LEGISLATIVE COUNCIL

Thursday 4 August 1994

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

PAPER TABLED

The following paper was laid on the table:

By the Minister for Education and Children's Services (Hon. R.I. Lucas)—

Department for Employment Training and Further Education—Corporate Review and Report 1993.

QUESTION TIME

TEACHERS

The Hon. C.J. SUMNER: I seek leave to make a brief explanation before asking the Minister for Education and Children's Services a question about teachers speaking out publicly.

Leave granted.

The Hon. C.J. SUMNER: I have no doubt that the Minister will be aware of controversy in Victoria recently about a heavy-handed approach being adopted by the Kennett Government to teachers who have publicly criticised Government policy, including budget cuts. In Victoria a teaching service order prohibits teachers from making public comment unless authorised by the Department of School Education. The order has been enforced vigorously only following recent criticism of the Kennett Government's education cuts. There have also been allegations in Victoria of funding reprisals against schools following media comments by staff. The President of the Federated Teachers Union in Victoria, Mr Peter Lord, said Education Department officers had visited schools where staff had criticised education cuts and had made veiled threats not to renew contracts. Professor Alan Bishop of the Education Faculty at Monash University said a 1992 survey on the effect of teacher redundancies showed that, when deciding who should be named in excess, principals tended to choose those perceived to be trouble-makers. Can the Minister assure the Council that school teachers will not be penalised if they make public or media comments about Government policy, including broken promises in education?

The Hon. R.I. LUCAS: I will certainly make some inquiries in relation to existing Government regulations in relation to the position of public servants making public statements. Certainly, I as Minister and we as a Government have made no changes to the policies and practices that the Leader of the Opposition implemented during his period in Government, so the regulations that apply to public servants in relation to the statements that they can or cannot make publicly would still apply to the public servants operating under the new Government. So, the existing practices will be the same as the practices adopted by previous Government. I might note that, under the previous Government's regime, presided over by the Leader of the Opposition, then Attorney-General, at the time of the last significant industrial concern within education those concerns were being expressed—

The Hon. L.H. Davis interjecting:

The Hon. R.I. LUCAS: You were in charge of all of this area. There were certainly some criticisms of the previous Government in relation to white cars being sent out to principals and teachers and dragging them into Flinders Street, and their being disciplined for statements that they made which were critical of the previous Government's education policies. I can certainly indicate that we are not sending out white cars to drag in principals, should they have been making statements over the past seven or eight months about the education policies of this Government.

Members interjecting:

The Hon. R.I. LUCAS: Yes. I will make inquiries to see whether the practices that are being adopted under the new Government are any different from the practices adopted by the Leader of the Opposition, when over the past 10 or 11 years he was part of a Government and a regime that presided over public sector reform in some particular years.

THIRD ARTERIAL ROAD

The Hon. BARBARA WIESE: I seek leave to make an explanation before asking the Minister for Transport a question about the third arterial road.

Leave granted.

The Hon. BARBARA WIESE: During the last election campaign the Government committed itself to the construction of a third arterial road to serve the southern suburbs. The project is to cost $80 million and be completed in four years, commencing in 1995. Recently, the Government's intention to build this freeway has been roundly criticised by the Australian Conservation Foundation. In its July/August edition of *Environment South Australia* the foundation denounces the freeway as a project that will be unsuccessful in providing more jobs in the south and, instead, will be a project that simply adds to pollution, greenhouse emissions, noise, smog, road deaths, injuries, divided communities and, ultimately, more congestion.

Its alternative proposal is to develop a new light rail service commencing from Morphettville racetrack, as an offshoot from the Glenelg tram, along Morphett Road, over O'Halloran Hill to Glenthorn, past Sheidow Park and Reynella, through Christies Beach and into Noarlunga Centre. The ACF poses two key reasons for such a light rail service. First, it says that it will be more accessible to travellers than a road and, secondly, it would open up potential residential and commercial development opportunities along the route of the service. My questions to the Minister are: is she aware of the ACF's views and proposals to improve transport to the south? Does the Minister agree with its proposals and, if not, why not?

The Hon. DIANA LAIDLAW: I am aware of the proposals, which were aired at what the Conservation Council termed the 'great debate' some months ago. I was one of the people asked by the council to debate the issue at that time.

The Hon. M.J. Elliott interjecting:

The Hon. DIANA LAIDLAW: I was invited and attended. I was the principal speaker for those favouring the road. As I recall, it was Mark Parnell and a woman from Flinders University who spoke against the third arterial road. It was a public meeting and, without doubt, any fair-minded observer would have to agree that the sentiments in the room were definitely strongly in favour of the third arterial road.

I am aware of the position, because Professor Shearman sent me a copy of the latest edition of the publication to which the honourable member refers. I have read that with interest, because the views echo those expressed at the public meeting to which I referred. They are the same views that have been consistently held by the Australian Conservation Foundation and others for some years, when the former Government was also looking at this third arterial road. It has been promising that road for the last 10 years and the past three elections, when the former Government was promoting the third arterial road.

We have endorsed the same proposal and we will be calling for expressions of interest later this year. Currently, Rust PPK has been selected from a number of consultants who were asked whether they wished to submit a design proposal for the road. I anticipate receiving that report at the end of September, after which, as I said, we will be calling for expressions of interest and honouring our commitment to start the road in 1995. I envisage that it will be towards the latter part of that calendar year because, as the honourable member would know from her experience in this road transport field, a lot of time delays occur and a lot of time must be taken to gear up these road projects.

So, the Government's commitment is for a third arterial road to the south to improve job prospects, help business that we are keen to attract and to improve transport times in getting product to market. It is important that with the ever growing population in the south we also work extraordinarily hard to provide jobs in the south—a matter that has not been successfully addressed over a number of years. That is our goal.

As I say, I am aware of the proposals regarding light rail, which is superb if you are seeking to address passenger transport issues alone, but it does not help to address the issues that are high on the Government's agenda, that is, economic development and the generation of business and job opportunities in the south. Those are matters of freight issue, and light rail would not address them. I have no argument against light rail. It works particularly well in many cities.

An honourable member interjecting:

The Hon. DIANA LAIDLAW: No, in answer to the honourable member, Western Australia is heavy rail, not light rail. We have seen very successful examples of light rail initiatives in numerous cities. Most of those cities, however, are not as dispersed, particularly north and south, as is Adelaide. It is often wrong to compare cities with cities unless they are of the same configuration, the same density and the same urban consolidation. As I said, I have no objection to light rail. We are looking at improving our light rail stock from Glenelg to Adelaide to complement our heritage trams. When we have more money, in a few years' time, we would certainly like to look at extending other light rail opportunities. However, in terms of the south and improved freight and passenger transport, our commitment is to the third arterial road.

The Hon. BARBARA WIESE: I have a supplementary question. Has the Minister undertaken a detailed analysis of the ACF's proposal, particularly with respect to the costing of such a scheme, to determine how that proposal stacks up alongside her proposal for a new freeway?

The Hon. DIANA LAIDLAW: I am happy to have an analysis undertaken of the proposal. I will do so, if the honourable member so wishes. A comparison is not necessarily useful between what we seek to achieve with the road and what the ACF is seeking to achieve, because we also have in our initiative a strong emphasis on freight and business, and that would not be met by new investment in light rail.

WOMEN'S SUFFRAGE

The Hon. CAROLYN PICKLES: I seek leave to make a brief explanation before asking the Minister for Education and Children's Services a question about the Women's Suffrage Centenary.

Leave granted.

The Hon. CAROLYN PICKLES: Early in 1993 the then Chairperson of the Women's Suffrage Centenary Committee met the former Minister of Education, Ms Susan Lenehan, to discuss a project that the Minister might like to implement to support the Women's Suffrage Centenary year. I was also present at that meeting as a committee and executive member of the Women's Suffrage Committee and as Chairperson of the former Minister's Caucus Committee. Ms Lenehan at that meeting said that she would like to support a project which would reach schoolchildren in South Australia, and we agreed that this would be sensible and appropriate.

Later in the year the Minister announced that the Women's Studies Resource Centre would devise a curriculum project for schools together with a video. I understand that this project and video were ready to go into schools some time earlier this year. We are now into August. The year of centenary celebrations is drawing to a close, and the video and project are still not in the schools. I understand that the cost to the taxpayer of this project is about $80 000. If the project goes to schools it will be money very well spent, and I am sure the Minister will agree with that. If it does not, it will be a gross waste of taxpayers' money. As a member of the Women's Suffrage Committee and having initially been involved in the project, I am very keen to see that this goes ahead and gets into the schools. Is the Minister aware of this project, and when will he release the long completed project package to schools in this State?

The Hon. R.I. LUCAS: Yes, I am aware of the project. Should agreement on some outstanding issues be reached, I anticipate that it will be released to schools in the not too distant future. It is not correct to say—

The Hon. M.J. Elliott: What issues?

The Hon. R.I. LUCAS: If the honourable member would wait for 30 seconds and let me answer the question, I should be happy to endeavour to do so.

Members interjecting:

The PRESIDENT: Order!

The Hon. R.I. LUCAS: It is not correct to say that the video was ready to be distributed to schools earlier this year. I became aware of the project and the not inconsiderable sum of money that was being devoted to it—the Hon. Ms Pickles indicated that it cost about $80 000 for the production of a video—and made some inquiries very early in my term as Minister. On two or three separate occasions I sought from the Women's Studies Resource Centre a copy of the video and the package so that I could be apprised of what might be in the material that was intended to be sent to schools.

I finally received a copy of the video in June this year, so it is not correct to say that the video was ready to go. I was advised on all occasions on which we made inquiries of the Women's Studies Resource Centre that more work still needed to be done, that it was not appropriate or—I cannot remember the exact word—that it was not able to provide me with details of what might or might not be in the video and the package that was intended to go to schools.

I indicated at some stage during my correspondence with the Women's Studies Resource Centre that, whilst I had not seen the material, I hoped it would be bipartisan in nature. I am sure that all members, including the Hon. Ms Pickles, would agree that the Women's Suffrage Centenary thus far has been a bipartisan project supported by all political Parties in South Australia. Therefore, I indicated that I hoped that the material that was being distributed to schools would be bipartisan in nature and, if it were to involve members of Parliament, they would be prominent members of Parliament from a number of political persuasions.

The Hon. T.G. Roberts: Does that mean that the shadow Minister will get an introduction on the film as well?

The Hon. R.I. LUCAS: I suspect that it might be a bit late for the shadow Minister. You will have to talk to the Hon. Ms Lenehan. That is one of the issues that remains. I had some recent correspondence from the Women's Studies Resource Centre and yesterday I signed a letter that will go back to the centre making some suggestions. At this stage I will leave it to the centre to respond, and I await its response with much interest. I understand they are either an independent or semi-independent organisation or authority, and whilst I as Minister for Education, and some other funding sources, have substantially funded—

The Hon. Anne Levy: TAFE?

The Hon. R.I. LUCAS: TAFE is another one—the video, we have no control—

The Hon. C.J. Sumner: Is that your only area of concern?

The Hon. R.I. LUCAS: No, there are one or two other areas of concern. That is the major issue. I believe it would be unwise for such a video to be potentially engulfed in controversy and therefore detract from the goals which I am sure members on all sides of this Chamber would share for the project and its prospects.

The Hon. C.J. Sumner interjecting:

The Hon. R.I. LUCAS: I just told you that I believe it should be bipartisan. Therefore, if it is to involve members of Parliament, it should not just involve a member of Parliament from one political Party.

The Hon. C.J. Sumner: And that is what it does?

The Hon. R.I. LUCAS: That is what it does. That is what it seeks to do.

The Hon. Barbara Wiese interjecting:

The Hon. R.I. LUCAS: There are one or two minor issues, but that is the major issue. At this stage I am seeking to resolve those issues with the Women's Studies Resource Centre.

The Hon. C.J. Sumner: Do you want a guernsey?

The Hon. R.I. LUCAS: Not I.

The Hon. Anne Levy: Wrong sex!

The Hon. R.I. LUCAS: I am the wrong sex, if you have not noticed. Certainly the Hon. Ms Levy is much more observant than her Leader.

