

**HOUSE OF ASSEMBLY**

Tuesday 24 September 1985

**ESTIMATES COMMITTEE A****Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

*The Committee met at 11 a.m.*


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Legislative Council, \$760 000—Examination declared completed.

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House of Assembly, \$1 327 000—Examination declared completed.

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Parliamentary Public Accounts Committee, \$193 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr G.D. Mitchell, Clerk of the House of Assembly.

Mr A. Schulze, Accounting Officer, House of Assembly.

**The CHAIRMAN:** I declare the vote open for examination. Are there any questions?

**Mr OLSEN:** The Chairman of the Public Accounts Committee recently said that the committee was having difficulty in coping with its workload because of restrictions on funding. Has the Premier discussed this matter with the Chairman of the committee, and, if he has, will he say what difficulties the committee is facing and what the Government is doing to overcome those difficulties?

**The Hon. J.C. Bannon:** I am aware of the problems raised by the Chairman of the committee. They tend to relate more to specific investigations that the committee might be undertaking. For instance, when a special inquiry was undertaken into areas connected with transport, agreement was reached to provide consultancy assistance to the committee to cover that study. The sum of \$20 000 was provided. Where the committee finds that there are bottlenecks or difficulties in specific investigations, that is the most

appropriate way to deal with the problem rather than add to the permanent staff complement of the committee because, obviously, its inquiries range into various areas where specific expertise is required. Rather than having a group of generalist staff, it is better for them to have access to specialists as required. The Government is obviously prepared to assist the committee by looking at such a request.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

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Parliamentary Library, \$372 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr G.D. Mitchell, Clerk of the House of Assembly.

Mr A. Schulze, Accounting Officer, House of Assembly.

Mr H.F. Coxon, Parliamentary Librarian.

**The CHAIRMAN:** I declare the vote open for examination.

**Ms LENEHAN:** Would the Premier detail to the Committee the reasons for requests from the Library Committee for a media monitoring service not being met? I refer the Committee to the recommendations of the Library Committee. A subcommittee of the Library Committee was formed in May 1983. It made specific recommendations about requirements for members of Parliament in respect of provision of some fairly basic media monitoring facilities. Are there any proposals afoot for provision of some form of media monitoring facility for members of Parliament?

**The Hon. J.C. Bannon:** The matter raised by the honourable member comes down to a question of what resources can appropriately be made available to the Parliamentary Library. At this stage, we are not in a position to adopt, as proposed, those recommendations. Honourable members will be aware of the high controversy aroused by former attempts at media monitoring in government even when those facilities—transcripts and so on—were made available to the Parliamentary Library. That was seen to be unsatisfactory. It is a very expensive business. The research service provided by the Library has been expanded, over the years. It is very responsive and does a good job. At this stage there are no extra resources that we can provide to implement the proposed scheme.

**Ms LENEHAN:** I appreciate the Premier's explanation. However, perhaps in the practical reality what the library now provides is a commercial system where members, even if they are able to obtain videos such as those in the Federal Parliamentary Library (one of which I have shown at committee and other meetings), do not have facilities within the Parliament which allow them to use the ordinary VHS system. That matter has to be addressed. The provision of equipment which will allow members to use videos that

they obtain from other libraries would not require a vast expenditure, but would provide at least a limited facility for members.

**Mr FERGUSON:** My first question relates to reorganisation of classifications of the Library mentioned in the Estimates Committee last year. Has that reorganisation taken place? Can the Librarian give me a ball park idea of that reorganisation?

**Mr Coxon:** The Public Service Board provided a report to the Library Committee towards the end of last year. The Library Committee asked me to explain what that meant in terms of the present reorganisation of the Library. The Library Committee accepted recommendations for a reorganisation of the Library and that reorganisation, I suppose, had two main objectives: first, a close integration of the research and information services in the Library; and, secondly, all staff would be put on a single salary scale; that is, the clerical officer and administrative officer scale instead of a range of different classifications involving library grades, which has been the case in the past.

**Mr FERGUSON:** I have been trying to discover the approximate value of the antiquarian books in the Parliamentary Library: the collection is most interesting and extraordinary. Do we have a rough idea of the value of those volumes?

**Mr Coxon:** I am not an expert valuer of books, and I would hesitate to put any figure on the value of the books as it depends very much on the market that exists at any time. We must be thinking in excess of \$1 million. It is almost an impossible question to answer.

**Mr LEWIS:** My first question relates to the flow of information around the Parliament, particularly through the Parliamentary Library. To what extent has there been or is it envisaged there will be the introduction of automatic data processing equipment to save time and money in the management of information and the flow of information from the library to the people in the Parliament who need that information? That applies equally to other divisions of the management function of the Parliament.

**The Hon. J.C. Bannon:** These things in large part are a question of resources, so there is no question that they greatly improve overall efficiency and, by so doing, probably reduce costs in the long run. As to their applications specifically to the library, I would ask the Librarian to comment.

**Mr Coxon:** The whole question of information flow is large and intricate, as the Parliament creates much information that it uses. The departments serving the two Chambers create a lot of information which, traditionally, has found its way into the library and is used by members for reference in the future. The interrelationship of that process has to be considered when we look towards automating the process. A need exists for a total system for the Parliament so that the information created can be used as part of a single system. So far it has been undertaken in a piecemeal way and the global view is still to be met. It is an important issue. Some members of the Parliament have seen a prototype of a parliamentary data base, based on an on-line version of *Hansard*. There is no reason why that cannot be up and going or why that kind of system cannot carry a lot of other data bases which might include library files or files from the Legislative Council and House of Assembly. It is all a question of resources, as the Premier said.

**Mr LEWIS:** What equipment is available in the library at present for members to listen to tape recordings or listen to and watch video recordings which, in my case, are made by representatives of schools councils, district councils or other public organisations and sent to me on problems they have and to which they have devoted time in discussion in their communities?

The tape recordings involve expressions of opinion in the context of public meetings and discussions, and I am asked to view video recordings from time to time made to highlight problems experienced in various localities: for example, increasing salinity in groundwaters and increasing levels of surface groundwaters in the Upper South-East that has been going on over the past five years. If I am to understand that and bring it to the attention of Ministers and public servants, I need to view it myself and show it to them to illustrate the position. It is more efficient to do that than to send half a dozen public servants to the South-East in half a dozen publicly funded vehicles to look at such a problem.

**Mr Coxon:** In short, there are limited facilities. We have one single cassette player for audio playback and one single video player that takes only one type of tape. It takes only the U-matic tape, which is not the type most frequently used. So, we have some technical problems there.

**Mr LEWIS:** Why is it not Beta or VHS?

**Mr Coxon:** It is the U-matic type.

**Mr FERGUSON:** I have seen in the library books which could never be used by members but which contain lithographs that probably would have strong commercial value if framed and sold. Has that ever been contemplated? What happens to books that the library no longer requires?

**Mr Coxon:** A few years ago there was an attempt to value the collection, but the cost of the valuation would have been about \$7 000 and the project never got off the ground. True, there are many older volumes of considerable antiquarian and aesthetic interest. The library is aware of that, and in the last year has been trying to do something about repairing older volumes and putting them in better and safer custody. A Community Employment Program project has been under way for almost six months—it is almost finished now—and many of the old leather bound books have been dressed and rehoused in lockable bookshelves in the library office. There is still a role for the library to maintain some of those older volumes, which are part of the heritage and history of the library. It is part of our responsibility to maintain those items and display them prominently. We now have in train with the Department of Housing and Construction the provision of a simple display case so that some of the older library items can be put on display, so that visitors can enjoy them.

**Ms LENEHAN:** Concerning the point raised by the member for Mallee and explained by the Librarian, it would be desirable as a future move to have *Hansard* available on an on-line computer system. Not only would *Hansard* be involved but a wide range of information could be accessed by members. As the Librarian pointed out, members of the Library Committee and other interested backbenchers attended the Government Computing Centre and had explained to them the way in which the system works, and how it could be used efficiently and effectively by members. Therefore, it is relevant to ask whether any costing has been done on the implementation of such a system.

Otherwise, I think that the debate on the need for such a system becomes just an academic exercise. Most members of Parliament would agree that the implementation of this system would help raise the standard of debate and the accuracy of information used in debate in the House. If there has been a costing, can the Librarian tell us what that costing is, and can he outline future plans for the implementation of such a system?

**Mr Coxon:** There has only been some very generalised discussion about costing with the Government Computing Centre. It is intended to work together with the Government Computing Centre to put together a submission in relation to the further feasibility of this whole project. That is still at the discussion stage. As I have mentioned, one of the

great virtues of an overall system is that it would bring together many different units. One of the things that has been holding up the matter is that we have been waiting until the possible passing of the Parliament (Joint Services) Bill. That legislation would provide a forum for the chief officers, as they would be called under the new arrangements, to discuss this matter and to try to bring in everyone, thus providing an overall strategy for the Parliament.

**Ms LENEHAN:** Would things such as the electoral roll be part of such an integrated system? Further, does the Librarian consider that a link up to the electorate offices of members would be part of a total data base system, which could be accessed by members within the Parliament? Also, to what extent would such access be available from within electorate offices?

**Mr Coxon:** This issue has been raised by members of Parliament previously. I think the Deputy Premier asked the Public Service Board to inquire into the feasibility of putting PCs in all members' offices, and possibly providing some kind of link up to the electoral roll. I was involved in discussions on that matter, and I certainly made the point that the Library had a role to play, that the materials should be available through the Library and that that might be one of the avenues to consider. I am not sure of the present position. As the Premier is responsible for the Public Service Board, perhaps he might be able to advise the honourable member on this matter.

**The Hon. J.C. Bannon:** I cannot advise the honourable member on this matter off the cuff, but I will undertake to get a report for her.

**The CHAIRMAN:** Before calling further questions I point out that, although the Premier has his officers at his disposal, questions should be directed to the Premier. If the Premier wishes to call on an officer to answer a question, of course he may do so.

**Mr M.J. EVANS:** Has the Library given any consideration to implementing a terminal connected to the Telecom Viatel system for the use of members? Recently Telecom has introduced, with some considerable success, a commercial and public data base system, in relation to which Parliament could be considered, as both an information provider and a receiver. I am sure that many people in the commercial network already using Viatel would be interested in details of House of Assembly and Legislative Council Notice Papers, lists of Bills passed, current regulations, and so on. Parliament could of course charge a fee for the service, thus helping to defray the costs of the Parliament's subscription to the Viatel system. Members would have immediate access (through, say, a terminal installed in the Library) to information on the Viatel network, which includes a wide range of current affairs details, financial information, and a whole range of very interesting and useful data bases which Telecom maintains and provides for a relatively small fee. The number of users is so great that the fee is in fact quite reasonable. A terminal could be purchased for a relatively small amount of money. Will consideration be given to implementing a terminal in the Library which would enable members to have access to the Viatel system in the context of both providing and receiving information?

**The Hon. J.C. Bannon:** Perhaps I can make a couple of general points on the matter raised by the honourable member. It is certainly true that there are a number of very exciting systems with tremendous potential to disseminate and receive information, and there has been Government examination of some of these systems and their cost.

I think a good point is made that by providing information of that kind at a fee could well help defray the costs. It is a question of whether there would be an enormous demand for our Notice Paper, but on the other hand it is also true that a number of services are established which actually

make as their prime object the explanation and updating of parliamentary business, both State and Federal: so there is a commercial and other demand for that sort of information which could be supplied. I am not clear on just how much detail has been gone into, but the Librarian would have one or two points to make on this.

**Mr Coxon:** The Library already has access to a number of commercial information systems through its IBM PC. I had a look at the Viatel system a few weeks ago. From the little I knew about the system at that stage, I doubted its value, but once I had seen it in operation I was much more impressed. At the moment I think that there is still a lot of information to go on to that system. They are still looking at putting financial information on it which we would be interested in using; it is not there at the moment. It is certainly much in my mind that we will probably have to consider it, and we will probably go that way.

**Mr M.J. EVANS:** Most members are well aware of the excellent information service provided by the Commonwealth Parliamentary Library. It has the ALERT system which corresponds, in a way, to the weekly current information topic sheets which the Library kindly provides to members of Parliament. Without wishing in any way to play down the value of our local system, it is certainly true that the Federal Parliament's ALERT service is much more substantial and covers a much wider range of material. Have any negotiations been entered into or contemplated by the Government in terms of a sort of subcontract, if you like, with the federal ALERT service so that members here could perhaps become subscribers to that service? Our own Parliamentary Library, acting as an agent for the Federal Parliamentary Library (perhaps at a fee, which I think would be well worth it), could become a subscriber to the federal ALERT system, so that all members could receive a copy of the fortnightly brochure put out by the Federal Parliament and perhaps order copies of that material through our own Library.

I know that the Library has a copy of the fortnightly brochure, but I am not sure of the extent to which we are in fact subscribing members of that service and the extent to which we can utilise it. Could that service be efficiently expanded at perhaps a small cost? We would only be adding to the cost of the margin; the Federal Parliamentary Library is already providing the substantial service. Perhaps by increasing the number of copies by a small amount, we could expand our own facilities at a marginal cost.

**Mr Coxon:** There is probably no reason why you cannot access that information at the moment without any cost. The ALERT service is divided into two parts: the first part is essentially periodical articles; and the second part is transcripts of television and radio broadcasts. The Commonwealth Parliament makes those transcripts available to members of this Parliament on request. There is no reason why, if you wish to get a copy of a journal article that we do not have available within our resources, you cannot make a formal inter-library loan request and have the information request met in that way. As a supplementary point, the libraries as a group have been discussing the need for greater cooperation and the possibility of establishing an information network. We have had some discussions among ourselves about the need for that network. The discussions have been extended to include some of the other parliamentary departments, because other departments are also aware that those new ways of transmitting information have relevance to their work.

Obviously, one possibility is a single data information bank from which Parliaments throughout Australia could draw information. That is the way some people would like to see things go. Some other attitudes have been less positive. For instance, the attitude of officers of the Common-

wealth Parliament has been that their first obligation is to their own members, that they would put in systems for their own members' use, and that if there is a possibility of other parliamentarians throughout the country accessing that information, all well and good, although that will not be the prime goal. These are all parts of the interesting information explosion management.

**Ms LENEHAN:** Has the Parliamentary Library, in concert with *Hansard*, plans to record major debates and second reading speeches for the benefit of the visually impaired? This question has been asked by visually impaired people in the community, as they do not have the ability to read the *Hansard* reports of debates. If that facility were available, it might be used more widely than just by the visually impaired. Although there might have to be changes in the rules and regulations of Parliament, Federal Parliament is broadcast over the air, so such problems could probably be solved.

**The Hon. J.C. Bannon:** Frankly, it is just a question of resources and at present we do not have the finances available for that sort of project.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

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Joint House Committee, \$579 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr G.D. Mitchell, Clerk of the House of Assembly.

Mr A. Schulze, Accounting Officer, House of Assembly.

**The CHAIRMAN:** The proposed expenditure is open for examination. Are there any questions?

**The Hon. B.C. EASTICK:** Once again we have bypassed 'Electoral', which continues to find a place in this document.

**The CHAIRMAN:** As I understand it, part of the Electoral Department is contained in the Attorney-General's line, so I am not sure what the honourable member is getting at. The Joint House Committee line is open for examination. Are there any questions? There being no questions, I declare the examination of the vote completed.

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Parliamentary Standing Committee on Public Works,  
\$73 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr G.D. Mitchell, Clerk of the House of Assembly.

Mr A. Schulze, Accounting Officer, House of Assembly.

**The CHAIRMAN:** I declare the vote open for examination.

**The Hon. B.C. EASTICK:** We have had Estimates Committees for six years. At the outset it was indicated that the Electoral line would come under the Attorney-General and would be better placed there. Now, six years down the track, this section is introduced into the Premier's lines. On behalf of the Liberal Government, I undertake that next time we have Estimates it will be put into its correct place.

Concerning the Public Works Committee, on 15 May the Premier released a press statement headed 'War on waste', which appeared to be an attempt—

**Ms LENEHAN:** On a point of order, Mr Chairman. The vote 'Electoral' shows proposed expenditure of \$2 518 000. Have we dealt with that?

**The CHAIRMAN:** The Chair tried to explain 'Electoral'. I do not want to get into a broad discussion about it. I admit that 'Electoral' is certainly in the wrong place as regards the proceedings of the Estimates Committees. Maybe we should look at that in future to see that it is placed in the Attorney-General's line where it has been for some time. If members look at the proposed program for Estimates Committee B on Wednesday 25 September at 11 a.m., they will see that it is in the Attorney-General's line.

**The Hon. J.C. Bannon:** I am sorry for the confusion this has caused. I do not know why it is not in its appropriate place. It should be so placed and I will ensure that it is next year.

**The Hon. B.C. EASTICK:** Turning again to the Public Works Committee, it appeared that the Premier's statement headed 'War on waste' was an attempt to deflect criticism from the Government on its bungling in regard to the State Aquatic Centre and other projects. However, his statement was not accepted, because it was recognised for what it was. Further, in a special report the Auditor-General made available information. During the debates on that matter, the Premier said:

We are considering legislative moves to give the Public Works Standing Committee more teeth in the probing and reviewing of expenditure in the works and construction area.

Since then, however, nothing more has been heard on this issue. There is no commitment in the Governor's speech at the opening of the present session and nothing has been forthcoming in the legislative program thus far. On 5 March this year, the Leader of the Opposition announced that a Liberal Government would give the Public Works Committee more power so that Parliament and the public could continue to be informed as regards the cost of major projects. What extra powers does the Government intend to give the committee and when will the necessary legislation be introduced?

**The Hon. J.C. Bannon:** This matter is under active consideration at present, and it is certainly progressing well. Prior to the drafting and introduction of such legislation, we have instituted procedures which have greatly improved both the flow of information and, most important, the committee's consideration of public works projects. In fact, just last week a major project which had been approved by the committee had tender call closed and Cabinet was con-

fronted with tenders that were above the estimate that had been set out when the committee first met on the project. We did a detailed analysis of the reasons for that because the days of rubber stamping such overruns are over: we have made that quite clear to consultants and others.

The project was the Lincoln Cove project, formerly known as the Porter Bay project. Under previous procedure the matter would have gone to Cabinet which would have said that a certain tender was the lowest and would have rubber stamped it, and that would have been the end of the matter. In fact, on this occasion, Cabinet considered a number of options including cancellation of the project but, for the benefit of the member for Flinders, who may be horrified at that suggestion, that is not a realistic option in this instance. One of the things we did was to refer the project back to the Public Works Standing Committee so that it could assess the areas in which the costing did not accord with the consultants' report and original estimates and give us a report on it which will aid Cabinet's consideration.

I use that example to show that prior to any legislation's being introduced we are actively consulting with and using the Public Works Standing Committee in a way in which it has never been consulted before. That marks a major step forward. I repeat again—the old days where a certain procedure was followed that simply meant that cost overruns were rubber stamped have finished and procedures we are introducing are already having an effect in this area.

**Mr OLSEN:** The Premier has not indicated whether it is his intention to introduce legislation as per his earlier commitment? I repeat that part of the question: is it the Government's intention to introduce legislation and, if so, when?

**The Hon. J.C. Bannon:** The answer to that question was given to the honourable member. I was simply saying that while legislation is being drawn up and considered prior to its introduction (and it will be introduced) certain procedures have been instituted on an informal basis which have already improved the Public Works Standing Committee's consideration of matters. Obviously, to do that in the long term in a fundamental way will require some legislative changes. We intend to introduce legislation at some stage, but the time and date of introduction is not specified because we are still working on the details of that legislation.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

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Legislature, Miscellaneous, \$3 615 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick  
Mr D.M. Ferguson  
Mr G.A. Ingerson  
Ms S.M. Lenehan  
Mr J.W. Olsen  
Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr G.D. Mitchell, Clerk of the House of Assembly.  
Mr A. Schulze, Accounting Officer, House of Assembly.

**The CHAIRMAN:** I declare the vote open for examination.

**Mr FERGUSON:** My question relates to *Hansard* printing and publishing. I refer to the last Estimates Committee when it was stated that word processing equipment for *Hansard* was to be introduced. I understand that it was, to some extent, to relieve printing costs that would naturally go to this line. Can the Premier explain whether installation of word processing equipment has had an effect on printing costs?

**The Hon. J.C. Bannon:** Unfortunately, we do not have that information from the printer. However, I will certainly undertake to have it provided to the honourable member.

**Mr INGERSON:** I refer to payment of \$313 924 last financial year for travelling expenses of members and former members of Parliament and their relatives. Last August it was revealed that the member for Mawson had breached rules for payment of travel expenses for overseas visits. She had received payment for expenses incurred by her *de facto* spouse when he accompanied her to Japan. Is the Premier able to confirm that last year's payments include a reconciliation of the amount to which the member was not entitled? How much did she repay to the Government?

**The Hon. J.C. Bannon:** The amount was repaid instantly on the matter being raised. We have been through all this before. I am surprised that the honourable member seeks to raise it again, because in the course of examining procedures which led to the member for Mawson's incurring expenses which were not legitimate claims a number of other deficiencies and problems were discovered which resulted in a tightening of procedures.

It is certainly true that on both sides of the House there were problems with administration of the travel scheme. I hope that those problems have been resolved. In the case of the member for Mawson, on the matter being pointed out to her, a mistake having been made, there was immediate restitution with no problems. I am not sure of the exact amount.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

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State Governor's Establishment, \$605 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick  
Mr D.M. Ferguson  
Mr G.A. Ingerson  
Ms S.M. Lenehan  
Mr J.W. Olsen  
Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr B. Guerin, Director, Department of the Premier and Cabinet.

Mr E. Kageler, Chief Administrative Officer, Department of the Premier and Cabinet.

**The CHAIRMAN:** I declare the vote open for examination.

**Mr OLSEN:** What plans have been made for the Royal visit in March next? The Premier said on radio last week that the election date would not affect the Royal visit which is, as I understand it, scheduled for approximately 8 or 9

March. Is that statement based on discussions that the Premier has had with Government House or Buckingham Palace about the policy relating to a Royal visit to a region when an election is due?

**The Hon. J.C. Bannon:** Present planning would see the Royal visit commencing on Sunday 9 March. The exact program has not been finalised yet, but there is a very comprehensive program for the jubilee visit. Quite clearly, a Royal visit should not be embroiled in an election campaign. That is normal protocol and that protocol will obviously be observed.

**Mr OLSEN:** What is the time frame both before and after an election that would breach protocol in a visit by the Queen to a State?

**The CHAIRMAN:** I am not sure of the line of questioning at present. If it is the line that I think it is then I do not think it has anything to do with what we are discussing. However, I am allowing it so far because I suppose the Governor would have something to do with the Queen's visit. That is the only reason that I am allowing the question. I do not think it has anything to do with the present vote. If the Premier wishes to answer it—

**The Hon. J.C. Bannon:** It is a fishing expedition in which I do not intend to indulge. Decisions will be announced at the appropriate time.

**Mr OLSEN:** Has any advice been sought by Government House or Buckingham Palace about protocol procedures and what time frame is involved?

**The Hon. J.C. Bannon:** I can assure the Leader of the Opposition that protocol will be observed.

**Mr TRAINER:** Last year the Governor's summer residence at Victor Harbor was the subject of a question in the Estimates Committee. There appears to be no reference to it this year. Has the property disappeared?

**The Hon. J.C. Bannon:** The residence has not disappeared—it has changed hands. It has disappeared from our Estimates books. Following a fairly comprehensive review of the use of Anookanilla as a Governor's residence—and certainly our present Governor has found it neither convenient nor terribly desirable to make use of that residence—and looking ahead to its possible usage, plus the maintenance and other costs involved in it, it was decided that it would be appropriate to sell that residence. If in the future we need to make other arrangements along those lines, they can be looked at. The sale price was \$255 000, for the information of honourable members.

**Mr FERGUSON:** I refer to the purchase of office machines and equipment, with an amount set down for 1985-86 of \$20 000 as opposed to \$2 496 for actual payments last year. Will the Premier explain what the office machines might be?

**The Hon. J.C. Bannon:** It is a word processing unit. Provision is made in 1985-86 for a Wordplex word processing unit with a printer, acoustic hood and dual sheet feed with envelope hopper. That will improve the efficiency of the correspondence area with which the Governor deals.

**The CHAIRMAN:** If there are no further questions, I declare the examination completed.

Ms S.M. Lenehan  
Mr J.W. Olsen  
Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr B. Guerin, Director, Department of the Premier and Cabinet.

Mr E. Kageler, Chief Administrative Officer, Department of the Premier and Cabinet

**The CHAIRMAN:** I declare the proposed expenditure open for examination.

**Mr OLSEN:** I refer to page 13 of the yellow book which refers to 'Upgrading of the restaurant complex house and grounds to maintain complex as a significant State tourist attraction', and so on. Who is doing the refurbishing of the Henry Ayers rooms and the refurbishing currently undertaken at Paxtons and at what cost? Are the current proprietors of Ayers House meeting that cost? Has it necessitated a new contract being entered into with the Government in relation to the write-off of the capital cost of refurbishing Ayers House or what arrangements have been made?

**The Hon. J.C. Bannon:** As the honourable member would be aware, the restaurant complex in Ayers House is let to an operator on a commercial basis: that has been so since its inception. Obviously the State has a responsibility to preserve the overall fabric of Ayers House as an historic and heritage building. Part of those premises is occupied by the National Trust. The commercial operation of the restaurant is in the hands of the lessee, who pays rent based on a return to the Government. A proposition was put to us by the current lessee on her accession to the lease that considerable refurbishment and developments were needed in the restaurant. If one looks at the time span of its operation, it was probably appropriate that they should take place.

The Ayers House Management Committee, chaired by the Chief Administrative Officer of the Department of the Premier and Cabinet, has overall responsibility for Ayers House and any such propositions. We have entered into an agreement with the lessee to provide the cost of the works, on the understanding that rent will be adjusted to pay for them over the course of the lease. Any specific areas of expense which relate purely to the restaurant operation are, of course, the responsibility of the lessee. Where they affect the fabric of the house and renovations thereto, the Government has met the cost on the basis that it will be returned over the course of the lease.

**Mr OLSEN:** What is the capital cost of the refurbishing, and is it true that it is being undertaken some two years after major refurbishing of the dining room at Ayers House?

**The Hon. J.C. Bannon:** A maximum of \$350 000 is being provided. The nature of these renovations is quite different from previous ones: in other words, earlier renovations have dealt with painting and decoration. More fundamental changes are being made to the Paxtons area of the restaurant, aimed at improving its commercial viability. In the long run the Government will see this investment being returned not only through lease repayments, but in the improved amenity of the complex. There is considerable sensitivity about the way in which these renovations should be carried out, because the essential character of the building has to be preserved. That is why the Ayers House Management Committee closely supervises any such changes. I believe I heard the Leader of the Opposition saying the

Premier and Cabinet, \$12 099 000

**Chairman:**  
Mr Max Brown

**Members:**  
The Hon. B.C. Eastick  
Mr D.M. Ferguson  
Mr G.A. Ingerson

other day that he felt that the renovations as he had inspected them were very good, and I would agree with that.

**Mr OLSEN:** Where specifically in the budget papers is the \$350 000 capital refurbishing cost?

**The Hon. J.C. Bannon:** It is under the OGB program—other Government buildings—in the Department of Housing and Construction.

**Mr OLSEN:** Last month the Premier appeared in a one-off advertising campaign to promote the jubilee, under the name 'The Show'. The campaign comprised prime time television advertising on Sunday evening, supported by newspaper material urging South Australians to send postcards to people in other parts of Australia and overseas, inviting them to South Australia in 1986. The Premier may have received a few of those postcards in return, as did many of us. Will the Premier indicate whether public tenders were called for the campaign, as required by the recent directive on Government advertising issued by his department.

**The Hon. J.C. Bannon:** That program and campaign was done through the Department of Tourism, as part of its marketing and promotion budget. That question should be directed to the Minister in that Estimates Committee.

**Ms LENEHAN:** The organisation of the State's 150th anniversary is referred to on page 15 of the yellow book. In reading the program description, I note that no reference is made to the joint celebrations that we are having with Texas in sharing a similar birthday. Is there some proposed expenditure for South Australia's involvement in the Texas 150th celebrations in 1986? If that is the case, will the Premier tell the Committee what are those proposed expenditure plans?

**The Hon. J.C. Bannon:** As members would realise, the Texas involvement is a bilateral one involving exchange visits and other things. There is a comprehensive program of town and city twinning, schools involved in twin relationships, and so on. The amount provided for 1985-86 is \$140 000 as part of our component of that program. It will be spent largely on travel and associated expenses.

One of the features of Adelaide events in Texas will be a tour of the Australian Dance Theatre and also the Morialta Choir will be going to Texas. A number of community and cultural groups and individuals will visit as part of bilateral exchange programs. That is our contribution.

**Mr INGERSON:** I refer to page 5 of the yellow book where it is noted that the increase in rentals for Ayers House restaurant is some \$27 000 per year. Is the contract for at least 12 years simply to repay the capital, or is a rent increase included as well?

**The Hon. J.C. Bannon:** What is shown is only a part year effect. The full year is \$114 000. The lease is for five years with right of renewal for a further five years.

**Mr INGERSON:** Does that mean that \$350 000 is to be repaid over five years, or is it a longer period?

**The Hon. J.C. Bannon:** I am not sure of the rate of recovery. It would be over a longer period, bearing in mind that there are structural changes: capital improvements will be written off over a longer period. Of course, if the current lessee does not exercise rights of renewal any new lease will take into account the necessity to repay those capital improvements.

**Mr OLSEN:** Last year \$2.6 million was voted for grants for Jubilee 150 projects, and \$1.5 million was spent. How many funding applications were received, how many were approved and why was that amount underspent?

**The Hon. J.C. Bannon:** The projects recorded were approved some time ago—not in this financial year. As members would realise, the jubilee program has been set in place for some time. There was a period when projects were submitted, but that closed two or three years ago (I am not

sure of the exact time). A wide range of projects was received and assessed by subcommittees of the board. Certain projects were then earmarked as jubilee events and payments for them have been taking place over the past two or three years. The vote last year was one of a series of payments in areas including publications, sport, recreation, protocol, etc. There will be further payments this year. The period of new jubilee projects is finished, and the books have closed. In cash terms, the outflow is less than anticipated but it will peak this year.

**Mr OLSEN:** Will there be any flow over into the 1986-87 financial year concerning funding of those projects?

**The Hon. J.C. Bannon:** Yes. There probably will be, because the year is running to a calendar year.

**Mr OLSEN:** Has that been quantified as it relates to specific projects that have been approved?

**The Hon. J.C. Bannon:** All projects have an estimated cash flow requirement attached to them. One would have to ask about a specific project so that I could ascertain details. If you are concerned about how this is accounted for, some of the projects are specific events on specific dates; others are ongoing activities. But all of them have a cash requirement that has been estimated and looked at in terms of the cash funds needed by the project sponsors.

**Mr OLSEN:** It is that cash fund figure that I am seeking for the 1986-87 financial year, because there ought to be an estimate available now on projects which have already been approved and which need a cash input in the calendar year 1986 that will flow through to the 1986-87 financial year.

