

HOUSE OF ASSEMBLY

Thursday 24 September 1987

ESTIMATES COMMITTEE A

Chairman:

Mr D.M. Ferguson

Members:

The Hon. H. Allison
 Mr S.J. Baker
 The Hon. E.R. Goldsworthy
 Mr T.R. Groom
 The Hon. T.M. McRae
 Mr M.D. Rann

The Committee met at 11 a.m.

The **CHAIRMAN**: I intend to open all the lines relating to the Minister of State Development and Technology so that we can take questions from any area.

State Development and Technology, \$19 660 000; Minister of State Development and Technology, Miscellaneous, \$6 876 000; Works and Services—Department of State Development and Technology, \$6 372 000

Witness:

The Hon. Lynn Arnold, Minister of State Development and Technology.

Departmental Advisers:

Mr R.E. Hartley, Director, State Development and Technology.

Mr D.M. Mitchell, Director, Finance and Planning.

The **CHAIRMAN**: The rules of debate allow for an opening statement by the lead speaker of the Opposition and a reply by the Minister if he so desires.

The **Hon. E.R. GOLDSWORTHY**: I have no desire to make a statement.

The **Hon. Lynn Arnold**: I have only one comment. I noted that in debate last year the Deputy Leader commented that it would be useful on some Committees if officers had more chance to respond. It was possible that the Deputy Leader was referring to my Committee last year. I wish wherever possible to give officers the opportunity to comment and, if the Deputy Leader believes that he would like comment from an officer, I ask him to feel free to so indicate.

The **Hon. E.R. GOLDSWORTHY**: I refer to page 191 of the Auditor-General's Report under 'Budgetary Control' in the Department of State Development, as follows:

A review of the department's budgetary control and reporting process revealed that budgetary allocations on management reports were incomplete.

Under 'Budgetary Control' it indicates that there is something to be desired in the reporting processes of the department. How does the Minister explain that?

The **Hon. Lynn Arnold**: I will ask Mr Mitchell to comment on this, but I believe that this is more a status report on being incomplete rather than necessarily being a criticism of it. If it had been a criticism of some slowness in the department, it might have been identified in the general comments the Auditor-General makes in the first part of the report, but I do not believe that that is so recorded.

Mr Mitchell: We were in the process of completely revising our management information system, and that had not been completed as at 30 June. I think that is what the Auditor-General is referring to. That is now complete: we had to redesign the total structures of the programs to conform with a new organisation that was in the process of being introduced, and that was the reason for the comment by the Auditor-General, as I understand it. That has now been completed and has been introduced.

The **Hon. E.R. GOLDSWORTHY**: I will read the next note in the Auditor-General's Report, which states:

The department has advised that it is taking action to introduce a more complete and meaningful system of budgetary control reports in 1987-88.

That implies that in the past the reporting has been deficient. Either the Auditor-General has suggested that, or the department of its own volition is admitting that the reporting has in some way been incomplete.

The **Hon. Lynn Arnold**: That is to say that what has happened in the past in Government generally could be more perfectly useful in terms of conveying information. As the honourable member knows, there have been many changes in the past 10 years to give more information in the way in which the budget papers and the accounts are presented. The department is no different from other departments in that respect but, like other departments, it has been required of Government to give information that appears more meaningful.

The **Hon. E.R. GOLDSWORTHY**: Under the Estimates of Receipts there is a line that indicates that the Government last year did not anticipate any income from the sale of land and buildings but actual receipts were \$350 000. This year it indicates that the estimated receipts will be \$480 000. Can the Minister say what was sold last year and what is proposed to be sold this year?

The **Hon. Lynn Arnold**: That refers to Technology Park land sales. We will get further advice on this later, but I understand that during the 1986-87 financial year a decision was made by Cabinet to change the way in which the debt associated with land at Technology Park was accounted for in the Government accounts. Previously it appeared as a debt by Technology Park Adelaide Corporation: now it has been written off as a debt and been accepted, in a sense, as Government equity in the corporation.

The *quid pro quo* of that has been that, where previously land sale receipts went straight into the Technology Park Corporation's own accounts and they then serviced the debt—and, indeed, had to service the debt with State Government subsidy—now, since the State Government has taken over financial responsibility for that debt on the land purchase, land sale receipts come straight into the Government accounts. Because that happened in the 1986-87 financial year, that was not a budgeted amount but became an actual amount. That \$480 000 figure is the estimate for this coming year. Barry Orr, the Chief Executive of Technology Park, will be attending this Committee later, and further information will be available from him at that stage.

The **Hon. E.R. GOLDSWORTHY**: There is an interesting report in the *Advertiser* this morning that the Japanese may build a super city in South Australia. The article states that the Premier has already discussed the plan with Japanese Government officials in Tokyo. Did the Premier nominate any particular site in South Australia for such a city?

The **Hon. Lynn Arnold**: No immediate site was offered. In relation to its history, members will know that the Amaya mission came to Australia earlier this year and raised the idea of a multifunctionopolis which was to be one very large scale project that would be responsible for technology

transfer from Japan into Australia, and also research and development in Australia. The article in this morning's newspaper slightly confuses two issues. It brings forward the multifunctionopolis proposal of the Amaya mission with the Silver Columbus proposal, which was about that same time (and that was the retirement proposal of large numbers of Japanese retiring in Australia).

As a result of the Amaya mission we were the first State to immediately react to it in its broad context, not just this idea, resulting in the Premier going to Japan within weeks of the Amaya mission returning. During his visit, which was largely to do a number of other things, he raised with them the point that, if this idea proceeds further, we will want to strongly argue that South Australia is a good site for that to happen. In so doing he did not actually nominate any sites in South Australia, because that would be premature until the Japanese had firmed up more in their own mind some of the specifics of the project.

The Hon. E.R. GOLDSWORTHY: The report indicates that it would have two functions, and one would be that it would be a home for retirees from Japan. I recall a similar scheme mooted in Queensland some time ago. How many Japanese retirees is it predicted would live in this new city?

The Hon. Lynn Arnold: In the multifunctionopolis, none. The article this morning is incorrect in that it confuses two separate ideas that come up: the Silver Columbus project and the multifunctionopolis project. I believe that we should keep these two separate because the Silver Columbus project will be, if it has not been already, the subject of significant community debate in its own right.

The Hon. E.R. GOLDSWORTHY: No retirees?

The Hon. Lynn Arnold: The multifunctionopolis proposal never anticipated any retirees being directly a part of this. Indeed, the further consideration we are giving as a State Government to the multifunctionopolis idea is totally based on a technology transfer, research and development support facility, not a Silver Columbus facility.

The Hon. E.R. GOLDSWORTHY: So the Minister is visualising more a mushroom growth similar to that which occurred in America with, say, the silicon chip development, or something of that sort.

The Hon. Lynn Arnold: The whole concept is very much in the early stages.

The Hon. E.R. GOLDSWORTHY interjecting:

The Hon. Lynn Arnold: Yes, something like that. One other thing that would be relevant to the thinking about this concept would be, for the want of a better name, because I do not know the correct name at the moment, the Japanese Singapore Technology Institute, where the Japanese have funded the establishment of an institute for training in Japanese technology in Singapore, so that Singapore people at all levels of occupation can get access to the latest information about Japanese technological developments. However, this would go further than that in also promoting Australian based research on Japanese technology.

The Hon. E.R. GOLDSWORTHY: Is there any validity in the suggestion that the Fleurieu Peninsula was an ideal site?

The Hon. Lynn Arnold: That was not raised with the Japanese. No particular site in South Australia was nominated by the Premier to the Japanese.

The Hon. E.R. GOLDSWORTHY: Have any representations been made to the Federal Government on this matter?

The Hon. Lynn Arnold: By the State Government on the issue, yes; not on a particular site.

The Hon. E.R. GOLDSWORTHY: Is the time frame in the report accurate, or is that all very nebulous, too? Is it to be established early next century? What time frame are we talking about?

The Hon. Lynn Arnold: It would depend. If the project as originally proposed by the Amaya mission, which is a very large-scale project in one site, proceeds, then I would think that the time line would have to be quite long—some 10 to 15 years would not be unreasonable. However, if the project is scaled down to maybe a number of different sites in Australia or to something closer to the Japanese technology institute that was funded in Singapore, then the time lines would be much shorter. What may happen is an amalgam of the two. Something earlier may be set up, growing later to a multifunctionopolis if the idea gels. A reporter I was talking to about it put it very well: it is not pie in the sky, but it is still early stages of discussion.

Mr RANN: The major achievement in the State since the last Estimates Committee hearings was the winning of the submarine contract on a construction site at Port Adelaide. What is the department doing to maximise investment opportunities, particularly in relation to defence offsets which will result from that project being based at Port Adelaide?

The Hon. Lynn Arnold: I will give a quick summary of events. The office in Los Angeles, which was opened in the 1985-86 financial year, was primarily tied to the winning of offsets. The business missions that travelled interstate were built upon the momentum established by winning the submarine contract, although they were generally a climate creator or enhancer. In addition, we have now established a full-time position in the Department of State Development to pursue further the objective of getting maximum value out of the submarine contract. Previous to that, we had the Submarine Task Force, but now we have this funded position. I ask the Director to comment further.

Mr Hartley: The main measure taken by the department was the devotion of a lot of staff resources to the project. Neither the company nor the State Government could plan in advance for any events that had to take place after the contract was awarded, because we did not know whether we were going to get it and no company knew that it was going to get it, so there has been a two to three month hiatus during which people have prepared to take advantage of the situation. Our first step will be the appointment of a defence procurement specialist from outside the Public Service. This person joins the department next week as a Director, answering directly to Jim Duncan, the Deputy Director of the department.

This person will have reasonable staff resources, one of which is also new in that we have recruited 60 per cent of the time of a man who will be a consultant to the Government in Canberra, so we will have for the first time in my department eyes and ears in Canberra. We have regular discussions with the Australian Submarine Corporation, which has yet to establish its headquarters here and to appoint a Chief Executive, so that is a bit embryonic. However, we have regular meetings with officials of companies who are on board. A meeting was held, for example, between the Premier and the board of the Australian Submarine Corporation, three or four weeks ago.

We are also having discussions with individual companies that are part of the Australian Submarine Corporation consortia and in particular with Wormalds. We are using the winning of the submarine contract as a promotional hook on which to hang a promotional story, as we did in particular with the two seminars that we held in Sydney and Melbourne about six or seven weeks ago.

The Hon. Lynn Arnold: On the matter of the headquarters of the ASC, refurbishment is already under way at the Woodville Manufacturing Park, so a decision has been made for the headquarters to be here, but they are not here yet because refurbishment is taking place.

Mr Hartley: In relation to the creation of the Centre for Manufacturing, one of the factors involved in the setting up of the centre was the hope that we would win the submarine contract. It is already playing a major role in developing quality programs to assist South Australian manufacturers to handle the very demanding quality standards that the ASC will demand. Many of those programs are already under way.

Mr RANN: The Minister has recently returned from China. What potential does our sister State relationship with Shandong Province have for development and in what areas in terms of experts, joint ventures or technology transfer?

The Hon. Lynn Arnold: I led a Government trade mission to China and spent most of my time in Shandong. Every one of the business people who went there believed that their particular contact or development with China was significantly advanced by their taking part in that mission. A number of companies reached the stage of signing agreements or letters of intent. Others believe that they are significantly further down the track to signing somewhat later. There seem to be many areas of potential, both in trade development between the two areas and in the matter of investment. Either way, we raise the possibility of some investment projects in South Australia that may be of interest to them in terms of process materials supply. We also examined the investment potential within Shandong.

The general relationship between South Australia and Shandong has reached quite an advanced stage. It was agreed by both parties (by me on behalf of the South Australian Government and the Shandong officials) that we must ensure that at all stages we monitor what is happening and that progress is being made. We commented that significant progress has been made to date in the area of joint cooperation. As I said, the business people who were there all felt that significant progress had been made for them in particular.

The other matters that I think are relevant include the discussions that we had in Beijing and Shanghai on these same matters—raising again the topics of investment and trade. We gained the feeling from the embassy officials with us that the South Australian relationship with Shandong is developing very well indeed and, of course, they have the opportunity to see the relationships between other Australian States and the provinces of China. A possible prospect raised was that the people of Shandong could send a trade mission to South Australia next year. They are examining that suggestion to determine what kinds of products and services would be most worthwhile for such an exhibition in this State and, likewise, we are examining what areas we should consider for further development with them at Government or official trade level. So quite a lot of work will be coming out of that delegation. In the meantime, each business member of the delegation is following through the individual contacts resulting from the mission.

It is interesting to note that quite a few members of the delegation said that they felt that significant doors had been opened for them by taking part in the trade mission, and that came from people who in many cases had visited China many times before in a private capacity. They said that as part of a Government trade mission they went much further down the track than they had expected and they were certainly very pleased that that was the case.

Mr RANN: Following on with the ties with Asia, I am aware that for some years now the Commonwealth Government has sponsored business migration seminars in places like Hong Kong. What is the State Government's involvement, through the Department of State Development, with business migration and what potential does it see for business migration particularly, not including real estate investment?

The Hon. Lynn Arnold: I think I mentioned last year that we have significantly increased our profile in business migration, and I point out that in 1983 our profile was virtually nil. The department has put considerable effort into this area and we have an officer who frequently visits target areas for business migration in South-East and East Asia. In fact, I have been involved in business migration seminars in Hong Kong and Singapore. On average, a business migration family transfers \$830 000 into this country in the first year of settlement; thus, we believe that it can be confidently stated that to date the program has resulted in the transfer of \$137 million directly into South Australia, indirectly creating or sustaining 4 800 jobs. I say 'or sustaining' because sometimes it involves the takeover of a business that might be winding down.

Our target markets have been the United Kingdom, West Germany, Hong Kong, Taiwan, Malaysia, Brunei and Singapore: 160 families are known to have settled here from those countries; and a further 200 business migrants and their families are waiting overseas for Australian authorities to approve their applications. In that context we work very closely with foreign affairs officials in all the countries in which we have a presence to tie in with the emphasis that they are putting in this area. There have been numerous changes to some of the ground rules because it is a very competitive area. Canada is a major attraction particularly for business migrants, so Australia has had to refine many of its rules. We ensure that we maintain close contact in that area so that South Australia has the maximum benefit.

The Hon. E.R. GOLDSWORTHY: There have been a couple of disturbing press reports in recent weeks about the role of the Government's advisers Dominguez Barry Samuel and Montagu. One headline in the Advertiser was 'Angry South Australian companies reject defence practice' and a day or two after that there was an article in the *Financial Review* under the headline 'Row over Dominguez Barry Samuel and Montagu's role as adviser to Bannon Government'. What are the terms of the contract for Dominguez Barry?

The Hon. Lynn Arnold: The general brief, as I advised the House on 2 April, contains general advice to the department related to corporate matters, financial matters and other matters of economic interest within the purview of DSD and T. More specifically, its brief is to make desirable corporate leaders aware of development and investment opportunities in South Australia; to keep the Director of the Department of State Development and Technology informed of potential corporate and industrial trends that will have significant impact on employment and investment in South Australia; to advise on specific projects or opportunities; and providing strategic advice on how to encourage corporate South Australia to capitalise on its opportunities.

That brief was, in fact, a provisional one, and it is presently under review with them. Before going further, I draw the attention of the Committee to statements made in the *Financial Review* yesterday by the Executive Director of Morgan Grenfell Australia. He notes with concern the comments printed in the *Financial Review* of 7 September that may be one of the articles from which the honourable

member quoted. The article referred to Morgan Grenfell. The Executive Director states in his letter:

I am unaware of any "bitter fight" between merchant banks in the State in vying for work with Adelaide-based companies or the South Australian Government. Ms Power has misread the friendly competition which merchant banks typically engage in and has taken out of context the normal marketing efforts which Morgan Grenfell undertakes from time to time. . . .

It should be no surprise to your readers that Adelaide companies are performing well under the economic policies of the Bannan Government and are becoming more aggressive and outward looking in their attitudes, Adelaide is no longer the small, sleepy town as it was once regarded.

The rivalry that Ms Power refers to happens every day in Sydney and Melbourne and can only serve to benefit the interests of South Australian based companies and the State's economy as a whole.

The Hon. E.R. GOLDSWORTHY: What was the period of the contract and why have the terms been renegotiated?

The Hon. Lynn Arnold: It was not a contract as such: it was an agreement by letters between them. It was agreed that any ongoing relationship would be reviewed after six months, and that review is currently under way.

The Hon. E.R. GOLDSWORTHY: How much were they paid for their six months consultancy?

The Hon. Lynn Arnold: The retainer for six months was \$20 000.

The Hon. E.R. GOLDSWORTHY: Were they paid anything over and above that?

The Hon. Lynn Arnold: No. In fact, I am advised that they have not even been paid the \$20 000 yet, but they have not been paid anything over and above that.

The Hon. E.R. GOLDSWORTHY: Did they receive a confidential briefing from departmental officers on the structure of South Australian companies and other financial information in regard to South Australian companies?

The Hon. Lynn Arnold: I understand that the information used by Dominguez Barry Samuel and Montagu is available through public sources—share registers and other publicly available financial reporting mechanisms. The department has not made available to Dominguez Barry Samuel and Montagu any information it might have that is not in the public arena without the approval of the companies to which the information relates.

The Hon. E.R. GOLDSWORTHY: What was the purpose of the briefing if all that information is available on the public register?

The Hon. Lynn Arnold: Information may be available, but the wealth of information available in the public arena and making conclusions on the basis of changes in information available in the public arena is quite properly the work of financial experts. It is true that the department and the Minister could also get access to that information, but that would be impractical. The department is needed to assess information in the public arena. Likewise, it is believed that those with financial expertise can draw more worthwhile or substantive conclusions on the basis of this same information.

The Hon. E.R. GOLDSWORTHY: It has been put to me by people in business in South Australia that the takeover bids for Faulding and R.M. Williams could have flowed from the information given to DBSM, alerting it to the possible advantages of an attack on those companies. That could have flowed directly from the briefing given. I was told it was confidential information, but the Minister says it was not confidential, but there was an extensive briefing given to DBSM. Certainly, a company of that magnitude would be looking for something more than \$20 000—which would be peanuts—in putting in time in advising the South Australian Government, and those takeover bids could have been the direct result of that briefing by the department's

officers. That has been suggested by two or three sources in the business community.

The Hon. Lynn Arnold: Although I understand that that has been suggested to the honourable member, I say that that is incorrect. No briefings were given by the department on the matters raised. In this area there are many understandings, not all of which may be correct. I can say that the understanding of the honourable member is incorrect, but it has been put to us that members of the R.M. Williams family initiated discussions in that instance. I will call on the director to make further comments.

Mr Hartley: As to the question of fees, it is true that one of the top three merchant banks in Australia would not find it attractive to spend a lot of time on South Australia for \$20 000. It is accepted and understood that normal commercial practice will occur so that if DBSM, either through a departmental initiative or its own initiative directly with a company, is involved in an acquisition on behalf of the State, in the interests of the State or in defence of the interests of the State, it will negotiate from the outset with the company concerned a fee based on a success. Therefore, the deal is good from South Australia's point of view.

If we wanted to continue this and if it was an on going relationship, at most we would pay \$40 000 or \$50 000 a year for access to some of the best possible company intelligence in Australia. These are the people behind many of the national deals: these are the people who yesterday had lunch with Ron Brierley, or the day before with Holmes a Court. So, we get good intelligence at a not expensive rate. However, if and when they achieve success on behalf of South Australian companies, they would be paid and paid only by the company and by agreement with the company. For example, with the SAOG-Sagasco merger, I am aware that DBSM will submit a bill on the success of that matter when it is completed, and the company will be involved in paying it.

Mr GROOM: Page 323 of the yellow book states:

Commence phasing out of country payroll tax rebates and introduce a new targeted regional assistance program.

Can the Minister elaborate on what that new program is and what it means for country areas?

The Hon. Lynn Arnold: Funds are being committed to that in this year's budget. The other thing that needs to be known is that we believe strongly that the regions have views on how any regional scheme can be further developed. As a result, the Government has issued a green paper that has gone to all country areas asking them to comment on the best way of operating or developing any regional development fund. In the immediate instance the regional industry development payments program provides for incentives to be available for relocation or new companies in regional areas. Payments will be based on a maximum of 5 per cent of capital expenditure on eligible projects; 7.5 per cent per annum of additional wage costs for three years, and then phased out in three years; and 75 per cent of relocation costs up to a maximum of \$100 000, with total payments being limited to \$500 000 per firm.

Of course, any firm eligible under this program is not eligible under the Industry Development Payments Programs as well. In addition, regional support is available to regional development committees. We have a number of those in this State, and also to pay for feasibility studies into the setting up of other such regional support mechanisms.

The point needs to be made that that is how things are structured now. We want to make sure that the program as it develops over the years ahead, since it will be getting large increases in the sums of money available to it, through

the phasing out of the country payroll tax rebate scheme, is really what regional areas want to see happen. I issued a statement about that some time ago and I made the point that we want the scheme to be up and running now but that it may be further developed as we go.

Mr GROOM: At page 322 the yellow book records that the Agent-General's Office in London is also becoming increasingly involved in trade development. Has there been some alteration to the operations of that office and, if so, in what way?

The Hon. Lynn Arnold: A trade development officer has been attached to the Agent-General's Office, and that continues to be the case. We have increased the funds available for targeted development promotion to the Agent-General. Secondly, there has been a change of stance by that office, particularly when Geoff Walls was appointed. It was made clear to him that the Government saw this as an office that should be targeting investment and trade opportunities, which is something we believe he is well placed to do, as he was formerly involved in the Austrade arena.

Mr GROOM: Just above that a line states that overseas trade missions have been undertaken to New Zealand, Hong Kong and Singapore. In reply to the member for Briggs the Minister commented briefly on Hong Kong, but will he comment on the missions to New Zealand and Singapore?

The Hon. Lynn Arnold: The mission I referred to the member for Briggs was the one to China. As to Hong Kong, for two years, and for a third time in October this year, we will have an exhibition of South Australian technology where we take South Australian firms to exhibit their technology with a view to sale or investment cooperation opportunities. Successful results have come out of the first two years that we have run this, so much so that we had no trouble in getting together 12 companies to take part in this year's technology exhibition. This year we are taking it not only to Hong Kong but also to Singapore. The Singapore trade mission earlier this year was a real estate investment mission. Real estate companies from South Australia took part to try to promote real estate investment opportunities in South Australia.

As to the trade mission that we have run in New Zealand in past years, the wine companies that took part have been delighted with the success that they have achieved, and are having trouble keeping up with the orders that they are winning for wine sales. Part of the mission to Hong Kong and Singapore, and a separately targeted mission at the same time, is an irrigation technology one going to Thailand at the invitation of the Thai Government following a visit early this year from the Royal Irrigation Department officials in Thailand to this country.

A number of other possibilities may be examined with respect to other markets next year but, on each occasion, the purpose of a trade mission is to identify a priority area in which we think we have capacity in South Australian industry and in which we have firms who are interested in taking part, but we also expect private business people who take part to pay their costs and, indeed, help contribute towards the cost of running the overall mission. So, it is at their cost that they take part, but they seem willing to do that, given the success rate we are achieving.

The Hon. E.R. GOLDSWORTHY: I want to ask about the role of Dominguez Barry Samuel Montagu as advisers to the Government. I think that the business community in South Australia would be as confused as I was as to the role of Dominguez Barry from the answers the Minister and the Director gave a moment ago, stating that they are paid a fee of \$20 000 to pick up what they can in the South Australian environment which may then lead them to com-

mercial contracts either in assisting companies in a takeover or resisting a takeover. That was in answer to the Fauldings R.M. Williams question I asked earlier.

That was the gist of the reply: that they have a roving commission to make themselves money where they can from the South Australian environment for a sniffing around fee of \$20 000. I would think that that would be fairly disturbing to the business community, and it explains to me what led to those newspaper reports and what has been put to me privately. Did Dominguez Barry have any association with ICI in that takeover bid for Fauldings, or were they involved in Fauldings mounting a defence to that takeover bid?

The Hon. Lynn Arnold: My advice is that they had no involvement with either Fauldings or ICI. What they obtain through agreement with companies in South Australia is something that is their business: it is not part of the letters exchanged between them and the department. The retainer fee is the only thing that is referred to by us to them. The relationship of the department to Dominguez Barry Samuel Montagu is no different from the relationship that previously existed with the merchant bankers Morgan Grenfell, who were initially retained, I think, back in 1981. So, there has been no change in that kind of relationship: it is just that the company has changed.

The Hon. E.R. GOLDSWORTHY: Companies operate in different ways, as we know. Some will seize opportunities that others may not see. Obviously, they are in business to make money for themselves and some, because of their national connections, might be in a position to make money where another company might not. Perhaps their business ethics are different, I do not know; there might be 1 001 answers to that proposition. Will the Minister table the letters that passed between Dominguez Barry and the Government?

The Hon. Lynn Arnold: We do not have them here, but we will table them.

The Hon. E.R. GOLDSWORTHY: It has been put to me that their involvement with SAOG-Sagasco involves advice to the Government—or to SAOG, I guess, in this case. Will the Minister explain just what their role is in the SAOG-Sagasco merger, and who will pay them a fee at the end of the day? It has also been put to me by the business community that the investment arm of the company is advising investors as to what they ought to do in relation to investment in this arena on the basis of what its corporate advising arm is learning and doing in relation to the merger. This may all just be scuttlebutt, but this is the sort of talk that is abroad, and comes to us in due course. Just what is the role of Dominguez Barry in the SAOG-Sagasco restructuring, and are there any inhibitions on its using that information of what may come to pass to advise some of its other clients in relation to investment in, say, the gas company?

The Hon. Lynn Arnold: I will call on the Director to respond to that.

Mr Hartley: There are two questions there: the first with regard to the role of Dominguez. In the first instance, the SAOG-Sagasco merger arose out of the instruction at the very beginning to Dominguez to comb through the register of companies in South Australia looking for companies that were either vulnerable or where opportunities for development were possible, because the best possible way for companies to be resistant to takeover is for them to develop rapidly. They identified Sagasco and then SAOG as companies that were restrained from rapid growth, and with a board that was frustrated by that restraint. So, Dominguez's first role was, if you like, the unearthing of an opportunity.

Its second role was to put together highly complex and, I must say, very innovative ways in which a merger of the two companies could come about. In other words, it was their idea for a merger of this type to take place in the manner in which it is proposed.

The Hon. E.R. GOLDSWORTHY: But neither Sagasco nor SAOG would be vulnerable to takeover.

Mr Hartley: I did not say that they were: I said that the identification of Sagasco as a company that was restrained and not going anywhere came out of Dominguez's combing through the list of companies, looking for companies that were not going anywhere, with a particular view to identifying those that were vulnerable. It was an investigation of the list of public companies based in South Australia. They identified Sagasco as a company that was moribund, in terms of its share price and its development, because it was restrained by certain measures.

The board of the company was restrained, and Dominguez came to us and said, 'Here is an opportunity', and then put together ingenious ways in which the company could be unlocked whilst, nevertheless, the Government still retained control over the essential gas supplies, prices, and all the other things the consumer would need protected. The role now is advising the Government on making that merger take place. It is anticipated that the extraordinary general meeting of Sagasco will be towards the end of November, and a Bill will be introduced in Parliament towards the end of November to pass necessary legislation. As to the second question, which was, I believe, a statement from the honourable member that Dominguez have an investment arm—

The Hon. E.R. GOLDSWORTHY: I will make it a question, as there is no need for you to respond to a statement. Is there any evidence that they are using their investment arm to advise investors? The statement has been made to me, and I put it in a formal question, that they are using information from their structuring of the merger to advantage other commercial clients via their investment arm.