Members interjecting:

The PRESIDENT: Order! We will not go into the sexual preferences of people around here.

The Hon. R.I. LUCAS: We are not talking about sexual preferences, Mr President. We are just talking about one's gender. I do not want to enter that thorny ground at all. All I am saying—

The Hon. R.R. Roberts interjecting:

The Hon. R.I. LUCAS: I am completely the wrong gender to be involved in this issue.

Members interjecting:

The PRESIDENT: Order!

The Hon. R.I. LUCAS: I believe that, as this centenary year generally has been bipartisan in nature, and that has been one of its strengths, it would be unwise for a particular project to involve just one member of Parliament from one particular political Party and not to involve at least a prominent person from another political Party in that particular video.

The Hon. M.J. Elliott: The Country Party—

The Hon. R.I. LUCAS: I do not think it is represented in the Parliament at the moment.

The Hon. C.J. Sumner interjecting:

The Hon. R.I. LUCAS: That is a facile comment from the Leader of the Opposition.

The Hon. C.J. Sumner interjecting:

The Hon. R.I. LUCAS: I do not look for self aggrandisement in relation to these issues. As I said, for the benefit and ideals of the project, which I am sure most members would share, and the way generally the video tries to tackle a particular issue, then it would not be sensible in my judgment for it to approach it in the way it has so far. Therefore, as I have said, I have written to the Women's Studies Resource Centre in the past 24 or 48 hours and I await their correspondence and reply with interest.

The Hon. CAROLYN PICKLES: As a supplementary question, if the video is to be changed in any way, will the Minister undertake to provide the funds to do that?

The Hon. R.I. LUCAS: I can assure you I will not. We have spent some $80 000 on the production of this particular video. There are considerable resources available to the Women's Studies Resource Centre by way of salaries and ongoing funding for its ongoing operations. The contribution that has been made to this particular video from the taxpayers of South Australia is quite considerable.

The Hon. Anne Levy interjecting:

The Hon. R.I. LUCAS: Well, $80 000 has gone into this video. I can assure members that very many videos have been produced in the Education Department and other Government departments and agencies for less than $80 000. So, I do not have the funding available for it. There are a number of cost effective ways that will not involve significant sums of money at all to meet the sorts of concerns that I have as Minister. So, a happy compromise can be reached in this matter and it will not involve significant additional funding. Certainly, I do not have significant additional funding available to put in over and above the $80 000 that has already gone into this video.

ADELAIDE AIRPORT

The Hon. SANDRA KANCK: I seek leave to make a brief explanation before asking the Minister for Transport a question about Adelaide Airport.

Leave granted.

The Hon. SANDRA KANCK: I refer the Minister to an article published in the *Advertiser* of Thursday 28 July 1994 and to a question I asked her during the last session of Parliament relating to the impending sale of Adelaide airport. The *Advertiser* article states:

> The hope that a private investor will buy Adelaide Airport, spend millions improving the infrastructure and then wait for the tourism and trade dollars to roll in is optimistic, to say the least.

On 11 May this year in this place I asked the Minister how the Government intended to use its leverage by way of its brokerage of the sale to ensure that South Australians

benefited from the privatisation of the airport. At that time I expressed concern at the possibility that one company could buy both Adelaide and Melbourne Airports and that air traffic and infrastructure investment could then be diverted to Melbourne Airport by the new owner. In her answer the Minister did not categorically rule out this possibility. The Minister also said that her Government intended to commence discussions with the Federal Government and to formally write to it requesting that Adelaide Airport be sold first so that Adelaide was not swamped by the 'impetus that private sector ownership in the eastern States would mean'.

An article published in the *Advertiser* of 3 August 1994 reported the Premier's comments on the Federal Government's position on the airport sale and the possibility that the airport could be leased instead of sold. My questions to the Minister are:

1. What safeguards will the Government seek to build into the contract of sale or lease of the airport to ensure that the successful purchaser or lessee does not drastically increase freight charges?

2. Does the Government consider it to be in the best interests of South Australians that the eventual private interests in Adelaide Airport could have a controlling influence in the administration of other major Australian airports? If not, what safeguards will the Government be building into the contract of sale or lease of the airport to ensure that this does not occur?

3. If the Government does consider it to be in the best interests of South Australians, what safeguards will it be building into the contract of sale or lease of the airport to ensure that the eventual buyer or lessee does not treat Adelaide as a poor relation in the event that that buyer owns another major capital city airport?

4. Given the current uncertainty over future ownership arrangements and the fact that the Minister, up until now, has not categorically ruled out any negative consequences of the privatisation of Adelaide Airport, has the Minister considered that it might be better to retain public control over air traffic and that, instead of privatisation, the State Government should negotiate a greater role in the administration of Adelaide Airport?

The Hon. DIANA LAIDLAW: It is not the State Government's responsibility to write anything into any contract. The contract is in fact the ultimate decision and such contracts, as the airports are owned by the Federal Government, will be a matter of Federal Government responsibility.

I have written at great length to the Federal Minister for Transport and I expect to meet him in the next couple of weeks to discuss various issues in relation to the sale or lease of the airport. At the time I will also seek to clarify his views on the future of the airport as uncertainties exist following his recent comments. Those uncertainties will remain until the Federal Labor Party is able to amend its policies at the forthcoming national conference, which is to be held quite shortly.

In the meantime the Government has, through the Economic Development Authority, engaged AIDC and a team of specialist consultants to assist the South Australian Government develop a case for alternative ownership of Adelaide Airport and to identify potential investors.

That work is being undertaken at the present time, and I would anticipate that report within two or three months. So, at this stage we are simply developing a case for alternative ownership that we can present to the Federal Government following the national conference to which I have alluded. We are seeking to identify potential investors. We have never ruled out that there would be South Australian or Government interest in the future ownership of the airport. Certainly, the discussions that I have had with the Premier would confirm that we both wish to see that the South Australian Government would have a say through equity in the airport on behalf of the South Australian taxpayers and users generally. We have also successfully negotiated $100 000 from the Federal Airports Corporation itself for a study of what it would require in terms of an extension of the runway, and that is a very important aspect of any sale or future ownership arrangements for the airport.

So, at this stage we are simply preparing ourselves for a change in Federal Government policy. We believe that that is critical, because we do not want to be left behind in all the discussions and decision making that will take place within the next year. The Federal Government of course is developing a scoping study. We have not been allowed to participate in that directly, despite our request to do so, but we have certainly raised issues that we would wish to be taken into account in that scoping study. Whatever the Federal Government decides, we are determined to be in a position to be ready to respond, because we see that as being in South Australia's best interests.

In terms of my earlier request to the Federal Minister that, in a sense, we be the first cab off the rank in terms of any privatisation initiatives, the Federal Minister has not agreed that we be the first project, nor has he agreed that we be used as a pilot project. I understand that he would be looking at two or three airports being let out at the same time, of which Adelaide has a very good chance of being amongst those two or three, on the latest advice he has provided me. To me it is critical that, if we are not to go first and alone, we are amongst the first two or three that are put out together in terms of expression of interest for alternative ownership.

The Hon. SANDRA KANCK: As a supplementary question: does the Minister have concerns that in that process, whether we be first or last, one owner could own Adelaide Airport and another airport and that we could become the poor relation in the treatment of our airport? Will she raise those particular concerns with the Federal Minister?

The Hon. DIANA LAIDLAW: I would have grave concerns if we were the last, but I do not think that the Federal Government would put us in that position, from the discussions I have held with the Federal Minister to date. I agree with the interjection from the Hon. Barbara Wiese that there is one owner now, the Federal Airports Corporation, and we could hardly be in a worse position than we are in now, in terms of attention and development opportunities that have missed us in the past and the failure to realise the potential of the airport. That is why we have been so aggressively seeking to position ourselves for a change of arrangement for ownership of the airport.

I suspect that the Trade Practices Commission would be particularly interested in ownership arrangements, just as it was earlier in the ownership arrangements for the Port of Adelaide when there was concern at that time about an owner in Melbourne also operating the port in Adelaide and the ramifications that would have for Adelaide. Those same concerns would apply in this instance. They have been alluded to in discussions that I have had with the Federal Minister; I will certainly take them up further. I cannot envisage such a situation, however. As I indicated, the State Government certainly wants to have some equity arrangement in future ownership arrangements and, therefore, that very

fact would mean that there would not be the same ownership arrangements between Adelaide and Melbourne.

VIRGINIA PRIMARY SCHOOL

The Hon. BERNICE PFITZNER: I seek leave to make a brief explanation before asking the Minister for Education and Children's Services a question about the Virginia Primary School.

Leave granted.

The Hon. BERNICE PFITZNER: I recently visited Virginia Primary School, at its invitation. I understand that several invitations have been sent to its local member of Parliament, Mr Lynn Arnold, who is also the Leader of the Opposition. He has not visited the school since those invitations were issued many months ago. My own visit to the school was on 6 July and I understand that the local member has still not made contact with the school.

This school has a large ethnic student component. For example, there are 78 Vietnamese children attending the primary school and eight in the child parent centre. Seventy-two per cent of the total school population comes from non English speaking background, mainly Vietnamese, Greek, Italian and Turkish. A letter I received from the President of the Virginia Vietnamese Parents Association, Mr Van Dinh Nguyen, states in part:

> We believe that the Virginia Primary School has the highest proportion of non English speaking background children in the State. Most of Virginia's Vietnamese community are from rural backgrounds in Vietnam and we feel ill equipped to tutor our children in English language skills. We also find that long hours spent in the gardens minimise the time we can spend talking to our children about their school work.
>
> At home we all speak Vietnamese to our children and almost all of them go to school with very, very little English. We are dependent on the school staff to provide the best possible English language learning opportunities for our children. At the moment our school has an ESL [English as a second language] allocation of 1.0 [teacher time]. This allocation does not adequately cater for the ESL needs of Virginia as the class teacher has to cater for special language needs in large classes.
>
> If our children had been born overseas we would have qualified for a larger allocation of ESL teacher time and special language programs. Language learning needs of our children entering school are comparable to those of new arrivals. The educational success of our children is of utmost importance to us. We understand the central role English plays in that success.

There is also the problem of lack of space to conduct these special ESL classes. My questions are:

1. Will the Minister bring back a reply as to the special needs of this school?

2. How many schools have an allocation of one or more ESL teacher time, and where are these schools located?

3. What are the criteria or guidelines for the allocation of ESL teacher time?

4. Will the Minister bring back a reply as to how Virginia Primary School's concerns will be addressed?

The Hon. R.I. LUCAS: First, let me first acknowledge the special needs of the Virginia Primary School. Certainly, I shall be pleased to get the information from my department and bring back a reply for the honourable member.

GULF ST VINCENT FISHERY

The Hon. R.R. ROBERTS: I seek leave to make an explanation before asking the Attorney-General, representing the Minister for Primary Industries, a question on Dr Garry Morgan's report on the Gulf St Vincent prawn fishery.

Leave granted.

Members interjecting:

The Hon. R.R. ROBERTS: I never like to disappoint you. In an obvious dorothy dixer in the House of Assembly yesterday the member for Flinders asked a question about the Gulf St Vincent fishery report or review by Dr Garry Morgan. The Minister's answer came back as expected. It was first reported on the ABC at 6.30 this morning, with the Minister's saying that the closure of the Gulf St Vincent prawn fishery was entirely justified. That was not surprising, because everyone in South Australia agreed with that. However, further to that a press statement was sent out yesterday at the same time as the question was being asked, and it states:

> An international fish biologist has found that the Government's decision to open the Gulf St Vincent prawn fishery earlier this year had been correct and there did not appear to be any immediate concern regarding the health of the fishery. Dr Garry Morgan was commissioned by the State Government to review the research which formed the basis of the reopening of the fishery.

The Minister invited me to further take up this matter, and I am happy to do that, although I was willing to wait until the Morgan report was tabled before making any further comment on it. That would have been the responsible way to approach the issue. However, there is clearly a softening up going on here: we are getting little bits of information which no-one can dispute because we do not have access to the report.