**The Hon. J.C. Bannon:** There would be another \$1.5 million in the second half of 1986 as presently estimated. That figure could be subject to change just as the 1984-85 figure was, depending on specific needs of projects. Where we can, we are also trying to ensure that recoupments and savings can be made that will minimise the impact of those funds. Some events have a commercial or admissions element that could drastically alter the outlay required.

**Mr OLSEN:** Have many projects exceeded their budget allocation or approved budget?

**The Hon. J.C. Bannon:** There have been some, and some have come in under budget. That is inevitable with such a wide range of projects.

**Mr OLSEN:** Can the Premier make those details available in due course, that is, projects approved, budget allocation, whether they have overrun, and what the actual allocation was?

**The Hon. J.C. Bannon:** That is a little difficult to do at this stage because we are not into the jubilee year yet. Most of them have been receiving part payments. Until the events actually take place it is difficult to judge the extent to which there may or may not be overruns.

**Mr OLSEN:** If some projects have been identified where original funding commitments have been insufficient and there have been requests for additional funding, it is in this area that I seek more information as to what were the projects and what has been the extent of increased funding.

**The Hon. J.C. Bannon:** I will see whether we can obtain that information.

**Ms LENEHAN:** I refer to page 20 of the white booklet, dealing with 'Equal Opportunity for Women', which cross references to pages 21 and 22 of the yellow booklet. Can the Premier say why there has been a reduction in the overall staffing for equal opportunities for women under the Women's Unit and Women's Information Switchboard? There is a slight reduction from the actual outcome in 1984-85 from 13.8 average full-time equivalents to a proposed 13.5. In doing my background reading for this session I noted that the actual reduction takes place in the subprogram 'Development, advice and coordination of policies affecting women' where there is a reduction from the pro-



posed 1984-85 allocation to that proposed in 1985-86. Some of the roles and responsibilities that come under this area include coordination of Government policies affecting women, specifically in relation to things such as domestic violence and rape.

I want to use this opportunity to congratulate the Premier and, in particular, the Women's Unit for the excellent work done both in preparing the Naffin reports in both the areas of rape and domestic violence, and in communication and liaison with women's groups and the community in general on these issues. Is the decrease in actual staffing full-time equivalents explained because of the rape legislation introduced in the Upper House and, therefore, in some ways we have addressed that major community problem and because we are also in the process of looking at ways of combating domestic violence and dealing with domestic violence? As Ngaire Naffin was appointed to the Women's Unit in that capacity, is the slight reduction accounted for because she has completed these reports, or is there another explanation for that reduction?

**The Hon. J.C. Bannon:** The honourable member is correct. That change relates to the salary of Ms Naffin who was involved on that short-term project and who completed the report. Implementation work is under way. In the Government area of development advice and coordination of policies affecting women we have a number of women's advisers and an overall increase in resources being allocated to that generally. As the member indicated, these programs have been given particular priority by the Government, and that will continue.

**Ms LENEHAN:** Referring to the Women's Information Switchboard, I note the actual staffing levels under 'Information and referral'. I presume that includes the Women's Information Switchboard. I also note under 'Information and clerical staffing' a slight increase in funding. I want a commitment from the Premier that the excellent services and resources provided by the Women's Information Switchboard will be not only maintained but (from my interpretation of this) also slightly increased. Can the Premier confirm whether I am correct in this and whether there is an ongoing commitment to support the excellent work of the switchboard?

**The Hon. J.C. Bannon:** The commitment is clear and ongoing. There is no increase in actual staff resources. The increase is based on a reclassification of the staff together with the payment of a national wage increase, which will have a full year effect in 1985-86. That is the reason for the difference in the amounts shown. The reclassification applied from April 1985, so there is only a part year effect involved in that.

**Mr OLSEN:** I refer to South Australian Government spending on the Australian bicentennial celebrations. Last financial year \$115 000 was committed to that; this financial year the grant has been increased to \$144 000; and, in addition, Government funding of \$235 000 was provided for capital purposes, as well as \$850 000 having been allocated this financial year under the capital works program. All in all, the South Australian Government has now invested more than \$1 million of State funds in the bicentenary celebrations. Obviously, the Government has a substantial interest in ensuring that the celebrations are a success. In view of this, will the Premier call on the Prime Minister to make a full statement clarifying the reasons for his involvement in Dr David Armstrong's resignation, particularly in view of the fact that this has caused some controversy about the \$500 000 payout involved?

The Prime Minister is now saying that it might be necessary to dismantle the present structure of the authority and to replace it. The Victorian Premier, Mr Cain, has already called on the Prime Minister to give a full expla-

nation of the operations of the authority and an account of the way in which it is spending its money. In view of the questions now being asked about the handling of Dr Armstrong's resignation, and South Australia's considerable financial involvement in the bicentenary, I urge the Premier to call on the Prime Minister to give a clear and specific indication as to what course of action he intends to take to clear up the circumstances relating to Dr David Armstrong's resignation and what future structure will be set in place for the handling of the bicentennial celebrations.

**The Hon. J.C. Bannon:** There is no need for me to call on the Prime Minister to do that, because he has already said he will be doing so. South Australia's involvement in the bicentenary specifically relates to capital project expenditures, as well as some administrative support. We have a representative on the Bicentennial Authority, Mr Alan McGregor, appointed by the previous Government and whose appointment was reconfirmed by my Government. I am sure that he will advise me in relation to any problems or need for my involvement. The Premier of Victoria became involved because his representative, Mr McDonald, resigned in fairly spectacular circumstances, and I guess Mr Cain could not avoid being involved.

This is really a matter for the Federal Government to address in consultation with the Bicentennial Authority. I have had periodic meetings with Mr Reid and in company with Mr McGregor. One of those meetings was held a couple of months before these problems arose—in fact, I think it was just before Mr McDonald's resignation which seemed to trigger the chain of events which led to Dr Armstrong's resignation and the current public debate.

However, the Prime Minister has said that the whole area of the bicentennial arrangements, and so on, will be fairly stringently reviewed. If reorganisation is necessary, it must be undertaken, and as a State we will certainly cooperate. In the meantime, as far as I am concerned the projects in which we have been involved are not affected or jeopardised by the discussions at the federal level.

**Mr FERGUSON:** I refer to page 36 of the yellow book and page 23 of the Estimates of Payments. Can the Premier provide details of the superannuation inquiry, which I understand is being conducted with the assistance of the Cabinet Office?

**The Hon. J.C. Bannon:** The inquiry is chaired by Mr Peter Agars, who is a private consultant and a director of Touche Ross Services. Representatives on the inquiry include Mr Adams of the Public Service Association, Mr Jackson of the South Australian Institute of Teachers, Mr Dudley Hamilton, the Deputy General Manager of ETSA, and Ms Helga Kolbe, a Director of Education. Further private sector advice and input are provided by Mr Adrian McEwin of McEwin Johnson Insurance Consultants, who have advised the Government on a number of matters over the years. That inquiry is ongoing. It has fairly broad terms of reference, and I am advised that eight meetings have been held since mid-May and that regular fortnightly meetings are being scheduled to enable the inquiry to present its report early in 1986. I am told that the work program of the inquiry is pretty tight. There may be some slippage involved, but the committee's work is on target.

It is examining interstate public sector schemes, and it has made inquiries into private sector schemes as a basis of comparison. It has conducted a major survey of terms and conditions of such schemes, and it has invited public submissions: 15 submissions have been received and a further 10 late submissions have been flagged.

The committee has held discussions with the Public Actuary, the Chairman of the Superannuation Investment Trust, and the Public Service Board. Other meetings are scheduled, and consultants have been commissioned to advise the



committee on particular aspects of the proposal as part of the ongoing inquiry. So, the Chairman reports that the inquiry is on target; it will be thorough and comprehensive, and we are looking forward to its findings.

**Mr FERGUSON:** Can the Premier provide details of the deregulation inquiry?

**The Hon. J.C. Bannon:** An interim report of the inquiry was submitted to me at the end of June, and it has been circulated for discussion. It has generated discussion in various quarters and has provided in some limited ways a basis for action. The task force has now advised me that it will have its final report completed on schedule by the end of this month. The report should be in the hands of the Government by about mid-October—after printing, editing, and so on. The Chairman has advised me that the emphasis in the report will be on the regulatory process and the administration of regulations, as foreshadowed in the interim report provided.

Again, we look forward with some interest to the findings of that task force. It is interesting that its work has attracted interest from other States. In particular, someone in Queensland made an inquiry; I think a representative from Queensland came here to look at the work of the committee to see what progress it was making. This was because of a need to conduct a similar inquiry in Queensland.

**Mr OLSEN:** In her first annual report the new Ombudsman made some comments about relations between her office and the Department of the Premier and Cabinet. In her report she stated:

I have in the past noticed from a distance that relations between the Office and the Department have not always been the most cordial. I hope this can change.

Has the Premier discussed this matter with the Ombudsman, and can he provide the Committee with any reasons for the lack of cordiality in the relations referred to by the Ombudsman?

**The Hon. J.C. Bannon:** I think the problems that arise tend to be those that relate to staffing and resources. Because the Ombudsman's Office, for administrative convenience, efficiency and cost efficiency, is administered through the Department of the Premier and Cabinet, obviously that department has to have regard to requests for resources or whatever else may come from the Ombudsman's Office. I stress that the conduct of the Ombudsman's Office is totally independent of the Government. I suppose that the reference may well be to that arrangement. In most instances where matters of staffing, workloads and so on are involved, the Public Service Board can investigate the matter and recommend to the Government what resources should or should not be provided. In my last discussion with the Ombudsman, she seemed to be fairly happy with the level of support and assistance. She is, of course, looking at the organisation of her office and what her needs will be. We stand ready to address those needs as soon as they are detailed.

**Mr OLSEN:** The Ombudsman has also had something to say about the independence of her role as it is affected by the relationship with the Premier's Department. At page 6 of her report she says:

I should make it clear that I shall not be comfortable until the office of the Ombudsman is made fully independent, and I shall work to achieve this.

Later in her report she gives reasons for the change she is seeking. At pages 12 and 13 she questions what she calls 'the considerable power of the executive arm of government to limit the scope of operation of the Ombudsman'. She then goes on to consider in particular the way in which her office is tied to the Department of the Premier and Cabinet, and she says:

I firmly believe the tie ought, for reasons of principle, to be broken. The Ombudsman's staff is, for administrative purposes, part of the Department of the Premier and Cabinet. The appropriation of funds for the Ombudsman's Office is made part of the appropriations for the department. Although an Ombudsman has direct access to the Premier, submissions to Government for funds for the Ombudsman are in the first instance controlled by the Director of the department. While wishing to make this relationship work so long as it exists, I say plainly that I do not believe it is appropriate.

Amplifying that point, she goes on to say:

The Ombudsman, whose independence and security is greater than that even of a department head, should not be subject to a department head on administrative matters. The Ombudsman's staff should not have direct responsibilities to a permanent head as it does now.

Has the Premier discussed these comments with the Ombudsman? Does the Government intend to take action as requested?

**The Hon. J.C. Bannon:** I have not discussed them in any depth, but I have certainly taken note of them, and I think that the Ombudsman makes some valid points; but the fact is that the current administrative system (and we are talking about administrative matters and not the operations or policy of the office) has been handled in this way since the inception of the office. I am not aware of any specific problems having been caused by that, and that is obviously an area that we can explore with the Ombudsman.

The effect of adopting the suggestion of the Ombudsman would be to establish a completely separate administrative framework, a separate accounting system, handling of personnel, ordering of stationery, and so on. To do that as a completely standard line operation for such a small office would incur quite considerable costs. I suppose members of Parliament as much as anybody should be conscious of that fact, and whether we believe that that cost should be incurred is one of the considerations taken into account. Obviously, if the Ombudsman's effectiveness and independence were being affected by such arrangements, the money would have to be found. At this stage I do not think, in terms of the Ombudsman's operations, that that question has ever been raised. In terms of the administrative independence of the Ombudsman, it has been raised and, as I say, the Government will address it; but, if we move to a standard line office with all its own procedures and facilities, it will involve considerable cost. I do not have an estimate of that cost, but of course that is part of the investigation that we are undertaking at the moment.

**Mr OLSEN:** Whilst the Premier defends the current position, I think that the Ombudsman's report clearly identifies that there are difficulties and that they ought to be addressed. Can I take it one step further? In her first annual report tabled in Parliament last month, she refers to the establishment of the Police Complaints Authority, and in her report she says:

Apart from the education campaign I have mentioned, another matter which has arisen in my first few months has been the careless and, in my view, inappropriate use of the term 'ombudsman'. I raised this matter publicly when the new Police Complaints Authority, Mr Andrew Cunningham, was referred to as the police 'ombudsman' pointing out that this was wrong because he was not, in fact, an ombudsman. I think the effectiveness of the Ombudsman can be damaged by inappropriate use of the name. It means that people become confused and perhaps disillusioned because they no longer have a clear idea of what they can expect from the Ombudsman when they have a complaint against the Government. I am also concerned, however, that the establishment of the Police Complaints Authority quite separate from the Ombudsman duplicates resources and abandons the highly desirable aim of one-stop shopping for complaints against Government.

Has the Premier discussed that matter with the Ombudsman; does he share her concerns and, in view of the comments of the Ombudsman, does the Government still intend to proceed with the proclamation of the Ombudsman Act

to specifically exclude the Ombudsman from inquiring into any matter which is or could be subject to the attention of the Police Complaints Authority?

**The Hon. J.C. Bannon:** I cannot recall that topic being discussed in specific terms with the present Ombudsman. I have certainly informally discussed this question of the use of the term 'ombudsman', and I agree completely that we should try to avoid confusion when using that term. However, common usage very often means that the term 'ombudsman' refers to any complaints tribunal or complaints procedure. It happens to be wrong—there is only one Ombudsman with clearly defined powers. Let me qualify that by saying that there is also a Commonwealth Ombudsman; so, to the extent that the term can cause confusion, some confusion could apply in the fact that that term is also used at a federal level to describe somebody with different powers in a different jurisdiction. Perhaps that is a starting point for confusion, but I agree fully with the Ombudsman that the term in the State jurisdiction must be applied to her office and her role.

As to the Police Complaints Tribunal being established as a separate body, members would be well aware of the extensive discussions and negotiations leading to the establishment of that specialist tribunal and the policy reasons behind it being so established, separate from the Ombudsman's Office. It is certainly something which had the full support of the police, at both the administrative and working level, in a sensitive area where we need this mutual confidence between, on the one hand, the public—that their complaints are being dealt with properly and independently—and, on the other hand, the police—that their operations and work are not being hampered in terms of nuisance or pernicious complaints. The establishment of the complaints tribunal has been effected very smoothly. It is in operation, and it will be subject to review.

If we find over time that it is more appropriate for that to be handled by the Ombudsman's Office, and obviously that would require expanded facilities and extra personnel, then that change can be made. However, at the moment I am very pleased indeed with the way in which we have effected the introduction of an independent Police Complaints Tribunal with the full support of those likely to be affected by it, and that is crucial to its success.

**Mr OLSEN:** Does that include proceeding with the proclamation of section 52 of the Ombudsman Act to exclude investigation of police complaints by the Ombudsman?

**The Hon. J.C. Bannon:** I am not sure whether or not that move is to be made. I guess that the logic is that it should be, but I will inquire on that aspect.

**Ms LENEHAN:** I refer to program 6 on page 21 of the white book, which concerns equal opportunity for the disabled. Pages 23 and 24 of the yellow book show that there has been a slight increase in the proposed employment sector from 3.8 to 4 as regards equal opportunity for the disabled. I understand that currently a joint project is being undertaken by the relevant federal and State departments to produce a brochure for employers which will provide wide-ranging information on international standards required in the employment of disabled people, the grants available from Federal and State Governments, and the type of funding available for employers taking on people with some form of disability. As this is a joint federal-State project, has the Premier information on the breakdown and the contribution by the State Government to the production of this pamphlet which is being printed and which I am told will be an excellent means of promoting the employment of disabled people and of breaking down some of the fairly traditional barriers to the employment of people with disabilities?

**The Hon. J.C. Bannon:** I am not aware of the breakdown. From the honourable member's description, I suggest that this is one of those programs that would be carried out by the Employment Section of the Department of Labour. I shall obtain information if I can, otherwise the question might be more appropriately directed in that Committee.

**Ms LENEHAN:** Regarding the next program, 'Prevention of discrimination on the grounds of sex/marital status/disability', under the program sector 'Equal Opportunity', as shown at pages 25-26 of the yellow book, it would seem, from page 27, that the employment of average full-time equivalents is to be increased from 9.8 in 1984-85 to 13. However, as there is no breakdown in the subprogram section, can the Premier say where the increased employment is to take place in the fairly wide range of areas covered by the role and responsibility of the unit?

**The Hon. J.C. Bannon:** This relates to the resources necessary as a result of the human rights legislation and the full effect of implementation there, as well as the proclamation of the anti-discrimination legislation, which it is expected will be proclaimed during the current financial year.

**Ms LENEHAN:** I refer to page 25 of the yellow book, under the heading '1985-86 Specific Targets/Objectives', where the following statement appears:

To further increase the awareness of people to their rights and responsibilities under the Equal Opportunity Act and the Commonwealth race and sex discrimination legislation and Human Rights Commission Act through the Community Education Program which includes: radio and television community advertisements; targeted print media advertisements; periodic 'bulletins'; speeches to community groups; country field trips; Human Rights Day celebrations; information sessions for targeted 'at work' groups to sexual harassment.

I refer especially to the last of these educational programs. The subprogram grant for education specifically spells out the sorts of things proposed. As the legislation which has been introduced and which the Premier says is about to be proclaimed is probably the most progressive and fairest equal opportunity legislation in this country, and as specifically in the area of sexual harassment there has been widespread acclaim throughout Australia for the provisions of our Act, what kinds of budgetary proposals and provisions are being made to ensure that the community understands the provisions of that Act and specifically the provisions concerning sexual harassment?

In 1949, footbinding in China was completely outlawed by legislation but, because the educational information was not conveyed to the Chinese community, the binding of the feet of small girls was continued well past the time at which it was officially outlawed. Although that example comes from another culture and another period, it is relevant. How is it proposed, in terms of financial commitment, to educate the community regarding these provisions to which I have referred?

**The Hon. J.C. Bannon:** As mentioned there, there will be a program of publicity and community education leading up to the proclamation and operation of the legislation. That will be done in conjunction with the Commonwealth. At present, no specific resources are identified pending our discussions with the Commonwealth Government about the structure of the program and the contributions to be made by the respective Governments. It will be seen as a joint exercise and will be given considerable prominence. Regarding sexual harassment, the Working Women's Centre has a program dealing specifically with that subject. From the estimates provided in program 5 it can be seen that there is a considerable increase in resources provided for the Working Women's Centre this year in recognition of the role that it will play in areas such as sexual harassment and

in reinforcing community education and information on this legislation.

**Ms LENEHAN:** So, although there is nothing specific in the budget, specific funding will be made available?

**The Hon. J.C. Bannon:** A publicity program will be undertaken.

**Mr OLSEN:** According to page 19 of the yellow book, the Government proposes that a Deputy Ombudsman will not be appointed. Has that decision been made with the full concurrence of the Ombudsman?

**The Hon. J.C. Bannon:** Yes. The matter was discussed at length with the previous Ombudsman. The decision was made to make such an appointment whenever the workload of the office was seen to justify it. That was reviewed from time to time and on the advice of the previous Ombudsman we did not proceed to the appointment because it was not warranted. As I understand it, the position has not changed. The current Ombudsman is reviewing her office complement, workload and needs. If the need for a deputy emerges again, we will obviously look at it but, having taken the decision in principle to make such an appointment, it was found to be unwarranted. It is said that, if administration is proceeding fairly soundly and departments are addressing themselves quickly and competently to complaints, we thus alleviate the load on the Ombudsman's Office. As one can see from the reports, the workload seems to have steadied. It changes in nature, but there has been no major upturn in the number of complaints and demands that would warrant such an appointment being made. That was done on the recommendation of the previous Ombudsman.

**Mr OLSEN:** The Government has allocated \$48 000 for the establishment of a Domestic Violence Council to oversee proposed changes in the way in which South Australian authorities handle domestic violence, with specific relevance to the Naffin report. Reports referring to the council did not make clear whether the Government had accepted all Naffin's recommendations, some or none of them, whether the council is to implement changes proposed in the report or merely advise the Government on the recommendations. Therefore, I ask the Premier whether the Government has approved all the recommendations in the Naffin report? If not, which have been supported and which rejected, what is the task of the council and who are its members?

**The Hon. J.C. Bannon:** First, there was a Domestic Violence Committee established by the Women's Adviser. That was disbanded late last year and is now being replaced by the new Domestic Violence Council, which sees itself operating with four specialist bodies dealing with different components of domestic violence under the supervision of that overall governing policy body. The four task forces cover welfare and service organisations, community education and prevention, professional education and awareness, and legal issues.

There are matters contained in the report, Domestic Violence and the Law, which will be assessed by those committees and appropriate action recommended by them, so there will be an ongoing examination of a series of those recommendations. Obviously, when we are in a position to implement and make legislative changes they will be announced and introduced. A number of recommendations are being picked up and dealt with immediately; others require further investigation.

**Mr OLSEN:** But none has been rejected?

**The Hon. J.C. Bannon:** I cannot advise the honourable member on that. We have released the report publicly for comment. It is being examined and processed by the Domestic Violence Council. Specific advice on all the recommendations in a tabulated form with an action plan has not been recommended at this stage.

**Mr OLSEN:** Last financial year the Government commissioned a review and assessment of the operation of the Working Women's Centre. Has the Government accepted all the recommendations of that assessment? Will the Government be prepared to release a copy of the relevant documents for public perusal, or at least make them available to the Opposition for its assessment?

**The Hon. J.C. Bannon:** The report was done as an internal study in the way that we look at many areas of government. Therefore, it is not appropriate for the report to be released. It is not a public document: it was an advisory report to assist the Government in making decisions about the future of the centre, its organisation and the level of resources provided for it. Not all its recommendations were accepted, but the honourable member will note that we have increased the resources available to the Working Women's Centre. This recognises the work that it was doing and its relevance. We believe that those resources will be adequate to meet the demands of that organisation during the coming year.

**Mr OLSEN:** I take it from the Premier's reply that a copy of the assessment will not be made available to the Opposition on a confidential basis.

**The Hon. J.C. Bannon:** I will look at that, but it would be unusual for that practice to be adopted because it is an internal working document. However, I undertake to check out if there is any particular reason why the Opposition should not see it on a confidential basis. I will advise the Leader of the Opposition of my findings.

**The Hon. B.C. EASTICK:** The present Agent-General is about to retire at completion of a term of office. There has been speculation that not only should there perhaps be a reassessment of that position but that there should be an assessment of South Australia's presence in the Near East, be it at Hong Kong, Singapore, Japan or wherever. Arrangements have existed over a period of time for agents to represent South Australia in the Near East. Will the Premier indicate to the Committee current thinking in relation to this matter? Will he also give an assurance that because of the proximity of a State election—be it weeks or months—no major appointment will be made in relation to such positions prior to that election?

**The Hon. J.C. Bannon:** In relation to the last matter, it is appropriate that the Government of the day makes appointments and we will make appointments. Obviously, if we were in an election period, it would not be appropriate so to do.

**Mr OLSEN:** You are suggesting that we are not?

**The Hon. J.C. Bannon:** We are not in an election period. Some believe that we have been since March of this year, but that is up to them; we have not, as far as I am concerned. We are getting on with the business of government, and will continue to do so. An appropriate appointment will be made. However, to go to the substance of the honourable member's question, a comprehensive review was undertaken earlier this year, in conjunction with the Agent-General, of his office and operations. That involved, of course, the Directors of the Departments of the Premier and Cabinet, State Development and Tourism, because they are the three departments that are most directly affected in this area.

The general question of overseas representation was looked at in this context, again with those three departments being the key to the question of how we should be represented, promoted and organised abroad. Some of those questions could more appropriately be dealt with under Department of State Development estimates where we go into some detail of the plans for this year in terms of overseas representation in the United States, Hong Kong, Singapore, and Japan and China in the Asian circle.

However, the conclusion was, having thoroughly examined the Agent-General's office, that there was a case to maintain such an office under such a title. All variations on this theme were looked at, of course, including removing our presence from London, perhaps transferring it to the European Economic Community, or indeed saying that we have higher priorities in other parts of the world. All aspects of our representation in London were looked at.

Members might be aware that Tasmania, I think, closed its Agent-General's office some years ago but that all other States maintain such an office. There are advantages in having the status and access that an Agent-General's office confers. This is recognised by most States and by the Canadian provinces, but it is certainly an expensive operation. The reviews suggested that we should further change the orientation of that office—take it much further along the road to being a base for European and Northern Hemisphere promotion, to reinforce our trade and tourism initiatives in those areas.

Obviously, a future incumbent of that office will have to see that as a priority. However, there will be a continuing Agent-General's office. Whether the resource level over time remains as it is is questionable. I certainly believe that our priorities must remain in the Asia Pacific area—the Pacific ring. That is where our State development initiatives and increased expenditure are being devoted. But, the question of how much we can reduce our Agent-General's presence in London and Europe and still maintain effectiveness obviously has to be looked at fairly closely. I would expect that an appointment will be made fairly shortly. I will be discussing with the current Agent-General an appropriate time for him to return for a general debriefing, assessment of his term and discussions with his successor.

**The Hon. B.C. EASTICK:** The term of appointment concludes on Monday 30 September. Will the Premier indicate who will be the successor, how many people have been approached to be the successor, and what will be the salary he is to receive? In view of Mr Rundle's early completion of tour, can the Premier say whether Mr Rundle was consulted and, if so, to what degree, in the compilation of the document, which is an overview of the Agent-General's position, was he given an opportunity to make an input into the course of action in contemplation for that officer?

**The Hon. J.C. Bannion:** The Agent-General was consulted when he returned here for discussions last year in about August. He read the report and agreed with the general thrust of it as well as the direction proposed therein. I have had further discussions with him, both in October last year and in April this year. We certainly are fully aware of the Agent-General's views, based on the experience of his term of office. In dealing with the appointment of his successor, obviously a number of persons are under consideration. The terms and conditions of the Agent-General's contract are subject to negotiation on an individual basis with the person finally chosen, as was the case with Mr Rundle.

**The Hon. B.C. EASTICK:** Will the Premier indicate to the Committee the criteria that will be used in determining a successful nominee for the position, having regard to the reviews which have been undertaken and the changed circumstances of trade in the European area?

**The Hon. J.C. Bannion:** In a very broad-brush way, obviously we want someone very familiar with the South Australian scene, for a start. In other words, while there has been some suggestion that we could use somebody active in the Trade Commission service who may possibly be invited to take up the role of Agent-General for South Australia in London, any person in that category would have to have background and experience in South Australia for that to be of value. That is an example of qualification.

Clearly, as my earlier answer suggested, the emphasis of the office is very much as a base to service the European market as well as to the United Kingdom. It will require a mix of knowledge and experience to the extent possible in the public and private sector. That combination is not always easy to find in terms of direct working involvement, but no doubt exists that many people in business are experienced in marketing, export, manufacture, or whatever, and have had some dealings with Government, whether it be on Government advisory boards, committees, or whatever, or in terms of their business dealings.

Equally, a number of public servants have had close and detailed contact with the business sector—know and understand it—and could well have the right sort of background. It is a wide brief. As the honourable member would realise, the job is very much what one makes it. The Agent-General goes to London, is put in charge of an office, is given resources and staff, and effectively sets about carrying out his brief by his own work methods and style. Each Agent-General has had a different approach in this area. I would not expect that to change with a future Agent-General, but the Government obviously will make clear its priorities in this area. We see the Agent-General's Office as an opportunity for promotion, for trade, tourism, and general work in the European area.

**The Hon. B.C. EASTICK:** Having regard to that, who will manage the office after next Monday?

**The Hon. J.C. Bannion:** Interim arrangements will be made in terms of how the office is managed.

**The Hon. B.C. EASTICK:** A couple of quick telexes.

**The Hon. J.C. Bannion:** The telephone is always available.

**The Hon. B.C. EASTICK:** With tourism, Mr Inns would be a good appointment.

**Mr FERGUSON:** I refer to the increase shown in the allocation for protocol and hospitality. I assume that the increase in administration and clerical staff and in the allocation for official visitors to the State and receptions would be due to the Royal visit.

**The Hon. J.C. Bannion:** The major reason for those increased resources (and I do not see them as being permanent) is 1986. In the case of Royal visits, we have the Queen and Prince Philip visiting next year. Prince Philip will be returning later in the year for the Three-Day Event, so obviously there are protocol and other arrangements in connection with that. Beginning with the Grand Prix in November this year, there will be tremendous demand on protocol and hospitality facilities. We do not see this as some sort of frippery in terms of State expenditure. It is very strongly directed to State promotion and development.

The State Development Department, the Department of Tourism and others are very much involved in this whole area of visitor hospitality and protocol. There will be a number of official State visitors. Members will be aware that the Governor of Texas has had an invitation to visit, and I hope that he will take it up. There will be other visitors in the course of the year. It will be a big year with considerable demands in this area and we have had to find resources to meet them.

*[Sitting suspended from 12.57 to 2 p.m.]*

**Mr OLSEN:** This month the Department of the Premier and Cabinet issued a circular to all Government departments and agencies on the appointment of advertising agencies and the use of consultants for public relations and advertising, Government publicity, photography and media visits. The circular requires departments to seek the advice and assistance of the State Promotion Adviser in the Premier's Department when considering the use of advertising agencies. It also directs that public tenders should be called

whenever possible for advertising, public relations or special consultancy work. Will the Premier say whether public tenders were called for the production of the taxpayer funded newspaper advertisements on the tax cuts?

**The Hon. J.C. Bannon:** I cannot answer that, but I can certainly obtain that information. The circular to which the member refers, as I understand it, is a reissue of a standard procedure that deals with longer term campaigning, advertising contracts and spot ads in particular instances, that is, apart from campaigns that are tendered for and are usually just done on an *ad hoc* basis.

**Mr OLSEN:** Campaigns as distinct from campaigning?

**The Hon. J.C. Bannon:** Of course. We are talking about the Government, and not a political Party. They are usually done on a spot basis. Last year one of the first jobs the State Promotion Adviser undertook was to negotiate a consolidation of Government advertising and renegotiate rates with the media outlets concerned, resulting in substantial savings to Government for such work. Overall we are getting better value for the dollar. For those things that would be regarded as longer term projects, we obviously conform to those procedures. Whether or not the placing of spot ads in particular instances does, I am not sure, but I will check it out.

**Mr OLSEN:** How much did the Government pay for the taxpayer funded advertisements on the tax cuts and how much is the total advertising campaign for the YES program?

**The Hon. J.C. Bannon:** There was some in-press information advertising on the tax cuts in order to advise people in industry or wherever who were affected by the cuts of telephone numbers they could contact if they wanted details on how the cuts would apply to transactions they were contemplating or had carried out, operation dates, and so on.

As one can imagine, many inquiries come in whenever these things are announced and publicised. That should not be confused with paid advertising that the ALP undertook in this area on television. As to the YES scheme, I think the budget is \$150 000. That involves not just media campaigning but press and television advertising. It involves the production of brochures, education kits and the like. A comprehensive package was put out to tender, the successful tenderer was granted the contract, and the results are now apparent.

