devising the strategy in relation to interest rate manipulation prior to the 1989 State election.

So, it is wrong for Labor members to point the finger at John Bannon and to try to keep their distance from him and say that it was his fault and his fault alone, and his decision alone, that the Government entered into this clandestine arrangement with the State Bank to hold down interest rates prior to the 1989 State election.

Cabinet members, like the Attorney-General, the Hon. Barbara Wiese, the Hon. Anne Levy and all of them must accept collective responsibility for their decisions. They won the election through this sort of manipulation, and others we have previously described, but now they have been caught out.

The Royal Commissioner has found against the Government and has found against the former Treasurer as well in relation to political manipulation of interest rate deals prior to the election. None of them, the Hon. Anne Levy, the Attorney-General or anybody wants to accept any responsibility for their sins. They still maintain that it was all John Bannon's fault and they had nothing to do with it. There is more washing of hands going on with this current Government and this current Cabinet than we have seen in a long time.

In concluding, I now want to consider briefly two aspects of the Government's response. One has been trotted out by the Attorney-General and the Premier in the past 24 hours, and that is that this is the first of four reports, and we must wait for the final reports before making any final decision. That is flawed logic, because the next reports will only add to the first report.

The Hon. Diana Laidlaw: It's not going to get worse, is it?

The Hon. R.I. LUCAS: Well, it will get worse. The Royal Commissioner is not going to come out in reports two and three and say, 'Hold on; what I said in report one was wrong. I take it all back,' which was the suggestion that was being made by some of the Government defenders on radio this morning—that maybe with reports two and three people will want to then say, 'Maybe report one was wrong.' However, that will not happen. The terms of reference have been divided into clear areas, and the Royal Commissioner has finally reported on the first term of reference in relation to the role and responsibility of the Government.

So, in relation to terms of reference two and three and the following reports, the Royal Commissioner will not come out and say, 'Hold on, what we did in report one was wrong.' He might come ought and recommend action against bank directors, managers, the board, the Government or what; I do not know. He might recommend those sorts of things, but those reports will not come out and say that the first report was wrong.

The first report will stand and can be considered by this Parliament, in determining accountability of the Government to the Parliament and to the people. We can address reports two and three further down the track if we have to. And if they recommend action against certain people so be it.

This report stands alone, yet the Government and the Attorney-General, as part of their strategy, say, 'Hold on: this is only the first report; wait for reports 2 and 3 before we jump to any conclusions. The Government does not have to resign at this stage and we do not need to have an early election at this stage because we have to wait for terms of reference 2 and 3.' Those references will not tell us any more about the ineptitude and incompetence or about the damage that has been done by this Government—I hope they will not tell us any more. They will not act against the critical findings about this Government that are held in the first report. They will remain. As I said, if they recommend other things, we can address those other matters and recommendations at another time.

The second part of the Government defence has been that which I addressed earlier by way of response to an interjection; that is, that the Royal Commissioner does not understand the difference between the words 'Government' and 'Treasurer'. I have given my response to that out of order, as a result of an interjection by the Attorney-General, but I refer only briefly to it. They are the two aspects of the Government's defence in the past 24 hours, neither of which holds water. They do not bear close examination, and anyone who would give the Government defence so far any close consideration would be marking the Government response as nought out of 10. I conclude by saying that this report is a devastating blow to South Australia. It has resulted, as has the whole debacle, in a massive loss of confidence by South Australians in themselves, in their future, in their bank but, more particularly, in their Government and their political leadership.

South Australia at the moment potentially faces the situation that Victoria faced some 15 to 18 months ago: a Government crippled by financial incompetence but a Government that refused to subject itself to the will of the people; a Government which limped along like a crippled Government, further in debt, which made decisions only with an eye to trying to retrieve the irretrievable political position in which it found itself, and which delayed the economic recovery of the State of Victoria. In South Australia at the moment we face that same situation. We have a crippled Government and a crippled leadership: a Government which, for the next 12 or 15 months, will be beset by the problems of the State Bank. In February we will have the report of the Auditor-General and we will have another report of the State Bank Royal Commissioner some time in April or May, depending on whether or not it is on time.

We will have a continuing series of reports in relation to the State Bank for the first six months of next year. We will have a Government only with an eye to trying to

retrieve its irretrievable political situation and making decisions not for the long-term benefit of South Australia and trying to do something about the 11 per cent unemployment rate we have in this State, but only with an eye for its own political survival.

That is not a future that South Australians want. In particular, South Australia's youth, over 40 per cent of whom are unemployed at the moment, cannot afford to wait another 12 to 15 months for an economic recovery. It is the view of the Liberal Party that we as a Parliament should be bringing about the circumstances for an early election, so that the people of South Australia can have a say in what they want to see as the future of South Australia, and whether they want this incompetent, inept Government to continue for one day longer.

The Hon. I. GILFILLAN: The Democrats intend to move amendments to the text of the amendment moved by the Hon. Mr Lucas. I move:

To amend the words in the amendment—

Paragraph I—By inserting at the end thereof 'over management of the State Bank'.

Paragraph V—By leaving out 'forcing' and inserting 'encouraging'.

Paragraph VI By leaving out paragraph V and substituting new paragraph VI as follows:

'VI. through the Treasurer, misleading the Parliament and treating it with contempt in relation to the financial situation of the State Bank.'

And delete all words after paragraph VI.

I intend to deal first with the issue of the alleged political advantage derived from the manipulation of interest rates, and the Royal Commissioner's first report details three occasions throughout the 1980s when the then Premier and Treasurer (Mr Bannon) took active steps to have the bank hold down home loan interest rates preceding two State and one Federal elections. Pages 85 to 89 of the report detail the circumstances that led to the bank's keeping interest rates down preceding the 1985 State election. The evidence hinges on a meeting between the bank's former Managing Director (Tim Marcus Clark) and the Treasurer on 20 September 1985, held specifically to address the Premier's concern that interest rates remain static for the remainder of the year. The State election was held on 7 December that year. According to page 88 of the report:

...the Treasurer, through Mr Clark, sought to influence the bank not to increase interest rates in relation to housing until a time after the end of December 1985, looking ahead until just after the election...

On 26 September, six days after the first interest rate meeting, Mr Clark informed the Treasurer in writing that a freeze of interest rates would reduce the bank's profit by a rate of $2.25 million per annum. The Treasurer accepted this without comment. This is clearly in breach of the State Bank Act, which states in section 15, under the heading 'Policies of the board', that:

1. In its administration of the bank's affairs, the board shall act with a view to promoting—

(a) the balanced development of the State's economy;

2. The board shall administer the bank's affairs in accordance with accepted principles of financial management and with a view to achieving a profit.

According to Commissioner Jacobs, the Treasurer had consistently presented to the public an 'arm's length' picture of his involvement with the bank but, on this occasion, his involvement was certainly not 'arm's length' but, rather, direct involvement. Page 89 of the report states:

Mr Bannon's involvement was in marked contrast to the way he had previously approached the issue, and in even greater contrast to the equanimity with which he accepted the bank's decision to increase rates soon after the election... But, whatever the attitude of the bank, the rationale for the Treasurer's intervention is clear...it is an irresistible conclusion that the Treasurer temporarily forsook his 'hands off' role and his perception of a commercially independent bank. Contrary to his expressed desire on other occasions that the bank's decision-making should recognise the advantage to the State of profit-oriented decisions, he was willing and anxious on this occasion to sacrifice that advantage in the short term for the political advantage of his Government.

It is also hard to believe that the Treasurer's actions in keeping home loan interest rates down before the 1985 State election were kept from other members of Government. The Labor Party campaign on the ability of the Government to keep a lid on interest rates was a major part of its election platform so, presumably, the Treasurer's action had the full support of Cabinet, thereby implicating all Ministers in the manipulation of the bank's affairs.

The second occurrence of direct political interference by the Treasurer in the bank's commercial considerations came at a meeting between the Treasurer and the bank on 18 June 1987. A Federal election had been called for 11 July, and the bank informed the Treasurer at this meeting that interest rates would need to increase from 1 July. According to page 121 of the Royal Commissioner's report:

...the Treasurer immediately took issue with the bank on this proposal, in part because of the impending Federal election, which was to take place on 11 July 1987...

On the next day, 19 June, the bank's executive committee, with Mr Clark presiding, resolved that:

...it was agreed to defer the proposed increases in housing loan interest rates...meet in mid-July to reassess the situation, with a view to moving immediately, as appropriate.

Yet, the report states further down page 121 that the minute secretary's notes record that the bank's decision not to increase housing loan rates:

...was said to be in response to the Treasurer's urging the bank not to increase interest rates until after the election.

Commissioner Jacobs makes it clear that:

the bank reversed a commercial decision to increase housing loan interest rates, and deferred consideration of the proposed increase until after the July 1987 Federal election at the instigation of the Treasurer... by postponing its decision to increase rates, it avoided the risk of electoral damage to the Government then in office in Canberra, which was of the same political persuasion as Mr Bannon's Government.

The third example of direct political interference in the bank's commercial decisions came in 1989 when a State

election was due towards the end of the year. Page 290 of the report states:

At the six weekly meeting on 16 May 1989 the bank, in the report routinely provided for such meetings, commented that interest rates were likely to stay high until December and might well rise by .5 per cent before December. That prompted the Treasurer to remark that such a move would be 'very bad in the December quarter'. It is difficult to identify any factor other than the prospect of an election during that period, which could have prompted the remark. Mr Prowse (Under Treasurer) understood that the Treasurer was seeking to discourage an interest rate rise in the December quarter.

The situation worsened when on 15 September Mr Clark wrote to the Treasurer telling him that high interest rates were having an adverse effect on the bank's profitability. According to page 290 of the report:

the bank was now having to borrow at 18.5 per cent and lending for housing in South Australia at between 16.25 per cent and 16.5 per cent.

The letter informed the Treasurer that:

at the current lending rate of $50 million per month, the loss on housing loans was increasing at the rate of $12 million per year, so that the bank would soon be forced to increase its rates to 17 per cent in line with other banks.

The letter clearly informed the Treasurer that the bank 'did not believe it could continue to subsidise home loans at a level of loss which would dramatically affect the bank's profitability'. Commissioner Jacobs states:

In the face of an accumulating trading loss of some $12 million per year on such business, there was no legitimate commercial reason to challenge what Mr Clark had said. The bank was expected to be competitive, was shouldering the burden of additional unprofitable assets at the rate of $50 million per month, or $600 million per year. Section 15 [of the State Bank Act] neither provides nor implies any mandate or authority for such a policy: quite the reverse.

A meeting between Mr Clark and the Treasurer on 26 September 1989 concentrated on the issue of raising interest rates. Evidence before the commission suggests that Mr Clark vigorously stressed the need to increase rates, but it was not a view shared by the Treasurer. Page 291 of the report states:

It is also clear that the Treasurer requested the bank to hold down its housing loan interest rates for a time.

The bank's Chairman at the time, David Simmons, was also at the meeting, and the report states:

Mr Simmons said that he was told by the Treasurer at the meeting that an interest rate rise would be politically undesirable and that he [the Treasurer] would like the bank to hold its rates 'for a couple of months'.

Page 292 of the report confirms the action taken by the bank following the 26 September meeting with the Treasurer stating:

At the board meeting on 28 September 1989, the board decided to freeze housing loan interest rates for a time which ultimately was to 31 December 1989.

The report adds on page 294:

On 26 October 1989 the board considered a paper dated 20 October 1989 presented by Mr Clark headed 'Profit 1989-90 year'. The paper, in discussing the fact that the bank was operating below budget, specifically stated that one factor affecting the bank's profitability was its inability to cover the cost of funds borrowed to provide below margin housing loans. It noted that the bank's failure to increase interest rates on home lending was founded upon the bank's mandate to provide affordable housing to South Australians and political sensitivities approaching an election.

A paper presented by Mr Paddison of the bank to the board, post-election, showed that the failure of the bank to lift housing loan rates in 1989 had effectively cost the bank $300 000 a month in lost interest. However, Mr Paddison wrote that 'this matter was discussed at the board meeting of 28 September 1989. As a result of that discussion and given the sensitivity of the issue in the context of the then forthcoming State election, it was agreed not to increase interests rates at that time'. Commissioner Jacobs in his findings on page 295 of the report states:

It is plain from the above that, whether or not the election had been announced, Mr Simmons, Mr Clark and the board all understood that the Treasurer's comments at the meeting of 26 September 1989 were in the context of an imminent election, and that their understanding was shared by Mr Bannon's advisers.

The report adds that:

he [the Treasurer] knew that the proposal to hold interest rates involved the bank acting to its financial detriment in a way which would avoid political odium and might well attract support for the Government.

The Commissioner also notes on page 296 of the report that:

There is clear evidence before the commission that in media statements and electoral advertisements and propaganda prior to the election, it was the Government that claimed credit for holding down interest rates.

So, on three separate occasions across a period of four years, starting in 1985, again in 1987 and in 1989, the Treasurer had deliberately intervened in the commercial decisions of the bank. On every occasion his intervention had forced the bank to hold down home loan interest rates for direct political advantage, while at the same time the action had forced the bank to lose millions of dollars and ultimately affect the bank's profitability.

The royal commission report clearly states that the Treasurer did not have the statutory power to force the bank to lose money for political advantage because the bank's own charter clearly required it to make its decisions on a purely commercial basis. Yet despite clear advice to the contrary from members of the bank's board, the Treasurer sought and got commercial decisions of the bank overturned in exchange for political advantage for the Labor Party. The report states, on page 18 in the section of Key Findings:

The bank was conceived as a commercial entity, purportedly independent of Government control and influence.

In addition, the Government sought to portray the bank, 'as a commercial entity at arms length from the Government'. Page 19 of the Key Findings also found that 'the Government on some occasions sought to derive political advantage from such involvement'.

Mr President, I have outlined clearly indeed the evidence which substantiates that. I have done so somewhat selectively because I want to emphasise that from our point of view this stands high in the category of heinous offences, inappropriate intervention and activities

in this whole sorry saga. I am quite prepared to admit this is not isolated to just this particular Government and this time, but the abuse of the situations and structures for political advantage must be condemned out of hand and this is a very appropriate occasion to emphasise that. My colleague, the Hon. Mike Elliott, will be covering other areas involved in the commissioner's report. I will briefly mention them because I want to put into my contribution other areas where I have been stirred to feel the deep disquiet at how badly this whole area of the State Bank legislation was dealt with and the management of the bank—

The Hon. Anne Levy: Do you mean the Treasurer or the former Treasurer?

The Hon. I. GILFILLAN: That is a good point. It would have been the former Treasurer, or the Treasurer at the time. There is a question, by way of interjection, as to the wording in the amendment as it has currently been moved and I will refer myself to that.

The Hon. C.J. Sumner: There is no doubt as to whom you are referring.

The Hon. I. GILFILLAN: There is not much doubt. I do not want to lose my momentum on the issue of the wording. The Government guarantee and the issue of the fee for that guarantee, as spelt out by the commissioner in his report, is a dramatic example of the irresponsible giving of a guarantee and then the failure to extract a proper commercial fee for it. Then there is the Treasurer's consistent reluctance, in fact virtual refusal, to allow Treasury to be involved at the regular meetings with the bank; there is the requirement by the Treasurer to be advised (that is about the only thing he was involved with close up) in advance of any intending interest rate increases as far as housing goes. In those circumstances, I do not think there is any doubt the board was an accessory both before and after the event of these deceptions of home loan interest rates. There is an embarrassing lackadaisical attitude by Treasury to approaches by the bank in relation to any Beneficial Finance Corporation acquisitions on very scant information.

The bank's obdurate resistance to the Reserve Bank's being involved in an analytical and substantial way in assessing its affairs and the scandalous under-provision for doubtful debts, which is spelt out very clearly in the report (page 157), are important to note. There is also clear indication of how the then Premier and Treasurer (Mr Bannon) was duped by Mr Clark to the point that he ignored Treasury advice. Other places and other times will identify those factors in chapter and verse. I turn now to the issue that involved me in particular detail, namely, the Remm project (page 310). It is my intention to read those pages into *Hansard.*

The Hon. C.J. Sumner: Why do you need it in *Hansard* as well?

The Hon. I. GILFILLAN: If the Attorney-General had been subjected to this situation, which I will outline as I read it into *Hansard,* I feel that we would not have heard the end of it because he is a voluble protester and a screecher when hurt. I will allow myself the indulgence to read it, because I believe that it is important that it appear in *Hansard* as well. The Remm project was a major debacle and distortion of proper banking practice, and it was the subject of one of the questions I raised. The report states:

The Return project was the subject of a routine report to the Treasurer at the six-weekly meetings, and on other occasions. By August 1989, SAFA was concerned that its $10 million guarantee for the 'tail-end' exposure of the bank had not been documented. This concern led to meetings between Messrs Prowse, Emery and Paddison on the topic. Ultimately, when the bank could not arrange syndication without restructuring the whole financial package, it was agreed that the arrangement with SAFA should be treated as having lapsed and that a fee of $150 000 would be paid to SAFA by way of compensation for its trouble and notional exposure.

Mr Emery was very critical of the inadequate performance of the bank in failing to have the arrangements implemented and documented, given the size of the whole project, and the fact that the SAFA arrangement was said to have been a critical component of the financial package. It is also significant that, in the course of negotiations to discharge the SAFA guarantee, Mr Paddison, on 31 August 1989, said that SAFA would be looking at a substantial loss on its 'investment' in the light of the radically revised estimates for the project. That general picture was conveyed to the Treasurer by minute of 18 September 1989.

At about the same time, questions concerning the project were raised in Parliament. The Hon. Ian Gilfillan, on 5 September 1989, expressed concern about the bank's exposure to Remm, the East End Market and other projects in Adelaide. He asserted that the bank's exposure to Remm of $500 million was likely to result in a significant loss, because projected income would be much less than that previously anticipated, and because completion value would be less than cost. He then asked in the public forum of Parliament a question which might properly have been asked in private by the Government in August 1988, 'Why does the Government believe it has been impossible to interest other investors in the project?'

On 28 September 1989 he put a question on notice directed to similar topics and asking for details of the bank's exposures to Remm, NSC, East End Market, Hooker Corporation (Henry Waymouth Centre and Australis Centre), Equiticorp (debt and receivables) and Chase Corporation. Mr Gilfillan also asked, 'Does the State Government have an overriding responsibility for the operations of the State Bank Group through the State Bank Act? Does the State Parliament have a right to know of and/or question the operations of the State Bank Group?' Those very pertinent questions were never answered, Ironically, and perhaps unfairly in the light of subsequent events, Mr Gilfillan was sued for defamation by the bank, and the terms of a settlement were provided to the Government by letter of 5 October 1989, despite the bank's undertaking not to publicise the terms of the apology contained in the settlement agreement.

Furthermore, the new Chairman was also most concerned about the bank's exposure to the Remm project; it was one of the major reasons why he had called a special board meeting on 17 April 1989. Why then did he not explicitly convey his concern to the Government and put the bank's now shabby cards on the table? Remm was one of the special risk accounts that had been identified by the auditors for the purposes of the 1988—

89 accounts. The syndication of the projected full building cost of $450 million had not been able to be organised, and that cost was no longer realistic. The escalating cost of completion called for a new financial package which could not accommodate the

SGIC put option or the SAFA tail-end guarantee so the bank continued to be exclusively exposed to the project.

On 21 September 1989, the board resolved on a major restructuring of the financing package. The then estimated project cost of completion of the project by March 1991 was $600 million. The bank's committed facilities were increased to $293 million in the absence of any alternative financing arrangement (and with the obligation to fully finance the project). The bank resolved to restructure the financing by a first ranking syndicate of $360 million only, without obligatory bank participation and second ranking facilities to be provided by the bank of $220 million. A new valuation supported a value on completion at September 1990 of $557 million provided its assumptions above the capitalisation rates and rental revenue were correct. It still took another eight months to arrange syndication, by which time the 'new valuation' was already out of date.

Despite all this, the bank, by letter of 8 September 1989, provided to Mr Prowse a response to the question Mr Gilfillan had asked about the difficulties of syndication, a response that must have been deliberately disingenuous. It asserted that the bank would not lose revenue of $50 million a year, that it had not been impossible to interest other investors in the project, as expressions of interest had been received from a wide range of institutions, but that (without any expression of concern) the financing had yet to be finalised. This was more than a year after it had been foreshadowed to the bank board, SGIC and SAFA that syndication would be achieved 'within a few weeks'. Neither the Treasurer nor Treasury should have been satisfied with those remarks, even on what was then known. The problem that had already arisen about the involvement of SAFA was enough to put them on notice, and due inquiry would have shown the bank's response to Mr Prowse to be far from frank.

In the event, as will appear later in this chapter, the cost escalated, the value diminished because assumptions about an appropriate capitalisation rate and the anticipated rental revenue were no longer realistic, and the bank stood to lose a very substantial sum on the project. It had made no provision for that prospective loss. During the course of the year, progress on the site was dramatically affected by a dispute between Remm and one of its subcontractors and by industrial action— The Government was kept informed of these matters, and the Treasurer was asked to intervene from time to time to endeavour to reduce the impact of these disputes. The full extent of the adverse impact of these disputes was not conveyed to the Treasurer until the six-weekly meeting of 27 March 1990 when a briefing paper provided to him sought 'major political intervention'. At that time the site was shut down and the Treasurer was told that the project was costing $1 million for each week of delay. He was also told then that the bank would participate in the first tier syndicate of $360 million to the extent of $70 million (as well as its acknowledged second ranking financing of $220 million) and its open-ended tail-end financing commitment. The picture was indeed bleak.

Indeed it was, and I do not apologise for reading it into *Hansard* in total.

The Hon. K.T. Griffin interjecting:

The Hon. I. GILFILLAN: The interjector asked whether I would get an *ex gratia,* out-of-pocket cost refund. I assure the honourable member that I am seeking legal advice. As the Royal Commissioner said in his key finding 5.9, confidentiality should be no bar to the communication of appropriate information. The report states:

Contrary to the claim of Treasury and the bank, the need to maintain client confidentiality was not an insuperable bar to any attempt by Treasury to monitor the quality of the bank's assets and their rapid growth, or the escalation and pattern of non-performing loans or accounts.

It was on the basis of confidentiality that I was refused any information about the bank's situation in any of the matters I raised. The report is a mine of observations which reflect very trenchantly on the horrific nature of the disaster surrounding the State Bank. The sad thing is the now transparent nature of the presentation made by the Premier of the day and the Government of the wonderful state of the State Bank. Key finding 7.6 states:

Following publication at the end of August 1990 of the bank's annual accounts for the 1989-90 financial year, the Treasurer, in consultation with the board of the bank, took steps to allow Treasury more active intervention in the management of the bank's affairs while still maintaining a public facade of confidence in the bank and the ability of the board to manage the decline in the bank's financial position.

We were being dished up rubbish. It was deliberate misrepresentation, and there is obviously an attractive aspect in portraying the ex-Premier and Treasurer as the scapegoat, as the person who should be carrying all the blame. The Jews killed the scapegoat because that then meant that the corporate and accumulated sins were disposed of through the sacrifice of this one creature. Well, it will not wash. Certainly the Treasurer was culpable in many ways, and he has and will continue to pay a very high price for it. But I believe very strongly in a corporate Government responsibility, and we have already in this place amended legislation so that obligations are placed on members of the board. I might say that members of the Opposition were a bit toey about putting in some of these obligations on members of the board. But they are there and so there is no excuse for anyone in South Australia who is taking these positions of responsibility thinking that just because they do not know about it they are not going to be held to account, to the extent that there has been some doubt on the part of some people who have been asked to serve on boards in the private sector whether it is worth the risk.