As to what is happening in the fishery, despite the vehement criticisms of people like myself and the member for Napier (Annette Hurley), who have asked questions about this, and despite the Minister's vehement denials that another inquiry was necessary, during the recess and after the fishermen forced the situation by saying that the fishery was being overfished and that they would not fish, the Minister was then unceremoniously placed in the position of having to have this inquiry. In reply to yesterday's question the Minister said he intended to table the report when he got it back. In the House of Assembly yesterday the Minister said that he had received a copy of the report which he had sent to the Fisheries Department which, in turn, had sent it to SARDI and, when it came back, he expected to have the report tabled here.

It was reported to me by a prominent fisherman that early in July he asked for a copy of the report. It must be remembered that the report was placed before the Minister on 1 July. When the fishermen asked for a copy of the report, he was told there were only three copies: one was with the Manager of Fisheries South Australia, one had gone to SARDI with Mr Lewis and the other was on the Minister's desk. Obviously, there is an inconsistency, which I do not intend to go into now about who was telling the truth and how many reports there were and where they are. Therefore, the questions that I wish to ask about the Morgan report, given that it has been around for a month and given the strong rumours going around that there has been great discussion between the report's author and members of the Minister's department, are as follows:

1. Will the Minister provide this Council with the precise terms of reference given to Dr Morgan on his commission?

2. Will the Minister provide this Council with a copy of the original report submitted by Dr Morgan on or about 1 July?

3. Will the Minister provide this Council with catch returns submitted by processors on behalf of the 10 Gulf St Vincent prawn fishermen detailing the size and tonnages

of each catch for the whole of the fishing effort from 11 December 1993 until 1 July 1994?

The Hon. K.T. GRIFFIN: I shall be pleased to refer those questions to my colleague in another place and bring back a reply.

STAMP DUTY

The Hon. A.J. REDFORD: I seek leave to make an explanation before asking the Attorney-General, representing the Treasurer, a question about stamp duty on separated spouses' property transfers.

Leave granted.

The Hon. A.J. REDFORD: I draw the Attorney's attention to the provisions contained in section 90 of the Family Law Act, in particular, where it states that transfers of property between husband and wife are free of stamp duty provided they are made pursuant to an order of the court. As I understand the position, a husband and wife can transfer property between themselves free of any stamp duty, provided there has been a decree *nisi* of their marriage and also provided that the transfer is done pursuant to an agreement approved by the Family Court or an order approved by the Family Court.

In order to prevent avoidance schemes arising, the approach of the South Australian Stamp Duties Office has been to collect stamp duty on an *ad valorem* basis from the parties to a marriage if the transfer has occurred pursuant to a court order. This can cost thousands of dollars. Stamp duty is then refunded once the parties have obtained a decree *nisi* and applied to the Stamp Duties Office. Often this process can take a long time, and I can say from personal experience that there is a considerable administrative imposition on the parties in getting their moneys back. I also appreciate that the reason for this process is to avoid parties entering into sham orders, transferring property free of duty in the absence of an ultimate divorce.

However, section 71cb of the Stamp Duties Act states that an instrument of which the sole effect is to transfer an interest in the matrimonial home from one spouse to the other is exempt from duty. However, I understand that if the parties have separated, then the Commissioner will not allow that exemption to pass and the parties are liable to pay stamp duty. If one looks at the interconnection between the South Australian Stamp Duties Act and the exemption in the Family Law Act, there appears to be an anomaly. In particular, it would appear that people who are divorced or people who remain together and marry are free from stamp duty and people who are separated are effectively not free from stamp duty. There cannot be any sound reason for that anomaly. Indeed, I know of one case where one party died following a property settlement and, as I understand it, it was only through the Minister's intervention that the husband got his stamp duty back.

It would also seem to me that there would be considerable administrative resources in the Stamp Duties Office applied in managing these funds. It would appear that ultimately the State would gain little by this anomaly if one assumes that most people who separate ultimately either reconcile and come within section 71 of the Stamp Duties Act or, alternatively, divorce and come within section 90 of the Family Law Act. In the light of that, my questions are as follows:

1. Is there any basis upon which parties who have separated and who are yet to become divorced are liable to pay stamp duty and, if so, what is that basis?

2. Will the Government making the appropriate amendments to the Stamp Duties Act or, alternatively, giving the appropriate direction to the Stamp Duties Office in relation to this anomaly?

The Hon. K.T. GRIFFIN: This area falls properly within the jurisdiction of the Treasurer and I will refer the full question to him with a view to bringing back a reply. So far as I am aware, on the information available to me, there is no anomaly between the Stamp Duties Act and the Family Law Act. In 1984 there was a Crown Solicitor's opinion indicating that section 90 was invalid even in the form which was amended in 1983 and it does not operate to override provisions of the State Stamp Duties Act.

My recollection is that the State Stamps Duties Act amendments were brought in early in the life of the previous Labor Government, in the early 1980s, and were supported on a bipartisan basis in the Parliament. I am not aware of the reasons for the practice, except that I would expect them to be in accordance with the provisions of the Stamp Duties Act and designed specifically to ensure that there is no avoidance of stamp duty liability under the Stamp Duties Act. I will, as I say, refer the matter to the Treasurer and bring back a reply.

INDUSTRY DEVELOPMENT

The Hon. T.G. ROBERTS: I seek leave to make a brief explanation before asking the Minister for Education and Children's Services, representing the Minister for Industry, Manufacturing, Small Business and Regional Development, a question about industry development.

Leave granted.

The Hon. T.G. ROBERTS: In the latest Messenger Press an article appears by Ms Kennedy under the headline 'EDA role reflects vague economic policy'. I know that Ms Kennedy is well informed. Most of her articles are of an educative nature. She knows her political stuff, particularly in relation to the portfolio of industry development. She also knows very well the internal operations of Government. One can say she knows the internal operations of ministerial departments, and even the intricacies of how the Liberal Party is made up. The implications in the article—and I will quote from them, but not for too long—are that the Centre for Economic Studies has questioned how strategic is the State Government's economic development thinking.

In so doing she touched on the subject that is much discussed and worried over in the board rooms of Adelaide. It is quite clear that with the national increase in economic activity it is very important that South Australia at least matches the national growth. We would certainly like to see more than the national average in growth, but even if we match it we will be doing very well. It is quite certain by the tone of this article that a number of people in South Australia are concerned that the parameters and the settings within this State are not adequate enough to pick up the national growth that is now occurring through the activity levels that the nation is seeing, and that is mainly brought about by the Federal Government. The article states:

> John Cambridge admits that SA paid at the high end of the scale to lure Motorola with a package of mainly revenue forgone, leasing and staff training assistance [and other incentives]. But it is the Australis Media incentive package which has really raised eyebrows interstate and in Canberra.

The article questions some of the incentives and the level of incentives that the EDA, or at least the Government, is offering in attracting some industry development to this State.

That is a balance that Governments must make when competing with interstate Governments, which is a feature of our non-republican style Commonwealth where States get on the auction block to offer incentives to set up industries within their State. The article continues:

> If the leaked data of around $30 million for Australis is accurate, the South Australian Government has paid the equivalent of $30 000 for each Australis job. But they are not high tech jobs, they are unskilled data processing positions. About as high tech as they get is being located at Tech Park. Most of them are apparently likely to be positions for women.

However, I guess that any job and any news of any job is welcome news to members on this side of the Council. Inherent in the whole of the article is a questioning role that the EDA is participating at perhaps the level that it ought to be, given that economic opportunities are to be gathered in relation to the national growth that is occurring. Does the Minister accept the public criticisms of the EDA? Has he any plan for reform or change of the EDA's role and function and, if not, why not?

The PRESIDENT: Before the Minister answers the question, I might add that the last two questions had a modicum of opinion in them and the Standing Orders do not allow for that. However, provided that the honourable member is not picked up, I guess he will get away with it.

The Hon. R.I. LUCAS: It might not surprise the honourable member but clearly the Government does not share the views of Ms Kennedy as printed in the *City Messenger,* and other examples of the Messenger outlet, and certainly would reject the notion that there has been no coherent economic strategic plan in relation to the decisions taken by the new Government over its first eight months or so. As I indicated in reply to a question yesterday, the broad outline of the strategy to be adopted by the new Government was outlined prior to the last election in a range of policies that were released. They have been fleshed out by a number of statements made by both the Premier and the responsible Ministers in our first eight months.

Some key runs are on the board already, albeit that they were criticised by Ms Kennedy. However, investments such as Motorola and Australis are key investments for the economic future of South Australia, and part of an overall strategic plan for this State's industrial development. I would certainly reject the notion that all the jobs in Australis and Motorola were low tech jobs. I have had discussions in the past month or so with academics, leading researchers and scientists in our universities who have indicated most strongly their view that one of the attractions for those investments is the linkage with high powered research scientists who are available within our universities, and other training institutions, in South Australia.

So, it is not a simple matter of saying that they were all low tech and low skilled jobs and there is nothing high tech, exciting or innovative about the new developments. However, I will be pleased to refer the honourable member's question to the Minister and bring back a reply.

GOVERNMENT ASSET MANAGEMENT DIVISION

The Hon. R.I. LUCAS (Minister for Education and Children's Services): I seek leave to table a copy of a ministerial statement made in another place today by the Treasurer on the GAMD expected loss for 1993-1994.

Leave granted.

GAMING MACHINES

The Hon. R.I. LUCAS (Minister for Education and Children's Services): I seek leave to table a ministerial statement made in another place today by the Treasurer on gaming machines.

Leave granted.

HINDMARSH ISLAND BRIDGE

The Hon. DIANA LAIDLAW (Minister for Transport): I seek leave to table a copy of the South Australian Government's submission to Professor Cheryl Saunders under section 10(3) of the Aboriginal and Torres Strait Islander Protection Act 1984. I should note in tabling this report that annexure 2, which is an extract from the report by Mr Samuel Jacobs QC, has not been included because the report itself has not been publicly released.

Leave granted.

MICROPHONES

The Hon. G. WEATHERILL: I seek leave to make a brief explanation before asking you, Sir, a question about the microphones in the Chamber.

Leave granted.

The Hon. G. WEATHERILL: I noticed that during Her Excellency's speech it was hard to hear not only along the front benches but also at the back. Also, over the years, I have noticed that if these microphones are turned just slightly away from members *Hansard* cannot pick up what we are saying. With the improvements in technology over the years, I am sure that this could be looked at, and I do not think the system would be very expensive to upgrade.

The PRESIDENT: Some years ago, I recall, when the microphones were first installed, the sound was relayed around the Chamber, and a vote was taken that we not do that. However, it should have been relayed during the Governor's speech, but was not, and we will try to correct that in the future.

SOUTH AUSTRALIAN OFFICE OF FINANCIAL SUPERVISION (REGISTER OF FINANCIAL INTERESTS) AMENDMENT BILL

The Hon. K.T. GRIFFIN (Attorney-General) obtained leave and introduced a Bill for an Act to amend the South Australian Office of Financial Supervision Act 1992. Read a first time.

The Hon. K.T. GRIFFIN: I move:

That this Bill be now read a second time.

The purpose of this Bill is to amend the South Australian Office of Financial Supervision Act 1992 to change the approach towards ensuring probity in the financial activities of board members and employees of the South Australian Office of Financial Supervision (SAOFS). The Act establishes SAOFS, the body responsible for the regulation of building societies and credit unions in South Australia.

There is currently one building society registered in South Australia, with assets in the order of $45 million, and there are 15 credit unions registered, with total group assets of ap-

proximately $1.35 billion, giving aggregate assets for those industries of approximately $1.4 billion. Although there are a number of foreign societies registered in South Australia, SAOFS is not responsible for their supervision.

The present approach prohibits persons being board members or employees where 'that person or an associate of that person' has a substantial financial interest in a financial institution. The combination of a broad (but unexceptional) definition of 'associate' and a wide ambit of financial interests made this approach unworkable.

The Bill removes this prohibition and in its place requires the declaration of financial interests of board members, the Chief Executive Officer, and employees of SAOFS, and their associates, for inclusion in a register available for public inspection.

State supervisor legislation in the majority of other States provides that particulars of financial interests be declared in a similar manner to that set out in the Bill.

In the Bill, the definition of 'associate' includes the officer's spouse (including a putative spouse). Children and parents of the officer or spouse are also caught by the definition, provided that they live with the officer on a genuine domestic basis.