**Mr OLSEN:** Who paid for the advertisements on the Work Cover proposals indicating employer and UTLC support for the Government's package that subsequently has not proved to be quite so accurate? Who actually paid for the advertisements?

**The Hon. J.C. Bannon:** The white paper reflected proposals that had been jointly agreed by a negotiating committee of the UTLC and employers. They were Government advertisements in support of the Work Cover scheme.

**Mr OLSEN:** I understand that one of the responsibilities of the State Promotion Adviser is to advise and assist departments and agencies in the selection of advertising agencies. Is the adviser required to seek the Premier's approval on any recommendations submitted to the departments and their agencies?

**The Hon. J.C. Bannon:** I am not aware that specific approval must be sought from the Premier. The adviser is a resource to Government whose expertise and abilities in this field are available to Government departments. They do not require my specific endorsement or approval.

**Mr OLSEN:** Was the Premier consulted about the decision of ETSA earlier this year to change its advertising agency? If he was, what advice did the Premier's Department give the trust, and was the trust advised to change its advertising agency? If so, for what reason?

**The Hon. J.C. Bannon:** No. I am not aware of any advice to the trust to change its advertising agency. Certainly, I would think that the trust, along with all other electricity authorities, should be running some sort of promotional or information campaign, but how that is done is a matter for the board of ETSA.

**Mr OLSEN:** Is the Premier prepared to indicate whether any Government departments or agencies use the same advertising agency based in Sydney that handles his Party's political advertising in South Australia?

**The Hon. J.C. Bannon:** My Party's political advertising in South Australia is done by a mixture of locally produced and organised media advertising—not through an agency—and by a national agency that does not take State Government accounts here, as far as I am aware. Obviously, it has the right to tender for them, but I am not aware that it has done so.

**Mr OLSEN:** I refer to page 38 of the yellow booklet and functions of program 12, the provision of advisory services to Government agencies. The yellow book makes the following reference to one of the specific objectives for 1985-86:

Develop more sophisticated, timely and discerning intelligence on federal decision making, key players and ways to favourably influence this process.

Is this an admission by the Premier of the unfavourable deal South Australia has received from Canberra? For example, I refer to the tax package, which unduly discriminates against South Australia, the wine tax, the loss of the rail link from Alice Springs to Darwin, and other matters. Who are the key players in Canberra that South Australia will attempt to influence to redress the balance to more adequately reflect the interests of South Australia in federal decisions?

**The Hon. J.C. Bannon:** We do not win them all with the Federal Government, and we do not expect to—but we win quite a lot. For every instance that the Leader gives, there are a number of others where we have had active support and where our lobbying has been very successful. In fact, we are recognised in Canberra in many areas of Government activity as being a State that is able to respond more quickly and deliver programs more effectively. We have been used as a pilot area for a number of federal schemes over the years, including recently. I realise that that was a rhetorical aside from the Leader, and one can treat my rhetorical response in similar vein.

In relation to specific areas, the Government Advisory Service Division has been monitoring developments in Canberra and those decisions that are likely to affect us. It has provided advice to us on the many joint projects with which we are involved with the Commonwealth. In a sense, it is a mixture of administrative briefing, background information and lobbying activities. As anyone who has been involved in lobbying knows, identification of key players, that is, those who are actually making the key decisions, is an important part of that process. We have a pretty sophisticated network. A number of people in Canberra, in both the bureaucracy and the Government, have close connection with and understanding of South Australia, and we use those contacts to the full, as one would expect us to do.

**Mr OLSEN:** When the Premier is able to provide his list of key players, it will be interesting to see who has and who has not made the list. In relation to the cost of committees of inquiry, last financial year an amount of \$1 800 was voted for this purpose, although actual payments amounted to \$20 060. This financial year an amount of \$218 000 has been allocated. However, the yellow book does not explain the reason for either last year's overspending or the very significant increase in this year's allocation. Can the Premier explain the overrun?

**The Hon. J.C. Bannon:** In relation to the committees involved, there is the State Statistical Priorities Committee, the Satellite Communications Committee, the deregulation taskforce and the State superannuation inquiry. In the case of the latter two, they were not matters for which we had budgeted and in order for those to be undertaken expenditure was involved, and that was unbudgeted expenditure. Much of the work of the deregulation taskforce occurred in the financial year 1984-85, thus resulting in increased expenditure in that year. I am not sure what was provided under satellite communications.

The largest expenditure, which was \$9 800, was in that satellite communications area—and there was no budgeted figure for that. From the State's point of view, that was a Commonwealth initiated responsibility. Inevitably this will occur, because one cannot always anticipate requirements at the beginning of a financial year. It is quite clear that we certainly under-provided in the 1984-85 budget.

However, I think members would agree that the expenditure has been in areas of vital importance and, therefore, is quite appropriate. I might add that the expenditure did not result in net increments to our expenditure as there were savings in other lines which helped defray those expenses.

**Mr OLSEN:** On 26 February last year the Premier announced in this House an inquiry into the State's superannuation fund. Will the Premier say when the findings of the inquiry will be made public and whether the Government intends to introduce prior to the next election any relevant legislative amendments required as a result of the findings?

**The Hon. J.C. Bannon:** I answered a question on that matter earlier from one of the members on the Government benches. I ask the Leader to refer to that answer, rather than my going through it again.

**Mr OLSEN:** On page 14 of the 'South Australian Economy' document the Premier states:

There will be a fall both in this State and nationally of new dwelling approvals and commencements during 1985-86 to levels more compatible with the medium term demand.

What advice has the Premier received regarding the estimate of new dwelling approvals and commencements for 1985-86?

**The Hon. J.C. Bannon:** I do not have detailed up to date information, but certainly there has been a levelling off, which I think is quite appropriate. We were concerned about the overheating of the economy in this area—and with good reason. If one looks back to that extraordinary spate of building that took place in 1976 and 1977, and to the over-compensation of demand in the light of recession circumstances, one can understand the problems that can occur. There has been a levelling off, but that is consistent with what is happening nationally. It was interesting to note that in the home building area new dwellings have levelled off to what one might consider to be a reasonable increment to our housing stock—off a very high base, in other words. There has been a very significant increase in non-dwelling building construction.

**Mr OLSEN:** Has the Premier had any discussions with the building societies in recent times relating to economic policy advice on home loan interest rates? I refer to this matter under program 13. In recent days has the Premier had any discussions with building societies as to whether they have been able to establish extraordinary circumstances requiring a lift in home loan interest rates yet again this financial year? One must bear in mind indications given by the Government earlier this year that there would not be an increase in home loan interest rates, that they had peaked and that they would level off. Subsequently, the Premier has in fact authorised three increases in home loan interest

rates. In the light of the fact that we are paying more in real terms in home loan interest rates (some 6.3 or 6.8 per cent from the end of 1982), a figure higher than at any time in the past 50 years, will the Premier indicate the current status of this matter in relation to building societies in South Australia and provide details of discussions that have taken place with them?

**The Hon. J.C. Bannon:** The Leader of the Opposition may well have read a report in today's paper that a spokesman on behalf of the Hindmarsh Building Society had said that it was believed that urgent increases were warranted or should take place over the next few months, and that the building societies did not anticipate a levelling off. There is no question that there is very strong pressure in this area of interest rates, and it is a matter of great concern. The building societies have yet to make a formal approach. Strictly speaking, under the Act, they do not have to do so: they could in fact simply announce an increase. If that occurred it would be without precedent, as it has been usual for the building societies to consult with the Government of the day prior to making any changes.

Further, the building societies would certainly encourage the Government to invoke the powers under the Act which could set a ceiling on the rates that building societies can fix. That power has not been used, and members would be well aware of why that is so. Building societies are not in the same category as banks, and one must balance the financial needs of building societies and their financial viability against restraint on the level of interest rates. Basically that is what the debate has been about for most of this year.

In terms of the last increase in building society rates, I make the point that although the societies came to the Government saying that as a matter of urgency they wished, and were going, to raise their rates, in the outcome only one society did so immediately after that approach. Another building society held back for some time and has only now moved to lift its rates in consequence of discussions that took place much earlier this year. Building societies are not the largest component of the market for borrowing for home building—they represent probably about 25 per cent of loans provided for this purpose. Most loans are provided from the banking area, and in that regard most loans come from the State Bank. In relation to the timing and level applicable to building societies, there are different practices and performances applicable to the various societies.

The real problem is in trying to strike a balance that protects their assets and viability and at the same time does not disadvantage their borrowers. Although, in the light of general movements, I expect a formal approach to be made by the building societies at some stage, they are still assessing the position, as is the Government at this stage.

**Mr OLSEN:** When that approach takes place I assume, from what the Premier has said, that he believes that circumstances are such in the money market that, having formalised the informal discussions that have taken place with the Government to date, the Government will agree to a rise in home loan rates through the building societies. If that is so, what sort of figure would the Premier be talking about?

**The Hon. J.C. Bannon:** The matter has to be discussed. Whether or not the Government is agreeable to it will really depend on the circumstances at the time the decision has to be made. I am certainly no longer in the business of predicting what will happen to interest rates. Earlier this year, on the basis of the advice that we received, I was confident that following June and July there would be a lessening of pressure in the money market and that we would in fact see rates beginning to come down. That is what the federal Treasury said, and that is what other people we consulted said. It is true that there were also those in



the community who said that the pressure was going to be maintained and that interest rates may indeed rise. I preferred to take the optimistic view then (as I do now), because I am concerned that predictions of higher interest rates tend to become self-fulfilling: people and institutions become more conservative in their lending policies and the rates begin to edge up.

Over the last few days I think there has been some good news in relation to what is happening to the dollar on the international money markets. There is no question that, if the Australian dollar can move to and remain stable at a level that will induce the Reserve Bank, in turn, not to pursue this tight monetary policy which it has at the moment, we will see some rates coming down, but as I say I am out of the area of predictions. I would like to be optimistic; I was optimistic earlier this year, but my optimism was not justified, and at the moment we have a very severe problem in this community, because, if interest rates continue to rise, then the consequences, not just to those who have loans but indeed to our whole economy, could become quite grave.

**Mr OLSEN:** Whilst I certainly agree that any revaluation of the dollar upwards as we have seen against the US dollar is encouraging, it is not a very significant movement. The other side of the equation to which the Premier did not refer is the national and State Government borrowings and their level and the pressure that they place on the money market in Australia to raise interest rates in competition for the available dollars and the corresponding effect that has on interest rates. I take it from the Premier's two responses on this matter that, first, informal discussions have been taking place with the building societies and, secondly, that the Premier acknowledges that there is intense pressure on the building societies at this time and that he expects those informal discussions to be formalised. I trust that there will not be another escalation in home loan interest rates as we saw earlier this year.

**The Hon. J.C. Bannon:** On the question of debt, I point out that the public sector borrowing requirement has been progressively reduced over the last two years. The global limits have been imposed for the first time through Loan Council procedures, and that has been the result of cooperation between the States and the Federal Government. Some States have been dragged into that agreement kicking and screaming, notably Queensland, which wants to run against the national trends anywhere. Queensland is quite happy to jack its borrowings up to the absolute limit without regard to the national consequences, but the other States and the Commonwealth have shown considerable restraint in that area, and I think that that ought to be recognised.

On the question of building society rates, I take it that the Leader of the Opposition is saying that, if these approaches take place, he would support the action a Government would take if we were required to accede to the request made by the building societies.

**Mr OLSEN:** I was summarising the Premier's two answers to the Estimates Committee today in relation to the home loan interest rates and the track record for this year of forecasting no increases in home loan interest rates when there have been three subsequent to the Premier's statement and an indication by the Premier today that he expects the building societies to in fact formalise the informal discussions that have taken place. The only inference that one can draw from the Premier's comments is that an application will be forthcoming from building societies for yet another increase.

**The Hon. J.C. Bannon:** I read the paper this morning, as did the Leader of the Opposition. If I understand the thrust of the Leader of the Opposition's question, he understands this difficult balance between the viability and long-term existence of the building societies and the level of interest

rates at any point in time, and I infer that we can expect the support of the Opposition on any course of action that is necessary, one way or the other, in consequence of any approach that might take place. At this stage it has not taken place.

**Mr OLSEN:** Let me make it clear to the Committee that the Government will not get the support of the Opposition for an increase in gross outstandings or borrowings of this State to the tune of \$5.486 billion. That is not an economic strategy which the Opposition would support and which puts pressure on interest rates.

**The Hon. J.C. Bannon:** I understand that your question was something to do with the State debt. That is a different subject, particularly—

**Mr OLSEN:** It has an impact on interest, as the Premier would acknowledge.

**The Hon. J.C. Bannon:** It may well do, but I simply want to get it quite clearly stated by the Leader of the Opposition that, in the situation in which we find ourselves, he will support whatever action the Government takes, whether it be to in fact impose some limitation on the building societies, if that proves necessary, or to approve some increase if that proves necessary. I would like that point clarified.

**Mr OLSEN:** Mr Chairman, let us clarify one thing: it is all very well for the Premier to indicate concern for rising interest rates, yet by the very actions of his Government applying pressure to the money market in this country, in assisting the Federal Government to increase borrowings to the level where it puts pressure on the available dollars in the money market, which is in turn forcing up interest rates. I suggest to the Premier that it is somewhat hypocritical to be calling on the Federal Government in terms of not deregulating interest on home loans, while at the same time the State Bank of South Australia is charging up to 16 per cent on home loans. In other words, you cannot have it both ways, and that is really the point I want to establish before the Committee.

**The CHAIRMAN:** I think that the Chair ought to indicate that it will not have it both ways, either. We are dealing with a line and not having a full debate. We are supposed to be seeking information.

**Mr OLSEN:** I refer next to the subcontracting of Government cleaning operations—'Advice to Government on Consolidated Budget Proposals, Estimates of Payments' page 24 line 3; yellow book, page 43—and also to the Auditor-General's Report at page 15. The Auditor-General indicates that the average cost per square metre cleaned by industrial cleaners is \$6.85 as it relates to school buildings, and the like, whereas the departmental charge out for those Government agencies is \$11.01. It is clearly demonstrated that the private sector can carry out that work at a cost of some 38 per cent less. As the Auditor-General has highlighted the savings that can be achieved, and in the interests of taxpayers of this State, will the Premier investigate the potential cost saving available by contracting out other public sector cleaning activities?

**The Hon. J.C. Bannon:** I have noted the reference made by the Auditor-General to this area, which is under constant consideration and investigation to ensure that we have achieved cost effectiveness in this matter.

**Mr OLSEN:** Is not the difference between \$6.85 and \$11.01 a square metre substantial enough to identify substantial cost savings for taxpayers?

**The Hon. J.C. Bannon:** I do not argue with the figures: they were the figures when the Auditor-General compiled his report. I do not know the basis on which they were assessed or the conditions applying at the time, but the figures are there. I am not sure what the Leader wants me to say about them.



**Mr OLSEN:** Why has the Premier ignored the report of the working party on school bus routes which identified an annual saving of \$1.5 million by contracting out some of this Government work rather than absorbing it in the Government service? We are talking about advice to the Government on saving taxpayers' funds. The Auditor-General, the independent account auditor and umpire of this Parliament, has indicated how money can be saved. The Premier's own report on school bus routes has shown how another \$1.5 million can be saved, yet the Premier has indicated to the Committee that he will not accept such advice.

**The Hon. J.C. Bannon:** The Leader is jumping from topic to topic without consistency. The expenditure side of the budget came in under budget in 1984-85. During this financial year we have budgeted to reduce expenditure on incidentals and outgoings. These goods and services areas have been inflated by only 5 per cent against an estimated inflation rate of between 8 per cent and 9 per cent. In those circumstances, we are making efficiencies and economies. We will be working, as we have been successfully working, through our budget monitoring group to ensure that expenditures are kept on budget and, if possible, below it. If we can do as well as we did last year, which was the first year since the late 1970s when our expenditure came in under budget, we will do very well indeed and far better than our predecessors who consistently overspent their budget every year by some per cent.

**Mr OLSEN:** The Premier simply cannot believe that, because it happens to be factually inaccurate. I assume that his committee did not meet on the aquatic centre, on which budget was overspent by \$4 million. Regarding program 17 at line 9 of page 25, and on page 37, the financial statement of the Premier indicated that further improvements would be made to South Australian overseas representation in South-East Asia by the provision of an office on the West Coast of the United States of America. Will he say what improvements are to be made in South-East Asia and will he provide details of the office to be located on the West Coast of the United States?

**The Hon. J.C. Bannon:** Those matters are fully covered by the State Development vote. I ask the Leader to raise those questions when we come to State Development, because Mr Smith, who is Director of that department and who has been actively involved in that State representation program, will be here to respond.

**Mr OLSEN:** Will the Premier elaborate on the secondment of Mrs Wall from the Parliamentary Library to his ministerial staff, specifically as to the term of secondment, whether Mrs Wall has received an increase in salary since her secondment, and what arrangement exists for Mrs Wall's return to Parliamentary Library duties on completion of her secondment?

**The Hon. J.C. Bannon:** I have not the exact details with me, but I will obtain them and provide them for the Leader.

**Mr OLSEN:** I refer to page 26, line 8, 'Administrative expenses, minor equipment and sundries'. Last year, budget line 8 was overspent by \$68 000 and this year it is proposed to increase expenditure by almost \$104 000.

**The CHAIRMAN:** Order! The Leader keeps referring to a line, but he is the only one with that document in front of him. The Chair finds it exceedingly difficult to know what the Leader is talking about. Will the Leader refer to the actual Estimates of Payments and name the line to which he is referring and not just the number?

**Mr OLSEN:** For easy reference, as with Bills presented to the House—

**The CHAIRMAN:** Order! The Chair will not accept that as an explanation. We are dealing with the Estimates and the Estimates papers are before us, not anything else. I have

asked the honourable Leader to refer to the line in the budget about which he is talking.

**Mr OLSEN:** I have done so already at the request of the Premier. The vote is 'Administrative expenses, minor equipment and sundries, \$387 300'. It is the eighth line down.

**The Hon. J.C. Bannon:** Increased expenditure is stipulated there involving expenses for the jubilee year—Grand Prix, Royal visits, and so on. Earlier, I referred to the protocol hospitality lines and things relating to them. Those things are incidentals such as telexes, printing and stationery, travel, and so on. We have decided to provide extra this year for those items because of the events which are coming up and which could inevitably add to the expenditure of the Department of the Premier and Cabinet.

**The Hon. B.C. EASTICK:** The sum of \$54 800 was provided for the Premier's overseas visit. Was this for his visit to London, Texas and Japan?

**The Hon. J.C. Bannon:** Yes.

**The Hon. B.C. EASTICK:** While the Premier was in London he ran in a marathon. Does this expenditure here involve an element of public relations expenditure for the promotion of the Premier in that marathon?

**The Hon. J.C. Bannon:** No, although that promotion was considerable. In fact, we had a double page spread in the *Daily Mail*, an article by Ian Wooldridge, a leading British sports journalist. That was fantastic publicity for the State. Thereafter on the tour, whether in the United States or in Europe, the publicity accorded to that event got enormous prominence and was focused on the delegation.

For instance, in Texas, Alan Lawrence, an Australian Olympic bronze medalist in 1956, who now writes books on jogging and running and runs health and promotional clinics, attended a reception especially because of the publicity about the marathon. Indeed, his whole attention was drawn by the publicity given that event. One cannot buy that publicity, nor was it bought: it was just fortuitous. So, there were no expenses connected with the event, but it was marvellous publicity for the State.

**The Hon. B.C. EASTICK:** I want to be fair to the Premier, and I pose the question a second time. The Premier says positively that there was no consultancy fee paid by the Government in relation to the promotion of the Premier in the overseas marathon?

**The Hon. J.C. Bannon:** No. The Department of State Development hired a consultant to publicise the various investment seminars that were held. If the honourable member refers to the fact that he was a mate of Ian Wooldridge and directed his attention to the marathon that is fine. However, no fees were paid for that.

There are promotions of events, for instance, at the Badminton horse trials the promotion related to the three-day event in Gawler—one in which I am sure the honourable member has a particular interest. Something like \$1 900 was expended in relation to that promotion and associated expenses. However, the marathon was purely a fortuitous private event which happened to attract tremendous publicity.

**Mr TRAINER:** In relation to overseas visits, the trip that the Premier made to the UK at very short notice to obtain the Grand Prix for South Australia I imagine will attract a fairly substantial return for the State. Had the Premier not received the attention that the State eventually received through the marathon, the Opposition probably would have been complaining about the low profile of the Premier and about his slipping in and out of the UK without being noticed.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

Premier, Miscellaneous, \$256 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr B. Guerin, Director, Department of the Premier and Cabinet.

Mr E. Kageler, Chief Administrative Officer, Department of the Premier and Cabinet.

**The CHAIRMAN:** I declare the vote open for examination.

**Mr INGERSON:** My question relates specifically to the Grand Prix board. In July certain trade unions indicated that they wanted a closed shop for employment at the Grand Prix. Can the Premier reveal what arrangements have been made on this matter to ensure that such demands do not prevent people from obtaining casual employment in ancillary and support services at the Grand Prix? Young people, in particular, who work at events like the Royal Show and test cricket will be looking forward to obtaining employment at the Grand Prix. Can the Premier guarantee that they will not be forced to join a union first?

**The Hon. J.C. Bannon:** That issue arose in the context of publicity surrounding a proposal to let the cleaning contract for the Grand Prix to a purely voluntary organisation. I think, quite rightly, the unions and others objected to such an international class event not being treated in the same way as other such events, at least. They wanted to ensure that the cleaning was done to professional standards by professionals. Indeed, the Grand Prix board has agreed to that proposal.

One of the purposes in attracting and holding the Grand Prix in South Australia is to provide jobs and employment in this State. While there are many areas such as track marshals and so on where one will certainly have volunteer people because the organisations arranging that aspect of the event operate in that way, we must, to the greatest extent possible, be seen to be maximising chances of permanent employment or full professional employment.

That is the whole point in having the event. For instance, if one has cleaners who cannot get sufficient work or who are unemployed, clearly the Grand Prix should provide an opportunity for them. If one cannot find enough skilled or appropriate personnel to do these sorts of jobs, then perhaps one could turn to volunteers and justify doing so, but certainly not in that particular instance.

As far as industrial relations surrounding the Grand Prix are concerned, one of the subcommittees of the Grand Prix board is working very closely and cooperatively with all the industrial organisations and employer groups to ensure that the event goes on, that it is run to the highest international standards, and is conducted professionally.

As I understand it, arrangements for this year's Grand Prix are satisfactory and in place. We will obviously learn by the experience of staging the first one and see what modifications have to be made afterwards. I conclude by stressing that this is not some sort of opportunity for the community to indulge themselves in some form of recreation. The only way a Government can justify its involvement in sponsoring an event like this is for the actual economic opportunity it provides in the State. That is the principle under which the board has been working, and I think it is quite appropriate.

**Mr INGERSON:** What assurances can the Premier give that the date for next year's Grand Prix will not clash with next year's Festival of Arts? I understand that the decision on next year's calendar is to be made within the next few weeks. The Formula 1 Constructors Association has said that it would be convenient to hold next year's races in Australia and Japan together in March. The difficulties this would pose for Adelaide, particularly in relation to accommodation, would be insurmountable. While I know that Dr Hemmerling has already informed FOCA of these difficulties, can the Premier give any assurance that next year's Grand Prix will not be scheduled in March?

**The Hon. J.C. Bannon:** Quite simply, we could not hold it in March: that has been made clear both to FOCA and FISA (*Federation Internationale du Sports Automobile*), which sets the calendar. Of course, FOCA has a major influence over the calendar because it brings the teams. The head of FOCA, Mr Eddleston, suggested that March would be a convenient time, but we made clear very rapidly that we could not handle the event then.

Dr Hemmerling recently had discussions at Monza. I think FOCA understands our point of view. The calendar is not finally fixed until the end of the year. As has been said our own date this year is movable, even going into the year. I assure members that, if March is forced upon us, we will take action to ensure that that date is changed. I am quite sure that Mr Eddleston now understands the position and that when he comes here it will be even clearer, of course.

**Mr INGERSON:** What is the current budgeted cost of the Grand Prix to the State Government? On 30 October last year the Premier told Parliament that the end cost to the State, based on conservative estimates, would be between \$1.5 million and \$2 million. Is this still the case? Have the Departments of Housing and Construction, Highways, Police and other departments that are devoting significant resources to the Grand Prix costed their involvement in the event?

In particular, what is the cost to the Departments of Housing and Construction, Highways and Police? Have these costs been included in the total cost of the project? Has the \$5 million grant paid to Treasury from the Federal Government last financial year now been paid to the Grand Prix board and where does it show up in the Estimates, if at all? How has this \$5 million grant been used by the board?

**The Hon. J.C. Bannon:** There are many questions there. In general terms, Grand Prix financing is being organised through a trust account held in Treasury, so it does not appear on these lines, although the final outcome of the Grand Prix as it impacts on State revenue will do so. At the moment, based on our estimates of ticket sales and the overall sponsorship response, the outlay of the State—the bottom line—should be held to that amount or less. Of course, we will not know until final accounts are in and it is over.

However, in financial terms it is going very well indeed and at this stage there have been no unforeseen costs, although there have been some increases in certain items, as one would expect, particularly when one comes across

things such as a shortage of adequate scaffolding. We had to scour Australia to ensure that there was enough available stand space because we added extra stands in view of the response. Obviously, it is more expensive if one is contracting at short notice and bringing in staff from other places.

However, overall, while costs may increase, there is no question that the receipts are increasing very rapidly also. That is of no concern to the Government, in fact, the more spent on the Grand Prix the better, because most of that money is being spent in South Australia, generating more economic activity. The bottom line and what in the end will be our obligation concerns us. We will be making estimates of what is necessary in terms of Government support and assistance to the event. Precise figures cannot be ascertained at this stage as to extra policing or whatever, but they will be looked at in the context of the overall results of the event and will be taken into account.

The grant from the Commonwealth Government was a grant to the Government to assist it to defray costs, particularly in relation to the capital outlay of the board. The board had to make some decisions, for instance, about whether it should purchase some material rather than hire it. In the short term it was obviously cheaper to hire it, but in the longer term over a series it would be more economic to purchase. The Commonwealth Government grant is going to enable us to purchase things that we would have normally had to hire. One way or another that \$4 million to \$5 million will be applied to staging of the event as intended.

**Mr INGERSON:** I understand that the departments directly involved, such as Housing and Construction, Highways, Police and others, are keeping an accurate costing of their involvement in the project.

**The Hon. J.C. Bannon:** Yes.

**Ms LENEHAN:** I refer to the line under 'Miscellaneous' relating to the Children's Services Office. I note that that office no longer comes under the Miscellaneous line. The payments in establishing the Children's Services Office were considerably less than those budgeted for. Although the office has been moved to the Education Department under its own separate and detailed heading, I place on record my congratulations to the Premier for establishing the Children's Services Office.

*Members interjecting:*

**Ms LENEHAN:** The office is clearly shown on page 29, which entitles us to discuss it. It is important that it be on the public record that we now have the most efficient and effective means of delivering high quality children's services of any State in Australia. Perhaps the Premier would like to comment on the fact that it was possible to establish the office in such an efficient and effective way and come in under budget last year.

**The Hon. J.C. Bannon:** The reason for the under-expenditure was that we did keep expenditure and costs to a minimum in terms of administration. We made clear that administrative expenses in establishing the CSO would not affect funding of the ongoing program of children's services, and that did not happen. We estimated the need for an extra amount, as shown in the budget, of \$150 000 in that establishment phase. We were able to come in under budget and it is a tribute to all involved in the establishment of the office that that occurred. As members would know, the office is up and running. Any detailed question on its operation would be better directed to the Minister for children's services in the appropriate Committee. The honourable member has appropriately drawn attention to that establishment cost.

**Ms LENEHAN:** Would the Premier mind explaining the contribution to the Duke of Edinburgh study conference? A proposed allocation of \$15 000 is shown.

**The Hon. J.C. Bannon:** It is usual for us to support such study conferences. One will be taking place in May 1986 in Australia and India. On the Australian component of the program there will be a couple of study tours in South Australia. There is a study in the Iron Triangle area, and one in the Elizabeth-Salisbury area. The Iron Triangle study is under the chair of the Regional Manager of ETSA in that area, based in Port Augusta, I guess. The Elizabeth-Salisbury study is under the chair of Mr John Michell, of G.H. Michell & Sons Pty Ltd. We support the Duke of Edinburgh study because of its component in this State. There will be 284 candidates from 49 different countries involved in the overall study taking place in those two countries.

**Ms LENEHAN:** Are we hosting it in South Australia because of our sesquicentenary? Is it tied in with that, or purely coincidental that the study conference is being held in 1986? Is it part of the festivities of the State?

**The Hon. J.C. Bannon:** It happens to coincide in timing and location, but obviously we will capitalise on the jubilee connection. The Duke of Edinburgh will be here at the same time as the study group is here. He will be attending the three day equestrian event and will take part in some of the activities of the study conference. It is good publicity for the State.

**Mr INGERSON:** Returning to the Grand Prix Board, the Public Works Committee estimated the total cost of the project at \$11.24 million in February 1985, but *Adelaide Alive*—an official publication of the Grand Prix Board—announced in June 1985 that the figure was approximately \$15 million. Which of the two estimated totals is correct?

**The Hon. J.C. Bannon:** I am not sure what is the final figure—it will certainly be higher than the \$11.24 million. Such is the demand for tickets that it was decided to purchase and erect a further gold ticket stand. There have been a number of other increments of that kind in the course of the event developing, that considerably more will be spent on it. That is all to the good. I do not care if they spend \$40 million on the Grand Prix as long as the income matches the expenditure. In the example I have given, clearly that is the case. The economic decision was made that if further seats were to be supplied, the income derived from them would more than justify expenditure on them. Until the final balance sheet, we will not know precisely what has been spent on the event, but certainly expenditure has increased as the success of the event has burgeoned.

**Mr INGERSON:** I seek information on the contract for the erection of the track barriers, which has now begun. I understand that the contract is worth up to \$500 000 for the placement of the concrete barriers and mesh fencing and their removal after the race. Will the Premier advise the Committee whether a South Australian company has undertaken the work, as I understand that four local companies submitted tenders for it?

**The Hon. J.C. Bannon:** I will have to get that information from the Grand Prix office, and undertake to do so for the honourable member.

**Mr INGERSON:** The decision by the Federal Government to impose a tax on entertainment allowances has caused serious concern to sporting organisations. For example, the Lawn Tennis Association has already sought an exemption from the Federal Government for the special corporate boxes it provides at the Australian Open. Is the Premier concerned that tax may have an effect on interest in purchasing corporate boxes at future Grand Prix?

**The Hon. J.C. Bannon:** Yes, I am. The exact effect that it will have is difficult to ascertain at this early stage, but it is under examination. I have made representations to my federal colleagues about the possible impact in that area. It is too early to judge its actual impact in terms of demand for corporate boxes and so on. There will be no noticeable

effect on this year's Grand Prix, as most were purchased prior to the Federal Government's decisions.