Mr Hartley: I think that the information you have is partially correct. Dominguez do not have an investment arm but, in common with every large merchant bank, they have a brokering division from which advice on investments is given to clients. Every merchant bank has a situation like that, and existing between the brokerage division and the rest of the company, especially the corporate advisory division (which is the division we deal with) is a thing notionally known as a Chinese Wall. The banks go to enormous lengths to ensure that the two divisions do not talk to each other on any matters where one could take advantage of the knowledge gained by the other.

This is recognised by the National Companies and Securities Commission, which does not object and, in fact, supports the practice, as I understand it, but does go to great lengths to ensure that those Chinese Walls are intact. Right from the outset, at the first meeting convened between the Government, Dominguez, and the Chairmen of Sagasco and SAOG, Dominguez declared their interest in the sense that their brokering division was involved in giving advice to customers on, amongst other things, dealings in Sagasco's shares.

That was declared verbally and confirmed in writing. In fact, it would be impossible to find a merchant banking adviser in Australia of any size whose broking arm was not involved in advice of this type because they are all doing it, and the energy resource area is very active at the moment. So, it was done openly and with everybody's knowledge and advice. To be absolutely certain that things were being handled properly, the company actually commissioned some

inquiries with Dominguez and in the marketplace to assure itself that no impropriety was occurring. The company was quite satisfied that after a formal investigation there was no problem and Dominguez' role continues to this day.

The Hon. Lynn Arnold: The honourable member mentioned that surely neither SAOG nor Sagasco was vulnerable to takeover. While there are legislative protections that apply to Sagasco, it was nevertheless felt that the security of that position was not absolutely entrenched, so that Sagasco did have a degree of vulnerability.

Mr GROOM: Page 321 of the yellow book, which deals with business migration, states:

Maximising the investment opportunities (particularly defence offsets) which will occur as a result of the Commonwealth submarine construction base at Port Adelaide including the holding of investment seminars in other States.

Ongoing participation in business migration seminars and investment attraction missions in Asia and Europe.

Will the Minister elaborate on what our involvement is with regard to business migration?

The Hon. Lynn Arnold: I mentioned a few moments ago that we have upped the profile enormously of South Australia's business migration. In 1983 there was not any and there certainly now is significant involvement. We are targeting East Asia and South-East Asia and, to a third extent, the European arena—West Germany and Britain. Each of our representatives overseas—for example, the Agent-General, who is the Government agent, but also assists in this area for the department, and our commercial representatives in Singapore, Hong Kong and Japan—are all heavily primed for this, particularly the Hong Kong office and the Singapore office to a somewhat lesser extent. The result is that \$137 million has been transferred into South Australia as a result of the business migration program, virtually from a zero start in 1983.

The Hon. E.R. GOLDSWORTHY: Going back to Dominguez, did the head of the Premier's Department or any Crown Law officer make any investigation in the Department of State Development in relation to this matter? Did the Director have a role in any investigation at all?

The Hon. Lynn Arnold: There has been no formal investigation.

The Hon. E.R. GOLDSWORTHY: Not formal.

The Hon. Lynn Arnold: What the department has done, with my full knowledge, is to seek that at all times what is happening is appropriate, and consequently from time to time we have sought Crown Law advice on, for example, things like the Chinese Wall, and other matters. The involvement of Dominguez Barry Samuel and Montagu and, in particular, SAOG-Sagasco, has been fully briefed to other relevant departments and members of Cabinet. I say that because of SAOG-Sagasco involves more than just the Department of State Development and Technology. That clearly does involve the Premier and the Minister of Mines and Energy. The committee that advises the ministerial committee on the SAOG-Sagasco matter is chaired by the Director of the Department of Premier and Cabinet.

The Hon. E.R. GOLDSWORTHY: Did anyone ever come down to the department and make a search, seeking information in relation to this?

The Hon. Lynn Arnold: No.

The Hon. E.R. GOLDSWORTHY: Is it envisaged that the Dominguez contract will be renewed?

The Hon. Lynn Arnold: It is under negotiation at the moment.

Mr Hartley: It is not a formal review in the sense that we have an absolute deadline. The relationship with Dominguez Barry Samuel and Montagu is under review all the time. Because it was experimental, the Minister was not

prepared, nor was I, to make it permanent. We are seeing how things go at the moment, and perhaps will look to refining the relationship, so over the next two to three months the ongoing relationship will crystallise—probably by the end of the year. We are very satisfied with the job that they are doing, by the way. I should not let that suggest that we are dissatisfied with what they are doing.

The Hon. E.R. GOLDSWORTHY: The Government is entirely happy with the role that Dominguez has played?

The Hon. Lynn Arnold: We are satisfied with the role they played, yes.

The Hon. H. ALLISON: The Estimates of Payment at page 103 and the yellow book at page 319 show that there have been changes in the categories of quite a number of lines. The yellow book at page 319 states:

On the 1.7.87 the Department of State Development amalgamated with the Ministry of Technology to become the Department of State Development and Technology.

As a result of that amalgamation have there been any sweeping changes in the general policy and resource strategy of the ministry? What specific advantages have been gained as a result of that amalgamation?

The Hon. Lynn Arnold: First, the amalgamation of the department saw what used to be the Technology Advisory Unit brought into the Department of State Development, and it now appears as the Office for Technology within that. The reason for promoting that, as I indicated earlier this year or late last year, was that there were a number of areas that the Office for Technology was involved in that had a quite acute business side to them and it was not a good idea to have Government resources in two separate departments possibly in danger of overlap or conflict in the directions they were following. That was one reason for bringing it into the department.

Secondly, it was an attempt to maximise from within the resources we had available to get the best out of technological and economic development. We were well aware that the moment one does that there is a danger that the focus on the broader perspective of technology policy, including such aspects as social impact of technological change and even the economic aspects of technological change that are still in the broad area rather than business specific, could get lost unless we do something to protect that.

That is why the South Australian Council on Technological Change has been maintained and is directly serviced by a half-time Chairperson and by a resource agreement that Cabinet has approved that gives them resources from within the Department of State Development to help with their further work. Indeed, I have before me at the moment their latest report, which is their Future Study on Light Metals. That is further advice on a broad area; it has economic impact, but not yet business specific. Therefore, it is a niche that somebody needs to do.

The Hon. H. ALLISON: Tantalum, titanium, and so on?

The Hon. Lynn Arnold: Yes, that general area and the possibilities for South Australia taking advantage in some of those areas.

Mr Hartley: One of the benefits was that the departments, as the Minister said, both had separate resources doing the same thing, like typing and switchboard. Therefore, there has been an economy as a result of this. I think that the main benefit is that the very clever people in Mintech, as it was known, have been brought into the more mainstream commercial and economic development of the State and their ideas have been helpful.

The Hon. H. ALLISON: I think it was late in 1986 that both the *Sunday Mail* and the *Advertiser* reported on the Tasman submarine cable, stage 2, an optical fibre cable. Can the Minister say how the South Australian and Aus-

tralian links will be put into the United States/Japanese mainline and whether there is any development?

The Hon. Lynn Arnold: There are further developments in the area, the first in respect to Tasman 2, which is the Australian/New Zealand link. Three companies seem to be in the race in this area. The South Australian Government has been keeping an active interest in the matter and is particularly interested in one company with which we have been talking and which operates under the name of Stantel in Australia. This company has come here particularly in light of the submarine contract being won—they came here to see what South Australia had to offer and it was that assessment that South Australia would be the best place to locate the manufacturing facility for the fibre optic—

The Hon. H. ALLISON: What is the name of the company?

The Hon. Lynn Arnold: Standard Telephone and Cable, STC, RU as opposed to opposed to STC Australia, that is why they operate under STD. They have published a brochure which in one section extols the virtue of South Australia as a site, reinforcing many things that we have said elsewhere. They are one of three companies. They are well placed but, as with the submarine tender, there is aggressive competition in this area. One point that needs to be made about Tasman 2 is that it is not just a decision to be made by the Australian Government. While we are appreciative of the fact that the Australian Government has said that this contract will be awarded to a company that demonstrates that Australia will be used as a manufacturing and development site for fibre optic cable, the other partner in Tasman 2 is New Zealand, which also has to be satisfied that any company that wins the contract is the most appropriate one. The honourable member referred to the west coast of North America; that is the next phase which everyone is hopeful, if Tasman 2 proceeds well, will follow in train. I must say, however, that the decision that the Australian Government makes about Tasman 2 will not automatically mean that the second phase will follow. There is just a probability that it will follow.

The Hon. H. ALLISON: Can the Minister say whether any approaches have been made to various international consortia to participate in any way with South Australia in the new generation of information technology?

The Hon. Lynn Arnold: Our main emphasis to date, I guess, has been on supporting South Australian companies, particularly those involved in the microelectronics arena. In the Department of State Development the office for technology has been undertaking a survey of microelectronics in South Australia to determine what are the gaps, particularly with respect to supplies for companies that want to develop information technology and other applications of microelectronics in this State. This is meshing nicely with a study that Senator John Button has announced will take place for the whole Australian micro-electronics industry.

We think that we have a lot of expertise already within the corporate structure in South Australia that can be seeded or catalysed to grow further, so we have not consciously gone out to seek international companies to cooperate with South Australian companies, as we think that they can handle that themselves. Stowe Computing, for example, have developed close relationships with other companies, in this case with IBM; Chapman Computers has developed a relationship with Wang in relation to provision of software; and Microbyte now produces what is South Australia's first home-grown PC, the PC230, and with their typewriter have links with Triumph/Adler. There are other examples, as well.

Mr RANN: Can the Minister report on the progress of the South Australian Development Fund in encouraging new investment in this State?

The Hon. Lynn Arnold: Our incentive posture interstate is premised upon two distinct characteristics. One is the development fund, which offers some seeding money for wage costs for the early years of establishment, when cash flow difficulties are greatest for a company and also offers some small percentage of the capital cost of establishment and of relocation if a company is relocating. The point needs to be made that these are seeding moneys that are made available to catalyse companies and are not to be considered as subsidies. They are not as competitive, in one sense, as funds made available by Governments in other parts of the world which will often give big fat cheques. We say that sometimes the over generous approach to investment attraction costs the taxpayer dearly in the long run, first, with inefficient companies that have to rely on the subsidy approach, or secondly, with companies that go only where the big fat cheques are. Maybe we do not want those companies as corporate citizens. Our development fund is not premised on that.

The other characteristic is the selling of the cost advantages of South Australia, the fact that we have the lowest rate of industrial disputation is a cost advantage; the fact that we have the best priced industrial land well placed to transport modes of any State in Australia is a significant cost advantage; and the fact that house prices for employees are lower than in other States is a cost advantage. Therefore, we are not only selling the development fund and the moneys it may have available but are also saying that these are the other cost elements that will be an ongoing advantage to companies, not funded by the taxpayer, but inherent characteristics of South Australia. A number of people with whom we come in contact overseas may not know about these things and it has been a worthwhile experience to sell this information to them; that is why ultimately they will come here more often for the second group of characteristics.

Mr RANN: In the recent State budget the Premier announced provision of funds for stage 4 of Technology Park in terms of an incubator leasing arrangement for headquarters. When is it intended that work will begin on the fourth building, and does the Minister believe that the rate of growth at Technology Park is sufficient, also in terms of that incubator effect of people moving from the tenanted buildings into their own premises?

The Hon. Lynn Arnold: I think I mentioned last year that we had discovered about the multitenanted facility idea that there was really almost a middle stage. Originally the concept of multitenanted facilities was to have a small amount of space, and then you do so well that you go out into free-standing structures either purchased or leased back from someone else who builds it. There has turned out to be a midway stage—the small unit needs to grow to a medium size, not big enough for a free-standing structure but bigger than we anticipated. They are being accommodated within the multitenanted facility as companies double existing floor areas. That aspect alongside the fact that we have had enormous growth in the number of companies there, particularly small innovative ones, has meant that we have built more multitenanted facilities than originally planned, but that is not a bad thing; we think that it is a good thing. The result is that we have now gone forward with approval for the fourth multitenanted building, which is an extension of Endeavour House—it really doubles the floor space of Endeavour House, using the same design. That has gone to tender, that tender has been allocated, and work has com-

menced. We anticipate that it will be ready for occupation by March next year.

Mr S.J. BAKER: It is not in the capital budget.

The Hon. Lynn Arnold: That is because this is a commercial operation under the the Technology Park Corporation through SRA.

Mr RANN: There has been some discussion about Woomera's recent involvement in the German launches and, of course, later this year there is a NASA launch. What significance do those launches have in terms of encouraging aerospace and space developments in this State? What is the brief of the special committee, headed by Tim Anderson, which is looking into this area?

The Hon. Lynn Arnold: Before answering that question, I will respond to an interjection from, I think, the Deputy Leader. The South Australian Government did not propose to take over Commonwealth facilities at Woomera. We see Woomera as part of the general facilities available in this State which show that we have an aerospace capacity, including a launching facility. The aerospace capacity also includes a production capacity, and a number of companies are involved in the production of avionics related equipment.

We also have a research capacity, particularly at the Defence Research Centre but also in other areas. As a result, because it involved a number of discrete elements, in 1986 we decided to look at what could be done to expand this area. We assessed, first, that we had a number of discrete elements but did not have an aerospace industry in the sense that we have a wine industry, for example, with a number of different concepts forming a cohesive industry. So we decided to look at what could be done to form a cohesive aerospace industry, and we decided that an aerospace promotion committee would be required.

Tim Anderson, the Chairman of BAE in Australia, now chairs the aerospace promotion committee which brings together a number of public and private sector people. The committee has been working through the possibilities for further work in this area, and in a moment I will ask the Director to comment on that. The Government, which would like to support other developments in not just aerospace technology but information space technology, is involved in a joint endeavour with BAE on the SATCOM project to develop satellite dishes for transmission and receipt of technology via satellite.

We are also involved in work with other South Australian companies in that same area in terms of the development of satellite dishes. If all these proposals come to fruition, South Australia will be the lead State in terms of research on satellite dish technology development. I can obtain further information for inclusion in the supplementary answers in relation to particular areas of the committee chaired by Tim Anderson, and I point out that Mike Ridgeway is its executive officer.

Mr S.J. BAKER: Can the Minister explain exactly what transpired in relation to Autodie and say why it pulled out of the national tooling centre proposal that was being pursued by the State Government?

The Hon. Lynn Arnold: Does the honourable member want the whole story from 'go to whoa' in relation to Holden's or the whole story from 'go to whoa' in relation to Autodie's involvement in particular?

Mr S.J. BAKER: On a point of clarification, obviously the question relates to the fact that Autodie was touted as a firm from the United States willing to invest in this State and willing to be the nucleus of our national tooling centre. However, that did not occur and the Committee would like to know why that initiative did not succeed.

The Hon. Lynn Arnold: I will be as brief as possible and the honourable member can ask further questions. The 'go to whoa' story is that back in 1982 Holden's decided that it no longer required a tooling facility in South Australia and that it would be closed. We could see that one of Australia's leading tooling facilities was about to disappear. The then South Australian Government was very anxious about the loss of a major component manufacturing capacity and worked with various people in industry to maintain that facility.

That is the 'whoa' end of the story. The 'go' end of the story is that Holden's, now some years down the track, has decided that it does have a demand for a tooling centre and wants it to continue: so Holden's will continue to operate the tooling centre and will upgrade it. The centre will provide a tooling service for other firms and not just for Holden's—it will be a service facility for other South Australian and Australian companies. Indeed, it is interesting to note that one of the entrepreneurial corporate teams in the enterprise workshops was from Holden's, working on low cost tooling.

The 'go to whoa' element of the story is a subset of the longer story. When the Government actively proposed retaining that facility, we had people in the department working on a tooling strategy who floated the idea of another investor coming in and taking over the tooling centre. We talked with a number of companies over the period 1983 to 1985, but more particularly in 1984-85. In 1985-86 one company seemed to gel as showing more interest, and that company was Autodie, which is based in Grand Rapids, Michigan. Significant discussions took place with that company, and other companies with which discussions had taken place were, for legitimate reasons, put on the backburner because it was decided that it would not be appropriate to conduct parallel discussions with a number of alternative investors. However, we never publicly touted Autodie because, until an agreement was signed, sealed and delivered, we felt that artificial expectations would be raised—but it is certainly true that it was canvassed by others in the public arena.

Discussions took place between Autodie and Holden's, between Autodie and the State and Federal Governments, between Autodie and the IADC and between Autodie and the unions, and at various stages it looked quite hopeful that Autodie could proceed. However, in finality it did not proceed. We believe, given the advice that we received earlier on, that the real reason for it not proceeding was a downturn in the American tooling market. A significant amount of evidence is available to us, certainly through our Los Angeles representative, that the American tooling market has become much more competitive in the past 12 months and indeed is being significantly pressured by imports, which is of great concern to the American tooling industry.

A strategy being considered by Autodie was to import tools made overseas back into the United States. So it is our opinion that the downturn in the American tooling market resulted in Autodie reassessing its plans and deciding to withdraw from this proposal to site itself overseas and simply to pull back its frontier to its Grand Rapids operation. At that stage we had to examine the national tooling centre proposal and look again at some of the companies that were placed on the backburner. In the intervening period Holden's decided that it wanted to retain its tooling centre facility and said, 'We want to develop it because we now believe, contrary to the market and our corporate situation in 1982, that we have a great need for it and we will upgrade and significantly modernise it.' Holden's has

advised that there will be a significant investment in this facility.

Mr S.J. BAKER: I understood that Autodie was keen to participate in South Australia because of the opportunity presented to get into some of the Asian markets and the Australian market. During negotiations it was made quite clear that Autodie would have to take within its new operation many of the existing toolmakers at GMH. The advice provided to the company and its own analysis was that it was a totally uneconomic proposition to have a high technology tool making facility with a large work force thrust upon it because it would not be affordable and the skills of the GMH workers would not necessarily be compatible with the needs of the new tooling centre. That was the advice provided to me. Can the Minister confirm it?

The Hon. Lynn Arnold: I cannot confirm it, but I can give alternative advice. It is certainly true that the company had anticipated, as a downstream effect, if the proposals had gone ahead that Asia would be an export market, although in the first instance the main export aim was back into the United States as well as the Australian market. It made the point quite clearly at the outset that it did not see that the Australian market was necessarily the most important element of its investment here.

The other point relates to the existing tool makers. At all stages the company knew that it would be taking over existing tool makers from the Holden facility. That was not a negative factor because, basically, they were the only tool makers in South Australia for the sorts of things required. What the company did know, acknowledge at all stages and willingly discussed without being put off by the unions, was that these people would have to be trained to meet Autodie's technological requirements, because it is true that there are different processes and technologies. The company was happy to consider sending a number of those tool makers to the United States for training, and undertook significant discussions with the relevant unions in that regard.

I can say that, for example, in the initial discussions it was said that the biggest worry was the company's perception of Australian unions. When it first came here, it thought that that would be the biggest problem. However, in the closing stages of the discussions it was quite open in its comments to us and to the unions that that matter had turned out to be the least of its problems. The company felt it had the full cooperation of the unions at all stages in trying to build up a package that would be of benefit to both parties. Of course, while the company used the existing tool makers from Holden's, it did say that it would bring in engineers from the United States and was considering ways of recruiting those engineers for the tooling facilities. That was acknowledged by all parties.

At no stage did Autodie advise us that its final decision not to proceed involved its having to take on existing tool makers and their incompatibility with the training needs of the operation in Grand Rapids—quite the contrary. From the very start, at all stages, Autodie knew that that was the case. When the company knew that it had a tooling facility at Woodville, it also knew that it had more than just a building and some equipment—and in some cases the equipment was outdated—it also knew it had tool makers. Part of the attraction was that group of people.

Mr S.J. BAKER: The ultimate decision involved economics; marginality really did have a lot to do with the costs that the company was asked to bear. Indeed, that is why it did not proceed. My next question relates to DTX. Can the Minister advise whether the employees of DTX have received moneys that were outstanding when this matter was raised in the Parliament? Can the Minister further

advise what amounts DTX owes Government departments? Can the Minister confirm, for example, that it owes the Department of Marine and Harbors \$3 million? I do not know whether that information is valid, but perhaps the Minister can ascertain exactly what is owed to State Government departments by DTX.

The Hon. Lynn Arnold: The honourable member was apparently asking a question, although it was worded as a statement—but I will certainly treat it as a question. The decision by Autodie not to proceed was not based on its perception of the changes in the economic rate of return from an Australian investment. The conditions accepted in December 1986, which were accepted by letter from Autodie to the South Australian Government in March this year and which were applied in the subsequent months, did not change to disadvantage Autodie in relation to what it knew to be the case, given its letter of March this year. Indeed, if anything, the marginality or the rate of return improved for that company. Its own merchant bank advised that it was getting a good deal.

Therefore, I cannot accept the statement made by the honourable member, and it is not confirmed by Autodie in anything it has communicated in writing or by verbal report to the South Australian Government. The Government's objective in 1982-83 was to seek to maintain and enhance the tooling facility. That outcome has been achieved through the recent decision of Holden's. We are very pleased about that.

I will possibly need to obtain further advice from other departments on the matter of DTX. I believe that the situation probably has not changed with respect to the Department of Marine and Harbors, that is, that that department has a lien over the land. In fact, the department owns the land, so it is not out of pocket in that regard. I will obtain an up-to-date report from the Department of Marine and Harbors on that situation. We do not have immediate advice on which employees have not received salary payments, but I can say that no moneys have been paid from the State Development Fund to DTX, nor indeed would moneys have been paid. In the vast majority of cases, incentives paid out under the fund are performance based; people do not get the money until the jobs are on the ground and things are in place. Once that happens, we back-pay incentives. Because that has not happened with DTX, it has received nothing from the State Development Fund. We will seek a further report in relation to other Government departments.

Mr S.J. BAKER: Can the Minister advise the current status of Armtech? Does Armtech owe moneys to any State Government department or instrumentality?

The Hon. Lynn Arnold: Certainly, it has received no money from the Department of State Development and Technology. In the case of DTX, there was an application, which was approved; the IDC recommended approval for payment on a performance basis for DTX. However, Armtech has never applied for nor has it received, nor will it receive, any funds under the State Development Fund.

The Hon. E.R. GOLDSWORTHY: I recall asking questions 18 months ago about those.

The Hon. Lynn Arnold: As to other matters alluded to by interjection by the Deputy Leader, these are best handled by the Attorney-General. I will refer to him inquiries regarding certain operators of the company. These are not matters that fall within the direct responsibility of the department.

The Hon. E.R. GOLDSWORTHY: There was an investigation into Armtech.

The Hon. Lynn Arnold: Yes, following the Deputy Leader's question.

The Hon. E.R. GOLDSWORTHY: Nothing was turned up.

The Hon. Lynn Arnold: We sought information about the contracts as well as information on certain letters that it was alleged were written by various people. I forget the name of the company secretary, but I believe he was a brigadier. We made inquiries of the company, but we did not receive any reply to our approaches. Our understanding is that the NCSC is also investigating Armtech. I will take up this matter with the Attorney-General.

The Hon. E.R. GOLDSWORTHY: So the wheels of justice turn pretty slowly.

The Hon. Lynn Arnold: It was suspended from the Stock Exchange for a long time as a result of an inquiry by the Adelaide Stock Exchange. There is a court case pending on the matter.

The CHAIRMAN: Order! The Committee is drifting away from questions on the budget lines.

Mr RANN: A great deal of attention has been given to the construction site for the submarine project, but the weapons system contract component involves about \$800 million. What efforts have been made to secure South Australian involvement in the weapons systems part of the submarine project as a whole?

The Hon. Lynn Arnold: In terms of the general area, I have some figures that might be of interest to the Committee with regard to the benefit to Australia of the submarine project. It is estimated that, from the \$3.9 billion project, the total person years of labour that six submarines create is 36 251 and if the project expands to eight submarines it is 42 620, and that does not take into account further years of labour that will result from refurbishment.

That is a significant second stage of the project because they will then, after a period of time, be refurbished to get the most out of them. Average annual employment will be: direct, 1 387 for six submarines; indirect, 1 909; total, 3 296. Tax revenue to the States will be \$27 million; tax revenue to the Commonwealth will be \$335 million. The direct and indirect employment figures do not include induced economic activity and, therefore, one could give a multiplier effect to that and that would see both direct and indirect employment in Australia totalling 6 600 people. With respect to the question asked by the member, that would largely fall within the direct area of employment, and the indirect area would involve those companies contracted to supply components. Accordingly, I ask the Director to comment.

Mr Hartley: The broad answer is rather similar to the last one on the general exploitation of the submarine. It involves devotion of considerable staff resources to help South Australian companies gain contracts in the weapons systems area. The man I referred to earlier who is going to join the department next week is from the defence industry within Australia, so he is extremely well connected. Much of it is the Government or the department acting as a catalyst and a marriage broker between Rockwells and decision makers and our companies, helping in quality, and generally being involved in vigorous discussions.

It is worth noting that Rockwell has a number of Australian partners, and this also arises out of departmental initiatives. Those partners include Fairey Australasia, British Aerospace, Plessey and Thompsons. Of that, two are large defence related South Australian companies and it is expected that they will gain a significant part of the benefits of those contracts.

Mr RANN: Can the Minister provide an assessment of how the Small Business Corporation is being received by small business as an advice and counselling service? Has he any details of the number of small business people—both

those starting up and then later on, when they think of expanding—who use the service?

The Hon. Lynn Arnold: The corporation is keen to see that it develops measures of the valuation, so I can give a rough idea of some of those and get accurate figures later. First, it has the second highest level of daily inquiries of any equivalent to itself in any State, second only to New South Wales, which has a population four times ours. The daily rate of inquiry in New South Wales is not four times ours—it is less.

The second point is that it also goes back to all the substantive inquiries—not just quick calls for information—to ask whether they were satisfied with what they got from the corporation. Once a month it publishes an index of satisfaction on a scale from minus two to plus two. As I recall, in recent months that scale has been running at between 1.4 and 1.6, on the plus side, and the corporation is happy with that rate. If the corporation has companies who grizzle, it goes back and follows through on what the companies were worried about.

By interjection the member for Mitcham, who is not presently in the Chamber, said that the corporation received fewer funds this year. He may be referring to the regional development program provision of the corporation, which relates to work in the regions. Part of that will be funded by the Department of State Development, and another part the corporation believes it can fund within its existing resources, and it does not see this as a cutback. The overall resource commitment is similar to last year, so the statement made by the member is incorrect.

The Hon. E.R. GOLDSWORTHY: What about the \$6 million plus line that appears in the budget somewhere, because that has not changed much?

The Hon. Lynn Arnold: I will just finish with the Small Business Corporation. The advice I have is that up to 35 per cent of all small businesses that start up in South Australia have sought some information or advice from the corporation, which has recently published *Signposts*. Its ancestor was first published under the sponsorship of Rotary in conjunction with the WEA in the 1960s. That publication was the first *Signposts*. The first edition sold out, and it is now being rewritten and published in another edition. The indications are that the corporation is filling a need. We can get the figures that I have been quoting confirmed as to the exact situation in recent months as to the daily contact rate and the level of satisfaction monitored each month.

Mr RANN: Does the Minister believe that there is sufficient venture capital availability to South Australian start-up ventures?