Why should there be any less distribution of responsibility on those people who are on the public board—in other words, the Cabinet of the Government? I believe that there is no doubt that every member of the Government of the time of the previous premier's tenure from the time that the State Bank was formed must carry a degree of responsibility and blame. So they will pay the price. The ultimate judge in determining the guilt and the penalty is the electorate. The voters will have the final say when the next election comes around.

The issue is obviously before us because of pressure from this motion and from the Opposition in the other place that there should be a prematurely early election. It is not long since the Democrats fought in this place for a fixed four year term. Although we were not successful in getting a fixed four year term with a specific date—which we will continue to campaign for—we were

successful in supporting a fixed three years with no option of an election and a four year term.

The Hon. L.H. Davis: That three years has now expired.

The Hon. I. GILFILLAN: Not until 6 February. My personal view is that the aim of fixed four year terms is essential for the establishment of proper, regular Government in this State, or federally, wherever it applies. The Government of the day, of course, can be propelled into an election at any time when it loses the confidence of the majority in the House of Assembly, in which circumstances there is no question of when an election will occur.

I conclude by saying that we believe there is a lasting blot of mammoth proportions on this Government as a result of the scandal that has surrounded the State Bank, and to its shame until its dying day those on the board of the bank will be quoted as an example of a lack of fulfilment of fiduciary responsibility, a lack of scrutiny of the operations of the bank, the very bank they were appointed to supervise, and a total indifference to the legal obligations of the Act as to what should be the criteria upon which the decisions concerning management of the bank were based. It is a screaming example of what I think at times could be described as a paranoiac megalomaniac being in charge of this extraordinary rocket-like entity which, in the climate of the 1980s, was only seen to be par for the course.

It was the era when the smart advice was to use someone else's money, do not use your own. As to buildings, the attitude was, 'Don't worry if you don't get people in them, because they will be making money, with inflation and the other benefits of the circumstances.' It was an era of economic sophistry, of absolutely intoxicating seductive nonsense, and the State Bank fell into it.

The Hon. L.H. Davis: This Government still has your confidence?

The Hon. I. GILFILLAN: Well, we do not have much confidence in any Government other than a Democrat one, which up until now has not eventuated. But this debate is not hinging on the question that has been raised by interjection. In conclusion, as to the amendments that I have moved if there is shown to be any ambiguity about the wording of 'Treasurer' that can be addressed by my colleague the Hon. Michael Elliott in his contribution. I re-emphasise that we support the motion as amended on the basis that this stands as a hallmark of disaster due to casual indifference and misleading on the part of the Government, supposedly supervising a totally misguided and feckless State Bank, and the real victims are the one and a half million South Australians who will continue to pay well into the next century for the folly which so many South Australians perpetrated in the last eight years.

The Hon. K.T. GRIFFIN: The Hon. Mr Gilfillan acknowledged the horrific nature of this disaster, but then he sought to wheedle his way out of supporting the last few lines of the amendment proposed by the Hon. Mr Lucas, namely, to call on the Labor Government to accept the principle of collective responsibility for the State Bank disaster and to bring about the circumstances for an early State election so that the people of South Australia can deliver their verdict. The Hon. Mr Gilfillan has acknowledged that the people will cast their verdict, but he says that he does not want to have a prematurely early election. Well, what is premature about having an election early next year? Nothing, in my view, because the Constitution Act allows it, if there has not been some intervening activity such as the loss of a vote of confidence in the House of Assembly before that time. So I suspect that the Hon. Mr Gilfillan is running scared.

The Hon. I. Gilfillan: Scared of what?

The Hon. K.T. GRIFFIN: Scared of an election.

The Hon. I. Gilfillan: Rubbish, we have had the best poll results in South Australia for 10 years. Why would we be running scared?

The PRESIDENT: Order! The Hon. Mr Gilfillan will not interject in the aisle.

The Hon. K.T. GRIFFIN: In relation to the WorkCover legislation the Hon. Mr Gilfillan has indicated that he will not oppose any aspect of the Bill or support any amendments, because he does not want an early election. All I can suspect from that and from his statement today is that he is running scared He does not want an election, yet he acknowledges that this is a disaster of a most horrific nature and that the electors should make a decision. I would have thought that, in any context, he ought to be prepared to support a call for this Government to face the people at the earliest opportunity, not drift on until the end of next year or until early 1994, but at the earliest opportunity.

If there cannot be any engineered defeat of the Government or a Bill of special importance, then the first option is in mid-February next year, when the three years under the Constitution Act expires. Then, the people of South Australia will speak, because they will recognise that this is a major disaster for South Australia—the worst financial disaster in Australia's history—and that all South Australians will suffer as a result of it.

They are already suffering as a result of the $3 200 million loss. That loss being carried by a population of about 1.4 million people in South Australia, not all of whom are working, I suggest is an intolerable burden for South Australians. It will require about a decade of restraint and constraint to get anywhere near to overcoming the dissipation of South Australians' inheritance.

The losses will undoubtedly place pressure upon them, and we have seen that already with the activities of the Government in the cutbacks in services, the requirements to impose limitations on increases in public service, cutbacks in facilities and amenities and increased taxation, and we have yet another Bill before us now—the Stamp Duties Bill—which will increase taxation, and we have a bundle of Bills arising from the budget which increase taxes in South Australia. This will have its effect on business and upon all South Australians.

Our only hope is for some significant developments to occur, for businesses to become prosperous and for wealth to be created, because the Government is certainly not a wealth creator. Any thought that a Government

could at any stage compete in the private sector has long been shattered by its record with the South Australian Timber Corporation, the State Government Insurance Commission and the State Bank of South Australia.

What the experience in South Australia shows, along with the experience in Victoria and in Western Australia, is that Governments does not know what to do when it comes to competing in the private sector with taxpayers' money, very largely because that competition is generally unfair; there are generally benefits which Government instrumentalities have and which are not enjoyed by the private sector. One of those benefits is the Government guarantee which backs them up against any exercise of discretion, even if it is an unrealistic exercise of discretion or an unreasonable risk which has been taken.

I think that is probably one of the problems that the State Bank faced: that it was never really effectively accountable to its shareholders. Sure, it had competition in the marketplace, but it had the benefit of a State Government guarantee—a guarantee in relation to which the Treasurer did not exercise any responsibility and which ultimately is the basis upon which the State has picked up the liability. And, with the benefit of that guarantee and the lack of accountability, not only to the Government but also to the people of South Australia, those who worked at the higher levels of the State Bank felt free to pay themselves quite exorbitant salaries, based upon incentives which were unrelated to real profitability but which were related to paper games. It did not matter what the value and the substance of the security were or the transactions into which they entered: the profit incentive was paid and, even if the debt subsequently became a bad debt, there was no reimbursement of the incentive which had been paid to those who had written that business.

I suggest that that is a most unreasonable way for any person to operate, whether it be in the private sector or the Government sector. Of course, with the benefit of that Government guarantee and the lack of real responsibility (accepted by the Treasurer and the Government as to the way in which the State Bank operated), there was a recipe for disaster right from the start. We have seen it with institutions such as the State Government Insurance Commission, although perhaps not to such an extent as with the State Bank, and with the South Australian Timber Corporation—agencies which again had the benefit of Government guarantees and which were not exposed to the accountability requirements to which the private sector corporations are exposed.

I know that other banks have suffered quite dramatic losses; other companies and groups have suffered losses and have gone into liquidation or receivership and, ultimately, those losses are suffered by the shareholders. I would suggest that in many of those cases those losses arose out of a sense of irresponsibility and big spending without appropriate accountability to shareholders, and it may be that even in the private sector there will be a need in the future for some mechanism by which shareholders are able to hold to more account the directors of their corporations. I do not want to spend a lot of time on those general issues relating to accountability.

I make only one other observation on what the disaster means for South Australians. I happened to be at a joint ACROD and Disabled Persons International Convention this morning, where people from around South Australia and from interstate were gathered to consider initiatives relating to disabled people. One of the common themes of the concerns expressed by these people privately and informally as well as formally was the concern about the cutbacks in services.

I had no option but from my perspective to point out that, where large amounts of public money are taken out of the system, all South Australians will over the next few years have to pull in their belts. However, those concerns about cutbacks in services were evident not only in that forum but also in a number of other areas. Constant concerns are being expressed I would suggest not only to the Opposition but also to Government members about the lack of support, for example, for disabled students in schools, education in prisons, cutbacks in health and welfare services, problems with funding for police and a variety of other areas of community concern.

I think South Australians will have to recognise that very largely those cutbacks—the lack of facilities and the lack of resources—arise from the dramatic losses which have been occasioned by the State Bank of South Australia.

I want to deal as briefly as possible with three areas of concern. First is the misleading of the Parliament. While one can speak for a particularly long period of time about a number of instances where, through the Treasurer in particular, there was misleading of the parliament, I want to identify only a few for the purposes of this debate.

In the House of Assembly on 4 December 1990, when the Attorney-General today said that he first became aware of the problems, the then Premier and Treasurer said:

> I am quite satisfied that the bank is conducting its financial affairs in the appropriate way. I have no information to the contrary.

On 13 December 1990, by which time, as it turns out, there was certainly a lot of information about the problems in the bank, the then Premier and Treasurer again said to the House of Assembly:

> I believe that the board and its Managing Director are doing their best in difficult circumstances to ensure that the bank remains active and successful—

The Hon. C.J. Sumner: That's not misleading the House.

The Hon. K.T. GRIFFIN: Well, he said:

> I have no reason to have a lack of confidence in those who are handling the bank's affairs. I simply want them to get on with it and do the best job that they can for South Australia.

The Attorney-General said that that is not—

The Hon. C.J. Sumner: In difficult circumstances.

The Hon. K.T. GRIFFIN: But what he is saying is that he believes that the board and its Managing Director are doing their best in difficult circumstances.

The Hon. C.J. Sumner: That is not misleading.

The Hon. K.T. GRIFFIN: It is, because the facts established at the royal commission are that the former Treasurer did know at that time that relations between the

board and Mr Marcus Clark had broken down completely and that there had already been moves to have Mr Clark dismissed. If it was not misleading it was certainly distorting the truth.

Then in August 1990 the member for Ross Smith, then the Treasurer and Premier, said:

> The viability and strength of the State Bank and the State Bank Group is important to South Australia. I can assure the House that there are no fundamental concerns there whatsoever.

But the facts established by the royal commission are that on 9 May 1990 the former Treasurer had been told that non-accrual loans in Beneficial Finance could reach $400 million and $1 billion in the bank. On 30 July 1990 he also was told that there were problems with poor bank investments in New Zealand and London; and on 31 July 1990 he was also told that a Price Waterhouse review of Beneficial had indicated that Beneficial's non-performing loans were much worse than the 9 May estimate of $400 million.

On 12 February 1991—and this was at the time that the significant losses had been announced publicly—he made a statement as follows:

> On 5 September [1990] at a meeting with the Chairman of the State Bank I received a report on its projected profit performance for 1990-91. That report predicted a post-tax profit for the group of $36.75 million.

At this time the facts before the royal commission quite clearly established that Treasury had advised the former Treasurer that the bank's profit projection was optimistic and that it was conceivable that the result could be as bad as a loss of $100 million. Based on this advice, Treasury advised that there should be an external review of the bank's performance. On 12 February 1991, Mr Bannon told the House of Assembly:

> I was advised by the bank on 24 October [again, that was 1990] that the result for the year could be one of small profit or break even.

But the facts established by the royal commission were that on 24 October 1990 Treasury had advised the former Treasurer that the most likely after-tax result was a $15 million loss with a worst case loss of $100 million. In the House of Assembly on 14 February 1989 the former Treasurer and Premier had said:

> I as Treasurer am not involved in, and nor does the legislation allow involvement in, the day-to-day commercial operations of the bank. I think it would be quite inappropriate. It is a commercial operation making commercial decisions under its statute. If I was involved in those decisions I would certainly be guilty of political interference.

What are the facts that were established in evidence given to the royal commission? Mr President, the facts were that Government intervention in the setting of the bank's home loan interest rates before the 1985 and 1989 State elections and the 1987 Federal election had occurred. My colleague the Hon. Mr Davis will deal with that in more detail. As the Hon. Robert Lucas has said, the Royal Commissioner found that the 1989 deal was surreptitious.

Then there had been the Government intervention in the REMM project and Government intervention as far back as 1984 to seek to limit the price that the State Bank would offer in a takeover bid for Executor Trustee and Agency Company Limited. Also, there had been Government intervention to ensure that the bank did not scrap its compulsory unionism policy, and there had been intervention by the present Treasurer (Mr Blevins) in 1987 to seek to prevent the bank establishing a new superannuation scheme for its staff.

In addition, there are a number of other examples. There is the notorious statement by the Premier about the retirement of Mr John Baker from the board and from the position of Managing Director of Beneficial Finance Corporation. On 7 August 1990, the former Premier and Treasurer told the House of Assembly:

> Mr Baker, as has been reported, has retired from his position as Managing Director of Beneficial. Effectively, that was following differences of opinion between Mr Baker and the board concerning the performance and direction of the company.

But the facts are that on 31 July 1990, a week before that statement was made by the former Premier and Treasurer to the House of Assembly, he had been advised that Mr Baker would be leaving Beneficial Finance Corporation because of irregularities in loans from the company of which he was Managing Director.

On 13 November 1990 the former Treasurer and Premier was asked to disclose the remuneration package of Mr Marcus Clark. He replied:

> I am not prepared to do other than refer the honourable member's question, and it will be up to the board of the State Bank to decide what it believes is appropriate in the circumstances.

What was established before the royal commission was that in 1984 and again in 1988 Mr Bannon had made undisclosed arrangements with the bank that executive remuneration should not be disclosed publicly. All these matters, quite obviously, are instances of misleading the Parliament. If the Attorney-General wants to dispute that, we will say then that he gave wrong information to the public as established by evidence before the royal commission.

The Hon. C.J. Sumner: Who did?

The Hon. K.T. GRIFFIN: The former Treasurer. I am not talking about you. I am only saying that if you want to dispute that what I am saying is misleading the Parliament then we will perhaps describe it in some other way. However, the fact is that the former Premier and Treasurer knew information which was different from that which he provided to the House of Assembly.

Even in February 1989, when the notorious Equity Corp losses were the subject of questioning, Mr Bannon told the House of Assembly that assets involved in the State Bank Group's exposure to Equity Corp were secured. I think everybody knows what the securing of a debt is: it means that you have something in your hand against which you can realise and protect your exposure. But, in the facts which have been established in the royal commission, in a letter from Mr Marcus Clark on 24 January 1989, three weeks before making that statement in the Parliament, the former Treasurer was told that $49 million of the State Bank Group's exposure to Equity Corp was unsecured.

You cannot tell me that there was any misunderstanding by the former Treasurer and Premier as to what was secured and what was unsecured. It was quite obviously a distortion of the facts, and one can only

reach the conclusion that it was designed to cover up. Of course, through this period of time, as the Hon. Mr Lucas has indicated, the present Premier was privy to some information and was, certainly, a member of the Cabinet. He was sitting in the Parliament when this information was given and could only have known that a gloss was being put on the facts and that, in some instances, false information was being given to the Parliament on the basis of the information that he himself had. Quite clearly, the Leader of the Government and the Treasurer did mislead the Parliament in respect of a number of issues that were the subject of questions or statements in the Parliament.

The Royal Commissioner spends some time reviewing the provisions of the State Bank Act. We must remember that the Government has said on a number of occasions that the State Bank Act did not give it power to intervene or to obtain information. The bank was generally regarded as being a commercial entity that should be approached in a hands off manner. The Royal Commissioner does flag a number of key findings in respect of that matter, and in key finding No. 4, states:

> The Government sought to portray the bank, and the bank desired to be publicly portrayed, as a commercial entity at 'arm's length' from the Government, but from the very beginning there was from time to time Government involvement and influence in the policy and decisions of the bank, with the ready acquiescence of the bank.

Key finding 4.1 states:

> The Government on some occasions sought to derive political advantage from such involvement.

The Royal Commissioner then goes on to identify what he describes as significant powers to influence or monitor the bank's activities, and he refers particularly to the power of the Government, through the Governor-in-Executive Council, to appoint the board. The Governor did that on the advice of Executive Government (section 7 of the State Bank Act). He refers also to the intervention of the Treasurer in matters of policy or in relation to the administration of the bank's affairs under section 15(3) and (4). For the sake of the record, those subsections provide:

> The board and the Treasurer shall, at the request of either, consult together, either personally or through appropriate representatives, in relation to any aspect of the policies or administration of the bank.
>
> (4) The board shall consider any proposals made by the Treasurer in relation to the administration of the bank's affairs and shall, if so requested, report to the Treasurer on any such proposals.

The Royal Commissioner, in considering those opportunities for consultation, expressed the view that they were real and not mere window dressing of the relationship between the bank and the Government. Then there is the power to approve and, by necessary implication, to disapprove the acquisition by the bank of an interest greater than 10 per cent in other commercial entities (section 19 (7) of the State Bank Act).

In relation to that, the evidence before the royal commission was that approximately 38 approvals were given by the Treasurer; that there was not an appropriate and diligent assessment independently by the Treasury or by the Treasurer before approval was given; and that the approvals were, in fact, rubber stamped applications of the powers of the Treasurer. One needs to contrast that with at least one incident that I can recollect when in government, when the SGIC applied under its Act to the then Treasurer for approval to acquire shares in a corporation.

In fact, that was considered by the then Treasurer and his advisers (and the Cabinet was involved as well, as a matter of principle) and it was decided that approval should not be given. We had made an assessment of the appropriateness of the acquisition and, on the basis also of a philosophical approach, had taken a decision that approval would not be given. That is to be contrasted with the lack of diligence and lack of application of the former Treasurer to the requests for approval by the State Bank under section 19 (7). There is the provision of capital or loans out of moneys provided by the Parliament (section 20 of the State Bank Act). The Royal Commissioner notes that at no stage was that used for the purpose of making capital available to the State Bank but, rather, the South Australian Government Financing Authority, which was accountable to the Treasurer, was the vehicle by which funds were made available to the State Bank.

But the curious thing about the way in which those funds were made available was that the bank was required to pay a commercial rate of interest, which subsequently became a dividend payment and, in fact, the financing through the South Australian Financing Authority was used by the bank to allow it to expand quite dramatically (and, I think, almost to double its capital base) from 1989 through to 1991, at a time when the economic indicators were all very weak and when there should have been danger signals for the Government, the Treasurer and the bank about the problems likely to be caused by such rapid growth.

In addition to that, the moneys that were made available to the South Australian Financing Authority were used to manipulates the accounts. So, before any interest was paid, the moneys were made available by the South Australian Financing Authority, they were brought to account, a dividend was paid (which was actually paid out of the capital), and that was paid back to the South Australian Financing Authority. So, there was a round robin of transactions, which was quite artificial. The Royal Commissioner also refers to the power after consultation with the bank to impose a charge for the Government guarantee, under section 21 (3). He notes that on one occasion, when the question of a fee for the guarantee was raised with the bank, objections were raised by the bank to that but no further attempt was made by the Government to impose such a charge for that Government guarantee.

In that same context (in relation to the guarantee), there was no diligent application of the mind to the consequences of the guarantee, particularly if it had to be called up. The Royal Commissioner referred also to section 22 (1) *(b)* and section 22 (2), which refer to the power to determine the flow of profits to Consolidated Revenue and, in relation to that, he makes some important observations.

First, the board had to submit a recommendation to the Treasurer in respect of the financial year to which the accounts relate, and the Treasurer had to have due regard to the recommendation in making a determination. If there was any divergence between the recommendation of the board and the determination of the Treasurer it was to be reported in the annual report.

Under section 22 (1) *(b)* not only was there to be a provision for a sum equal to income tax to be paid to the State but such further sum as the Treasurer, having regard to the profitability of the bank and the adequacy of its capital and reserves, determined to be an appropriate return on the capital of the bank. That required a diligent appraisal by the Treasurer and his officers of the profitability of the bank and not merely an acceptance of the figures as reported either at the informal discussions between the Treasurer and the Managing Director of the bank, but an assessment in depth of the accounts and operations of the bank.

The final power to which the Royal Commissioner refers is the power to appoint the Auditor-General, or some other suitable person, to investigate the operations and financial position of the bank (section 25). There is evidence before the Royal Commissioner, and he makes reference to it, that under that section there were recommendations from advisers that an investigation ought to be established, particularly at the time when the State Bank of Victoria and its subsidiary Tricontinental collapsed, and later when economic indicators, as well as the rapid expansion of the bank, suggested that an Auditor-General's inquiry would be an appropriate way to get behind exactly what was being portrayed to the Government and the Treasurer. Those recommendations were not accepted, possibly consistently with what Mr Bannon suggested he wanted and believed there should be effectively a hands off approach.

In addition to the powers under the State Bank Act there were powers under the South Australian Financing Authority legislation which the Treasurer could but did not use. So, there were adequate powers in the mind of the Royal Commissioner to enable adequate control over the operations of the State Bank, not in respect of its individual transactions because that could have had an adverse effect on its clientele, but in the way in which it was administering its affairs, and ultimately leaving the people of South Australia to pick up the tab through the guarantee.

In relation to that matter, the Attorney-General has interjected in relation to some assertions made by my colleague, the Hon. Robert Lucas, that the Royal Commissioner uses the description 'Government' and 'Treasurer' in a way which blurs the distinction between the Government on the one hand and the Treasurer on the other, and that was in response to the Hon. Robert Lucas' assertion that the various references to 'Government' in the report of the Royal Commissioner were a deliberate description of a corporate responsibility of government as opposed to a responsibility only of one Minister. Mr President, even if the Attorney-General's interjection is correct, the fact is that there are though a number of areas where 'Government' is used in the broader sense to encompass Ministers—

The Hon. C.J. Sumner interjecting:

The Hon. K.T. GRIFFIN: There are a number of them. The other point I want to make, though, is that the Treasurer is an officer who acts on behalf of the State. If, for example, you look at the South Australian Financing Authority legislation it is not the Treasurer who gives guarantees solely as Treasurer; it is the Treasurer on behalf of the State. Whenever a guarantee is called up it is the State which ultimately picks that up. So you cannot, I would suggest, look at the Treasurer where the Treasurer is referred to in isolation. You have to look at it as the role of the Treasurer acting on behalf of the State. In that context also you have to accept that the Treasurer does raise a number of these sorts of issues with the Cabinet.

That is a matter for the Attorney-General. He may not want to tell me what was discussed in Cabinet but the fact is that I can tell you that in the Tonkin days, when there were important issues of guarantees to be granted, the Treasurer did not act unilaterally; the Treasurer did raise those issues with the Cabinet. And when, as I said earlier, the acquisition of shares by SGIC required the approval of the Treasurer, that was an issue that was discussed with the Cabinet. It may not have required a formal Cabinet decision but at least it was an issue where corporate responsibility was accepted—the corporate responsibility of the Cabinet. No-one can tell me that there were not discussions periodically in Cabinet about the way the State Bank was going, or perhaps even about what acquisitions were being made, or how the Treasurer was exercising his responsibilities either as a Minister or as the Treasurer under the State Bank Act or any other Act.