**Mr INGERSON:** Can the Premier indicate how many State Government departments intend to have special spectator boxes and hospitality tents at the Grand Prix? I understand that at least three departments are planning to be represented at the event in this way. If this is the case, will the Premier advise how much this will cost the Government?

**The Hon. J.C. Bannon:** First, the State Government will have a box for various VIPs, the Prime Minister and Premiers from other States. At one stage the New Zealand Prime Minister was going to attend, but I understand that he is not able to do so. (It may have something to do with the international wrangle he is having with France—who knows? It is unfortunate.) Obviously, there will be VIPs of that sort coming. There will be a State box. Ministers and I are paying for our gold pass access to that box. Certain other free tickets have been offered, but anyone is open to pay if they wish to do so.

As to the Department of State Development, it also has a box. Perhaps that question could be raised under the State Development line. That is written in as part of the marketing budget because the department has identified this as a good opportunity to invite certain people with investment and other interests in South Australia to come over and see the State and take part in the event as a promotional vehicle. One could see that as akin to holding an investment seminar in Hong Kong, or something like that. It is obviously an effective way to do some promotion. I am not sure what plans the Department of Tourism has in this respect. Certainly, it will be involved in the event in some way. It has been made open to Government departments to participate in this way in the Grand Prix but, as I say, in the case of the State Government it has been done under the normal State promotion lines. In the case of State Development it is part of its marketing plan and justified accordingly. I invite the member to ask some questions under that line.

**Mr FERGUSON:** Can the Premier explain the \$25 000 to be allocated to Adelaide University?

**The Hon. J.C. Bannon:** Adelaide University has conducted a public appeal for a new management education course. It hopes to attract federal funding for the establishment of a chair. I invite Mr Guerin, who has been involved in discussions with the Vice-Chancellor, to comment on the proposed allocation.

**Mr Guerin:** The university's appeal has been to bridge the gap between the present and the next triennium to fund an upgrading of the management education arrangements. It is essentially for the hiring of additional qualified staff. The university expects that by the next triennium it will be able to fund the extra positions from reallocations within its existing budget.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

Works and Services—Department of the Premier and Cabinet, \$2 000 000

**Chairman:**  
Mr Max Brown

**Members:**  
The Hon. B.C. Eastick  
Mr D.M. Ferguson  
Mr G.A. Ingerson  
Ms S.M. Lenehan

Mr J.W. Olsen  
Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr B. Guerin, Director, Department of the Premier and Cabinet.

Mr E. Kageler, Chief Administrative Officer, Department of the Premier and Cabinet.

**The CHAIRMAN:** I declare the proposed expenditure open for examination.

**The Hon. B.C. EASTICK:** Can the Premier indicate the reason for raising the \$2 million and what is contemplated in its expenditure?

**The Hon. J.C. Bannon:** This is for the Bicentennial Authority, as a capital contribution to those projects. That is the prime purpose. We have approved two projects that have been commenced, I believe. For Port Augusta we have the Outback Interpretive Centre and at Goolwa the River Murray Interpretive Centre. On the weekend I announced that, subject to redesign and relocation, the tropical conservatory proposal at the Botanic Garden would be one of the nominated urban projects under the joint Commonwealth/State scheme. Expenditure this year will concentrate largely on the Port August and Goolwa projects.

**The Hon. B.C. EASTICK:** Is this the line against which the Burra development would be expected to be raised?

**The Hon. J.C. Bannon:** The Burra development is a Jubilee 150 Commonwealth project. The Burra project has had an advance of \$150 000 as at 30 June 1985.

**The Hon. B.C. EASTICK:** There is some difficulty at present about the project that was going to cost \$450 000. It included an element of the bicentennial funding as well.

**The Hon. J.C. Bannon:** No. Confusion has arisen because of Commonwealth projects in support of the Jubilee. We got a special allocation of, I think, \$2 million from the Commonwealth. That was split among four projects: the Fort Glanville development, the Maritime Museum, the purchase of the *Falje* (that occurred in 1982), and the Burra project. In respect of those, about \$50 000 has been spent on Fort Glanville to date, about \$320 000 on the Maritime Museum; the *Falje* purchase was \$180 000, and for the Burra project \$150 000 has been spent to date. The bicentennial projects are those for which the State receives matching funds in conjunction with the Commonwealth for 1988. They are two separate programs, but I can understand that confusion would occur because of the timing and both involving joint Commonwealth and State financing.

**The Hon. B.C. EASTICK:** The expenditure of \$1.67 million last year was \$1 million more than anticipated. Is that related to any projects other than those mentioned by the Premier?

**The Hon. J.C. Bannon:** Yes. The \$1 million was the advance to the Americas Cup syndicate for South Australia, and that is a repayable loan at the end of what I hope will be a successful challenge. The other part of that was the bicentenary advances, as detailed.

**The CHAIRMAN:** If the Minister has promised to provide replies in the course of members seeking information, I would appreciate it if those replies were provided in writing and given to *Hansard* for record purposes before 18 October. There being no further questions, I declare the examination completed.

Public Service Board, \$7 723 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick  
Mr D.M. Ferguson  
Mr G.A. Ingerson  
Ms S.M. Lenehan  
Mr J.W. Olsen  
Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr A.J. Strickland, Chairman.  
Mr I.S. Cox, Commissioner.  
Ms M. Dunn, Commissioner.  
Mr M.R. White, Accountant.  
Mr J.J. Betts, Director, Executive Services.

**The CHAIRMAN:** I declare the vote open for examination.

**Mr OLSEN:** Page 26 of the yellow book reveals that one part of a program to improve personnel management practices in the Public Service will be the development of a policy on the use of psychological tests. Will the Premier say what is planned, how the psychological tests will be used, and what is their specific purpose?

**The Hon. J.C. Bannon:** I ask Commissioner Dunn to respond to that.

**Ms Dunn:** Quite a lot of work is being done around the country on psychological testing as a means of efficiently selecting people—at least for the interview stage. We are concerned that any testing that is used is not full of cultural and gender bias, as the preponderance of professional psychological testing has been in the past. The New South Wales Public Service Board has just had a major consultancy on psychological testing. This is predominantly for recruitment purposes, and the aim is to efficiently sift through applications which in the main come in at the end of the school year, at the time of school leaver recruitment. Our energy on this topic is to review tests that are available, to see whether it is possible for us to supplement the methods that we use now in a way that is not discriminatory or biased.

**Mr OLSEN:** Do I take it, therefore, that the tests apply only to the people being recruited into the Public Service and that the tests will not be used in relation to those people transferring to other positions in the Public Service, involving reclassifications, and the like?

**Ms Dunn:** There are no specific plans at this stage in that regard, although clearly the topic may well develop if anything useful is found.

**Mr Strickland:** We did use psychological tests a few years back, comprising a very small element in the selection of people for the executive development scheme. As far as I know that is the only use we have made of those tests for existing employees, as opposed to prospective employees.

**Mr OLSEN:** At page 16 of his report the Auditor-General refers to staffing of the Public Service, as follows:

I believe it would be appropriate for public servants, like their private sector counterparts, to rely on the normal industrial process to ensure their protection, rather than continue to embed in legislation the management processes now contained in Division VI of the present Public Service Act. That view is held having in mind that—

the vast majority of public servants are competent and hard-working and rely on their performance for their security;

where employees become redundant as a result of organisational, system or other management change there is an obligation on the part of the employer to protect the employee.

Has the Premier had any discussions with the Auditor-General about the view that he has expressed in his report this year, and does the Government support the Auditor-General's recommendations for fundamental changes to the tenure system for the employment of public servants?

**The Hon. J.C. Bannon:** I have not had specific discussions on this topic with the Auditor-General, but I have noted his comments. There has been considerable discussion on the merits of tenure, *vis-a-vis* a more open employment situation. Tenure has always been one of the attributes of public sector employment and has been consistently supported, and on a bipartisan basis. However, in the current review of Public Service management, and in the Bill presently before Parliament, it can be seen that some changes have been made in relation to this question of tenure, most particularly in two areas.

First, much greater flexibility has been introduced into the appointment of senior or executive officers, and the rigidities that the Act imposes (which of course is one of the points to which the Auditor-General is alluding) will be removed, if the proposals outlined are successful. Secondly, the appointment of people to classification levels, rather than to offices, will also introduce a much higher degree of flexibility in that aspect. But the basic tenure of what one might call permanent public servants will not be affected.

The Auditor-General refers to the effect on the performance and image of public servants which this question of security of tenure may have. I believe that the reforms proposed in the legislation to replace the existing Public Service Act will go a long way towards addressing the problems to which the Auditor-General has referred.

**Mr OLSEN:** Assuming that the recently introduced Government Management and Employment Bill is passed by Parliament (albeit with some amendments), what is the estimated cost of implementing the proposed changes to the present Public Service Board and the appointment of a full-time Commissioner for Public Employment?

**The Hon. J.C. Bannon:** In net terms I think that there would be efficiencies and cost savings involved in that process.

**Mr OLSEN:** Have they been identified?

**The Hon. J.C. Bannon:** I do not have precise figures, but the net result will be neutral or better. I do not think that any specific exercise has been done into that aspect of it.

**Mr OLSEN:** What provision has the Government made for the training and retraining of Public Service managers, as foreshadowed in the Bill?

**The Hon. J.C. Bannon:** There is an ongoing management improvement and management training program—in fact a quite comprehensive one. Perhaps Mr Strickland might like to address the Committee on this.

**Mr Strickland:** Members would be aware from reading the program estimates this year that we have changed the program in relation to these matters quite considerably. One of the main reasons for this was to try to pick up the sorts of aspects that we would expect to flow from the new legislation coming into place. In other words, we want to provide from the personnel agency (whether it is a department of personnel and industrial relations or something like the current board) sufficient training so that managers can be retrained and moved, and we will assist them in carrying out their management task in a number of ways.

The management improvement program in this year's estimates outlines that. We are changing really from a controlling type of agency, which looks in a very detailed way at all personnel and people management sorts of things, to one that is consulting, assisting and helping. We have made

a very conscious effort to try and give the Parliament a feel for that in revamping the yellow book this year.

**Mr Cox:** I would like to add to this, because I think that we have taken practical steps in relation to management improvement of which the Committee may not be aware. This afternoon there is a group meeting of the Management Support Group, consisting of senior executives from each department. That group has been meeting for six weeks, and in that time it has had three meetings in order to plan what the departments actually see as necessary to improve management efficiency. It has come down with a desire for more personal skills in relation to the managers in the departments, in personnel management, how to develop performance agreements and how to improve service delivery. Those are the three areas. We are trying to plan some sort of activities in that area before Christmas. Three seminars have also been conducted for chief executive officers, concentrating on service deliveries and performance agreements. There has been already a fairly energetic pursuance of management improvement in that program.

**Ms LENEHAN:** Referring to the 'School Leaver Recruitment Program', I note that a total of \$233 272 was spent in actual payments in 1984-85 and that \$270 000 is proposed for the coming financial year. How successful has this program been to date? In asking that question I am really first seeking clarification of page 62 of the yellow book where under 'Specific targets/objectives', it states:

School leaver and young people's employment programs resulted in 313 people below the age of 19 years being recruited.

I am reading that as being the total number recruited in that financial year. First, when was the program introduced; and, secondly, does the Public Service Board have any projected figures for taking on young people under this program for the coming financial year? How will this affect the profile of the Public Service?

**The Hon. J.C. Bannon:** As to the last question asked by the honourable member, this program was commenced in July 1983, and the policy was based around the problem of the age profile of the Public Service. It was clear that, over the years, partly due to the fact that there had not been widespread recruitment, but also because of the sorts of jobs that were being taken up in the Public Service, the age profile was in fact getting more and more skewed towards the older age groups. There was less and less opportunity for young people aged between 15 and 19 to gain access to the Public Service, and that is against a background of rising youth unemployment. The program was a conscious attempt to try to tackle that problem and have some effect on that age profile.

As the honourable member pointed out, 313 people are referred to in that particular financial year. Since the program started in July 1983 something like 800 teenagers have been employed under the Public Service Act and that is a fairly wide mix. For instance, about 68 per cent have been female (that is because many of the vacancies have been predominantly in the keyboard related areas), and 90 per cent have been clerical jobs. There has been a conscious attempt, for instance, to recruit Aborigines—about 1 per cent, which is the population level and the target that the overall Public Service is working towards: 5 per cent have been employed in non-metropolitan locations, and so on.

It has had an effect on the age profile (and this is the good thing about it) against a background of virtually static Public Service numbers, the numbers in employment have increased very little and we have kept a tight ceiling on that. The fact that we are recruiting under this special program has meant that as at July 1983 the 15 to 19-year age group constituted 2.6 per cent of the Public Service work force. By May 1985 this had risen to 4.1 per cent of the Public Service work force. You can see that it has had

quite a considerable effect and it also means that you have a base level recruitment of a number of young people who will in many cases see themselves as having long-term careers in the Public Service; others, of course, will use their experience in the Public Service and will move out elsewhere. Perhaps the Chairman of the Public Service Board would care to comment on the quality of recruits.

**Mr Strickland:** The Premier stressed addressing the age profile problem, but over the past three years there are a couple of other favourable impacts of this program. One is that we expect to get some savings from it in the longer term, because of course, if you are recruiting younger people, you are not required to pay them the same amounts, and we would expect savings over time. It has to do with increments and other matters.

As I think was explained to this Committee last year, we have been pursuing this program in a particular way, which has been to pay departments to take these school leaver recruits for part of their first year in the expectation that they will eventually be put into funded full-time positions in the following financial year. Over the past three years we have been very pleased with the success of this policy: over 95 per cent of those employed have been maintained, and that is a very pleasing outcome.

Also, we are getting much better recruits as a consequence of this program. We are going out into the schools and recruiting mid-year, whereas previously we tended to leave it until the end of the year when the banks and other companies, which were recruiting in much the same sort of areas as we were, tended to pick up the really good recruits, so we have been pleased with the quality of people we have recruited. We also did a quick survey a few months ago to ascertain how many of them were taking on further tertiary studies, and we were very pleased that well over 60 per cent are continuing with such studies, so I think it is the main basis for the future of the Public Service, with people from this group being recruited into higher positions.

**Ms LENEHAN:** My second question relates to page 27 of the Estimates of Payments and staffing of the Public Service. At page 62 of the yellow book at the bottom of the first column, one of the specific targets and objectives is listed as the delegations extended to a total of 19 departments following successful pilot programs with seven of those departments. What delegations are involved? What is the purpose of those delegations? How many departments now operate with such delegations?

**Mr Strickland:** For some years the Public Service Board has delegated some of its powers relating to such things as leave without pay, long service leave, and various types of promotions in certain circumstances. Only fairly recently has it delegated major powers regarding classification of officers, organisation of units in departments, and that sort of thing. We have now delegated to all departments a significant package of powers in relation to classification and organisation and, up to the present, that has been successful and we are pleased with the way in which it is developed.

Initially, it arose from the initial report of the review of Public Service management which stated that, if we could give senior departmental management more responsibility in personnel areas, it would respond better than it had in the past. Consequently, we initially granted those significant delegations, after long and detailed negotiation with the public sector unions, to seven departments. After six months, we reviewed the situation. It turned out to be not leading to vast numbers of people being reclassified four or five grades. It was, in fact, not leading to increased expenditure, so Treasury was happy and, generally speaking, it worked well.

Consequently, we divided the remaining departments into two groups and only last month we finally granted those



delegations to all departments. It is very significant because it lays the ground work for the new and increased responsibility that legislation now before Parliament contemplates for the future. So far, we have monitored the procedure carefully and there has not been an explosion in classification, great accusations of favouritism or the sorts of things that some people thought might occur.

It is a trend that is taking place around Australia. All Public Services, without exception, have been going down this path in recent years. Some States, such as Victoria and Tasmania, have amended legislation, but others, such as New South Wales and Queensland, have been able to do it under their existing legislation.

**The Hon. J.C. Bannon:** At page 16 of his annual report, the Auditor-General refers specifically to those delegations and comments that public service efficiency should improve as a result of the shift to delegated authority.

**Ms LENEHAN:** I refer to the section on page 62 concerning the development of occupational health policies, for example, repetitive strain injury and smoking, employer assisted programs, and assistance with the implementation of occupational health and safety policies. On page 64, under the subprogram title 'Occupational Health, Safety and Welfare', there appears a proposed increase of 0.8 in the employment level of average full-time equivalents. Does that mean that there is an even greater move to implement the policies that have been developed? How successful has been the implementation of those policies, especially those in relation to RSI and smoking?

**The Hon. J.C. Bannon:** The increased staffing of 0.8 is for the recruitment of a graduate trainee who will be on strength for most of 1985-86. It is part of an ongoing program. Some time ago I addressed a seminar on occupational health and safety in the Public Service, the chief message of which was that in the Public Service some of these issues had not been taken seriously or given the priority that they should have been accorded.

The thrust of occupational health and safety legislation which places considerable onus on the permanent head or chief executive of a department or business to be responsible for a safety program and to ensure that it is carried out has not had the impact within the Public Service that it should have, so there has been a conscious attempt to upgrade the approach, training schemes, employer assistance, and policies being developed in those areas.

**Ms Dunn:** Repetitive strain injury and the policies related to it are being investigated throughout the country. This is not a problem that we are likely to resolve in a year. We are pursuing not only occupational health policies in relation to people and their machines but also issues like job design and the whole nature of the workplace. The board finds that smoking is a difficult problem and the topic that is the greatest cause of inter-personal conflict in the community at present. Indeed, it can be a huge distraction at work. It needs to be handled sensitively and on a conciliatory basis rather than in a confrontationist way. Nevertheless, there is a clear understanding of the health effects of side streaming and a commitment by the board to encourage people in the department to deal with these issues, which we take seriously. However, occupational health issues are not easily resolved.

**Mr OLSEN:** Last year, the Premier announced a plan to reduce the number of senior positions in the Public Service, and a front page article in the *Advertiser* of 28 August 1984 stated:

South Australian Public Service fat cats will have to cut their salary bill by 15 per cent as a saving strategy.

The article went on to reveal that the number of EO and AO positions would be reduced over a three-year period: by 5 per cent in 1984-85; by a further 10 per cent this financial year; and by a further 10 per cent next financial

year. Will the Premier say whether the 5 per cent reduction was achieved during the last financial year, by how many was the total number of positions reduced, what was the saving in salary payments, and by how many is the total number of positions expected to be reduced this year?

**The Hon. J.C. Bannon:** This program has been ongoing. It is coupled with attention being paid especially to the management services area in government where a saving of 19 positions has been achieved in 1984-85: a working party is developing that project. On the EO and AO equivalents levels 59 position savings were achieved and a further 43 identified for 1985-86. The costing of that program will depend on success in redeploying some persons in funded vacancies. However, overall the program has not been easy to achieve, but we have arrested in a major way the growth in the number of EO and AO positions. I hope that we will see this continue in future years. The argument is always raised that, in fact, appointments at the higher level can dispense with the need for lower level appointments and that we can concentrate on policy and other matters better by making such appointments. Our concern, which resulted in the program developed, was that there was an all too ready acceptance of an upwards drift in promotion without having clear regard to whether or not that was justified. For instance, there were cases of departments with a director and a deputy director.

It might have been some years before the real need for a deputy as a substantive position had been analysed, yet the practice was automatically to fill that and, if there were any other senior posts needed, they were incremental. Now departments have to argue very hard indeed for any incremental positions. All are working towards some form of target of reduction. As I say, it is accompanied by a fair degree of debate and dispute.

It has probably given the Chairman of the board and his officers more headaches than any other, but it has been well worth while in the effect that it has had in ensuring that each vacancy at each level is looked at. The program will get a major impetus when the review of Public Service management recommendations on organisational structures are implemented and we will be able to recast some departments. That is the current state of play on that program.

**Mr OLSEN:** I base a question on program 2 relating to equal employment opportunity and will refer to an example that deserves some explanation. I do not intend to refer to the person or employee involved, but, if the Premier likes, I will give him the name of the employee other than in a public forum such as the Committee.

In January 1984 an employee of the E&WS Department, who is disabled as a result of war injuries, was transferred from Victoria Square to the Ottoway depot in his capacity as a clerk. As car parking facilities at Ottoway were a considerable distance from the depot, due to his inability to walk long distances he inquired whether it was possible for him to be collected from the car park by departmental vehicle, or alternatively to park his motor vehicle in close proximity to his workplace.

His requests for both options were refused by the department. To assist, the department arranged for a taxi to collect him from his home at Brighton and transport him to and from Ottoway during the period 18 January 1984 until his retirement on 9 April 1985 at a cost of approximately \$11 000 in taxi fares. To offset that enormous cost paid by the department, he paid the equivalent of his daily bus fare over the period, which totalled around \$400. In addition, arrangements were made for payment to him of the \$10 per week mobility allowance from the Department of Social Security.

That amount, which aggregated to \$650 over time, was deducted from his payout upon retirement to further defray



the \$11 000 run up in taxi fares. After allowing for the offset, the net cost of transporting him from home to work was approximately \$10 000. There is currently a dispute about the department's wanting to collect some of his other social security payments to further offset that.

Does the Premier agree that that sort of expenditure could have been avoided had the department shown a more flexible attitude at the time towards the person concerned, particularly as he had requested that he park his motor vehicle close to the workplace because of his disability? Will the Premier undertake to investigate whether similar cases have occurred within the Public Service or at least ensure that some consideration is given to the matter to ensure that repeats of that situation do not happen again in Government departments?

**The Hon. J.C. Bannon:** If the facts are as stated by the Leader of the Opposition, I agree completely that that situation should never have been allowed to arise. It is not only a waste of money but is bad personnel practice. I certainly undertake to look into the matter. I do not think that any of my advisers present are aware of this particular situation. If the Leader can provide any particular details to the Chairman, we will look into it.

**Ms LENEHAN:** I refer my next set of questions to program 2 'Equal Employment Opportunity', and refer the Premier to page 66 of the yellow book, under the heading 'Mainstreaming Equal Employment Opportunities' in the second column. I note that several points are raised: first, development of at least eight equal employment opportunity management plans and departments. Can the Premier say which departments have equal opportunity management plans and how far on are we with their implementation?

**The Hon. J.C. Bannon:** I thank the honourable member for drawing attention to this program. It is certainly important and has been a specific and separate program for some years now, the emphasis being to try to make greater equal employment opportunities part of the ongoing activity of management, particularly personnel management. It is not something that is special or aside, but is part of the normal considerations in personnel practice. In order to try to do that, and to test out such a scheme, obviously using pilot agencies has proved to be the most successful way, based on our experience, to extend it gradually throughout the public sector as a whole.

**Ms Dunn:** The departments that come to mind immediately are Community Welfare, Labour, Premier's, Public Service Board, Education, Environment and Planning, and TAFE. Planning is one part of the program. Those departments are involved in developing long-term plans and are at varying stages, depending on resources that they have put in.

One department—Community Welfare—has had a committee working on its plan and it now has a draft plan. Environment and Planning has had one officer working on it, so it is in a different position. Departments have been encouraged to take up the planning option in a way that suits their own style. It is anticipated that by the end of this financial year those eight departments will have developed their plans. On the other hand, many other departments are involved in implementing strategies, but they are not part of that long-term planning process. There is planning and long-term planning. On the other hand, there are programs for Aboriginal people, women, people of non Anglo-Saxon background and for the disabled.

They are happening concurrently. By the end of this year the Public Service Board will have published material on implementation strategies for all those groups in some detail. Departments can either pick up a long-term planning process or decide to opt in at the short-term strategy stage, depending on their priorities.

**Ms LENEHAN:** The second point mentioned is the transferring responsibility for EEOs (equal employment opportunities) to other divisions within the board. Can you explain what are those other divisions and how will these transfers facilitate implementation of the plans or, as you have explained, the strategies?

**Ms Dunn:** The object of the exercise is clearly to have everybody responsible. In the long-term, we would not want to be sustaining EEO programs. Essentially, the board believes that equal opportunity is good management, but there is a transitional phase. An example of mainstreaming of transfer is that this year one will find that the Aboriginal recruitment officer placed in the Equal Opportunities Branch is now in recruitment. Transferring means that if there is a recruitment function to be done let it be done in recruitment branch. If there is a redeployment function of a disabled person to be done, instead of equal opportunity people doing it redeployment will do it as part of their normal activity. It is locating in personnel sections of the board those responsibilities which relate to people from designated groups.

**Ms LENEHAN:** The others are self-explanatory, but I refer again to the sexual harassment legislation which was part of the equal opportunities legislation passed by this Parliament and which will be proclaimed shortly. I take it that the policy will be a reflection of the legislation. How is it proposed that the sexual harassment policy will be implemented in the Public Service?

**Ms Dunn:** There are three parts to that. The first is to ensure that it is completely compatible with the new legislation and that work is going on now. In terms of implementation, there are two major sections—one to set up some sort of grievance mechanism so that once the policy has been promulgated individuals who feel that they are subject to sexual harassment know what are the appropriate procedures, and the other part is the major staff development component. Again, it is an emotional issue, rather like smoking. Often the effect of one's behaviour on someone else is not always clear to the offender. We would not want to be following a litigation model where everyone who feels they have been harassed puts up their hand and says, 'Hit that person', but rather that people would come to understand that some behaviour is harassing towards other people and would learn to stop it. We will be looking in implementation to both those things: letting people know their rights as well as educating people in interpersonal relationships.

**Mr OLSEN:** I refer to page 78 of the yellow book, wherein the Government indicates:

Access to federal funds has been hindered by having different Government administrative structures at federal and State levels. The State needs to adjust its approach to take advantage of the greater policy integration . . .

When did the Premier become aware of that matter? Has the State missed federal funds because of the duplication of structures referred to?

**The Hon. J.C. Bannon:** This has been a problem as long as State and Federal Governments have existed. The fact that, particularly with a change of Government, major administrative and departmental reorganisation takes place—sometimes a ministerial reshuffle—means that there are new departmental alignments and new areas can be created. The classic instance in the last reshuffle was what was done in the social security services at the Commonwealth level, where responsibilities were divided. Some of the health policy aspects were taken out of the Ministry of Health and other things rearranged. That always poses a problem for government at the State level in relating to and negotiating with our federal counterparts.

We discussed some of those problems under the Government Advisory Services Division, which has the role of

monitoring those policy changes. The board has to look at it in terms of our response. No-one is better qualified in that area than Commissioner Cox who formerly, as head of Community Welfare, had to deal with the whole range of agencies under changing circumstances. One of the Commissioner's roles on the board, apart from general duties and responsibilities of a Commissioner, has been to concentrate specifically on this area both in terms of our own coordination at the State level and our interface with the Federal Government. I invite Commissioner Cox to comment.

**Mr Cox:** One of my most recent negotiations was as Chairman of a negotiating team between health and welfare in relation to the home and community care program. Money was being offered by the Commonwealth in relation to a agreements and it affected health and welfare, plus local government and disabled people. A lot of criteria and needs had to be brought together, and we have just completed that. The Minister responsible for the program announced last week that agreement had been reached with the Commonwealth. That sort of negotiation requires the departments coming together for the Commonwealth to have some focal point in relation to the negotiations, and does not necessarily split up the department's efforts. That is a recent example of that sort of issue.

**The CHAIRMAN:** There being no further questions, I declare the examination completed.

Treasury, \$386 500 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr A. Prowse, Under Treasurer.

Mr G. Foreman, Director, Budgets.

Mr J. Wright, Treasury Accountant.

Mr R. Ruse, Director, Financial Policy.

Mr P. Cornish, Commissioner for State Taxation.

**The CHAIRMAN:** I declare the proposed expenditure open for examination.

**Mr OLSEN:** At page 36 of the Financial Statement the Premier indicates that the sum of \$91.6 million has been set aside for increases in salary, wages and other contingencies in 1985-86. This is an increase of \$41.6 million, or 83 per cent on the amount voted last year, an increase of \$50.3 million or 122 per cent on the actual amount which was underspent by about \$8.7 million. What advice has been received as to the components that have significantly increased those provisions? Will the Premier give an undertaking to provide a detailed listing of components of the \$91.6 million so that they can be included in *Hansard* in a tabular form so that we know the breakdown?

**The Hon. J.C. Bannon:** I will ask Mr Foreman to put that information on the record.

**Mr Foreman:** The round sum provision in 1984-85 provided for one national wage increase of 3 per cent for April 1985 and none for the previous October. That was the projection at that stage for the national wage. As it turned out, it came close to that, which meant there was provision for one national wage increase of about 3 per cent, which covered only about six pay periods. For 1985-86 the expectation is for larger national wage increases and for two increases: one in about October 1985 and one in April 1986. That explains nearly \$56 million of the difference in the two figures.

The other elements that are provided for include the cost of implementing the 38-hour week and other increases that are of a minor nature. Also, there is provision for a number of inflationary items, such as electricity for pumping water, fuel price increases for the STA, and a number of other lesser inflationary provisions. The major difference in the two round sum provisions is the different expectation in national wage increases in the two years.

**Mr OLSEN:** At page 106 of the yellow book, one of the objectives of Treasury this financial year is this:

To continue examination of the ways in which the State may take on debt.

Can the Premier explain what he means by that statement?

**The Hon. J.C. Bannon:** I will ask the Under Treasurer to comment.

**Mr Prowse:** The objective, as described, is to continue examination of the ways in which the State may take on debt. The broader explanation is that the State will have a borrowing program. It has a public works program and commitments that it wishes to meet from borrowed sources. The purpose is to explore the most effective and efficient alternatives and options available to us. Financial markets are developing in a dynamic way. Tax provisions change, opportunities change in other countries and we will be continuing to examine the most cost efficient and effective manner available to raise borrowings to finance the works program the State will need. That will be addressed particularly on the domestic market, and possibly overseas markets.

**Mr OLSEN:** When will the Premier hold his long promised, long delayed, and long awaited inquiry into the State taxation system that was promised some time ago? In answer to a question in the House on 20 March the Premier indicated that:

If, at the end of the process of making this assessment we are still in a position where our own State revenue base is not providing satisfactorily and, for example, taxes such as payroll tax and others are raised in this context, obviously we will have to do our own review.

He referred to other tax reviews that had been undertaken. The tax summit rejected the submission as it related to payroll and other State taxes, in that it has not been picked up following the submission to the tax summit. In view of that and the Premier's promise before the last election concerning an inquiry into the State taxation area, is he now prepared to proceed with that inquiry? If so, when will he proceed?

**The Hon. J.C. Bannon:** We have had a fairly intensive debate and review of the whole area of tax over the past few years. As I have explained to the House on a number of occasions, the concept that we had was to hold a specific and public inquiry into the structure and methods of raising State revenue. Of course, crucial to that is the inter-relationship of State revenue effort with that of the Commonwealth, as a large source of our funding derives from the Commonwealth which is therefore directly affected by Commonwealth decisions on revenue.

That inquiry was overtaken very soon after we came to office by a series of inquiries which were first initiated by

the Fraser Government and which have now been taken up, and in a larger context, by the current Federal Government. First, there was the mechanism of the Constitutional Convention review and, secondly, an inquiry, which was generated by the Premiers Conference, for which Treasury officials prepared the initial ground work and papers. In turn, all of that was subsumed into the tax summit. If ever there was an exhaustive and exhausting survey of revenue raising, its implications, and so on, it was that very intensive debate that went on through most of this year, culminating in the tax summit.