The Hon. Lynn Arnold: This is a very complex question. Some companies would say, 'No', because they could not get support from a venture capitalist. It may be that the venture was not substantive enough, which is why they could not get it. I say that it is complex because, on the one hand, one is inclined to say that one could always have more. It has been good to see new venture capital funding opportunities available in South Australia including, for example, the Enterprise Investments that the Government has played a significant part in bringing onto the scene, including the licensing two years ago of SAMIC, and the increase that it has achieved under the MICs licensing authority for the amount they can raise that is eligible for the 150 per cent deduction figure.

On the other hand, it is worth noting that not just in South Australia but throughout Australia generally a number of venture capital companies are now starting to explore other areas of investment for their money, other than tra-

ditional venture capital areas. That could partly be a statement by them that there is not enough in the venture capital market for them in which to invest their available funds. I do not know. We may have to see how that goes. The Victorian Government has seen the establishment of Seedcap, and I know that you, Mr Chairman, have asked questions about Seedcap and related matters because of your interest in this area.

One other question that we do not yet know what the effect will be, and I have raised it with the licensing authorities for the MICs, is the likely effect of the capital gains tax on venture capital raising. The licensing authority stated that it was going to monitor this to determine whether it had a limiting effect on the amount of venture capital funds that were available. Beyond the support that we have given for Enterprise Investments and the support for initiatives taken by SGIC and the State Bank in terms of what they do with their investment policies, and the financial support that we give to the Innovation Centre, and significant State funds go into that (that is not venture capital funding but funding for business planned development and information on patents and aspects like that) we do not have any other plans to get directly involved in venture capital supply, believing that the present structure in South Australia is probably adequate.

The Hon. E.R. GOLDSWORTHY: I heard the question about Autodie asked by the member for Mitcham, and I have one subsequent question. Did the loss of that proposed development have anything to do with the buildup of tooling facilities elsewhere in Australia?

The Hon. Lynn Arnold: No, nowhere else in Australia, but we believe that the situation applying in the American market was an influence. I refer to articles in the past six months in the *Wall Street Journal*, the *Asian Wall Street Journal*, and the *Herald Tribune*, which have all attested to that changed situation within the United States.

I repeat the point that I made before: this was not a loss. What has happened is that, first, the tooling facility will be maintained; secondly, it will be upgraded by means of new investment; and, thirdly, unlike the previous situation where it only serviced Holden's, it will now be a facility that will service other areas of the automotive industry around Australia as a result of Holden's recent decision. So, the very thing the Government wished for in 1982-83 when we started becoming actively involved has in fact been achieved. Autodie's involvement has come and gone, but the objectives we set at the start have been achieved.

The Hon. E.R. GOLDSWORTHY: Was Mr Duncan wrong, when he said that it was due to the strengthening of the Australian tooling industry as well as the other factor? He said that publicly.

The Hon. Lynn Arnold: Having had close contact with Jim Duncan on this matter, including discussions with Autodie, I believe that he has been misquoted on that, because he shared my view and the view of others that what had changed was the US market situation. That may have been reported in some media as the Australian supply situation.

The Hon. E.R. GOLDSWORTHY: I will quote it. It states:

The Deputy Director of State Development (Mr Jim Duncan) said the strengthening of the Australian tooling industry and the decline of the US industry had caused the breakdown.

I will not push it further than that. It is in the report which, I think, was in the *Advertiser*.

The Hon. Lynn Arnold: I am advised that the comment he made referred to Holden's own strengthening of their tooling position, which is on the very site we are all talking about, the Woodville tool room.

The Hon. E.R. GOLDSWORTHY: He just talks about the strengthening of the Australian tooling industry, which reads as though there has been a buildup of tooling in Australia which was a factor which militated against this US firm. I would have thought that if the US firm was in trouble, it would be looking for areas to further its activities. Anyway, I want to pass on now to this publication, which refers to the budget. The publication, *The South Australian Economic Future in the Next Five Years*, was sent out by the Premier, and it talks about where we are going or hope to go. On page 59 he said this:

The South Australian Government will continue to provide payroll tax and land tax rebates to eligible firms. Withdrawal of assistance to regional enterprises at this stage of the recovery in the State economy would be potentially damaging to the economic viability of some firms and regions which rely heavily on the continuous provision of tax rebates.

I ask the Minister what has changed since the Premier made that statement.

The Hon. Lynn Arnold: A number of things, one of which is the state of the economy since that was first written. The economy has strengthened in a number of ways. What has particularly changed is that the \$6 million which has gone into that payroll rebate scheme has been targeted at 198 firms in regional areas of South Australia. There are a great many other firms which just do not even achieve the level of paying payroll tax to be eligible for rebate, so those country firms achieve no assistance under this rebate scheme.

Secondly, the scheme did not target those firms which grew, it targeted any firm which paid payroll tax in country areas. The original proposal which had been floated, I believe, by the Hon. Brian Chatterton (then a Minister in the Corcoran Government) for something of a rebate scheme, had suggested that it be limited to those firms which actually created extra jobs in country areas. The final scheme which came into place and which we maintained for a number of years saw it as a blanket to all country firms. Given the fact that it was non-targeted and that after some seven years of its existence there was no evidence available to us that it had actually increased job opportunities or had sustained jobs in regional areas, we decided to see whether we could target it better.

Rather than a withdrawal of assistance, it is more appropriately termed a change in the way the assistance is to be targeted. Country industries need assistance, both in the context of themselves and the country areas and, secondly, in their context in the South Australian economy marketing nationally and internationally. It should also be noted that Victoria has already phased out its scheme. We acknowledge that, in phasing it out, some companies will be disadvantaged. That is why an adjustment scheme has been put in place. For most of the companies the phasing out will take place in four steps over, effectively, three years: 75 per cent in the previous year, 50 per cent the following year, 25 per cent in the following year, and zero per cent in the last.

For those firms eligible for the adjustment scheme, it could take up to 10 years for their phasing out. A number of criteria have been established. One of the elements of those criteria is that if a company can identify that in the past three years its bottom line profit has been less than the payroll tax rebate it received, it would be eligible, in the first instance, for some assistance—if it also met other criteria.

Taking that money away from that area, therefore, and putting it back into country areas in other forms, we think, will give all country firms who wish the opportunity to expand or grow to get some assistance. I repeat the point that only 198 firms have been achieving assistance under this \$6 million scheme to date. We think that many other

country firms, especially some small and innovative firms who do not even get to the threshold level of paying payroll tax, would like to see the new scheme we are introducing.

The Hon. E.R. GOLDSWORTHY: I think that the Minister would be hard pressed to convince many people in country industry that the economy has improved, which is one of the bases on which he justifies removing this scheme. Can the Minister say which firms the Premier had in mind when he made the statement that it was potentially damaging to the economic viability of some firms and regions which rely heavily on the continuous provision of tax rebates? Can he say which firms and regions the Premier had in mind who are now, to take his first point, due to the improvement of the economy, able to bear this extra tax?

The Hon. Lynn Arnold: The economy of 1987 for South Australia at large—not the country area or the metropolitan area—is significantly stronger in its essentials than it was in 1982. That is what I was referring to in terms of economic recovery. That is not to deny that there are many difficulties for many areas of country industry as there are for metropolitan industry, and that is why we have the adjustment scheme, so that those firms which can put up a case and whose case can be sustained upon analysis will be eligible for the adjustment scheme.

The Hon. E.R. GOLDSWORTHY: Can the Minister name those firms which then could not stand up without this tax rebate, who would have considerable hardship, but now are deemed not to be in a position of hardship? The Premier made the statement, and I will quote from an earlier part of it, as follows:

Following detailed examination of the country payroll tax and land tax reinvestment scheme, the Government has endorsed its continuation.

There was a detailed examination and the Premier endorsed its continuation, and said that if it did not continue there would be considerable hardship to a number of firms. Which of those firms which then would suffer hardship now will not?

The Hon. Lynn Arnold: The point would be valid if the money that was being paid out of the payroll tax rebate scheme were simply not available for development assistance in South Australia as a result of the rearrangement. That is not the case. The point is that that scheme was originally introduced back in 1980 or 1981 not as a hardship scheme but as an incentive scheme. It is in that context that the Government re-examined whether or not this incentive scheme was targeting the needs of regional development.

It was our assessment that it was not, and various people we have spoken to in the regions also query the targeting capacity of the payroll tax rebate scheme. In fact, I addressed a seminar of the Local Government Regional Development Association in the Riverland in March or April this year, saying at that time—that was before Cabinet had had a submission before it—that it was my personal view that the payroll tax rebate scheme was unsatisfactory in that it was not targeted for development; that it was, in fact, just a blanket scheme; and that my belief was that it should be phased out and replaced with something more targeted. I found that on that occasion many people attending that seminar, representing most of the sizeable rural regional councils, accepted what I was saying.

The Hon. E.R. GOLDSWORTHY: The Minister has not answered the question, and I guess he cannot.

The Hon. Lynn Arnold: Well, you asked for what companies are eligible for hardship. We are asking companies to apply for the adjustment scheme if they believe that they have a case to put. We are not just simply making the decision that we think they are hard done by. We say that

they can tell us if they think that they are hard done by, come and apply and we will examine it. As Minister, I have approved a number of companies entering this adjustment scheme. I do not know that it is appropriate that I name those companies in this House. In any event, we would need to consult with the companies first before we start touting their names around publicly.

The Hon. E.R. GOLDSWORTHY: Does the Minister believe that there will be any employment loss as a result of abandoning the rebate payroll tax and land tax under this scheme?

The Hon. Lynn Arnold: No, the Government is convinced that by targeting the way we have now done there is the greater possibility of real job growth in country areas. If there are companies who are claiming that there will be job losses as a result of the payroll tax rebate, then I certainly hope that they have put in their application to the adjustment scheme so that their claims can be analysed against the figures that they can supply about their financial statements and their belief that their market situation is weakened. Some months ago one particular company was making some loud statements about this, and it had not even at that stage applied to the adjustment scheme. It may subsequently have applied, but at the time it was making its first complaints it had not. There was a belief held by some people in the town—and I do not wish to name them—that the company was using the payroll tax rebate withdrawal as a political excuse for the opportunity for job reduction in that firm to mask the reason for it when in fact it had intended to do it anyway.

The Hon. E.R. GOLDSWORTHY: Maybe that firm did not apply, but I have here a letter signed by a director, and this indicates the comfort that these firms get. The letter indicates that they are being individually advised of the decision and that provision is being made for departmental officers to discuss any cases of extreme hardship. They are the terms which individual firms may face. We are talking not about extreme hardship but about survival and maintenance of employment in country areas. The Minister's information does not line up with the results of an extensive survey we conducted in our country electorates of people who were going to be affected. We received a variety of comments. It was going to affect one engineering firm's overhead costs to the extent of \$1 per hour extra in their labour costs, which inevitably was going to cost jobs. Another firm stated that the payroll tax cut would affect their processing section; that as it was labour intensive the cut would be a big blow and staff numbers would have to be reduced, and that therefore their output and market would be reduced. This rebate was going to add \$250 000 to one company's operating costs; and another company that had already written to State Development said that it would cost \$39 000.

I know that one person who called on State Development received no comfort at all because, I suppose, he could not prove extreme hardship. We have page after page of names of companies surveyed that will be adversely affected and, as a result, would only put off one or two employees. For instance, one newspaper proprietor, a member of the Regional Press Association, stated that he had intended to take on a cadet, but now was not going to do that. Will the Minister indicate the evidence he has for the bold 'No' to the question that removing the tax rebate would have no impact on employment in country towns?

The Hon. Lynn Arnold: I seriously ask the honourable member to analyse a lot of these statements that have been made. When people have a benefit withdrawn, they are often not expected to be happy about it, but sometimes they will make extravagant statements. I have not had the

chance to closely analyse all the statements that the honourable member has just made, but one was that a particular firm's labour cost would go up by \$1 per hour. Given the fact that payroll tax is at the rate of 5 per cent and that there is a threshold figure of \$250 000 of salary before one pays any payroll tax, that would have to imply that the employees of that company are earning \$37 500 minimum, because they are earning \$20 an hour for it to add \$1 per hour onto their labour cost. That needs further examination.

All we are asking of companies that apply for the adjustment scheme is to put up the figures, and let us go through and analyse them. We would not accept that sort of statement at face value; we would ask for some substantiation that they were in an industry that pays \$20 an hour and has a salary of \$37 500 minimum (because it would have to be minimum given the threshold figure of \$250 000 to come out with the outcome of \$1 per hour increase in labour).

The Hon. E.R. GOLDSWORTHY: I do not know how the Minister has done his sums.

The Hon. Lynn Arnold: On the basis of eligibility.

The Hon. E.R. GOLDSWORTHY: The fact is that this person waited on State Development. I received this figure and they had done their costings (I have costings from other firms where they have as their bottom line what per hour it is going to cost), and it was asserted before and after the discussions with State Development that it was going to add \$1 an hour onto their costing in terms of their engineering projects. It is a question of who one believes.

The Hon. H. ALLISON: In the *Sunday Mail* on 9 April 1986 there was a report of a bid to establish a \$1 million high tech laser centre at Woodville North. Will the Minister enlarge on that and say whether previous reports about South Australia ultimately becoming a world leader in certain aspects of laser maser research and applied technology have progressed? This has been floated around for several years, I think since the first green laser came through for Flinders University for eye surgery, and advances were made in South Australia at that time. It has been going probably for five or six years. Has any project evaluation been made in South Australia in laser maser technology? How is that *Sunday Mail* claim for the \$1 million high tech laser centre at Woodville North progressing?

[*Sitting suspended from 1 to 2 p.m.*]

Additional Departmental Adviser:

Mr B.E. Orr, Executive Director, Technology Park Adelaide Corporation.

The Hon. Lynn Arnold: Many exciting things are happening in South Australia with respect to lasers generally. The honourable member mentioned, for example, the work at Flinders University involving Quentron Laserex and the medical lasers. Further, there is also the laser airborne depth sounder (LADS) which, in itself, is a very exciting proposal.

The Hon. H. ALLISON: Does the Minister wish to deal with LADS, the laser airborne depth sounder?

The Hon. Lynn Arnold: Yes. Before doing so, I mention that last year the Laser Application Centre was the subject of a feasibility study that was funded under the Technology Innovation Program Fund of the South Australian State Development Fund. When that study was completed, it was forwarded to the Commonwealth Government in order to establish whether it would finance such a centre, which I believe was costed at about \$1 million. In relation to the figure of \$100 million, I cannot recall the article, but my guess is that that was an assessment of the ultimate value

to industry generally in the future. I am not able to comment further on that. At the moment, the feasibility study has been completed, but the Commonwealth Government has not accepted a submission to fund it. Really, the ball is back in our court to determine whether or not we are able to proceed with it.

At this stage I cannot comment much further on it except to say that the Centre for Manufacturing at Woodville will have a small section devoted to laser applications when its development is completed, so there will be a small kind of centre there. The Department of Technical and Further Education is eager to see a laser centre developed in one of its colleges, much along the same lines as the PARTEC Centre, or the Plastics and Rubber Technology Centre, at Regency Park. Really, that would address the training issues associated with new laser technologies. I forget which college is thinking of such a centre (Marleston is the one that comes to mind, but it may not be). I will check that information and which college they were looking at possibly for that laser centre.

The LADS scheme originated from the Defence Research Centre. I do not have the information available on that, but I will obtain that for the honourable member. I know that about two months ago we issued a statement concerning that scheme. I will obtain the latest information on it. In fact, I believe that a former honourable member of this place is involved on that project—and I refer to Dr Billard.

The Hon. H. ALLISON: Page 459 of the Auditor-General's comments on Technology Park states that in 1986-87 rental receipts counted for about 17 per cent of the total cost of operation compared with only 10 per cent in 1985-86. What is the projection for 1987-88?

The Hon. Lynn Arnold: Each multitenanted facility requires some subsidy in its early stages. I will ask Mr Orr to comment further, but at the moment we have three houses that have tenants—Innovation House, Innovation House West and Endeavour House. The rental receipts for Innovation House are now—

The Hon. H. ALLISON: The total rental is shown as \$532 000 for 1987 and \$256 000 for 1986.

The Hon. Lynn Arnold: When the buildings are first occupied or are first available for occupation, some of the money that comes from them relates to rent and the other money relates to Government allocation for the multitenanted facilities. The ideal is that each house will be self financing and will return a surplus to the operations of the corporation. Innovation House West will reach that stage in the coming financial year, while we estimate that Endeavour House will reach that stage in 1988-89.

Mr Orr: The first of the three multitenanted buildings that are presently in operation, Innovation House, was funded by the Police Pension Fund and the corporation has a head lease over that building. That is already paying its way. In relation to the other two buildings I think that the exact nature of the subsidy is something to which I will have to refer, but the typical pattern of those two buildings and the third one that we have funded by borrowing from SAFA require subsidies for the first 10 years. I think that in the case of all three buildings, on average, the life of the building is expected to be about 30 years and over the full life of the building they return a positive surplus but, during the first 10 years, some element of subsidy is required and thereafter there are much better returns.

The Hon. Lynn Arnold: We can obtain more figures for each building as to the rent payments, rent receipts in the past financial year and the projected rent receipts in the coming financial year. Further, we can obtain information as to the consequent other financing of debt servicing of

those buildings, so I undertake to get that for one of the first three buildings (Innovation House, Innovation House West and Endeavour House) plus the predictions relating to the other component for Endeavour House for 1987-88.

The CHAIRMAN: I remind the Minister of the 9 October deadline for *Hansard*.

The Hon. H. ALLISON: As a supplementary question, page 460 of the Auditor-General's Report, again relative to rental income, shows that at 30 June tenant rent arrears amounted to \$68 000. Does that imply that a number of tenants are having problems, or is it just a habit that people have of paying rent in arrears at Technology Park?

The Hon. Lynn Arnold: Some small amounts would relate to the timing of cash flows at the time of reporting. The bulk of that amount relates to one particular company that was located at the park, but it has now moved off the park because of internal cash flow difficulties. I think that some element of discussion was needed between the company and the corporation as to the outstandings, both for rent and for cost of partitioning. Those discussions took some time to complete, but they have now been completed. We have got back most of the amounts outstanding. Most of that amount relates to one particular company.

Mr RANN: Again in relation to Technology Park, at one stage mention was made publicly of the possibility of a facility at Technology Park near The Levels which would cater for short-term accommodation of people who might be brought from the United States or elsewhere to work on places like Austek and British Aerospace. I think that that was to be incorporated with club or liquor facilities. Does the Government still have plans for such a facility?

The Hon. Lynn Arnold: A general services area to include a motel, club and other services such as banking and services relevant to the park has been under serious consideration by the board of Technology Park and, indeed, it retained a firm of consultants to undertake a brief. That firm came up with a general concept. In fact, further discussions took place on the matter with a potential investor, but those discussions have not reached a satisfactory conclusion at this stage. The view of the Government is that we believe there is a need for something like that at Technology Park, but we have no intention of subsidising it, because we think that the park has enough tenants, employees and potential visitors for such a venture to sustain itself. The corporation's attitude is to continue promoting it in such a way that an entrepreneur who can appreciate the return can be found.

Mr Orr: I will elaborate on that. The Minister said that we have had negotiations with potential investors in the past. Until today those negotiations have not been brought to fruition, but we are having serious discussions with an investor group right now. I am hopeful that we will see a positive outcome from that within the next few months so that there will be some facility of that kind, perhaps initially on a small scale, but with the prospect of meeting the kinds of requirements referred to.

Mr RANN: Over the past few years a number of regional committees have been established to promote economic development taking into account specific problems as well as opportunities inherent in regional areas, for instance, the Green Triangle, the Riverland and the Northern Adelaide Development Board. Is the Government satisfied with the work being undertaken by those committees, and is there a feeling that they are targeted towards the State's general development?

The Hon. Lynn Arnold: By and large we are happy with the way work development is going with each of those committees. I guess that implies that we believe they are

perhaps more able to pick up some of the finer details of development needs in their particular areas than would a centralised approach. As to whether they are fitting into the broad State economic objectives, that is one reason for keeping lines of communication to them open, so that they understand what we see as a general State view of development questions.

I cannot identify any instance in the past 12 months (or since I have been Minister) where there has been a serious conflict of interest as to development views held by a regional group as against those held by the department or myself as Minister. The model varies in each area: the Green Triangle model is a bi-State one with Victoria; the Riverland Development Council is a different model; and the Northern Adelaide Development Board is different again. The Northern Adelaide Development Board recently received some money from the Government for a feasibility study into small business incubator space and received some support for a group apprenticeship scheme in which we will see up to 100 apprentices trained under the sponsorship of the development board.

Likewise, the Riverland Development Council has started a group apprenticeship scheme with Government support. In addition, there is the work in Whyalla. One needs to put that work in the context of the steel assistance money which is also going into Whyalla and which is significantly funding the Whyalla Technology and Enterprise Centre, a major initiative to service not only Whyalla but the whole Western Region of the State. In addition, there have been significant discussions between the State Government, including the department, and people in Port Pirie about Port Pirie's opportunities, so we believe that they have been successful and that their view of the way in which State development should go is consistent with the kinds of issues that we are trying to promote.

Mr RANN: Does the Government believe that there is any potential for the development, albeit small, of a robotics industry in South Australia either in research, development, or further down the track in manufacturing?

The Hon. Lynn Arnold: The Centre for Manufacturing will be doing some work in promoting the relevance of robotics to manufacturing industry in this State and will in fact include some working facilities. There will be a demonstration company located at the Centre for Manufacturing and it will show in part the application of robotics. In addition, research work is proceeding in tertiary institutions; for example, Regency Park College of TAFE does some training and developmental work; the Adelaide University has a robotics unit for research and study purposes; and, of course, the private sector is working with robotics, with the most notable work being done involving merino wool harvesting—the robot sheep shearer.

In addition, a number of other companies in South Australia are applying robotics very successfully to their manufacturing process. I can name a number of such companies: ROH; Simpson, which has established a separate subsidiary, Simpson Automation; Holden's; and quite a few others. So we see private sector firms taking up robotics and some research work being done. Work is also being undertaken at the Centre for Manufacturing. Another company just mentioned by Mr Orr is Vision Systems, which deals with a robotic security system—robotic because it moves around the place.

The Hon. E.R. GOLDSWORTHY: I have further questions on the publication to which I referred earlier *South Australia's Economic Future*. This was the Labor Party election manifesto for the next five years. The Premier's words were that he saw the need to clearly outline a vision

for South Australians. On page 60 that publication refers to the manufacturer's data base. How is that data base progressing? How many firms have been computerised? What sort of information is being stored? Is any of that information confidential and, if so, what protections are there to maintain that confidentiality?

The Hon. Lynn Arnold: After considerable planning work in 1986 a recommendation was put to me as Minister to approve the calling of tenders for a system upon which the data base could be developed. The calling of tenders was approved, they were subsequently issued and a successful tenderer was chosen. The result was that an installation took place in late 1986 and early 1987 which I think was finished in May, and trials were then undertaken to prove that that system was glitch free.

One thing that I said to the department with which it concurred was that the broad aspects of the data base should be available to departments other than the Department of State Development and that there should be a capacity for on-line access to that data base by other relevant groups including, for example, the Small Business Corporation, Technology Park, or any other party that had a legitimate reason to view some of that information. It was clearly understood that if that were to happen there would need to be blocks in the system that would only allow access to information on a 'need to know' basis so that commercial and confidential information supplied as such to the department would remain in the department but would be restricted to the use of certain officers.

The system has been installed and is going through its trials at the moment. I will ask Mr Mitchell to comment on progress in entering company information onto the data base and how we propose to keep that information current. I point out that the Industrial Supplies Office is examining what it can do to have the most up to date data base so that it will know which companies to contact when it hears of new contracts being let that may be of worth to South Australian industry. They are planning to develop such a data base, but it will be complementary with the data base developed by the Department of State Development.

Mr Mitchell: The data on the data base at the moment is the 1985 data that we had on trial on a mini-personal computer system. In October we will survey the identified manufacturers that we want on the data base to update that data. At the same time, we are discussing internally gaining access to other commercial or available data bases to supplement this information, such as the Austrade Data Base. I cannot say at the moment the actual number of firms on the system; we will have to provide that information later. The system should be fully operational in terms of up to date data by the end of the year.

The Hon. E.R. GOLDSWORTHY: What sort of information is stored, and what is the position regarding its confidentiality?

Mr Hartley: This information is fairly broad so in relation to any one company it would have details like sales turnover and the number of employees—information that would always be public in relation to public companies, but may not be publicly available for private companies. It will also contain information on the projects or product areas in which the company is interested, the data base being used in the department to help South Australian companies gain contracts. So in the past when we picked up the fact that a potential client was interested in buying a particular type of product it was a problem for the department and it required discussion within the department as to who knew of a company in Adelaide selling that sort of thing. Now it will require only asking for the information of the computer

through the data base and any company in Adelaide can be immediately identified and names given out to potential clients.

Another case involves what I call marriage broking where an overseas investor approaches the department as a result of our investment attraction program or just through an individual approach saying, 'We are interested in joint venturing in our area. How do we know which Adelaide companies might be interested?' In future we will be able to supply that information through the data base. Another use is the dissemination of information in a relatively focused way so that if we gain knowledge that could be of interest to various business sectors in South Australia it is much easier for us to transmit that knowledge to small groups of companies in a focused way rather than holding big seminars or setting up massive mailing shops. So it is really to try and help the department do its job more effectively.

The Hon. E.R. GOLDSWORTHY: What about confidentiality?

Mr Hartley: Confidentiality is protected to the extent that no-one is allowed access to the data bank without having the code. The code is to be applied at various information levels so that, if someone wants a list of companies manufacturing, say, nuts and bolts, you would need a code, but it would not be of a high level because those companies would be pleased to see that sort of information dispensed. However, if you wanted to know how many companies had financial difficulties or had ratios below a certain figure, the number of people with access to that information within the department would be extremely limited and that sort of information is handled very carefully. So in some cases it might be only the Director of the department who would have access to such information and it would not be made available publicly. We never give out information simply on request.

The Hon. E.R. GOLDSWORTHY: At page 65 the book deals with South Australia International and states:

The Government will take immediate action to create a new organisation to coordinate South Australia's international trade effort. This body will be established in consultation with the private sector and will operate on commercial lines and be directed by a board of directors drawn predominantly from outside Government.

What, if anything, has happened since that statement was released, particularly as we were told that the Government was going to take immediate action to set up South Australia International?

The Hon. Lynn Arnold: In the process of taking immediate action we discussed with relevant people in the community the role that something like South Australia International would play. A series of ideas had been put forward before the last election, including the suggestion that it could even play a quite active trading house role. Discussions with potential exporters resulted in feedback to the effect that that was not seen to be a niche that needed filling, so that element of any South Australia International proposal was not advanced any further. Another area that required examination was trade promotion. In the intervening period there has been a significant upgrading of funding allocated to the department for international trade promotion, the number of export missions going overseas has increased accordingly and other activities have been increased. Another aspect is the selling of South Australia's intellectual expertise overseas.

The honourable member would know that SAGRIC has been involved in this area for some time and is proceeding very well. More recently Dr Peter Stiedle has been appointed chairperson of a working party to examine how better international trade benefits can result from exploiting our intel-

lectual property resources in South Australia. Dr Stiedle is working on that consultancy at the moment and we expect an answer within the next couple of months. Therefore, the broader question of South Australia International is being addressed separately: first, the trading house function has not been proceeded with; secondly, there is the element of trade promotion and we have upped the ante very much in relation to the Department of State Development's own activities; and, thirdly, there has been greater exploitation of the Government's intellectual property internationally. This is being done in three ways: first, through SAGRIC; secondly, through some other Government departments (either separately or in coordination with SAGRIC); and, thirdly, the separate consultancy by Dr Peter Stiedle.