Bodies corporate in which the officer and/or associates control at least 20 per cent of the issued share capital, or that are accustomed to act in accordance with the officer's or associate's wishes, are also associates. 'Associate' has also been defined so that an officer's or family member's interest held as a beneficiary of a trust must be reported.

Further provisions in the Bill streamline the definition of 'financial interest' in a manner designed to ensure clear and straightforward determination of a person's financial interests.

The Bill is consistent with Government policy in so far as it is consistent with other approaches to the control and monitoring of financial interests of public officers.

In commending the Bill to the Council, I seek leave to have the detailed explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Clause 1: Short title

This clause is formal.

Clause 2: Commencement

This clause provides for the commencement of the measure on a date to be set by proclamation.

Clause 3: Substitution of s. 33

This clause provides a substitute clause 33 in the following terms:

33. Register of financial interests of members and employees

Proposed clause 33 provides that the South Australian Office of Financial Supervision must keep a register of the financial interests of 'SAOFS officers' (SAOFS members, chief executive officer or employees). The register is to be available to be viewed by the public without charge (see subsection (12)).

SAOFS officers must provide a Registrar with a statement of the relevant particulars of their financial interests—

within 14 days of becoming a SAOFS officer (subsection (7));

when they gain or divest themselves of a financial interest (subsection (8)); and

in any case, within 14 days after 31 March and 30 September in each year.

Failure to do so constitutes an offence punishable by a division 7 fine ($2 000).

A person holds a financial interest when they, or one of their associates—

owns securities in a financial institution;

has deposits with, or loans from, a financial institution; or

is a member of a financial institution.

'Associate' is defined broadly in subsection (1) to mean the spouse (or putative spouse) of a person, a parent or child of a person or the person's spouse if that parent or child lives with the person, a trustee of a trust of which the person is a beneficiary, companies related to the person and, to avoid the 'hiding' of financial interests behind corporate structures or trusts, a company or trust related to the person, spouse, parent or child by a chain of such companies or trusts.

Subsection (1) defines the 'relevant particulars' that a person has to supply in relation to a financial interest. These particulars vary according to the financial interest in relation to which they are given.

Subsection (10) provides two defences to prosecution under this section. A person is not guilty of an offence if the person proves that he or she lacked knowledge of, or held a mistaken belief in relation to, the existence or particulars of a financial interest. Also it is not an offence to overstate the extent of a financial interest.

Clause 4: Transitional provision

The effect of the transitional provision is that current members, chief executive officer and employees of SAOFS will have 14 days after the Act commences to declare the relevant particulars of their financial interests.

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

CRIMINAL LAW CONSOLIDATION (FELONIES AND MISDEMEANOURS) AMENDMENT BILL

The Hon. K.T. GRIFFIN (Attorney-General) obtained leave and introduced a Bill for an Act to amend the Criminal Law Consolidation Act 1935 and to make consequential amendments to other legislation to provide for the abolition of the classification of offences as felonies and misdemeanours; and for other purposes. Read a first time.

The Hon. K.T. GRIFFIN: I move:

That this Bill be now read a second time.

This Bill is in almost identical form with that which was introduced at the end of the last session. In view of that, I seek leave to have the whole of the second reading report and the detailed explanation of clauses incorporated in *Hansard* without my reading them.

Leave granted.

At common law, crimes developed as felonies and misdemeanours. In general terms, it might be said that, at least until relatively recent times, felonies were more serious crimes than misdemeanours. There are a number of exceptions to this, however, even of quite early date. One of the more obvious is that the ancillary offences—incitement, conspiracy and attempt to commit murder, for example—are misdemeanours although murder is, of course, a felony and there are many felonies less serious than those misdemeanours. In general, the classification of common law offences is determined at common law.

The major significance of the division between felonies and misdemeanours originally lay in punishment. A felon forfeited all his or her property to the Crown, while the person guilty of a misdemeanour did not. Further, the felon was almost invariably subject to the death penalty whereas the person guilty of a misdemeanour was not. Neither of these consequences is remotely true in South Australia today.

South Australia inherited the distinction between felonies and misdemeanours in 1836. It remains in South Australian criminal law. But in the last century, the key classification of offences, which is all-important from a procedural point of view, has moved from the felony/misdemeanour distinction to that between indictable and summary offences and, latterly, major indictable, minor indictable and summary offences. It is these classifications which determine, for example, mode of trial, procedural steps and, to a degree, penal consequences.

It is quite clear that the designated classifications of crimes as felonies or misdemeanours at common law no longer makes any sense at all. For example, murder is a felony, but attempted murder is not. Manslaughter is not a felony, but attempted manslaughter is (by statute). A second example—one of the many possible—suffices to make the point. All larcenies are a felony—even the stealing of

$2 worth of sweets from a shop. But an act of gross indecency with a minor is a misdemeanour.

These anomalies have been aggravated by the statutory designation of certain indictable offences as felonies by s. 5(2) of the *Criminal Law Consolidation Act*. This section was inserted by the *Criminal Law Consolidation Act Amendment Act*, No 90 of 1986. The principal purpose of this Act was to make large scale reforms to ancient offences dealing with assaults and the like and damage to property. The addition of s. 5(2) was a short hand way of preserving the existing felony status of many of the repealed offences for other purposes. It may have achieved that aim in a rough way—but it leads to further difficulties and anomalies.

The South Australian criminal justice system does not need the felony/misdemeanour distinction. One reason is its irrelevance. It outlived its reason for existence a century ago. There is simply no reason for its continued existence. A second reason is that its current form gives rise to what can charitably be called anomalies. The distinction is not only irrelevant, but also the distinction no longer makes sense. A third reason is that the vestiges of the distinction left in South Australian law affect the operation of other laws in a way that is counter-productive and that makes no sense. South Australian criminal law can do without these unproductive disputes.

Of all Australian jurisdictions, only New South Wales and South Australia retain the terms. It is more than time they were abolished.

Abolition of the distinction requires more than the mere replacement of the terms in question—although it involves at least that. That kind of routine and uncontroversial amendment may be found in the two Schedules to the Bill. But the abolition of the distinction also requires the examination of some areas of substantive criminal law. They fall under the following headings.

1. The Felony Murder Rule

The felony murder rule goes back a very long time in the history of the criminal law at common law. In general terms, it is murder if a person kills another by an act of violence committed in the course of commission of a felony involving violence. The point of the rule is that an accused will be guilty of murder in such a case even if he or she has not had the fault elements (such as an intention to kill or cause grievous bodily harm) normally required for conviction for murder. This rule applies only in relation to felonies.

It was abolished in England in 1957, and is no longer law in the ACT. It has been declared to be contrary to the Charter of Rights in Canada. It was recommended for abolition by the Mitchell Committee, the Victorian Law Reform Commissioner, the Victorian Law Reform Commission, the Queensland Criminal Code Review Committee and the Canadian Law Reform Commission.

Against this unanimity of professional opinion, there can be no doubt that the doctrine has been employed in recent highly publicised cases in South Australia, and it has a certain popular appeal. When Victoria abolished the distinction between felonies and misdemeanours in 1981, it enacted a provision retaining the rule to a large degree.

This Bill adopts the latter course, despite a number of submissions to the Government that sought to have the rule abolished entirely. The reason is that such a reform would be controversial, and that controversy would be destructive of the main aim of the Bill—which is to abolish the anachronistic distinction.

2. Burglary and Allied Offences

South Australia has a very ancient structure of offences of dishonesty. It derives from the time at which the distinction between felonies and misdemeanours was central to the classification of offences. In many cases, it is possible to abolish the distinction quite simply. But in the cases of ss. 167-171 of the *Criminal Law Consolidation Act*, the irrationality of the ancient distinction still retains full hold.

The object of the Bill is to abolish the procedural distinction while retaining the status quo in terms of the substantive law so far as is possible. Literally, such an objective would require the Bill to restate the old distinction in modern legislative form. But such is the anomalous state of the law, that is neither wise, nor desirable—nor possible. Hence, the offences have been re-enacted with a scope as close as is possible to their intended scope.

3. Complicity

The common law rules are described by a noted authority as follows:

> At common law the rules of complicity are exactly the same for both felonies and misdemeanours but different words describe them. If D instigates the commission of a felony, and the felony is in fact committed, he is called an accessory before the fact and what he has to do to become an accessory before the fact is counsel or procure the commission of the felony. If D participates in the commission of the felony he is called a principal in the second degree, as opposed to the person who actually commits it, who is called the principal in the first degree. To become a principal in the second degree D has to aid and abet the commission of the felony. If the crime is a misdemeanour, D's liability to conviction is still described in terms of counselling, procuring, aiding and abetting, but he is not called either accessory before the fact or principal in the second degree, and the person who actually commits it is not called principal in the first degree. Indeed, neither of them is called anything in particular as a matter of established custom. These categories. . . are quaint and have no significant bearing on the principles of responsibility for the promotion of crime.

The Bill deals with all of this by simply enacting the common law formula of "aid, abet, counsel or procure" and applying it to all offences.

4. Power of Arrest

Currently, ss. 271 and 272 of the *Criminal Law Consolidation Act* contain a statutory version of the common law power of arrest. Because it predates the creation of the police force, it vests powers in private citizens.

It is arguable whether or not ss. 271 and 272 could simply be abolished without replacement. Certainly, s. 75 of the *Summary Offences Act* provides police with a comprehensive power of arrest without warrant. Section 272 is an anachronism and there appears to be no recent record of its use. However, in the interests of caution, and taking into account the fact that this Bill is not intended to constitute a review of powers of arrest, it has been decided to re-enact the effect of s. 271.

SUMMARY

The eminent criminal jurist, Sir James Stephen, writing in 1883, strongly advocated the abolition of the felony misdemeanour distinction on the ground that it had then grown to be irrational and no longer served any useful purpose in the criminal law. In 1994, in South Australia, that is all the more true because it is now causing anomalies and quite unnecessary complexities in the criminal law. The distinction simply does not belong in a modern criminal justice system. The home of the common law, England, abolished the distinction in 1967. In Australia, only New South Wales still has it (apart from this State). It is time that South Australia caught up with the rest of this country.

The Bill was introduced in the last session and has been lying on the Table of the House during the recess. The Government has conducted consultations on the terms of the Bill during the recess and has received favourable feedback from interested parties.

I commend the Bill to the House.

Explanation of Clauses

Clause 1: Short title

Clause 2: Commencement

Clauses 1 and 2 are formal.

Clause 3: Amendment of s. 5—Interpretation

Clause 3 substitutes a new subsection (2) in section 5 of the principal Act. The current subsection (2) deems certain offences to be felonies for the purposes of the Act. The abolition of the distinction between felonies and misdemeanours makes such a provision inappropriate. New subsection (2) specifies that notes written in the text of the Act form part of the Act. This consequential amendment is necessary because of the drafting style used in new sections 12A, and 167 to 171 and the amendments to 270b(1) and (2).

Clause 4: Insertion of s. 5D

Clause 4 abolishes the classification of offences as felonies and misdemeanours.

Clause 5: Insertion of s. 12A

Clause 5 inserts a new section 12A into the principal Act. New section 12A provides that a person who causes death by an intentional act of violence committed in the course or furtherance of a major indictable offence punishable by imprisonment for ten years or more is guilty of murder. This provision may be seen as providing a statutory replacement for the common law "felony-murder rule", although the scope of the statutory rule is somewhat different as it applies only to serious crimes. There is, however, a specific exception for causing death in the course or furtherance of an illegal abortion, to preserve the common law leniency in relation to this offence.

Clause 6: Substitution of s. 75

Clause 6 substitutes a new section 75 in the principal Act dealing with alternative verdicts on trials for rape or unlawful sexual

intercourse. New section 75 does not effect any substantive change but removes all references to felonies and misdemeanours and is in modern drafting style.

Clause 7: Repeal of ss. 134 and 135

Clause 7 repeals sections 134 and 135 of the principal Act which prescribe the penalty on conviction for larceny after a previous conviction for a felony and after a previous conviction for a misdemeanour, respectively.