As members would be aware, we presented a State submission to that tax summit, and in part that submission was derived from decisions that we in turn had received from a large number of organisations and groups in the community. In other words, the Government conducted a mini-inquiry in terms of inviting various sectors of the South Australian community to respond and to provide us with information and material for use in compiling a submission for the federal summit. Of course, we all know the outcome of that summit and the events since. Even as late as last week, a further round of changes in the tax regimen and structure occurred at the federal level.

In the meantime, we did not leave things in limbo. We have undertaken a quite intensive internal investigation in the course of preparing a tax cut package, which I announced at the beginning of August and which is embodied in Bills which have been passed by Parliament to amend various Acts; and, of course, it is embodied in our budget and financial statement. The Government aimed to identify those areas of State revenue which could have a direct impact on either employment opportunities or public confidence in the revenue base, and to try to make the necessary adjustments, within the resources available. We have done this.

The larger matters, such as payroll tax and our too great a reliance on that, have been taken up in the national forums. In fact, I was the only speaker to raise in a significant way the question of payroll tax and the need for it to be addressed at the national summit. I received considerable support from groups such as the Metal Trades Industries Association, which applauded the efforts that I had made in getting that issue raised. The fact is that we were not successful in getting support from the Federal Government or from other organisations to tackle that area. I can assure members that I have not abandoned that course by any means. There are a number of things that we can explore.

The need (seen as late as March) to have some kind of massive exercise at the State level I think has been overtaken very much by events. That is not to say that our current State situation is totally satisfactory, although it is a source of satisfaction that in this financial year our reliance on the State tax component for our receipts has reduced. In fact our estimated take from that area will be less than the rate of inflation.

In real terms we will be getting less with respect to the level of receipts, coupled, of course, with the substantial cuts in rates that have taken place. That means of course that revenue from other sources has increased and improved. One of those is the management of our own cash balances, particularly through the agency of SAFA, which has more than justified its establishment and ability to generate funds to reduce the need for State taxation.

All that means is that the last thing we want at the moment is a further debate around this issue. Just about every avenue has been explored. What reform that will follow I think is obviously something that must be looked at in the national context. We do not know what the impact of the latest federal package will be: it will take some time to work into the system. I fear that some aspects of it will

be adverse, and I have already said that publicly. However, just how much that will affect overall levels of economic activity, in this State in particular, is not known at this stage.

**Mr OLSEN:** At page 106 of the yellow book, the following reference is made:

A restructuring of the Stamp Duties Branch was approved to facilitate the collection of State Duties by way of impressed stamps and returns.

Will the Premier say what improvements have taken place to streamline the operations involved?

**The Hon. J.C. Bannon:** Major changes have occurred in this area in pursuit of eliminating tax avoidance and improving efficiency. Extra resources have been provided to the State Taxation Office to ensure efficient revenue collection. I call on Mr Cornish to reply further, as he has been involved in that process.

**Mr Cornish:** Some staff adjustments have been made. The process is still in its infancy at present. It was running a bit slower than had been originally anticipated. Steps are in hand to modify the whole structure of the receiving and impressing section and to provide more modern equipment and facilities, as well as better statistics, to make what we believe quite significant improvements in turning around the delays that have occurred over the last year or so in stamp duty matters. It relates almost entirely to procedural matters.

**Ms LENEHAN:** I refer to page 32 of the Estimates of Payments and to program 4: the provision of economic policy advice. As the Government's major aim in relation to economic policy is to generate jobs, can the Treasurer provide to the Committee details of trends in the total employment and unemployment levels in South Australia since mid-1983?

**The Hon. J.C. Bannon:** The honourable member will find a lot of that data contained in the 'South Australian Economy', which is one of the papers prepared and presented in the budget context, where latest market trends, and so on, are examined. I am not sure whether we have an update on those statistics but, broadly speaking, since June 1983 there has certainly been a very strong recovery, although it has not been possible to recover all the ground that was lost before that time. I point out that a very misleading presentation of figures is often given in terms of comparison. First, one must look at the seasonal factor that applies, and so one should be comparing like months with like months in previous years. Secondly, one must remember that the recession did not stop dead with the election of our Government in November 1982.

In fact, one of the most depressing aspects of the immediate post-election period was the number of calls I received from leading manufacturers, for instance, to give me the bad news that, in the course of the election campaign and pre-election period, they had held off from doing anything about employment levels. I will not name those companies, because it would be embarrassing for them, but there were two major South Australian firms particularly which held off doing anything because they did not want that to be caught up in the general election atmosphere.

In ringing to congratulate us on our election, they also told us that there were going to be some large scale retrenchments, and they duly took place. That process continued for some months so that, when we are analysing the recession, it is not as if a miracle occurred with a change of government and our policies could be instantly implemented and everything moved on to the upward phase. The recession continued some months after that. The recovery really only got strongly under way following the change in government after the 1983 federal election, and the joint impact of our policies and the Hawke Government had the

reverse effect of the joint policies of the previous Fraser-Tonkin regime. I am just pointing out that the recession moved through that period of 1982-83, and it was only as we got through March-April 1983 that we began to see the pickup.

Since that period total employment has grown in South Australia by over 7 per cent, and unemployment has fallen by 21 per cent. They are pretty significant figures, and the total employment is now back to well above pre-recession levels. We have, of course, increased population growth. We have increased labour force participation, and that is a healthy thing. If more people are offering themselves for work, it indicates that there is some optimism that they can get work, whereas if the labour participation rate is dropping off substantially it is usually a sign of discouraged job seekers, the so-called hidden unemployed. It is for that reason that unemployment is still unacceptably high.

While we can expect to see employment growing strongly and in a healthy way, there is no question that it will take longer to get unemployment levels down, because new employees will come into the work force, and former employees will be re-entering the work force. Our participation rates will reflect that, and that will help to maintain the unemployment rate. In the context of the honourable member's question, unemployment increased by something like 43 per cent between mid-1981 and mid-1983 and, on present trends, we could be back to those pre-recession levels within a year or so, but it is going to take a while. As to employment, things are growing in a healthy fashion.

**Ms LENEHAN:** My second question relates to program 6, on page 33, referring to the securing and management of funds for State purposes: can the Treasurer say what substance there is to publicity in the daily press regarding the Government's record on taxation, indicating that the increase in taxation revenue between 1982-83 and 1985-86 is expected to be some 55 per cent?

**The Hon. J.C. Bannon:** That sort of figure is a total simplification and indicates some major problems in reading accounts. In fact, some of those who are carting these figures around the community profess to have some expertise in small business. My only hope is that, when they were engaged in small business, they had a very good accountant, because there seems to be a singular inability to read a balance sheet and to understand exactly the nature of State receipts and State assets.

There is no question that, in terms of our receipts, our revenue has grown, but to then relate that and suggest that that is the result of a Government decision to raise tax rates (which of course is what is being promoted) is absolute nonsense. I know that the member for Bragg agrees with that. He was a small businessman; I do not know what sort of accountancy assistance he had, but I gather that his business has been fairly successful, so I am sure he can read a balance sheet and knows the palpable nonsense that has been peddled in this area.

The balance of the increase in taxation revenues is something of the order of 46 per cent and, in part, that reflects the continued improvement in the State's economy over that period, in other words, the amount of increase that you can ascribe to Government decisions about tax rates, both increasing in 1983 and decreasing in 1985, is of the order of about 9 per cent. The large advertisements and signs that we see in the community ought to be talking about that figure, and that is not a bad record over three years after being faced with the financial problems that we inherited. As I say, the balance of it reflects what has been happening with the State's economy in that period. It comprises of a number of elements which should be looked at, but let me go through some of them.

The simplification of land tax scales which was announced in our tax package results in a variation of minus \$8 million between 1982-83 and 1985-86. The casino is coming into operation, so we will have an estimated \$4 million extra revenue, but that is not out of the taxpayers' pockets; it is out of the casino users' pockets, and the more of them who come from interstate or overseas, the better. That will be our pitch, and that is fine for the State's revenue. Increases in motor charges have yielded something around \$7.8 million. We have in fact consistently seen a reduction in payroll tax, and that amounts to over \$14 million in that period. People talk about the tax package in 1983 increasing the tax level, but in some areas we have reduced it from that time onwards, and payroll tax is one of those areas particularly directed towards employment generation.

Certainly, we introduced a financial institutions duty, and that is a fair, broadly based tax which had a net impact. I praised the honourable member for his reading of the balance sheet, but he has just misread that one. In looking at the total collection from financial institutions duty, one must deduct from that the remission in a whole series of stamp duties that took place at that time in order to look at the net effect. The net effect over that period of three years is approximately \$20 million. There is \$3 million less tax in first home concessions, because we increased that from 1 December 1982 and again from 5 August 1985. There is over \$3 million less in stamp duty on conveyances and various other imposts under our tax package over that full period.

There is an increase in stamp duty on general insurance business which took place in that earlier tax package. Stamp duty on workers compensation was reduced by \$3 million. The net impact on licensing fees over that whole period is about \$5 million, and we have made adjustments in that period. We have increased our revenue collection in the tobacco franchise area, and I make no apologies for that. I would be very happy if everyone stopped smoking—if we received no revenue from that area, that would be fine, but it is not likely. In the meantime, all States have moved, as one of the discouragements to smoking, to increase their taxes in this area.

One can look through these areas and come out at a bottom line which shows that a net tax intake is of the order of about 9 per cent by way of Government decisions on rates of taxation. Any other figure that is used is a dishonest misreading of our State revenue base that is tied to economic activity. It is as simple as that.

**Mr INGERSON:** Nobody has ever denied that.

**The Hon. J.C. Bannon:** 'Nobody has denied it,' interjects the honourable member. The Opposition has constantly and consistently misrepresented that situation. The Opposition points, as a contrast, to what it says was a reduction of taxation under the previous Government, but under the previous Government, using their criteria, there was a 51 per cent increase. They cannot have it both ways: either they reduced taxation under the previous Government or they did not. If they want to use that figure, let them use a comparative figure. That impost came not as a result of economic activity: it came in a context against a background of recession and increasing public and State indebtedness.

We have reduced that so, on all points, our record stands up strongly indeed. The net impact of our revenue package is minimal. In some areas, such as payroll tax where we have reduced tax, it has been positive and against a background of economic recovery and revival. Thank goodness we did, because it made it possible for economic recovery to take place.

In criticising this and in using these bogus figures, the Opposition does not say what it will do. If the implication is that it will adjust receipts in any one year to reflect in

money terms what it got in the previous year, that will be the most remarkable policy that any Government has ever tried to implement. I suggest that the disaster of that would become quickly apparent but, fortunately, we will not have to experience it.

**Ms LENEHAN:** Regarding the same section under program 6 and a line under 'Goods and Services' on page 33, concerning the debt servicing costs payable to the South Australian Government Financing Authority and other statutory authorities, there is an apparent increase in the State's annual debt servicing obligations over the last year or two, indeed over the past three years. What factors have resulted in this apparent increase in the State's annual debt servicing obligations over that period?

**The Hon. J.C. Bannon:** The honourable member has drawn to the Committee's attention a considerable increase in actual payments as opposed to proposed payments shown under the program. The sum proposed for 1985-86 (\$366 million) represents not just a minimal or a small increase, but a considerable increase. However, let us put that in its correct perspective because, unfortunately, too many people do not read the information provided: they look at the raw figure and make immediate assumptions about it which prove to be erroneous when they look into the matter.

I point to two effects. First, there is an agreement now between the Treasurer and SAFA whereby the State's debt to the Commonwealth Government under the Financial Agreement has been assumed by the central financing authority. This is appropriate because one purpose of having a central borrowing authority is to consolidate not only loan borrowings and loan raisings but also the treatment of finance, so that debt has been assumed by SAFA with a corresponding debt relationship formed between the Government and SAFA, which shows in those figures. The assumption of that debt means that we have an obligation to a debt relationship to SAFA, but SAFA is a Government instrumentality so, in effect, our obligation is to ourselves. In notional terms, the net result is that it is still part of a previous debt that is shown under this.

The second effect concerns the rearrangement of the indebtedness of the State Bank to the Government under concessional housing arrangements. Again, for similar reasons, it strengthens the State Bank's balance sheet, which is important in terms of the presentation of its accounts, especially if it wants to raise funds in the international market. Again, the debt has been shown as being taken over by SAFA with a consequent indebtedness in terms of our Consolidated Accounts shown under the item to which attention has been drawn.

Both these are fully explained in SAFA's annual report which has been tabled with the budget. The former item results in Treasury's servicing the debt to SAFA at the prevailing common public sector interest rate at each quarter, which is estimated to be about \$262 million in 1985-86. In turn, SAFA is responsible for making payments to the Commonwealth for interest on Commonwealth loans allocated to South Australia. Previously, that would have shown as a State debt here under a special Acts line called 'Interest on public debt'. That was \$219.1 million in 1984-85. That has been taken over by SAFA.

The State's contribution to the National Debt Sinking Fund will also be paid by SAFA: in 1984-85 this was \$23.2 million. Previously, in the accounts that debt was shown in these figures under the special Acts line. That is no longer under special Acts: it has transferred to SAFA. The State's share of discounts and expenses on Commonwealth loans used to finance the State's borrowing program was previously shown under the Treasury Dept. In 1984-85, this amounted to \$9 million. That item no longer shows: it has

been subsumed into the debt responsibilities to the Commonwealth that SAFA has assumed.

Finally, management expenses in connection with the inscription of stock in 1984-85 cost \$650 000. It is not a major item, but it is shown in Treasury program 6. That deals with the element of SAFA's taking over the Commonwealth's responsibilities under the debt arrangements. The State Bank's debt to the Government has been rearranged so that SAFA has taken over the debt of those moneys advanced for concessional housing purposes. That again has no net effect on Consolidated Account: we are simply transferring it from one location into our central financing authority, the job of which is to use the cash and other balances it has as productively as it can to ensure that the State earns money on them and that they do not sit around in unused accounts.

Under that new arrangement, the Treasury must make debt servicing payments to SAFA of an estimated \$19.6 million in 1985-86. That is part of that \$366 million. In turn, the return to the Government on capital provided for SAFA will be \$19.6 million higher than it would have otherwise been so, in another part of the accounts, there is the equivalent sum of \$19.6 million which comes in the receipts that we get from SAFA. So, that item cancels itself out.

Those two items represent over \$280 million of the \$302 million to which I referred at the beginning. The balance is about \$20 million, which is due to the full year's effects of funds borrowed from statutory authorities, the greater part of the year's interest costs on funds to be borrowed from statutory authorities, and the net effect of some minor debt rearrangement which has no effect on Consolidated Account.

For and from that rearrangement, I draw to honourable members' attention what SAFA is earning for the Government in this financial year and returned to the Government last financial year. Without the figures in front of me, I believe that the figures were \$48 million last financial year and an anticipated \$76 million this financial year. That surely is the answer to those critics who seize on such figures and say, without being able to understand them, 'The State's indebtedness has risen.' The whole concept of having the central financing authority is to ensure that our cash and other balances are used productively. That might not have been important to the previous Government because it was running down those balances at a rate of knots. Indeed, it would not have had any cash balances to invest.

If one remembers that this Government has a triple A rating on its borrowing capacity and interest rates, and considers that we can borrow money at a low point in the market place, because of the guarantee and the security that we can provide, against our ability of placing those moneys, whether in Australia or overseas, at higher bearing rates, then one can understand why it is in the State's interest to consolidate as much as possible of its finances through the SAFA operation.

That is yielding big dividends. It is one way in which we can reduce the tax burden in this State, and that result has shown up. Members opposite are not very happy about this. Let me finish by again referring to this question of State indebtedness. The fact is that when one looks at assets as against liabilities and their cost one can quickly see that paying SAFA—a Government instrumentality—interest on moneys that had been transferred to it at the interest rate to which I referred and which is a low interest rate (the common public sector interest rate) compared to what SAFA can earn provides tangible net benefits to the State. Far from increasing our indebtedness, it has reduced it.

The Leader of the Opposition will have an enormous amount of egg on his face over his total failure to understand what is the remarkable turnaround in our accounts

and the way in which we can use instruments such as the central Government borrowing authority to ensure that we get maximum use and return from those funds not immediately being brought into the accounts. All of this is covered in some detail in the SAFA report. I also refer to the paper Treasury has issued on trends of indebtedness, which highlights the very point I am making; that, far from increasing, in fact net indebtedness in this State is reducing. It is doing that against a background of an ongoing program of public works and public sector activity. It is a pretty remarkable record.

**Mr OLSEN:** Mr Chairman, I am sure that you will allow a little leniency in backgrounding the next question I put to the Premier in view of the fact that we have had some 20 minutes from him on set questions and answers in an endeavour to put down the tax question. No doubt the Government's sensitivity on taxes and charges has been shown and clearly amplified by what the Premier has said. He referred to cash balances and said, in a broad sweeping statement, that the cash balances of the previous Administration were in fact run down. I would like him to refer to his own paper released selectively last night to the media, which indicates that for the three years of the previous Administration—in figures issued by Treasury in a document released by the Premier last night—the cash balances in fact grew. Fact one wrong! Fact two is tax effort. No greater tax effort has been levied on South Australians than that levied by this Administration and Premier. Well he knows it—55.2 per cent!

No rhetoric, no amount of talking or fudging will get around the bottom basic line. He says that the net impact of his tax measures is minimal. I suggest that he talks to a few families and households who are paying his taxes and charges to see how minimal the effect is on the hip pocket nerve of those people who have been struggling. The reasons why the economy of this country and State turned around are, first, we had a breaking of the drought which was a major boost to the Australian economy. Secondly, we had the turnaround in the international economy. Thirdly, we had the wages pause initially, then proceeding to the prices and incomes accord. Those three factors more than anything else turned the economy around in this country.

The Premier should acknowledge that those events were more significant in pumping up the economy than his own tax effort. It should be recognised, in relation to taxation effort, that he says SAFA, in restructuring these debt loans, will be getting all this interest in. But, what we see is instrumentalities like the Electricity Trust of South Australia paying extra costs to the State Government through backdoor taxation and restructuring of its loans. That has been passed on to households out there and the net increase is income; backdoor taxation to this Administration that has brought in some \$12 million. At a stroke of the pen, \$12 million to this Treasurer! That is his taxation effort and that is what we mean by backdoor taxation. When SAFA was established and introduced into this Parliament it was not meant for purposes of striking backdoor taxation on to the Electricity Trust of South Australia to be passed on to every consumer in this State. It is a backdoor taxation effort yet again.

Let me pick up unemployment figures, which were the subject of the first question asked by the member for Mawson. The fact is that the 30 June 1982 to 30 June 1985 figures show that we have some 7 300 more unemployed today than at 30 June 1982. It makes a nonsense of the Premier's comments on how he has turned around employment/unemployment in this State over the past couple of years. Well he would know that as it relates to—

*An honourable member interjecting:*

**Mr OLSEN:** It is not ridiculous if one takes CES figures: it demonstrates the long term unemployed at 33.1 per cent in South Australia and 27.2 per cent across Australia. That is not making inroads and a real impact on unemployment levels in this State. I also make one other point in relation to the taxation effort of the former Administration compared to this Administration. The plain facts are that at 30 June 1982 South Australia was the lowest taxed State per capita in Australia. Well the Premier knows it. Those are the indisputable figures of the ABS.

The former Administration achieved that objective by abolishing succession duties, gift duties, land tax on the principal place of residence, stamp duty for first home buyers and relief given in a number of other areas. Abolition of specific taxes and real relief was given to South Australians. Compare that to this Premier's record since taking over the Treasury benches. I refer now to indebtedness, which was the other point picked up in the Premier's comments in relation to the gross debt. We indicate as a result of this Treasury paper—not part of the Budget papers tabled and obviously not part of the Auditor-General's papers tabled—that the gross debt for this State is now \$5.486 billion.

These figures are different from figures put down by the Premier in the Parliament less than 12 days ago. In 12 days there has been a \$753 million error in figures given to this Parliament in relation to the State's indebtedness. I suggest to the Premier that he should get one set of figures and rely on them. What he seeks to do is to fudge and misrepresent by using a variety of figures in different ways. That does not get away from the bottom line effect, which is that the tax effort by this Administration, plus 55.2 per cent, has been the greatest tax effort in this State's history and a greater tax effort than has been applied to any other State in Australia.

**The Hon. B.C. EASTICK:** Of course, the public recognises that.

**The CHAIRMAN:** I have allowed the Leader to transgress. We are not really dealing with anything. I think it fair that if the Premier wishes to reply, I will allow him to do so and then ask the Committee to come back to the question.

**The Hon. J.C. Bannon:** The Leader of the Opposition made a pretty speech, as usual selectively quoting figures that do not stand up in terms of the record. I can understand his wanting to have a very simplistic representation of this issue, because that is certainly the way he talks and acts in slogans, simplistically without recognising the real complexity of public sector finance. It is little wonder that he will not be the shadow Treasurer: he has had to pass that across to his colleague the member for Light. That becomes apparent every time he embarks upon this area, because the slightest complication or hint of some need to trace through and find out the exact position sees him getting into major trouble.

In relation to this whole question, I will deal first with the paper on indebtedness: no, it was not tabled with the budget papers, because it was never intended to be. The exercise in Treasury has been going on for most of this year: first, in consequence of the recommendation from the review into Government financial management; and, secondly, because we have found this in the case not only of the Government with SAFA operating in international markets but with the State Bank also undertaking loan raising.

I attended a number of investment seminars earlier this year in Britain, Europe and the United States at which the question always arose as to what sort of State finances and indebtedness one has. In other words, if for instance in the case of the State Bank one of its areas of substance is that it is guaranteed by the State, obviously investors are inter-



ested in the level of debt and trends in that debt performance.

Therefore, it was important that an exercise be done, not by the Government but by Treasury, based on those needs. In fact, these figures are very useful, indeed, in terms of presentation to those seeking to understand the substance of the State. I suggest that to see figures on State indebtedness used publicly that do not look at the true or net position can only undermine the confidence such investors might have in this State. That is a side issue, and I know that part of the strategy of the Opposition is to do so.

I pick up the point on the cash situation, and refer to page 24 of the document on State indebtedness which sets out South Australian public sector cash and investments. We heard what the Leader of the Opposition said, namely, that it was wrong on all counts that cash balances at Treasury were run down; that was not true—they increased under the previous Government. The first line shows cash at Treasury for 1979-80—the year the Tonkin Government came to office. In September of that year there was \$193 384 000. For 1980-81 the figure was \$150 090 000. For 1981-82 it was \$131 558 000 and for 1982-83, with the full impact of the Tonkin budget, it was \$84 621 000. In the two years in which we presented budgets, it jumped to \$178 501 000, and to \$171 384 000 in 1984-85. That is a straight cash amount. So, the Leader of the Opposition is wrong in what he said. The bottom line is total cash and investments, and again I quote the figures. In 1979-80 it was \$963 024 000. In 1980-81, the second year of the Tonkin Government, it was \$960 067 000, which is less. It went down to \$948 726 000 in 1981-82. In 1982-83, despite the major problems of the year with the impact of all that fiscal irresponsibility, it was \$986 309 000 and in the successive two years it has gone from \$1 396 504 000—over \$1 billion—to \$2 149 625 000. If that is a sign of increasing public indebtedness or financial irresponsibility, the Leader of the Opposition must be blind. He is also misrepresenting the situation.

**The CHAIRMAN:** I indicated that I would allow a statement and a counter-statement, but we ought to get back to seeking information.

**Mr OLSEN:** I would like to correct one statement before going into my next question. If the Premier is going to use consistent figures, he ought to use them all the time. If he is talking about the State's total indebtedness, which is now \$5.486 billion and is going to acknowledge the number of assets in the State to offset that and bring it down to what the Premier considers is the real figure—

*The Hon. J.C. Bannon interjecting:*

**Mr OLSEN:** If we look at page 13 of the document put out by the Premier and compare the 1979-80 figure with the 1982-83 figure, it will indicate that what I have just said is right, and I stand by my former statement. The Premier has not attempted to excuse the fact that we have gone up to a total indebtedness of \$5.486 billion, and it is interesting that, had he not been forced into the position of making some sort of statement, that figure would never have been made available to the Parliament today. The other thing is that it is interesting that there has been absolutely no reply from the Premier—he avoided the issue—on the use of ETSA through SAFA and increasing interest rates on ETSA through SAFA as a means of backdoor taxation. He picked up a cool \$12 million at the stroke of a pen. He conveniently ignores that figure.

*The Hon. J.C. Bannon interjecting:*

**Mr OLSEN:** It is a statement of fact—you have done it.

**The Hon. J.C. Bannon:** Consolidation of debt was one of the prime reasons for SAFA's existence, to ensure that there was a common sector borrowing rate, so that the true cost of delivering services can be properly assessed.

**Mr OLSEN:** The true costs to every household in this State, by backdoor taxation.

**The CHAIRMAN:** Order! The Chair has been very lenient on this question and it is a crossfire at the moment of charges and counter-charges. We ought to get back to what the Committee is here for, namely, to seek information on the vote before us. If the Leader wishes to seek that information he can proceed, but I ask him to cease the debate.

**Mr OLSEN:** I will refrain from any further rebuttal. I will pursue it further in my response to this debate in the Parliament. The SAFA public issue No. 1 is a matter on which I wish to question the Premier. In relation to the first public issue of \$25 million, which went into the market in March 1985, what amount of funds was received from public subscription and did the underwriters provide the balance of funds required to fulfil its obligations in terms of the issue?

**The Hon. J.C. Bannon:** I will obtain a detailed response for the Leader.

**Mr OLSEN:** When will the response be forthcoming?

**The Hon. J.C. Bannon:** In the usual way.

**Mr OLSEN:** It will appear in *Hansard* in due course, in a month or two?

**The Hon. J.C. Bannon:** Yes.

**Mr OLSEN:** Does SAFA plan any further public issues and, if so, when?

**The Hon. J.C. Bannon:** The answer is 'Yes'. As to when, perhaps I will ask the Chairman of SAFA, who happens to be the Under Treasurer.

**Mr Prowse:** It would be the policy of the SAFA Board to seek funds in the public markets from time to time as market circumstances indicate appropriately. There has been one issue. The terms of that issue were very satisfactory to SAFA. It was in the circumstances of a very variable interest rate market. In the course of that loan interest rates shifted considerably due to broad factors and some external factors. That did impinge on the degree of private subscriptions, which were somewhat less than would have been expected in more stable circumstances, but from SAFA's viewpoint it was a cost effective loan. It would be the intention of the SAFA Board, and it is endorsed as policy by the Government, to approach public markets as that seems appropriate. It would be the expectation of the board that during this financial year there would be a further approach to the public markets by SAFA. The exact timing would depend on requirements for funds and the cost of funds in alternative markets, but that would be the broad intention.

**Mr OLSEN:** Page 16 of the SAFA annual report reveals that the authority has had investments outstanding of \$524 million as at 30 June 1985. Can we have in tabular form a listing of each individual investment held by SAFA as at 30 June 1985 in that total category of \$524 million, the type of investment, the amount, the interest rate, the frequency of interest payments, and the maturity date. For those funds invested overseas, does SAFA intend to repatriate those funds to Australia and, if so, when?

**Mr Prowse:** Before responding, I make an observation the about listing of SAFA investments. It is somewhat subject to restraint on the basis of commercial confidentiality. Some investments would be private investments and placements that the debtors might not wish to reveal in full. It may be subject to commercial sensitivity from that viewpoint, and so there would have to be some restriction on what could be made publicly available. If the Leader wished to see the confidential material I am sure that would additionally be possible.

**Mr OLSEN:** Certainly, I accept the commercial nature of any investments and the confidentiality aspect, and that will be respected.



**Mr Prowse:** Subject to that we can provide a comprehensive listing of SAFA investments. Much of it is short-term in the money market, because we are using cash balances and surplus public sector funds. On the second question, SAFA holds some offshore investments. The question of whether those investments are retained would be subject to commercial review and assessment on an ongoing basis of the worthwhileness of those investments. The first thing that needs to be said about SAFA's overseas involvement is that there is no exposure to foreign exchange currency movement risk. It is policy of the SAFA board, endorsed and reaffirmed by the Government after review, that there should be no risk to foreign exchange rate movements. That is an important point to keep in mind. SAFA has no exposure to adverse or other consequences of changes in the value of various currencies.

The second aspect is that we have raised overseas funds, first, for on-lending to one of the client authorities of the State that has an income in US dollars: therefore, it has a natural hedge. That client now has the obligation to service that foreign debt. Our other foreign debt is entirely offset in terms of investments matching in maturity and in currency. Whether that would be repatriated from time to time would depend on SAFA's and the public sector's need for financing. Some of our investment is accumulated with the idea of providing a reserve against which the need for financing in the public sector can be met, perhaps in circumstances where markets are tight or where Loan Council programs have been restrained by Commonwealth policy, and so on. The use of those foreign investments would be part of SAFA's general utilisation of its financial assets: that is to say, finance and public works and so on in the State as required.

**Mr OLSEN:** As to overseas borrowings, \$148.3 million has been borrowed overseas by SAFA. You have indicated that none of those moneys is subject to fluctuations of currency, that they are totally protected in terms of the dollar.

**Mr Prowse:** I am not sure of the source of the Leader's figure. It is worth recapitulating that SAFA has no foreign debt exposure where foreign exchange rate movements would incur increased liabilities. It is either invested in a balanced way in the same currency and maturities or, with one small amount in US dollars, has been on-lent to one of the State's public sector authorities that has what it regards as a natural hedge, in that it has earnings in the same currency.

**Mr OLSEN:** Are they floating of fixed interest rates?

**Mr Prowse:** They are floating rate obligations, and the investments are similar.

**Mr FERGUSON:** My question follows that of the Leader. I would like the Premier to explain how SAFA's surplus was generated.

**The Hon. J.C. Bannon:** The SAFA surplus was generated in broad terms in the following ways. First, \$20 million was an extraordinary item relating to the defeasance of certain liabilities that were undertaken at below average borrowing costs. That means that there was an upfront benefit to SAFA of borrowing over \$300 million at below market rates for 15 years. That is the gathering together and consolidation of debt.

The remaining \$68 million surplus—the larger part of it—results primarily from returns received on funds available to SAFA from the capital contribution of the Government. As I explained, the Government's funds in effect are being managed by SAFA. We then incur a liability and SAFA in turn makes money on that. It was \$335.5 million at the beginning of the year and \$792.3 million at the year's end. There was also a small part of it for extraordinary items relating to SAFA's operations on the short-term money

market, and that was referred to a moment ago by the Under Treasurer.

There is also a guarantee fee built into the common public sector interest rate which means that client authorities, by getting access to SAFA's borrowing capacity and the rates it can secure, also pay a slight margin to defray SAFA costs and expenses. That is one way of ensuring that we get that recognised. The increase in SAFA's capital base through the retention of some of its surplus and through debt rearrangements has meant that both domestically and overseas its credit status is considerably enhanced. While initially there was, despite the backing of the State Government, probably some market caution about an organisation like SAFA, there is no question that it is fully accepted now both nationally and internationally.