So I would suggest, if only from past experience, that there would have been a sharing of views and information and responsibility. Even when issues are raised in the Parliament, in the House of Assembly, by questioning from the Opposition, individual Cabinet Ministers have a responsibility to prick up their ears and take note of some of the issues being raised and not merely brush them aside as being politically motivated, or as being mere fishing or fanciful floating of questions to create concern. The fact is, as the Royal Commissioner has identified, there was a genuine basis upon which those issues could be raised.

There are several other matters in relation to Government involvement in the State Bank that I want to quickly raise. The Hon. Mr Gilfillan has mentioned the Return loan, and in the section relating to Remm it is quite clear that, if nothing else, Government officials knew that the Treasurer and the Government were anxious to get that project off the ground, and notwithstanding cautions expressed by even the Under Treasurer there were pushes within Government to get that project off the ground, even though it was not regarded by other banks or by the Treasury as a satisfactory investment. The involvement of the SGIC in an attempt to prop up the transaction was certainly ill advised.

There was also the East End Market development where, again, there was a general Government view that the project should get off the ground, notwithstanding

that at the time the property market was showing signs of being less than a good investment. Then there was the saga of the Beneficial Finance stamp duty exemption on restructuring. The Royal Commissioner states:

> The significance of the BFC application is twofold. Firstly, it is most revealing about the Government/bank relationship and, secondly, it discloses facts which should have been of great moment to the Government.

The Commissioner concludes:

> The decision was not based at all upon any public benefit in granting the exemption sought.

So, many other matters in this report are of significant interest to the people of South Australia and, whilst the Attorney-General may argue that no judgment should be made against the Government on the basis of this report alone, I echo the observations of my colleague the Hon. Mr Lucas that this is a report on term of reference No. 1, which deals specifically with the issue of communication with the Government and Government responsibility. I know that the subsequent terms of reference will flag issues relating to management, relationships with the board and the Chief Executive Officer within the bank, as well as dealing with policy matters. The Auditor-General's inquiry will deal with the machinery matters within the bank and the way in which it was administered internally. However, that cannot detract from the value of this report in identifying the significance of the Government involvement in the operations of the bank.

I will certainly support the amendment moved by my colleague the Hon. Mr Lucas. The amendments moved by the Hon. Mr Gilfillan do no harm to the motion, except that amendment which seeks to reflect upon the principle of collective responsibility for the State Bank disaster and calls for action to bring about an early State election so that ultimately the people of South Australia can deliver their verdict on the Government and on this disaster. We will not support that amendment because we believe that this Council has both the power and the responsibility and ought to make that point very strongly as part of this censure motion.

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

TRAVEL AGENCY

The Hon. ANNE LEVY (Minister of Consumer Affairs): I seek leave to make a ministerial statement.

Leave granted.

The Hon. ANNE LEVY: Earlier this afternoon the Hon. Mr Griffin asked a question relating to a travel agency. I should like to inform the Council at this, the first possible opportunity, that unfortunately he named the wrong travel agency. The agency he named was Holidaymakers Pty Ltd, which is a large, reputable travel agency operating to this day. The travel agency to which he referred, which has had its licence revoked and its membership of the travel compensation fund cancelled is a company known as Holidaymaker Travel Services Pty Ltd. While it is a somewhat similar name, it has a totally different address, it is a totally different company and it has totally different directors.

I am disturbed that the Hon. Mr Griffin has made a mistake of this nature. I appreciate that it was not an intentional mistake but I suggest that, before he raises such a matter in future, he should check his facts fully. He has unintentionally used the privilege of Parliament to smear the name of a reputable travel agency and I very much regret that this has occurred. At this first opportunity, I hasten to put the matter straight so that there is no effect on the wrongly named company.

The Hon. K.T. GRIFFIN: I seek leave to make a personal explanation.

Leave granted.

The Hon. K.T. GRIFFIN: I appreciate most of what the Minister had to say. She did me the courtesy of privately referring this to me earlier this afternoon. I suppose one could be forgiven for mistaking the two companies where the first part of the name is virtually identical. However, I recognise that the error occurred and I want to put on the record that it was an unintentional error. If it has caused difficulty to the legitimate company continuing to operate, I apologise for having done so, at the earliest opportunity.

[Sitting suspended from 5.53 to 7.45 p.m.]

STATE BANK

Adjourned debate (resumed on motion).

The Hon. L.H. DAVIS: I support the motion as amended by my colleague, the Hon. Robert Lucas. It is important to recognise from the outset the dimensions of the tragedy called the State Bank of South Australia. We have a Government exposed, a Government dripping with financial naivety and a Treasurer who ignored the advice of the most senior financial person on the board of the State Bank, Mr Rod Hartley, a person who had been not only successful in the private sector but as the Director of the Department of State Development had also made a reputation as being a person of enthusiasm, of integrity and of ability. On more than one occasion he advised the Premier of his concern about the bank.

We had a Treasurer who ignored the advice not once but twice—and maybe more than that, which we do not know about—of people on his staff who had suggested that an independent assessment should be made of the financial state of the bank. Mr Woodland, the Premier's economic adviser in February 1990 strongly recommended that to the Treasurer. That of course is contained in this 475 page report, dripping with an indictment of a Government which has allowed this State to rot away. In August 1990 Dr Bethune, of the Premier's Department, also suggested that was a desirable option, and again the Treasurer ignored that advice.

John Bannon proved to be the Treasurer who just couldn't say no. If members opposite believe that the State Bank of South Australia situation was just bad luck rather than bad management, let me remind them, as my

colleague the Hon. Trevor Griffin did today, of the dimensions of other losses endured and suffered by the taxpayers of South Australia in recent years. There was the fiasco of Greymouth, a $15 million monster, a relic from the nineteenth century, a mill in an isolated area of New Zealand which for a period of time became an extension of a South Australian Government statutory authority. Losses were racked up from the day that the Government took that over in late 1986, despite the recommendations of a consultant, Mr John Heard, who suggested very strongly to the Government that it should closely investigate the financials of the deal.

That was an early warning to the Government and in fact in early 1989 a select committee of the Legislative Council came down with a unanimous finding questioning the wisdom and attacking the purchase of that Greymouth mill. The committee was under the chairmanship of Mr Terry Roberts, who has not inconsiderable experience in the forestry industry, coming from the South-East as he does. The scrimber operation was also a questionable investment by this Government. Notwithstanding the fact that the South Australian Timber Corporation had no capital base whatsoever, it lurched into an investment in scrimber. It is history now that although this was high risk new technology, which no other private sector company in Australia with any involvement in the timber industry was prepared to take on, the project was to be completed by SATCO by June 1988 for a cost of only $22 million. But, over three years later, in 1991 $60 million had been lost.

Members interjecting:

The Hon. L.H. DAVIS: It is quite clear that members opposite are uncomfortable in being reminded that the State Bank is not a one-off. There is the example of Greymouth and there is scrimber and, more importantly, we have the most recent example of the SGIC, where in two years, 1990-91 and 1991-92, a $361 million loss was racked up by SGIC, masked only by a $350 million bail-out by the Government in the budget that we have recently debated. Let us make no mistake, SGIC was technically insolvent and was a candidate for the scrap heap had it been in the private sector. It would have been gone, it would have been finished, it would have been closed down as a commercial entity.

The Hon. T. Crothers: With your mob there is no way in the world there would have been an SGIC in the first place.

The Hon. L.H. DAVIS: The Hon. Trevor Crothers cannot debate the logic of the argument. I would be interested to see him rebut the facts of SGIC on another occasion, because they are irrefutable. The SGIC, this creature of Government, languished for over 12 months with one less member on the board than was required by the SGIC legislation because the same Treasurer of the day, Mr John Bannon, had not bothered to appoint a director to the casual vacancy. The SGIC had a mediocre board. It had a chairman, Mr Vin Kean who called it his own, who bought a hotel on his own account, staffed it with three relatives, sold his own Rolls Royce, got his son-in-law to drive it—

The Hon. C.J. SUMNER: On a point of order, Mr President, this debate is about noting the report of the royal commission.

The PRESIDENT: I uphold the point of order. The debate should be confined to the motion and the amendments.

The Hon. L.H. DAVIS: The points I have made amply demonstrate that the State Bank of South Australia fiasco is not a one-off for this Government which has been presiding over the financial debacle in South Australia for over 10 years. The State Bank is the fourth leg of a disastrous quadrella: Greymouth, scrimber, SGIC and, of course, the daddy of them all, the State Bank of South Australia. I am more than willing to talk exclusively from here on about the State Bank. We are talking about the largest corporate loss in Australia's history—$3.1 billion. The Attorney-General this afternoon was unwise enough to wave across the Chamber the *Financial Review* indicating that the ANZ Banking Group had made a loss in the most recent financial year to 30 September 1992.

I say it was unwise advisedly because if we look at the size of the ANZ it can be seen that it has an asset base approximately five times the size that the State Bank had at the time of its collapse last year. ANZ assets are approaching $100 billion, compared with the State Bank's just $21 billion, and the ANZ, which has been going roughly with its exposure in Victoria and of course its international operations, where there was an unexpected $250 million loss because of a scandal in India in the banking community generally, has come nowhere near the dimension of the loss in the State Bank of South Australia.

To put it in perspective for the Attorney-General, because he admits that he is a lawyer first and an economist and a financier a long way second, the last time a comparison was available between the various banks of Australia (and I refer to the 1990-91 years of the major banks, of which the State Bank was one of the top six in Australia), the State Bank's problem loans represented $30 of every $100 lent: $30 of every $100 lent by the State Bank of South Australia were either bad or problem loans. The next highest at that time was ANZ, which was of the order of about $10 per $100 lent. That is how much worse the State Bank of South Australia was, compared with all the other banks of Australia.

It will be interesting to see what the comparable figures will be when the balance sheets of the major private sector banks are released shortly, because I suspect that nothing much would have changed. It was not a matter of bad luck; it was, as the Royal Commissioner has rightly pointed out, a matter of bad management. Certainly, I am the first to admit that in the savage economic downturn that has afflicted Australia and particularly South Australia (and some of that, of course, has been due to inappropriate Government policies), there have been problem loans—bad debts—for many of the private sector banks. However, they are just dwarfed by the magnitude of the debacle of the State Bank of South Australia.

So, this Labor Government, this tired Labor Government, this naive Labor Government, has given

South Australians the future they had to have. The decade is but two years old, but it already accounted for in financial terms. This decade is well and truly spoken for because, as I mentioned in the budget debate, for every $100 raised in State taxation and charges, $13 goes to pay off the interest on the State Bank of South Australia, and the effect of borrowings undertaken to accommodate the SGIC bail out. That is $13 out of every $100 every year—and that is a minimum, because we are at the bottom of the interest rate cycle and, arguably, interest rates may well move up.

So, we had this Government, dripping with financial naivety, and an Attorney-General who was candid enough to admit that he realised for the first time that the State Bank of South Australia was in some difficulty in December 1990, because his colleague, the Hon. Frank Blevins, mentioned that there were some difficulties (not specified) and that there could be some problems ahead. There certainly were some problems ahead.

The Hon. C.J. Sumner: I wasn't alone in that, was I?

The Hon. L.H. DAVIS: What do you mean, you were not alone in that?

The Hon. C.J. Sumner: In the knowledge about the situation; try the board, Treasury—just about anyone else.

The Hon. L.H. DAVIS: The Attorney is saying that well, of course, he was not alone in that, along with Treasury, the board, the Treasurer and the Reserve Bank, all of whom were named in the Royal Commissioner's first report into the State Bank of South Australia as having a part in this tragedy. But, ultimately, as the Premier and Treasurer of the day said, the buck stops at his desk. He has been nailed by the Royal Commissioner. The buck certainly has stopped at his desk, and he has paid the ultimate price by resigning some weeks ago.

However, as my colleague the Hon. Robert Lucas has said, the Government has tried to say, 'Well, someone has paid a price; the Treasurer of the day has paid a price, and that was it; no-one else should accept any responsibility.' Well, tell that to the people of South Australia. Do they really think that what has happened is acceptable? Do they think the matter should rest there? It is not only the taxi driver who drove Mr Lucas home last night but also the people on talk-back radio and the little people who make up the bulk of the taxpayers of South Australia who are hurting because of the extraordinary inaction of this Government in the face of overwhelming evidence, which is documented in page after page of this 475 pages of indictment against a financially lazy and inept Government.

I want to put this in some perspective how extraordinary this saga is by looking in particular at the annual report of the State Bank of 1989-90, and the interim report of that year and comparing it with the reality of what actually happened. This was fairyland stuff.

I must say that, in the Legislative Council, generally speaking, we do not become involved in financial matters to the extent that they do in another place, and I think it is true to say that, in the period of 1989-90, not many questions were asked about the State Bank in the Legislative Council. However, that is not to say that there was disinterest in the matter in the Legislative Council; it is not to say that we were not aware that something was happening.

The Hon. C.J. Sumner: It is all your fault?

The Hon. L.H. DAVIS: No, not at all; I just want to put on record that, even though questions were not asked in this Chamber, certainly, as someone with financial background and experience in Adelaide, I was being told by people in financial circles in Adelaide that they were worried about the direction of the State Bank of South Australia. When questions were being asked in another place in early 1989 and more intensively during 1990, for a good two years before the balloon went up (it is important to note that) there was a lot of pressure on the Liberal Party from people in the business community in Adelaide saying, 'What are you doing, daring to raise questions about the State Bank of South Australia? It is an icon in the business community; you are doing the State Bank and the community at large a disservice by trying to tear it down.'

With the benefit of hindsight, and looking at the questions that the Liberal Party raised in another place over that two year period, one can see that the questions were invariably well researched, well directed and right on the mark—right on the button. Let me tell members about one example that brought into focus for me the dimension of the problem. In the first few months—towards the middle of 1990, as I recollect—someone whom I knew quite well rang me and said, 'I will send you something in the post which will be of great interest to you. It is something that concerns me. I do not want my name mentioned in any way, but I want you to use this for the benefit of the community of South Australia, because I am concerned about what is going on, and I think you will be, when you see it.' The next day in the post I received two pieces of paper, and they contained very complex diagrams, which set out a company structure, a structure of many companies.

Looking at them, I could quickly realise that they were part of a company structure within the State Bank of South Australia. I looked at the State Bank of South Australia's most recent annual report, which was for the year 1988-89, and this company structure quite clearly was not listed in any way. Dozens and dozens of companies were listed on these two pages which had been sent to me. The head company on that structure was Kabani Pty Ltd, and that, of course, as the Attorney-General would now well recognise, was the key company in the off balance sheet structure that was part of the State Bank group.

That off balance sheet structure was clearly designed to conceal rather than reveal. I passed on that information to the office of the then Leader (Dale Baker) and questions were asked at the first opportunity of the Premier and Treasurer of the day, Mr Bannon—and Mr Bannon did not know anything about it. As the Attorney-General would well remember, in response to the question we asked, Mr Bannon later said that there were many off balance sheet companies, but then he was forced to amend it because in fact there were more.

The Attorney-General is nodding in memory. We all remember that. I think that was a turning point, because people suddenly realised that something was being

concealed in their bank—the State Bank of South Australia, a public bank, a bank set up to serve the people of South Australia first and foremost. I think that was a turning point in people's perceptions. Whilst the Attorney-General may nod in memory, surely that one fact alone must have turned on a very big red light for the Treasurer of the day. That has not come out in this report. There are so many things that could be said, but that is another fact which I draw to this Council's attention.

The Hon. C.J. Sumner: When was that?

The Hon. L.H. DAVIS: It was in mid-1990.

The Hon. C.J. Sumner: Fairly late in the piece.

The Hon. L.H. DAVIS: It was fairly late in the piece, but it was a fact that was drawn to my attention. Of course the Government, with all its advantages and resources, could have said: 'Let us look at the structures.' 'Let us see what is in Beneficial Finance and the State Bank of South Australia.' When the 1989 SGIC annual report came out, was tabled in this Council and talked about the put option on 333 Collins Street as a brave new way of very easily making money for the SGIC, I literally caught the first plane to Melbourne. I could not believe it, and friends of mine in real estate and finance in Melbourne laughed about it. I subsequently found out that the people who did the deal with SGIC drank champagne about and were in disbelief that SGIC had entered into this put option.

SGIC was said to be the only financial institution in Australia that would have bought such a silly deal. I was told that in Melbourne—and that was in 1989 before the property balloon went up. I came back and I told the people on our side of Parliament, ahead of the State election, that it was not an issue. The media did not understand the significance of it. It fell over as an issue until it eventually boiled up. Now we are faced with this extraordinary situation of a building which SGIC bought for $465 million, which it has owned for only 15 months and has written off something like $275 million.

If I can do that in Opposition, without the advantage and knowledge which members opposite undoubtedly have in Government, then the Government surely should stand condemned as a Government that just did not do its homework and is dripping with financial naivety. The Hon. Anne Levy and the Hon. Barbara Wiese are dripping with financial naivety, as is the Attorney-General, the close confidant of the Premier, the person the Premier trusted most, who was not even told by the Premier of the problems with the State Bank but was in fact told by someone from another faction—the Hon. Frank Blevins—that the State Bank had some difficulties, just two months before the balloon went up. What an extraordinary situation! Even Hollywood could not write a script like this.

Let us look at some of the examples of the State Bank's overseas operations which I think are particularly fascinating because they show the delusions of grandeur on the part of the management of the State Bank. Most importantly, they show a Treasurer who, like the words of that old song, just couldn't say 'No'. In the 1989-90 annual report of the State Bank of South Australia one of the key phrases is 'all South Australians own the bank through their elected Government'. That is a very fitting description of exactly what was intended when the State Bank legislation went through the Parliament many years ago, in the early 1980s.

Of course, the corollary of that proposition is that the elected Government has a special responsibility to oversee the operations of that bank. Certainly there was, as the legislation was set up, the arm's length approach which of course the Government has tried to hide behind. But as the Commissioner quite properly reveals in his 475 pages, by 1989 quite clearly the bipartisan approach which had previously been a feature in South Australia of the attitude of the major parties to the State Bank of South Australia had disappeared, and it was incumbent on the Government of the day to take the concerns of the Liberal Party seriously.

To be fair to the Australian Democrats, they also expressed their concern. I have to put on record publicly my dismay at what happened to the Hon. Ian Gilfillan, because what happened to him was absolutely shameful. I hope the Attorney-General, with his sense of justice, will ensure that at least the Hon. Ian Gilfillan case is taken up and that the costs involved in his defamation action are looked at closely. Because the Hon. Ian Gilfillan was found to be absolutely justified and accurate in the statements that he made, and his line of questioning and his concern about the State Bank of South Australia mirrored very much the approach of the Liberal Party in this State, we can say to my colleague the Hon. Ian Gilfillan that the Liberal Party and the Australian Democrats were shoulder to shoulder in the matter of the State Bank of South Australia.

That really does underline the point, that if the Australian Democrats—a small Party with only two members—are getting this feed back and raising questions of substance, as was indeed the Liberal Party, why was not the Government taking these questions seriously instead of receiving glib replies from the bank and accepting those glib replies? It comes back to the fact that it was a Government dripping with financial naivety, smugness, laziness and financial ineptitude.

I can say now to the Attorney-General that during 1990 in particular my colleagues in the financial community and in banking circles here and interstate were telling me that they were concerned about the State Bank of South Australia's direction, the fact that it was continuing to expand in the face of a deepening recession here and in New Zealand, and that they very much doubted the figures that were being printed in the annual report and in the interim report. I seek leave to have inserted in *Hansard* without my reading it a purely statistical table which sets out the State Bank of South Australia's planned asset growth for the period 1985 through to 1990.

Leave granted.

STATE BANK OF SOUTH AUSTRALIA STRATEGIC PLAN 1985-90—SUMMARY

	6/85		6/86		6/87	
	Strategic Plan $M	Actual $M	Strategic Plan $M	Actual $M	Strategic Plan $M	Actual $M
Bank	3604	3429	4535	5470	5143	6846
Group	4278	4130	5357	6451	6094	7893

	6/88		6/89		6/90	
	Strategic Plan $M	Actual $M	Strategic Plan $M	Actual $M	Strategic Plan $M	Actual $M
Bank	5775	9532	6451	12688	7325	17299
Group	6844	11003	7643	15028	8640	21142

The Hon. L.H. DAVIS: The Attorney-General would be fascinated to see this information as it should have been available to the Government of the day. It is on page 61 of the Commissioner's report, if the Attorney-General wants to follow it. In June 1985 the State Bank group planned to have $4.3 billion in assets. It in fact had $4.1 billion in assets at the end of June 1985. But, in 1986 the plan was to have $5.3 billion in assets and it had almost $6.5 billion in assets. By the end of June 1987 it planned to have $6.1 billion in assets and that had grown to $7.9 billion in assets. By the end of June 1988 it was meant to have $6.8 billion in assets and it had exploded to $11 billion. By the end of the 1988-89 financial year it had almost $15 billion in assets, which was almost double the strategic plan of $7.6 billion in assets and, finally, in the few months before the balloon went up, in June 1990 it had $21.1 billion in assets against the strategic and original plan of $8.6 billion in assets—2.5 times the actual growth rate that had been planned.

I have looked at the balance sheets of all the major private sector banks including the ANZ, Westpac, Commonwealth (partly privatised), the National Bank and the State Bank of New South Wales, which has performed reasonably well as a State bank. In the period 1985 through to 1990—a five year period—on average the assets in those other major banks in Australia grew by about 2.5 times. However, in the case of the State Bank of South Australia, it grew at well over five times from $4.1 billion to $21.1 billion. That was sowing the seeds of disaster as it was expanding its asset base without buying quality of assets or quality of earnings. The Royal Commissioner makes a very big point about that.

We have this extraordinary delusion of grandeur that was called the State Bank of South Australia. Instead of being a bank owned by all South Australians through the elected Government and instead of serving the people of South Australia first and foremost, we see in the 1989-90 report the delusion of grandeur in black and white:

> The State Bank has the expertise and the geographic spread to provide the best business services at the right price throughout Australasia—

that is, Australia and New Zealand—

> and the world's major financial centres.

That was contained in the 1989-90 report. We have Australia's own multi-national bank—not even the National Bank attempted to do that. The National Bank had as a strategy concentrating and focusing narrowly on specific markets. It is now the sixth largest bank in England, has a major presence in New Zealand, particularly following its recent acquisition of the Bank of New Zealand and, of course, it has strength and an even distribution in its network throughout Australia. Not surprisingly, it is easily Australia's most successful bank. Here was the State Bank of South Australia coming from a base of $4.1 billion and quintupling its size over five years, including the last two years when it continued to grow in the face of a very fierce recession, and growing at twice the pace of its major competitors, which must have been a red light for a Treasurer, even though he was dripping with financial naivety.