Clause 8: Substitution of ss. 167—172

Clause 8 substitutes a number of new sections in the principal Act. New sections 167 to 171 cover the same ground as the existing sections 167 to 172 but use modern language and delete the references to felonies. The offence created by the current section 171 is incorporated in proposed section 170.

These sections of the principal Act deal with the offences of sacrilege, burglary, housebreaking, breaking and entering and various offences at night which involve being in possession of an offensive weapon or instruments of housebreaking, being in disguise, or being in a building. Most of these offences are currently triggered by the intent to commit, or the commission of, a felony. The proposed sections delete the references to felonies by having these offences triggered by the intent to commit, or the commission of, an offence of larceny, or an offence of which larceny is an element, an offence against the person, or an offence of property damage which is punishable by imprisonment for three years or more.

Clause 9: Substitution of ss. 267 and 269

Clause 9 repeals sections 267 and 269 of the principal Act and replaces them with a single provision on aiding, abetting, counselling or procuring an offence. The abolition of the distinction between felonies and misdemeanours means that it is no longer necessary to have two separate provisions dealing with accessorial liability. New section 267, like the sections it replaces, provides that an accessory may be prosecuted and punished as a principal offender.

Clause 10: Substitution of ss. 271 and 272

Clause 10 repeals sections 271 and 272 of the principal Act, which deal with the citizen's power of arrest in two different circumstances, and replaces them with a general power of arrest. New section 271 would allow a citizen to arrest and detain a person found committing, or having just committed, an indictable offence, larceny, an offence against the person or property damage.

Schedule 1

Schedule 1 consequentially amends all other provisions of the principal Act which mention felonies and misdemeanours. This schedule does not make any substantive changes to the law but amends the terminology used in keeping with the abolition of the classification of offences as felonies and misdemeanours.

Schedule 2

Schedule 2 consequentially amends all other Acts which mention felonies and misdemeanours. This schedule does not effect any substantive changes to the law but amends the terminology used in keeping with the abolition of the classification of offences as felonies and misdemeanours.

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

ADDRESS IN REPLY

Adjourned debate on motion for adoption.

(Continued from 3 August. Page 40.)

The Hon. M.S. FELEPPA: I support the motion for the adoption of the Address in Reply. In doing so, I wish, first, to express my gratitude to Her Excellency the Governor for officially opening the second session of this Parliament. I also join Her Excellency in expressing my condolences to the relatives and families of former members of the House of Assembly: Mr Joe Tiernan, Mr Reg Groth, Mr Keith Plunkett and Mr Lloyd Hughes.

In my contribution to the Address in Reply I wish to draw the attention of members to the importance of the Audit Commission's report on the economy of the State and to another report prepared by an independent group of well-known academics from the University of Adelaide and the University of South Australia which is basically a critique of the report of the South Australian Commission of Audit.

The report is entitled, 'Charting the Way Forwards or Backwards'. The importance of the whole matter struck me as I was listening to the radio on my way to town on 6 May this year. Murray Nicoll was interviewing Mr John Spoehr, who was complaining about the context of a letter to the editor of the *Advertiser* criticising the Audit Commission's report, saying that it had been completely ignored by the media and was deploring the lack of interest in the criticism by his group. The next day a reference did appear in the *Advertiser* which in part states:

> Cuts in public spending proposed by the Brown Government's Audit Commission would 'slam the brakes on South Australia's fragile economic recovery', according to economists from two South Australian universities. The Audit Commission report was a political document which proposed 'tried and failed economic solutions of the 1980s. . . Mr Spoehr claimed two of the four commissioners at least were politically aligned. . . notional figures produced by accountants for accountants should not be used to justify scorched earth policies that are ideologically driven.'

Briefly let us look at the commission first. The Audit Commission came into being two days after the present Government came into power. The Government said it wanted an accurate assessment of the state of the public sector economy so that the Government could construct a healthy State economy.

It should be noted that, while the commission was taking evidence and seeking advice, the Government embarked on a number of changes to the Public Service and Government enterprises that were to have a far reaching effect on the State's economy. The changes made were in fact the subject of the Audit Commission's inquiry on which the commission was to make recommendations. I do not know whether the Government briefed the commission privately so that the commission's recommendations would reflect the intentions of the Liberal Party which it had in mind when coming into Government, but we can be certain that the commission recommended what it appeared the Government wanted to hear.

On 3 May this year the Premier made a Ministerial statement on the Audit Commission report. His statement in the Parliament was recorded by *Hansard* at page 948. In part, it reads as follows:

> The commission has recognised some of the changes my Government has already initiated to improve the level of service, and these include changes in urban passenger transport and in public hospitals (through casemix funding). It has endorsed the agreements with senior public sector executives for a whole of Government integrated management cycle in which the budget is presented earlier and the strategic planning process is directly linked with annual budgeting and reporting. It has endorsed our stance for contestability and outsourcing in some public sector activities, including health and information technology, to maximise efficiency gains and to give some real encouragement to local industry. It has endorsed our stance for basic skills testing in education and devolving greater management responsibility to the level of the individual school. It has endorsed our proposal for regionalisation of health administration and for giving the private sector the opportunity for building the State's next major prison. The commission also offers some advice to all South Australians. . .

The point I am trying to make this afternoon is that the commission simply seemed to concur in matters it was considering as the decision had in fact been taken already by the Government. This endorsement showed really what the commission's report was all about. Whether or not the commission had been briefed before commencing its inquiry, certainly it appeared to the public that it had been. It had

received strong signals from the Government as to what was in the mind of the Government and what the commission was expected to recommend.

The Passenger Transport Bill was well under way in the early days of the new Government, so when the commission looked at public transport whatever it might have found was pre-empted by the actions of the Government. When you look into the report, volume two, pages 287 to 299, on urban transport, there are no specific recommendations, and the text of the report already speaks of the coming TransAdelaide. With regard to urban transport, all the commission could do was talk around the subject and tell the Government what it wanted to hear. It was as simple as that. I have some sort of sympathy for the whole exercise: it must have been very frustrating for the commissioners who must have been under some compulsion to perform in a certain way.

As for an independent and objective assessment of the State's public sector economy, the report is virtually worthless. The report is subjective in that it had to submit to the promptings and intentions of the Government. If we look at the composition of the commission for a moment, we see that it is made up of good men—no women: so much for women's promotion in this nation and the world—all good men in their own field. One was the chairman of a gas company holding group. He did not operate a gas company. He handled the investment of company money. Another was formerly a company manager handling investor relations and worked as a company secretary. Again, money was his commodity. Another was a former deputy secretary of the New South Wales Treasury; again, Treasury money was his commodity. The fourth was the Executive Director of the South Australian Centre of Economic Studies. He seems to have had the more rounded experience for the making of an economic survey. All are acknowledged as competent in their own fields, but the question to ask this afternoon is: were they competent sufficiently to make assessments of the State's public sector economy as a whole? I will leave that question for the public of South Australia to answer.

What the Government wanted from the commission was a rationale simply for cutting public sector spending and in the shortest possible time to have the State's international credit rating lifted from AA to AA plus, or perhaps AAA if that was at all possible. If the Government wanted simply a money juggling act with rationale to support its short term aims, well, I think they chose the right commissioners to do that.

I will say nothing of the commissioners' individual integrity in taking signals from the Government while gathering the facts. That is up to their own individual conscience, but the grounds for lack of impartiality are there in the Premier's statement. The commission, according to the independent Audit Commission response group, 'has failed the test of impartiality and independence by selectively using information to justify its own narrow view of economic development in South Australia.'

Three weeks were allowed for public comment after the release of the commission's report. The Independent Audit Commission Review Group produced a considered criticism of the commission's report. Many South Australians view this report as objective, independent and in-depth. The recommendations of the review group can be reduced to about 10.

By contrast with the commissioners the members of the review group are university academics from the Adelaide and the South Australian universities, who have expertise in economics, politics and labour studies. They are competent to criticise, and their criticism deserves the attention of this Parliament and of the public. It also deserves more respect than that shown by the scathing attack by our Treasurer who stated in the *Advertiser* of 24 May this year that the review group was 'living in financial fantasy land'. The review group has given us a broad picture, which is in touch with the reality of the economy, and that is what has brought such a scathing attack from our Treasurer.

It is my intention today to put the recommendations of this Independent Audit Commission Review Group on public record. The review group makes the following observation:

> The commission has used few, if any, objective criteria on which to base its recommendations and has grossly over-simplified comparisons, such as interstate expenditure levels in selected areas, with little or no regard for the complexities of the agents or services being reviewed.

The commission was able to come to its conclusions by being selective in making comparisons so that its arguments would ring true without considering adverse effects. In being selective, I believe that much of what was omitted should have been included to make the picture more realistic as a whole. An example of this is contained in chart 11 on page 47 of the overview and it concerns electricity production. Comparisons were made between States' indexed production of electricity, and the conclusion drawn was that South Australia was doing badly by lagging behind Queensland in electricity production. However, the figures relating to the Australian average are missing. If an average figure were calculated we would see that South Australia approximates the average in 1992 and that it exceeded the Australian average until 1983, in which year it suffered severe bush fires, which affected the whole function and production of ETSA. From then on production declined to just below the average in 1987, when it began to improve, although it was still below the Australian average, until it almost caught up in 1992. South Australia was not doing badly in relation to electricity production, but by an omission the commission tried to make the situation look worse than it in fact was.

Interstate and international comparisons do not take into account the difference in needs and expectations between States and nations, and those differences render comparisons useless in assessing the true economic condition of a State. A State's economy should be assessed on its own merits and demerits, not on the achievements of some other State or on the Australian average. Another criticism made by the review group is as follows:

> When the commission examines operations of the general Government sector, education, health, etc., there is a myopic concentration upon inputs costs at the expense of any consideration of the non-financial outputs effectiveness and benefits of these major services.

There should be no single measure such as quantitative input cost to assess the profitability, efficiency and viability of the State's economy. Other considerations are equally important, such as the qualitative and non-financial measures of environmental impact, for instance social impact and customer or client services and expectations. The commission left out these important measures, relying only on the financial input measure. The commission's overview, page 13, notes the following:

> In the private sector, performance-based sanctions are stronger than those that apply in the Public Service. Performance measures and benchmarking are important tools in Government management, but they are poor substitutes for competitive market forces that are able to reward failure with oblivion.

The commission has overlooked the fact that, while failure in the private sector might destroy an investment and lead to bankruptcy, in the public sector that would be a social and community disaster. The service supplied in the public sector has to survive, so market forces are not the most suitable measure or performance indicator for the public sector.

In the public sector efficiency of production has to be accounted for by cash and factors input and by production output as with the private sector. However, in addition, and more importantly, the public sector economy has to take into account equity and social justice, redistribution in the circulation of money and social impact. All these together make up an efficient public sector economy. This leads us to consideration of social impact on the public sector economy. The commission has had little regard for the degree of effectiveness of the public sector economy which, in reality, is meeting the needs of the community. The commission also has not taken into account either the social or demographic factors that influence the resourcing and the cost of services. It has not taken into account that the community's expectation might differ from that of the private sector in relation to the economy.

So that the needs and expectations of the community are met, human resource accounting and social benefits accounting should be included in assessing the public sector economy. These two aspects of accounting are at the forefront of the theory of accounting but, until they are incorporated into the practice of accounting, there will be a limitation on the efficacy of budget accounting in the public sector.

Human resources accounting notes the value the business places on the people who impinge on the business operation. Social benefits accounting notes the value society places on a business as a contributor to the social well-being of society. For the public sector considered as a business, these have a broad implication and a real application.

Human resources and social benefits accounting also impinge upon the people as consumers, while cash and accrual accounting concern the role of producer. So, taken together, these different aspects of accounting complement one another and produce a complete picture of the State economy. This opinion is not entirely mine but is of this review group of academics which I mentioned earlier.

The failure of the commission to take a wider view of the economy has led to some unsatisfactory recommendations by the commission. If the commission's recommendations are accepted, those less well-off will be hit the hardest. The recommendations would impact on women, low income earners, Aboriginal and non English speaking people and, of course, particularly rural communities. That is an area which I am sure that you, Mr President, and two other members in this Council (the Hons Jamie Irwin and Carolyn Schaefer) would be directly concerned about; an area where the recession, as my colleague in another place, Mr Scalzi, said yesterday, has taken its toll on families.