We have ensured that by the way in which its surplus has been used to make its asset base and credit status very strong indeed. Why would one bother to do that? The simple answer is that the better it looks, the stronger the organisation and the finer the terms under which it can borrow, the more the margin between that and its lending rate. Clearly, it has been a remarkable innovation of value for the State. We will see SAFA strengthen and develop its activities over the next few years.

As I never get tired of repeating (but it is worth repeating because of the way it bears on the question of State indebtedness), it is one way of generating revenue without recourse to the taxpayer, but actually through the use in a consolidated way of the cash flow that is inevitably attracted by Government operations.

**Mr FERGUSON:** My question relates to page 32 of the Estimates and the provision of economic policy advice. What has been the trend in total employment and unemployment levels in South Australia since mid 1983, as referred to earlier?

**The Hon. J.C. Bannon:** I think that that information was provided as part of a 20 minute response, for which I apologise to the Committee. However, in that response I did cover those elements referred to, although they may have been lost in the exposition.

**Mr OLSEN:** The second to last paragraph on page 15 of the SAFA Report indicates that there is a legislative requirement to enable SAFA to completely integrate its public sector cash management functions. Can the Premier elaborate on this matter and outline what will be resolved and what action is likely to be taken?

**Mr Ruse:** When drafted section 17 of the SAFA Act was meant to encompass all the public money available in the public sector investment within SAFA. However, legal advice from Crown Law is that only certain public money can be invested, that is, money in trust accounts in the name of the Treasurer and money that has been specifically appropriated to the Treasury. So, there is a significant gap in those funds in the public sector, namely, in certain Commonwealth trust accounts and in certain working departmental accounts, which are invested under the fairly restrictive guidelines of the Public Finance Act. Those funds cannot be deposited with SAFA and invested more widely—for example, in bank bills or Commonwealth Government securities—earning a high yield for the Government. So, that lack in section 17 is a technical issue that needs to be addressed.

**Mr Prowse:** There is a deficiency in the drafting of the Act as it stands. The present and previous Governments intended that SAFA should have the capacity to utilise all cash balances. There was a difference of opinion between the draftsman and counsel. Counsel insists that the Act as it stands does not enable SAFA to have access to the balances which both the present Government, in proposing the Bill, and the previous Government in proposing the estab-

lishment of SAFA wished to see. So, there is a need now to amend the Act to achieve the objectives originally sought.

**Mr OLSEN:** In relation to SAFA, at page 12 of his report the Auditor-General refers to four factors that need to be watched carefully in using SAFA funds for public purposes. That is bringing forward SAFA's income, an amount of \$20.5 million for the year ended 30 June 1985. Will the Premier give an undertaking that the Government will apply to consolidated account only those SAFA profits that have in fact been realised? For example, last year SAFA paid to Treasury some \$35 million of its operating surplus of \$83 million. I do not see any problems with that practice, but what I am saying is that the Auditor-General has highlighted an area that he believes is suspect, and I want to know whether the Premier agrees with the Auditor-General's comments and whether he has taken them into account.

**The Hon. J.C. Bannon:** I do not think that the Auditor-General is saying that the matter is suspect. As with any operation, one looks at its performance on a year-by-year basis and at what is appropriately used internally and what can be paid as a dividend, or as in the case of the Government into general consolidated revenue. Everything that we have been saying about SAFA to date indicates that one of the purposes of consolidated financial management through SAFA is to get maximum return and benefit from those funds which the State and its authorities have at their disposal at any given time. They have large borrowing requirements, but equally they have large assets and cash flows which can be consolidated. Clearly, SAFA must operate prudently in this area. It cannot be used as a device in the sense that the Auditor-General is warning about. In fact, the whole purpose of SAFA is to avoid some of those factors that have been referred to in the report. The Government will take the Auditor-General's comments into account.

**Mr OLSEN:** I would have thought that the Auditor-General's specific identification of four areas that need to be watched very carefully was in fact a warning to the Government of the day. What was the average public sector borrowing rate for 1984-85, and what is the estimated rate for 1985-86?

**The Hon. J.C. Bannon:** For 1984-5 it was 12.4 per cent, and it is expected to be 12.9 per cent in 1985-6.

**Mr OLSEN:** Page 22 of the SAFA Report reveals that SAFA has appointed consultants to review its consulting and reporting system. Who has been engaged to carry out that work? Further, what is the cost, and when is it expected that the consultants will report?

**Mr Prowse:** The firm appointed to undertake this work is Deloitte Haskins & Sells, and their fee is very competitive. We went to tender on this matter, and that firm submitted the most attractive tender. We had a lot of consultation with the tenderers, and in our view the tender submitted by that firm contained the most effective proposal, and it was the lowest in price. The staff that the consultant proposes to use on this exercise are very experienced, effective and interested. At this stage I do not think we have made a public announcement about the contract. It will be about \$18 000. It is not a large consultancy, but a very important one to us.

**Mr OLSEN:** At page 12 of his report the Auditor-General indicates that loans of some \$4.75 million made by SAFA were not sourced through consolidated account and therefore did not receive parliamentary scrutiny. Why was that course of action taken?

**Mr Prowse:** The SAFA arrangements with the State are such that a great deal more of the State's borrowing and spending of these funds is now channelled through consolidated account than was previously the case. Previously, public sector authorities received and borrowed in the market place in their own name. None of those funds passed through

Consolidated Account. Now, of course, apart from ETSA, all of those authorities' public borrowed funds are raised by SAFA. Most of those funds pass through Consolidated Account, so I would say that the position is now much more satisfactory in regard to the point that the Auditor-General is making than was previously the case.

On the question of expanding the capital works program, the source of funds should not determine the appropriate size of the program. I do not think the fact that SAFA is now the central borrowing authority for the State will affect the need to examine the feasibility, desirability and the appropriateness of the projects being financed in the context of the physical resources available in the State and the condition of the State's economy. I suppose that the Auditor-General is sounding a warning that governments might believe that, with a more efficient fund-raising mechanism, they should raise more funds. I believe that is a point to make, but I do not think that it is necessarily a logical outcome. The fact is that SAFA is an efficient fund-raiser. It does not justify a different size works program: that would be determined on the basis of feasibility, desirability, condition of the economy and cost of financing as against the returns to be sought.

**The Hon. J.C. Bannon:** If I could interpolate there, in fact the previous system on both those points allowed much greater scope for Government to avoid that sort of scrutiny. If you have a number of authorities going to the market in different ways under different programs rather than the consolidated program that we have here, there is perhaps a greater tendency to use funds in that way. It does not mean that such points do not have to be watched in a central borrowing authority. I am just making the point that, under the previous system of reporting, that situation could be worse.

**Mr Prowse:** The meaning of that phrase 'impact of debt servicing' (which is the abbreviated one), is not altogether clear. I believe that the Auditor-General might be saying that SAFA could conceivably be on-lending to authorities through the Consolidated Account, incurring debt servicing costs and the Government would have to pay that to SAFA, but without the authorities who enjoy the benefit of the funding having the capacity to contribute. That seems to me to be the understatement of that proposition. Frankly, I do not see the operation of SAFA as the central financing authority doing anything other than diminishing the risks of public sector authorities borrowing beyond the feasible and appropriate point. Indeed, I think that the operation of a central authority tends to diminish the possibility of the individual public sector authorities borrowing beyond the level at which they can service. Moreover, SAFA has considerable success in achieving a margin in its investments over the cost of funds. The borrowing of SAFA tends to reduce the net servicing cost of the debt rather than increase it.

**Mr OLSEN:** In the August budget statement the Federal Treasurer said that the Federal Government will negotiate with the States to achieve remission in the 1986 payroll tax and workers compensation premiums for employees under the age of 21. Can the Premier give details of the negotiations with his federal counterpart on the basis of the amount of revenue that it has forgone from payroll tax concessions and the amount to be reimbursed by the Federal Government, and can he say what mechanisms will be required to be put in place to facilitate the refund of workers compensation premiums to employers in this State who qualify under that scheme?

**The Hon. J.C. Bannon:** I am not aware that negotiations have in fact commenced. The announcement is being made that that is the Commonwealth's intention, but I have yet to see any formal notification from the Treasurer specifically

requesting negotiation. The normal way that these things develop is that Treasury officials make the initial contacts and prepare base papers prior to propositions being put to the respective Governments. That may have happened. Perhaps the Under Treasurer could answer that.

**Mr Prowse:** Discussions have taken place within the local administration and between officers in the State administration on this matter, and we expect a visit from Commonwealth officers within the next week or two to take up the substantial issues with the Commonwealth. They would, of course, be the beginning of negotiations—very preliminary talks.

**Mr OLSEN:** There are no preliminary estimates as to the likely amount of funds to be involved at this stage?

**Mr Prowse:** I do not think that we have any estimate at this stage.

**Mr OLSEN:** By arrangement with the Commonwealth, over the past three years South Australia has nominated all its Loan Council borrowing programs for housing purposes at the concessional rate of about 4.5 per cent. The Commonwealth has indicated, as I understand it, that it will phase that out—60 per cent in 1986-87 and 30 per cent in 1987-88, with the position beyond that date being unresolved. What discussions have taken place between the Premier and his federal counterparts on the matter, and what impact will the gradual phase out have on those arrangements (which have significantly boosted the Housing Trust's forward planning in relation to housing stock) in the way of reducing the very significant and growing number of outstanding housing applications?

**The Hon. J.C. Bannon:** We were the first State to do this. At the time that it was done I do not think that any other State had identified this as a possible treatment of the loan program. It has yielded very substantial benefits. It was done in the context of the priority we were putting on housing. Our action alerted other States to the fact that they could have recourse to this. We noticed that, in the second round budget, a number of States (I think, for instance, Western Australia) last year similarly nominated their loan program to housing, as did we. At the Premiers' Conference last year, and also this year, that arrangement was under threat. The first draft Commonwealth proposal in 1984 eliminated that. We made very strong representations indeed to the Federal Treasurer and Prime Minister, and they abandoned their proposal to eliminate that practice.

It again reared its head this year, and we again made very vigorous protests. The result was that no change was made in the arrangements for this year, as mentioned by the Leader of the Opposition, but a proposed scaling down of the proportion that could be so nominated was announced by the Commonwealth. We do not accept that as the end of the discussions, because we think it is a very good public policy, apart from financial benefits, in nominating our loan program in that way, and we will certainly be taking it up again with the Commonwealth.

It will obviously be one of the things to be pooled for negotiation at next year's Premiers Conference. Twice now we have been threatened with its total removal and at present we are threatened with its phased withdrawal. Obviously, we will have to tackle that problem when it comes. In terms of monetary benefits to the State, it is worth about \$10 million a year in reduced interest rates, so clearly a reduction to 60 per cent is worth \$4 million, and a reduction to 30 per cent is \$7 million that we lose out on. So, it is of tangible benefit to the State and we intend to fight for its retention.

**Mr OLSEN:** Has the Premier sought legal advice on the constitutional implications of the Federal Government's tax package? The Queensland Government has indicated that it will not pay the proposed Commonwealth tax on fringe

benefits of employees in the public sector, such as housing subsidies, private use of Government motor vehicles, and the like. What is the South Australian Government's attitude on this matter?

**The Hon. J.C. Bannon:** I have noticed the statements of the Queensland Premier. In fact, I think that he said that, far from seeking legal advice, he was not interested in legal advice: let them sue him for the difference. That is the sort of approach that we have often heard from the Queensland Premier, but in the end, as was proved with the Medicare agreement, after much huffing and puffing he comes to the party because the facts are inescapable. However, he gets a good headline in the interim. I am not sure at this stage what our room to manoeuvre is. We have taken out a rough, tentative costing, mainly in the area of subsidised accommodation, because the Government Housing Authority is involved in remote and regional areas in respect of housing subsidies for teachers, policemen and other Government employees. The effect in respect of those subsidies could be about \$3.5 million.

Concerning the State Bank, the figure could be about \$1 million. Further, ETSA, which subsidises accommodation in its regional areas, could be up for some impost. However, the figures are very rough. We have compiled rough estimates and we will look at the State's liability in this respect. If we can avoid it we will do so. There are some areas in which the State, as a Government authority, is not subject to Commonwealth taxation. If the Commonwealth is taking a parsimonious attitude to the needs of the State I have no compunction in finding ways and means of avoiding the adverse impact of some of those things.

Certainly, we will talk to the Commonwealth Government after assessing the impact. If we are not looking for remissions and exemptions in respect of this taxation because that is not possible, we will seek some kind of offset because, although I do not usually agree with the Queensland Premier, I agree with him on this occasion that it is a case of imposing a further tax burden on those who are already taxed, if one is talking about the Government sector, and I do not believe that that is the intention of the Commonwealth Government.

**Mr OLSEN:** Do I understand that at this stage the estimate is about \$5 million or \$6 million, including \$3.5 million on housing in respect of Government employees occupying subsidised housing and about \$1 million subsidy for employees of the State Bank?

**The Hon. J.C. Bannon:** Yes. In other words, it would reduce the profitability of the State Bank so, one way or another, it would impact on the State eventually.

**Mr OLSEN:** So we are looking at an approximate figure of \$5 million?

**The Hon. J.C. Bannon:** Yes. I would not put it at above \$5 million at this stage. That is a rough figure. We will try to harden up those estimates in the next few weeks so that we can put a case to the Commonwealth.

**Mr OLSEN:** Should the final figure be about a \$5 million cost to the State Treasury, what action does the Government intend to take to recoup that amount or from what area will it make that payment?

**The Hon. J.C. Bannon:** First, if we cannot avoid the tax, as it were—if it were found to be a legitimate impost on State governments, and that question has to be determined, we would ask the Commonwealth for an exemption. If that exemption was not forthcoming, we would look for offsets—that is a compensating figure from the Commonwealth. If we did not get a compensating figure, obviously we would have to review the levels of concessions and so on and just see what the net impact of that would be.

However, certainly we would not precipitately act to remove the benefit from State employees. They are there

for public policy matters and continued by successive Governments. Subsidised accommodation in country areas, for instance, is one of the incentives for people to take up regional appointments. That is part of the overall package, just as it is for a private employer. So, the State has a responsibility to provide some level of subsidy in those areas. We certainly would not be cancelling that overnight. But the budgetary impact would have to be looked at.

**The Hon. B.C. EASTICK:** Supplementary to the Leader's line of questioning, in relation to those persons employed in government who are residents in Housing Trust homes on a concessional rent and who do not pay excess water—almost \$1 million of excess water is not recovered—is that likely to be construed as a de facto benefit to government employees and, therefore, a charge against the Government?

**The Hon. J.C. Bannon:** I would think not. The Commonwealth approach has looked specifically at where an identified subsidy under a particular level has been made. Remember that account is taken of supply of goods at cost. Some exemptions in the taxation level have been given for that, as I understand it, from the Treasurer's statement.

It may be that elements of that are involved in some of the subsidies to which the honourable member refers. If we are looking at just straight subsidised housing as a special incentive or part of a wage and salary package for employees, obviously that can be identified. I think that we identified it ourselves through the Government Housing Authority and the Teacher Housing Authority. It is readily ascertainable. That is the only amount involved.

The Government, like a private employer, has an obligation to its employees. My other point is that this is not something we have to solve overnight. The levy does not commence until next financial year, so we have plenty of time to explore its implications and decide how to treat it.

**The Hon. B.C. EASTICK:** I hope that that is the situation, otherwise we are in for a lot of difficulty in a number of ways. Can the Premier indicate whether any administrative action has been taken since the announcement of the Commonwealth tax in relation to those members of government staff who have credit cards, and how will those credit cards be handled?

**The Hon. J.C. Bannon:** The Public Service Board is looking at the matter. I do not know whether action has been taken to control the use of or remove access to those credit cards. That is being examined as a matter of urgency.

**The Hon. B.C. EASTICK:** Would the Premier please make available to the Committee in due course the criteria which relate to the use of credit cards by employees?

**The Hon. J.C. Bannon:** Yes, I will certainly do that.

**Mr INGERSON:** For some time I have been interested in the area of payroll tax and its effect on small business. One of my concerns has been the number of businesses that are involved above the payroll tax level, in other words, those who are not actually paying. Will the Premier provide the Committee with the number of businesses that have paid payroll tax in the years 1982-83, 1983-84 and 1984-85, so that basically we can get some sort of idea of the number of businesses that are dropping off? I know that several other questions we have asked have been a little more difficult to answer, but if we could have the overall number of businesses paying payroll tax we will have some idea.

**The Hon. J.C. Bannon:** I am advised that in rough terms it has gone down from 7 500 to 6 200, so there has been a substantial reduction in the number of businesses paying payroll tax as we have successfully lifted the exemption levels.

Another very large group of businesses were immediate beneficiaries of the changed tapering arrangements under the tax cut package. Certainly, in comparative terms with other States, we have the best payroll structure of all. That

has been a conscious Government policy to assist small business.

**Mr INGERSON:** So, about 10 per cent of total businesses in this State pay payroll tax.

**The Hon. J.C. Bannon:** The figure is around 6 000. It will drop further in the light of changes. I will see whether we can get figures in more detail.

**Mr OLSEN:** That point relates both to the Land Tax Amendment Act and Payroll Tax Amendment Act that have just been passed by Parliament. On 8 August, the Minister (Mr Crafter) who was at the table gave a commitment to provide me with details in relation to land tax. On the same day the Premier agreed to provide details relating to payroll tax, but despite the fact that we have made a number of calls to his office seeking that information it has still not been forthcoming. In view of commitments given in August, I ask that the matter be looked at so that the information can be made available.

**The Hon. J.C. Bannon:** We will attempt to get that information.

**Mr OLSEN:** I refer to program 9 relating to accounting for Government expenditure and receipts. One of the functions of the program is the coordination of Government banking arrangements. Has Treasury investigated calling tenders for provision of banking services to the State Government? If so, what was the outcome of those investigations and, if not, will the Premier investigate same? My reference is the yellow book (page 114) and the white book (page 34, the seventh line from the top). One of the functions of that program is the coordination of the Government's banking arrangements to seek clarification of what is meant by coordination of the Government's banking arrangements.

**Mr Wright:** The Treasury Accounting Section is the central hub of accounting arrangements, and the Government is the link between the Government's banker, the Reserve Bank, and all Government departments. To that extent the very centralised nature of our banking arrangements is under our strict control. There are certainly no plans to seek a consultancy or anything from other bankers. The Reserve Bank for many years has been the Government's banker. That is not to say that things cannot be reviewed in the future, but at the moment, with the minor exception of a few country regions, where the Reserve Bank is not represented, the vast majority of the Government's banking services are provided at no cost by the Reserve Bank of Australia.

The objective as set out in the program papers is really a technical accounting matter held at Treasury which involves minimal staffing. In the context of that program the only expenditure incurred by the State could be the purchase of cheque stationery, using a form of computerised stationery for use by all Government departments.

**The Hon. J.C. Bannon:** The former Under Treasurer, Gilbert Seaman, explained to me the benefits that derive from Reserve Bank banking which the State Government does and which have been very substantial over the years and are such that in many ways our systems and support services interlock. There are no special or hidden costs in it. There are obviously benefits to both institutions, but it would be most unlikely that any other banker could provide a service competitive to the sort of service we get from the Reserve Bank. If that becomes a possibility, we would look at it. The other side of that coin is that, if one goes around looking for such tenders, the Reserve Bank could well be inclined to recast and look at its relationship with the State Government, which may not be to our benefit.

**Mr OLSEN:** I understand that the Victorian Government has split banking arrangements with the Westpac Banking Group on the basis that, with the amount of funds involved, an arrangement has been reached with the Victorian Gov-

ernment. The Electricity Trust of South Australia, currently banking with the ANZ Banking Group, is at the moment considering tenders to manage its banking functions at least cost. It is in relation to the movement interstate and with one of our major statutory authorities into the private sector that I pose the question of whether there is an investigation to take the matter further as regards the Government's banking arrangements. If not, will it be investigated by the Government, as there may well be tangible benefits that will flow through to State Treasury by at least investigating that option?

**The Hon. J.C. Bannon:** I am not aware that there is any specific investigation going into it, but it should and will be kept under review.

**Mr INGERSON:** Is it possible for us to have, in the table on payroll tax, the number of businesses that fall within the \$50 000 steps as we go up above \$250 000? Are those statistics readily available?

**The Hon. J.C. Bannon:** It can only be rough, because payrolls bob up with tremendous differences in performance. We have made an estimate on the impact of the take-home arrangements based on those rough estimates, and the Commissioner will look at that to see what information we can provide.

*[Sitting suspended from 6 to 7.30 p.m.]*

**Mr OLSEN:** A paragraph on page 118 of the yellow book indicates that arrangements for the provision of individual information on superannuation benefits to contributors are almost complete. When will it be completed and when will that information be available to individual contributors?

**The Hon. J.C. Bannon:** That information is already provided on a regular basis to contributors to the Parliamentary Superannuation fund. We are not yet in a position to provide that information more generally. Perhaps the Under Treasurer would care to comment.

**Mr Prowse:** As the Treasurer said, progress was made with the provision of information to members of the parliamentary fund, and I understand that members are finding it useful. I think the information more generally will be available in this calendar year.

**Mr OLSEN:** At page 122 of the yellow book it is revealed that Treasury officers will be involved to advise the Government on proposals to alter workers compensation arrangements in South Australia. Last Friday the TLC rejected key elements of the Government's policy in the white paper that was issued, particularly those relating to lump sum settlements at common law. In doing so the TLC has demonstrated how completely misleading the *Advertiser* was earlier in the piece about universal support for Work Cover. In view of the TLC's decision, is the Premier prepared to give a commitment that the Government will introduce legislation to reform the workers compensation legislation before the next State election?

**The Hon. J.C. Bannon:** The advice referred to here relates to financial implications of any changes that are made. The major carriage of workers compensation arrangements and negotiations is with the Department of Labour and my colleague the Minister of Labour. Detailed progress on those negotiation questions would be better directed to him. It is still our intention to present legislation to this Parliament. I assume from the Leader's statements and those of the Deputy Leader that we can expect support from the passage of such legislation in view of the criticism they have made of the proposed alterations to the package. If that is so, it would make the situation much more certain and easier. There is no question that reform is really necessary.

**Mr OLSEN:** As it relates to the main part of the proposal, yes, there is support from the Liberal Party for it, but it will not support a monopoly for the operation of workers

compensation legislation. That is a principle in a key area: in no circumstances will the Liberal Party support it but, in many of the other areas forecast in the white paper, yes, the Liberal Party would support them and we have said that consistently on a number of occasions and indicated that revamping workers compensation is vital, necessary and overdue because of the costs applied to the business community.

I accept that, whilst the Minister of Labour principally is the person involved, the questions as to cost and the package put together was costed by Treasury advice and independent advice was brought in concerning the various components of that package. The components of the package are now being brought into question by the TLC. Therefore, it is appropriate to have the capacity to question some elements of this area. I seek information from the Premier about the Government's attitude on lump sum payments, particularly the increase in lump payments, and the common law elements.

**The Hon. J.C. Bannon:** One of the key elements is the proposal to have a statutory corporation jointly managed by employer and employee interests. It is something on which unions and employer groups agree. Certainly, it is a vital factor in the cost reduction contemplated by the changes, and yet the Leader of the Opposition says it is a key element that the Liberal Party opposes at all costs. Having said that, I am at a loss to understand his attitude in the workers compensation area.

**Mr OLSEN:** The Premier might be at a loss, but many sections of the business community understand clearly what our position is. As it relates to the lump sum and common law aspects specifically of the package put down, do the TLC's amendments to the original white paper, or whatever one calls it, affect the premium savings as forecast by the Premier and the Government on Treasury advice? How is that affected by the new proposition put forward by the TLC?

**The Hon. J.C. Bannon:** I have not seen the precise proposals of the TLC, and no doubt cost estimates are being made. I am aware of the different costs between preserving the current system of multifarious insurers and the savings that will come from a statutory body controlled by employers and employees. That is why I find it very odd that the Leader is asking about the costs of particular variations when he is proposing a very major variation with considerable cost implications. I cannot comment on the detail of the TLC submission, because I have not seen it.

**Mr OLSEN:** Therefore, if the submission has not been received, I assume that there has not been any negotiation—

**The Hon. J.C. Bannon:** The Minister of Labour is in charge of those negotiations.

**Mr OLSEN:** Is the Premier willing to release for parliamentary scrutiny the actuarial advice of Treasury on the Government's original policy—the costings?

**The Hon. J.C. Bannon:** That information has been widely disseminated. It has been used as the basis of assessments by groups such as the South Australian Employers Federation and others who have checked the costing of the Government's figures. I am not sure whether it has been publicly released but it has been widely disseminated.

**Mr OLSEN:** If it has been widely distributed to interested groups, surely Parliament, as an interested group, ought to have access to the document. Will the Premier make that information available to my office?

**The Hon. J.C. Bannon:** I will check with my colleague on the possibility of that. Of course, parliamentary examination of these cost savings comes when legislation is introduced. At the moment we are not in a position to say what the precise form of the legislation will be.

**Mr OLSEN:** I take it that the Premier is not willing to make available his costings for debate and consideration by the parliamentary process. It seems that some of the costings are suspect, if he is not prepared—

**The Hon. J.C. Bannon:** Not at all. On the contrary.

**Mr OLSEN:** Why will you not make them available?

**The Hon. J.C. Bannon:** Those costings have been widely used by both employer and employee organisations that have been assessing the scheme. They have been checked and double checked, and obviously there are always unknowns in the operation of any new scheme. In broad terms the savings that have been publicly referred to in the white paper have been endorsed by those studies. As to the detailed papers, I will simply refer that to my colleague the Minister for Labour.

**Mr OLSEN:** When the Premier says that the matter has been widely endorsed, I presume that he therefore agrees with the Chamber of Commerce and Industry, which maintains that any change to any component of the package would destroy it.

**The Hon. J.C. Bannon:** The package will certainly be destroyed in parliamentary terms if the Opposition persists in its attitude to the corporate statutory authority and insists on involving that many insurers in the field, because that has been seen as being one of the prime inefficiencies. Considerable cost savings are involved in a single insurer concept, provided that the scheme is managed on statutory terms, as agreed by bodies such as the Chamber of Commerce and Industry. I am surprised that the Leader invokes that organisation, because his Party is directly at odds with the Chamber of Commerce and Industry, the Metal Industries Association of South Australia, and with large elements of other employer bodies, including the RTA, and so on.

**Mr OLSEN:** The Premier is being very selective about the employer groups that are backing the Government's work cover proposal. I make no apology that, as it relates to single corporations, like OCI Metals, we are at odds and we will remain at odds with the proposal. We will not support the existing corporate package. But if the Premier is so sure of his costings in relation to savings arising from going to a single corporation, why will he not release the Treasury papers that support his contention?

**The Hon. J.C. Bannon:** I am quite happy to refer that matter to my colleague, as I have said about three times.

**Mr OLSEN:** If the Premier is not prepared to release those documents, apparently he does not have much faith in them to support his argument—that is what it really amounts to.

**The CHAIRMAN:** Order! The Chair has been very tolerant with this line of questioning. I point out to the honourable Leader that his questioning is becoming remote from the matter before the Committee. I also remind him that the Premier has pointed out about three times that the administration of the Workers Compensation Act is under the jurisdiction of the Minister of Labour, and not the Premier. I hope that the Leader does not continue with his war of words on the question of workers compensation.

**Mr OLSEN:** Quite so, Mr Chairman—you are quite right. We are talking about the advice from Treasury officers as to the costings of the package upon which everyone is placing so much importance.

**The CHAIRMAN:** Order! The Chair has a grave doubt as to whether we are really talking about that. The Chair has given the Leader a very wide scope in which to raise the question of what might or might not occur in relation to the Act referred to, which, as I have pointed out, is the responsibility of the Minister of Labour and not the Premier.

**Mr OLSEN:** I refer now to superannuation arrangements of statutory authorities. Page 122 of the yellow book reveals that investigations by Treasury have established some inac-

curacies in the handling of superannuation arrangements operated by statutory authorities. Will the Premier explain the nature of those inadequacies, and can he indicate which public authorities are involved?

**The Hon. J.C. Bannon:** I think that this information has already been made public—certainly the matter has been referred to. If the Under Treasurer has some more detailed information perhaps he could put that before the Committee.

**Mr Prowse:** I do not have anything in detail to add to what the Premier has said. There is a question of how authorities should provide for their superannuation commitments; whether such commitments should be funded and whether they should be funded through a central agency. Those matters are presently under very active review by the Public Actuary and the authorities involved. Currently there is an active exchange between them about the best method of providing for their superannuation obligations. Also, there is an inquiry into the State superannuation fund and its method of operating.

**Mr OLSEN:** I accept that, and I support the inquiry currently being undertaken. However, the yellow book refers specifically to some inadequacies that exist and, as the details are not available at the table at the moment, can the Premier make those details available to the Opposition via *Hansard*? I would like details of the nature of the inadequacies, which authorities were involved, and what the financial implications were of those inadequacies in the various authorities involved.

**The Hon. J.C. Bannon:** I can certainly undertake to provide a report on that.

**Mr OLSEN:** An objective referred to at page 124 of the yellow book is to upgrade Treasury office security arrangements. What does the Premier have in mind in this regard? I noted that the *Sunday Mail* of 15 September reported that thieves had broken into the Auditor-General's office, I assume to get a copy of this year's Auditor-General's Report—I do not know what else anyone would want to break into the Auditor-General's office for. Subsequent to that break-in, the Auditor-General asked that arrangements be made to ensure greater security of his offices. What was the outcome of police investigations relating to the Auditor-General's office and the inquiry into the missing documents, if any? Further, what is meant by the 'upgrading of Treasury Office security arrangements'?

**The Hon. J.C. Bannon:** This matter was reported in the press. I have since received a report from the Under Treasurer, and I have also spoken to the Auditor-General about the matter. It appears that no specific documents are missing. A series of break-ins has occurred, and I guess what this highlights is the problem of sensitive Government functions operating in offices which are open to the public. There have been security problems with the QBE building, related to access to lift and stairwells as well as general access to the building. That matter is being pursued urgently.

In fact, the report from the Auditor-General highlighted the fact that the security deficiencies had been identified and needed to be addressed fairly rapidly because more than one break-in had occurred. I might point out that incidents have occurred in relation to two other tenants who occupy the building—not related to the sensitive Government departments. I guess that to a simple minded burglar the concept of the Treasury might mean lots of cash lying around in desks or safes, making it a great place to break into. However, the Treasury's cash is much better protected than that and more effectively working to earn us money.

Perhaps the only way to overcome the problem would be to house the Treasury and Auditor-General departments as well as other sensitive departments in a purpose built place which could be totally secure. However, at this stage that is not economic and not contemplated. The upgrading of



security in the building involved is being attended to as a matter of urgency. On the occasion referred to nothing was found. The safe that was broken into was empty, apart from some documents, none of which were purloined. So, no great harm was done, but it certainly alerted us to the need for proper security arrangements to be observed.

**The Hon. B.C. EASTICK:** I refer to program 13. The Auditor-General's actuarial assessment of various funds has been a problem to the Parliament, and I refer to reports being promised and delays in those reports being made available and circulated. Are all activities requiring actuarial assessment now up to date and, if so, have the documents involved been made available publicly?