Then, in the same annual report, 1989-90, the bank was saying every year that the State Bank plans five years ahead. It was like Holiday Magic when one thinks of it—pyramid building. It was really operating like that. When one looks at the unaudited figures for the first six months of 1989-90, for the six months ended 31 December 1989, one finds that the bank had opened an office in Chicago in the second half of 1989, opened an office in Perth in 1989 and was to be opening an office in Los Angeles in 1990. Asset quality continued to be a major focus (I think with a capital 'F'). In black and white in the 1989 interim report we see the comment that there was a steady improvement in business conditions in New Zealand, even though New Zealand was in a howling recession at the time. The comment was as follows:

> New Zealand has generated quality business opportunities for the Auckland branch.

We will talk about quality business opportunities in a minute. The New Zealand assets of the bank during that half year rose by 19 per cent. Of course they had opened wholesale banking services in New Zealand in 1988. The interim report went on to say that the London branch continued to perform strongly. The demand for finance in the Hong Kong branch was strong and Ayres Finniss, the merchant bank and an arm of State Bank, had opened an office in Auckland, New Zealand. Beneficial Finance—Australia's fifth largest finance company—

achieved an 8 per cent rise in net profit after tax to $ 14.3 million.

The Hon. R.J. Ritson: Sounds like one of Alan Bond's annual reports.

The Hon. L.H. DAVIS: Well, it was Fantasyland and to compare the interim report and the annual report of 1989-90 with the reality contained in the Royal Commission's comprehensive analysis of what actually happened, what was the real world of the State Bank, is a damning indictment. The facts have not been denied: the only denial has been the quality of the adjectives used. The only denial is from the former Treasurer, who does not like the adjectives used to describe his behaviour as Treasurer. That has been the only denial from the Government to date. The only suggestion I would have had was that it would have been nice to have in a statement on one page that this is what was said in the bank's report and on the opposite page what the reality was. That would have brought it home to everyone at large how different was the reality from the fantasy world of 'State Bank'.

In the 1989-90 report comment was made about the State Bank being located in the world's major financial centres. In 1989-90 it reported a $24.1 million profit, which went to the South Australian Financing Authority. Why did that profit go to the South Australian Government Financing Authority? Because, as the Royal Commissioner observed, Treasury had an insatiable demand, driven by the Treasurer, to get as much blood from what was obviously a very bad financial stone.

So, there was an extraordinary fabrication of profit results, a distortion of the truth, particularly in Beneficial Finance. As the Attorney-General would well know the fat lady certainly has not sung. As far as Beneficial Finance is concerned, I would imagine that there will be much more information available when the Auditor-General reports and the subsequent reports of the Royal Commissioner are brought out because those are matters which presumably will be investigated by them.

Comparing the commissioner's report and the annual report, I found it remarkable that in the 1989-90 annual report of the State Bank it said at page 21:

> The group follows a strict policy that any account on which payments are overdue by 90 days or more is automatically classified as non-accrual.

As at 30 June 1990 non-accruals were $635.2 million. How could it be that there was such a dramatic difference between what it said was the case as at 30 June and what actually proved to be the case in February of the next year. There were defects at every level in the State Bank: systems, management, and the board certainly. The Royal Commissioner makes those points but, of course, most importantly he makes the point that as you move up the pyramid you get to the real players in the game, and where the buck stopped was at the Treasurer's desk.

So, we saw that during 1989-90, as a recession moved in on Australia and New Zealand, the State Bank continued to grow, and it acquired the United Banking Group which had been formerly the largest building society in New Zealand. It inherited its 84 branches; it said it was a snap, one of those gee whiz, you beaut schemes. To put it in perspective the United Bank was the Scrimber of the banking industry, if I can put it into words that the Attorney-General would understand.

Certainly we will never know the extent of the losses suffered by the United Bank in New Zealand because a lot of those bad debts and doubtful debts inherited in this huge conglomerate that the State Bank took over—which I will tell the Attorney-General about in a moment, and which will even shock and surprise him—have been transferred into the bad bank, which of course made it possible for the bank to on-sell the United Bank a few months ago and say, 'Look, we made a profit.' It is the old smoke and mirrors trick and even the Attorney-General realises how that is done. Let me tell the Attorney-General—

The Hon. C.J. Sumner: You don't have to carry on like this; just get on with it.

The Hon. L.H. DAVIS: I am not carrying on, I am talking about facts and I am talking sense.

The Hon. C.J. Sumner: There is no point in referring to me every two seconds; just get on with it.

The Hon. L.H. DAVIS: I am sorry the Attorney-General is so sensitive.

The Hon. C.J. Sumner: I am not sensitive. It is late and we have a lot of work to do.

The Hon. L.H. DAVIS: In taking over the United Bank the State Bank in fact took over 300 retirement village beds. It took over real estate companies. It incurred losses of millions and millions of dollars. It did not have the management or the expertise. That acquisition was done without due diligence. Disgraceful and scandalous are words that come immediately to mind.

So, the case is overwhelming that this Government must go. It is a Government which has been profligate. It has been extraordinarily naive. It has presided over the biggest loss in Australia's corporate history; $3.1 billion, an ongoing problem for any Government and particularly for the taxpayers of South Australia. This is a problem of such dimension that it will crimp any Government's style through this decade and beyond, but it is a problem which could have been nipped in the bud if the Treasurer and the Cabinet had been more perspicacious and less naive. Although the Government was nervous and angry about my raising the subjects of Scrimber, Greymouth and SGIC, those examples become chillingly relevant when one recognises that they were a foretaste of what was to come—the debacle called State Bank, the tragedy called State Bank, the tragedy that should never have happened if we had had people who were not dripping with financial naivety; people who were not so laid back that they were horizontal; people who asked the right questions at the right time; most importantly people who took notice of all the red lights that were on the path to State Bank. There were Mr Rod Hartley's warnings; the warnings from the Premier's own economic advisers; the concerns expressed by the financial community; and the red lights that were flashing when the Australian Democrats and most particularly the Liberal Party asked question after question, made speech after speech in a period of two years to be smugly fobbed off by a Government that did not want to believe that anything could go wrong in its own little paradise.

We no longer have that paradise. We are going to have a living hell and it is called the State Bank of South Australia. Someone should pay for it, and what amazes me is that the Hon. Mr Gilfillan, who has been so badly hurt and so shamefully treated in raising these issues so long ago in this place, cannot bring himself to support the last stanza of the amended motion proposed by my colleague the Hon. Mr Lucas, which calls for the Government to resign. If the Hon. Mr Gilfillan cannot bring himself to call on the Government to resign over this example, then he must surely be saying that no Government, however badly it treats the taxpayers of South Australia, however neglectful it is, however bad it has been in its governance of a State should never resign. That is a proposition I cannot accept and I urge the House to support the amended motion as proposed by my colleague the Hon. Mr Lucas.

The Hon. M.J. ELLIOTT: I rise in support of the motion as amended by the Hon. Mr Lucas and further amended by the Hon. Mr Gilfillan. Before I get to the very specific terms of reference I would like to note that I believe that the failure we have seen here has been a rather broad and rather fundamental one and it is one that the Attorney-General touched on with an off-the-cuff remark he made during Question Time yesterday. He made some comments about the fact that adversarial politics had a little to do with what has happened. Before I follow that theme a little further I am not in any way, (and I make this plain by later comments I make), absolving anyone of guilt. However, it is a stupid game that politics has become that has allowed the State Bank debacle to occur.

The Hon. Diana Laidlaw interjecting:

The Hon. M.J. ELLIOTT: Having just said I will not absolve anyone and that I wanted to develop a theme and I would get back to these various issues, before I have said anything you have tried to cut me off; now let me speak. Fair enough? You actually get a chance to speak after me. We have seen a failure of executive Government. We have seen a failure of our current parliamentary system and a failure of adversarial politics. If we want to talk about the fact that there have been repeated warnings and misleadings of Parliament, I think we need to recognise what a farce Question Time has become in this Parliament, a farce which is played out by everybody in both Houses of this Parliament. It is a game which goes along the line that the Opposition tries to drag up anything that might possibly get a headline and the Government does everything to make sure that does not happen. That is as simple as the game is. Whether there is fact or not in what—

The Hon. Diana Laidlaw: What role do you play?

The Hon. M.J. ELLIOTT: I am not pointing the finger at any particular individual; I am saying that is the way the game is being played. What is happening in Parliament at the moment is that all sorts of stuff is being dredged up all the time, and unfortunately at one level it can be a bit like the boy crying wolf once too often.

We almost need to get to the point where an honourable member stands up and says, 'This time I'm for real: I really think there is a problem.' Frankly, I think that all members of Parliament probably need to look at the sorts of questions they ask. I would go a step further and say that members of the Government should look very carefully at how they answer questions. As I said, I am not pointing the finger at anyone in particular: I think that our Question Time has become a farce. How often when you do ask a serious question do you ever get a satisfactory answer? The Government will need to admit that it avoids answering questions as much as possible. Question Time has almost become a waste of time, and that is most unfortunate.

What has happened in both Houses of this Parliament is that important questions have been raised about the State Bank but they got lost in the morass that Question Time has become. That is not an excuse for the Government: the Government or, at least, the Treasurer, by way of his responses, stands condemned as having had repeated warnings raised and stands condemned in, essentially, misleading Parliament. We could perhaps develop arguments as to how much of that was knowingly misleading but, nevertheless, he did it. I do not think that it is an excuse for the former Premier and Treasurer to say that he did not know. He should have known. He should have made his—

The Hon. R.I. Lucas interjecting:

The Hon. M.J. ELLIOTT: What I am saying is that he should know, and the Royal Commissioner's report states that he did know. Probably, the former Treasurer is guilty of a couple of personal sins of naivety, to start off with, in economic matters, of trusting other people more than he should have, and of arrogance—of which, unfortunately, this Government has had too large a dose for too long. Having accused him of all those things, I must say that I have always taken him to be basically an honest person and have had no reason to believe otherwise.

But if the State Bank has lost $3.125 billion (the figure that is being touted at the moment), it is the Treasurer's responsibility. Just talking from the Democrat perspective, since I saw it most closely, I am absolutely stunned that questions asked in Parliament were ignored by the Premier in this game of Question Time and that those questions were not ever answered. That is scandalous. Not only are questions avoided sometimes during Question Time but, in this case, they were not answered at all yet, when the same issue was raised outside Parliament, the State Bank board sued the Hon. Ian Gilfillan.

What is even more worrying to me—and I am not sure whether the Hon. Mr Gilfillan put this on the record—is that within an hour of being issued with a writ, one of the Premier's minders said to him, 'Been sued lately?' That seems to imply that the Premier or, at least, his office, was aware that the State Bank had issued a writ against the Hon. Mr Gilfillan. One can only suspect that they were aware before it actually happened. Not only has the former Treasurer played the game of Question Time but it is doubly serious now, since we have a member of Parliament being sued and it appears that the Premier's office (and he is responsible for the office) knew about it and was willing to stand by and see

someone sued yet not check whether or not the allegations he was making were correct.

At that time, I would have argued, things were getting pretty serious. It is one thing to say, 'This is just scandalous rumour mongering that this lot are up to', but it is quite another question when it has reached that point. If anything soured my opinion of the Government, it was that one action. This was in an election context, about two months before the State election in 1989, and it was about the same time—

The Hon. C.J. Sumner: I don't think you'll find that the Government had anything to do with that.

The Hon. M.J. ELLIOTT: The State Bank certainly informed the Premier's office, and the more important point that I am making is of the Premier being aware that this was happening. He really should have pursued the matter. A Premier and Treasurer should take it fairly seriously when another member of Parliament is being sued, raising fairly serious matters in relation to the State Bank. I did not say that he was responsible for it, but there are levels of complicity and, at the very least, that should have rung a very loud bell. He should have reacted to it, as I see things.

So, there were warnings in Parliament. As I said, they were lost in the game and the farce that politics in Parliament has become, but that is no excuse. Once again, I do not need to read great slabs of the Royal Commissioner's report, but all sorts of warnings were coming from outside Parliament as well; from the Treasury, amongst other places. So, two of the six charges, in terms of ignoring repeated warnings and of misleading Parliament, are clearly justified, and other speakers have already covered that ground. In terms of encouraging the bank into high risk growth, once again I believe that the Treasurer and the Government stand condemned. Once again, they were not alone: these same games were being played right around Australia. For some years, they were being played by the President of the Liberal Party, John Elliott. I am not absolving the Treasurer, because the fact is that he was responsible for the State Bank and he should have been pulling in the reins. I am simply noting that much of this happened at a time when, with the encouragement of both Liberal and Labor, the financial—

The Hon. Peter Dunn: You were supposed to be 'keeping the bastards honest'!

The Hon. M.J. ELLIOTT: In this case, both Parties were being 'bastards' in terms of financial deregulation. That is something that was being promulgated and supported by both major Parties, and it was a game that was being played by many players, not just in our town but elsewhere. It is a game that, frankly, horrified the Democrats but, of course, in those times we were accused of being Luddites.

The Hon. R.I. Lucas: Fairies at the bottom of the garden.

The Hon. M.J. ELLIOTT: Those accusations can be made, but all I can say is that, at the time when those financial games were being played, we were expressing great reservations about them. Members can hold their own opinions, and we will hold ours. The bank was encouraged into high risk growth. The first obvious example of that was in relation to the East End Market company. That was quite clearly something that was being promoted by the Government. There appears little doubt that the bank was keen to please the Government in relation to this development, and anyone who reads page 140 of the Royal Commissioner's report can only come to that conclusion.

I do not think that there is a need to read out the text of those pages. On page 166 of the report we actually have Mr Prowse using the term 'South Australia Inc.', and he used that term before WA Inc. had really generated its own scandalous proportions. Mr Prowse is not suggesting anything sinister here, but he is suggesting that a fair bit of clubbing was going on.

The Hon. I. Gilfillan: There wasn't open competition.

The Hon. M.J. ELLIOTT: There certainly was not, but Mr Prowse saw that the various Government financial institutions were working together and all being involved in this high risk game of growth. Of course the pinnacle of that madness happened in relation the Remm development. As Mr Paddison said (quoted at page 179 of the report): 'We have just bet the bank on this one.' Those were Mr Paddison's words. But I think what is more instructive is he himself acknowledging that the bank had just put itself fully at risk on that. When one has a look at the analysis of the role of the Special Projects Unit, under Dr Lindner, which unit was also directly under the former Premier and Treasurer, and the role that he played in making sure that Remm got up—once again without going through all the text on pages 179 and 191-3—one will find that the Government was clearly encouraging both the State Bank and SGIC, often against the advice of senior financial people, to become involved in the Remm development. The Remm development turned out to be the biggest single loss that the State Bank suffered. There is no doubt that the Government was responsible for encouraging the bank into high risks growth.

I am also concerned that a lot of this was happening within a culture, which still exists in our South Australian financial institutions, I believe even to this day, with some of the other games being played by the institutions. We have the State Bank setting up a branch in Hong Kong for the prime purpose of avoiding the scrutiny of the Bank of England. It is also setting up a branch in the Cayman Islands, with the prime intention of avoiding taxation, particularly via the United States. There is the setting up of a massive web of off balance sheet companies. We have seen the SGIC getting involved in those same sorts of growth games, and even SAFA, which has not as yet been under full parliamentary scrutiny, although certainly questions have been asked about it, has been involved on the edge of all sorts of schemes, which I see as being highly questionable in terms of setting up tax avoidance schemes of one sort or another in various countries. New Zealand had to change its tax laws after one little scam was set up by SATCO in New Zealand to raise a bit of money to keep the mill going at Greymouth.

There is this whole culture of funny games being played, and the State Bank was part of that culture, a culture which the Treasury was clearly aware of and

which the Treasurer should have been aware of, and quite clearly, it was unsatisfactory. I believe that the Government stands condemned for encouraging the bank into high risk growth. On the question of manipulating interest rates, the Royal Commissioner makes it quite plain that he believes that in relation to the 1985 and 1989 State elections, and the 1987 Federal election, interest rates were held down and that the purpose of holding them down was to be to the Government's electoral advantage. It is not made clear in the report who else knew besides the Treasurer. One would assume others did, but one does not know. As I read the report, it is silent on that matter.

The Hon. I. Gilfillan: It gives us cause to wonder, though, even now.

The Hon. M.J. ELLIOTT: It does give us cause to wonder. As I said, the royal commission does not cast an opinion. Certainly the Government gained, but whether the Government knew is something that has not been clarified. On the question of breaching the State Bank Act, the royal commission makes it quite plain that section 22 was breached. I do not need to go reading sections of that, but the commissioner once again establishes that. In terms of the final question of gross financial incompetence and negligence, I think $3.125 billion probably just about speaks for itself. But I would also suggest that that gross financial incompetence and negligence is really a summary of everything that has been covered so far—the fact that there was a bank growing out of control.

The royal commission itself notes that by 1987, and certainly by 1988, that rate of growth should have been noted. The fact that the bank, which had originally arranged to have $150 million in finance available over five years, had managed to gobble that up in about 18 months and then ask for another $150 million should have indicated that quite clearly something was amiss. It was growing well beyond any growth forecast that it was producing and continued to grow rapidly and continued to expand when the wheels fell off the stock market, and then continued to expand when the wheels fell off the property market.

How the Treasurer can justify allowing the bank to maintain that sort of pattern of growth when everybody else was starting to pull their horns in just has me beaten. The former Treasurer clearly had the power to intervene. He can argue that at the time of the passing of the Act it was the intention of the Government and the Opposition that the Government should be 'hands off. That is all very well. I have intentions about the way I raise my children and perhaps I am not going to yell at them.

The Hon. Diana Laidlaw: Hands off there.

The Hon. M.J. ELLIOTT: I might say I am not going to yell at them, but if I saw my child walking into danger I would probably change my rules very quickly and yell out, 'Watch out!' The State Bank Act clearly gave powers to the Treasurer under section 15(3) and (4). It has already been argued that the warning signs were there for a long time. If the warnings are there and one has the power to do something about it, then I think one has a responsibility to act in the same way as a responsible parent would suddenly quickly change their rules if they saw their child in danger.

The Hon. C.J. Sumner: You are not saying that he deliberately ignored them, are you? That is a bit over the top. Why would someone deliberately ignore them?

The Hon. I. Gilfillan: You can be culpable by omission, by negligent, careless omission.

The Hon. M.J. ELLIOTT: If I might respond to the interjection—

The Hon. C.J. Sumner: You are not suggesting that he actually deliberately ignored what were credible warnings, because—

The Hon. Diana Laidlaw: Well, he did.

The Hon. C.J. Sumner: Just a minute—

The PRESIDENT: Order!

The Hon. C.J. Sumner: Of course he couldn't have done that. I mean that is just ludicrous. No-one would do that.

The PRESIDENT: Order! The Hon. Mr Elliott has the floor.

The Hon. M.J. ELLIOTT: I have not at any stage said that I believed that the Premier had deliberately ignored advice. I have said—

Members interjecting:

The PRESIDENT: Order! The Council will come to order.

The Hon. M.J. ELLIOTT: I have accused him of naivety; I have accused him of arrogance; I have accused him of still ignoring advice; whether he did that deliberately or not, I do not think the people of South Australia feel any better—whether he did it out of stupidity or too much trust, or whatever else. The fact is that the warnings were being made and they were ignored. To me, intent is not terribly important. I probably wouldn't give it the death penalty, just life imprisonment instead. It is a question of whether it is murder or manslaughter. I do not believe he murdered the State economy, he just committed manslaughter against it.

The Hon. Peter Dunn: And you let him run free.

The Hon. M.J. ELLIOTT: That is a stupid thing to say 'We have let him run free.' The Treasurer has resigned from the ministry. I would be most surprised if he is in Parliament for much longer, and frankly—and I have spoken to other people outside this place—everyone really wonders seriously what is going to happen to him from now on.

I think he will have a pretty tough time of it. I think that that is the way the cookie crumbles; when one takes on these jobs in politics, one makes a mistake and one pays for it and, unfortunately, he has made a grave mistake that has probably been unparalleled in South Australia's history and he will pay dearly for it. That is the life of politics and politicians, and it has happened to him.

The Hon. C.J. Sumner: Except the Democrats, who are never in Government to put things to the test.

The Hon. M.J. ELLIOTT: Oh well, our chance will come. We can still watch it happening to other people for a while. So, I believe that, to a greater or lesser extent, the six major points that are in the motion (as amended twice) stand, and I believe that a severe censure of the

Government is in order. I might note that, having said all of that, this motion is in many ways the continuation of the very game I was commenting on in Question Time.

If anybody was honest, they would admit that this motion has more to do with forcing an election and the Liberals hopefully getting into Government than it has to do with anything else, and it is really a continuation of the game that goes on in this place. Quite frankly, I think this whole session of Parliament so far has been close to a waste of time, because of the politics of various sorts that have been played, and the people of South Australia have been ignored by everybody in this place, because the games have taken over totally. So, as I said, I support the motion as amended by the Hon. Ian Gilfillan.

Members interjecting:

The PRESIDENT: Order! The Council will come to order. The Hon. Miss Laidlaw.

Members interjecting:

The PRESIDENT: Order! The Hon. Mr Lucas, the Hon. Mr Elliott and the Hon. Mr Burdett will come to order.

Members interjecting:

The PRESIDENT: Order! The Hon. Miss Laidlaw has the floor.

The Hon. DIANA LAIDLAW: Thank you, Mr President.

The Hon. Anne Levy interjecting:

The Hon. DIANA LAIDLAW: No, I will speak to him later, Ms Levy. I support the motion as amended by the Hon. Mr Lucas. The motion censures the Government on a range of matters arising from this State Bank Royal Commission, and it calls on the Government to accept the principle of collective responsibility for the State Bank disaster. It is essentially that matter that I wish to address tonight.

I am keen to contribute to this debate because, unlike Government Ministers and members who have refused to question when the State Bank started to smell at least three years ago and longer, I cannot sit silently in the face of the Royal Commissioner's damning report on the Government's inaction and ineptitude. Yesterday, the former Premier and Treasurer claimed that the report was unduly harsh on him. I think he protests too much and cannot be damned enough for his failure to exercise his responsibility as custodian of taxpayers' money and as Minister responsible for the State Bank. I do not think he can be damned enough by the standards he has set for other Ministers to follow in this State, in terms of accountability. He was always pleased to bask in the glory of any good news. Everybody in this place knows that it was always 'good time Bannon' but now, he runs from the bad news.

I recall a dinner that I attended in mid March 1989, when a friend of mine working in a senior management position for a private bank in Adelaide had to leave early, because that bank was bringing forward its end of financial year assessments to March rather than June, because it was concerned about what was happening not only in this State but across the nation in terms of its accounts, and particularly its bad accounts. That person told me at the dinner that night that I and others should be watching out for what was happening in the State Bank because, while their bank was concerned about many of its accounts, the person made me aware that the State Bank had taken on accounts that this bank had rejected as being far too risky, and that was back in mid March 1989. She told me and I told my Party, and I am aware that she also told others and that it was general discussion within the banking community in this town to watch out for what—

The Hon. C.J. Sumner interjecting:

The Hon. DIANA LAIDLAW: I don't think the Government was listening. That is what I would argue, and that is also what the Royal Commissioner has stat so clearly and so sadly in this report, namely, that it is not the fact that the Government was not informed: it is the fact that the Government was not listening and did not question. I would have thought that anybody in charge of—

The Hon. Anne Levy interjecting:

The Hon. DIANA LAIDLAW: It withholds information if the questions—

The Hon. Anne Levy interjecting:

The PRESIDENT: Order! The Council will come to order. The Hon. Ms Laidlaw will address the Chair.