The Hon. E.R. GOLDSWORTHY: Page 74 of the publication states:

A state of excellence program will energise industry leaders, community leaders, trade unions, educationalists and people with the belief that achieving excellence no matter what pursuit they are in will provide South Australia with a socially stable and economically prosperous State.

What has happened to the state of excellence program? Did it get off the ground or, like South Australia International, has it gone into limbo?

The Hon. Lynn Arnold: Obviously the honourable member was not listening to what I said about that. Each of the critical aspects of the South Australia International proposal has been separately the subject of some work. One aspect has been put aside because the private sector said that it did not want it. Other aspects are not in limbo; they are being worked on or are being further developed. The actual dollars that have gone into trade promotion since 1985 are significantly greater than was the case previously. I will obtain a further report on the outcome of a call for centres of excellence which appeared in the media late last year asking people to suggest ideas in respect of what areas of South Australia they thought were nodes of excellence. I cannot immediately report on the outcome of how successful that call for public submissions has been.

The general concept of promoting South Australia as a State of excellence is part of our general strategy in selling South Australia, and we believe that we should be selling our capacity to do things. It is intrinsic in the technology exhibitions sent to Asia that we sell our capacity to undertake research and development that is internationally respected. That is intrinsic in all our promotion programs and in the recent seminars taken to Sydney and Melbourne.

Mr RANN: My first question relates to the motor vehicle industry. In the late 1970s the State Government assisted a structural adjustment program to help the car component industry. In recent months we have seen Holden's announce a major \$350 million technological upgrade. First, what is the State Government doing to assist, in the mid-1980s and beyond, the car industry; and, secondly, what is the State Government's involvement in the further development of the Federal Government's car plan for Australia?

The Hon. Lynn Arnold: The first thing is that the motor industry adjustment scheme was established back in, I think, 1979 and funding is still available for that kind of adjustment and, in fact, an advisory committee reported to the Government on these matters. That committee has been disbanded because we believe that this area can be handled by other reporting areas of Government. Feedback from the automotive industry and component suppliers was that there was still a role for independent advice to the Government. As a result, last year we agreed to establish a new advisory committee to pick up advice from the automotive and component industries to help us determine in 1987-88 how we will allocate the funds available. Indeed, the amount

available this year under the general structural adjustment program, which includes areas of the automotive industry, is \$540 000.

Other areas that are critical to the automotive industry include the export development program, because South Australian automotive component makers have been very successful in sales and we are trying to assist them in promoting more sales. There have also been discussions with the automotive panel of the Manufacturing Advisory Council as to what the Government could usefully do to promote more exports from automotive component makers. That is still under discussion. Last year it was proposed that funding could be provided for a position located in the Mid West of America and representing both the State and automotive component manufacturers. That idea was not proceeded with in 1986, and I believe it is again before the automotive panel for further consideration.

It was not proceeded with last year because it was believed that the Federal Government was maintaining its presence in Chicago through Austrade, with a special officer working in the automotive area. It is quite clear that South Australia is becoming the centre for automotive components in Australia, certainly the centre for exporters in that area. Consequently, trade missions have highlighted this area as an export industry for South Australia not just as part of our industrial base. The other point I make is that the MTIA is sponsoring a mission to China next month. We have recently become aware of that, and I have advised the department that we should find out more about what is happening to ensure that the interests of South Australian automotive component firms are reflected in that trade mission.

Mr RANN: It has been suggested that the Australian Submarine Corporation would establish at Woodville. What is the actual timetable for development on site? Can the Minister give an update?

The Hon. Lynn Arnold: Between now and the first cutting of metal, 450 contracts must be awarded, and I am advised that that process and the site design elements will take about 18 months, so it will be 18 months before the first metal is cut at Port Adelaide. As I said previously, work is already under way to refurbish the facilities so that ASC can relocate its headquarters to Manufacturing Park. Much of the coordination of the 450 contracts, plus the site development, will take place quite quickly.

Mr Mitchell: I understand that the ASC intends to be on the site in October, and it is intended that a number of temporary facilities will be established as soon as possible. Construction on the site should commence officially in October.

Mr RANN: What is the department's role in encouraging overseas corporations (and Kockums is an immediate example) to have a major presence in South Australia and be involved in other projects?

The Hon. Lynn Arnold: We certainly take the opportunity to sell to companies that have come to South Australia for a specific purpose South Australia's virtues in the widest context. We will certainly be doing that in relation to Kockums. We know that one of the things that company would be interested in, since it is making a large investment here, is ensuring that it gets maximum business opportunities. It will be eager to do that. The fact that we see the Centre for Manufacturing as being such a key player in all this and, for the medium period, being closely co-located with the ASC, will provide greater opportunities for other ideas to filter one way or the other.

We are also taking this opportunity to sell to Sweden the idea that South Australia is a good place for business, and

the Premier's visit to Sweden earlier this year was indicative of that. Now that Kockums has come to South Australia, other Swedish companies may find greater merit in investing here. We are in the process of developing a strategy to better target other Scandinavian countries. It has been proposed that there might be a trade mission in 1988 to achieve that. The other matter that is apparently under discussion with Kockums at present is the possibility of a broader joint venture investment corporation involving Scandinavia and South Australia so that, in a sense, Kockums, by participating in such a joint venture, would become a conduit for other investment opportunities involving other Scandinavian companies.

The Hon. E.R. GOLDSWORTHY: At page 77 of the document 'The South Australian Economic Future' there is a statement about tax exemptions. It states that the South Australian Government has moved to minimise the impact of payroll tax on small business. However, under the budget there is no further relief to minimise the impact of payroll tax. Does the Government have anything more in mind in relation to payroll tax, particularly as it affects small business?

The Hon. Lynn Arnold: I will obtain further advice from the Treasurer on this matter. Over recent years there has been a program for an annual increase of the threshold to take account of the CPI.

The Hon. E.R. GOLDSWORTHY: It did not happen this year.

The Hon. Lynn Arnold: The threshold is \$250 000 at present. I will obtain further advice on that.

Mr S.J. BAKER: The tax tables still exceed the CPI.

The Hon. E.R. GOLDSWORTHY: There is no adjustment for the CPI; that is what I was getting at. An article under the headline 'South Australia bids for thousand million dollar cable industry' states:

The State Government is spearheading a bid to have a billion dollar underwater communications cable company established at Port Adelaide.

Can the Minister report on the progress of the negotiations?

The Hon. Lynn Arnold: Three companies are in the tendering process, and two of them are believed to have the greatest chances. One of those companies has worked very closely with the South Australian Government on examining opportunities for the Tasman 2 project. I was interested to note that the recently published brochure extolled the virtues of South Australia as a site. The Tasman 2 project requires agreement by two Governments, the New Zealand and Australian Governments. I am very pleased to say that the Australian Government has said very strongly that any successful tenderer must have manufacturing and research facilities in Australia.

The New Zealand Government is ultimately one of those to make a decision on this matter, and we are keen to know its stance in this respect. As I said, there is the distinct possibility that success with the Tasman 2 project could see further fibre optic cable developments, such as on the west coast of America, being open to the successful tenderer. We expect that by December this year the two Governments will decide which of the tenderers has been successful.

Mr S.J. BAKER: The Minister will well remember the questions we asked about the Vision Systems security system. Can the Minister explain why, when his department was given the responsibility of evaluating the American tender and the Vision Systems tender, it did not undertake a full evaluation of that project; why it did not bother to talk to the people at Vision Systems; and why it did not even understand that Vision Systems had provided security systems in some of the most outstandingly secure places in the world, such as the NASA Space Station.

Why did the Minister rely purely on the statements made by an officer of the Department of Housing and Construction to evaluate which was the best tender available, and not test how the two systems stacked up? It is extraordinary that in this day and age we should have an officer of the Department of Housing and Construction who has no expertise—and I have since checked this—in the area about which we are talking. He made a technical evaluation of a project in an area in which he has no expertise, and the reputation of one of South Australia's up and coming firms that is thrusting out into the rest of the world has been put at risk. It has been devalued on the international market because people have said, 'If your system is so good, why have they not accepted it in your home State?' Can the Minister explain how this debacle occurred?

The Hon. Lynn Arnold: The member has asked why my department—presumably the Department of State Development and Technology—did not, in undertaking this investigation, go through the two tenders and their specifications. The reason is that it was not its job to do so. It is entirely a matter handled within the Department of Housing and Construction. There is an interface with the Department of Services and Supply which, contrary to popular conception, is not part of the Department of State Development or the Department of Correctional Services. I will refer the question to the appropriate Ministers for further advice for the member on this matter.

Mr S.J. BAKER: A statement was made in the House that, because of the difficulties the Government was experiencing in the matter, it had been referred to the Ministry of Technology to evaluate the appropriateness of the two tenders, yet that evaluation relied purely on the written statements supplied by the Department of Housing and Construction. There was no evaluation or research undertaken into the quality of the submission that it was examining. I find that extraordinary, unless the Government really wanted to give a *carte blanche* acceptance to the decision already made. It is of grave concern to me that we should have such incompetence in the public sector.

The Hon. Lynn Arnold: The role of the former Ministry of Technology was to make comments upon technological capacity. However, it is not an expert department in the allocation of tenders. It would be quite improper and would not be envisaged under the Services and Supply Act, that it should be having an arbitral process over the tender letting process. Significant discussions took place over the whole Vision Systems issue, and discussions were held with the company on the matter. It was the considered technical advice not just of the Department of Housing and Construction but also the client department—the Department of Correctional Services—that the technical demands and requirements were not met by the Vision Systems technology.

As the Minister said at the time, it was not a repudiation of the excellence of the technology because, indeed, the same department uses Vision Systems technology at Yatala, but for the Mobilong circumstances it was not what was required. One might want a Rolls Royce car but what may be needed for the task is a truck. One does not buy a Rolls Royce to do the job of a truck. I will refer the matter to the areas that conducted the expert inquiries into the matter. What came from the Ministry of Technology was comment on the state of the art in respect of technology: it is and was inappropriate for that Ministry and for the new Office of Technology to arbitrate on matters of tenders under the Services and Supply Act.

Mr S.J. BAKER: Without pursuing the matter further, the system that was bought was much less in quality than

the Vision Systems' proposition, and the Vision Systems' technology was much cheaper. This has been the subject of everyone doing a soft-shoe shuffle. My question related to the responsibility of the Ministry of Technology to undertake a thorough investigation, because that was not carried out—it had the documents for only one day. As to my next question—

The CHAIRMAN: We have had about five questions in a row, and I will now ask for questions from the member for Briggs. I will allow the Minister to comment on the member's statement, if he so desires.

The Hon. Lynn Arnold: It was a matter of great concern to Vision Systems and the Government, because the Government hopes that wherever possible South Australian technologies can be supported. As I stated, in the case of Vision Systems, it was used at Yatala. As to the responsibility of the Ministry, I remind the member again that, while the Ministry of Technology was called upon to evaluate the two technologies, the member uses the terms 'responsibility' for that and one has to define what responsibility is. It was not an arbitrating responsibility: it was only a capacity to provide comment on those areas. The expert people with respect to technologies and the requirements of the technologies for person detention in correctional service is not something that the Office of Technology or the then Ministry of Technology is expert in. It is something that the Department of Correctional Services is expert in. The Ministry of Technology did provide advice to the best of its information. Vision Systems also supplied it. As I say, Vision Systems was chosen for Yatala and not for Mobilong.

Mr RANN: My question refers to one of my favourite areas, Technology Park. More on the philosophical side, but it is obviously important in terms of development that Technology Park was set up next to The Levels campus of the Institute of Technology in order to achieve a cross-fertilisation of industrial as well as academic research excellence. Is the Minister satisfied that that is happening in terms of that sort of cross-reaction with the institute?

The Hon. Lynn Arnold: I am satisfied that that is happening. Certainly, we know it at a subjective level, as the member talks of companies at Technology Park and of the use that they make of the institute, and *vice versa*. It is also measured in a quantitative sense by the annual reports of Techsearch, which is an organisation that is now 15 years old. It is the dissemination organisation for the institute, so that it can disseminate its research capacity, take consultancy work and do promotion work for various areas. By 1979 Techsearch Inc. had an annual turnover of \$100 000. Its annual turnover is now nearly \$2 million, and that figure has grown every year since 1979. The figure this year of almost \$2 million is double what it was as recently as two years ago. If one looks through the organisations with which Techsearch has worked one finds a number of Technology Park companies.

That is quantitative evidence of the linkage between Technology Park and the institute. There are many other informal links that take place, including the interchange of ideas between experts at Technology Park and The Levels, but we also see the same with other tertiary institutions. While it was located next to that campus, the Government and the board of Technology Park wanted to see that other area widened out. For that reason while we have again appointed in the makeup of the board of Technology Park this year someone from the institute, we made the point that that person is in a sense a representative of the broadest sphere of tertiary education. Perhaps in a future appoint-

ment we will be looking to another institution having representation on the board.

Mr RANN: We have talked earlier in this Estimates Committee about our representation in London through the Agents-General, and how Geoff Walls is making it more entrepreneurial. We also talked about the Los Angeles office and its role in defence offsets. What about Japan? Is the Minister satisfied with our arrangements in Japan, and what sort of work is being done there?

The Hon. Lynn Arnold: Japan is a very difficult area for direct representation, in one sense, because it is such a large economy. To maintain commercial representation there, we have to examine what level of representation we want. Do we want a full office with a number of staff all paid from the country of origin, or will we choose something less than that? We have chosen something less than that. We retain the services of someone employed by another company, and the monthly reports that we receive indicate that he follows through a significant number of inquiries, both from South Australian companies wishing to have access to trade opportunities in Japan but, more importantly, from Japanese companies inquiring about investment prospects back here. It is our belief that that kind of representation is the best, and we have not done what some other areas of the world have by upgrading to full office status, which, in terms of the Japanese cost of living, would cost many hundreds of thousands of dollars.

Mr RANN: In the yellow book mention is made in terms of specific targets and objectives for 1987-88 of the establishment of the tooling centre in order to rebuild the State's base of engineering trade skills. Can the Minister give the Committee an update as to what is happening with regard to the tooling centre?

The Hon. Lynn Arnold: I did brief the Committee this morning on some aspects of that; perhaps the honourable member was not present at the time. Essentially, we have achieved our objective, which was a maintenance of the tooling centre at Woodville and, indeed, an enhancement of that centre by further investment in technology, plus a broadening of its purpose so that the tooling centre was not just there for Holden's but for the automotive industry in Australia generally.

In 1982 all three of those objectives were in significant doubt. Given the announcement by Holden's this year, all three objectives are guaranteed by Holden's. In the intervening period discussion took place with alternative investors, including Autodie. That did not come to fruition, but the Government's objectives have been achieved.

In relation to the former question on Japan, I should mention that the department has appointed a senior level officer in the person of John Seaton as Director, Investment Attraction. One of the key areas in which he is working is Japan. He has significant experience of the Japanese market. He went with the Premier earlier this year on his visit, and stayed on for some weeks afterwards to follow some other leads. Not only do we have our commercial representation in Tokyo in the person of Toyo Tanaka and his assistants, but we also have John Seaton, one of whose areas of interest is Japan.

Mr S.J. BAKER: In the *Advertiser* on 24 November 1986 the Minister announced that new cold storage facilities for perishables would be constructed at Adelaide Airport. When will this occur and what will it entail?

The Hon. Lynn Arnold: I have just asked the Director for a comment and he said that that has been put on ice, which is a peculiarly apt phrase. It has been put on ice by the Federal Government, given the considerable discussion it has been having about arrangements for airports under

its control, and what it is planning to do with them. In the past few weeks that has been clarified, and the Government has determined that it will not be selling off airport facilities. Discussions have been reopened in the past few days on this matter. I am pretty concerned that the thing did go back on ice because, as I indicated in the House last year, we have been in very great need of improved cold storage facilities. In fact, we indicated quite strongly to the Federal Government our concern at what we then saw as delays in the facility coming on stream. Of course, it has been a further 12 months since that time.

Mr S.J. BAKER: Supplementary to that, I would humbly suggest to the Minister that it is probably one of the most urgently needed facilities in this State, given that we have heard some rhetoric from the Minister of Agriculture about what a wonderful market we have in Asia for our fruit and vegetable produce, and that we can go on and have a look at our meat, fish, cut flowers and a whole range of things, running into literally hundreds of millions of dollars—and they fry at Adelaide Airport. If they are actually okay when they leave this State by aircraft, they are rotten by the time they hit the markets in those countries. The Minister of Agriculture says, 'Come on—please export.'

I humbly suggest to the Minister that almost 12 months has now elapsed, and it is not just 12 months: this facility has been sought for many years and nothing has occurred. The produce literally fries out there. Customs keep it standing for two or three hours, often during summer time, and I noted recently that an export consignment to the Japanese market of tuna worth hundreds of thousands of dollars went off because of the incredibly difficult situation at the airport. The Minister has given us no guarantees that he is any further down the track than he was on 24 November 1986. People have been crying out for this facility for a number of years. Can the Minister indicate when it will get off the ground?

The Hon. Lynn Arnold: I have not been able to give any guarantees 12 months down the track, nor has any Government in Australia which is concerned with improving airport facilities in its State. These matters have been put on ice by another tier of government—the Federal Government. The moment that matter was resolved, we reopened discussions. We have spent considerable effort in this State in the past year in promoting this case. Now that the Federal Government has indicated its preparedness to listen again, we are back in the discussions.

The fact that we got it as far as we did last year, against some earlier intransigence in relation to the proposal even proceeding at all, indicates the work being done at departmental level. Nevertheless, the honourable member's humility is accepted and we acknowledge the priority of this important growth area for South Australia.

Mr S.J. BAKER: The Minister made reference today to the business migration element to South Australia. As South Australians we will all be pleased to receive those people, or any people with the skills or capital that business migration brings to the State. The Minister quoted figures. Can he tell us in a relative sense, in respect of the national figure, where we are today? As I understand it, on a population basis we are still well and truly behind other States in this regard.

The Hon. Lynn Arnold: When I talk with Foreign Affairs and Austrade officials overseas, I try to get more specific figures out of them in relation to the other States and, naturally, they are somewhat coy about them. We are advised that we are receiving 10 per cent of business migration applications being processed by Australia. That was not the case in 1983, when, as a guess, we were probably receiving

1 per cent or 2 per cent—and that would probably be a bit optimistic.

In the case of Hong Kong, from advice I received in Hong Kong we are equal second in terms of the applications coming in. Sydney is the clear front runner. In the case of Singapore I believe, from the advice I have received in Singapore, that we are about third in the number of applications, Perth being the clear front runner in that case. We will try to obtain firmer figures before 9 October from Australian officials on this matter. It is our belief that the figure is 10 per cent, and the figures I quoted this morning of 137 million indicate a significant improvement on the situation in 1983.

Mr S.J. BAKER: When will South Australia be declared the space research centre of Australia? During 1986 the Aerospace Technology Promotion Committee was established to make South Australia the satellite technology and space research centre of Australia (reported in the *News* of 3 April 1986). I have not seen this State declared the space research centre of Australia. Will the Minister explain where we are?

The Hon. Lynn Arnold: The establishment of the Aerospace Technology Promotion Committee, under the Chairpersonship of Tim Anderson, with Mike Ridgeway as the Executive Officer, was something that took place mainly for one reason: that is, to try to develop a cohesive aerospace industry in South Australia out of the number of discrete elements we had. We have a number of exciting companies and some research capacity in this sphere, as well as launching facilities under the control of the Federal Government.

There was also—and the honourable member is really alluding to this—another issue that caused us to run with this when we did, and that was John Button talking about the aerospace industry in Australia at large. The Federal Government was talking about there being a significant upgrading in the levels of money available for research in aerospace. We chose that moment again for setting up the Aerospace Technology Promotion Committee so that we could capitalise on that. I believe that the situation is—and I will get further advice on this—that the enthusiasm being shown at the Federal Government level for raising the ante on the aerospace industry as a result of the recommendations of the Madigan report led to this centre of research idea that the honourable member is talking about and to the appointment of a national space board with a very small budget.

The essential recommendations of the Madigan report, which late last year people were thinking might have more early reality to them, have not been proceeded with. The May economic statement really defined that they were not going to proceed with it in the coming financial year. We are still working on our promotion committee. As I mentioned before, we have companies doing different sorts of work, including the satellite dish technology. Until the Federal Government decides to do more with the Madigan report there is not more we can do to see ourselves proclaimed a centre of research.

Mr RANN: note that the location for the South Australian Centre for Remote Sensing is really in the Department of Services and Supply, but it is inextricably connected with Technology Park and State Development. What does the Minister believe its role will be? Does it have a role in terms of the international commercialisation of remote sensing technology? Where does the Minister see the centre proceeding from here?

The Hon. Lynn Arnold: The centre has been a very exciting example of commercialisation. Members will recall that back in 1983-84 it was a unit of the Department of Lands

located in Pirie Street, Adelaide, doing very useful services for the Department of Lands and for customers of that department. However, it was recognised by Cabinet at the time that we really had a service facility that could do a lot more for industry in South Australia and provide remote sensing services for others. Therefore, it was moved out to Technology Park and set up as a separate budget line called the 'South Australian Centre for Remote Sensing'. It was told to be more commercial and sell its services, the ultimate aim being that it could not only sell services and make a profit out of them, but that out of its profits it could earn enough to pay for the cost of providing other services that the Government historically required of that particular section of the Department of Lands. It has been very successful at this. It has been selling services in South Australia and around Australia, and now it is internationally proving itself competitive, first with some work in Malaysia and more recently with work in Ethiopia. Indeed, its winning of a World Bank finance tender in Ethiopia was against very difficult Swedish competition. On all points SACRS won that tender. It is now examining opportunities in other areas of East Africa and other parts of the world.

Last week the Premier announced the installation at Technology Park of some major new equipment from Macdonald Dettwiler, who are state of the art equipment producers in remote sensing in Canada, to keep Technology Park at the technological leading edge of its area. People are now saying that, with respect to the enhancement of satellite photography (which is what remote sensing is significantly about), the people at the South Australian centre are amongst the best in the world and can compete with the Swedes and the Canadians, who are also ranked as forerunners in the world. We are very optimistic about its future and it is a classic example of the great success commercialisation can have of Government intellectual property.

Mr RANN: I know that mention has previously been made of the Adelaide Innovation Centre. How effective has that centre been in terms of commercialising ideas? What is the throughput in terms of people going to that centre with ideas, inventions, technological improvements, and so forth?

The Hon. Lynn Arnold: The Adelaide Innovation Centre has, I believe, been quite successful in doing what it has been asked to do, and that is to provide support for innovators who may need advice on business plan development, on where to go for patents, or just generally on how to develop a product. There are a number of innovation centres around Australia and the Adelaide Innovation Centre has been as successful as any other in Australia. For example, it has produced 30 commercialisation projects, which is up on the 22 at this time last year—an increase of eight. One thing it very often requires of a project that it offers assistance for is that it gets some royalty return or equity involvement as payment for its services. Therefore, it is possible in years to come that some revenue will start to be coming back to the Adelaide Innovation Centre.

Presently, the board of the Technology Park Adelaide Corporation is seriously considering how best to optimise the Innovation Centre and its contribution to the level of innovation and the exploitation of innovation in South Australia. It will be considering that matter over the coming months. The State Government will be most interested to hear the outcome of that because we put considerable money into it, as does the Federal Government. To give an example of some of the products out of the 30 that I mentioned a moment ago, a pool chlorinator—Poolmate—has been a successful product; the shearing handpiece; the non-odori-

ferous cow pot—which is a plant pot made out of a cow products (not milk) and was itself the subject of an Enterprise Workshop exercise by one of the teams at the Enterprise Workshop; the Cedric eye gaze device—which involves light reflecting off the back of the retina of the eye onto a screen, to help a person operate a computer. They are some examples, and a number of others have also been picked up. TEPAC wants to look at how we can optimise its contribution to the level of innovation in Australia.

The Hon. H. ALLISON: In the Premier's policy speech of March 1985 he predicated the establishment of a School of the Future at Technology Park. Is this School of the Future still somewhere in the future or has that concept been dropped and superseded by something better?

The Hon. Lynn Arnold: It is somewhere in the future, but it is presently the subject of discussion by the Minister of Education and officers of his department. The discussion is focusing on what will best meet the needs of that particular policy statement. It could be a number of options: for example, the kind of Arbury Park proposal, with a live-in facility where students can come and be immersed in state of the art technology and what it is all about for a week, two weeks, or whatever.

On the other hand, it could be something like what they have at the zoo, the Museum, or the Art Gallery where there is a teacher in residence who develops educational programs and also sponsors groups of students through those institutions and says, 'Well, this is what it is. Let's talk about it and let's turn it into a learning experience.' It could even be something different like an elite school where students spend their entire schooling at a School of the Future and are given the opportunity to learn state of the art technology when other schools do not provide those facilities. The last option is not being advanced by the department and nor indeed is the first one. I think the second option or something like it is being considered.

It was implicit (and it may have been mentioned in the Premier's statement) that it would be at Technology Park. Some further consideration has been given to that, and on balance I think that they are now looking perhaps at co-location; in other words, perhaps at The Levels campus institute rather than at TEPAC, because we have to be conscious of the fact that, if we put something like that at TEPAC and say to the students, 'You are going to have great opportunities to tour these exciting companies,' this may be a significant impediment to the companies that continually have to undertake their research and development and to fight in the market place. If they have to handle large numbers of students—

The Hon. H. ALLISON: And security?

The Hon. Lynn Arnold:—then there is the question of security as correctly pointed out by the honourable member. The suggestion has been made that perhaps we could go to The Levels campus where it could link in with the significant development work in a number of high technology areas relating to VLSI microchip design and some of the engineering areas in electrical testing would still give great access to students of state of the art technology and, further, by its co-location with TEPAC, it would give some opportunity for exposure as to what is happening at Technology Park. All these things are still under consideration by officers of the department and I suppose that the Minister will receive that advice in the coming few months.

The Hon. H. ALLISON: Page 104 of the Estimates of Payments reveals a substantial difference between the \$6.65 million voted for incentives to industry, including establishment payment scheme, the motor vehicle industry assistance scheme and other incentives and the \$4.713 million

that was actually paid. Optimistically, the proposal for 1987-88 is \$6.6 million, but could the Minister explain whether there is any specific reason why there was such a big shortfall in last year's expenditure?

The Hon. Lynn Arnold: My assessment is that it relates to time line variations. At the start of the year we know how many undertakings were given to provide incentive payments to companies under the development fund, how many guarantees are out that may be called upon, and how many other bills are outstanding. A prediction is then made for the coming year as to what new ones may come on stream that would require payment in that financial year. Out of those figures and following discussions between the department and the Treasury, a figure is set, but of course things may not follow a time line. Somebody who may have received an approval under the Department of State Development Fund for an incentive payment, on the condition that they provide so many jobs, may do it three months later than planned. My guess is that most of that is taken into account in slippage rather than anything else and then this figure for the coming year is the estimate of what we believe will be required this year. If I can recall correctly, on previous years the figures have always been somewhat higher than the actual payments. One other element was involved. This year that incentive to industry area included a component for the tooling centre proposal. That amount was not required and, under the new arrangements for the development of the tooling centre, will not be required.