**The Hon. J.C. Bannon:** No, that has not been completed. I shall take that question on notice, unless the Under Treasurer wishes to add something.

**Mr Prowse:** I simply confirm that the investigations have not been completed.

**The Hon. B.C. EASTICK:** The figure for the intra-agency support service, items not allocated to programs, is not dissimilar to what it has been for a year or two, but I am particularly interested to know whether all of those activities can be expected to remain outside of program budgeting, or whether action is being taken to reduce what one might term that miscellaneous line in the future.

**The Hon. J.C. Bannon:** Under the program approach, every attempt is made to dissect salaries and break them down into the various programs and provide a salary component for them, but at the end one is still left with the residual salaries and amounts which we have not allocated. As a general rule of thumb, executive level of Treasury, which ranges over a number of functions and departmental responsibilities, is allocated to this line, so you might term them the sort of executive overall policy areas of Treasury which require the attention of a senior officer in a number of areas; but, where particular activities take place within a division or function, we break them down into a salaries and wages component.

**The Hon. B.C. EASTICK:** As this is the executive area of Treasury, and because of the complexity of Treasury matters and the variations as between State and Commonwealth, is there any move afoot to second officers into the Commonwealth field, or Commonwealth officers into the State field, for the purpose of perhaps better understanding one another's programs?

**The Hon. J.C. Bannon:** That has been discussed on many occasions. There have been instances of that occurring, but at this stage it has not been pursued as a major program. As the Under Treasurer mentions, he was a former Commonwealth Treasury officer of long standing and seniority. The Deputy Under Treasurer also has worked and had considerable experience in the Commonwealth Treasury; so, to the extent that permanent appointments are made in that way, I guess you could say that there is a cross-fertilisation, but it is certainly valuable to the State to have officers with that direct experience and contact in the federal service. As far as exchange officers are concerned, that is only done to a fairly limited extent. There are a couple at the moment in that situation in our State Public Service, but there is no comprehensive program.

**The Hon. B.C. EASTICK:** Whether directly in the Treasury area or elsewhere in Government service, is there any officer currently permanently resident in Canberra to lobby on behalf of the South Australian Government in relation to those matters having a Commonwealth/State relationship? This was a matter which was put forward about five or seven years ago as a distinct possibility where this State or the States collectively could maintain an office in Canberra for the purpose of acting as a letterbox, but even more as an area where there could be direct and immediate

consultation at officer level to the benefit of the States.

**The Hon. J.C. Bannon:** It is not considered that there is any such need: in fact, it might even be counter productive to have somebody permanently posted in Canberra. The effect of that could well be that they find themselves locked into the Canberra scene rather than with direct knowledge and influence in the South Australian scene. We are not talking about a pre-Second World War situation where lines of communication were much more tenuous and difficult. As far as I am aware, the only State or Territory that has that kind of permanent representation is the Northern Territory. You can understand it in that case; first, because of the time and distance involved and, secondly, because of the enormous dependence on the Commonwealth that the Northern Territory has. But, in our case, with a culmination of current communication forms by means of telephone, telex, and facsimile exchange (where documents can virtually be copied in an instant), there is tremendous communication ability, as well as frequent occasions on which we travel to Canberra and, in turn, Treasury officers come here.

I must say that I believe that South Australian Treasury enjoys a high respect from their federal counterparts and we are regarded as very credible, because over the years we have developed a reputation for playing it straight and dealing very directly. Other States have got themselves into difficulties by trying to outfox the Commonwealth or indulging in practices that they hope would not be noticed. We find that the open and straight way of dealing yields dividends, and I think that that respect that we have for the Commonwealth Treasury is returned by them.

**The Hon. B.C. EASTICK:** Are there any further answers as to completion of the actuarial tasks?

**Mr Prowse:** So far as I am informed, the only outstanding matter is this question of the investigation of the long service leave fund for the building industry, as noted in the yellow book. A substantial amount of investigation was completed in 1983, and Mr Ruse has been Public Actuary; and as Chairman of the South Australian Superannuation Fund Investment Trust, he has indicated that that is the only outstanding matter at the moment. It is not a very large matter, either.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

Treasurer, Miscellaneous, \$14 059 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Mr G.A. Ingerson

Ms S.M. Lenehan

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr A. Prowse, Under Treasurer.

Mr G. Foreman, Director, Budgets.

Mr J. Wright, Treasury Accountant.

Mr R. Ruse, Director, Financial Policy.

Mr P. Cornish, Commissioner for State Taxation.



**The CHAIRMAN:** I declare the vote open for examination.

**Mr OLSEN:** Can the Premier indicate to the Committee the precise date selected for the opening of the casino?

**The Hon. J.C. Bannon:** I cannot tell the Committee the precise date. The aim is to open in early December, but obviously we are very much in the hands of the builders and those working on the amenities of the casino. The training and operational program is well developed and ready to go. The physical refurbishment is coming along well and to schedule, but at this stage a firm date cannot be announced. We are talking about early December.

**Mr OLSEN:** Is the current dispute in the concrete industry having an adverse effect on the schedule for the building program of the casino?

**The Hon. J.C. Bannon:** It has caused some delay but not a major one. It is a delay of about a week, but as to whether an entire week will be lost will depend on whether we can catch up in some other areas.

**Mr OLSEN:** In relation to costing for the casino, the original estimate was \$15 million. Can the Premier give us the current completion cost for the project?

**The Hon. J.C. Bannon:** The \$15 million mentioned by the Leader of the Opposition was an early estimate. In the course of detailed work on the designs and so on the costs have increased. It is being positioned very carefully to be quite unique and to have a flavour and atmosphere of a European style casino.

There will be considerable plushness in the fittings and general ambience of it for very sound commercial reasons. A figure of about \$20 million has been more commonly used. It would be more in the area of its overall cost. I point out this does not involve Government funds. As with the Grand Prix, it is quite welcome to see more funds being expended on a facility because that obviously means more activity is generated, provided that that can be matched against the return we will get from it. There is no question that the casino will provide very great economic benefit to the State.

**Mr OLSEN:** Will the Premier indicate, in light of his comments, the expected revenues to be generated by the casino in the first three years?

**The Hon. J.C. Bannon:** We have estimated \$4 million in this financial year, which is a half year effect in a start-up situation. I would not like to put an estimated figure on future projections. Obviously, we are talking about, say, \$10 million per annum based around the \$4 million estimate for the half year of its operation.

**Mr OLSEN:** Is that based on projections, taking into account experience in casinos elsewhere in Australia?

**The Hon. J.C. Bannon:** Yes, we have looked elsewhere in Australia and overseas and also, of course, we had a view of the competition that will be there. While ours should be the first mainland capital casino opened in Australia it will be very shortly followed, first, by Jupiters casino in Queensland, although that has come into some difficulties as we understand it, and in Western Australia they are also moving towards casino development.

**Mr OLSEN:** And a couple operate in the Northern Territory.

**The Hon. J.C. Bannon:** I am talking about mainland capitals—Adelaide, Brisbane and Perth. Quite frankly, the Northern Territory casinos do not provide us with very much competition; they are not going terribly well. I do not wish to put them down, but of course their operation, scale and market cannot be compared in any way with what we are aiming for here. We are expecting \$10 million-plus revenue a year in current values from the casino, and of course much more activity generated in and around it.

**Mr OLSEN:** As the casino is linked to the ASER site and in view of the fact that there has been approximately a one-third blowout in the price 50 above 20 (I understand it was about \$24 million on the current estimate for completion of the casino) is it also the case with the ASER development that we are seeing an expansion of funds for completion of the project?

**The Hon. J.C. Bannon:** No, we are not talking about blowouts. This has been a mistake throughout in the attacks made on this project by the Opposition. At different points of the development a conscious decision has been taken either to upgrade, increase the capacity or make other changes to improve the economic viability and return on those facilities. In the case of the ASER development, for instance, a conscious decision was made in relation to the size of the convention centre based on the study of the best economic return. The option chosen was more expensive than the original proposal, but by spending that extra money one of course improves the return quite markedly. That has been so with design work carried out on the hotel itself. I guess this attitude to those projects personifies the problem the Opposition really has in trying to understand how business works. If the Leader ran a business—

**Mr OLSEN:** Which I did for 15 years.

**The Hon. J.C. Bannon:** And which I am glad to hear; he must have had a great accountant. I would have hated to go to him and say, 'Listen, I can see a great opportunity for expansion of your business but it will require you to relocate, take slightly larger premises and put some investment into it.' The Leader of the Opposition's reaction to me would be, 'Oh, I cannot do that. It is a blowout in costs. I cannot spend more on that. I have only budgeted \$2 000 for my maintenance this year and you're asking me to spend \$10 000 on a relocation.'

As the Leader of the Opposition's business adviser I would say, 'Yes, do not be too hasty about this. By spending that money you will be able to get double the return. Look at it that way and you might be inclined to do it.' As a businessman I am sure the Leader of the Opposition would say, 'Yes, that is sound advice.' He would accept it and profit. Yet as Leader of the Opposition he cannot understand that advice. He insists on criticising and attacking as blowouts conscious decisions to ensure that facilities return their maximum.

So, to return to his question, remember that the Government and its finances are not at risk or involved in the ASER development—neither in the casino nor in other elements of that project. If the joint venturers choose to spend more because they feel that that can assist their return, they are very welcome to do that, just like those organising the Grand Prix. In my view, unlike the Leader of the Opposition, if they say, 'If we spend more on a new stand will you mind the criticism that that is a blowout, but we assure you we will get the revenue back,' I say, 'Go ahead, spend more if you will make more.' That is exactly how we are approaching this development.

The budget, as determined on the size and scale of the operation, is coming in very well indeed in quite a difficult market. The financial controls involved are working very effectively. I have considerable confidence that the investment to date is in line with all the estimates that have been made. Where there are increases in estimated expenditure it is because a conscious decision has been made that they should improve the facility and expand capacity.

**Mr OLSEN:** Of course, the Opposition is used to some rhetoric from the Premier such as that. We got it as it relates to the Aquatic Centre when we saw \$4 million or \$5 million simply poured down the drain. The Premier has referred on two occasions today to my business experience and to the fact that I had a small business for 15 years

before going into politics. It must be a sensitive and raw nerve, because he keeps tackling that issue as he does the total State's indebtedness, for him to be reacting in the way he is to those issues.

I go to the next question in relation to a line where there is \$11 million remitting—the ETSA levy to give this one off pre-election tax cut to consumers of electricity in South Australia, which has no continuity. It does not give meaningful or long-term relief to electricity consumers. Does the Premier intend to introduce legislation to amend the Act to reduce the levy so that the \$11 million is not a one-off pre-election gimmick but is something that will give some long-term relief to ETSA consumers?

**The Hon. J.C. Bannon:** The reduction in ETSA charges that will take place in November will be the first time ever that there has been a cut in those charges. It has been made possible, in part, because of the \$11 million remittance that has been made to ETSA as a special rebate.

In doing that, I point out that we have also been very careful to look ahead at ETSA's future charging policy on finance, because I agree with the Leader of the Opposition: if it is simply going to be a one-off one year relief, however welcome that might be—and it amounts to about 10 per cent in real terms—we are not coming to grips with the overall problem of power costs in this State. So, in negotiations with ETSA over that item we have also looked ahead at what its future tariff policy will be.

As I said at the time we announced the decision to remit that amount of money, electricity charges next year will be frozen to the inflation rate or less. I would anticipate that it will be less than the inflation rate, so we will have a second year of real cuts in the price of electricity. That will provide a tangible benefit to business in this State as well as to the ordinary household consumer and in so doing will certainly sharpen our cost advantage over States where the tariffs have continued to be adjusted. As to the future, in relation to the ETSA levy built into both ETSA's cost structure and the State's revenue base—and has been for some 15 years—it was not touched or changed by the previous Government which raised electricity charges in its period of office far more than we have done. That is something we obviously have to reserve for the future. Quite clearly, as part of Government policy in consultation with ETSA, with power charges we have to keep in mind that there is a levy. As to ETSA's future charging policy, this year and next year there will be real cuts in the price of electricity.

**Mr OLSEN:** It is interesting to note that the Premier's expansive rhetoric will mean that consumers in South Australia will save \$2 off their next quarterly bill. That is not a massive saving with the increases in the quarterly electricity bill over recent times. That point ought to be noted. The Premier said that \$11 million was a one off and agreed with me that there ought to be greater continuity in legislative terms to give meaningful long-term and permanent relief to ETSA consumers. He said that there would be no increase next year, that it would be frozen and that the increase would be below the consumer price index. If that is the case, either the deficit has to rise at the Electricity Trust and we will force it into deficit over the period of the financial year about which he is talking or he will make another one-off commitment next year—which is it? Will the Premier force the ETSA board to undertake deficit funding (and we do not want to pick up that tab in government with massive deficits in a range of Government departments and statutory authorities), or is he intending to give more relief next year in a one-off payment?

**The Hon. J.C. Bannon:** As part of this exercise we must be concerned that ETSA does not go into a long-term deficit position.

*Mr Olsen interjecting:*

**The Hon. J.C. Bannon:** Yes, and on occasions that can be justified. If the Leader is arguing that we should allow electricity charges to rise, as they did under the Tonkin Government, I reject that policy. We are not prepared to let that happen and we have taken action to ensure that it does not, but we must do that without jeopardising ETSA's overall financial viability. That has been taken into account in the decisions made.

The Leader of the Opposition tries to trivialise the cuts. In so doing, he ignores the effect of not having any increase, which means effectively a 10 per cent cut in real terms, ignores the imposition that the previous Government placed on electricity consumers, which was many dollars a quarter, ignores the fact that we introduced a concession scheme which has proved to be a boon to thousands of electricity consumers and which did not exist under our predecessors, and ignores the fact that we were locked into the most extraordinary gas price agreement by the previous Government as a last minute election gimmick. That has cost ETSA many millions more dollars than any other single factor to which we can point.

**Mr OLSEN:** It ought to be noted that Treasury is picking up in total from all avenues about \$42 million out of the Electricity Trust this year. The fact that it is only \$2 off the bill is a rather small amount.

**The Hon. J.C. Bannon:** The Leader wants to trivialise it.

**Mr OLSEN:** The Premier is using SAFA as debt servicing costs, as backdoor taxation, on ETSA to the tune of \$12 million. As to the concession scheme the Premier claims to have introduced, he knows very well that both political Parties last election gave such a commitment to the electorate at large.

**The Hon. B.C. EASTICK:** Since the document was circulated, the Premier has made an announcement of the removal of the 10 per cent surcharge as it applies to the West Coast. Is the Premier able to indicate where he is going to fund any part of that reduction in income?

**The Hon. J.C. Bannon:** We have made an offer (and this is the first time a Government has moved in this area) to the Northern Eyre Peninsula electricity undertakings, which operate through local government, that, if they are prepared to make an agreement with ETSA whereby they will hand over those undertakings to the Electricity Trust for them to manage and operate, the surcharge will be removed and they will effectively be paying the standard price for electricity, which will be a great boon to those communities. It is something for which they have agitated. It is framed in the form of an offer because, if those local communities do not wish to take advantage of the ETSA offer, it would not be possible for us to make the remission. That has been fully costed by ETSA and it will be a great boon to those communities. It has been well received and negotiations are going on at the moment.

**The Hon. B.C. EASTICK:** It would appear that there is no guarantee to the people of the West Coast that they are going to benefit from this offer.

**The Hon. J.C. Bannon:** I believe that local authorities and local government will respond—there is no problem with that. In the event that a local government authority said that it would not have a bar of it and that it would continue in its own way, the communities have a lever. Local government authorities are democratically elected, as are governments.

**The Hon. B.C. EASTICK:** You, Mr Chairman, would know through living close to a number of these people that a number of staff are involved who are employed by the seven local government authorities undertaking this activity. Those staff are covered by the MOA award in the main. Councils have given a clear indication that they believe that

those employees, the same as any other employees that would be in government service, ought to have some guarantee of continuance of employment. The Premier now advises us that the whole thing is subject to councils handing over the operation to ETSA. Did the Premier, before making these announcements, make arrangements with ETSA to take on those employees under the terms and benefits that they presently enjoy in the councils in which they are employed?

**The Hon. J.C. Bannion:** That was part of the negotiations and the offer made. I appreciate the honourable member's endorsement of the concept of continuity of employment. It is at odds with what was espoused by the Leader earlier today, when he drew attention to the Auditor-General's reference on page 14, to the inflexibility that security of tenure provides.

**Mr OLSEN:** That is a gross distortion.

**The Hon. J.C. Bannion:** The Leader of the Opposition quite clearly is endorsing the sentiment that security of tenure is not appropriate. It would be very much easier if that did not apply. My Government believes that it is a fair concept. On that basis negotiations are being conducted. The MOA was notified of the arrangements at the preliminary meeting we had at which we discussed the offer being made. There were discussions on the future employment of those working in local undertakings at the moment. In most cases ETSA will be able to take them into its establishment. There may be a need for some relocation, but that will be done on a negotiating basis because there will be efficiencies in taking over the whole grid.

That is one reason why the 10 cent surcharge can be dispensed with. However, the ongoing employment of those people will be catered for. In some instances—and this is the only area where some negotiation needs to take place—an officer may be performing some functions for the local government body and some functions for the local government body's electricity undertaking. Some way of dealing with that, in terms of division of responsibility, will probably have to be worked out. ETSA is quite confident that that can be done in negotiation with local authorities. Contrary to the line espoused earlier, we will not see those employees left high and dry.

**The Hon. B.C. EASTICK:** I believe that the Premier has gravely misrepresented the question raised by the Leader of the Opposition earlier in respect of page 14.

**The Hon. J.C. Bannion:** He mentioned security of tenure.

**Mr OLSEN:** I asked the Premier what was his attitude on the basis of the Auditor-General's Report. I did not indicate that I support the abolition of security of tenure, and well he knows that. It does him no justice to misrepresent that.

**The Hon. J.C. Bannion:** As long as that is on the record, I am happy. I am not sure, then—

**The CHAIRMAN:** Order! If the Chair has to get cross, I will certainly do that. This is about the fourth time that I have pulled up the Committee over a debate about a certain matter. We are dealing here with a particular line, and I would have thought that the Committee would well know by now what we are supposed to be doing here. I ask the honourable member for Light to return to the line before the Committee.

**The Hon. B.C. EASTICK:** The Premier has just given an equation in relation to possible transfer arrangements. We have dealt with the human side of this question, but what about the equipment side? A number of local government bodies have equipment specifically purchased by them for the purpose of fulfilling their role as suppliers of electricity to their communities. If this scheme is to be operative under the terms that the Premier is suggesting, then it is not just a matter of taking in staff and possibly redeploying a few

of them, but also a matter of acquiring on just terms from those local governing bodies the equipment that they presently utilise to provide that service. Has that matter been discussed?

**The CHAIRMAN:** Order! I will allow the Premier to answer that question. However, I point out that the line we are dealing with simply deals with a contribution to the Electricity Trust of South Australia for subsidies in country areas, and has nothing to do with the administration of ETSA, or with how the Act governing ETSA applies. That is something to do with the appropriate Minister. I believe that this line of questioning of the Premier is simply leading to a debate about something that has nothing to do with this vote. I will allow the Premier to answer, but I point out to the Committee that this line of questioning is too wide.

**The Hon. J.C. Bannion:** Obviously, negotiations will take place progressively in relation to equipment, as well. Some may well be needed and acquired by ETSA. I point out that, overall, those communities will benefit quite substantially and immediately by the remission of the 10 per cent surcharge that they pay on their electricity. That will be very welcome in those communities. There has to be a *quid pro quo* for that financial arrangement.

It is not for me to get involved with those negotiations, but ETSA is well aware that those authorities hold equipment. Obviously, there will be negotiations about whether or not it can be used ongoing or taken over and, if so, under what terms. Otherwise, it can be sold by the respective authorities.

**The Hon. B.C. EASTICK:** Has ETSA been advised that the line 'Contribution to Electricity Trust of South Australia—for subsidies in country areas' can be expanded to overcome any difficulties associated with the Government's agreement to remove this surcharge?

**The Hon. J.C. Bannion:** ETSA has been fully involved in these negotiations. It is on the basis of its costs estimations, and so on, that the Government and ETSA effectively have been able to make an offer to those undertakings. Certainly, that can be looked at as part of the transaction.

**The Hon. B.C. EASTICK:** What is the cost involved in the negotiation?

**The Hon. J.C. Bannion:** It is not known at this stage. It is envisaged that the acquisition, once agreement is reached, will take place progressively. The benefit in terms of reduction in the surcharge could take place almost immediately.

**Mr BLACKER:** Am I correct in assuming that the offer that has been made to the seven councils on Upper Eyre Peninsula applies to the two councils in the Upper North on this side of the gulf?

**The Hon. J.C. Bannion:** Hawker, for instance?

**Mr BLACKER:** Yes.

**The Hon. J.C. Bannion:** No, not at this stage. That will be looked at. We are just dealing with Upper Eyre Peninsula at the moment.

**The Hon. B.C. EASTICK:** To qualify that position, the Premier is on public record as saying that consumers across the State will benefit by an equality of electricity charges, yet if I understand him correctly consumers in two local government areas of South Australia are not to be offered that benefit.

**The Hon. J.C. Bannion:** Not at this stage. Obviously, we have taken the first major step. It will be implemented progressively. In the meantime, we are examining the situation in those authorities.

**The Hon. B.C. EASTICK:** There is not going to be equality.

**The Hon. J.C. Bannion:** Yes, there will be: we will get there. I find this attitude fairly extraordinary. I know that it must gall the Opposition to see a Labor Government

doing something that it was not able to do in all the years it was the Administration in this State. I guess that the Opposition's plan of privatisation has been balked; its idea probably would be to sell off those undertakings and authorities all over the State and provide for gross inequality of services.

**The CHAIRMAN:** I think that the Premier is baiting Committee members again.

**The Hon. J.C. Bannon:** I am not including the member for Flinders in my strictures because, being on the spot, I think he knows the way these benefits will be perceived.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

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Works and Services—Treasury Department,  
\$15 000 000—Examination declared completed.

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State Development, \$16 686 000

**Chairman:**  
Mr Max Brown

**Members:**  
The Hon. B.C. Eastick  
Mr D.M. Ferguson  
Ms S.M. Lenehan  
Mr I.P. Lewis  
Mr J.W. Olsen  
Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr K. Smith, Director, State Development.  
Mr C.R. Johnson, Senior Administration Officer.

**The CHAIRMAN:** I declare the vote open for examination.

**Mr OLSEN:** In regard to Roxby Downs, I refer to the paper 'Employment Aspects of the 1985-86 Budget'. At page 18 reference is made to a formal commitment to the initial mining project by the joint venturers being likely in September 1985. Does that still remain the expectation of the Government? If not, why has it changed? (I presume it has changed on the basis that it is nearly the end of September and there is no indication yet).

**The Hon. J.C. Bannon:** You will recall that under the indenture the joint venturers had to give notice that they were ready to move to a production phase. They have six months in which to make that commitment. They are in that period now. The six months runs to December. Obviously, they have been optimistic that they will not only meet that deadline but will come in earlier at this stage. There have been no further announcements but strenuous work is going on to ensure that they are able to meet that deadline.

**The Hon. B.C. EASTICK:** Has the Premier had further discussions with the joint venturers since his visit to Japan in July? Are the various bodies still as vitally interested as they were? Is there any development from the Japanese end suggesting the necessary input for potential sales reaction from the joint venturers?

**The Hon. J.C. Bannon:** I cannot report on the progress of those negotiations. Following the visit that I undertook with Mr Morgan arrangements were made for a negotiating team to go to Japan to talk specifically to the power authorities with whom we had made contact. That certainly took place but there have been no decisions, realising that negotiations are still in progress.

**The Hon. B.C. EASTICK:** Is the Premier able to say what progress the joint venturers are making in their negotiations with Japanese utilities? He has already announced other potential customers. It was not only the Japanese outlet that was important. Is the same working party working with those other potential customers? Has the Premier any knowledge of what is taking place?

**The Hon. J.C. Bannon:** It is not a working party but a negotiating team from the joint venturers. They are engaged on commercial sales negotiations in which the Government is not involved. As I explained at the time, the purpose of my visit was to do two things. First, it was to stress to the Japanese authorities, power utilities and the Japanese Government that Roxby Downs was a project of national significance and, secondly, it was to underscore the Government's commitment to its progress and to reassure them (because it had been a controversial project) that it was on course and had Government and community support.

The actual selling of the product, the writing of contracts, is a commercial operation that only the joint venturers can accomplish. There was no question that, as far as the Japanese utilities were concerned—they have no immediate need to enter into sales contracts. The strategy has been to attempt to get forward sales contracts on the basis that those who get into the project on the ground floor are obviously in a strong position for their long-term future supply requirements. In the case of Japan they can also diversify their sources of supply, which is something attractive to them. In a sense, it is selling to a difficult market. It is selling in the context where there is no immediate need by the customer but, looking ahead, there will be.

An early commitment by that customer would enable the project to proceed. It does not hinge entirely on the question of uranium. There are obviously markets and contracts being sought for copper and gold. The most difficult market at present, without doubt, is uranium, which is why special attention is being given to it.

**The Hon. B.C. EASTICK:** The Premier will be aware, as are other members of the Committee, of the difficulties of export experienced in the Northern Territory at present. Will the Premier give an unequivocal guarantee that, if he is the Leader of a future Government, the State Government will support the legitimate export of the product?

**The Hon. J.C. Bannon:** We have demonstrated our commitment from the time we made it. I do not attempt to hide or prevaricate over the facts that we had severe doubts about aspects of the project—in particular the uranium mining concept—but we gave an undertaking at the election that we would support the project. We have done so in all forums throughout Australia. We have taken whatever action is appropriate and necessary to assist the development's progress, and that would certainly apply in the future.

**Ms LENEHAN:** I refer to the 'Incentives to Industry—Motor Vehicle Industry Assistance Scheme' line under 'Program 1—Encouragement of Investment' (page 40 of the Estimates of Payments). What was the level of expenditure for the scheme in 1984-85, and what is the anticipated level in 1985-86? Further, what new initiatives are proposed? I note that there is a fairly substantial increase in the budget allocation for this line.

**The Hon. J.C. Bannon:** Actual expenditure for 1984-85 was \$248 000, and a further \$242 000 has been committed

but not yet paid. We have commitments in the current financial year to date of \$155 000—making a total expenditure of some \$600 000 to \$700 000. I think it can be seen clearly that this aspect of the development and incentives to industry program is obviously proving to be of great value. It has been interesting to see the sort of programs that have been coming through under this scheme, some of which have involved assistance with relocation and capital investment in new plant, while others have involved a refurbishment of existing plant and assistance in a study of a certain process in order to make a local manufacturer competitive in componentry. This has been as against the background of a motor vehicle industry which has been under severe stress and shakeout and which is now subject to the motor industry plan, although at the same time as currently operating in a boom market.

All these factors come together to provide a great opportunity for South Australia's share of that industry to be consolidated and strengthened. Access to a scheme such as this has been a real boon to those manufacturers operating in South Australia. One of the things to notice about any incentive to industry scheme is that money can be provided—and to use a notional figure, it could be \$50 million or \$500 million—but the success of any project can be gauged only by those viable industries which actually take up the opportunities, and that is certainly happening in this area.

**Ms LENEHAN:** I am one of the members of Parliament serving on the Industries Development Committee and, in relation to the Establishment Payments Scheme, does the Premier consider that that scheme has achieved its goal of creating incentives for people establishing new industries or expanding current industries to provide new jobs? Also, does the Premier believe that under the new package of incentive schemes the Establishment Payments Scheme will continue to fulfil a valuable and vital role in creating employment in South Australia?

**The Hon. J.C. Bannon:** In answer to the second question, yes, clearly, that approach has been successful. The Establishment Payments Scheme will be integrated into the industry development payments program. There will be different guidelines and some differences of approach, but the basic elements of the EPS will be maintained under the new package. Financial support and assistance will be increased as part of that overall program. In relation to the 1984-85 scheme, I think one could say that it was a very successful year.

As a member of the Industries Development Committee the honourable member would have seen the range of projects and the different interests that have come before the committee. Some 450 extra jobs have been created with the assistance of the EPS. It is a scheme with very good multipliers: in other words, the assistance that the State provides is more than matched by the capital investment and other developments of the company applying for assistance. It is a good scheme which combines sound investment development initiatives by a private company with Government assistance, which can often make the difference between success and failure.

So a good range of both new and well established companies is involved. In relation to the 450 jobs to which I referred, that relates to an actual expenditure of grants made during the year 1984-85. But in fact coming through the system there are a further 560-odd jobs in a range of enterprises which are making applications. Some of the developments have been very significant. We are talking about 140 jobs under the Repco scheme, and 60-odd jobs at Shell, while some of the proposals have involved only two, three or four jobs. So, small business as well as large business is being assisted under the scheme.

**Ms LENEHAN:** The line dealing with incentives to industry refers finally to 'other incentives'. Can the Premier briefly highlight some of the other incentives that are planned as part of this encouragement in investment? I am aware of some of the incentives relating directly to the jurisdiction of the Industries Development Committee, but I am interested in details of some of the other incentives.

**The Hon. J.C. Bannon:** Perhaps the best thing that I can do here is refer members to a pamphlet that has been produced by the Department of State Development which outlines in quite an attractive and simply expressed manner the new range of schemes under the incentives and assistance to business in South Australia program. That incorporates a number of existing programs and upgrades and revamps them. It involves new programs, but basically they are summarised under the general heading of the South Australian Development fund, including industry development, structural adjustment, the technology and innovation program, the regional industry program, a system of Government guarantees, the industrial land and premises program, and export action assistance.

Looking through the range of these programs, one can see that we are attempting to introduce a much greater flexibility into the scheme. The experience of the last few years has shown up both strengths and deficiencies of the scheme. A committee undertook a major and exhaustive review of all incentives and assistance to industry in South Australia. We did not take up all the forthcoming recommendations. For instance, it was recommended that the country payroll tax remission be abolished. That would certainly have freed up some funds which could have been applied to a number of areas that the committee felt would be much better supported and indeed probably overall would have assisted regional industry more, but in assessing the current country payroll tax remission arrangements the Government felt that there were arguments in favour of it remaining in place, at least at present, particularly when one considers the problems that people experience in our regional areas.

The Iron Triangle, and Whyalla in particular, is a good example of where we want to provide the greatest number of incentives in order to attract industry. Equally, in the Green Triangle, where we are competing with industries across the border (and general payroll tax remissions have been abolished in Victoria) there is perhaps some advantage in maintaining a comparative advantage, so we have maintained the payroll tax incentive. In relation to funds for the overall package, we had to substantially increase the allocation, and we have done that. Again, its success depends on how industry takes advantage of the opportunity that has been provided.

**Mr LEWIS:** I wish to draw the attention of the Committee to the first and second programs, which relate to payments to consultants: who are the consultants, and can details of the projects on which they will be working be provided in both the retrospective and prospective context—in other words, what has been done up to date and what will be done next year?