The Hon. DIANA LAIDLAW: It withholds information; I can understand that accusation, but the right questions are not being asked. I have discussed this at length with my father, who is a former member of this place and a member of a number of boards, and he says over and over again that to be responsible as a member of a board one has to ask the right questions. Well, this Government has not been asking the right questions.

The honourable member and her colleagues would not allow members of boards in the private sector to get away with what the Government tolerates now as a standard with respect to the State Bank. She would not tolerate it in the private sector.

The Hon. C.J. Sumner: Shouldn't the board have asked the right questions?

The Hon. DIANA LAIDLAW: Of course the board should have asked the right questions, and I would never exonerate the board from its part in this. However, that does not mean that the Government, which is the ultimate shareholder and the ultimate custodian on behalf of taxpayers money, should not have been listening to board members who were telling them that things smelt, and they should have been asking these right questions.

It is a very sad day for this Parliament to be debating this State Bank report, but it is a sadder day when this Government and Ministers generally do not believe in accountability. Accountability requires listening, questioning and probing to get the answers, especially when they know from others in the community that things are smelling. They should not just be taking the advice of those who may have something to gain or something to hide from their association with that company or that department.

I thought it was good when I heard the new Premier say right at the outset that he would require Ministers to go out into the community and to listen and speak to people generally to find out what they wanted before they went to their departments to find out what was going on

in their field, because the community is speaking and the Government is not listening. I think that that is demonstrated again in so many of the answers to questions we receive in this place, but also it was certainly demonstrated in this sad saga of the State Bank.

I happen to believe strongly that the Attorney-General is an honest man and a man of integrity. I know that he has fought very hard in terms of company law in this country to ensure that standards and ethics are required of directors and managers in private companies. I am just so sad—

The Hon. K.T. Griffin: It would have been a good time to go to the Commonwealth.

The Hon. DIANA LAIDLAW: It may be that it was the right time to go to the Commonwealth; nevertheless—

The Hon. C.J. Sumner interjecting:

The Hon. DIANA LAIDLAW: Well, you said that, but I know that people with whom I spoke did see that it was the right time to go to the Commonwealth. However, that is a separate issue to the fight. I would also say (and I was remiss in not saying earlier) that I would hold the shadow Attorney-General in the same regard as the Attorney-General: they are men of integrity and credibility who have fought in the private sector to establish standards, which I endorse, for private sector company directors and private sector managers. The tragedy is that the Attorney-General is not insisting that the same standards are required of Government Ministers, and boards and managers in the public sector. I feel that that is the tragedy in this situation. I expect that it places the Attorney in an invidious situation because there seems to be double standards in terms of what is required of the private sector and what is seen as—

The Hon. Anne Levy interjecting:

The Hon. DIANA LAIDLAW: Like hell they are public. Just read the report which you had not had time to read yesterday.

The Hon. Anne Levy interjecting:

The PRESIDENT: Order!

The Hon. DIANA LAIDLAW: You always have a hang up about salaries: this is about ethics.

The Hon. Anne Levy interjecting:

The PRESIDENT: Order! The Hon. Miss Laidlaw will address the Chair and the Minister will stop interjecting.

The Hon. DIANA LAIDLAW: It is typical of the Left wing—it gets hung up about salaries, it misses the point, it forgets to question and it forgets accountability. Salaries is one matter. Ethics, accountability and ministerial responsibility are what this is about, yet the Minister cannot even focus on it when she has just received this report, which must be the most damning report that any Government or Minister could have made against them. All the Minister talks about is salaries. Really she is an absolute disgrace and has entirely missed—

Members interjecting:

The PRESIDENT: Order! The Hon. Miss Laidlaw will address the Chair.

The Hon. DIANA LAIDLAW: Attorney, it deserves to be commented on. As I was indicating to you, Attorney, I believe you have fought for ethics and accountability, but you are lumbered by these Ministers from the Left wing who do not even understand the issues.

This information about the State Bank, given to me in March 1989 by senior people in private banks in this State, that it was accepting accounts that other private sector banks in this State would not touch, would have been received by Government Ministers and members, and it should have been passed on to Government Ministers, and certainly to the Treasurer, as I passed it on within my Party.

At the time these questions were being asked, I and my father separately were approached by people associated with the State Bank—by board members and major clients of the bank—telling us to lean on the Party and not ask further questions. We were also told, as my father is a former Treasurer of the Liberal Party, that donations would be withheld from the Party if it continued to ask questions. My father's advice to me—and I did not need it, anyway—was that the questions had to continue to be asked because things did smell; and, if we did not ask the questions, it was clear the Government was not, and we had a duty as representatives of taxpayers in this State to ask those questions.

I received the same representations in respect of the arts. When I asked questions about Tandanya, I was accused of being a racist and told to lay off; when I asked questions about the South Australian Film Corporation I was informed that I was doing untold damage to the film industry in this State. Recently, when I asked questions about the Jam Factory I was accused again of betraying the arts in this State.

However, not once would I have backed down from asking any of those questions because in each case things smelt and in each case the Minister should have been accountable for taxpayers' money, whether or not it was a statutory authority. I would never back down from asking those questions, and I cannot believe that the Government was not asking questions with respect to the State Bank and other authorities. You can pick up the questions as you move around the community, because people are troubled by what is happening in a whole range of statutory authorities.

I hope that a lot will be learnt from this sick story of the State Bank. Being a fan of history, I hope we learn from this exercise. Perhaps we should look at Question Time, as the Hon. Mr Elliott suggested; perhaps we should look at the quality of questions and the answers. I also believe that we should look very strongly at this issue of ministerial accountability at a time when we are corporatising more and more Government agencies. Certainly, my experience with Australian National, a Federal Government agency, and with various other corporatised bodies in this State leads me to be most concerned about how we, as members of Parliament and as the Ministers themselves, are expected to exercise the responsibility under the Westminster system for all that goes on within these bodies.

I think that at present we are allowing so-called public servants to be less than servants of the public and that a great deal more work has to be undertaken to seek

accountability and responsibility from them. I believe we can learn a lot from this dreadful State Bank saga—and there is much we can learn from this report. I hope it is not ignored by the Government as it ignored warning signs about the State Bank.

In respect of the State Bank, I take up the point that was made earlier by the Hon. Legh Davis. That the Government did indemnify and guarantee the bank, notwithstanding the provisions in the Act, requires in my view that the Government should have been even more diligent. When taxpayers' funds are involved we have a responsibility that has certainly not been exercised or seen to be a responsibility by this Government.

A number of private sector banks, with deregulation, have got themselves into one hell of a mess. I know many people who, as shareholders, have paid the penalty for that—but that was their decision to invest and maintain those shares, and it is their responsibility to question. The Government in this instance is the shareholder, and it should have been, as I say, more diligent than it was, on behalf of taxpayers, for this bank and the fiasco that it now finds itself in.

It is with a great deal of sadness, bitterness and anger that I speak to this motion. I fail to believe, as one who supports so strongly the democratic system of Government in this State, that this Government is interested in raw power and not in democracy and giving people the right legitimately to exercise their view and verdict on this matter.

The Hon. BERNICE PFITZNER: I support the motion as amended by the Hon. Mr Lucas. As the newest member of Parliament, my contribution will concentrate not totally on the State Bank *per se* but on the impact that the State Bank debacle has on the community.

Only having been involved in the past two years, I note that there was a time when the whole debate was accelerated in Parliament and in the community. In fact, in October 1990, just after I was elected at a party meeting, two retired State Bank officers came up to me and voiced their concerns over the State Bank, saying that something stinks and that I had to find out. As economics is not my area, I had no idea that there was any problem in our State Bank, but two years after this encounter something really does stink. It is not our State Bank, but more our Government. This censure motion must be stated, as must all the factors that go to support the censure.

The first issue relates to gross financial incompetence and negligence. Our State Bank has lost $3 billion. How a Government can lose that amount of funds when it has the whole of the State from which to choose its financial managers, advisers and monitors is beyond comprehension. It has a board, the staff of Treasury and the staff of the Reserve Bank. All these people in responsible positions must have economic and financial experience and expertise: how could they have failed to communicate to the Treasurer and to this Government at that time that something smells and why did the Treasurer or the Government at that time not demand to know or be made aware that there was something rotten in our State Bank?

If a new member like me can receive such bad vibrations about our State Bank, it is incredible that the Treasurer at that time and the Government did not know that all was not right. The royal commission report notes:

> In February 1990 the economic adviser to the Treasurer recommended to the Treasurer that the Auditor-General should be appointed to investigate and report on the financial position of the Bank...A similar recommendation was made by the Under-Treasurer in September 1990. The Treasurer declined to act on both such recommendations.

This, to me, shows lack of financial competence and negligence. I refer to page 156 of the report, which gives evidence of the lack of financial competence and negligence in stating:

> Treasury was demonstrably uneasy about the bank's progress during this year.

It is referring to 1986-87 and continues:

> When the 1986-87 results were received, Treasury recognised that the 'profit' reported was artificial in the sense that it was a combination of interest on capital and tax, so that the real return on equity was 'virtually zero'.

Mr Prowse had earlier described the issue he raised with respect to the proposed Queensland expansion in April 1987 as a fundamental issue, namely, 'How will it help South Australia?' Justice Jacobs then states:

> There may be an element of hindsight in his evidence, but it is still difficult to understand why these questions were not vigorously addressed at that time. Mr Prowse's explanation was that it was not the role Treasury had been allocated by the Treasurer, and despite Treasury's obliquely pointed thrusts at the Treasurer to stress its distaste for that limited role, the Treasurer did not direct a review of that role...The course of the bank's history would undoubtedly have been different and almost certainly better, had those questions been addressed. Many of the individual matters that have been mentioned carried a message that warranted further inquiry. Taken together, they should have halted or slowed much of the growth, and focused the bank much more on ensuring the quality of its assets. They might also have incited the Treasurer to reconstitute the board, or at least require it to be more rigorous.

I suggest that in not further following up these questions the Treasurer at that time and the Government showed gross financial incompetence and negligence. Secondly, the Government's failure to act on repeated warnings about the operations and performance of the State Bank, which exposed taxpayers to huge losses as the ultimate guarantors of the bank, can be noted in the royal commission's report in relation to charging guarantee fees. In part, the report at page 100 states:

> By a minute dated 30 July 1986 Mr Drowse again raised with the Treasurer the prospect of charging guarantee fees for semi-government instrumentalities... In particular, in relation to the State Bank, Mr Prowse asserted that the Government was in a strong position to insist upon the imposition of the fee... [and] stressed the commercial justification for the proposed fee.

The report continues:

> It is significant that the proposed fee was to be limited to overseas borrowings...Some Treasury officers... were aware of the importance of the guarantee and its potential risk to the Government.

Mr Justice Jacobs states:

In the light of this the failure of the Treasurer and Treasury to consider any measures to protect the Government's liability under the guarantee is a reflection of their general perception of the bank, at least from 1985, as a source of funds (a cash cow) only. There was a blinkered failure to review the Government's position in the face of flashing warning lights.

Thirdly, I refer to the Government's breach of the State Bank Act, which is noted in one of the several examples of the Royal Commissioner's report. I refer in particular to page 153 where it states:

It was submitted to the commission that the accumulation of dividend obligation over a limited period before the obligation was erased in the absence of profits did not qualify the capital to rank as Tier 1 capital...It was the mutual intention of SAFA and the bank to agree on terms which qualified the new capital as Tier 1 capital and if any doubt on that score had arisen, it is reasonable to assume that appropriate changes to the terms could and would have been made. In fact the terms agreed invite the following comments:

The agreement to pay the SAFA dividend from profits before calculating tax was inconsistent with the Act: section 22 dictates that tax is payable on operating profits, and it was inconsistent with the concept of Tier I capital to treat the 'dividend' or return on that capital as a pre-tax cost or expense that reduced the operating surplus upon which notional tax was to be calculated.

The agreement that the return to SAFA would also be deducted from operating profits before the calculation of a dividend under section 22 was also inconsistent with the Act; it removed from the bank and the Government the power to make the decision which section 22 contemplated, namely a commercial decision on the level of dividend to the owner as if the bank were a fully commercial entity.

The contravention of the State Bank Act is to be condemned. Further, the censure of the Government for manipulating the commercial operations of the bank with secret interest rate deals for the political advantage of the Government is to be looked into. An example of this is in the royal commission report. At page 294 it states:

On 13 December 1987 the board considered a paper presented by Mr Paddison dated 11 December 1989 upon which it resolved to increase interest rates from 16.5 per cent to 17 per cent effective from 1 January 1990. The paper contained the following assertions.

This matter was discussed at the board meeting on 28 September 1989. As a result of that discussion and given the sensitivity of the issue in the context of the then forthcoming State election, it was agreed not to increase interest rates at that time…With the State election now completed it is appropriate for the bank to reconsider its housing rate. We have held our rates at 16.5 per cent for approximately five months longer than our major national operating bank competitors. This is causing us to forgo approximately $300 000 of interest per month. In the current profit environment and with little immediate prospect for a further fall in interest rates, it is considered essential that we achieve market parity immediately. Interest funding costs are not dropping and home loans are currently being written at a marginal loss to the bank...Although the minutes cannot of themselves be held to bind Mr Bannon to the bank's version of the events, there is ample support in the evidence of the contemporaneous events for the substantial accuracy of the minutes.

I remember well the election of 1989. At that time I was campaigning as a candidate in the Labor heartland of Price. The Liberal candidates of the 1989 election would have certainly been advantaged if the interest rates were raised at that time and had they known of it.

Fifthly, in relation to the East End project, the royal commission report comments on the East End Market Company Limited, and I quote from its report at page 140, where it states:

The East End Market Company Limited. In May 1988, BFC entered into a joint venture with Emmett Construction Group to acquire the East End Market Company Limited. Approval for the acquisition was given orally by the Treasurer, through Mr Ruse, after a verbal request by BFC requesting urgent approval was received... The letter also specified BFC and Emmett's intention to 'rapidly proceed to develop' the site. No analysis of this joint venture was carried out by Treasury, nor sought by the Treasurer. The Treasurer was reportedly anxious only that the development should proceed without further delay. The structure of the joint venture was very complex but the total outlay by BFC in the way of equity investments in, and loans to, the joint venture company was more than $30 million... We now know that the proposed development did not proceed, and proved to be one of the tentacles around the neck of BFC, slowly strangling it to death, and materially contributing to the downfall of the other joint ventures.

Mr Justice Jacobs continues:

What is significant however is the Government's ready and unquestioning acquiescence in such forays by BFC into property development at a time when economic forecasts were sounding notes of caution without knowing, or seeking to know, the extent of BFC's involvement in the property development.

This high risk loan is to be condemned. On the topic of misleading Parliament, again there are not a few of these examples in the royal commission's report. One example, and I quote from *Hansard,* states:

I am quite satisfied that the bank is conducting its financial affairs in the appropriate way. I have no information to the contrary.

Mr Bannon said that in the House of Assembly on 4 December 1990. Quoting further from *Hansard,* Mr Bannon, in the House of Assembly on 13 December 1990 said:

I believe that the bank and its Managing Director are doing their best in difficult circumstances to ensure that the bank remains active and successful...I have no reason to have a lack of confidence in those who are handling the bank's affairs. I simply want them to get on with it and do the best job that they can for South Australia.

The facts which are established by the royal commission are that by this time the former Treasurer knew that the relations between the board and Mr Marcus Clark had broken down completely and that there had been moves to have Mr Clark dismissed. The facts as established by the royal commission are at variance to the verbal reassurance of Mr Bannon as recorded in *Hansard*. I would say that Parliament was not given the true picture, and one could say that Parliament has been misled.

Examples from the royal commission's report in support of each of the factors in the censure motion go to show that there is some validity in all these claims. However, as I previously stated, I am no economist but

one who is acutely aware that when you lose $3 billion something has got to give. The areas which have suffered, for which the Government is fully responsible and for which the Government cannot be forgiven are in the area that I know well, that is, of community services and health. First, in relation to community services, this Government had a fair track record in this area to date, but no longer. The inevitable cuts in these areas have led and will lead to unhappiness, suffering and distress.

Family and Community Services has a major input into child abuse and child protection. Previously its staff was fully stretched in performing its arduous and mostly excellent work. However, with our State Bank loss and the Government's payment of this loss, reduction in staff is a foregone conclusion. We have evidence of this backlog and waiting list of these children to be assessed. I understand that 600 to 800 cases have been closed in one region due to lack of staff. What is to happen to the clients who are calling for help? There is a child protection unit that is understaffed and, with an increase of 30 per cent of referrals for child abuse, how long can the staff carry on? As we have been informed over a 10-month period, the unit at the Women's and Children's Hospital has seen over 200 physically abused and 800 alleged sexually abused children. This is an epidemic—as has been described by the newspapers. Could this increase in abuse be due to the economic depression to which our State Bank has made a contribution?

FACS is also involved in providing help for mentally and physically disabled children through its special units. These units have been reorganised or amalgamated with units that service children with emotional disabilities. The parents in these special units of FACS were mainly foster parents, and they were most dissatisfied with the changes that meant less workers' time to help them with the difficult management of these children.

I refer now to the Intellectually Disabled Services Council. This service is in confusion. In an attempt, I suspect to economise, IDSC is now to be under FACS and no longer under the South Australian Health Commission. It now does not know to which department it is responsible. I have asked questions in this Council regarding it, but, like most of the questions, there have been no answers. The intellectually disabled children under IDSC will, no doubt, be disadvantaged in this confusion and cutback.

The Hon. C.J. SUMNER: With respect to the honourable member, the structural arrangements that exist within Government seem to me to be of absolutely no relevance, even drawing the longest possible bow, to the motion before the Chair.

The PRESIDENT: Are you taking a point of order?

The Hon. C.J. SUMNER: Yes.

The PRESIDENT: You are doing better than I am: I must say that I have trouble hearing the honourable member.

The Hon. BERNICE PFITZNER: I was saying from the outset that I would speak about the bank and then about the impact that this debacle has had on the community, and I am now giving some examples of how the community has suffered.

The Hon. C.J. Sumner: There is nothing about that in the report.

The Hon. BERNICE PFITZNER: It has to do with the report.

The PRESIDENT: It is a long bow, but I do not think that it is out of order at this stage. The motion is relevant to the State Bank report, and the effects of the State Bank report are probably what the honourable member has in mind.

The Hon. C.J. Sumner: We are talking about rearrangements of the Government. They have nothing to do with it.

The PRESIDENT: I am prepared to let the honourable member explore a bit further.

The Hon. BERNICE PFITZNER: In the Child, Adolescent and Family Health Service (CAFHS), the service for which I used to work, there is to be a closure for two weeks due to lack of funding which, most probably, is due to the State Bank debacle. In my 10 years of service, there has never been a closure of clinics in this children's service. In relation to child assessment units, there are three units that assess children for multiple disabilities. There has been a decrease in services in the unit at the Women and Children's Hospital and in the unit at the Flinders Medical Centre. This is probably due to the State Bank debacle. I understand that these units will be revived with an injection of some funds but that these funds are not yet available.

An honourable member interjecting:

The PRESIDENT: Order! I have allowed the honourable member to go on. I presume that what she is trying to assume is that the State Bank fiasco has caused a shortage in Government spending. She is assuming that, but there is still an amount of relevance in it.

The Hon. C.J. Sumner: Not much.

The PRESIDENT: Not much, but the honourable member can continue.

The Hon. BERNICE PFITZNER: I know that it is hurtful for members opposite to hear of such restrictions in all these community services, because they have always prided themselves on community services.

Members interjecting:

The Hon. BERNICE PFITZNER: I am just explaining why I am saying this. I understand that these units have been waiting for four months for further funding. There is another unit for child assessment at the Lyell McEwin Hospital, but this has been closed. Again, if we had not lost $3 billion at our State Bank, these units would probably still be running. In relation to immunisation, the State health department is offloading this area of service to local government, and there is some report that CAFHS will take on some of this service. However, as yet, no funds are available to CAFHS for this. There is a new vaccine for children under five, which will completely project them from diseases, if we only had some of that $3 billion that was lost from our State Bank. Due to the State Bank debacle, we will not be able to provide this vaccine.

In the health area, we just need to note our hospitals—our 'sick hospitals', as the *Advertiser* calls them. We have closures of wards, of beds and of operating theatres,

and we have longer and longer waiting lists of people in distress, discomfort and even danger. The health system is so run down that the danger signals must be about to be initiated, and I am quite sure that the State Bank debacle has much to do with these closures. These health and community services are in strife due to lack of funds, and our State Bank would have contributed to this.

In closing, it is fitting for me to quote a paragraph of the Royal Commissioner's report that has many medical connotations. The Hon. S.J. Jacobs QC, instead of using dry legal jargon, has used the more emotive medical jargon. It reads as though it has to do with his experience of his recent coronary artery bypass, and I should like to read his quote.

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. Sumner: I have to concede that it has finally become relevant.

The PRESIDENT: It is relevant now. The Hon. Dr Pfitzner.

The Hon. BERNICE PFITZNER: I am sorry that perhaps some of the things I have said may have struck a raw nerve, but I still intend to continue. The report reads:

> Treasury's response to such information thus far reflects, by way of analogy, its perception that the bank had occasional chest pains, thought to be temporary indigestion that could be resolved by the panacea of gentle and reassuring words from the board. Treasury and the Government preferred to keep on enjoying the rich cholesterol-filled cream of increasing cash flows from the bank, when proper medical testing of the bank would have revealed progressive cardiac arterial thickening which was likely to (and did) lead ultimately to a massive cardiac infarction; it would have led to death but for the life support system provided by the taxpayers and massive blood transfusions donated by them which will leave them weakened for many years to come.

I support the censure motion and call on the Labor Government to accept the principle of collective responsibility for the State Bank disaster, and to bring about the circumstances of an early State election, so that the people of South Australia can deliver their verdict.

The Hon. PETER DUNN: I wish to take a quick minute or two to support the amendment of the Hon. Rob Lucas, and there is a very good reason for that. That reason is that I am becoming very tired of having to defend this Government and of having to apologise to the public, because members of the public very often confuse the Parliament with the Government, and there is a large amount of flak everywhere in the bush about this issue. This is an issue that concerns every person in this State. I attended a funeral today with about 500 or more people and, apart from the deceased, the topic most talked about as I walked around was the State Bank and the problems it has caused.

Members interjecting:

The Hon. PETER DUNN: If that is the case, everyone in this Parliament ought to speak about this. First, I want to go into bat for the State Bank itself. Some marvellous people work in the State Bank, and I feel very sorry for them, because they are receiving flowing down to them the heaps of rubbish that are being said about the bank. The people who work in the branches of the bank do not deserve that, because that should go higher up than that—it goes right to this Chamber. Those people in the branches serve the community well.

If we go back in time we will see what good banks the two banks, the State Bank and the State Savings Bank, were to this State and what a marvellous job they did for the homeowner and the rural community. Not many people here would remember that back in the 1930s, when we had the previous depression, the State Bank took up a scheme called debt adjustment. When some farmers got into diabolical strife, the bank took over what was freehold land, converted it, asked the owner to put it back into leasehold land, and then lent the owner the money to cover his debts.