Mr Mitchell: The main reason for the slippage was the tooling centre allowance which we then carried forward to this year in the expectation that it would be taken up, but of course it will no longer be required unless some arrangement arises with GM.

The Hon. Lynn Arnold: An application has not been received from that company.

The Hon. H. ALLISON: In relation to two statistics on page 106 of the Estimates of Payments, both on the Minister's miscellaneous line, could the Minister provide details as to how the additional funding for the South Australian Centre for Manufacturing will be spent? It has risen from nothing voted and \$532 000 actual last year to \$1.153 million for 1987-88.

The Hon. Lynn Arnold: The estimated 1987-88 expenditure includes recurrent administration expenditure of \$642 000; quality management program, \$281 000; a computer integrated manufacturing program, \$200 000; and contribution of labour program, \$30 000, bringing the total to \$1.153 million. Of that requirement, \$511 000 will be reimbursed by the Commonwealth. As members know, in the payments this year these 1987-88 figures include Commonwealth payments also. The Commonwealth payments will be for the quality management program, the CIM program and the contribution of labour program. The budgeted administration costs will comprise salaries and wages, \$569 400; rentals, \$100 000 partially offset by recoveries amounting to \$40 000; software maintenance and consultants' fees, \$62 000; and advertising and printing, \$41 000.

Leasing arrangements have been finalised for eight tenants at the Centre for Manufacturing, including the Standards Association of Australia, the Industrial Design Council of Australia, the Productivity Promotion Council and Lloyds Register of Shipping, among others. In addition, at this stage the demonstration area will incorporate displays by seven companies, and other companies also have made inquiries.

Mr S.J. BAKER: I was interested, for different reasons, in two articles that appeared in the newspaper following the Minister's trip to Singapore. In the first article the suggestion

was made that the Minister was inviting Singaporean companies to invest in residential and commercial development in South Australia and, I assume, particularly in Adelaide. I would have thought that, given the Minister's brief, he would push equity capital funding for some of our growing enterprises. The second article related to the fact that the Minister deplored the lack of South Australian wines being sold to Singapore. What has the Minister done about the horrendous tax that Singapore places on grape juice? When I was in Singapore about two years ago, I was informed that the grape juice has a tremendous potential market, but it is inhibited by the fact that Singapore places the same amount of tax on grape juice, particularly Australian grape juice, as it imposes on wines. If that tax could be removed as a result of submissions to the Singaporean Government, that would be a huge boost to the vineyards of South Australia.

The Hon. Lynn Arnold: In relation to the real estate area, one message that I and the real estate people who came with me in March pushed very strongly was to think about South Australia as a great real estate investment opportunity. We said that it was a case of good news and bad news stories. The bad news was that South Australia had not received a fair share of overseas real estate investment, but the good news part was that that meant there were many opportunities still available. In fact, I addressed a seminar on this matter which was convened at the Australian High Commission. Further, I addressed the Real Estate Institute of Singapore and strongly encouraged its members to consider sending an investment mission to South Australia. In the intervening months that matter has been further pursued by our commercial representative in Singapore, Mr Tay Joo Soon of ASIACO.

In relation to other areas of investment, we said that we recommended they come to South Australia and look at the opportunities. We said, 'We are not far away. Adelaide is the second closest Australian capital city to Singapore.' As a result, representatives from two companies in particular (a leading Singaporean trading company, INTRACO, being one) are coming to Adelaide in November.

Another large Singapore company is also coming to Australia. I noted at the time that the tax was not a discriminatory tax against Australian wine or grape juice but against all wine and grape juice. While I was noting the great cost imposed on wine I was also lamenting the fact that relative to other suppliers of grape juice and wine we are behind—the French still have a significant slice of that market. I have drawn that fact to the attention of the Wine Industry Forum here in Adelaide, of which the Premier is Chairperson and the Minister of Agriculture and I and wine industry leaders are members, saying that we ought to be doing more there.

I do not believe that it would be appropriate for the South Australian Government to make a formal approach to the Singapore Government about this matter, although we took the opportunity to mention it when officials from Singapore came through Adelaide; this included the recent visit by the Deputy Prime Minister of Singapore and the visits this year by the High Commissioner of Singapore, Mr Joseph Conceicao. I was concerned about how little known Australian wine was in Singapore. I hosted a banquet for potential investors and we drank the whole hotel stock out, which makes it sound like an inebriate's dinner party, but it was not, because a party of 15 people drank two bottles of white wine and one bottle of red.

Mr S.J. BAKER: Can the Minister explain why the budget for inter-agency support services, mentioned at page 105 of the Estimates of Payments, shows a figure for salary and

wages of \$551 000 and yet \$809 053 was spent? This seems, on the face of it, to be an excessive overexpenditure.

The Hon. Lynn Arnold: Salaries were significantly over budget because terminal leave payments were more than was initially allocated by Treasury—they were \$50 000 above budget. The salaries of two Executive Directors were incorrectly allocated to this program—it was initially intended that they be directed to programs more accurately reflecting program responsibility, and they amounted to \$130 000. In relation to some other items actual payments are less than amounts budgeted. There were also the salaries for a number of redeployed people who were temporarily seconded to the department to perform priority tasks and to provide temporary relief. Also, unfilled vacancies were included in that amount, which was \$50 000 above budget. That is an all up total of \$258 000 above budget. There were also administration expenses that I can identify, if the member wishes.

Mr S.J. BAKER: My final question relates to the money allocated for Riverland Fruit Products and the Berri Fruit Juices Cooperative Ltd business plan. Will the Minister inform the Committee what has been the total Government financial input to those two ventures in the Riverland since 1970?

The Hon. Lynn Arnold: I will have to take that question on notice. However, my advice is that in 1985-86 we budgeted \$7.5 million in financial support for Berri Fruit Juices/Riverland Fruit Products. This was done under a business development plan to diversify and expand the utilisation of assets and work force of RFP. Of that \$7.5 million only \$5 078 000 was spent. The budget allocation was \$337 000 in 1986-87 and only \$70 000 was spent. This year the amount budgeted is \$267 000. We are pleased with the progress of the development plan to date. The cannery is working at full production and is apparently meeting a considerable demand for its products. Also, there has been a considerable upgrading and repair and maintenance of the cannery in the past two years. Repayments to the Government are ahead of schedule, so it appears that a significant amount of taxpayers' money that has been contributed over a long period under various Governments has turned a corner. However, I will get the figures for the period 1976 onwards for the honourable member.

Mr S.J. BAKER: Will the Minister advise the Committee who owns the ship lift at Port Adelaide? Can the Minister say whether the \$5.6 million for the Whyalla Technology Enterprise Centre is the whole cost of the centre, and will he provide details of what facilities will be housed there?

The Hon. Lynn Arnold: Technically, Eglo Engineering owns the ship lift, but under conditions that require its return to the Government. There is an option for the Government to purchase, but that is tied against the funds that it made available for the construction of the ship lift, so the Government was not initially out of pocket as there was an offset involved. I will get more information about this for the honourable member. The amount mentioned is the full cost of the Whyalla Technology and Enterprise Centre.

Mr S.J. BAKER: I would appreciate a brief description of what will be provided at the centre by way of capital infrastructure and what people will be housed in it.

The CHAIRMAN: I declare the examination of the votes completed.

Chairman:
Mr D.M. Ferguson

Members:
The Hon. H. Allison

Mr S.J. Baker
The Hon. E.R. Goldsworthy
Mr R.J. Gregory
Mr T.R. Groom
The Hon. T.M. McRae

The CHAIRMAN: I intend to open all the remaining lines for debate so that they can be declared just before the Committee concludes.

Technical and Further Education, \$116 688 000; Works and Services—Department of Technical and Further Education, \$2 500 000; Office of Employment and Training, \$21 097 000; Minister of Employment and Further Education, Miscellaneous, \$208 444 000; Works and Services—Office of Tertiary Education, \$31 080 000

Witness:

The Hon. Lynn Arnold, Minister of Employment and Further Education.

Departmental Advisers:

Mr G. Edwards, Director, Department of Employment and Training.

Mr C. Connelly, Assistant Director, Department of Employment and Training.

Mr S.J. BAKER: Prior to the last election, in about October 1985, the Bannon Government announced its YES program. The program was widely advertised through the

press, television and radio. The Government promised to spend \$4.8 million of State funds in 1985-86 to create 6 300 additional employment and training opportunities; it also promised to spend \$23 million in State funds for the years 1985-86, 1986-87 and 1987-88 to create 18 000 additional employment and training opportunities. On notice, the Minister kindly provided me with some data on just how many traineeships were created in South Australia until 30 June 1987.

For the edification of the Committee, 109 opportunities were created in State, Commonwealth and local government, and 128 in the private sector, with total trainee commencements of 237 in South Australia. This compares with the relevant figure for Australia of 7 943. In other words, we were a small proportion of the total national effort, despite the fact that the YES program was the first that I am aware of as far as advertising and pushing the proposition of traineeships. I am providing this background information, because the Liberal Opposition believes that the State Government has failed quite miserably in its YES program as evidenced by the figures that I have just read. Can the Minister provide details of the total funding in 1985-86 and 1986-87 and the estimate for 1987-88 as to the actual amount either spent or allocated to YES? What is the actual number of additional employment and training opportunities for each of the 22 elements of the YES program, how many additional employment and training opportunities have been created each year, and what number was for people aged between 15 years and 24 years?

The Hon. Lynn Arnold: I have a table that I will incorporate in *Hansard*.

TABLE 3—PERFORMANCE OF YES IN 1986-87—BUDGETS AND PLACES OUTCOMES

Program	Actual YES Budget Allocation in 1986-87 (1)	Estimated Expenditure to 31 March 1987 (2)	Projected Expenditure to 30 June 1987 (3)	Target Participant Numbers in 1986-87 (4)	Estimated Actual YES Participants to 31 March 1987 (5)	Projected YES Participants to 30 June 1987 (6)
A. Trade Training Support/Traineeships						
1. Pre-Vocational Trade Based Training ...	1 521 000	1 293 000	1 521 000	252	219	219
2. Group Schemes—						
2.1 Group App. Schemes—Private Sector	210 000	170 963	310 963	150	83	110
2.2 Group Schemes for Trainees	125 000	8 483	24 037	(inc. in 4)	(inc. in 4)	
3. Apprenticeship Training	3 106 000	1 806 000	2 878 000	1 635	1 361	1 445
4. Traineeships—						
DTAFE	360 000	77 000	150 000	1 500	121	350
OET	134 000	49 480	72 079	—	—	—
5. Supplementary Measures—						
5.1 Training Centres	73 000	17 152	72 152	75	n.a.	42
5.2 Required Training Effort	—	—	—	—	(inc. in 3)	(inc. in 3)
5.3 Reforms to Formal Training	—	—	—	—	36	36
6. New Opportunities for Women	84 000	84 000	84 000	168	202	202
	5 613 000	3 506 078	5 112 231	3 810	2 022	2 404
B. Commonwealth Assistance						
7. National Skills Shortage (formerly Skills in Demand)						
8. Experimental Training Program						
9. National Employment Strategy for Aborigines			No Budget Implications			
10. Special Trade Training Program						
11. Steel Regions Assistance Scheme						
12. Community Youth Special Projects						
C. Special Employment Initiatives						
13. Self-Employment Venture Scheme	281 000	60 000	194 000	117	35	35
14. Disadvantaged Persons Training Program	94 000	30 000	85 000	20	10	34
15. Local Employment Development Program	188 000	27 417	168 000	5	4	5
	563 000	117 417	447 000	142	49	74
D. Other Youth Employment Initiatives						
16. TAFE Equity	1 315 000	1 214 000	1 315 000	1 246	1 080	1 365
17. CITY High Schools	142 000	94 120	142 180	400	388	428
18. CITY Statewide	96 000	93 336	127 536	400	360	450
19. Bridging the Gap	78 000	20 000	20 000	1 000	0	0
20. Youth Employment Program	1 293 000	1 228 504	1 257 528	414	277	277
	2 924 000	2 649 960	2 862 244	3 460	2 105	2 520

Program	Actual YES Budget Allocation in 1986-87 (1)	Estimated Expenditure to 31 March 1987 (2)	Projected Expenditure to 30 June 1987 (3)	Target Participant Numbers in 1986-87 (4)	Estimated Actual YES Participants to 31 March 1987 (5)	Projected YES Participants to 30 June 1987 (6)
E. Publicity and Promotions						
21. Publicity and Promotions	208 000	0	208 000	—	—	—
F. New Initiatives (3)	215 000	102 000	215 000	100	32	57
TOTAL (A-F)	9 523 000	6 375 455	8 844 475	7 512	4 208	5 055
G.						
22. Adult Unemployed Support Program	489 000	300 560	420 000	500	2 301	3 000
23. Home Assistance Scheme	900 000	741 345	900 000	110	81	110
TOTAL (G)	1 389 000	1 041 905	1 320 000	610	2 382	3 110
GRAND TOTAL (A-G)	10 912 000	7 417 360	10 164 475	8 092	6 590	8 165

1. Refer to P. 32: Bridging the Gap target includes non-YES funded targets.

The Hon. Lynn Arnold: I will briefly summarise the table, which lists all the elements of the YES program. In summary, the 1986-87 budget allocation to YES was \$10.912 million, and the projected expenditure for the year was almost that amount. The target participants for 1986-87 numbered 8 092, and the projected YES participants to 30 June 1987 numbered 8 165. When this table was compiled, 30 June was still a projection. The figure for 31 March this year (and obviously that was not a projected figure—it was an actual figure) was 6 590.

Some elements of the program were in excess of the amounts and some were not. For example, the prevocational trade based training scheme was estimated to have 219 participants compared with a target of 252; private sector apprenticeships were projected to have 110 participants compared with a target of 150; apprenticeship training was projected to have 1 445 participants to 30 June, compared with a target of 1 635; new opportunities for women had a projection of 202 compared with a target of 168; the self-employment venture scheme had a projection of 35 compared with a target of 117; the disadvantaged persons training program had a projection of 34 as at 30 June compared with a target of 20; the TAFE equity program had a projection of 1 365 compared with a target of 1 246; city high schools had a projection of 428 compared with a target of 400; city State-wide had a projection of 450 compared with a target of 400; the adult unemployed support program had a projection of 3 000 compared with a target of 500; and the home assistance scheme had a projection of 110 and was right on target.

In relation to traineeships, the target was 1 500 but by 31 March this year the estimated number of participants was 121, and the figure mentioned by the honourable member was 237; the projected number of participants to 30 June this year was 350 and the figure as at 26 August was 360. On occasions the honourable member has said that what has happened has been entirely the fault of the State Government. I repeat that traineeships have involved many players in a tripartite arrangement between Government (Federal and State), industry and unions. Each of the players—the Federal Government, the State Government, the unions and the employers—have different parts to play. For a traineeship proposal to be accepted a course must be designed by an ITC, it must be approved, and then it must be acceptable to the ICTC.

It has been at that stage that some of the longest periods have been involved in South Australia in reaching the necessary agreement. The facts are that we have now done that, and after a slow start—and that has never been denied—the number has now grown from 150 in March this year to 360 now. I am certain that the growth rates from here on in will continue to be of the same nature. We would have

liked the traineeship program to be up and running faster than that, but I am certain that the solid work put in by the three elements involved, namely, the Governments, unions, and employers, will give us a more solid traineeship program in this State than is the case with some traineeship programs elsewhere.

Mr S.J. BAKER: I have been a very strong proponent of traineeships, given their success in a number of Western European countries, where they have worked extremely well, yet from my research and from talking to officials in those countries, and then looking at our performance in this country, and particularly in South Australia, I find that we have failed to perform and that some of the lack of performance is because of the bureaucratic controls that have been exercised due to the intervention of the union movement in placing conditions on traineeships that are not acceptable in the workplace, and due to a whole lot of other impediments, which I believe have detracted from the potential that traineeships offer. The Minister would be well aware that a number of countries, such as England, Germany, Switzerland, and Austria—

Mr GROOM: Ask the question!

The CHAIRMAN: Order!

Mr S.J. BAKER: With due deference to the person opposite—

The CHAIRMAN: Order! Interjections are out of order, and I ask the member not to rise to interjections.

Mr S.J. BAKER: Yes, Sir. The Standing Orders do not preclude statements. Has the State Government made any representations to the Federal Government in relation to the way in which some of the guidelines have been put together? Has it made any representations to the Federal Government on matters such as, for example, having a two volume exposé of how traineeships should be run for shop assistants? Has the Minister made any representations to the Federal Government in relation to cutting through the red tape that has surrounded the scheme and, indeed, the Australian Traineeship Scheme?

The Hon. Lynn Arnold: First, the honourable member refers to the experiences that he has had in Europe and to the sorts of things that are going on there. I think it would be unfortunate if the honourable member believed that in South Australia we have not had players in the training question that are eager to bring about the training system that is most appropriate to the mid-1980s. For a start, I think it needs to be noted that South Australia was the first State in the Commonwealth where age limits were removed on State award apprenticeships. I believe that that is a quite significant advance in the training arena, particularly with respect to the ongoing training needs in our community. Other States are now following. The other area in the matter concerns the Industrial and Commercial Training Commis-

sion in each State and its preparedness to examine the relevance of historic trades to modern circumstance. The ICTC in South Australia was one of the first to start investigating how various trades need to be broadened in their training emphasis to take account of changing technology and changing industrial requirements.

Mr S.J. BAKER: It had nothing to do with YES or the Australian Traineeship Scheme.

The Hon. Lynn Arnold: It has a lot to do with the preparedness of this State to provide the greatest training opportunities—

Mr S.J. BAKER: The Tonkin Government set those in train.

The CHAIRMAN: Order! I ask the member for Mitcham to allow the Minister to complete his answer, and I will then give him the call after that.

The Hon. Lynn Arnold: The honourable member said a lot about traineeships in Europe, and then he made some criticism of South Australia in not being prepared to make training arrangements. The point that I am trying to identify is that in two key areas we have been at the forefront. Likewise, the very rearrangement of the ministerial package, bringing the ICTC, through the Office of Employment and Training closer together with the Department of Technical and Further Education—and, again, this has been an Australian first—has been another attempt to make sure that our training systems change as appropriately as possible.

As to the matter of what representation has been made to the Federal Government, again, the honourable member introduces the concept of a bureaucratic intransigence. I want to categorically reject the concept that there has been any bureaucratic intransigence on the part of the Office of Employment and Training, the ICTC, the Department of TAFE, or, may I say, on behalf of the former Department of Employment and Industrial Relations of the Commonwealth Government in the implementation of traineeships. We have raised the concerns that have been put forward by employers and union groups at both ministerial council meetings of Ministers of Labour and also at the officers' meetings, the DOLAC meetings—and another meeting of DOLAC and MOLAC is to take place soon. We will again talk about the progress that we have made towards the introduction of traineeships.

Mr S.J. BAKER: Will the Minister provide an updated chart of apprenticeship and prevocational numbers, by trade or grouping, for 1987, in comparison with 1986?

The Hon. Lynn Arnold: With respect to apprentice trainees in training as at 30 June, I have a table here for the years 1981 to 1987. I shall have that table included in the *Hansard* record of proceedings, although I shall summarise some figures. In 1983, there were 9 647 people in apprenticeships, while in 1986 there were 10 166. The interim figure for 1987 is 10 414. The significant changes over that period include a marked downturn in the metals industry, from 4 539 in 1983 to 3 641 in 1987. There was a modest downturn in the electrical trades and a significant upturn in the building trade, from 1 006 to 1 557. The situation in relation to the furniture trades was virtually static, while there was a significant increase in the printing trade, from 194 to 478. There was almost a doubling in the vehicles trade, from 362 to 632. The situation was about static in the ship and boatbuilding area, while there was a significant increase in the food area from 685 to 1 079. In hairdressing there was a significant downturn from 936 to 532, although this year's figure is significantly higher than last year's, at

1 387. In relation to other apprentices there was an increase from 313 to 744.

INDUSTRIAL AND COMMERCIAL TRAINING BRANCH
APPRENTICE/TRAINEEs IN TRAINING AS AT 30 JUNE

	1981	1982	1983	1984	1985	1986	1987 (Interim figures)
Metals	5 045	4 855	4 539	4 070	3 771	3 474	3 641
Electrical	1 420	1 420	1 334	1 299	1 226	1 166	1 240
Building	1 314	1 127	1 006	1 083	1 217	1 355	1 557
Furniture	509	468	438	417	426	472	497
Printing	322	197	194	222	287	330	478
Vehicle	447	401	362	413	500	564	632
Ship and boat building	19	23	20	24	22	19	14
Food	798	768	685	681	783	837	1 079
Hairdressing	1 017	970	936	1 042	1 242	1 387	532
Other	157	363	313	285	416	562	744
Total	11 048	10 622	9 647	9 536	9 890	10 166	10 414

The Hon. Lynn Arnold: In terms of new indentures coming on stream, from 1 January 1987 to 30 June 1987 the total figure was 2 226, of whom 1 880 were males and 346 were females. Of the 346 females, as has been the case previously, hairdressing dominates at 275 apprentices. The other areas are: food, 29; electrical, 12; metals, 7; gardener/greenkeeper, 7; and there are others in small numbers. I ask that that table be incorporated in *Hansard*.

*S.A. APPRENTICESHIP STATISTICS
1 January 1987 to 30 June 1987

(NEW INDENTURES)

Vocational group	Males	Females	Total	Female % of Total
Metal	721	7	728	0.96
Electrical	268	12	280	4.28
Building	306	4	310	1.27
Printing	44	8	52	15.38
Vehicle**	109	—	109	—
Food	169	29	198	14.60
Hairdressing	12	275	287	95.80
Furniture	75	1	76	1.30
Gardener/greenkeeper	31	7	38	18.40
Farming	97	1	98	1.02
Other	48	4	50	4.00
Total	1 880	346	2 226	

* This information is for the period 1.1.87 to 30.6.87 only as the Employment and Training Equity Unit was only established in December, 1986 and was responsible for setting up a recording system of new female apprentice indentures.

** Vehicle does not include the Motor Mechanic Trades. These are part of the Metal Group.

COSTAC figures are not yet available for the male/female breakdown for the 1987-87 financial year.

Mr S.J. BAKER: The Minister cannot be blamed for the debacle that has surrounded the management of the Community Employment Program funds, but year after year we have seen the Auditor-General comment on the management of the CEP funds. The Minister, however, will appreciate that some of the personnel who had some direct responsibility for this under the Department of Labour are now under his ministry. Can the Minister say why it is only now, when the CEP is disappearing down the plughole, that the department has actually taken notice of what the Auditor-General has said and tightened up its management procedures for CEP funds?

Over a period there have been numerous examples where money has literally been thrown away on these CEP programs. The Auditor-General commented on the manage-

ment of the yabbbie farm, where some \$700 000 of taxpayers' money was effectively burnt with nothing to show for it at the end of the day. Can the Minister, who has perhaps inherited the problems, explain on behalf of the Government why the record of this Government has been so abysmal—and I refer not only to yabbbie farms—in managing the CEP funds properly, despite the Auditor-General's previous comments, despite the number of examples that the Opposition has brought up over a period of time, and despite public outcry on particular projects?

The Hon. Lynn Arnold: I take great exception to the inference that officers of the Office of Employment and Training have been negligent in handling public moneys. I must say that they have been assiduous in attending to what has been a very large program and the support available from CEP funding to finance administration has been very tight and limited. I believe that in the circumstances they have done an excellent job. I also point out that the reference at page 73 of the Auditor-General's Report was brought to the Auditor-General's attention by me, because I was concerned that there were problems in this area, as was the Office of Employment and Training. As a result of my invitation to the Auditor-General to investigate this matter, he suggested that the procedures of the OET be reviewed with respect to the monitoring of projects. In that context, that came together at the same time as the renegotiation of the Commonwealth-State agreement on Commonwealth employment projects was under way.

The agreement, which was renegotiated in the 1986-87 funding year, included a mandatory requirement for monitoring, which has been undertaken from that time. Mandatory monitoring has been required for each project, but beyond this, on a needs basis, significantly more monitoring is undertaken on projects where considerable difficulty is apparent in containment of costs. I also point out that there have been many hundreds of CEP projects since funds for the Commonwealth Employment Program, formerly the wage pause moneys, were allocated to these sorts of program.

The Job Creation Unit, which is under the Office of Employment and Training, employs five field officers, who have under way at any one time something like 300 projects which they have to monitor. That is a case load of about 60 projects for each field officer. We have raised this matter with the Commonwealth, especially in regard to the winding down of the CEP. We have indicated that we want to discuss further the amount of money that will be allocated to help pay for this aspect of the secretariat's work. I believe that those five people have done a very good job in what have been very difficult circumstances.

Having said that, I have acknowledged (and the office has acknowledged) that improvements could take place, and in our discussions with the Commonwealth last year they were built into the new Commonwealth-State agreement. That was not done on what the honourable member called the death knell of the CEP; it was done in the last calendar year long before there was any anticipation that the CEP was to be terminated. In the nature of things, the one thing that did come out of the Auditor-General's Report in relation to the yabbbie farm, and while there were comments that the procedures for monitoring projects must be reviewed, was that there was no inference at any stage by the Auditor-General that any officer of the Office of Employment and Training had acted negligently in this matter.

The Hon. H. ALLISON: I note that, in 1986-87, \$94 000 was allocated for the disabled persons training scheme (page 111 of the Estimates of Payments) but about half of that amount—\$47 496—was actually spent. This year only \$30 000 is proposed. What is the reason for that tremendous decline in disabled persons training funds?

The Hon. Lynn Arnold: I am advised that that is now spread across all programs, rather than being isolated. Mr Edwards will comment further.

Mr Edwards: In simple terms, that is the answer. We found in relation to the specific allocation for disabled persons training of \$94 000 that we were achieving many of the programs without drawing on that line, so we have spread that money across a range of training programs with the intention of using it for disabled people. We have kept an allocation of \$30 000 to provide us with some flexibility so that we can respond to, first, Commonwealth initiatives where we can attract Commonwealth money and, secondly, programs on which we are presently working although at this stage we are not too clear how they will be committed. That sum will provide us with some flexibility. If we were to pull out the total funds allocated to disabled people under our programs, we would see that the sum is a good deal more significant than the \$30 000 indicated.

The Hon. H. ALLISON: In 1986-87, \$1.03 million was spent for special training schemes (page 341 of the yellow book) but zero employment was shown, although two staff were proposed. No people were employed on the project, yet for an expenditure predicated for the current financial year of \$1.2 million there will be 50 employees. That is difficult to explain. They are unusual variations.

The Hon. Lynn Arnold: I am advised that that relates to 50 public sector trainees who have been brought on line, as announced earlier this year.

The Hon. H. ALLISON: How did we spend \$1.03 million in relation to no employees last year?

Mr Edwards: I will check and provide the information. The line has changed; special training schemes previously included a variety of strategies to support such things as on-the-job training activities. We have supplemented industrial contribution to that, and it has been difficult to put a figure on how many are involved. This year's allocation is quite specifically to pick up the salaries of the 50 public sector trainees who are deployed across the public sector. The apparent inconsistency arises because what that line described last year and what it describes this year are quite different.

The Hon. H. ALLISON: There seems to be some top heaviness in relation to the supervision of contracted trainees. There were 22.5 persons for 1987-88, at a cost that I estimate at about \$500 000 in an \$808 000 budget, supervising training. That leaves very little money for the actual project. Does that mean that those 22.5 people are actually absorbing most of the money to perform a specific task spread across a number of other areas?

Mr Edwards: That represents the salary payment for the 22.5 training supervisors who work in offices around the State. Their task is to monitor training of more than 10 000 apprentices. This line describes nothing more than their salaries and the contingency costs to achieve that.