**The Hon. J.C. Bannon:** In relation to the State Development Department we found that, as well as the staff we employ permanently in the department with particular areas of expertise and responsibility, very often particular projects emerge. For instance, an industry might have particular problems, and we just do not have the resources to deal with them, but there is some input that the Government could provide, or alternatively we want to assess whether or not a particular assistance package is warranted. In those instances we can provide consultancy support. We have given advice in various areas and, to mention a few, there is the wine industry attitudinal survey, a study of a manu-

facturing centre, a corporate advisory committee, and the energy tariff review. We have provided consultancy assistance to look at the impact of electricity and other tariffs on business and how matters might be structured to allow for submissions to be made internally, and so on. There is a range of things, so in any year we make provision for sums of money to be available for consultancy assistance. It is being increasingly recognised as a cost efficient way of dealing with particular problems in industry as they arise.

**Mr LEWIS:** Supplementary to that, would the Premier be willing to provide a list of those projects upon which money has been spent where the people concerned have received the benefit of private consultants during the last year? I do not want him to go through it now and waste the Committee's time, but that is what I was alluding to when I asked my first question.

**The Hon. J.C. Bannon:** I have a list, as follows: Morgan Grenfell's Hill Committee, where there was a consultancy for economic assessment; an input and output analysis centre for economic studies; a restructuring study of manufacturing industry, an Iron Triangle regional technology study, which resulted in the proposal that we have submitted under the steel plan for Whyalla; biotechnology and facilitation of commercialisation, and the energy tariff study review I mentioned a moment ago. There has been a consultancy to identify the needs of target investment groups in priority markets and to identify target companies in specific industry sectors, and a consultancy to produce investment and business plans on projects of significance to the State. I do not have a list of those who have been involved in those various studies, but I could supply it. A number of consultancy firms have been used.

**Mr LEWIS:** Turning to a matter which may have been covered by those consultants, I note that last year we budgeted \$830 000 and spent \$897 000 on State marketing promotion, and this year we intend to spend \$589 000. I am interested, under SAPRO, in which wineries have been promoted in those markets where the promotion is taking place. The note in the yellow book confirms the impression I had that Japan has now become South Australia's largest bottled wine market. I am interested to know the extent to which the activities of State marketing promotion personnel have been responsible for the development of that market and the other markets in which they are making investigations at present with a view to further developing this.

**The Hon. J.C. Bannon:** SAPRO has certainly been very successful. As the honourable member says, the target has been Japan and wine selling in Japan. We have had a series of presentations and marketing initiatives under the aegis of SAPRO. The way in which it operates is of course that companies must be part of the organisation and therefore financially contribute to it. It is not simply a State funded operation. It is done on a contributory basis. I do not have a list of the participants here, but I can obtain one for you. A number of companies have been involved, and I think all of them feel that their involvement has been very successful. They are all the major companies, including Sepelts, which rang me the other day saying that its exports to Japan have increased quite substantially in recent months, but Hardys and Penfolds as well as a number of other major companies are all very happily involved in that promotion of selling.

**Mr LEWIS:** In relation to the line on the installation of a computer system for the Department of State Development, what package of hardware was chosen; what kind of hardware was bought; what sort of programs were put on it, and why was that package of programs chosen? Also, are courses available in TAFE to teach the staff how to use the system? How was the decision arrived at?

**The Hon. J.C. Bannon:** Just in general terms, it is one of the key new initiatives that the department is undertaking this year, to establish a computerised data base. The need for it has become increasingly evident during the progress of the submarine project and the task force activities, but there have been other areas where clearly it can prove of great value.

**Mr Smith:** The hardware decision has not been taken yet; it is still under investigation. As the Premier has already indicated, the object is to build a data base to assist primarily with the submarine project and the Roxby procurement project. It is a data base of industrial capability in terms of both production capacity and technical competence and quality. It will also be used for a wide range of other applications. There is a very detailed investigation going on now in terms of selection of hardware and software, and that is being done in conjunction with Government Computing Centre technical expertise.

**Mr OLSEN:** Last night the Premier released a document entitled 'South Australia's economic future in the next five years'. That document contains a commitment that the South Australian Government will now move immediately to establish a new scheme for providing system incentives under what will be known as the South Australian Development Fund. How much money has been put into that fund and who specifically administers it?

**The Hon. J.C. Bannon:** It will be administered through the Department of State Development, and it is a consolidation, upgrading and development of a series of incentive and assistance programs that will be marketed and presented to industry under the banner of the South Australian Development Fund. In order to get the total that has been allocated to the fund incentive schemes one would have to look through a series of the programs because there are various components to it. The full year spending impact will be of the order of \$13.5 million. This year we have provided \$11 650 000 for those schemes as against expenditure last year of the order of \$9 million or so, which represents a considerable upgrading.

Of course, as I said earlier to the honourable member in responding to questions about this scheme, and I think the Leader of the Opposition was not present in the Chamber when I dealt at some length with this, those schemes depend very much on industry's taking advantage of them. There is no question that Government can do all it can to provide appropriate incentives, but if one does not have any takers—in other words, if one does not have business either expanding, relocating, or developing—one does not spend the money.

Restructuring this scheme through the South Australian Development Fund with the flexibility that that has introduced and capacity for wider sections of industry to get access to it will provide great benefits. Already schemes such as the establishment repayments scheme, which has been incorporated and upgraded into the general framework of the development fund, have served very well both small and large scale businesses, new and established. We certainly want to maintain that mix.

**Mr OLSEN:** I may be covering some of the ground canvassed before, because I had to take an interstate call. That was the reason for my brief absence. How many applications has the department received under this fund, recognising the upgrading is of the order of about \$2 million a year; the other is coordination of existing or previous programs brought into this development fund? I take it from the Premier's comments that there is an extra allocation of approximately \$2 million per annum. How many applications have been made to the fund and from what sections of industry do they come?



**The Hon. J.C. Bannon:** It is early days yet, because the scheme was only announced a few weeks ago. Obviously, over the next few months as we publicise the opportunities we expect to see the response. There is already considerable interest in the structural adjustment component of the scheme. As I understand it, the technology innovation program is also attracting considerable interest. That will be marketed in conjunction with Technology Park.

We referred earlier in this Committee to those schemes which relate to the motor vehicle industry, restructuring of component manufacturers and so on. Already, there are a number of applications in the pipeline there.

**Mr OLSEN:** In relation to the Roxby Downs project within State Development, a Roxby procurement officer was established to coordinate and assist people wanting involvement in accordance with the indenture put forward by the previous Government to give preference to South Australian companies or to ensure that there was a place for South Australian companies with the Roxby Downs project. How many South Australian companies have so far registered interest with the office and can the Premier indicate the range? Is it primarily construction or are they potential suppliers? What range of companies have registered interests with the procurement office?

**The Hon. J.C. Bannon:** The starting point in exercises such as this is that while one can provide in indentures or by other conditions for some form of preference for local industry, local industry must be geared to take up the opportunities. Far too often we have seen the inability of local industry to do so, in part because they have not had sufficient notice of requirements of a particular project and therefore they are unable to meet supply deadlines or specifications.

The establishment of our task force approach and registration of interests is aimed at overcoming that particular problem so that in advance of a company actually calling tenders on a particular aspect of the project there are those who, if they know what is on the horizon and what they have to gear up for, are in a position to tender competitively for it. It will be worked in conjunction with the data base we discussed earlier in response to the member for Light. I cannot give details on the numbers who have registered interest. I guess they could be fairly readily ascertained and I can supply them.

**Mr OLSEN:** The Department of State Development conducted a campaign in the Eastern States about South Australia's best kept secret. As a result of that, there was some publicity and there have been a number of comments that there were some 5 000 responses to the newspaper advertisement, if I remember the Government's press release at that time. What was the follow-up from those requests for further information, and has it borne any fruit as it relates to specific investment in South Australia and the campaign's success as it relates to attracting young entrepreneurs, which was its objective, to South Australia?

**The Hon. J.C. Bannon:** The campaign is staged: first, if you like, it was an attention grabbing exercise aimed at raising the level of knowledge and awareness of opportunities in South Australia—registration of initial interests. There was a very strong response to it. Further detailed follow-up has occurred through seminars and various other activities.

**Mr Smith:** The filtering process on the responses we received from the advertising campaign has virtually been completed. We concentrated on getting younger people who wanted to establish businesses in this State. The extent to which this has converted into investment is relatively small, but noticeably, in the computer software and information-technology area where people have moved into this State as a consequence of the program. Also, of course, the pro-

gram was designed to enhance awareness of the State because the perception interstate of South Australia's capability was poor as was their knowledge. We believe we have overcome that negative feeling. The continuing advertising program will gradually become more specific to attack particular targets.

**Mr OLSEN:** Have funds been allocated for those specific programs for the current financial year?

**The Hon. J.C. Bannon:** Yes, funds are allocated for State marketing and promotion. Of course, that includes marketing our incentives and assistance program which will be getting into full swing as the financial year develops.

**Mr BLACKER:** I seek further information from the Premier in relation to the Lincoln Cove development which he mentioned earlier today. I understand that State Development has been involved to some degree. Can he explain a little more about procedure and the position at the moment?

**The Hon. J.C. Bannon:** Yes, I referred to this in another context earlier. The State Development Department was involved in the concept and has been actively involved throughout the Lincoln Cove project (formerly called the Porter Bay project) which is a joint venture involving the Government and the private sector—a marina development with a fishing boat, wharves, boat haven and so on. It is a very big development. It has gone successfully through the various stages of planning and local investment response and we are at the point of finalising the tripartite agreement between the partners who will form the Lincoln Cove Development Corporation which will undertake the development.

Of course, there is considerable State Government involvement, not just as a participating partner but through work to be done by Marine and Harbors in dredging and other preparatory works for the overall project. The first major call for tenders, the scheme having been referred to the Public Works Standing Committee, has been completed. The tender response came in well above that which was budgeted. It has caused us considerable concern because the time scale on this project is tight, a number of partners are involved and tenders came in well above those that had been estimated.

I am talking of the order of \$1.5 million to \$2 million in a \$10 million project—significant sums of money even though the overall project is large and there is obviously a commercial return element built into it. Nonetheless, I certainly did not wish the Government to be again exposed to allegations of overruns or inefficiencies. A detailed analysis has been done of those bids to try to estimate why they are higher than the consultants suggested they would be, and various elements have been identified. They were referred to the Public Works Standing Committee and the Government essentially was faced with three broad options: one to abandon the project and say that, because the cost has increased beyond that which was estimated, we should not continue with it. That was certainly an option at which we looked seriously. I am not prepared to see money being chased into those project areas unless we are certain of the return we can get. That would of course have involved some cost.

I do not know the forgone costs or expectations of the people of Port Lincoln and the tourism industry, but something like \$1 million or so has been put into planning and development of the project, which would simply have to be put into mothballs. The second alternative would be to look at the project again, scale it down and call for tenders on a cost estimate that would be the same as that which we originally contemplated. That would involve considerable reductions in the scope of the project which, in the view of our advisers, would substantially reduce its value. It would also cause delays in the project which, in turn, would create

increased costs so that, while that would achieve as the end result the same sort of financial outlay, we certainly would not be getting anywhere near the project contemplated originally. One question whether that is worthwhile.

The third alternative is to accept the tenders as they are in an attempt to look at some items and reduce those costs, but there is considerable limitation in doing that. We would have to do so with our eyes open on the basis that the commercial return from the project would have to be increased and project staging adjusted for that. We have had a report from the Public Works Standing Committee and the matter has been back to Cabinet. When we are in a position to announce a decision we will do so.

In response to the member for Flinders, one can see the dilemma caused when, having gone through all the appropriate procedures, you call the project and before even the first dredge has gone down or construction work started, the costs one is presented with are very much greater than anticipated. It is clear that a project of this scale would have to have tight cost controls imposed on it if it is to go ahead. The day is past when government under the old system said that the cost was going to be such and such, the cost is X plus Y, let us go ahead with it anyway. Those days are gone and if we go ahead with it we go in with our eyes open, knowing the reasons for the cost escalation, and with a firm determination to control any further cost escalation.

**Mr OLSEN:** Is the Premier aware that the State's only manufacturer and bulk supplier of PVA adhesive (Staybond Adhesives S.A. Pty Ltd) has recently relocated its operations to Sydney with the result that cardboard box and carton manufacturers in South Australia must now obtain bulk supplies of adhesive from either Melbourne or Sydney manufacturers at an additional cost? If so, what action did the Government take to provide assistance to this company to prevent the move interstate?

**The Hon. J.C. Bannon:** It certainly has not been brought to my attention. Normally, when companies feel the need to relocate or have some interest in so doing, they will make contact with the Government or the Department of State Development to look at possible measures of assistance or whatever to ensure that they have explored all avenues before they do so, unless there is some overwhelming reason, which may relate to having been taken over by a parent company. I am not aware of that and certainly if the honourable member will supply details to the Director, we will follow up the matter. If this company has relocated without contacting us, that is a great pity because there are many things we can do.

In the past 12 months to two years we have had considerable success in the other direction. We have to be a bit careful in terms of how we approach these situations in industry. Over the past couple of years I have had considerable hostility directed to South Australia by colleagues in the Eastern States and in the West over relocations and consolidations in South Australia. You win some and you lose some, and at the moment the balance is pretty much in our credit and we intend to keep it that way.

**Mr OLSEN:** I will relay details to the department. We understood that a contact was made prior to shifting. I will make available the name of the company for inquiries to be made.

**The Hon. J.C. Bannon:** That may be, and if we obtain details we will look it up. If an irrevocable decision has been made to relocate, we could see whether that leaves a gap in our industry here that could be filled by some other manufacturer and we will certainly pursue that also.

**Mr OLSEN:** I asked earlier today about export promotion and the establishment of offices on the West Coast of America. It was suggested that when the Director was here

might be a more appropriate time to ask questions. In what form will that representation be on the West Coast of America? Will it be similar to the South Australian Office of the Agent-General in London or will it be some other form of representation? If so, will the Director please detail the type of representation, the status of it, the number of people involved, etc.?

**The Hon. J.C. Bannon:** I will ask Mr Smith to deal with this question in detail. However, as a preface, let me say that we have undertaken over the past 2½ years an intensive study of all our overseas representation to look at its effectiveness, the best way of doing it, and whether or not we should establish permanent posts, or use agencies or any other means to ensure that the State has a presence in various centres. I have already dealt with the Agent-General in London, the assessment that arose out of that, and the London and European aspect is covered under that. The areas on which we have been concentrating, apart from that, have been Singapore, Hong Kong, Japan, the West Coast of America, and China.

The China connection, particularly relationships through Shandong Province, has been handled mainly at the Premier's Department protocol level. In fact, a further delegation will go to China fairly shortly to draw up protocols of friendship and association which will lead to ongoing trade representation. In the case of Japan, we have looked closely at whether a representative office as such should be established. The costs and effectiveness of that do not warrant a permanent presence.

We have looked at the experience of other States and have concluded that, in the Asian area, Japan, Hong Kong and Singapore, access is so close that it is far better to use a representative basis and to ensure by regular visitation that we are servicing that market. We can do that much more cost effectively than we can establish permanent offices. I think we will find in time that other States will move to that approach.

The West Coast of America is much further away. We followed through the program initiated by the previous Government of using Graydon and Associates in a generalised marketing program, with particular emphasis on Technology Park. Some successes certainly took place in the technology area but, as I reported last year to this Committee, the Graydon exercise was not yielding value for the dollar, in our view. The approach simply was not yielding results. It was a very expensive program and, in consequence of our reassessment of that program, the proposal for an office arose. I will get Mr Smith to outline what we can see happening in the United States.

**Mr Smith:** There are three areas of interest in terms of a relationship in the United States of America. Those three areas are: investment attraction—and the United States is still the largest foreign investor in Australia; trade development—and there is a significant increase in the amount of interest expressed by US companies in Australia and a very difficult market access because of the strange distribution systems that they operate under; and, finally, there is an unutilised industry offset obligation in Australia of some magnitude. I cannot recall a number, but it is of extraordinary magnitude.

It is apparent that the most likely participants in that industry offset program are the United States aerospace and technology companies. After a good hard look at all three of those areas, we have recommended to the Government that we open an office in Los Angeles which will have those three functions as its range of activities. The office would be staffed by a market oriented technologist, because we believe that it is essential that the person be able to communicate with the aerospace industry and the general areas of the newer technologies.

There would probably be a research officer and a stenographer and there may or may not be, in time, a tourism officer transferred from the Australian Tourist Commission simply for administrative efficiency. That office is already there. It would be just an efficiency exercise.

In conjunction with the Chamber of Commerce and Industry we had some people look at the United States trade opportunity market recently. They came back supporting the fact that there are significant opportunities, but that we need representation on the West Coast because the distribution channels come through the West Coast into the new markets in the centre of the country. We are confident that we will get a fairly quick payback in terms of trade facilitation and participation in the high technology industry offset program.

**The CHAIRMAN:** I point out that there are three lines and only 25 minutes left.

**Mr OLSEN:** I recognise the time constraint, Mr Chairman. In May I raised in the Parliament the fact that the federal and State police were investigating the fraudulent use of Government funds as they relate to export schemes. The Premier would be aware of the background. He indicated at that time that he expected a report on the matter fairly soon as it related to the fraudulent use of Government funds. Has the Premier received that report? Have any charges been laid as a result of the investigations?

**The Hon. J.C. Bannon:** I understand that in fact there was a conviction following the successful prosecution of an individual under that scheme in the last day or so. There has been a follow up, and prosecutions have taken place. Because the export bridging finance scheme is self-funding, we have not allocated further funds for this financial year. There have been much tighter controls over the scheme as a consequence of the fraud that has been uncovered, and the guidelines have been tightened up. The scheme is administered by the federal authorities; we are simply providing ancillary assistance. As to the loss to the department, I am not sure that I have an up to date report. The debt or loss has not been written off as yet. It is still alive, but I can get more details on that for the honourable member.

**Mr OLSEN:** The amount of the debt?

**The Hon. J.C. Bannon:** It is not known at this time. Because the scheme involves repayment over time, there is still expectation that we will get some of it back. I will try to get further detail. The good thing is that there has been a successful closing of that loophole and the abuses of the scheme. The scheme as it will proceed will be much more effective in consequence.

**The CHAIRMAN:** There being no further questions, I declare the examination completed.

Minister of State Development, Miscellaneous,  
\$11 497 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Ms S.M. Lenehan

Mr I.P. Lewis

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr K. Smith, Director, State Development.

Mr C.R. Johnson, Senior Administration Officer.

**The CHAIRMAN:** I declare the proposed expenditure open for examination.

**Ms LENEHAN:** The line dealing with the Manufacturing Advisory Council has appeared for the first time. What does the council do and what benefit has it for industry?

**The Hon. J.C. Bannon:** The Manufacturing Advisory Council has only recently been established by the Government in association with private industry and the trade union movement. It is to provide a forum for consultation between government, industry and unions on manufacturing policy and problems. It arose, in particular, out of the experience of the past few years where we have seen a major restructuring of our manufacturing industry. It is not a body on which officials, as such, are represented, although obviously it is assisted and serviced by the department.

It comprises the Premier, the Minister of Labour, three representatives nominated by the Chamber of Commerce and Industry, and three from the trade union movement nominated by the UTLC; it has an independent secretariat, and we have formed a series of panels that involve wide industry and union representation to deal with key areas. Four panels are established. Shortly, an executive officer to the council will be in place. In the meantime it is being serviced by the department.

**Ms LENEHAN:** As to the Small Business Corporation, I note that there has been a significant increase in proposed expenditure over actual payments for 1984-85. I would like to have on the public record the fact that, as a local member, I have referred a number of constituents to the corporation. They have received a range of sound advice and have been happy. However, I am prepared to concede that that is a subjective judgment, and I have not done a personal survey. How successful has the corporation been in being accepted by the small business community? Are there any new programs that have been introduced or are planned to be introduced? How successful does the Premier believe the corporation has been in achieving the aim for which it was established?

**The Hon. J.C. Bannon:** There is no question that it is meeting a community and business need, because at the moment the corporation is experiencing a very high level of inquiry. An assessment conducted in June showed that an average of 118 inquiries a day were being directed to the SBC—which was more than three times the number of inquiries that had been received by the Small Business Advisory Unit. Therefore, depending on the specific needs of small business, it is quite clear that there has been a major jump in inquiries and resort to its expertise. The Small Business Computer Advisory Centre, established in conjunction with the Commonwealth, is operating very well. In the first 14 weeks of operation, 22 businesses were assisted with the installation of equipment and the receipt of advice. Further, the Pathfinder Service, which uses the skills of retired and semi-retired business people, provides consultancy advice. The Leader of the Opposition announced that a scheme of this type would be an initiative of a future Liberal Government, although he did not realise that the scheme was already in operation and operating through the Small Business Corporation. It is a very successful and useful service.

There are many educational and training programs. Most of the increased allocation this year is directed to the full year effect of a number of programs that began at the end of the last financial year. There will also be new counselling opportunities and other promotions by the Small Business Corporation in the coming year. I also draw attention to

the corporation's role as an advocate. In a number of areas the Government refers to the corporation to do some research studies or to provide advice. The corporation has been actively involved in the deregulation review, and it acts as an advocate to small business on general public issues.

For instance, the General Manager of the corporation had a few words to say about the Commonwealth Government's tax package and its possible impact on small business. This is a matter that the Government envisaged as being an important part of the Small Business Corporation's operation, as an independent statutory body, working within the overall guidelines of Government policy. I think that it has been very well accepted.

**Ms LENEHAN:** Is the Premier able to say how much the reduction in bankruptcies can be attributed to the work of the Small Business Corporation in South Australia?

**The Hon. J.C. Bannon:** That is hard to quantify. Obviously, general business conditions are not very favourable, but the fact that the services of the Small Business Corporation exist I am sure has proved to be of value not just to people in business experiencing difficulties but also to those people contemplating going into business. It is often perhaps more important to counsel at that stage so that people know what they are getting into and whether they have sufficient capital and expertise. The Small Business Corporation provides a valuable role in that respect. As I have said, the level of inquiries received by the corporation indicates that many people are prepared to use those services.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

Arts, \$30 848 000

**Chairman:**

Mr Max Brown

**Members:**

The Hon. B.C. Eastick

Mr D.M. Ferguson

Ms S.M. Lenehan

Mr I.P. Lewis

Mr J.W. Olsen

Mr J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Premier, Treasurer, Minister of State Development, and Minister for the Arts.

**Departmental Advisers:**

Mr C. Winzar, Acting Permanent Head, Department of the Arts.

Mr L. MacKenzie, Senior Administrative Officer.

Mr S. Saffell, Acting Senior Finance Officer.

**The CHAIRMAN:** I declare the vote open for examination.

**Mr OLSEN:** The Crafts Council of South Australia has been seeking an indication from the Government and from the Department of the Arts since October 1984 of future funding levels and staffing requirements. Whilst funding for the crafts in this State by successive Governments has been what one would consider to be respectable, administration grants to the Crafts Council are the lowest of any Crafts Council in Australia. In 1984-85 the Crafts Council received grants of \$11 000. This year a submission was put to the Government outlining the proposals for grants varying from \$25 000 to \$75 000. A meeting with the Premier planned for last March to discuss line funding and an appropriate

base level of funding was deferred, and other meetings have not been forthcoming, despite, I am told, repeated requests for such a discussion.

As I understand it, to tide the council over, there was a special advance of \$10 000. I am informed that the management of the Crafts Council is facing what is a financial crisis, with no indication of the allocation to be received from the Government for 1985-86. Will the Premier indicate when a funding decision for the Crafts Council of South Australia will be forthcoming and how much it will be?

**The Hon. J.C. Bannon:** We have been concerned for a considerable period about the overall financial position of the Crafts Council and its financial management. It has been in receipt, among other things, of grant moneys from the Commonwealth Employment Program, and it has also received grant support from the Department of the Arts. Last year there was a problem with the Crafts Council when it missed the closing date for applications—it just did not get its application in and there were considerable problems in having to re-open negotiations. Bear in mind that we receive applications totalling many thousands of dollars more than we are able to meet, so this is a matter of some ongoing concern.

Last year's problems were finally resolved although as I say we were concerned about the way in which CEP funds were used and other aspects of administration and financial management. There has been a decline in membership numbers, which has obviously not assisted the overall viability of the Crafts Council, but as I say that was resolved earlier this year, I think to the mutual satisfaction of everyone. We in fact ended up providing a project grant of \$11 000 to the Crafts Council.

The Executive Director wrote to me regarding future funding and requested a grant of up to \$75 000. As members would be aware, that is a vast increase in the amount of support that had been provided to the council before, particularly against that background of concern. I wrote advising that I would meet with their representatives to discuss funding options when the overall estimates were more advanced and, incidentally, pointed out that \$75 000 was far in excess of what could be provided. With respect to grants and provisions for the arts, we have reserved a preliminary amount, which is subject to our being satisfied that the Crafts Council will be in a position to adequately and properly expend that money. I will not mention the precise amount, but it is over \$30 000 that has been reserved notionally, and we will hold it in reserve pending further discussions which I will hold with the Crafts Council.

I am advised that tomorrow senior officers of the department will be discussing various grant options which will act as a preliminary to the meeting with myself. In the meantime, as the Leader of the Opposition pointed out, we have made a \$10 000 advance to assist the cash flow for the Crafts Council so that it can survive during this period.

I point out that with the multifarious arts bodies with which we deal—and while we do not expect AI administration because many of them are operating on a shoe string and there are tremendous problems of organisation and so on—it is not easy to juggle the various competing demands unless one has full confidence in the administration and operations of the particular body with which one is dealing. I hope that those problems can be resolved over the next few weeks.

**Ms LENEHAN:** My question relates to recent advertisements in various newspapers advertising festival awards for literature. I note that at page 168 of the yellow book there is some reference to assistance for literature, but I cannot find a line in the estimates of payments booklet. Can the Premier say under which line these awards for literature come and also how much has been allocated for them?

**The Hon. J.C. Bannon:** The exact amount is provided under the grants and provisions for the arts line—\$80 000. The awards were announced some time ago. There is a series of awards—six in all: a national fiction award; a poetry award; a South Australian award for published non-fiction; a national children's book award; a national novel manuscript award carrying with it publication by the Wakefield Press, and South Australian youth awards. Traditionally, there has been a literature award associated with the Adelaide Festival of Arts for many years now which has been funded, in part, by the Government.

It was felt that this award had become a bit tired. It needed refurbishment and it was not attracting a big number of entries. There were good quality entries, but there certainly was not the interest and excitement that these things should generate. So, this new scheme has been announced—the South Australian Government biennial literature awards—and applications close on 1 November. We will see what happens, but it will be conducted as usual in conjunction with the Festival of Arts next year as a special Jubilee 150 project.

**Ms LENEHAN:** At page 48 under the Department for the Arts, provision of Art Gallery services, about the fourth line down is an item relating to purchase of art for public places and an allocation of \$58 000. To what extent does this policy or program of purchase of art for public places provide opportunities both for work and for recognition of individual South Australian artists?

**The Hon. J.C. Bannon:** There has been a general feeling, I think, that there has not been sufficient attention paid to art in public places. So, one of the initiatives involved under this line has been the establishment of the Art for Public Places Committee. Part of its brief is to set up a register of South Australian artists, crafts people, and designers who would like to participate in public art projects. Something like 300 have registered with the committee.

So, the committee's job does not just consist of allocating grants as provided under the line. Nine projects were approved in 1984-85. Also its function is to promote the concept of art in public places, to encourage private developers, for instance, when undertaking a development project, to incorporate into it at the initial stage a provision for sculpture, decorative arts or whatever. By having this register of persons available they will be able to make suggestions or provide expert or technical advice to people. There is a wide range of projects involving community groups; private sector projects; and Commonwealth and local governments. The general principle is that grants should be directed to works of art that will be in places to which the public has access, but otherwise the guidelines are rather broad. We have had the first round of applications and some interesting projects have emerged from that. There will be further provisions and a further call a little later this year.

**Mr LEWIS:** I refer to the line 'Provision of Cultural Venues'. Is the Premier going to give the Keith Institute the money that it seeks?

**The Hon. J.C. Bannon:** It depends in part on the willingness of the Tatiara District Council and community to contribute towards the interest on semi-government loan borrowings. The South-East Cultural Centre Trust has recommended that it use its semi-government loan borrowings to provide \$260 000. As the honourable member would know, the overall cost is \$410 000 on current estimates, of which the local community is going to contribute \$120 000 at this stage. It has been referred to Treasury for report. The Government is certainly giving serious consideration to it. The question is the extent to which we can service the loan borrowings that would be necessary. I understand that the Chairman of the Tatiara Council has indicated that the council is prepared to make some contribution. I hope

that we can respond fairly shortly. I have not received the Treasury report as yet, but I know that it is in the course of preparation.

**Mr LEWIS:** I find it incredible that, under the circumstances, the Government can prevaricate for so long over a project that costs so little out of a budget that will increase by more than 15 per cent this year and will be worth \$30 million. Given that there are less than one million adults in this State, over 2 000 of those are in Keith and they are isolated. They have more than 200 kilometres to travel to any regional or Adelaide cultural centre of any kind like everyone else has. They have a *per capita* performance rate in the fine arts and performing arts higher than any other community of the kind that have received those capital investments to date.

I find it incredible that \$30 million, if it were spread on a *per capita* basis among the people of South Australia according to their ability to get access to it, would more than provide the amount to the Keith community which it is seeking in this instance. It is prepared (unlike other fancy cultural centre trusts, which are financed entirely at the taxpayers' expense and deficit funded every year) to meet every request made of it not only to put up capital funds but to service the interest requirement on the loan. I have a stack of literature on the issue that goes back a long time. The Premier knows that, two days before he had an appointment with that committee in May, he cancelled it. I am amazed that he has not been able to get that information from Treasury. He should demand it. That he has come into this place with his budget and his budget lines without that sort of information is astonishing in the extreme.

I turn now to another matter. What does the Premier propose to do about the extremely valuable artifacts and memorabilia associated with the prominent history of agriculture in this State presently at Roseworthy College? Is the Government willing to take some caring interest in it or does it want it to go to silver fish, rats and rot?

**The Hon. J.C. Bannon:** The Chairman of the Roseworthy council is in close proximity to the member for Mallee and may be able to give him more up-to-date advice on the status of that collection. I am not aware of the details of it. It is something that the History Trust would be happy to look at, make an assessment of, and perhaps the Roseworthy council is prepared to make some recommendation on it. I am not aware of the position.

I refer to the honourable member's diatribe on the Keith Institute. This Government and the Dunstan Government of the 1970s put considerable sums of money into a regional cultural facilities and centres program, upgrading local institutes and so on, the like of which is not seen in any other State in Australia. We have regard to those communities. A relative of mine taught music in Keith for some years and I am aware of the cultural life and energy in that community. However, there is a limit to resources and there are competing resources. It is all very well to say that we have a multi-million dollar budget and that this is only a small amount. Each and every part of it is comprised of small amounts and it is not as easy as the honourable member suggests. I assure the honourable member that the request is being treated sympathetically, but financial considerations are involved.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

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Works and Services—Department for the Arts,  
\$2 559 000—Examination declared completed.

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**The CHAIRMAN:** I thank all officers who made themselves available to the Committee and I am sure that the Committee appreciated their advice.

**ADJOURNMENT**

At 10 p.m. the Committee adjourned until Wednesday 25 September at 11 a.m.