From that time on a number of properties prospered. I have to declare my interest in this, because I have a loan with the State Bank, a small loan on my property, which I hope to pay off on 30 January next year. I think that is the last payment due on that loan. I can say to the Council that I have had excellent service from the State Bank. I started off with the Savings Bank and it was merged with the State Bank in 1982-83. I have had no problems at all with that loan or with the people who have serviced me. They have been courteous and helpful in every way. However, that was not the part of the bank that got us in trouble. In fact, if the bank had stayed in that area of lending to rural communities and lending for home loans in this State, undoubtedly it would not have got into the trouble it is in now.

Certainly the managers and the directors of the bank had illusions of grandeur. To be honest, I think they wanted to travel first class around the world. What were they trying to achieve in New York? Can you imagine trying to complete with the bank of New York or with the Chase Manhattan Bank? It defies logic that a little bank in a little State like this one would try to be a world leader. I am convinced that the only reason they did this was because they wanted to travel first class around the world at the bank's expense.

The Hon. Diana Laidlaw: At the taxpayers' expense.

The Hon. PETER DUNN: Yes, it turned out to be the taxpayers' money. I have said before in this place that the money shufflers of the late 1980s would have their day. I could see that the rural economy had had its day in the late 1980s, when interest rates had gone to 20 plus per cent and farmers were losing very rapidly. I said that as sure as night follows day that would happen here, and it did happen. I can recall saying that I walked past a certain monetary establishment on Greenhill Road and saw the high class cars driving in there although it was not long into the 1990s before I saw them driving in second-hand Holdens and Datsun 120Ys—they had lost the plot. Similarly that is what the State Bank did, and they got anxious about how much money they wanted to raise. They wanted to get their status in the community up. They did not want to be sitting back. As a result, we got the problem we have today.

So, we have to blame the managers and the board and I guess we have to blame in particular the Government, because it selected the board and in turn chose the general manager—and the Treasurer of course had an

overriding influence on it. If we think about this, it means that every member in Cabinet is partly responsible. They all had the choice to say 'I smell a rat, why isn't this being investigated?' The fact is that members of the present Government have no business background and do not know what to look for. If I was going before a court I would want to have someone with some background defending me. Certainly background as far as financial matters is concerned does not manifest itself in the present Government. There is no-one in the Government today who has ever been in business, no-one who has ever borrowed a loan from the bank, gone into business and made a profit. I know that members opposite do not like the word 'profit', but it really is the wages of the people. None of them have ever done this and paid back the loan, and so on. So there is a problem; they do not understand what to look for. I do believe that this relates to lack of experience and lack of knowledge.

When the Attorney replies he will say that they have got rid of the person who we believe caused the problem, that is, the former Premier and Treasurer. But that is not true. The response came from across the Cabinet. If it was not the Cabinet it was the executive. They at least would have known what was going on. I think that the response must come from them, and does not just relate to the sacking of the former Premier and Treasurer. The responsibility lies across the board. In fact, the whole of the Labor Party ought to be out there defending themselves. As I said at the outset, I am sick to death of apologising for you lot. Wherever I go I get nailed. Our name is well and truly mud out there in the community, I can tell you. People confuse the Government with the Parliament and think that I am in the Government and that I ought to be asking questions. Questions certainly have been asked but they have not been answered adequately—and that has been proven in the report.

I am a little disappointed in the Democrats. It was Don Chipp who said that he wanted 'to keep the bastards honest'. I do not know whether they are keeping them honest, considering what they have said today. I think by changing the amendment they are reneging on their original charter. So I did want to put that point—

The Hon. T. Crothers interjecting:

The PRESIDENT: Order!

The Hon. PETER DUNN: —that I think the bank has an excellent record. We certainly should not be heaping rubbish on the people working in the branches of the bank and the general worker in the State Bank has done what I believe is a very good job and provided a very good service. But I think the people further up in the top echelon of it need to be paying back some of that money. A farmer when he loses his farm loses everything—he loses his superannuation and the whole lot. But I do not see that happening with these people in the bank, If it has to come down to the former Premier and Treasurer, so be it. He may have to pay some. But I do believe that those people have a responsibility to make good some of the debt that they incurred. They made the decisions and I see no reason why they should not be required to do that. If one part of the community loses all then I think they have a responsibility to meet the problems that they caused through the decisions that they made. I support the motion as amended by the Hon. Mr Lucas.

The Hon. C.J. SUMNER (Attorney-General): I oppose the amendment put forward by the Hon. Mr Lucas. But in response let me say that I do agree with a number of the things that have been raised by honourable members during the debate. I do not intend to answer all the issues or accusations that have been raised. There is a debate in the House of Assembly at the present time and I am sure that those who are interested in the rhetoric surrounding this issue will have plenty of information from that debate to satisfy their interest.

However, in agreeing with a number of things that have been said, I agree with the Hon. Ms Laidlaw that it is a sad day that we have in this Parliament found ourselves debating a motion such as this after the tabling of the first report of the Royal Commission into the State Bank of South Australia. I also agree with her in that I, too, have a very deep feeling of anger and bitterness at what occurred. Perhaps I can give a personal slant to the matter.

I can assure honourable members that I had absolutely no pleasure in tabling the report in this place with its findings. I had no pleasure in hearing the news about the problems in the State Bank when I heard the extent of them in early 1991. I had no pleasure, and indeed only anger, about the subsequent announcements that had to be made about the problems in the State Bank. I can assure honourable members that Cabinet as a whole was shocked by the news with which it was confronted.

Personally, I am prepared to say that I feel pretty dreadful about what is undoubtedly a fiasco and, I repeat, anger and bitterness about the circumstances and in particular the people who led to the situation.

While to a considerable extent at the moment the former Premier and Treasurer has been and is being blamed for what occurred, I believe that the anger and bitterness should be directed by members of Parliament and by the Government to those who were initially responsible in the bank, the management of the bank, the head of the management of the bank, Beneficial Finance and the board of the bank. It is they who made the decisions basically that led us to this position.

It is true, and it is fair comment, certainly in the light of the report of the royal commission, that Mr Bannon, former Premier and Treasurer, should have seen the signs earlier, perhaps in early 1989, and taken more action than he did. However, although the bank's growth did continue after that, by then many of the decisions, the acquisitions and the loans had already been made, and it would have been too late to deal with those, although I concede that earlier intervention could have contained the problem to some extent.

While I am on a personal point of view—perhaps a selfish one on this occasion—it does not give me any joy to know that I have worked hard as a Minister in this Government over the past 10 years, with perhaps some success in some areas of my portfolio, then to find what achievement there has been or viewed to have been during my tenure as Attorney-General to be overwhelmed

by the disaster that has befallen us through the State Bank.

I guess there is no room for sentiment in politics, but I think that is a feeling to which I am entitled. In a more general but still personal way, I have asked myself whether I could have done more: whether I personally could have done anything to prevent the situation that occurred.

The Hon. I. Gilfillan: Were you aware of the sense of being a guarantor?

The Hon. C.J. SUMNER: The situation with the guarantee was, as the former Premier said in his evidence, that no-one envisaged that there would be a situation so disastrous that the guarantee would be called upon. The Savings Bank of South Australia had a guarantee for all its existence, and there was not a sense during that time that the guarantee would be called on. However, the question—

The Hon. K.T. Griffin: Not even in the 30s; you're right.

The Hon. C.J. SUMNER: No, exactly, not even in the 1930s; you are quite right. So, one has to ask the question—and I have asked the question myself, continuing the personal theme about this matter—whether I could or should have done more to deal with the situation but, as I said today, I was not aware of the situation in the bank.

Certainly, some issues had been raised about it at the political level. I was not the Treasurer and it was not my direct responsibility. The reality is that, as a Minister with a fairly wide range of portfolios and extremely busy, one has to concentrate on one's own areas of responsibility and try to do them to the best of one's ability, and that is what I attempted to do. In doing that, it seems that I did not become aware of the situation that was developing in the bank. I do not know whether I could have done any more; I was not aware of the situation and, to be fair to the former Treasurer, he was not aware of the extent of the problem.

Much has been made about warning signs and warnings that had been given, and I can tell the Council (whether or not it believes it) that the extent of those warning signs has been exaggerated in hindsight. It is also true, however, that the business community was not aware, and members' contributions today have confirmed and corroborated that, because a couple of speakers on the Liberal Party side said that they were approached by the business community to stop asking questions about the bank.

The Hon. Diana Laidlaw interjecting:

The Hon. C.J. SUMNER: Well, I do not think that is true, because the general business community—those people who were approaching the Liberal Party about querying the State Bank—believed that the State Bank had made and was continuing to make a significant contribution to the economic health of this State. So they—

An honourable member interjecting:

The Hon. C.J. SUMNER: Just let me finish, will you? That happens to be the situation, so it is all very well in retrospect and hindsight now to say there were warning signs and that the Liberal Party had warning signs, but I say that there were a lot of people in the business community who were telling the Liberal Party to lay off the bank. Obviously, they were doing that because they saw that the State Bank had made and was making a contribution.

The other thing, when I have tried to examine my personal responsibility in this matter, relates to the point raised by the Hon. Mr Elliott, which I think was the most perceptive point in the general area of the debate about this matter—the most perceptive point that has been made in it (and my point relates to his point)—regarding the adversarial nature of our political system.

While this crisis was developing, apart from my regular duties as Attorney-General and being responsible for other portfolios at the time, I was also dealing with very serious allegations which had been made about me and which put an enormous pressure on me, my family and the work that I was doing. That arose, not because of any genuine accusations that had been made, but because of the adversarial nature of our political system and because I was considered by the Opposition to be fair game to be attacked.

So, for two years, while all this was going on, apart from my regular duties, I was involved in that fairly unpleasant situation. That arose out of the nature of the adversarial system that we have. So, from a personal point of view, one asks that question. I do not know; I guess one has to resolve it in favour of saying that I could not have done any more; I was not informed. Nevertheless, in situations like this, from a personal point of view, one has to ask the question.

The Hon. I. Gilfillan: What about home loan interest rates?

The Hon. C.J. SUMNER: Well, I have answered that before and I am not going into that. The report makes it quite clear that Cabinet was not involved in those decisions. The question about the 1989 interest rate position has been answered here previously and I do not want to go into it; 1987 was a Federal election and the report makes it pretty clear that it was the former Premier and Treasurer; and there were no formal documents, as I understand it, relating to the 1985 decision, either.

The fact of the matter is that the end result is that there has been a $3 billion loss to the State Bank which has been added to the State debt. Whether or not I feel that I have to take any personal responsibility for that, the fact of the matter is that the Bannon Government generally has to take political responsibility for it, and the former Premier and Treasurer has to bear some of the personal responsibility for it, in accordance with the report of the Royal Commissioner.

The question about accountability needs to be seen in that light. As I said before, whether there will be collective accountability for the whole of the Arnold Government on this issue is a matter that has to be determined in the electoral process. As the Hon. Mr Gilfillan said, the Liberal Party will get its chance to put that to the test at the next election. In the meantime, the conventions of accountability have been complied with.

The personal responsibility which the former Premier and Treasurer has in this matter has been recognised by him, by the Government, and he has resigned. So, it is

not a question of the Government all having to resign to give effect to an accountability principle: that will be determined at the next election. The accountability principle has been met—and this is in accordance with all conventions—by the responsible Minister resigning. I think the debate on that point has miscued with members opposite in the sense that they have called for the resignation of what is a new Government with a new Premier, albeit with a number of personnel being the same.

With those few personal remarks I would now like to make one or two comments about the general situation. The Hon. Mr Davis took me to task for referring to today's *Australian Financial Review.* It is interesting to note that, while the *Advertiser* quite rightly concentrated on the State Bank situation in today's headlines, the *Australian Financial Review,* being a national paper, has as its major headline 'ANZ's $1.9 million fiasco worst loss in a century'. There is a similar situation with Westpac—news about which we have had in the past.

So, what has happened with the banking system—Westpac, ANZ, State Bank and others—has been as a result of the growth which occurred in this area during the 1980s, namely, the inflated share and property values and the crash which occurred in those areas as a result of the recession. So, what has happened to the State Bank, perhaps in a larger measure than some of the other banks, has been common around Australia.

The Hon. L.H. Davis: Not of this magnitude—nowhere near it.

The Hon. C.J. SUMNER: I have just said that. It is interesting to note also that the Commissioner recognises that in his report. In his summary, his brief concluding commentary, you do not have to look very hard for it. You just have to look at page 391, which no doubt the Hon. Mr Davis did not bother to look at, where he says:

> There is no doubt that external economic factors beyond the board's control made a significant contribution to the bank's adversity.

They were identified in evidence as high inflation, entrepreneurial ethic, a nationwide boom in property and tourist development, the stock market crash of 1987, volatility of interest and exchange rates and two periods of very high interest rates. He concludes (and I think this is important in putting the whole thing in perspective):

> These matters have not been overlooked or ignored by the commission in reaching its conclusions.

I think it is also worth looking at what the expectations of the bank were when the legislation dealing with it was passed in 1983. Some people have criticised the bank and its management, obviously quite rightly in retrospect, certainly as to the extent to which they did it, of having gone international, having made acquisitions overseas and so on.

The Leader of the Opposition, the now member for Navel, in the debate in 1983, when supporting the creation of the State Bank, was also supportive of the bank embarking on a period of growth, and said:

> Following a worldwide trend for banks to increase in size, market share and size are extremely important in the Australian banking sector.

The member for Hanson, who is a former banker and was very enthusiastic, no doubt as we all were at that time, wanted the bank to embark on a worldwide expansion. So it was not just Mr Marcus Clark or the board: it was even the member for Hanson.

The Hon. L.H. Davis: It was Heini Becker's fault?

The Hon. C.J. SUMNER: No, not his fault. I am merely referring to this to indicate that there were certain expectations. Mr Becker said:

> Certainly it is very important for the bank to retain a London office. Hopefully sometime in the future there could be justification for branches of the bank in California on the West Coast of America—

I think that is one place it did not go to—

> and who knows, even on the East Coast—

where it did go to—

> Possibly branches could also be established in Malaysia, Singapore and Japan.

I am not doing that to be offensive to the member for Hanson.

The Hon. L.H. Davis interjecting:

The Hon. C.J. SUMNER: It is not a long bow. What I am trying to say is that when the bank was established in 1983 there were certain expectations that its nature would change, that it would be more aggressive, that it would grow and, in some people's minds, that it would engage in activities overseas. I think that needs to be borne in mind when talking about this fact.

Undoubtedly, there has been financial mismanagement in the bank. One has to say that without a shadow of doubt, and that is part of the reason for the anger that I expressed earlier. I think it is also worth noting, to put some balance into it as far as the former Premier and Treasurer is concerned, that the Royal Commissioner specifically acknowledges that, when Mr Bannon said that he had been let down by those in whom he had placed his trust and confidence:

> The evidence unequivocally places the board and Mr Clark in that category and leads to a possible inference that the category may also include the Under Treasurer.

So, the Royal Commissioner agrees that Mr Bannon was let down. Members opposite have referred to the negatives, and that is fine—I am not going to repeat them. I am merely making one or two other points to try to put some better perspective on the debate in conclusion, which I hope to do shortly.

I would like to make a couple of general points which I think are worth remembering for everyone. No matter what structures you establish in Government or in the private sector you cannot overcome getting the wrong people in the jobs. Governments, Ministers, and I suspect boards of directors and shareholders, are very much dependent upon their success by the Chief Executive Officers that they select, by the people whom they have doing the job for them.

Ministers cannot do the whole job—they have to rely on public servants to do a good job. If they let you down, then you will be let down. There is little doubt in this case, as I said yesterday in my ministerial statement, that one of the major errors made in retrospect was appointing a person such as Mr Marcus Clark to this job.

The Hon. Diana Laidlaw: Or reappointing him.

The Hon. C.J. SUMNER: Or reappointing him. Yet, he was selected by proper process, which involved Spencer Stewart, a group of headhunters. He was interviewed by people who one would have thought had some experience and knowledge in these matters such as Professor Keith Hancock from Flinders University, Mr Adrian McEwen and Mr Maurice (now Justice) O'Loughlin. He was chosen without any intervention by the Premier, Treasurer or the Government.

The Hon. R.I. Lucas interjecting:

The Hon. C.J. SUMNER: No. He was chosen as Chief Executive Officer. Mr Bannon was then approached to see whether he would agree to Mr Marcus Clark being on the board as that was one of the conditions that he placed on his acceptance of the offer being made to him. However, he was chosen by that group.

In retrospect and with hindsight (and I am not getting into them), I am simply saying that I do not think that there is any doubt that anyone who looks at it has to come to the conclusion that one of the fateful decisions in the whole business was the appointment of Mr Marcus Clark to the position of Chief Executive Officer of the bank. Yet, as members know, he was very widely and highly regarded by the South Australian community. Indeed, the *Advertiser* of 31 August, I think 1988, in talking about the Remm project stated:

> One of the happiest aspects of the project, after the developers reported difficulties getting finance, is that South Australia's State Bank, headed by Mr Tim Marcus Clark, who has recently done much to stimulate the development debate, came to the front by tying together its largest funding package yet for Remm. The financial go-ahead for this project from statistical reports of the recent boom in non-residential development in Adelaide are signs of confidence. This is something we all need to develop.

We can all also be wrong, including the *Advertiser*. However, I make the general point, which I think is worth bearing in mind, that, whatever structures one establishes in Government or in the private sector, it is of critical importance to get the right people in the job and it is clear that we did not get the right person in that job at that time.

The next general point I make with regard to structures and personalities being important is that if you really look at this issue in any depth you could come to the conclusion that in South Australia serious questions must be asked about getting people to run businesses which can be competitive around Australia and internationally and make profits because one could see the State Bank as being a natural progression of the problems that we have seen in the private sector in South Australia over the past couple of decades or so, where we have not been able to maintain our financial position in Australia. We have seen the loss of some significant companies such as Elders and the collapse of the Bank of Adelaide and its finance company and that was not the fault of the Government but rather of the entrepreneurial class (for want of a better word) in South Australia.

The Hon. L.H. Davis interjecting:

The Hon. C.J. SUMNER: I am not saying that it was not a loss, but the fact was that it led to a takeover of that bank in South Australia. I am simply saying that the other general point that must be made (I do not want to be too critical about it) is that essentially private sector managers were running the State Bank. They were not Government bureaucrats but rather private sector managers essentially, with Mr Marcus Clark being picked from interstate, a wealthy businessman who had been involved in Westpac. The other people in the State Bank were also essentially private sector managers. I make the general point that difficulties are experienced in South Australia in getting people to manage these organisations. Members opposite would also find if in Government the difficulty in getting people to serve on the boards of statutory authorities. That general point needs to be borne in mind.

The other general point I make relates to what the Hon. Mr Elliott said and it was one of the most perceptive comments made during the debate. He stated that the adversarial system that operates in this Parliament must take some responsibility for what has happened. It is regrettably true that Governments discount what the Opposition says in the Parliament because they know that for a good bit of the time what they are saying or raising is not true—

Members interjecting:

The Hon. C.J. SUMNER: That happens to be the case. So, Governments discount criticism that comes from the Opposition when in office—

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: —because members opposite cry wolf too often. They come into the Chamber and make a whole lot of accusations about all sorts of things and, in a large number of cases, there is absolutely nothing in it.

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: I could go through a number of issues.

The Hon. L.H. Davis interjecting:

The PRESIDENT: Order! The Hon. Mr Davis will come to order.

The Hon. C.J. SUMNER: I happen to be agreeing with the Hon. Mr Elliott on this point. The Hon. Ms Laidlaw raised the name of her father in the debate—a former colleague of mine in this Chamber in the late 1970s. I venture to suggest that, had he been in this Chamber when these problems occurred, the level of communication that would have occurred on a bipartisan basis between the Opposition and the Government would probably have been a lot better than occurred over this matter. The Hon. Mr Davis said that he got information.

What did he do? He gave it to the Opposition in the House of Assembly.

The Hon. L.H. Davis interjecting:

The Hon. C.J. SUMNER: Of course they asked questions.

The Hon. L.H. Davis interjecting:

The PRESIDENT: Order! The Hon. Mr Davis will come to order.

The Hon. C.J. SUMNER: Had he felt so genuinely concerned about the issue, perhaps he might have, with the Hon. Mr Gilfillan, come to the Government or to me and said, 'Look, you people should start taking this issue

seriously.' The fact is that it became a political football and that is exactly the point that the Hon. Mr Elliott is making. You were raising the criticisms in the Parliament, and were not taking them up seriously with the Government, and in any event—

Members interjecting:

The PRESIDENT: Order!

The Hon. C.J. SUMNER: In any event because of the Opposition's behaviour in this Council by raising issues of no substance and—

Members interjecting.'

The PRESIDENT: Order!

The Hon. C.J. SUMNER: —by taking up issues such as attacking me in an adversarial atmosphere meant that the levels of communication in this Parliament about this issue were severely distorted. I have absolutely no doubt whatsoever that had the Hon. Ms Laidlaw's father been in this place (as he was between 1975 and 1979, or thereabouts) when this was occurring you can bet your bottom dollar that there would have been some decent communication emanating from the Opposition with the Government—

Members interjecting:

The Hon. C.J. SUMNER: That may well be right but had he been there—

The Hon. L.H. Davis interjecting:

The PRESIDENT: Order! The Hon. Mr Davis will come to order. He has had his opportunity.

The Hon. C.J. SUMNER: I am saying this, that there were communications with him, for instance, over the Santos Bill. Had this issue arisen in this Parliament when he was here I have absolutely no doubt that there would have been serious discussions about it, and because he was a person of substance with some credibility in the community the Government would have taken notice, but as soon as it became a political football in the adversarial atmosphere—

The Hon. L.H. Davis interjecting:

The PRESIDENT: Order! The Hon. Mr Davis will come to order.

The Hon. C.J. SUMNER: —then there was a discounting of the issues that arose from the Opposition. That is the point—

The Hon. L.H. Davis: What are you arguing—

The Hon. C.J. SUMNER: I am not trying to say that the Liberal Party is exclusively to blame for this.

The Hon. L.H. Davis interjecting:

The PRESIDENT: Order! The Hon. Mr Davis will come to order. I am warning the Hon. Mr Davis.

The Hon. C.J. SUMNER: In fact, what the Hon. Mr Davis is doing, I would have thought, is demonstrating exactly the point that I am making: that you cannot come into this place and make a serious contribution about anything because what you get is the Hon. Mr Davis, the Hon. Mr Lucas and others sitting on the back bench and continuing to interject and yell and scream and bicker, and that is the point the Hon. Mr Elliott was making. It was the most perceptive point that was made during the debate.

The Hon. I. Gilfillan: You have to have two to make—

The Hon. C.J. SUMNER: Absolutely, I agree. I am not arguing about it, saying one side or the other. I agree entirely. I was confirming the point made by the Hon. Mr Elliott. I am not suggesting it is the Liberal Party's fault; that is stupid. What I am suggesting is that there is a problem in a Parliament which operates completely on an adversarial basis, which is what this Parliament has done more and more in the past 10 years, certainly much more than it did when I first came into it. I think that is a systems failure and a problem with the democratic process as it operates in this State. You can believe it or not, Mr Davis, but it happens to be a fact.