The Hon. H. ALLISON: So, there is a specific line for those supervisory people?

The Hon. Lynn Arnold: Yes.

Mr S.J. BAKER: I now raise questions relating to the trade situation in South Australia. I have been visiting a number of manufacturing establishments in recent months and the messages that I have got from all of them when I ask what difficulties they were facing, apart from market-related problems, concern the personnel area, particularly in the trades technician and technologist area. It is a difficult situation because, as we are all aware, turnover in these areas is high and some of the shortages can sometimes be explained by wage relativities, working conditions and a whole range of things.

I have looked through the budget and there does not seem to be any additional effort being made in the metals area

to make up what I would class as the current shortfalls, as referred to by almost every employer I have visited and given as an example of how almost every firm could be doing so much better if it had appropriate manpower. I am most worried that shortly we will have the submarine project on our doorstep. There have been discussions, but we still do not know which firms in this State will be affected.

The general consensus is that there will be a significant drain on existing tradespeople in the metal and technician areas. That does not seem to have been catered for. We do not have an estimate of what the demands of the submarine project are going to be. The difficulty, as the Minister understands, is that it takes four or five years to train a person to a level accepted across the board by unions and employers.

Employers are saying that there is only one place from which submarine project workers can come, that is, from existing employment areas, but they are already grossly deficient. What has the Minister put in place this year and for next year to grapple with this difficult situation?

The Hon. Lynn Arnold: In program 1, ICTC training centres, there is an amount that goes from budgeted last year of \$73 000 to budgeted this year of \$123 000. Essentially these are funds available to industry to establish skills enhancing programs in this area. There are a number of other things I want to say. Recently, I have approved a recommendation to establish a metals training advisory committee to report to the Government and to provide information to industry on this important area. I see that committee having representation from ICTC, from OET generally and from the Department of TAFE. I have asked the Office of Employment and Training to convene that exercise.

In that context it will need to work hand in hand with other activities elsewhere, including a similar approach that has been taken by the Engineering Employers Association. In addition, the State Government has been funding from three State Government departments—State Development, Technical and Further Education and the Office of Employment and Training—someone to provide advice in this area. Horrie Aspinall has experience in the metals training area and has been working closely in consultation with union and employer groups. In addition, when the tooling centre proposal was under discussion Cabinet also required that there should be a tooling skills study done and called for a group of people from industry, including unions, to sit together and talk about the training needs for that area.

In addition, Jim Duncan, who has been driving the submarine project, met recently with people at the Office of Tertiary Education and the Department of TAFE to at least start looking at the questions that will need to be examined further. At this stage the Australian Submarine Corporation is not in a position to provide further advice on the matter, so it is just on ice for the next month or so. Once the submarine project is further down the track, that work will carry on. Of course, the Office of Tertiary Education has connections with all areas of post secondary education.

The other activity that we have been doing has been working through the ICTC to see the broadening of training opportunities in our TAFE colleges. In 1988 we will see the introduction of a mechatronics course, which will bring together electronic skills alongside mechanical skills. We see this as an important response to changing technologies as applied to the workplace. These are the kinds of answers that we are giving to what is an important question, and I acknowledge the concern that the honourable member has heard expressed by members of industry. We have heard it.

One other thing needs to be noted. I mentioned the downturn in metals apprenticeships. If industry does not offer apprenticeship positions, we have to find alternative

ways of addressing that problem. Metals apprenticeships have turned down significantly. Other kinds of training models may be needed and that is where I hope the metals training advisory committee will give us some guidance.

Mr S.J. BAKER: I note what the Minister has said. We will not know for some months what will be the real demand placed on the existing stock of tradespeople, technicians and technologists. I would like to pay some tribute to the metals unions in this regard because I note that some of the boundary lines are now becoming more fudged in this area. I believe that that is excellent, because it means that the opportunities will be greater for those people who have been restricted in the past. It will achieve a great deal of flexibility. In South Australia—and it may well be occurring elsewhere—some positive things are happening in the workplace. In that regard, the Minister will have noted that during the liquids project development at Stony Point special programs were developed for fast track welding courses in order to bring people up to the standard necessary—

The Hon. H. ALLISON: It involved CIG.

Mr S.J. BAKER: Yes, but it was outside the normally recognised apprenticeship areas. That was a positive step. Can the Minister say whether that type of training will be pursued this time? I understand from my discussions to date that when it all breaks loose we will need all the creativity possible to overcome what people see now as a serious deficiency. It could be a critical deficiency within a matter of 12 months.

The Hon. Lynn Arnold: What the honourable member refers to is being reflected by employer and union concern, which he has acknowledged. They are prepared to break down the traditional approaches and introduce new ones. That requires the key players—employers and unions to accept that and to be involved. They have shown a willingness, and the Government is certainly not going to stand in the way of that and, to the extent that we are players in this in terms of providing training opportunities, we would want to work with that as well.

The work done with the tooling centre in training in skills needs there was showing clear signs by both employers and unions that there would have to be dramatic changes in those areas, as an example, and that was happening here in 1987. We would certainly be very interested to see new kinds of approaches being proposed.

Mr S.J. BAKER: I understand that the Prime Minister in his budget speech said that the traineeship scheme would be expanded beyond what had previously been provided. Has the State received any advice as to whether it will receive additional funds in this area, given that the Federal Government has undertaken to expand the numbers involved?

The Hon. Lynn Arnold: We have received advice in the sense of budget papers and the special papers prepared by the Hon. John Dawkins, but, in addition, Mr Dawkins has asked that a special meeting be held in the first week of November of the Australian Education Council for all State Ministers to come together. This is something which now comes under his department, and we are looking forward to that. Prior to that, we are making approaches to them to get further advice, and I will be seeing Mr Dawkins on Monday to canvass some of the early stages of these new arrangements—with respect to not just funding for traineeship but many of the other significant new arrangements being made for TAFE and higher education funding.

Mr S.J. BAKER: Could the Minister advise what the impact will be?

The Hon. Lynn Arnold: I am not certain that that information will be completely available by 9 October, but when it is, we will inform the honourable member.

Mr S.J. BAKER: Can the Minister provide to the Committee the male/female split of Government apprentices by trade?

The Hon. Lynn Arnold: In 1986-87 the figure was 173 in all, comprising 161 male and 12 female; the estimate for 1987-88 is 170 male and 15 female, a total of 185.

Mr S.J. BAKER: Page 345 of the yellow book, referring to the facilitation of entry into the work force, states that the top target for 1987-88 objectives was for particular emphasis to be placed on assisting young women entering non-traditional trades, but I note that the figures have not really changed much from what they were.

The Hon. Lynn Arnold: That is an interesting area and one of concern. It is not the sort of thing where one could suddenly say, 'This year we shall have 65 female apprentices in non-traditional areas compared to 15 last year.' It depends on the willingness of girls to enter some of these areas. In that context we were very pleased to see some Commonwealth funding made available a couple of months ago for a special program called Tradeswomen on the Move, which involved the refurbishing of a bus to go round schools in the metropolitan and country areas identifying what could happen in terms of non-traditional trades.

The funding comprised \$25 000 from the State and \$30 000 from the Commonwealth. We took four women who had been through non-traditional apprentices, put them on the bus so that they could talk to girls in schools and be a real, live experience for students and talk about the particular problems they had had and issues they had faced, in the hope of encouraging more girls to apply in this area. That may mean that next year we will see some more applicants in the non-traditional areas.

Mr S.J. BAKER: I know that they have had some contact with Mitcham Girls High School on that.

The Hon. H. ALLISON: I refer to page 341 of the yellow book, referring to job creation scheme. It may only be a major point, but last year \$17.4 million was allocated and a little less than that was spent; this year \$11.9 million is proposed. The staffing within the office remains pretty close—17.5 allocated last year; 15.5 this year. Does that once again represent a bit of top-heaviness or is that office fairly static and does it require that many people to administer, regardless of whether it is \$5 million, \$10 million or \$15 million.

The Hon. Lynn Arnold: It is partly because of that. Secondly, the figures you see for 1987-88 will start running down in March, because the funding has now been terminated. As the projects start finishing, the employment level will come down.

The Hon. H. ALLISON: On page 112 of the Estimates of Payments there is a program called Bridging the Gap, \$128 000 allocated with \$70 000 spent and \$110 000 allocated for this year. Can the Minister explain the shortfall in expenditure of about \$50 000 for last year? We thought that the Minister was under a lot of pressure for that program, therefore we were surprised to see the under-expenditure.

The Hon. Lynn Arnold: I am advised that that \$128 000 represented what would normally have been a vote of \$70 000 plus a carryover figure.

Mr Connelly: The \$128 000 was granted and advanced but, in fact, \$50 000 of that was not spent by Bridging the Gap. They carried that into the next year. That being its first year of operation, it was somewhat overestimated as to what it could do, so in the second year it had \$50 000 plus the \$70 000, so that in that year they had to spend something like \$110 000. What you see for the coming year is essentially the *status quo*.

The Hon. H. ALLISON: The next question relates to the same page. I have received critical comments in the South-

East, and I know that other members have had similar criticisms, of the self-employed venture scheme. The main adverse comment has been that little constructive advice has been given until it came to the final point when applications were rejected, yet I know from departmental adverts that a number of people have been highlighted on television as being very successful under the self-employed venture scheme. They have been the figureheads the department has used but, I suppose, the proof of the pudding is in the eating, and there was a considerable under expenditure in 1986-87. Is there any correlation between the various programs?

While we are looking at the self-employed venture scheme, the adult unemployed support program (which may have been running in competition) and the home assistance scheme were both over budget. Is there any correlation between the three schemes? Are they administered from the same office? Are people actually redirected from one to the other?

The Hon. Lynn Arnold: That happened towards the end of the year. As was noticed by the honourable member, the actual was less than the amount voted, so the balance was being put into other schemes like the home assistance scheme, where there was very great pressure; so in that figure the actual is above the voted. That is another reason why this year the vote for self-employed ventures is down somewhat. When it reaches a successful conclusion for a particular applicant, it can be very successful indeed and can provide a created job at a much lower cost to the taxpayer than many other forms of job creation. In a sense it is also an ongoing kind of job, but there are problems to get to that stage. The first problem is that one needs good applications, and there has been no shortage of applications for the SEVS, by and large, but there have not been an overwhelming number of applications that really have some chance of standing up.

The next problem has been the processing of those, and we re-examined how it happens in the Special Employment Initiatives Unit to make sure that we are giving people early advice about what is happening to them and about what will be their chances realistically.

It is complicated by the fact that, under an agreement with the Commonwealth, new employment initiatives scheme funding is made available providing income support and training funds. There are some rigidities in that agreement which we have found (I guess it would be fair to say) a little onerous, and the people who suffer have been some of the SEVS applicants. Some SEVS applicants have complained about the whole process and said that they felt that they had not received good advice, that it took too long and that in some cases their application was unjustly rejected. We try to talk to each of those applicants to fathom through their reason, and we believe that the matter is usually satisfactorily resolved. There have been some cases where time lines have been too long, and I think that is why the SEIU had a review of what it was doing to try to tighten up some of the procedures. We still have a bit of a problem with the Commonwealth agreement and one area is outstanding.

Mr Connelly: One clause in the agreement being proposed for us gives the Commonwealth *de facto* veto of a State program, and that is something that we are resisting quite strongly. However, we are still in the process of negotiating that.

The Hon. H. ALLISON: In fairness to the Minister, it may be that the glossy television ads about the Self-Employment Venture Scheme present a little too over-optimistic a view of what might happen because, in my experience, the people I have been asked to assist with applications have had little entrepreneurial flair and almost no knowledge of

elementary bookkeeping (which would be necessary to run a business). Even when one has helped them to complete an application form, one knows that if they receive assistance they will be on their own. It does not surprise me that the program has been underfunded. It occurs to me that the pitfalls might be presented more clearly to people with little success very early in the application, rather than have them encouraged to go through and then be rejected after a big struggle even to complete the forms.

The Hon. Lynn Arnold: The honourable member raised an interesting point about whether there should not be some training cum counselling while the application is proceeding.

The Hon. H. ALLISON: It is a problem of the under-educated generally, that they are handicapped right across the field.

The Hon. Lynn Arnold: That is right. What has happened in the last 18 months as a result of the Commonwealth/State agreement—and this is an aspect that we have been very pleased about—is that funds have been made available for training successful applicants. Those who are likely to be approved will get a half day information seminar and a two-day more detailed seminar. On the success of their application, they get a four week small business training course. In a sense, what you are referring to may be earlier on in the process—some training cum counselling about the realities.

The Hon. H. ALLISON: Yes.

The Hon. Lynn Arnold: In the last few months I have given approval for applications to be assessed in conjunction with the Small Business Corporation—those applications that do not strictly fit within the eligibility guidelines.

Mr S.J. BAKER: What reports were produced under 'Program 4—Labour Market Research' in 1986-87 (page 112 of the Estimates of Payments), for which some \$200 000 was allocated? Will the Minister supply me with a list of all reports produced by the department? I note the number of listings there, but I do not know whether any of those areas of research have reached fruition.

The Hon. Lynn Arnold: They provide monthly reports to Government on the employment situation. They are very useful general employment reports for myself, as Minister, providing a very objective, detailed analysis. Secondly, they will provide specific request reports if we want a breakdown between part-time and full-time employment, male or female employment, etc. Officers are also presently working on other areas, for example, this medium term program for the development of a computerised data base for pre-vocational and apprenticeship ICTC and TAFE records—a major project. It is still a couple of years away in terms of full development, but they are working on that area at the moment.

Examples they have also been working on are: supplying of data and analytical expertise for the development of employment forecasts by local government areas for the Department of Environment and Planning; and the development of an immigration population policy document for the Department of Premier and Cabinet. They also conducted a series of seminars on aspects of the labour market for a series of users, right through from the committees of Cabinet to school students facing career options. In addition, they provided background labour market information for the Industrial and Commercial Training Commission on the likely demand for courses of instruction in pre-vocational and apprenticeship training. That is a particularly important area for them to work in, with the ICTC involved in the registration of new agreements.

Mr S.J. BAKER: I appreciate that they are giving the Government market advice. I was asking what reports have reached finality and were available for public consumption from that area.

The Hon. Lynn Arnold: They have been producing inhouse reports, but we will examine the question of whether or not there would be some useful area where they could be providing some wider information.

Mr S.J. BAKER: In answer to a question by my colleague the member for Mount Gambier, it was indicated that the Bridging the Gap program was underspent and that there was a carryover of \$50 000. I think that very early this year the program was under great threat because of what I perceived as the State Government not coming through with funding at the time. When I saw that the budget item was quite considerably underspent, I presumed that the department had refused the funding levels that had previously been promised and had placed the whole program at risk. Will the Minister clarify this? Certainly, at the time there were press reports about the Bridging the Gap program, and if I remember correctly I received telephone calls about it.

The Hon. Lynn Arnold: There were considerable discussions about the quantum of the budget allocation that would be made available. There was never any doubt about it receiving funds; it was debate over quantum. Secondly, there was publicity earlier in the year, I think, when a Victorian spokesperson for Bridging the Gap made a number of controversial statements, and that got the Victorian Bridging the Gap into the headlines. However, that was not the South Australian one. I think that there may also have been an application for a further extension of Bridging the Gap services in the northern area. The honourable member knows that there is one centrally and one in the southern suburbs at Christies, and that northern one has not proceeded. Bridging the Gap would wish, given sufficient funding, to establish two additional offices in the northern and western areas.

Of course, it is a case of us balancing the funds available according to the number of applications made by a number of other groups. Under the AUSAP scheme, a number of groups have made applications for support that perhaps would be worthwhile, but we have to balance within the existing resources. The concern earlier this year was not that the funding would be terminated but, rather, the quantum of the funding.

Mr S.J. BAKER: That begs the question that \$128 000 was allocated to Bridging the Gap. The actual amount spent was \$70 000. I understand that there was a great deal of consternation about the ability of the program to continue because of the limited funding being made available, despite an adequate amount being provided in the budget. Can the Minister clarify whether that was the case?

The Hon. Lynn Arnold: I will ask Mr Connelly to answer that in a moment, but as somebody who has had some contact with Bridging the Gap and, indeed, at the official opening of its Morphett Vale office, I think we have decided to call it, that matter was not formally raised with me, but certainly I will make some further inquiries.

Mr Connelly: I ask the honourable member to recall the fact that that was its first year. The amount of \$128 000 was provided on an expectation of what would happen, but in fact it did not happen. At the end of that first year it was left with something like \$52 000 of unexpended funds. In the process of the next two or three months we spent a great deal of time examining its next budget in some detail. As a result of that, we settled for a budget of around \$110 000 for that second year of operation. It already had \$50 000, so it received another \$70 000 and that was what was required to be appropriated for the year that has just finished. I reaffirm the fact that it is the *status quo* for this existing year.

Mr S.J. BAKER: Can the Minister explain why he is promoting the document 'Australia Reconstructed'.

The Hon. Lynn Arnold: The document entitled 'Australia Reconstructed' is a very significant document in the debate in Australia at the moment about whether or not we have a resource based approach or a skills based approach to our economic future. In that debate process it is a catalyst, and we have been keen in that context to promote it. That is not to say that we accept all the recommendations contained in the document. In that context, it was very interesting to hear some of the points raised at the seminar which was conducted last week, and which brought together many people from business, unions and other sections of the community. We are promoting it as a catalyst for debate rather than promoting it in the sense that we necessarily endorse all the recommendations contained in it. The facts are that, whether or not we accept the conclusions of the authors, lots of things are contained in it that should be discussed in this country.

Mr S.J. BAKER: On principle, if we had a document which was produced by the Confederation of Australian Industry, Mr John Hay, or a number of other people from the other side of the political spectrum, would the Minister be equally willing to act as a promoter for this catalyst document? It is important to consider new ideas and approaches. If the Minister was willing to promote these documents, I am sure that I could get some documents from some people who have presented some very forthright statements as to where Australia should be headed and how we should get there. Can the Minister clarify his position?

The Hon. Lynn Arnold: If the peak body representing industry in Australia were to present a pivotal discussion document on the basis of an analysis of experience in other countries, such as their economic circumstances and the relevance of those to Australia, certainly we would consider assisting debate on that. Indeed, when I opened the seminar last week, I said that, instead of people responding to some cheap clichés and attacking 'Australia Reconstructed', if they feel that they have a considered viewpoint, they should go out and prepare their own sort of arguments on this matter. In fact, I was impressed to note how many people from the business community chose to attend that seminar and to participate in that debate in a constructive way.

In addressing these questions a peak body in this country (the ACTU) has chosen to raise them and to put its energy behind this whole area. The honourable member asked, 'If I happen to go out and find anybody to come up with anything, would the Minister support that?' and my answer is 'No'. If something like a peak national body addressed this question in a pivotal way when it is timely to the national debate and in a way that puts cogent (not necessarily agreed) arguments forward, we would consider such a situation.

Mr S.J. BAKER: A number of people have made some forthright statements on the matter. We could look at John Laird's contribution, which one could class as a pivotal contribution from our side of the political fence. I was interested in the Minister's statement about 'Australia Reconstructed' when he said that, if a peak employer group came forward with a document based on research from overseas countries, he would consider such a document. Can I remind the Minister that that document is not based on research from overseas but, rather, it focuses attention purely on the Swedish situation?

It fails to recognise some of the advances made in other countries through using different mechanisms and, if the Minister wants to debate that point, I am sure that I can pick up each point in the document and highlight the authority relating to it. When I was in Sweden I noted the comment made by more than one person, including the Australian Embassy, about the well-trodden track of the impact of the trade union movement on that country. I am

pleased that the Minister is quite willing to countenance the promotion of a document from the peak employer groups which really attempts to address the fundamental structural deficiencies facing this country and, also, his willingness to promote that document in a fair fashion.

The CHAIRMAN: I do not want to cut the honourable member's flow, but a certain amount of time has been devoted to considering the Estimates. Of course, the way that he uses his time is totally up to him, but I point out that the clock is ticking away.

Mr S.J. BAKER: Could the Minister provide a breakdown of expenditure on the miscellaneous lines? Page 113 of the Estimates of Payments reveals that payments to the Aboriginal Community College were \$112 000 in 1986-87, and there is a figure of \$804 000 for 1987-88. I presume that a significant amount of Commonwealth money is involved in this increase in funding, but perhaps the Minister could clarify that.

The Hon. Lynn Arnold: There certainly is, but also there is a significant amount of increase from the State Government. In this financial year the State Government's contribution will be \$244 000 for the Aboriginal Community College and the Commonwealth contribution will be \$560 000. An agreement has been reached with the Commonwealth on this matter that will see the State Government progressively picking up more and more funding responsibilities of this college. Members will know, particularly the member for Mount Gambier—

The Hon. H. ALLISON: It is the only one of its kind.

The Hon. Lynn Arnold: It is the only one of its kind in Australia. It has had a tenuous funding history from the Commonwealth, and that situation has not changed in recent years. Indeed, there looked the very real prospect in this financial year that the Commonwealth Government would withdraw its funding, but after significant discussions we reached agreement between the Commonwealth and the State that funding would be phased out by the Commonwealth over the next five years. However, that sees our funding rise from \$112 000 to \$244 000 in this financial year.

The Hon. H. ALLISON: At page 112 of the Program Estimates there is reference to the grant to the Education and Technology Task Force of \$72 000, which amount has been transferred to another line and reduced to \$30 000. Why has this reduction occurred?

The Hon. Lynn Arnold: The task force wound up in the 1986-87 financial year. That amount covers the closing salaries for those who serviced that committee and includes some money for publications. It particularly covered the salary of Mr Don Matters, Executive Officer to the task force, who is now in TAFE, so his salary appears under the TAFE budget. The \$30 000 for this year is for publication costs for summary and response documents to do with the Education Technology Task Force which are being prepared by different answer groups in the community who are reacting to that document. They are for publications arising from the ETTF work. That \$30 000 will, as far as possible, be recouped from the sale of publications, which have a price tag on them.

The Hon. H. ALLISON: The lines for colleges of advanced education, non-government business colleges and universities appear for the first time. Will the Minister explain whether that is a transfer from a former function of TEASA?

The Hon. Lynn Arnold: This is the money which was paid out by TEASA but which is now paid out by the Office of Tertiary Education.

The Hon. H. ALLISON: Page 113 shows a decrease for the Institute of Language from \$86 000 to \$45 000. Why has that occurred?

The Hon. Lynn Arnold: It is similar to Bridging the Gap. The Institute of Languages had a three-year forward program determined for it by Cabinet. It was determined that a certain amount of money would be given in the first year, I think \$40 000, \$46 000 in the second year, and \$40 000 in the third year; this was the original proposal. The institute did not get up and running as early as anticipated, so no money was spent on the proposal in the 1985-86 financial year and the entire amount was carried forward to the 1986-87 financial year, so that represents a figure for two years.

Cabinet agreed that the South Australian college be invited to be the host institution for the institute, so that money was transferred to the South Australian college in total—the \$86 000 went there. A board of management has now been approved by Cabinet for the Institute of Languages. The first board meeting of the institute will take place next Tuesday or Wednesday evening, but it has not yet finalised a date. The institute's first task will be to determine its work program for the period ahead and to appoint a director. It is believed that the \$86 000 from 1986-87 plus the \$45 000 they are voted this year will be more than sufficient to meet the costs that they will incur this year and provide a carry-over balance into 1988-89, so the amount for 1988-89 will be a top-up of that balance figure.

It should be noted that the South Australian Government has, as in previous years with the French and German Governments, agreed to enter into an agreement with the Spanish Government for a language consultant similar to those we have had for some years from France and Germany. Unlike the French and German consultants, this consultant will be jointly funded by the Spanish Government and the South Australian Government and will be under the auspices of the Institute of Languages, because we hope that this will be the leading pedagogical research institute for languages in this State, and we hope in this country.

The Hon. H. ALLISON: Under the miscellaneous line there is mention of the staffing and enrolments for nurse education. The amount involved has doubled from \$1.4 million to \$2.982 million in 1987-88. Is this figure likely to stabilise with the completion of arrangements for nurse education, or will it escalate steadily?

The Hon. Lynn Arnold: It will continue to grow until 1990. This is part of the ongoing agreement for the transfer of nurse education from hospital based to college based.

The Hon. H. ALLISON: The final implementation of the Sax Report.

The Hon. Lynn Arnold: Yes.

The Hon. H. ALLISON: There is a doubling of the amount for South Australian Colleges of Advanced Education for learning difficulties. Will the Minister explain why that was necessary?

The Hon. Lynn Arnold: In 1982 in a pre-election statement the Government indicated that it wanted to establish an Institute of Learning Difficulties for research and dissemination of research for those working with those with learning difficulties—parents, teachers and others. We gave a certain amount of funding which has been increased only by the rate of inflation and which I think amounts to \$50 000 a year. We said at that stage that the amount would be reviewed after three years. Last financial year that review was undertaken, in consultation with the college and the institute. We believed that ultimately the institute should move more towards self-funding through private sponsorship or by means of fee for service.

To do that, it was agreed in discussions, there needed to be a major effort made to get these alternative funding sources stabilised and a program needed to be implemented to attract them, so we agreed for one year only to grant a significant budget increase and that is in this year, 1987-88,

when we are giving them \$125 000. From now on the figure will be dramatically cut. Unlike many other areas of Government expenditure, they have been given a three-year forward program relating to the funds that they will receive. By 1990 they will be receiving \$30 000 per annum. They have been given the cash to go out and stabilise their situation, do some fund raising, obtain some sponsorship, knowing that their funding base will be progressively reduced.

Change of Departmental Advisers:

Mr L. Fricker, Director-General, Department of Technical and Further Education.

Mr P. Fleming, Acting Deputy Director-General, Department of Technical and Further Education.

Dr F. Ebbeck, Director of Tertiary Education, Department of Technical and Further Education.

Mr T. Beeching, Manager, Financial Services, Department of Technical and Further Education.

Mr B. Holmes, Executive Assistant to the Minister of Employment and Further Education.

Mr J. Porter, Acting Director, Physical Resources, Department of Technical and Further Education.

Mr S.J. BAKER: I will begin by asking questions on two parish pump issues, and I am sure that the Minister was aware that I would be asking particular questions. The first matter concerns the difficulties being experienced in the business studies course at Panorama. The Minister recently appeared on television and said, 'People must get used to the idea that they cannot necessarily finish a course when they want to, and they must adapt to changing circumstances and somehow fit in.' About 200 students involved in the course at Panorama were affected by the funding cuts and for them the Minister's statement was quite inflammatory. They began the course with the intention of finishing it and had paid their fees for the full year, but they suddenly found that they could not complete it.

For the edification of the Committee, I point out that this situation has turned out to be quite disastrous. The students who were at the college at 8.30 a.m. (and I am talking about mainly part-time students) were enrolled, but those who arrived at 10 a.m. or some time after found that they could not continue with their chosen subjects. As I said, 200 students must start their particular session next year and some will have to take an extra year to complete their course. Several students were in their final year, which means that they had to defer. Employers were unhappy because the courses are not only for the benefit of students but also for employers. It was and still is causing considerable problems because these students have been effectively disfranchised from completing or continuing the course of their choice.

I note at page 327 of the yellow book that business studies courses across the board finished reasonably close to target, which is somewhat different to some of the other courses identified (and we might refer to them later). In addition, further resources have been provided in 1987-88, yet the Minister has seen fit to disadvantage Panorama in this way. I ask the Minister to explain to the Panorama students, who were quite happy with the course content and its quality, why they were suddenly prevented from continuing.