On the social side of the effect of the commission's recommendations, the commission itself said:

> If the South Australian community wants its economy to grow and compete, it may be forced to accept both low expenditure on some community services and a low level of expectation in service in other areas.

This is a very easy solution, recommendation and point of view of the commission to put to the Government. The review group makes two observations on the unsatisfactory attitude to social expectations just quoted, as follows:

> Accepting the commission's proposal would fundamentally change South Australia into a society in which declining standards of community service allow most of those in need of assistance to fall further behind, leaving them excluded from real citizenship and opportunity.

The review group also added:

> It is extraordinary that the commission nowhere estimates the microeconomic and social impact of adoption of its recommendation. This should sound another warning to the Government and to the community.

The commission may be supporting the Government by its report, but you can rest assured that the report has entirely failed the community. In light of the criticism I have just outlined here this afternoon, the review group makes two recommendations. One is that the Government take note of the existence of a major weakness in the Audit Commission's evaluation procedure and approach before making a decision on its major recommendations. The second is that the Government undertake a social impact study prior to adopting any significant Audit Commission recommendation.

The next part that I wish to address is the commission's calculation on the State's assets and liabilities. It is on these calculations that the soundness of the commission's recommendations rest. The liabilities assessed by the commission are $17.8 billion, and the assets are $21.8 billion, leaving a net aggregate of assets over liabilities of $4 billion. The Independent Audit Commission Review Group showed that the assets are undervalued and the liabilities—our debts—are overstated. For example, the commission did not take into account the value of the national parks, amenities and facilities that do not have a cash evaluation shown in the budget. In addition, there is no asset value of human resources, whether or not they are being put to use; no asset value of children's potential as a future asset, nor the evaluation of the social benefit of those things that are needed for normal living. If quantified, all these things together would boost the assets of the State far beyond the $21.8 billion that is given us by the Audit Commission.

In addition, the Audit Commission admits that it has valued the major assets of the public sector conservatively, and the review group contends that they should be valued realistically. So, placed against the assets of the State are public sector debts of $10.5 billion, but this is not as bad as the commission makes it out to be. Of the $10.5 billion, $4.4 billion is unfunded superannuation liability. There is no justification for the use of the unfunded superannuation data to give the public an exaggerated impression of the size of the State debt. The previous Government tackled the issue of the unfunded liability through a plan, which was described in the 1993 Auditor-General's Report as clearly prudent financial management. The Audit Commission recommendation No. 3.4 states that its preferred way of admitting the unfunded liability is that:

> The Government should fund the State and the Police superannuation scheme 30 June 1994 liability for 30 years and fully fund additional service liabilities from 30 June 1994.

Even the commission does not consider the unfunded liability as immediate debt; it is some 30 years off. It need not be taken into account as a present debt, simply to boost the poor appearance of the State's finances. Of that part of the fund that has not been set aside, the review group observed:

> To the extent that agencies are not making the full provision for future superannuation liabilities and instead invest in productive assets, there is no real difference in the financial outcome.

The money is there, but it is working for the State. The funded debt is calculated at $6.1 billion. Not all this debt has been accumulated by Government departments; much of it devolves upon the profit-making Government utilities, and these are debts that the utilities will meet in due time. The real unfunded debt is well within bounds, and there is no cause for the public to be alarmed. Again, this is the opinion of the independent Audit Commission review group. Nothing that the commission says about the debt was not known prior to this report, and the review group makes the observation that, at the time when the present Government took office, expenditure cuts, assets sales and jobs cuts were in place which would have reduced the debt in real terms by 1995-96.

What the commission is advocating and what the Government is approving is a speed of adjustment that is not warranted—again, in the opinion of the Independent Audit Commission Review Group. I believe the commission ignored the issues and advantages surrounding community service obligations of Government service in general and Government businesses in particular. The infrastructure provided by Government services and business has spill-over benefits for the private sector. These infrastructure benefits are further unpriced assets that would be underprovided if left to the private sector.

In my view it should be a cardinal principle that debt reduction should be the outcome of economic growth. The commission and the Government wanted to make debt reduction the cause of economic growth and their approach will fail to work. The commission's reaction is an over-reaction and its recommendations are risk strategies, simple. In light of the deficiency in the commission's evaluation of liabilities and assets, the review group recommends that prior to taking any action the Government commission a more rigorous assessment of the State's assets than provided by the Audit Commission.

We should look more closely now at the cost-cutting proposals of the commission, which proposes to cut costs by selling off assets to the private sector and by job shedding in the enterprises that the Government continues to operate. There is a false assumption that flows through the commission's report that the private sector is of its nature more efficient and productive than the public sector. That assumption can be shown to be false by looking at the table on page 26 (Volume 1) of the Audit Commission's Report. That table shows—and I seek the attention of members—that in South Australia 17 per cent of the work force produces 22.8 per cent of the Gross State Product. These are official statistics and not figures provided by me.

What the commission omits is that in the private sector 83 per cent of the work force produce only 77 per cent of the Gross State Product. Clearly, the private sector falls short of public sector productivity. The private sector produces less, with more of the work force. Therefore, the assumption about the superiority of the private sector is false. If productivity is reduced to 1 per cent of the work force, to compare the ratios on a level playing field, the public sector performance is 1.34 per cent and the private sector is .93 per cent. The difference of .41 per cent is a mighty difference in production potential. It is an achievement of which the State can be proud and it should not be wrecked by the risk policies of the current Government.

Countries with relatively high levels of public ownership of production show no clear productivity disadvantage compared to those countries with high levels of private ownership. Look at the State's major enterprises. The State is engaged in education, electricity, water and sewerage, health, housing, law and order, public safety, culture and recreation. These activities call for and need input from Government funds. There are minor enterprises that need little or no funding, but these are all to be targeted by the commission for cost cutting and job shedding.

Privatisation is one way of cost cutting. The rationale behind privatisation is that the Government should not have a monopoly on the delivery of services and that the private sector performs better than the public sector. In my view, they are both false assumptions. The enterprises taken up by the public sector in the past were those that the private sector would have found unprofitable. The Government was not looking for monopolies. It was supplying a need at a cost to the people and the Government was the only area prepared to do so. Any privatisation now would simply create a monopoly, not a competitive market, and such enterprises should still be unattractive to the private sector because they involve social benefits, and nowhere has the commission taken into account social benefits.

Private enterprise would cause the existing social benefits to disappear as private benefits such as profits and dividends are satisfied. Market forces are supposed to lead to efficient productivity, and that may be so for the private sector, but market forces and the price mechanism often fail to take account of social benefits. The private sector is likely to under-provide to the detriment of the public. The burden would simply be thrown on the public sector again to make up the deficiency in social benefits, as happened with the private bus routes some years ago. If the State has to take up the burden again, then the economic situation would be no better.

The Hon. T.G. Roberts: It would be worse.

The Hon. M.S. FELEPPA: Indeed. In fact, the economy would be worse off. Control of the enterprise would have passed from the Government and may well reside in the State. A deficiency has to be made up and the gain from the sale of the enterprise would be dissipated and taxes would have to be raised. Speaking generally, it is true that there is room for improved efficiency and performance in any enterprise—public or private—but the recommendations of the commission on efficiency and performance are too radical as a remedy. For example, contracting out to the private sector could well unsettle the efficient and smooth running of Government enterprises, and there is no guarantee of savings if work is contracted out. Contracting out is already taking place where it is recognised as being needed but a policy and practice preferring large scale contracting out could be detrimental to the culture of Government business enterprises.

As to the effect on the operation of Government business enterprises and the provision of services, the Independent Audit Commission Review Group recommends:

> No sale of Government assets or contracting out of public sector functions or expenditure cuts be undertaken until the detailed analysis of costs and benefits of such actions is carried out.

Further to the recommendation and in supporting it, the review group recommends:

> The South Australian Government have regard to the following issues in assessing the relative advantages and disadvantages of public ownership of Government business enterprises:
>
> · the impact of lost revenue via dividends, taxes and charges flowing into the budget from Government business enterprises.
>
> · impact on employment levels and skills base of the State, and effects on local supplies network;
>
> · impact on service quality and access;

- projected increases in efficiency and productivity;
- the loss of accountability to community needs; and
- implementation costs.

Further, concerning the relative costs and merits, the review group recommends:

That in assessing the relative costs and merits of contracting out and public provision of goods and services, the Government have regard to:

- administrative and regulatory costs incurred by Government;
- costs of infrastructure provided by Government to private contractors;
- impact on competition, efficiency and quality;
- impact on local employment levels;
- impact on public accountability; and
- effects upon the access of particular groups and regions to an appropriate level and quality of community services.

Finally on these matters, the review group recommends that no cuts in general Government expenditure to key services be undertaken pending a comprehensive analysis of costs and benefits of such actions. As well as privatisation of Government enterprises and contracting out, job shedding is proposed by the commission as a way of cutting Government spending in the key services which cannot be disposed of by the Government. Job shedding was the expressed intention of the commission, where it states in the overview:

The commission's recommendations, if endorsed and implemented by the Government, could lead, over time, to significant staff reductions in some departments and authorities.

The commission goes on to say that there would be no reductions in the level of services with the reduced staff. That would be wishful thinking. The Government lost no time in endorsing and implementing the job shedding recommendations of the commission, but it conveniently ignored the proviso: over time, to take time—more than it is taking. The public building department—and I do not need to tell you, Sir—has been wrecked by retrenchments. The courts have been cleared of many from the bench. Some will be re-employed as the needs arise.

Re-employment would depend on the judges' perceived response to the Government's will and this, of course, would breach the independence of the judiciary, an issue that has already been canvassed in this Chamber. Sixty seven heads and deputy heads of schools have gone, and I am glad that I have the presence of the right Minister in the Chamber. Their combined experience in the teaching profession amounts to 2 000 years, as was canvassed by my Leader not long ago in this Chamber. Such a loss can only be described as deplorable. Also, there has been a loss of teaching staff down the line, to the extent that there is a risk of a shortage of teachers in a few years' time.

The universities have lost or are to lose staff. The loss of workers in all areas is a loss of human resources for the sake of saving dollars to reduce the State debt in a hurry. I am not having anything against the Government, as it has a responsibility to reduce the debt, but to do it in a hurry would be consequential.

The Hon. R.I. Lucas: How long should we take to reduce the debt?

The Hon. M.S. FELEPPA: Ten years, perhaps. This is one instance where the commission failed to include in its calculations human resources accounting. It failed to value human resources as an asset against the liabilities resulting from the loss of expertise. The retrenchments will save the State money, undoubtedly, but it will throw the burden of the problem on Commonwealth welfare as there is lack of provision by the State for re-employment. No account is taken of the stress to be suffered by those retrenched and their families. It is supposed that money will be saved by retrenchments but, let me tell members, the work of those retrenched will have to be taken up by others and the savings will not be as much as are supposed to flow from the retrenchments. If the work is not taken up, there will be a drop in social benefits to the community.

Of course, the commission goes even further than just retrenchments. The commission enshrines, as policy, contract and part-time employment, where it says of the Public Service:

. . . constraining conditions of employment contained within awards, agreements and legislation must be removed and no retrenchment and permanent tenure policies must be urgently reviewed.

This amounts to the negating of the social principle of guaranteed continuity of employment enjoyed by the human resource. It removes the two-way loyalty between employer and employee. It undermines the work ethic and changes the culture underlying all employment. It will be a new and unstable culture of labour. Resistance to these changes has been noted by the commission, where it says that the Education Department has resisted the overall implementation of employing teachers on contract. The commission does not support the low ratio of contract teacher to permanent employees.

The teachers' resistance reflects the attitude of the main labour force, and the attitude should be taken into account in forming policy. In this matter the commission should have included social benefits accounting in arriving at its recommendations. By omitting human resources and social benefits accounting, the commission has been better able to arrive at the recommendations that the Government was wanting, that is, debt reduction and international credit rating gains. It is with job shedding in mind that the review group makes the following very important recommendation:

That the Audit Commission's proposals for immediate job shedding and reduction of services and establishment of a short-term target for restoration of our credit rating not be implemented because of the following:

1. its likely adverse and inequitable macroeconomic and social effects;
2. the fact that a balanced and integrated economic and social strategy for sustained growth and debt reduction for the medium and long term represents a more efficient and fairer alternative;
3. their incompatibility with the State Government's annual growth target of 4 per cent and the Federal Government's 5 per cent unemployment target.