The final point I want to make is that there has to be a debate over the future of statutory authorities in this State and the controls that apply and that may at one level develop into the extent to which Government should own statutory authorities or commercial enterprises. The debate will go from there right through to the nature of controls that need to exist on statutory authorities. The Government intends to embark on that debate next week by the introduction of a public corporations Bill and it will deal with issues of accountability of statutory corporations. It will be laid on the table until Parliament resumes next year, and I would hope that the Parliament and the community can have a sensible debate and put some structures in place which will assist to ensure that problems which arose with the State Bank do not occur again.

The Hon. R.I. Lucas's amendment carried.

The Hon. I. Gilfillan's amendment to paragraph I carried.

The Hon. I. Gilfillan's amendment to proposed new paragraph V carried.

The Hon. R.I. Lucas's new paragraph VI negatived.

The Hon. I. Gilfillan's new paragraph VI carried.

The Council divided on the question that all remaining words after paragraph VI moved by the Hon. R.I. Lucas stand part of the motion:

Ayes (10)—The Hons J.C. Burdett, L.H. Davis, Peter Dunn, K.T. Griffin, J.C. Irwin, Diana Laidlaw, R.I. Lucas (teller), Bernice Pfitzner, R.J. Ritson, J.F. Stefani.

Noes (11)—The Hons T. Crothers, M.J. Elliott, M.S. Feleppa, I. Gilfillan (teller), Anne Levy, Carolyn Pickles, R.R. Roberts, T.G. Roberts, C.J. Sumner, G. Weatherill, Barbara Wiese.

Majority of 1 for the Noes.

Question thus negatived; the Hon. R.I. Lucas's amendment, as amended, carried; motion as amended carried.

MOTOR VEHICLES (WRECKED OR WRITTEN-OFF VEHICLES) AMENDMENT BILL

The Hon. BARBARA WIESE (Minister of Transport Development) obtained leave and introduced a Bill for an Act to amend the Motor Vehicles Act 1959. Read a first time.

The Hon. BARBARA WIESE: I move:

That this Bill be now read a second time.

The purpose of this Bill is to amend the Motor Vehicles Act to require insurers of motor vehicles, members of the motor trade, auctioneers and private owners, to advise the Registrar of Motor Vehicles when a vehicle is wrecked or written off. The amendment will prohibit ownership transfers of a wrecked or written-off motor vehicle without an inspection to verify the identity of the vehicle.

This proposal is aimed at reducing the incidence of stolen vehicles being registered with false identification obtained from wrecked and written-off vehicles.

Where the Registrar has recorded a vehicle as wrecked or written off the vehicle will be subject to an inspection if any subsequent application for transfer or re-registration is submitted. The inspection will primarily be aimed at identifying stolen vehicles which have been given a new identity by using the compliance plate or vehicle identification number from a wrecked or written-off vehicle. A secondary aim will be to ensure that any wrecked or written-off vehicle which has been repaired and is to be re-registered, is roadworthy.

Notification of some wrecked and written-off vehicles and the recording of these vehicles on the Register of Motor Vehicles commenced in January 1991. The information is currently provided to Motor Registration by some insurance companies on the basis of a voluntary agreement. Not all insurance companies are a party to this agreement and some insurers who are party to the agreement have not complied with the agreement. There is currently no requirement or agreement for notification of wrecked and written-off vehicles by members of the motor trade, auctioneers or private owners.

Vehicles that are currently recorded as wrecked or written off are required to be inspected for two purposes. First, an engine number check is undertaken by a police officer and, secondly, a roadworthiness check is undertaken by a Department of Road Transport inspector.

To minimise inconvenience and cost it is proposed to introduce new procedures that will reduce the need for two inspections. Under this proposal an initial engine number inspection will be undertaken with a subsequent roadworthy inspection being requested only if deemed necessary by the inspector.

A training program for police officers involved in vehicle inspections has been introduced as a means of improving the detection rate of stolen vehicles.

The amendment to the Act contained in this Bill has the potential to reduce vehicle theft and may lead to vehicle safety benefits.

I commend the Bill to honourable members.

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

Leave granted.

Explanation of Clauses

Clause 1: Short title—This clause is formal.

Clause 2: Commencement—This clause provides for the measure to be brought into operation by proclamation.

Clause 3: Amendment of s. 22—Registrar may require applicant to supply information—Section 22 currently empowers the Registrar of Motor Vehicles to require an applicant for registration of a motor vehicle or for a permit to provide evidence by statutory declaration or otherwise as to any facts that affect the fee for the registration or permit or payment for insurance in respect of the vehicle. The clause amends the section so that the power to require evidence extends to any matter in relation to which information is required to be disclosed in applications for vehicle registrations or permits.

Clause 4: Amendment of s. 24—Duty to grant registration—Section 24 currently allows the Registrar to refuse to register a vehicle pending investigations as to the correctness of particulars disclosed in the application or examination of the vehicle as to its roadworthiness. The amendment is designed to make it clear that vehicle examinations may also be conducted to verify information disclosed in the application or information disclosed as a result of a requirement of the Registrar under section 22 (as proposed to be amended by clause 3).

Clause 5: Insertion of heading before s. 44—This clause inserts a new heading (Duty to Notify Alterations or Additions to Vehicles) before section 44 to make it clear that section 44 does not operate only in connection with the amount of registration fees.

Clause 6: Amendment of s. 44—Duty to notify alterations or additions to vehicles

This clause adds a definition of 'alteration' allowing regulations to be made including in the matters of which the Registrar must be notified the wrecking of the vehicle or the disassembling of the vehicle or part of the vehicle for salvage. A consequential amendment is made to subsection (3) to make it clear that notification of alterations or additions to vehicles may not necessarily result in an additional amount becoming payable in respect of vehicle registration.

Clause 7: Amendment of s. 54—Cancellation of registration and refund—The clause amends section 54 so that an application to the Registrar by the registered owner of a vehicle for cancellation of the vehicle's registration must be made in a manner and form determined by the Minister (as in the case with other applications relating to vehicle registration).

Clause 8: Insertion of new s. 55a—Cancellation of registration where information provided by applicant was incorrect—Proposed new section 55a empowers the Registrar to cancel a vehicle registration if satisfied that information disclosed in the application for registration or an application for transfer of the registration, or in response to a requirement of the Registrar, was incorrect. This new provision would enable cancellation in respect of stolen vehicles otherwise than under section 54 which requires application by the registered owner. Provision is made for a refund of the registration fee in appropriate cases as, for example, where a person registered as the owner of a stolen vehicle was unaware that the vehicle had been stolen and that he or she was not the true owner of the vehicle.

Clause 9: Amendment of s. 58—Transfer of registration—Section 58 currently requires the Registrar to transfer a vehicle registration on due application and payment of the transfer fee and stamp duty (if any). The clause amends this section so that the Registrar may—

(a) require evidence supported by statutory declaration as to any matter in relation to which information is required to be disclosed in the application;

(b) refuse to transfer the registration pending investigations (including examination of the vehicle) to verify information in the application or evidence provided by the applicant in response to a requirement of the Registrar,

and

(c) refuse to transfer the registration if satisfied that any such information or evidence is incorrect.

Clause 10: Amendment of s. 139—Inspection of motor vehicles—This clause makes an amendment that is consequential on the amendments allowing investigations and vehicle

examinations for the purpose of verifying evidence provided by an applicant in response to a requirement of the Registrar.

Clause 11: Amendment of s. 145—Regulations—This clause adds a new regulation-making power allowing registrations to be made requiring persons of a specified class to notify the Registrar of specified matters relating to any motor vehicle (whether registered or unregistered) that is—

(a) written off as a total loss or constructive total loss for insurance purposes;

(b) wrecked or wholly or partly disassembled for salvage;

or

(c) sold or acquired for wrecking or such disassembling or when in a condition such that it cannot be driven on a road lawfully or at all and requires extensive repairs.

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

STAMP DUTIES (PENALTIES, REASSESSMENTS AND SECURITIES) AMENDMENT BILL

Second reading.

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

That this Bill be now read a second time.

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

Leave granted.

Explanation of Bill

This Bill contains measures in the following areas:

- revised security or mortgage provisions;
- provision of a power of reassessment;
- penalty recovery amendments;
- rental duty avoidance;
- consequential amendments.

The Bill also repeals duty on agreements made on or after 1 September 1992, a move that will be welcomed by small business and individuals.

The revenue loss from the repeal of agreement duty will be offset by an increase in conveyance duty proposed in this Bill.

The top rate of conveyance duty for property transfers (excluding sales of marketable securities) with a value greater than $1 million will be increased from 4 per cent to 4.5 per cent in respect of the value over $1 million. This top rate still compares favourably with the equivalent top rates in New South Wales (5.5 per cent on value over $1 million) and Victoria (5.5 per cent on total value on properties over $760 000).

The Government has previously stated that it would crack down on the stamp duty obligations of business and financial institutions and would introduce amending legislation if this was necessary.

An announcement was recently made that legislation would be introduced in the Budget Session following an investigation by the Commissioner of State Taxation into cases where stamp duty on mortgage documents had been minimized.

This Bill provides that duty will now be payable on:

- third party guarantees;
- put options;
- bill facilities;
- deposits of titles to protect unregistered mortgages.

This Bill will also ensure that mortgage documentation is only a valid security to the extent that it is stamped.

Duty is not presently payable on these types of security documentation outlined.

The third party guarantee scheme, has facilitated the non payment of ad valorem duty on security instruments by interposing a guarantee between the mortgage over property and the loan security to which it related. For example, a person arranged for a company controlled by that person to borrow funds from a lender who required the loan to be secured by a mortgage. Alternatively a holding company made a similar arrangement in respect of a subsidiary. The third party—that is the person who controlled the company or, in the second example, the holding company—guaranteed the repayment of the loan.

The third party's obligations under the guarantee were then secured by the execution of a mortgage over property owned by that third party in favour of the lender. In these circumstances, the mortgage would never have secured a specific amount unless the borrower defaulted on repaying the loan. The mortgage would initially have been chargeable with nominal duty as it did not secure the repayment of the amount borrowed. All it secured was the third party's contingent obligations under the guarantee. These obligations only arose if the borrower defaulted on loan repayments.

The second area of non payment known as the put option scheme is a variation of the third party guarantee scheme. Under this scheme, the lender had the option of requiring a third party to meet loan repayments in the event of the borrower defaulting.

As with the third party guarantee scheme the third party executed a mortgage to secure an obligation to repay if the lender exercised the put option. The mortgage merely secured a contingent liability and was chargeable only with nominal duty, unless the borrower defaulted and the option was exercised.

The third area of non payment involves a more simple method of reducing mortgage duty by the use of secured bill facilities. A mortgage is stamped for a nominal amount as security for the financial accommodation under a bill facility. The provisions of funds under the bill facility arrangement does not represent an 'advance' pursuant to which upstamping of the mortgage is required.

The fourth area of non payment, the deposit of titles to protect unregistered mortgages was based on the principle that stamp duty is payable according to the nature of the instrument at the time of its execution.

The scheme involves the execution of an instrument by a borrower which, at first glance, seemed to contain the usual terms of an ordinary mortgage over property, but which in fact under its express provisions, did not become a mortgage until the relevant title deeds were deposited with the lender. At that point it automatically charged the property as security for the amount borrowed.

When the instrument was executed, no money had been advanced and the title deeds were not given to the lender as it did not, at that point, constitute a mortgage.

It is noted that the explanation of the above areas of non payment is intended to provide an understanding of the main types of practices dealt with by the amending legislation. They do not represent a comprehensive outline of all possibilities.

Under the Bill duty will be payable on these securities on the maximum amount to be secured (assuming, in the case of contingent liability, that the contingency on which the liability is dependent will actually happen.

Monies will be able to be advanced up to this maximum level without further duty being payable. This will, of course, also apply to rollover of bills and further duty would only be payable if the monies advanced on the rollover exceed the extent of the upper limit to which stamp duty has already been paid. In these circumstances duty will be payable on the difference only.

These legislative measures have been complemented by additional administrative measures which are proving to be highly effective in ensuring compliance with the existing provisions.

The Bill also contains a number of support provisions to improve the collection and recovery processes under the Act. These include a power of reassessment where incorrect or misleading information is provided.

In the second reading explanation of the Stamp Duties (Assessments and Forms) Amendment Bill, 1991, it was stated that the Government had proposed to include reassessment provisions at that time but that further discussions were still being held with relevant industry bodies and that the reassessment provisions will be included at a later time. Those further discussions have now taken place.

The penalty provisions have also been amended to ensure that persons who have sought to circumvent the provisions of the Act are not in a more favourable position than those taxpayers who meet their obligations.

The provisions dealing with reassessments and penalties have been the subject of consultation with relevant industry groups, namely the Law Society of South Australia, Institute of Chartered Accounts, Australian Society of CPA's and the Taxation Institute of South Australia.

The efforts of those involved have been appreciated by the Government and the provisions reflect many issues raised by various groups during the consultation process.

The Bill also alters the rental duty provisions which required amendment as a result of the reasoning and outcome of a recent Supreme Court judgment in Esanda Finance Corp. Ltd and Esanda (Wholesale) Pty Ltd v the Commissioner of Stamps handed down in August, 1992.

In this particular instance the rental duty provisions had been effectively circumvented by the use of guarantee fees payable to a third party. The Bill seeks to preserve the tax base and maintain the current status quo.

Lastly, the Bill contains a number of consequential amendments. References to the Companies (South Australian) Code have been deleted and substituted with references to the Corporations Law.

Clause 1: is formal.

Clause 2: provides for the commencement of the measure.

Clause 3: amends the definition of 'duty' to ensure that it encompasses penalty duty.

Clause 4: will allow the Commissioner to confer an authority on a person to endorse the amount of stamp duty on an instrument and then make the appropriate payment by return.

Clause 5: clarifies the penalty provision under section 12 of the Act.

Clause 6: is an amendment which will allow a party to incorporate various facts and circumstances affecting the liability of an instrument in a statement that accompanies the instrument. This should help to simplify the preparation, and the stamping, of certain instruments.

Clause 7: clarifies the nature of the penalty that should apply under section 19a of the Act.

Clause 8: makes a variety of amendments to section 20 of the Act. Reference is made to the fact that duty or further duty may become payable in consequence of an event occurring after the execution of an instrument. The nature of the penalties under the section are also clarified.

Clause 9: is related to the inclusion of proposed reassessment powers of the Commission. In particular, the amendment ensures that a distinction can be drawn between the assessment of duty and the payment of duty without an opinion being expressed by the Commissioner.

Clause 10: will empower the Commissioner to undertake a reassessment of duty in certain cases. The Commissioner will be required to give notice of a reassessment. Additional duty will be payable within two months (consistent with section 20 of the Act). Various enforcement and machinery provisions are also included to ensure consistency with the other provisions of the Act.

Clause 11: makes a consequential amendment and expressly provides for a right of appeal against the imposition of additional (or penalty) duty under the Act.

Clause 12: makes a consequential amendment (by virtue of the new definition of 'duty').

Clause 13: provides for a variety of definitions that are necessary in response to the decision in Esanda Finance Corporation Ltd and Esanda (Wholesale) Pty Ltd v. The Commissioner of Stamps. The principal purpose of these definitions is to clarify the operation of the relevant provisions in relation to the bailment of goods.

Clauses 14: relates to penalties.

Clause 15: will require a statement relating to rental business to include certain amounts received under a contractual bailment—

Clause 16: is a consequential amendment.

Clauses 17 to 24 (inclusive): are designed to clarify and rationalise various provisions as to penalty.

Clause 25: relates to both penalties and an appropriate reference to the Corporations Law.

Clauses 26 and 27: provide appropriate references to the *Corporations Law*.

Clause 28: provides new definitions in respect of the mortgage provisions of the Act.

Clause 29: provides for the repeal of section 76a of the Act.

Clause 30: provides for a new section 79, which principally provides that a mortgage that extends to future or contingent liabilities is chargeable with duty to the amount of the liability.

Clause 31: revises the form and operation of section 81b of the Act.

Clauses 32, 33 and 34: are designed to clarify and rationalise various provisions as to penalty.

Clauses 35, 36 and 36: provide appropriate references to the Corporations Laws.

Clauses 38 to 43 (inclusive): are designed to clarify and rationalise various provisions as to penalty.

Clause 44: makes various consequential amendments to the Second Schedule in view of the new provisions relating to the duty payable on securities. Furthermore, stamp duty will not be payable, from 1 September 1992, on any agreement not under seal and not otherwise specifically charged with duty. The rate of duty on any amount of a conveyance in excess of $1 000 000 is to be increased from 4 per cent to 4.5 per cent.

Clause 45: is a transitional provision. Particular note is made of subsection (2) which relates to mortgages executed before the commencement of this measure.

The Hon. K .T. GRIFFIN secured the adjournment of the debate.

WORKERS REHABILITATION AND COMPENSATION (MISCELLANEOUS) AMENDMENT ACT

Adjourned debate on second reading.

(Continued from 17 November. Page 807.)

The Hon. C.J. SUMNER (Attorney-General): As the Hon. Mr Griffin said last night, essentially this is a Committee Bill and specific issues can be debated in the Committee stage. However, I will now deal with some of the questions or issues that were raised last night. Both the Hon. Mr Griffin and the Hon. Mr Gilfillan have questioned the costing implications of the proposed changes contained in this Bill. I am advised that an actuarial assessment of the impact has been conducted by Tillinghast, the actuaries currently engaged to report on WorkCover's liabilities. The actuaries' report has also been examined by the corporation's auditors, Coopers Lybrand.

The actuarial assessment indicates that the Bill in its current form, as passed by the House of Assembly, could reduce the unfunded liability by approximately $62.6 million. Estimates by the corporation indicate that the scheme would be approximately 98 per cent fully funded at 31 December 1992; that is, effectively, the scheme would be fully funded. The reduction in current costs would allow a levy rate reduction of up to .7 per cent, from the current 3.5 per cent to 2.8 per cent. The approximate breakdown of the savings to be achieved on the annual operating costs by the separate proposals in the Bill are as follows: Lump sum 'Loss of earning capacity' capital payments, $5.9 million; changes to lump sum non-economic loss, $4.7 million; stress related claims, $5 million; abolish common law right to sue employer, $7.3 million; and legal costs associated with common law, $4 million. That makes a total of $26.9 million.

In regard to lump sum non-economic loss payments, the Hon. Mr Griffin has suggested that WorkCover is deliberately delaying settlements of claims on the basis that if this legislation is passed the settlement may be for a reduced amount, under the amended provisions. I am advised that this is not the case, despite the claim from the Opposition regarding the example given. If the Hon. Mr Griffin provides me with the details of that case, I

will follow it up to determine what the situation is from WorkCover's point of view.

The number of lump sum determinations under section 43(3) (these are the claims affected by the proposed amendments) for the past three months are: 139 in August 1992, 121 in September 1992 and 94 in October 1992. Some 40 claims are currently being processed. Although the numbers show a decline, this is through no deliberate actions of WorkCover. Concerns have also been expressed by the Hon. Mr Griffin about the provision requiring employers to pay the worker's weekly payments and to then seek reimbursement of those payments from WorkCover. The concern has focused on the issue of potential delays in reimbursement by WorkCover, whether or not interest will be paid by WorkCover if delays occur, and the impact of this requirement on small businesses.

First, there is a provision in the Bill for employers to seek to be exempt from the requirement if it would be unduly burdensome or otherwise unreasonable. Secondly, the legislation allows for regulations to be made for the payment of interest on reimbursements from WorkCover. The Hon. Mr Gilfillan has asked that the proposed regulations be emphasised and affirmed by me, to be clearly spelt out in *Hansard*. The Government has not considered any proposed regulations under these amendments at this stage. However, I am advised that WorkCover Corporation has considered this issue and will be recommending to the Government that the regulation provide for interest to be paid if WorkCover is more than 15 business days late in paying properly submitted accounts.

Until a proposed regulation is properly considered by Cabinet I cannot commit the Government to a position on this. The proposed 15 business day response to reimbursement suggested by WorkCover and the application of interest if it takes longer seems reasonable to me. I seek leave to table the Tillinghast actuaries' report dated November 1992 prepared for WorkCover Corporation being the costings of the proposed benefit changes, together with a document detailing the impact of the annual cost production on the average levy, which is a WorkCover Corporation estimate utilising actuarial data from the Tillinghast report.

Leave granted.

Bill read a second time.

The Hon. K.T. GRIFFIN: I move:

That it be an instruction to the Committee of the whole Council on the Bill that it have power to divide the Bill into two Bills, one Bill comprising clauses 1 to 15 and 17 to 22, and the other to comprise clause 16; and that it be an instruction to the Committee of the whole Council on the No. 2 Bill that it have power to insert the words of enactment.

I indicated during my second reading speech that the way in which the Liberal party wished to deal with this issue was, first, to endeavour to split off that part of the Bill which sought to abolish the common law right for non-economic loss. If that were successful, I would then seek to refer the No. 2 Bill to the Joint Committee on the Workers Rehabilitation and Compensation System (WorkCover) on the basis that the effect of that proposed abolition could be properly examined; those with an interest in the matter could give evidence; and an assessment could be made as to the reasonableness or otherwise of the removal of those common law rights.

I am conscious that not all of the package proposed in the House of Assembly relating to the abolition of common law and the compensating increases in lump sum benefits are part of my proposal, but it is not technically possible to achieve the splitting of the Bill in every respect so that all those parts of the package relating to common law run together.

However, I indicate that, if my motion to split the Bill should be successful, during the Committee stages of the Bill I will be proposing some consequential amendments which will deal with the package. If my motion is not successful, then again I will be addressing the issue of principle during the Committee stage, when we get to the relevant clause of the Bill abolishing the common law rights.

I should point out that there has been some renumbering of the later clauses of the Bill because, when the Bill was received by the Legislative Council from the House of Assembly, it contained a clause 15a, which as I understand it should have been 16. As a result, I understand that at the table there will be some clerical amendments to that numbering. That is why the clause which I propose to be in the No. 2 Bill is clause 16.

I did identify the consequences of abolition in my second reading speech. I do not think one needs to repeat them on this occasion, except to say that the proposed abolition was hastily conceived and proposed by the Speaker in the House of Assembly. He would not permit any time for consideration of the impact of that and the other parts of the package which he proposed.

At that stage, members of the Liberal party indicated that they would reserve their position on the issue of abolition of common law and resolve the issue finally in this Council. The Government did indicate its opposition to a number of the clauses proposed by way of amendment by the Speaker, and I have already commented upon the political dilemma that it now faces in this Chamber when addressing this issue of abolition of common law rights.

As I said at the second reading stage, it has always seemed to me that, as a matter of justice to injured workers, there ought to be some provision which enables particular characteristics of the individual to be taken into consideration in determining any lump sum for non-economic loss, that the scheme which has been proposed upon the abolition of the common law rights will not achieve that and that in fact there will be a substantial reduction in benefits to injured workers as a result.

I recognise that employers are so desperate for reform or change (I am not sure we can call it reform, because reform is generally meant to be good, but it is certainly change) and that they are therefore prepared to accept anything that will have the effect of reducing benefits, even to the detriment of injured workers. That is what I find somewhat disappointing about the amendments, namely, that they will result in loss, where genuinely that loss ought not to be suffered.

As a result of that, I think, and the Liberal Party believes, that the issue ought to be thoroughly examined. There will undoubtedly be competing and conflicting points of view about the issue, but it is one that ought to be considered by the select committee—not, of course, that that will be the end of it if the report, particularly in relation to the second year review, is any indication as to the way in which the reports may be approached in the future.