The Hon. Lynn Arnold: In relation to people not being able to continue a course, the honourable member is attempting to suggest that I believe that people should have to accept that sometimes they must terminate a course mid-subject. I do not support that. In the public statements that I have made I have indicated that very often people who do a complete course made up of a number of subjects find, after having completed one or a number of subjects, that there is a gap before they can complete the next lot of

subjects. That has been the case in other areas of tertiary education for many years, given timetabling problems, and so on. That sort of thing happens no less within TAFE than in any other area. However, I do not support a situation where a person has paid for courses for a subject and is unable to continue, once having started. However, I do not know of any episode where that has happened. If the honourable member can identify where a student began a subject but could not finish it within the time frame laid down when he commenced it, I would appreciate hearing about it.

Mr S.J. BAKER: The proposition that I put to the Minister was that, in terms of targets reached in 1986-87, the business studies course finished as close to target as any other course within vocational education, as shown at page 327 of the yellow book. I note also a slight increase in proposed funding for 1987-88, again in line with general funding changes to all the courses except possibly hospitality and one or two other minor exceptions. Can the Minister explain why the program at Panorama could not continue under these circumstances?

The Hon. Lynn Arnold: I will undertake to provide by 9 October two sets of figures: the first with respect to business studies 1986-87 (actual), which shows 230 full-time equivalents, and their location college by college; and the second for 1987-88 with 236 full-time equivalents and their location college by college. I think that information will show the honourable member where the department is experiencing an increase in demand and how it is making resources available. I cannot say that those figures will satisfactorily answer what the honourable member admitted were questions on a parish pump issue. In other words, I am not able to say how much, if any of that, will go to Panorama.

Mr S.J. BAKER: I understand that a safety component was included, and that caused me concern. However, I will take up that matter with the Minister at a later date. My second parish pump issue relates to the removal of the tooling and fitting machining courses from Panorama. No doubt the Minister has seen my public statements on this issue. Many people in those courses will have extreme difficulty in coping with the change. The Minister may have noted that I have already made some observations about the demands in the metal trades area, and we can ill afford to lose people already in the system.

With the indulgence of the Committee I will read a few of the letters that I have received from students at Panorama in regard to this matter. These people are so disadvantaged by the change that it is unlikely that they will be able to continue in their course because of the logistics involved in attending either Noarlunga or Regency Park. I will read these letters because they represent the human end of decision making in contrast to decisions by the Minister where he may get what he thinks is a good idea to specialise and place one segment of that specialised activity down at, say, Regency Park. A letter from a student at Blackwood states:

I wish to protest against the closure of Panorama's machining centre. I wish to do another course in fitting and machining next year, but now that the school has closed down I will not have the opportunity to do so. I will be very inconvenienced if I have to go to another school because of the distance I would have to travel after work to get there.

He goes on to say that he thinks that that is a disgrace, that he has been attending the Panorama College for five years to obtain an associate diploma in fitting and machining to assist his career. He states that in the existing circumstances he does not believe that it is possible for him to continue the course—and it should be remembered that he lives at Blackwood.

I have another letter from a person who lives at Clapham concerning the metal machining course that he was involved

in at Panorama. He states, quite clearly, 'I will be unable to attend because of distances involved.' It should be remembered that these people have taken up these study options based on their locale, and quite often locale is a determinant in deciding which occupational areas people will choose, as the Minister would appreciate. I have a letter here from a person who lives at West Hindmarsh—that is probably getting closer to Regency Park, but the change in venue will still involve travel over some distance—as follows:

I would like to express my regret at the proposed closure of the associate diploma machining course at the Panorama Tech on Wednesday nights. I have been attending this course for seven months and wish to at least continue for a couple more years to finish the course to perhaps become qualified enough to take up a job in industry.

He goes on to explain why he thinks that Australia needs more courses like that. I have another letter here from a person living at Glenalta, which is in the Blackwood area, and he states that because of his working situation at Blackwood—and that is fairly close to Panorama, as people from the southern suburbs would appreciate—he will be unable to continue in the course because the time made available to do it was agreed in conjunction with his employer and it would not be feasible to travel the distances involved. A further letter from someone who lives at Glandore, states:

Under the condition of my employment I will not be able to travel to Regency Park or Noarlunga.

Another letter from a person who rides to Panorama points out that it will not be possible for him to ride to Regency Park or to Noarlunga, as the Minister would appreciate. I will not take up further time of the Committee in reading each of these letters that I have. However, I point out that these relate not just to the people who will find it hard to accommodate the change but although those people who will be unable to continue because of their working situation or because of transport difficulties.

As the Minister is well aware, Panorama has conducted a course that has a very good reputation across industry. This course has served local industry in the Edwardstown area and areas farther west extremely well over a period of time. When the course is broken up into various components to be undertaken at Noarlunga and Regency Park it will be missing a few of the students who are there today, and obviously they feel quite disaffected about the decision to change the venue of both the tooling and fitting and machining courses. My question to the Minister is as follows: before he made the change, did he ask someone in his department to do a survey of the likely impacts on the students attending the course at Panorama?

The Hon. Lynn Arnold: The answer is, first, that I did not make the change; it is one that has been made by the department, with my concurrence, and the change by the department came at the end of a major review into course distribution in this area, and that review included representation from all the colleges affected—including Panorama. The advice that I have had from the department is that the staff who were involved in that review believe that this is the way to go and that they are happy with the changes that have been put in place.

Briefly, the changes that have been put in place are, among others, the removal of fitting and machining and toolmaking courses from Panorama to colleges where these courses previously existed, namely, Regency Park and Noarlunga, and also the removal to Panorama of the metal fabrication course. Indeed, Panorama is to become the State centre for metal fabrication in this respect. So, clearly, it is an example of rationalisation of courses in this very important area, acknowledging the importance of this area and the demands that exist, but also, in wanting to get the best

value out of the resources available for this area rationalisation seems to be the way to go.

A number of courses offered by TAFE at the moment are offered only in one college, and students who want to study such courses have to undergo perhaps some inconvenience in travelling to one particular college in the metropolitan area. However, I point out that travelling times in Adelaide from any metropolitan area to any college in Adelaide are much less than similar travel times in Melbourne and Sydney. So these are relative inconvenience factors. The honourable member mentioned some people who live at Blackwood: I suggest that they will not be seriously inconvenienced by having to go to Noarlunga, especially when considering that some other people have to go much longer distances for existing TAFE courses.

The other matter is that, in other areas of tertiary education, again many courses are offered at only one campus of a university—each of our universities has only one campus—at one campus of the South Australian College of Advanced Education or one campus of the Institute of Technology. Clearly, everyone likes an ideal situation, with a course available at a place as close to their work or home as possible but, clearly, the department has an obligation to get the best value out of the resources that it has available for maximum course offerings. It is therefore believed by the department, in making this decision, with my concurrence, that the creation of Panorama as a State centre for metal fabrication and the removal of fitting and machining and toolmaking to Regency Park and Noarlunga is a sensible rationalisation, albeit that some students will have to travel somewhat further than they had to do previously, while, contrawise, others will have to travel less distance.

Mr S.J. BAKER: My argument is not with the concept, Minister, as you would appreciate. I would be the first one to agree with trying to improve the quality and level of training by specialisation, and that might mean that, in providing all the facilities necessary to bring tradespeople to the best levels of competence that can be possibly achieved, we have to centralise facilities or place them in one area. I have no difficulty with that concept and I never will have. The change, however, has taken place at a time when nobody asked, 'How it is going to affect the students?', and I think that is a terrible omission.

Before making such changes the Minister should ask the administrators what impact that change will have and how many students will be disadvantaged to the extent of being unable to attend an alternative venue. That could well determine how such a change is scheduled. I think the department's not looking at the impact of the change and its simply canvassing ideas smacks of some sort of inadequacy on the part of the officers concerned. Everyone appreciates that there must be change and continual change, that in five years time the course might well go back to Panorama—and I am not opposed to that proposition. However, I am opposed to the fact that when the issue was canvassed—and quite rightly it was canvassed—no research was done in relation to the dislocation of students involved. The Minister would be well aware that indeed some of the students who attend the Panorama college live closer to Regency Park than to Panorama, yet they attend the Panorama college for very specific reasons. Can the Minister assure us that, when significant changes take place in the operations of colleges, the people responsible for making recommendations actually canvass the human impacts?

The Hon. Lynn Arnold: To undertake a survey of the impact on students of changes in course location is to make an assumption that the *status quo* is an ideal situation. That is something that we do not necessarily accept. While some students may be inconvenienced by the changes that are now taking place, a number of students who have been

studying TAFE courses that are offered only in single colleges, on the criteria referred to by the honourable member, are more disadvantaged, and have been for some time. If I was to ask the department to undertake a survey on how the students in these courses at Panorama will be dislocated, in equity I would have to ask that each college report to me on the inconvenience caused to students in any of their courses, and I do not believe that that is an exercise that would be worth the resources required at the present time.

Further, six months advance notice of this change was given to students after a year long review into the whole area involving staff at the respective colleges. The changes will take place from the beginning of next year. The honourable member said that he supports the concept of rationalisation, but raises serious queries about implementation. In the cold hard light of day, in the administration of a multicampus institution such as TAFE that deals with tens of thousands of students, support for concepts is fine but decisions have to be made and, if a decision is not to be made for the start of next calendar year, in what calendar year does the honourable member assume a start could be made?

We regret that some students will have to travel farther, but we also know that other students will travel shorter distances. As a result, after rationalisation we will achieve a greater capacity for TAFE to provide the best offerings in courses of fitting and machining, tool making, and metal fabrication. The course in metal fabrication will be provided at Panorama. All changes bring some difficulties. We must balance out, and in that situation we believe that the pluses outweigh the minuses.

Mr GROOM: I read recently that the Federal Government announced changes that, effectively, allow for fees to be charged for courses apart from the administration fee. Is the imposition of fees being considered at present?

The Hon. Lynn Arnold: In the early 1970s the Commonwealth under the fees reimbursement scheme agreed to reimburse States for all the money they would otherwise have received from fees in TAFE. At the same time the Commonwealth said, 'You shall not charge any fees if you are to get fees reimbursement.' The Federal Government has now said that it will remove that imposition. We are not considering this matter as a result of the Federal budget; however, there are other important Cabinet decisions that should be noted. One is that the South Australian Cabinet has opposed the reintroduction of fees in other areas of tertiary education. That is the South Australian Government's point of view in this area, and it would be probable that that would apply in the TAFE sector as well.

Further, we have argued that there should be room to move in relation to the charging of fees in non-award courses. As members would know, for the stream 1 000, formerly stream 6, courses we have charged fees for some years, as did the former Government, and we believe that that is quite reasonable. We are reaching a situation where we are aiming for total cost recovery in the stream 1 000 area. In 1983 Cabinet made a decision to charge fees for stream 4 non-award courses; it holds by that decision and believes that there should be opportunities for colleges to pick up another initiative referred to by the Federal Government, that is, TAFE colleges moving into entrepreneurial effort. Non-award stream 4 courses is one area where entrepreneurial effort can be further developed.

The Government has also introduced the general service fee to help cover the cost of providing student amenities. We were criticised in the 1979-82 CTEC triennial report for the lack of student amenities in our colleges. In the tight circumstances of the 1980s we have had to call on students to help meet the cost. Consequently, we introduced the GFS, formerly \$25, and last year increased to \$40 for full-time

students. That goes as an allocation through the central budgetary process to the TAFE budget, through direct payment into TAFE or through direct payment into colleges, and it all goes against the cost of improving student amenities.

In addition, there are materials fees, and we believe this is an area where it is quite reasonable to expect students to pay for at least a portion of the cost of materials, if not the total cost. Likewise, we believe that, whereas in a number of course areas materials fees have traditionally been paid, one area where they have not been paid is that of apprenticeship. We believe it is in this area that apprentices should be paying a contribution toward the materials they use—and they use extensive materials.

Regarding general fees for tuition, we have not made a decision on the Federal budget opening up this area for us, although we have had a tradition over recent years of opposing similar tuition fees in other areas of tertiary education.

Mr GROOM: A number of my constituents have contacted me as a consequence of changes to the working conditions of teaching staff.

The Hon. E.R. GOLDSWORTHY interjecting:

Mr GROOM: Yes, I know, there was a lot of misconception about those charges. I note that an increase in expenditure for business studies and other courses is proposed. Can the Minister outline what would have been the impact had these changes to courses such as the business studies course not been made?

The Hon. Lynn Arnold: There are very tight financial circumstances at the State level as well as conditions imposed on us by the Federal Government due to elements of the May economic statement and other reductions in funds for the State. The blunt facts are that TAFE, which has enjoyed significant increases in its budget and seen significant increases in student hours every year since I have been a Minister, this year has faced a very difficult financial year. If we cannot do something to increase productivity in the TAFE system, the outcome will be, through the department's budget, fewer courses in many areas.

One of the points I made about the business studies area is that, if we are able to increase the lecturing hours of business studies lecturers, we can accept more students. If a business studies lecturer is presently lecturing 15 hours a week and we can increase it to 21, there will be six more hours of student contact, and more students can be taken into business studies courses. A point legitimately made in response to that is that one reason why lecturers lecture for 15 hours a week is that they have many other non-lecturing duties. In the package to which we earlier agreed, we acknowledged that, and one of the areas identified as of immediate concern is methods of addressing those non-lecturing duties that TAFE lecturers sometimes have to undertake. That is one reason why we talk about increased support including, among other things, the use of tutor demonstrators or lecturer assistants—other forms of support for lecturers. If lecturers spend an undue amount of time on photocopying or duplicating, surely support services should be provided in the college at less salary cost to the taxpayer; the lecturer can then undertake more lecturing in his or her available work time. On that basis we calculated that, had the new conditions been in place, up to 300 more students could have undertaken business studies courses than was possible under existing conditions.

Mr GROOM: Another issue that my constituents were concerned about was that there was some misconception that, as a consequence of the changes announced, there would be some diminution of standards in terms of the number of lecturers in TAFE and actual student hours. Will the Minister outline what our record has been since 1982

in regard to the employment of lecturers at TAFE and also student hours since that time?

The Hon. Lynn Arnold: Many anxieties will be easily dispelled with the new positions introduced. We are presently calling them tutor/demonstrators, but discussions are now taking place that might see a new position of lecturer assistant come in about which people might feel more comfortable. The fact is that tutor/demonstrators have existed for a long time without diminishing the quality of education in universities, CAEs and the Institute of Technology, and we do not think that they should negatively affect TAFE education. Once people start working with them they will understand that these people who will be qualified will be an aid to the education process, and not a hindrance.

As to the number of lecturers, in 1985 the Auditor-General's Report identified 1 453 lecturers in June 1985 and in June 1987 there were 1 592 lecturers. If one makes a comparison with December 1982—and that is an unfair figure, because December and June figures are legitimately different every year—the figure was 1 339. Every year there has been an increase. As to lecturing hours, if one takes 1982 to 1986 in actual student hours, streams 1 to 6 in 1982 involved 10.8 million student hours. In 1986 there were 13.1 million hours in those streams. During that period, stream 6 or stream 1 000 decreased by 100 000 hours, but all other areas increased by 2.4 million hours.

Mr GROOM: How do our standards compare with those interstate in terms of lecturer and student hours? Generally, what is our position?

The Hon. Lynn Arnold: Generally, the quality of TAFE education in this State ranks among the best in the nation. In terms of conditions of employment we are the most expensive TAFE per student education, which is largely explained because promotion to lecturer 1 is almost by automatic right of progression, unlike other States.

The Hon. H. ALLISON interjecting:

The Hon. Lynn Arnold: We have only two grades of lecturers. One of the things that we are now looking at is the third tutor demonstrator or perhaps lecturer assistant. It means that in 1985 the CTEC report found that over 60 per cent of our lecturers were earning \$32 000 or more per year, whereas the national average for those earning \$32 000 or more a year was only 22 per cent. We were far and away the leading State. The next was New South Wales with about 27 per cent earning that much, and Queensland was down to 5 per cent (I am not saying that that is a virtue). I am trying to indicate that, because we were the only State that had effectively an automatic right of progression, we ended up with a wage structure that has been seriously distorted, and we are now trying to address that question.

The Hon. E.R. GOLDSWORTHY: What do you mean in the budget paper by saying that you are going to introduce new TAFE working conditions, including the use of tutors? What are the ramifications of that? It indicates that you will do something about these lecturers. We have heard this recital about the number of lecturers that we have, the interstate comparisons and percentages and all the rest of it, but the fact is that you are going to cut back and introduce a system of using tutors. That is what it says here, and that is what all the hoo-ha has been about.

The Hon. Lynn Arnold: Much of it has been about that. We said we would introduce tutor/demonstrators and we would talk through with colleges about the way that this is done. There are presently committees under the policy committee of the Department of TAFE examining a number of these areas, including tutor/demonstrators and other areas of lecturer 1 and lecturer 2. The committee looking at tutor/demonstrators has been convened by principals.

I might say at this stage that we may consider an alternative strategy that looks at a lecturer assistant category but

effectively that is the same as a tutor/demonstrator. However, we have said that each subject area will be taken case by case. In some subjects we have the opportunity for quite a significant number of assistants—tutor/demonstrators—to come in. In other areas it would not be practical to have any at all or very few. Whereas the ballpark figure of 25 per cent has been quoted, at no stage has there been a prescriptive figure; it is a ballpark figure. We are working on the implementation of that. The existing legislation and regulations provide for us to do that. That already exists under the Act.

As to lecturer 1 and lecturer 2, we have been having discussions with the Institute of Teachers on an early retirement package that may help us address some of the imbalance in the lecturer 1 area. That is being discussed at the moment. I do not know what the outcome will be: it may be all right, but in any event we feel that we must remove that automatic right of progression or otherwise these problems will just keep on going for the next 10, 20 or 30 years, and that has been another area of contention between us. I must say that there have been some very positive discussions in the past few days. One side is determining that now. I do not know what the outcome is. The discussions have been in a good atmosphere over the past few days.

The Hon. E.R. GOLDSWORTHY: That line in the budget means that you are going to reduce lecturer hours and replace them with lower paid tutor/demonstrators or whatever you call them. Is that not what it means?

The Hon. Lynn Arnold: We will be reducing some categories of lectures. We hope to have fewer lecturer 1s at the end of the year. Also, due to financial circumstances, we may have to have fewer overall staff in the department, but we do anticipate replacing other lecturer positions with tutor/demonstrator positions if, for example, we have been able to increase lecturing hours in those areas. I call on the Director-General to comment further.

Mr Fricker: I think the word 'replacement' is a bad word to use in this discussion, because replacement can mean replacing a lecturer in a lecturing situation by a tutor/demonstrator. That is the wrong sense in which the word should be used. If we are going to use the word 'replacement' it means in the arithmetical sense. If we have four lecturers at present who are each devoting 25 per cent of their time to straightout supervision of workshop practice or other activities that do not really demand a full professional qualification, by taking those non-professional duties away and giving them to a tutor/demonstrator or a lecturer assistant (or whatever we are talking about) the effectiveness of lecturing time of those remaining lecturers is increased so that arithmetically we may finish up with three lecturers and one assistant. As to the quality of lecturing and education, there is no change. In fact, there could be an improvement, but we have not replaced a lecturer by a tutor/demonstrator in the sense of the professional activity.

The Hon. Lynn Arnold: I would like to take a hypothetical example. One could have a school with 10 lecturers lecturing 15 hours a week (the majority of lecturers lecture for more than that) producing 150 hours of student contact time. If we reduce that to eight lecturers lecturing for 21 hours, they will be producing 186 hours of student contact time (more than 150 hours) and, in addition, we would have two positions available for tutor/demonstrators to assist those lecturers in running tutorial classes, demonstration classes, or we may even have another position other than tutor/demonstrator that may be a kind of ancillary position to help with duplicating or the like.

The Hon. E.R. GOLDSWORTHY: You are making me more confused. How are you going to have more people? You are going to replace lecturers with tutor/demonstrators; you are going to replace lecturer hours with hours worked

by tutor/demonstrators. Obviously, the Minister is going to reduce payment to lecturers if he is to have the same number of bodies on the payroll, and he will have, additionally, tutors or tutor demonstrators running around, and he will save money.

The Hon. Lynn Arnold: That will reduce the average wage cost of the department. That is certainly true.

The Hon. E.R. GOLDSWORTHY: If there are to be the same number of lecturers, then he is saying that 'replacing' is the wrong word. He will pay the lecturers for fewer working hours, obviously.

The Hon. Lynn Arnold: It is a case of the same lecturing output, in other words, the hours of lecturing available which may be delivered by fewer lecturers.

The Hon. E.R. GOLDSWORTHY: The Minister is saying fewer lecturers—that is what is confusing. The Director is saying there will not be fewer lecturers.

The Hon. Lynn Arnold: I can clear this up. The early retirement scheme will allow us to get in people at lower rates than we are presently paying, because we have a top-heavy lecturer 1 situation. The Director-General was saying to the committee, and I entirely agree, that we are not proposing that a person who is a lecturer be moved aside and replaced by a tutor demonstrator and that that tutor demonstrator just walks into the lecturer's classes and is expected to pick up the lecturing load, or whatever else that lecturer did. That is not the case. The lecturing load of this lecturer who may not now be with the department because of early retirement, or whatever, will now be picked up by extra lecturing hours of other lecturers, and other duties of those other lecturers (which they previously had to do themselves) will now be picked up by the newly introduced tutor demonstrator role, or lecturer assistant, or whatever we want to call it, that fills the position left available by the now disappeared lecturer.

The Hon. E.R. GOLDSWORTHY: Trying to work my way through that maze, obviously, we will either have fewer lecturers or the current force will work fewer hours and be paid for fewer hours, and we will save money?

The Hon. Lynn Arnold: No, the average wage rate comes down, because lecturer assistants or tutor demonstrators earn less than lecturer 2s, and lecturer 2s earn less than lecturer 1s. If we can get a higher percentage of lecturer 2s than we have presently, and a lower percentage of lecturer 1s, automatically that is a cost saving, even if we have the same number of lecturers. If we can then, in fact, have fewer lecturers in the lecturer 1 or lecturer 2 category and replace some of those with tutor demonstrators, that again is a cost saving per employee, even though the head count may be the same.

The Hon. E.R. GOLDSWORTHY: That is replacing work done by lecturers by lower paid tutor lecturers, which means we have to get rid of some lecturers or pay them for fewer hours—or downgrade them.

The Hon. H. ALLISON: Arising from questions asked in the previous session and raised by the honourable member who spoke a few minutes ago, the Minister acknowledged that there is a shortage of cash within the TAFE sector. The Federal Government has reduced funding: simultaneously, we have an immediate and predicted need, with the submarine contract coming along, for skilled labour. I would like reassurance from the Minister on a couple of points: first, it worries me that the money which was allocated to the States (I believe it was about \$70 million) under the mini budget of May would have given South Australia \$6 million or \$7 million on a *pro rata* basis, but that money has not yet been taken up because of, I think the Minister said, some dispute between the unions, the employers and the Department of Industry and TAFE. They have been unable to resolve the question of dilution of work quality,

according to the unions, if trainees come in and work for three days a week in a college and two days a week in industry.

That question may be being resolved but, if it is not, then I suspect that it could be further compounded, because the amount of money offered during the latest budget—the full budget—by the Federal Government has substantially increased for employment training. Coupled with that—which is really the clause that worries me—was a statement by the Federal Minister that the money was really up for bids from the States and from individual colleges. Can the Minister tell the Committee how we have so far resolved the question of not having accepted the money which was available earlier in the year, coupled with the fact that, if the department cannot cope with that relatively small amount of money available for us, how can we then confront the Federal Government at a State or college level and say, 'We need this additional money.' Do we have the programs up and running and the bids ready, otherwise the colleges and other States might beat us to the draw?

The Hon. Lynn Arnold: On the first matter of available traineeship funds, they have been increased in the last budget. As traineeship packages are able to get up and running, funding from the Commonwealth will be available for them. It is true that to date we have been behind the national average in the percentage of traineeship positions in South Australia. We hope that that situation will be redressed over the coming 18 months.

As to other funding from the Commonwealth, in the May economic statement the Commonwealth indicated that there would be an allocation under the responsibility of the then Department of Employment and Industrial Relations of \$30 million or \$32 million which would be available for TAFE and other providers to bid for. We never got to see the colour of that money, because it never really got itself together with the Federal election and other things occurring in the meantime.

That has now been included in the latest budget allocation and the conditions have firmed up a bit, as they are now talking of competitive bidding. Officers of the department are already working on that area but, while there are problems with this kind of approach, because it means one can spend an inordinate amount of time in the bidding process and it also sometimes means that one may not get back fair cost recovery for one's real costs of delivering a course, nevertheless, we would feel reasonably well placed to at least get our fair share.

Over the years, as funds have been made available to what was then the DEIR which TAFE or other providers could access, South Australian TAFE got 80 per cent of the allocation of the South Australian quota of the DEIR, compared with a figure for New South Wales TAFE of only 50 per cent of that State's allocation. So, our TAFE department has been pretty reactive, getting in there to get the best it can.

That is in the competitive bidding arena of funds. There is another package of funds available which will be contingent upon the States and the Commonwealth entering into a resource agreement about those funds. That resource agreement must include, amongst other things, information about what efforts are being made by the State to improve productivity in the TAFE system, of course, in terms of conditions of employment (and we are right on that at the moment) and, secondly, what is happening at State level to give colleges the opportunity to be more entrepreneurial.

Thirdly, it must include agreed target growth rates in designated courses of high priority to meet skill shortages and equity objectives or of strategic importance to economic development, which hones right in on the submarine question raised by the honourable member. That would seem

to mean that those kinds of courses will end up getting the funding. The worry is that sometimes there are showcase areas that are seen to be so obvious that one must give them funding. However, there may be other areas of importance in industrial development that may be less obviously seen and they are the ones that may ultimately suffer. We are working very hard on determining these high priority areas.

Mr Fricker: The situation with regard to funding from the Commonwealth is unclear at the moment. The document I have here, which was the statement made by Mr Dawkins and Mr Holding, sets out two or three pages of changes to the nature of grants and the rules relating to them. While it is perfectly true, as the honourable member has said, that some of these grants have shown an increase in funding, others have shown a decrease. My rough analysis is that there is about \$35 million less Commonwealth money coming to the aggregate this year than there was last year. In particular, the direct grants to TAFE nationally have dropped by \$20 million.

The way in which the money will be allocated—as has already been stated by the Minister—will essentially be based on competitive bids and resource agreements; the States and private enterprise will bid for this money. South Australia is very favourably placed because we have worked over the past two or three years to develop a number of training packages, and in particular I refer to the Australian traineeship system where we have something of the order of 35 or 40 packages on the shelf, curricula already designed, ready to go at a moment's notice as soon as the industrial relations questions have been settled with regard to these traineeships. As the industrial agreements have been signed, we have been ready, and have been able, to leap straight into providing those traineeships.

The other criteria that the Minister has read out are relevant to the ongoing funding of TAFE. However, I think that a basic principle that comes through very strongly from this document is that the Commonwealth sees the infrastructure funding of TAFE in the future to be the responsibility of the States and the States will have to put in the capital funds for buildings and equipment. The only way in which Commonwealth money will flow is on the basis of negotiated agreements that would have to include a component for recovery of that capital cost. It is a brand new approach. I set up a committee (consisting of the Director of College Operations, the Director of Physical Resources, the Director of Finance and the Director of my Policy Support Branch) to go through our TAFE/Government objectives and match them up with the new rules that are set out in this document, so that we are in a position to talk to the Commonwealth authorities with some degree of understanding of what the new rules portend for us and are able to put up cogently argued cases for funding for these resource agreements.