Two other recommendations are made by the Independent Audit Commission Review Group. The commission has not shown that any speed is required to exceed the job and service cuts and the revision of departments and agencies commenced by the previous Administration in order to reduce the debt and raise the State's international credit rating. There is less need to speed up the process by slashing and chopping; it should proceed at a quiet and even pace, as I said a moment ago.

The direction should be that the Government define a medium-term strategy to increase its own source revenues on a progressive basis instead of implementing the Audit Commission's inequitable proposals. Again, this is supported by the independent review group.

We should proceed in this direction of medium term, and even long term, expenditure on infrastructure for the benefit of all sectors. As the general economy recovers, the Government would reduce its temporary efforts and reduce the

State's debt gradually. With this in mind, the review group recommends that the Government should set targets for increasing the provision of advanced infrastructure for the 1990s decade.

In conclusion, it can be seen that the focus of the commission on debt reduction and raising the State's international credit rating is too narrow. If the Audit Commission had broadened its view, it would have taken into account the total financial, human, social and equity implications in its recommendations. Because the commission failed to take the broader view, it has failed to meet the broader needs and expectations of the people of South Australia.

For these reasons, I have decided this afternoon to bring the recommendations of the independent Audit Commission review group to the attention of the Parliament and of the people, and suggest that the people of South Australia should acquaint themselves with the information in this report and the detailed findings of both documents, which are essential to the future of South Australia and its people. I support the motion for the Address in Reply.

The Hon. T.G. ROBERTS: I support many of the remarks made by the Hon. Mr Feleppa, whom I congratulate on what is probably the most detailed in-depth analysis that I have heard. I will re-read his contribution because it is detailed in its analysis. It is probably the most in-depth analysis that has been made of the Audit Commission's deliberations and intentions and it is probably the most in-depth analytical insight into why it was based on the wrong formulas and why the wrong people were involved or, indeed, why more people were not involved in its analysis of where we as a State are going, using the public sector not only for service delivery to the people of South Australia but also as a vehicle for accelerating growth through private and public sector cooperation.

I congratulate the Hon. Mr Feleppa on his analysis and hope that members opposite, and particularly members of Cabinet, will read it. I am sure that after some of the projections that the honourable member has made in relation to why he sees the accelerated rate of change within the public sector reform process not serving the State, people could reflect in 12 or 18 months and take out some of the constructive criticism that the Hon. Mr Feleppa has put to this Chamber and use it as a reason for the accelerated rate of change and the projected savings that the Government has made compared with the honourable member's analysis. I think members will find that the Hon. Mr Feleppa's analysis will stand very close scrutiny in 18 months or two years.

Unfortunately, not many people take much notice of what members say in this Chamber. I guess that my contribution to this debate will probably fall on the same deaf ears. It will go to those who are interested in politics generally and who read *Hansard*. The die is cast in relation to the Government's reform packages and processes. As with every other Government in the Western world, I do not think there will be any changes or adjustments, because there is a philosophical as much as a procedural process involved, and unfortunately it is the philosophy that is guiding the hand of restructuring in this State. One would have thought that after a decade and a half of economic rationalism Governments would have had enough time to analyse.

One thing about Australia, and South Australia in particular, is that we always come in at the back end of accelerated change internationally. Instead of learning from the mistakes of the international programs that are put in place, we tack on to the end and, with enthusiasm, we take up the cudgels on the changed forums, which were presented in some cases up to a decade ago. Otherwise, we feel that we will not be part of the Western world, and the OECD will feel that we are not part of it if we do not pick up the same philosophical presentations in relation to how we structure our economy as they do. I am afraid that Governments of all persuasions have made that mistake.

As regards the critical analysis that is being carried out now in Britain and Europe, where privatisation and restructuring of the public sector economy are going on, the general view is that rapid deterioration of public services has occurred and service delivery has been inferior, and that has created another layer of problems associated particularly with housing, health, education, water and electricity supply services. All the services that Governments supply as part of the infrastructure tend to deteriorate and the delivery processes become, if not second rate, more expensive, based on a user-pays philosophy with no cross subsidisation.

To some extent the Federal Government is going down that path as well. There is a debate within the Labor Party at the moment to see how much of that restructuring process is modelled on the OECD and Britain in terms of privatisation and involvement with the private sector in what would be regarded as public sector monopolies to service the needs and requirements of the private sector.

In my view, not enough time, effort, energy or political analysis has been devoted to seeing where we, as Australians, find ourselves in this international economy and to stitching together a program that includes Governments, the private sector, the role of sharing and the distribution of wealth involving capital, labour and Government through taxation and the delivery of services. There is slow recognition that perhaps the private sector is not as gung ho about the privatisation of water, electricity, roads, transport, and so on, because in the main those who have the ability to privatise those public sector infrastructures need large injections of capital to do so. The capital that is available tends to be made available only by those companies which are in a powerful monopoly position within the private sector. Some of the competitive parts of the private sector feel that they can probably do better by squeezing concessions or at least negotiating fair and reasonable prices for power and infrastructure rates than they can out of their private sector competitive partners or, if not partners, competitors.

I will give an illustration of those who start out as competitors. In relation to power, most of the capital that will be supplied by the private sector to buy into the power industry will come through either the large capital accumulators, the finance companies and the banks, the superannuation funds and, to some extent, some international capital gathered into investment groups, or it will be from some of the large generators of electricity, General Electric and the like, the European and international equivalents, and they will then have the ability to monopolise power, infrastructure, service and delivery.

To take this case as an illustration, it would be far easier for BHP to either own its own infrastructure, which then presents a monopoly control to consumers living in the isolated regions, or it would have to tap in to, say, a GE or a like supplier of power, and it would be far easier for BHP to negotiate either concessions in difficult times and/or fair and reasonable prices competitively, because Governments have to take notice of fair and equal distribution of not only wealth but its citizens, and the development of a nation has to be

reasonably even in its presentation. If it is private sector driven, in most cases the objectives of the public sector and citizens will not be recognised. If they are recognised, it is only as a method of providing either labour or capital into that particular investment.

What we then get is a nation or a State, such as South Australia, with uneven investment programs and regional programs, and you will find that the regions will suffer. Although Australia historically has been very lucky in relation to mineral wealth and development, starting from the early gold rushes of the 1850s through to now, you will find that the primary producers in outlying areas and regional growth areas, unless they are built around a mining town or region, will continue to be isolated because the manufacturing sectors will tend to congregate around centres of population because of the transport costs associated with distribution.

So, it is no surprise that, with the economy growing as it is, at a reasonable rate in terms of international comparisons, the growth has been manageable. It has been reasonably slow, not as some of the pundits were saying that it would be an accelerated rate and that interest rates would have to be raised to slow it down. It has been an ordered growth and, as I predicted in one of my previous Address in Reply speeches, it has been basically restricted to hot spots in the economy around the nation. Up until now, those whom today's *Australian* refers to as slow coaches have lagged behind the national growth. With the dismantling of the public sector and the changed role envisaged by the public sector in the time frames we are talking about—and that was the major criticism of the Hon. Mr Feleppa—it would have been better to perhaps watch the growth factors that were in play and then make your public sector adjustments in relation to your private sector growth. You would then have a position where the private sector investment would take up the public sector restructuring so that people who were being asked to leave or were taking voluntary packages, or were being displaced out of the public sector, would be able to be picked up in the private sector as the private sector grew.

Most Keynesian economists would say that you need a strong public sector integrated into a private sector for a healthy economy to allow for those adjustments. Economic rationalism basically says dismantle the public sector, get it out of the private sector's way because it stands in the way of private sector reform, and allow the private sector to take up the investment vacuum that is left when the public sector withdraws. Unfortunately, in the time frames we are talking about, the State will be having to pick up the redundancy packages of those who are left. Some people—and I am referring to people at the top end; I am not talking about the people I represent, the wage and salary slaves in the public sector—on contracts at the higher end of the public sector salary range are being paid 12 months' salary and in some cases 18 months' salary to leave. In fact, they are not delivering anything into the public sector and they will probably take their packages and go interstate looking for work, either in the public sector in other States where there is growth, such as Queensland, New South Wales and, to some extent, Victoria and possibly Western Australia, but they will not go into the private sector. They will not sit around waiting for the private sector in the main to take up the investment growth that is required for those people with those skills to be employed in this State.

My analysis is the same as the Hon. Mr Feleppa's: there was too much philosophical content, if you like, in picking up an economic rationalist position, and because the Government has such a large majority of the number of members returned to Parliament at the last election, it is its belief it can put into place a program based on a philosophy that has been discredited in most other western countries. There has been some disquiet shown by some of the backbenchers in the Government in the past couple of days about their doubts as to whether the economic rationalist approach of this Government will be able to pick up the problems associated with those people at the lower end of the economic spectrum, or those people on social services. I must applaud those members of the Government who are game enough to get up from their backbench position and argue a position that would line up with mine and that of the Hon. Mr Feleppa, and I dare say the Hon. Mr Crothers's contribution will be of a similar vein.

The Hon. M.S. Feleppa interjecting:

The Hon. T.G. ROBERTS: Mr Brindal was one of those courageous enough to get up and argue a more humane approach to the new economic direction the Government should follow, rather than the one it is embarking on at the moment. I suspect that the concern he has also is that he will not be heard, just as members of the Opposition will not be heard. Nobody will read our contribution, or if they do they will disregard it, but I am sure Mr Brindal's contribution will fall on dry and barren ground as well.

The integration of growth between the public and private sectors needs to be analysed in this State far more than it is being done, because we have to do it much better, since we do not have the natural advantages that most of the other States have, although in the mining sector we seem to be starting to pick up the bit with the good work done by the previous Government being carried on by this Government. As the slow down in the 1970s should have shown us, it is not the magical elixir that we should be relying on, and that it is on the integration of mining, primary industries and the manufacturing sector that we have to concentrate our economic activities.

Inadequate detail has been attached to the integration of those three sectors of the economy as well as the returns within taxation towards the Government in order to work out what sort of Government sector we will have ultimately. We seem to be taking a piecemeal approach of dismantling the Government sector, regardless of the economic growth that is being enjoyed and we are placing all our faith in the private sector to provide the investment that is required for a sustained growth pattern.

Both the Hon. Ms Laidlaw and I have indicated over a number of years in speeches during the Address in Reply that the manufacturing sector has been left out; that manufacturers have not been fashionable; and that there has been no incentive for growth within the manufacturing sector not just within this State but also nationally over a long period of time.

The Hon. Diana Laidlaw: We have lost too many people with too many trade skills.

The Hon. T.G. ROBERTS: That is right. A comprehensive plan to restructure the manufacturing sector from a national level is starting to filter through into the States, but it is very slow. In the 1980s we had the spectacle of the high rollers, the 'Casino cowboys' as they were referred to at that time, being the models for all young people in tertiary institutions to follow. I will not dwell too much on the past, but in a recent weekly publication an article entitled 'We are still paying for the 80s high-fliers' listed a number of people who once were held up as the doyens of society. Not one

manufacturing name was listed and this is an illustration of a situation where, in one decade, people who have been held up as the bastions of society for us and for young people coming through in tertiary institutions to follow as models have been shamefully disgraced or are in the process thereof.

A whole range of people were put on pedestals and basically the theme to follow was 'greed is good'. The content of many of the films that were coming out of Hollywood, the images and the projections on a daily basis were around entrepreneurs who were not producing anything; basically they were just paper shufflers who were asset-stripping good, sound manufacturing companies. They took the wealth. Many first-time investors as well as experienced investors lost a lot of money and unfortunately there was much pain and suffering during that period, and we are only starting to climb out of it.