So, I urge members of the Council to support my motion, which will have the ultimate effect of sending the common law issue off to the joint select committee.

The Hon. C.J. SUMNER (Attorney-General): The Government opposes this motion. We think this matter has been canvassed sufficiently in the Parliament, and that referring it off to the select committee will not achieve anything.

The Hon. I. GILFILLAN: I would like to indicate the Democrats' opposition to the motion. It may be appropriate to speak at more length to another amendment at the Committee stage, but I indicate that the vast majority of the contents of the Bill as it is currently structured is entirely satisfactory to the Democrats, and

we see no reason why this matter should be referred to the select committee to hold it up.

The Council divided on the motion:

Ayes (10)—The Hons J.C. Burdett, L.H. Davis, Peter Dunn, K.T. Griffin (teller), J.C. Irwin, Diana Laidlaw, R.I. Lucas, Bernice Pfitzner, R.J. Ritson, J.F. Stefani.

Noes (11)—The Hons T. Crothers, M.J. Elliott, M.S. Feleppa, 1. Gilfillan, Anne Levy, Carolyn Pickles, R.R. Roberts, T.G. Roberts, C.J. Sumner (teller), G. Weatherill, Barbara Wiese.

Majority of 1 for the Noes.

Motion thus negatived.

In Committee.

Progress reported; Committee to sit again.

THE STANDARD TIME (EASTERN STANDARD TIME) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 11 November. Page 738.)

The Hon. R.I. LUCAS (Leader of the Opposition): The Liberal Party opposes this Bill and rejects the notion that a move to Eastern Standard Time is an economic imperative for South Australia. We believe that this is an attempt by the Labor Government to divert attention, for a variety of reasons, from the real issues and problems confronting South Australia's economic future, not the least of which is the debate on the State Bank Royal Commission report, the motion in relation to which has not succeeded on this occasion.

I suspect that the debate about Eastern Standard Time will die a natural death in this Chamber without too much noise and disruption being caused in the South Australian community.

The Hon. T.G. Roberts interjecting:

The Hon. R.I. LUCAS: No, I do not think it will push the State Bank off the front page. There are bigger fish to fry in the South Australian community at the moment than Eastern Standard Time and the debate on whether we take on Victorian time or stick to South Australian time. This issue was last raised in a substantive way in the South Australian Parliament in 1986. At that time, when considering my position on the Bill, I had an open mind and on the surface it had a superficial attractiveness as it was being pushed at that time by business in particular that we ought to take on Victorian time and get into bed with the Victorians and the eastern States in relation to Eastern Standard Time. The view I had then was that, if it could be shown that there were major economic advantages for South Australia and overwhelming support from the business community for a move to Eastern Standard Time, maybe the acknowledged community problems and dislocation that such a move might cause might have to be put up with or borne by the South Australian community in the interests of the economic development of South Australia.

On closer analysis back in 1986, as I formed my own personal view, I could see that there was (and still is) a divided view amongst the business community on the issue and certainly there was never any demonstrated economic advantage by those who proposed the move to Eastern Standard Time. So, in the end in 1986 I formed a view, consistent with the Liberal Party view at that time, that we should not move to Eastern Standard Time. That is still my view and will be the view that I am putting this evening. I consider now the economic questions in relation to a move to Eastern Standard Time.

The Government has been arguing through Minister Gregory and its other spokespersons on this issue, including the new Premier, that the Bill before us is a response to the Arthur D. Little report into the problems confronting the South Australian economy. I will quote from a response I received to a question I asked on 6 November of the Attorney-General in this Chamber. In that question I indicated that my analysis of the Arthur D. Little report was that it involved three volumes. The first volume contained the views of the Arthur D. Little consultancy, and volumes 2 and 3 were appendices to the main report. They comprised the sub-consultancies that had been done for Arthur D. Little and included one that had been done by the consultancy firm KPMG. Arthur D. Little consultants took the views of the subconsultants, did their own research and finally came to a considered view as to the major economic issues and concerns confronting South Australian industry and then made its recommendations.

I asked the Attorney-General a question on 6 November about whether he could confirm that there was no recommendation by the consultants, Arthur D. Little, on Eastern Standard Time in its final report. In particular, I referred to volume 1 and not to the appendices which were the subconsultants report on the important issues needing to be addressed for a revival of the South Australian economy. The Attorney-General, the third most senior Minister in this Government, stated:

My understanding is that the Arthur D. Little consultant group did recommend the pill that has been introduced in the other

place and no doubt the honourable member can debate this matter when it arrives here.

That is what I am doing now. So, the Attorney-General, the Premier and the Minister for Labor were all arguing that the Bill was a response to the recommendations of the Arthur D. Little group when they looked at the problems confronting the South Australian economy. That is simply not correct. It is a gross misrepresentation of the work done by the Arthur D. Little consultancy group and an attempt by the Government to seek some justification for the introduction of the legislation before us. One of the subconsultants—the KPMG consultancy—referred to the question of Eastern Standard Time. It summarised its view by saying that support for the move to Eastern Standard Time amongst the business community was weak. It did, however, list on the next page some of the advantages that might accrue from a move to Eastern Standard Time.

The Arthur D. Little consultants considered the recommendation from KPMG and others and made a conscious decision not to recommend in any way a move to Eastern Standard Time. They looked at a whole range of other issues including industrial relations reform, micro economic reform, taxes and charges and WorkCover. They were talked about as important issues for the economic future of South Australia, but no reference was made to Eastern Standard Time as being a factor, let alone, as the Government is seeking to portray it, an economic imperative that we move to Victorian time rather than stay on South Australian time. KPMG and its subconsultancy noted that support was weak for the move amongst the business community.

I acknowledge (and it would be foolhardy not to) that there are people in the business community who want to see a move to Eastern Standard Time. The official spokespersons for the Chamber of Commerce in South Australia have been long time advocates for a move to Eastern Standard Time. Certainly the television networks have been long term advocates for such a move. They are one of the few groups that can give some economic justification for a desire to move to Eastern Standard Time. With networking of programs and the need for them to delay on hold for half an hour some programs taken from the Eastern States, it is done at a cost although I submit that much of that capital cost has already been expended. It is a cost and I acknowledge that they have an argument in regard to their desire to see a move to Eastern Standard Time.

In the past there have been those strong advocates from the Stock Exchange, but I must confess that, because of changes in the sharebroking community since 1986, there has not been as much of a push from the share broking community in 1992 as there was in 1986. There have been other individual groups such as the Blast Master firm which has been blasting all of us with letters indicating a very strong desire to move to Eastern Standard Time. I know I received a lobby from the Brethren who argued that they would like to see a move to Eastern Standard Time. So, there have been a number of people wishing to see a move to Eastern Standard Time.

If we look at the business community in general rather than isolated groups what KPMG noted was that there were two substantive surveys at the time of the last debate. The Chamber of Commerce surveyed its entire membership. It sent out questionnaires to its 3 200 members in 1986 seeking a view on Eastern Standard Time. Out of those 3 200 questionnaires they received only an 8 per cent response rate. So, 92 per cent of people or businesses, as members of the Chamber of Commerce, did not feel strongly enough about the issue to respond to the questionnaire. Of the 8 per cent that responded only about 50 per cent supported a move to Eastern Standard Time and about 50 per cent opposed it. Out of 8 per cent of the 3 200 members of the Chamber of Commerce it was roughly divided between those who wanted Eastern Standard Time and those who did not want it.

In 1988 the Chamber conducted a follow up survey because there was some perceived wisdom in South Australia at the time that perhaps those who wanted to move to Eastern Standard Time were more likely to be the larger firms and companies and that maybe the smaller firms were not of that view. What the chamber found in 1988 was that having surveyed 150 of the biggest companies that were members of the chamber again there was a divided view: 50 per cent wanted it and 50 per cent opposed it. So, the two definitive surveys that our leading business and industry organisation conducted in South Australia about Eastern Standard Time showed a divided view, even amongst our business community, in relation to this issue.

I want to note that at the time of that last debate in 1986 the President of the Chamber of Commerce, Mr Maslin, as he was then, stated:

> It is not a big issue with us. It was going to be convenient for those who had contact with the Eastern States. So far as gaining or losing jobs is concerned, it is not going to make any difference.

It was going to be a matter of convenience for those businesses who had contact with the Eastern States, but in relation to the real issue of whether or not it would provide any more jobs, he said it would not make any difference at all.

Members will have noted in the past two or three weeks statements that were made by Mr Rod Nettle on behalf of the Employers Federation of South Australia, one of the other big employer groups in this State. Mr Nettle said that a move to Eastern Standard Time was not the main game; that too many other big issues—taxes and charges, industrial relations reform, microeconomic reform and so on—had to be confronted by the State Government. They are the issues that will determine the economic future of South Australia, not the question of whether or not we take on Victorian time or stay with South Australian time.

At the time of the last debate some big business representatives, such as Mr Bernie Leverington, opposed a move to Eastern Standard Time. On that occasion the General Manager of Olympic Dam, Mr Ian Duncan, was reported in the *Advertiser* and in a number of country newspapers as opposing a move to Eastern Standard Time. Very few of my business contacts on this occasion

are prepared to go to bat for a move to Eastern Standard Time. They might have a preference one way or the other but virtually they all concede it is not the main game—that there are too many other important issues that need to be tackled by this Government for economic survival.

The Arthur D. Little report also notes that if South Australia's manufacturing base is to have a future we have to reorient our focus away from the Eastern States of Australia and towards the tiger economies and developing economies of South East Asia. This, of course, raises the prospect, which was the subject of a lot of debate in another place by some members, that instead of moving forward by half an hour we ought to consider, or at least start the debate about, moving South Australian time back to our true meridian of 135 degrees longitude and have us at true Central Standard Time: a half an hour behind the time that we currently utilise. The proponents of that move argue that that would put us on Tokyo time and on a time which is consistent with some of our other major trading partners through South East Asia.

I noted that the former Premier Bannon, who was supporting a move to Eastern Standard Time, said that if we were to move to Eastern Standard Time then perhaps rather than persisting with the compromised position which was foisted upon South Australians over 100 years ago, being a half an hour behind the Eastern States, the second best option was to go one hour behind Eastern Standard Time or to true Central Standard Time. It was not just Liberal members who raised that issue; certainly some Labor members did address it.

I do not believe that is a debate for today. We have had a long debate about Eastern Standard Time and people have formed their views on Eastern Standard Time. We in this Parliament ought to vote accordingly in relation to this piece of legislation, and any move backwards by half an hour ought be done only after all the advantages and disadvantages—as there are many disadvantages as well—are considered by the South Australian community.

I must say I have had some unusual lobbies in relation to this legislation. As I said, the Brethren spoke to me and argued forcefully for a move to Eastern Standard Time, and that was a group that had not spoken to me in 1986. Another group that had not spoken to me previously were representatives of the hobby racing industry and they are people who take their trotters and horses for a gallop in the early hours of the morning, prior to going to their substantive jobs. They gallop their horses on the foreshore at the beach, or wherever they do it, prior to going to their real job. A number of representatives of that industry spoke to me and argued that there would be a problem for many of them in being able to continue to do that if there was a move to Eastern Standard Time because of the half hour delay in the onset of first light and in the onset of sunrise.

I want to also consider the social questions in relation to a move to Eastern Standard Time having considered the economic questions. I reject the notion that it is only the West Coast farmers that oppose a move to Eastern Standard Time, though I place great weight on the views of West Coast farmers, and I am sure my colleague the Hon. Henry Peter Kestel Dunn will forcefully put the views of his constituency to this Council when he gets the opportunity.

Opinion polls that have been conducted this year in relation to this question have shown that the South Australian community and people in the metropolitan area are divided on the question of whether or not we should move to Eastern Standard Time. A slight majority supports the move, but a very substantial number of people in the metropolitan area indicated in that poll that they opposed it. It is my recollection that that division of opinion in 1992 was a much tighter division, that is, there are more evenly balanced numbers for and against than when we last discussed the matter in 1986. Certainly, it was my impression that the polls at that time showed a stronger number of people who supported a move to Eastern Standard Time.

I believe that, increasingly, people in the metropolitan area have become concerned about any potential move to Eastern Standard Time, because they have become aware that for 58 consecutive days during the middle of winter, basically for the months of June and July, in metropolitan Adelaide the sun would not rise until after 7.45 a.m. That means that, for the bulk of those two months, first light would not be until around 7.30 a.m., and thousands of people in metropolitan Adelaide who have to catch public transport do so prior to 7.45 a.m. My colleague the Hon. Ms Laidlaw would be in a better position to know the numbers, but there would be literally thousands of South Australians and residents of Adelaide who have to catch buses, trams and trains prior to 7.30 a.m. to get to work.

The Hon. Diana Laidlaw: There are not too many running at that hour these days.

The Hon. R.I. LUCAS: As my colleague says, there are not too many pinning but, for those few trains, trams and buses that are running, many thousands of Adelaidians must be up between 7 and 7.30, or perhaps even before that, to catch public transport. Many parents in metropolitan Adelaide would be concerned about having their young children waiting in the dark to catch a bus, tram or train to go to school, but that is what would happen for those two months in winter, if there were a move to Eastern Standard Time.

Of course, the situation on the west coast, as my colleague the Hon. Mr Dunn will indicate, will be much worse, because young students must catch buses much earlier. In many cases on the west coast, students go to preschool, for example, at the age of four and need to catch a bus at 7 or 7.30 a.m. To have that sort of situation on the west coast will be difficult but, increasingly, residents of Adelaide realise that those difficulties would not be limited to the residents of the west coast but also would need to be considered in Adelaide.

Increasingly, parents need to leave their young children in before school care because of the fact that both parents happen to be working and, invariably, before school care starts at around 7.30, and some of it starts as early as 7.15 or 7 o'clock. A number of the coordinators of the before school care programs to whom I have spoken are concerned about needing to look after large numbers of

young children in the dark, before the sun has risen, at 7.45 or as late as 7.55 during those two months of June and July, if we move to Eastern Standard Time.

I do not intend to go over all the other examples, some of which were mentioned in 1986, but specific concern was expressed in 1986 by representatives of women's shelters and Crisis Care centres. They referred to research which showed that in metropolitan Adelaide the incidence of abuse and domestic violence increases during summer time, and one of the quotes that was used in 1986 by representatives of Crisis Care centres, women's shelters and crisis accommodation houses submitted to the Parliament was that the calls to them increased by up to one-third in the summer months because of factors associated with family tensions, difficulties with children and alcohol.

It was the experience of people who work in those centres that, the more leisure time people have as a result of daylight saving, the more this causes the sorts of problems with which they must deal, and they feared that this situation would get worse under Eastern Standard Time. Frankly, I must say that there may well also be other reasons with summer time. It is a time of Christmas and large costs for families, as well as a time of heat, so I am sure that we could not visit all the increase of 30 per cent in contacts these people have during those summer months purely on daylight saving. Nevertheless, those people with experience in those matters have indicated that it is a social issue that members of Parliament ought to be addressing as well as the economic issues, when we blithely talk about making a move to Eastern Standard Time.

Another concern is one for which I am indebted to the work that has been done by my colleague the Hon. Mr Dunn, wearing his pilot's hat. A number of people have expressed concern to me that, with a move to Eastern Standard Time and with daylight saving during the summer months, last light in metropolitan Adelaide would, in effect, be as late as 9.35 p.m., with the onset of sunset being around 9 p.m.

Anyone with young children enjoys the benefits of daylight saving, but it is difficult to get children to bed with last light being at around 9 p.m., which is generally around an hour and a half later than bedtime for most young children, in my experience, anyway. To have last light in summer in Adelaide at 9.35 p.m., in my judgment, many parents and families would be most concerned to find out that, suddenly, they were in the middle of summer for two or three months with the onset of darkness not being until 9.35 p.m.

Many other inconveniences were quoted by people back in 1986 and quoted to me again on this occasion, and I do not intend to delay the Council by repeating all of them. My essential view is that, if the Government or anyone could have come into this Chamber and demonstrated overwhelming evidence of the economic advantage or overwhelming support from the business community for moving to Eastern Standard Time, then perhaps we in this Chamber might have had to give serious consideration to putting aside the social inconveniences that I have just been addressing, for the economic future of this State.

But no-one has done that. No one has been able to produce that evidence to this Chamber about the economic advantages of a move to Eastern Standard Time. As I have said on many occasions, as we moved into the 1990s with fax machines, mobile telephones, interactive computers and a whole variety of other modern technology, such as teleconferencing, the problems of trading with the Eastern States of Australia have paled into insignificance.

They really are not significant problems any more. This old proposition of missing people for an hour and a half at lunchtime really is a bit of a nonsense. How many times, Mr President, have you been to a restaurant such as Rigoni's and seen 25 business types in their suits sitting around the table and 24 of them have mobile telephones sitting in their ear or on their plate or in their pocket, or wherever, or a pager on their hip? One cannot go to the toilet in peace these days for fear of a telephone going off or a pager going off, or whatever it is.

Wherever they go these days these business people and traders, for good reasons, have these modern technologies on their hip or in their pocket or wherever. With all the modem technology that we have now, I do not accept that all of a sudden for an hour and a half in the middle of the day we will not be able to communicate with people in different time zones. America has four or five time zones but people manage to do business across the nation. Chicago and New York Stock Exchanges are separated by an hour, yet they still manage to trade and do business with each other. There are limitless examples where businesses in various parts of the world manage to continue to trade and do business successfully without being on the same time zone. For those reasons I believe that we ought to reject the move to Eastern Standard Time, and I urge members to throw out the Bill.

The Hon. J.C. BURDETT: I rise briefly to oppose the Bill. I propose to take perhaps an unusual approach in this Chamber nowadays and actually look at the Bill and see what it says. What it does say is that section 3 of the principal Act is repealed and the following section is substituted:

3. Standard time in South Australia is the mean time of the meridian of longitude 150° east of Greenwich in England.

The Bill amends the Standard Time Act 1898, which provided that the standard time for South Australia should be on the meridian of longitude 142.5° cast of Greenwich in England. We must recognise that this meridian of longitude does not run through South Australia. We do not really have Central Australian Time, anyway. Meridian 142.5° runs through the western parts of Victoria, New South Wales and Queensland. It does not run through South Australia. Prior to the principal Act of 1898 the meridian was 135° east of Greenwich in England, and that runs through somewhere around Port Lincoln. That had been Central Australian Time. It ran somewhere through that area and up through the north of South Australia and through the Northern Territory. But that was changed in 1898 to meridian 142.5°, which as I say does not run through South Australia at all. So even our present Central Standard Time does not run through South Australia; it runs through the Eastern States.

I found it interesting to look at the debate on the Bill which is now the principal Act of 1898, which provided for the 142.5° meridian. I refer to the start of that debate as reported in *Hansard* at page 110 of *South Australia Parliamentary Debates 1898-9*. I note that, while we sometimes think that our volumes are large in present times, they were just as large then, and there was plenty of talking done then, particularly when we consider that in those days not every word that was said was recorded and that there was a sort of a summary of what was said. So I had a look at the beginning of the debate on 'Return—Standard Time':

The Hon. G. McGREGOR moved—'That a report be obtained and laid upon the table of this Council from the Postmaster-General, Sir Charles Todd, relative to the proposed alteration of the standard time in this colony.'

The *Hansard* then goes on with the summary of the Hon. G. McGregor's contribution to the debate in the following manner:

The discussion on the Standard Time Bill had shown the necessity for further information. He had received intimation that amendments would be made with the idea of getting more particulars, and he had no objection to them. He wished to obtain everything he possibly could, and if some honourable members moved to get a report from the Chamber of Commerce, or Chamber of Manufacturers, or science, or the man in the moon, he had not the slightest objection. He wanted honourable members to vote without making themselves the laughing stock of the world.

That is what I am afraid we will do, make ourselves a laughing-stock of the world if we pass this Bill, from both an economic point of view and a social point of view, both of which have been admirably covered by my colleague the Hon. Robert Lucas. From an economic point of view, we will not be exporting much of our product to the eastern States. We will be exporting it to Asia. As the Hon. Robert Lucas has said, if we move back to the old 135°, which existed prior to 1898, we would be on Tokyo time. So if we stay on our present time we will be closer to our northern neighbours than the eastern States are, on Eastern Standard Time. If we are really clever on economic matters, if we are really looking to business maximising its exporting from South Australia then we must stay as we are, and perhaps have a look at some later stage of going back to 135°, the true South Australian time.

However, for the time being I believe that we need to defeat this Bill and stay on the present 142.5°, although that meridian runs outside South Australia. We can pursue other alternatives later which, as I say, may include going back to the old 135° which existed prior to 1898. I believe that this is the correct move now, to defeat this Bill and have a look at other options. An option that was referred to in the past was to split South Australia into two time zones, but I do not believe that that is practical at all and I do not think it is a viable option that we ought to consider. We need one time zone for South Australia and it ought to be the present one until we have a look at perhaps going back to true Central Australian Time.

My colleague the Hon. Robert Lucas thoroughly canvassed the social questions as well as the business ones. In regard to the rural community, he canvassed those questions, and I am sure that my colleague, the Hon. Peter Dunn, who I know intends to follow me, will canvass them in regard to Eyre Peninsula, which an important part of the State and which is very disadvantaged at the present time, from the point of view of our present time when it is combined with daylight saving. I am sure that he will deal adequately with these questions.

However, in regard to the rural community I would just say briefly that, when we are considering time—Eastern Standard Time or our present time—in the rural community (or anywhere in South Australia for that matter), one cannot do it without also thinking about daylight saving. The Hon. Robert Lucas made that point, because it is during daylight saving time that the problem of having an artificial time that departs from God's time—sun time—is exacerbated. So, we have to consider Eastern Standard Time in relation to daylight saving, which makes it ever so much worse.

For most of my adult life I lived in a rural community. It was not in the western part of the State, but in Mannum—somewhat east of Adelaide—but, particularly during the daylight saving times, I constantly heard the complaints from the dairy farmers in the area—on the dairy swamps across the river from Mannum—that the cows did not know about daylight saving, so they would not give their milk accordingly.

We have similar problems in regard to harvest and all sorts of things, where nature will not conform to the laws that we pass in this place or anywhere else. Nature will not conform. The cows operate on the sun; when the crops dry in the middle of the day, the harvest operates by the sun; and so does everything else. The children coming home from school in the heat of the day operate on the sun and not on the laws that we pass in this place.

So, I oppose the Bill. I think that we ought to look at the possibility of reverting to the situation as it was prior to 1898—the old, true, central time zone of longitude 135. In the meantime, I think we should defeat this Bill so that we remain on longitude 142.5, as we are now, and that we consider the other options in the future. I certainly believe that, for the reasons that were advanced by my colleague the Hon. Robert Lucas and the reasons I have given and, if we look at the Bill and see what it actually does, we ought . to defeat it and use the time zones that we are using now.

We should stay in conformity with our northern Asian neighbours and not believe that we are totally tied to the Eastern States. I simply do not believe that there is any real problem in business adjusting to the time difference with the Eastern States. I oppose the Bill.

The Hon. R.R. ROBERTS secured the adjournment of the debate.

ADJOURNMENT

At midnight the Council adjourned until Thursday 19 November at 11 a.m.