The message I give to the Government is that it should not be panicking into the wholesale changes it is making now in the public sector in order to get the economy to move. It should be trying to manage the public sector to fit into the natural growth, which is occurring as a result of national economic growth. As to the debt levels for repayment, receipts will build up naturally through growth. If we are not careful we will hold back the growth, particularly if we experience taxation increases. We may even go into recession at a time when everybody is coming out and experiencing growth, and by the time the national growth cycle finishes we will not have a growth cycle to move into, so the whole of South Australia will be moving along a bumpy flat plain for the next three to five years. Nobody is game to predict that far so I will not stick my neck out, either.

An article by Michael Gill in the *Financial Review* of 14 July gives me some heart. It states:

> Roosters become feather dusters. Rust belts become prized possessions. Pundits who reveal the truth one day seem to say the opposite a week later. And lately, like Alan Bond's recall, some recent theory seems to have passed by rather suddenly. Yet again, the economic fashion appears to have turned. Once again, manufacturing is in.

Ms Laidlaw and I will give a celebratory whoop to hear that. It goes on:

> Less than a year ago fashionable recessionary opinion had written off the 'rust belt'. Australian manufacturing, centred in Victoria and South Australia, was history. Now the economy is powering out of recession with something like 4 per cent growth or more. And manufacturing is highlighted as a shining contributor. What is going on?

Basically they have done it on their own or with very little assistance and they have done it through periods where it has not been fashionable: it has been far more fashionable to pick up the media-led high-fliers and the principle being espoused then that greed was good. But a whole generation of people kept their noses down in the manufacturing sector and were able to place the States and the Commonwealth in a position where we were at least able to make some sort of fight back, which appears to be being staged now. I will now read into the *Hansard* the names of the high-fliers from the 80s and where are they now. The article to which I referred earlier refers to Alan Bond, who was probably the most revered at the time because he had a sporting image as well as a financial image of driving a whole State and part of a nation. His former position was Executive Chairman, Bond Corporation. He is now facing multiple charges and his health has deteriorated significantly. It also mentions George Herscu, whose former position was Executive Chairman of the Hooker Corporation. He is now facing charges. He too was involved in paper shuffling and the corporate casino mentality that was prevailing in the 80s. It also mentions Laurie Connell, John Spalvins, Kevin Parry, Brian Yuill and Christopher Skase who has also been given much publicity lately and whose health is failing. It also mentions Ian Johns, John Elliott, Bill Farrow, Brian Quinn and Bob Ansett, all of whom were being held up as marvellous operators at that particular time.

Governments, both State and Federal, are now trying to fight back to make sure that the primary producers, the mining industries and the manufacturing sector take us out of the recession and place us in a position for recovery based on the international recovery that is beginning now. One of the major problems we face is getting an even economic distribution of good services, resources and rewards across the nation. One of the problems I see is that, as we develop our economic growth, the patches that are starting to show as economic hot spots across the nation, which are listed in the *Australian* today as the northwest of Queensland, the southeast of Western Australia, Northern Territory, Moreton, the far west of New South Wales, Perth, the far north of Queensland, southwest of Western Australia, Brisbane and Sydney, will accelerate their growth at the expense of other regions and areas, and that the suck-in of human resources and capital will place some of the recovery potential of other States and regions at jeopardy.

It may be that some other regions will start to jump on the bandwagon and be carried along by the accelerated growth of those regions but it appears to me that, with a rapid deterioration of services through restructuring the public sector away from regional areas and with no growth in the private sector to replace the public sector infrastructure requirements, some areas, in particular South Australia, Tasmania and some sections of Victoria will be placed in jeopardy.

It is a difficult juggling job that needs to be done, but the States need to work closely in cooperation with the Commonwealth to make sure that the growth that does occur occurs evenly enough for all States to participate in it and for all regions within all States to be a party to that growth. The problems that are being experienced at the moment are that the shake-out that has occurred particularly in the past five years in relation to regional growth has left a lot of services to pick up the problems associated with the restructuring that has occurred thus far. It does not make any sense at all to have accelerated growth that impacts adversely upon the population and then to restructure the public sector so that it is incapable of providing the services that are required for those people to survive on.

The challenge that we have before us as all Australians and all South Australians is to get a fair and equitable distribution of the capital that is produced in conjunction and in cooperation with capital labour and the returns that governments expect through taxation and therefore back into services. At the moment we have a two-tiered economy developing. We have a mainstream economy where people are well paid, and have security and career paths. In the main, they are well educated, tertiary trained, tertiary educated, technically trained people who have been able to fit into the adjustments as the economy has adjusted to a high-tech, powerfully driven central economy. We then have those people who cannot participate at all at the other end of the spectrum, whose traditional jobs have disappeared through the introduction of technology, who are not able to participate

in the work force and who then have to rely on social services and in some cases part-time temporary work to survive.

Those differences are now emerging and are clearly delineated, particularly within cities. At one end of the spectrum we have growth, where people are enjoying a higher standard of living, and at the other end we have people who cannot participate at all. In the middle there is a grey area where people have one foot in each camp. In the main they are working women and people who for some reason or other do not participate in society (in some cases they have voluntarily decided that they will not) and who will have one foot in the side-stream of society. They will have part-time or temporary work and they will have adopted a lifestyle that suits their needs and requirements, by choice. On the other hand we have people who are isolated and living in that grey area who because of their isolation cannot get enough hours of work; they have temporary part-time work, but it is not enough to make ends meet.

This is where I must mention that the restructuring processes that are taking place have a two-edged sword to them. Casual part-time work was seen as a blessing and a boon, particularly to women who were able to structure their lifestyle around their children and families and bring extra income into their homes and who were able to choose the hours of work that they required to bring those extra benefits and pay off the bills that were putting pressure on the single income earner. Unfortunately, as those people know who have listened to a lot of women over the past few years, they are now working three and four jobs, trying to get the hours that are required to bring home a reasonable standard of living, in a lot of cases living on their own and in other cases supplementing the single income that is being brought in by their partner.

The tragedy of that is that those women are hit with double jeopardy: they have to juggle their family life, particularly their own children, and they are travelling between jobs. They may be picking up three hours in the morning at one premises, two and three hours in the afternoon and in some cases they are doing three and four hours at night in another job just to make ends meet. They have to relate to three and four employers. It is difficult enough to relate to one set of employers and work colleagues but when you are juggling your life to relate to three or four it is very wearing. In most cases, from my observation, a lot of these people withdraw; they do not want to get involved in other people's lives or in the workplace in which they work. They work and leave and that is all. It is a financial contract between themselves and the employers and there is no time or energy left for any other input.

Well educated employers who have looked at a whole multitude of variations on how to structure their work force are now starting to come back to core modelling of holding the largest numbers of employees together without the problems associated with subcontracting and the management that that entails. I was talking to one employer during the break who had gone through the whole process of dismantling the main core of the work force, had gone to outsourcing or outservicing and found that the time, effort, energy, administration and returns in terms of quality control were just not worth it. The outsourcing contractors were not able to supply the work in the time frames and standards which were required and which were being delivered by the hourly paid work force, who had a commitment and a loyalty to that company.

I suspect that the Government will find exactly the same problem when it starts its outsourcing, contracting and servicing program, that they will remain behind those people in the public sector who will be administering the service provisions by contractors. One balance sheet will look very good by one set of accountants and administrators in relation to writing off maintenance or servicing costs associated with their department, but I think we will find that other accountants who will be following up the work that has been done by outsourcing will be tearing out their hair. When we do the comparisons within a lot of departments for outsourcing contracting or, as is very fashionable now, for consultancies, we will find that not only will they be more expensive but also the quality control and the cross-checking between departmental heads and those supplying the consultancies will leave a lot to be desired.

There is already an old boys and old girls network building up amongst the consultancies and those people who are left in the public sector to administer. I am not sure what is the relationship in this State, but it has certainly been relayed to me that in other States the cost advantage to using public servants as opposed to private consultants quickly dwindles after the first two or three contracts and the ability to control, cover or monitor the costs associated with consultancies and the benefits that are applied are negligible, nil or not able to be costed.

The Hon. Mr Feleppa raised points in his contribution in relation to how we cost the benefits associated with a social network of people in a work force who feel that they have some security, that they are contributing and that they are able to make some contribution to the running of the State, either a public or private enterprise, as opposed to those people who merely have a contract of work; that is, they come to work to deliver a service and have little or no relationship with their fellow employees or the colleagues with whom they work, and who come to work with the sole intention of collecting a salary.

Those cost benefits are hard to analyse in terms of the role that those people play, not just being well adjusted within their work premise but in relation to their home life as well. Most people feel as if they would like to contribute to their work environment; they like to feel that they are contributing to the State and the benefits thereof; and they like to feel that they are valued members of society. If that is removed, a cost is paid in terms of that individual's well-being and mental health as well as the community generally. Unfortunately, we are moving into a period where we are empowering individuals basically to work to secure their own financial security without offering anything towards the collective view on how to deliver within a group. That disturbs me somewhat. The whole industrial relations changes made during the last sitting were basically aimed at empowering capital, disempowering groups and empowering individuals.

I said in my contributions to that debate that those individuals would not be able to compete with the power of capital and it would be a patronising relationship based on a financial contract only. The collective response that used to be supplied by union contribution has been valuable in this State. The link between unions and governments, the link between unions and capital through progressive employers, has been a valuable contribution to South Australia. It is a philosophical position that the Government has adopted, to break down that collective response to work restructure so that it empowers the individual but not the collective. That is the same philosophic response as the breaking down of the

public sector in an accelerated way that prevents analysis as the State grows through the next few years.

Certainly, the signals we are getting are the exact signals that we would not expect in a period where we want cooperation between capital, labour and governments. Basically, we are sectionalising the three stratas of the power cycle, if you like, within the community and in some cases, where it is capital and labour, we are pitting them against each other. It may be that in collective bargaining or enterprise bargaining there are employer organisations that pick it up and run with it and are able to develop a collective sense while delivering that security and well-being that I talked of earlier, but I suspect it will be delivered in a patronising way and that the breakdown I talked of earlier will occur in more places than a collective response, where cooperation between all groups and individuals occurs and where productivity thus increases around that feeling.

In Western Australia the legislation that South Australia picked up has been in force there for much longer than it has been here. During the recess I travelled to Western Australia. I visited the Pilbara and spoke to a union representative there who covered a number of mining industry awards. The response to the Western Australian legislation was chequered. Non-union agreements were being written into the mining industry awards; individual contracts were being written into the mining industry awards and they were certainly a change from the collective negotiations that had occurred under the previous legislation.

Some of the impact of those changes was related to me by that organiser, but it is too early to analyse the impact of those negotiations. Basically, mining companies offered financial incentives to buy individuals out of collective contracts and the time over which those individual contracts had been running was probably not long enough to analyse what the future holds. It was relayed to me by both workers and union organisers that it was creating divisions within that industry amongst the work force, that that cooperation or collectivism to which I referred earlier was disappearing and that there were isolated incidences of violence. Certainly, for a large industrial organisation like Western Mining or any of the mining companies, there is the ability to alter or change those structures to make sure those divisions do not occur. The manufacturing sector had a different response, in that it did not have an accelerated response for change. Many manufacturers were looking at the legislation and taking it much more slowly, but the impact was being felt and adjustments will probably be made, given that the legislation is relatively new.

In supporting the Address in Reply I would conclude by mentioning Keith Plunkett, because I did not do so yesterday. I worked with Keith on the Public Works Committee and I also worked with his brother in the South-East. I worked with many of his nephews so I knew his family quite well. In the last few years of Keith's life he suffered badly from asthma. He had a respiratory disease that totally debilitated him from time to time. I believe he did well to hold on in his last days of Parliament and he did so without taking long periods of time off, although he was hospitalised towards the end of his parliamentary life. It is sad to see what has happened to people like Keith. We have our immediate past President suffering from a debilitating disease, and both those members of Parliament worked hard during their adult lives. Keith particularly had a struggle being a member of a large family. Then, towards the end of their lives, when they could go out in retirement with some benefits from the hard work and long hours that they had done, they unfortunately contracted diseases or illnesses that prevented them from having a long and happy retirement. I support the motion for the adoption of the Address in Reply.

The Hon. T. CROTHERS secured the adjournment of the debate.

ADJOURNMENT

At 5.4 p.m. the Council adjourned until Tuesday 9 August at 2.15 p.m.