We have a good reputation in Canberra because of the previous close relationships that we have had with the Department of Employment and Industrial Relations (which is now part of DEET) and the South Australian experience and contribution to policy development in traineeships and similar schemes over the past 12 months and two years is being used by the new department in Canberra as an example for the other States in Australia. While we are in a brand new ball game with brand new rules and what would appear to be a much tighter funding situation, I believe that we are well placed to operate within the new rules and to get as good a deal as we can for South Australia.

The Hon. Lynn Arnold: In the entrepreneurial area, some exciting things have happened in this arena. The department presented a report to me that has gone to Cabinet. To enable this to happen, so that we are much better placed than any

other State in Australia, I have been deemed a Crown agent to go out and do this. Indeed, that is significant, because the entrepreneurial efforts we are looking at are not just in South Australia but overseas as well. In the process, a number of enterprises have been set up: Satech (for the department at large); Regency Applitech (at Regency Park); Eltech (at the Elizabeth college of TAFE); and two or three others are in the pipeline for development. We think that in areas like that aspect of the resource agreement we are way ahead of what other States are doing and would therefore consequently get a much better response.

The Hon. H. ALLISON: The only thing that matters directly relating to the 20 or 30 courses that are ready to go is the speed with which industrial agreement can be reached. I understood that that was the main problem.

The Hon. Lynn Arnold: That has been our hold-up to date in the traineeship area to which we alluded. The time line now for each of them is getting quicker because the fears that various players in the piece had earlier on are now being shown not to have been valid.

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

The Hon. H. ALLISON: In relation to Armstrongs Tavern, at page 69 of his report the Auditor-General expresses concern at the quality of financial information provided before this decision was taken and he did not dwell on whether Cabinet had required or demanded additional information; he simply commented that that which had been provided seemed to be inadequate by his standards. He refers to the fact that return on investment of 13 to 15 per cent quoted in the submission for approval appeared to relate to expected turnover rather than expected capital investment. He also queried the fact that, when debt servicing costs were taken into account on the expected total capital outlay, the expected annual profit shown in the submission converted to a relatively substantial loss. What was the expected annual profit that was nominated in the original submission as against the expected annual loss and did the Minister himself approve the purchase of Armstrongs Tavern?

The Hon. Lynn Arnold: Taking the last question first, it was not only I who approved the purchase of that: that was approved by Cabinet. I think that there are two components to that question and the first relates to Armstrongs Tavern as a commercial entity that will sell services and receive revenue. Really, that is almost a secondary entity, but it is worth noting.

The other entity (and really this is the prime entity) is its capacity to operate as a training facility and as a facility to meet the expanding needs of the Adelaide College of TAFE. In that context it will offer additional floor space to the college that will enable additional training to take place, including some additional traineeships and, further, it will enable the Adelaide College of TAFE to offer much needed child-care facilities in the overall accommodation of the whole Adelaide College of TAFE.

These extra training and child-care needs were already pressing upon the Adelaide college and the department had to examine alternative strategies to help meet these needs. In the absence of the Armstrongs Tavern solution, additional accommodation would have had to have been acquired at considerable cost in that area of the city. Indeed, one other building was examined for purchase, but it would have been of equal cost. Of course, that also would have incurred for the taxpayer, through the general account, interest payments on the servicing of that purchase. The Armstrongs Tavern purchase not only allows those self same objectives that were already there to be achieved but also

some offsets against the cost of that project through the commercial activities of Armstrongs Tavern.

When Cabinet was advised about the whole project, it was advised that, if one takes as a discrete element the commercial activities of Armstrongs Tavern, it will return a profit, so it would not be a drain on TAFE's budget and that profit would then go to help meet some of the additional recurrent costs for training purposes, if that is where we wanted to allocate them. But whatever the case, you are not buying an additional debt by buying a commercial operation other than what you may have had by buying a separate building just for child-care or for training facilities.

In terms of the approach to this whole area, before the Government was prepared to make that move, it needed to know that both the union group and the employer group involved in this area, namely, the Australian Hotels Association and the Liquor Trades Union, supported the proposition. As Minister, I said that I would not take anything to Cabinet that did not have the endorsement of both those groups. Those associations enthusiastically supported the idea not so much from the commercial point of view, which again they saw as being a secondary element in the project but, rather, its important component of assisting training potential for the hospitality industry. We are in the process of talking that matter through with them. We are not attempting to say that we anticipated what 'Skills for Australia' by John Dawkins and Clyde Holding would say many months before it happened, but it happens to fit in very nicely with what they are talking about in terms of the TAFE infrastructure program. They state that the guidelines for new capital projects will give priority to projects which, among other things:

1. Generate additional capacity in priority areas such as computing studies, tourism and hospitality.
2. Enhance TAFE's capacity to deliver Commonwealth training programs, particularly for young people, including the Australian traineeship system—

of course, this will offer traineeship system work—

and are supported by industry and involve an industry contribution.

In fact, there will be an industry contribution from the Australian Hotels Association and the Liquor Trades Union. Those two organisations will contribute \$75 000 each, either in the form of equity capital or loan capital, but we are still in the process of determining that. It is being carried out in stages. A feasibility study has been commissioned that confirms that the building can be adapted to accommodate the proposed operation to a high standard at a cost of \$1.2 million. Of this sum \$880 000 would be contributed by the Government as landlord, and that will be done in a staged capacity.

The Hon. H. ALLISON: Do you have an estimated commencement date for the commercial operations, that is, when the renovations are completed, the extra \$500 000?

The Hon. Lynn Arnold: Yes. Before we get to that, the other aspects of the operation concern traineeships. It is proposed that the hotel will be operated as a joint training and commercial venture in which training for the hospitality industry can be conducted in a commercially oriented environment concurrently with the commercial operation with the strong support and involvement of industry and unions. Expected annual participation rates in the training programs are as follows: traineeships, food and beverage service, 100; work experience for TAFE students in dining room service, food preparers courses, food and bar services, pre-apprenticeship commercial cookery, adult commercial cookery, 150 to 200; and other short courses for industry to train people already in employment and also for those wishing to enter the industry in hotel bar service, banquet servicing,

food service, cocktail and mixed drinks, new hotel and restaurant operator courses for a total of 150.

It is proposed that the company's operating surplus will be directed in full towards training costs through an education foundation. This foundation also would be the medium through which all donations to the hotel will be made. Its membership will comprise the Adelaide College of TAFE Principal, the college council President, the President or nominee of the Australian Hotels Association, the President or nominee of the Liquor Trades Employees Union and appropriate linkages will be established with the ICTC. The development schedule is that contract documentation was to commence mid August and it did. Occupancy is to commence at the end of March 1988.

Mr Fleming: That would be for commercial activities, but there has been a delay pending a funding source which we hope, with the new guidelines from the Department of Education in employment and training, the project will fall within Commonwealth guidelines and hence attract some construction money. The commencement date will depend on negotiations with the Commonwealth as to funding.

The Hon. Lynn Arnold: Apparently some training courses are already operating from the facility.

Mr S.J. BAKER: As far as I am aware, the total investment cost of the Armstrongs Tavern project is estimated to be \$1.2 million. Could the Minister confirm that figure when we take the renovations into account? Further, can the Minister advise the estimated net profit on the bar operations once Armstrongs Tavern once again operates as a commercial venture?

The Hon. Lynn Arnold: I will take that question on notice and supply the answer by the 9 October deadline. I can assure the honourable member that the advice to Cabinet—and nothing has been submitted since then to change it—is that there was a profit situation on those commercial operations. As I mentioned previously, it is programmed that all of those profits be paid into the proposed foundation, which would be directed towards meeting training costs.

Mr S.J. BAKER: I appreciate the Minister's advice, but I suppose as an economist that I have a more purist view of what is profit and what is opportunity cost associated with utilisation of part of those facilities, and whether other resources could have been used. What was the net revenue situation from the trading operation?

The Hon. Lynn Arnold: Given that there was a need for the college to provide extra accommodation for child-care and hospitality training courses, we will also supply advice as to the alternative cost options that were available to the department to meet those costs. I think that what the honourable member will see if he compares those costs is that they would, in terms of capital expenditure, not have been much different from what we paid for Armstrongs Tavern, out of which we are earning something, whereas the other alternatives would have returned nothing at all.

Mr S.J. BAKER: That is predicated on the proposition that the construction was necessary.

The Hon. Lynn Arnold: In relation to child-care, there was nowhere to go in the present college unless extra floor space was found.

Mr S.J. BAKER: The Auditor-General made some comment about security arrangements at page 68 of his report and highlights the fact that security is inadequate and that larceny increased 10-fold from \$13 000 to \$103 000 in 1985-86 and 1986-87 respectively. Why were security arrangements not upgraded in line with the recommendation from the Auditor-General?

The Hon. Lynn Arnold: The departmental report on security recommended a number of ways in which security could be implemented or upgraded. As a result of that report, the

Acting Director, Physical Resources, recommended to the Deputy-Director General of TAFE on 3 November last year that the following recommendations be implemented immediately:

1. All departmental equipment be marked and students/staff informed of this.
2. Microcomputers in use in colleges/branches be housed in secure areas.
3. All new structures have appropriate alarm wiring incorporated at the time of construction.
4. All major upgrading/renovations include provision for appropriate alarm wiring.
5. Colleges be informed that there are key systems available which cannot be duplicated without written authority and that these be considered for secure or high risk areas.
6. An officer with expertise in security be appointed for 12 months in the first instance, to address issues of security with a view to identifying and establishing a strategy action plan for security in TAFE colleges.

Of those six recommendations, five are in place in colleges. The only one that has not been put in place is the requirement that 'microcomputers in use in colleges/branches be housed in secure areas'. That has to some extent been implemented, but not in total, because the advice from many colleges is that it is difficult in the extreme to remove computers from classrooms for overnight storage and then return them to the classroom for use by students the next day in their many different courses. This is unlike high schools where there are discrete computer science centres where computers are housed. The matter of securing the classrooms housing computers in colleges is being investigated and appropriate controls are being costed. There was also a criticism made of window latches at the Elizabeth College—is that in the Auditor-General's report?

Mr S.J. BAKER: The Auditor-General talked about photographic equipment.

The Hon. Lynn Arnold: The Auditor-General also spoke of the weakness of window catches at the Elizabeth College which provided the method of entry when a large loss of \$36 000 was experienced. However, it was noted by officers of the department that entry could just as easily have occurred by breaking the glass in that same window and opening the window. Since the appointment of a security officer in June 1987, surveys have been carried out on 11 of the 22 colleges and preliminary reports have been prepared clearly defining the areas where improvements are required. Each of those matters is being tackled within the programs of the department.

Dr Ebbeck: We are waiting for the report to be completed so that we can address this matter as one strategy.

Mr S.J. BAKER: I turn now to the theft of cameras. How often are stocks of equipment and material that are available within colleges audited to ensure that the colleges are not carrying excess equipment? The comment has been made to me that some photographic equipment is rarely used and perhaps has been superseded. I am not sure of the validity of that argument. However, there has been a suggestion that people in colleges are prone to accumulate and not dispose of superseded equipment—they order the latest equipment available, but there is a tendency to hang on to what they already have and to wait until it is worth nothing on the market before trying to dispose of it. What mechanisms are in place to address this problem of storage of superseded equipment, and equipment that might provide a return in the marketplace if sold immediately but might bring very little if left to rot?

The Hon. Lynn Arnold: For separate reasons I have recently written to somebody about the disposal of college equipment, the reasons being that the person raised the question as to the extent to which resources from the sale of equipment are able to be used by colleges to upgrade equipment, given tight budgets at State and Federal levels.

My answer had to be that in general returns from the sale of equipment go into Consolidated Revenue. However, I believe that this is a point worth examining. If we wish to give colleges greater financial responsibility perhaps in terms of the management of equipment and the acquisition of equipment, we should be examining whether or not they could have access to proceeds from the sale of equipment. Such access might make them more likely to willingly dispose of equipment that is excess to requirements and might make them more responsible for their own equipment decisions. That is my opinion, which I expressed in a letter and which I endorse here, because I think that we need to do a lot more work on how that can be put in place properly and I propose that we do that work.

Mr S.J. BAKER: What stage have negotiations reached regarding terms and conditions for TAFE lecturers? I note that another stop work meeting was held today.

The Hon. Lynn Arnold: There was a meeting today at 3 o'clock at which a document was presented. It was discussed by officers of the Government and the Institute of Teachers. It was a 'without prejudice' document which was presented to members. It has been accepted, not unanimously, but we understand it was overwhelmingly voted on in the following terms:

The resolution passed at the meeting today stated:

This meeting of SAIT members endorses the proposed agreement between the institute and Minister subject to the following conditions:

- (a) The document forms the basis for continued negotiations on outstanding and unresolved issues from the dispute.
- (b) That a comprehensive award covering employment conditions will be prepared and registered with the Industrial Commission.
- (c) That the institute's claim for a 4 per cent salary increase is met as part of any settlement on the implementation of new conditions.

A number of other matters are dealt with in this document, including their stance on the principals issue and on the fact that the meeting agreed to lift all bans and limitations while negotiations were proceeding satisfactorily and calls for a report back mechanism. I can say in that context that we regard that as a very positive step by the institute and its members.

It gives us a firm basis to go to the Industrial Commission tomorrow and say that there appears to be a lot of work that we can now do on this matter. I can advise of some of the things that were put to the meeting as a result of the discussions. I will summarise because it is a lengthy eight page document, but the essentials are important. The normal teaching time requirements shall be 21 actual teaching hours per week. Normal teaching loads may be adjusted by an increase/decrease of three hours—that is, a span of 18 to 24 hours—on the recommendation of college-based committees. There is more information in this item about particular teaching loads that may go even beyond that, but the key element is that the normal teaching requirement shall be 21 actual teaching hours per week. Guidelines will be prepared jointly between the department and the institute.

In relation to teaching outside normal hours, the normal teaching hours will be 8 a.m. to 5 p.m. An employee may be required to teach after 5 p.m. up to two evenings per week and any subsequent evenings will be by agreement. With respect to the first evening, the hours taught shall be part of a lecturer's prescribed teaching load, but an additional 50 per cent of the time worked that evening may be taken off in lieu of non-teaching attendance time (but not off their teaching time). For the second and any subsequent evenings lecturers will be entitled to count each teaching hour worked as one and one half hours off their prescribed teaching load. An employee will be expected to take a minimum of one half hour meal break after five hours

attendance, and such meal break will be counted as duty time only with the principal's approval for such reasons as staff meetings or unavoidable student commitments.

In relation to progression from lecturer 2 to lecturer 1, the grandparenting clause that was always in the agreement has been refined and remains, but I will not read it out in detail. Essentially, new criteria are put in place for the lecturer 1 classification. The criteria defined refer to progression from lecturer 2 to lecturer 1 for existing or newly appointed staff not covered previously. Eligibility for this classification shall continue to be open to all, although it is not automatic. So you are eligible to apply, but it does not mean that you will get it. Progression is based on qualifications, teaching expertise and contribution to the educational program. It is proposed that lecturer 1 continue to be that of a leading teacher (which requires that there are others in the teaching unit) who displays a high degree of competence in teaching and makes a significant contribution to the educational program. Criteria will be developed that establishes differences in the work levels between lecturer 2 and lecturer 1, and those criteria will be subject to periodic review. The document then details qualifications, procedures and criteria which are new to the whole system.

I alluded to support staff earlier this afternoon. The document states that the Minister and SAIT accept that a college principal has available a range of classifications which collectively are used to install TAFE programs in a way best suited to each program and each college. The underlying principle is that academic staff will maximise their effectiveness and efficiency if they concentrate their efforts on educational matters appropriate to their classifications. For lecturers and senior lecturers, in particular, this requires a concentration upon teaching and learning activities. This principle is best implemented (and I point out that I am omitting certain phrases to save time) by having the essential support services which should be provided by the lower level in terms of salary positions.

Whilst of a lower level, the services to be provided via these positions are of an essential and important nature. The teaching leader will be a lecturer 2, lecturer 1 or a senior lecturer. The support services may include such classifications as technical assistant, maintenance fitters, college resource officers and a proposed new classification of lecturer's assistant. If the new classification of lecturer's assistant is agreed along the lines suggested below, the Minister will be prepared to abolish the existing classification of demonstrator. So one replaces the other. A list of eight duties are then detailed.

Recreation leave will be 20 days per year with a further 29 non-attendance days per year for lecturers, senior lecturers, deputy heads and heads of school. The situation with principals will remain at 49 days until 1 February 1988 because that is subject to separate Supreme Court litigation. In relation to staff development, the Minister and the institute agree that there is an obligation on the part of professional staff to maintain their professional competence. It is agreed also that there are circumstances in which the department must provide additional resources (time off duty and funds) for some priority staff development activities. Equally, staff should be encouraged to take part in some staff development activities which may be scheduled during their non-attendance time.

In relation to PTI rates, the Minister and SAIT agree that rates paid across colleges must be consistent and reconsideration of existing criteria is appropriate. A joint consultative group between SAIT and the department will be established for this purpose.

Previously there were two levels for heads of school salary. The Minister and SAIT agree that a spot salary is appropriate. That is level I, which came in the revised

package. The actual remuneration attaching thereto is to be determined in light of recommendations on reorganisation. In relation to principals and vice-principals, I draw attention to the matter of their transfer to the Government Management and Employment Act.

The Minister and SAIT acknowledge that the legislative basis for the employment of principals and vice-principals is currently the subject of litigation in the Supreme Court. Notwithstanding the outcome of these proceedings it is agreed that a conditions and salaries package for principals and vice-principals shall be the subject of further discussions. The Minister and SAIT agree that an attractive early retirement scheme be introduced as quickly as possible. It is agreed that a registered agreement or award covering employment conditions for TAFE Act staff be formalised. The Minister and SAIT agree that if there is acceptance that further discussions and negotiations on these matters will be fruitful then bans and limitations should be lifted whilst this is occurring. There then follows a grievance procedure and after that the following statement appears:

The Minister and SAIT accept that productivity improvements and cost savings resulting from the changes envisaged in this document will be accepted as a legitimate basis on which the institute will pursue its restructuring/efficiency claim.

Without prejudice we reserve our arguments as to the extent of that appearing in that claim. That is a summary of the document that was put before the meeting and accepted by it.

Mr S.J. BAKER: Is the Minister confident that that will be acceptable? I note that it is without prejudice, similar to the previous set of negotiations. Is the Minister confident that the package will be accepted by TAFE lecturers?

The Hon. Lynn Arnold: The meeting this afternoon overwhelmingly voted to accept that package. As I indicated, a number of things need further discussion before the package can be implemented, but I am optimistic that we will be able to proceed down that path.

Mr S.J. BAKER: Page 328 of the yellow book shows that \$591 000 was spent on student information services in 1986-87, and there is a proposal for \$732 000 to be spent during 1987-88. Where has that been included previously? I have read the statement on page 336 and I was not all that enlightened, and it does not really explain how that item came on stream.

The Hon. Lynn Arnold: The advice that I have received is that previously it was shown elsewhere in the budget process but now, because of the general service fee and the fact that it increased last financial year, the receipts will increase further. As a result of last year's decision it was decided to show that item separately.

Mr Beeching: I add that the proceeds were used to employ student service officers, which reflects the increase in numbers in that area from zero to 12.

The Hon. Lynn Arnold: There was a major expansion in that area in 1986-87, and I think the actual number was 12.

Mr S.J. BAKER: I must admit that I am still confused about the item. The Minister is correct in saying that the general service fee increased, and it increased quite substantially, and being in relation to the TAFE Panorama college I recognise that point. If that is the case, then the item that is in brackets below, which is a revenue item, should have showed some substantial increase, too. I do not know whether the accounting here is being carried out in the best fashion. It is normal to show revenue items in brackets below general expenditure items. However, this shows only that revenue for the provision of student services in total was proposed in 1986-87 at \$56 000, with the amount actually achieved being \$61 000. That must relate to another item other than the general service fee. Can the Minister clarify this item once again?

The Hon. Lynn Arnold: We also would like that clarified. Clearly, that figure does not relate to the general service fee in its entirety. We will clarify that and get back with that information later.

Mr S.J. BAKER: Before I move on to the next item, I indicate to the Committee that I appreciate the fact that the Minister has been forthcoming in relation to the proposals outlined, and I ask whether it would be possible for the Minister to table the document referred to—unless there is anything sensitive in it.

The Hon. Lynn Arnold: With the indulgence of the member for Mitcham, I will not table it tonight. In view of the fact that discussions with SAIT over the past few days have been held very much with good faith on both sides, I want to let SAIT know that we propose to do that and thus give people at SAIT a chance to say something about that. If possible, we can send a copy to the honourable member tomorrow.

Mr S.J. BAKER: Yes, indeed, that will be excellent. My next question is in relation to the Minister and the Minister's office program (page 330 of the yellow book). As the Minister would appreciate, during this whole episode where the TAFE lecturing conditions have been under considerable pressure, attention has been drawn to the fact that the central office bureaucracy of TAFE has shown some considerable expansion over the years. During one of my contributions to Parliament I did note that the Minister also does not believe that the central office bureaucracy should expand at the cost of education.

I note that, in relation to executive, professional, technical, administrative and clerical support the proposed staff number for 1986-87 was 86.8, with the actual outcome being 94.2, and that the number proposed for 1987-88 is 88, which is more than the number proposed for 1986-87. In looking at the inter-agency support services, the number of staff proposed for 1986-87 was 87.8, while the actual number was 104.2, while the number proposed for 1987-88 is 100—again well above the number proposed last year. Will the Minister illuminate the Committee as to how such extraordinary expansion could have occurred at a time when he has been demanding that fewer people work at the coalface?

The Hon. Lynn Arnold: I shall seek some further comment on that in a minute from one of my officers. However, the first point that I want to make is that the Government has been committed to reducing the head office budget allocation in the current financial year. It does so against a context that a lot of the figures that have been quoted about enormous growth in head office allocations from 1973 to 1987 do not relate to the comparison of chalk with chalk. The figures quoted for 1973 do not include significant services provided by the Education Department for the central section of TAFE and the colleges of TAFE. In those days the Education Department provided payroll services, accounting services, and many others. By 1987, all those had become fully the function of the Department of Technical and Further Education. Secondly, the figures attributed to the head office, in terms of the dollars spent, also include an \$8 million sum, which is in fact the cross-charge amount to the Department of Housing and Construction for maintenance of colleges; in fact it is a college service figure, not a head office figure. But, nevertheless, it is still taken that there has been growth in the head office.

I have said to the department and to the Public Service Association that there will be a cut this year. It is budgeted, and presently the department, in consultation with the Public Service Association, is working through how that can be put into effect in the best possible way. We are targeting a figure this financial year of \$740 000, and \$1.2 million in a full financial year. I have indicated to the working party that is about to meet on this matter that the budgeted

savings for this year will have to appear this financial year. As to the difference between the actual and proposed figures last year, in relation to the total inter-agency support services I will obtain some more information on that. In relation to executive, professional, technical, administrative and clerical support, I point out that the department, in fact, administers \$110 million a year of expenditure, involving the payment of vast numbers of accounts, and in order to meet the Government's direction that accounts should be paid as quickly as possible—and the honourable member will remember that concern has been raised in this House on a number of occasions about Government departments taking longer than 28 days to pay—the increase shown in the allocation was to accommodate that requirement. The honourable member may then be led to say, 'Hang on, if that is the case, why are you then going down to 88 this year? Does that mean that your accounts payable will be over 56 days?' In fact, in the process of bringing on new staff, improved systems are being put into place, which we are confident will still result in the time of 28 days being met. There was in fact a considerable backlog of accounts payable, which matter, as the honourable member would know, has been drawn to the attention of the House.

Mr S.J. BAKER: I thank the Minister for his response. I find it quite extraordinary in this day and age, with TAFE supposed to be at the leading edge of technology, that we do not have computer-based systems that are actually up and working, requiring a minimum number of staff, and that we have to put on some 81 extra staff to accommodate the backlog.

The Hon. Lynn Arnold: The department does, of course, but the department administers some 22 colleges, with some 30 campuses, and this covers many different lines of expenditure. It is not just the salaries, for example, that must be considered. It is much more complex. There are many different kinds of suppliers, from building suppliers to food suppliers to agricultural suppliers. In fact, I have some information here relating to the Auditor-General's Report that I can provide to the Committee. Since the development of a departmental administration computing strategy in 1984-85, the following steps have been taken: the Adelaide college project, a feasibility study, followed by the selection and acquisition of administrative systems for this, the largest of the TAFE colleges.

The basic systems are expected to be operational to handle 1988 enrolments. Further, there is FMAS (Financial Management and Supply) feasibility study, followed by the introduction of a new chart of accounts and a new central financial management and control system with interfaces between the payroll system, the general ledger system and the Treasury accounting system. Also, there is the supply system: in relation to inventory management a number of components of the distribution control system are currently being implemented as follows. The policies and guidelines for the control of inventory have been promulgated—and this was a matter of concern for the Auditor-General some years ago. Cataloguing of inventory held is 40 per cent completed, with total completion anticipated to be by early 1989. Slow moving and dead stocks are being identified, concurrently with the cataloguing project and action is being taken to dispose of unwanted inventory.

Mr S.J. BAKER: The Minister mentioned earlier that the central office had to cut its budget by \$740 000 and \$1.2 million in the following year. We noted that the Minister asked for \$1.5 million and that central office responded with \$500 000.

The Hon. Lynn Arnold: One can put the \$1.5 million in context. The memo gave two options: \$1 million or \$1.5 million. It also referred to cost reduction in absolute terms (I am paraphrasing it and, if the honourable member reads

Hansard later, he will see that I am being accurate), to the TAFE budget and transfer of effect to the colleges, so that the \$1.5 million or \$1 million was an envelope figure picking up both those elements.

This figure is an absolute reduction of \$740 000 this year, and \$1.2 million next year, in addition to those resources that are transferred as a result of separate exercises that are under way. The honourable member will see that we will then well and truly reach the \$1.5 million in a full year.

Mr S.J. BAKER: What is the current salary for the head of a TAFE college? I understand that there are two levels.

The Hon. Lynn Arnold: Principal 1 is about \$52 000; principal 2 is about \$46 000 and principal 3 is about the same as a head of school, about \$42 000. We will get confirmed figures later.

Mr S.J. BAKER: The Minister will appreciate that during the dispute tempers have become a little frayed, and it is amazing what information feeds through the pipeline. It was observed that the department consists of: Director-General, Deputy Director-General, Assistant Director-General (Education), Assistant Director-General (College Operations), Assistant Director-General (Administration and Finance), principal on secondment (vacant), nine directors and then we get to the superintendent level. We have about 31 people or more on those salaries running 22 colleges, conducting education at the coalface. These people administer the services being delivered at TAFE colleges. Central office has five officers earning more than \$54 000 in salary; nine directors earning about \$52 000; and 16 superintendents earning about \$47 000.

It has been pointed out that this seems a little unfair, that the people organising and making policy decisions collectively earn so much compared to the people who are trying to deliver the service on the ground. There is a strange disparity.

The Hon. Lynn Arnold: I take the point made by the honourable member, but I emphasise that it is a system of 22 colleges. Some States allow the TAFE system to operate so that each college operates somewhat independently. It is our view that, while we are seeking to increase college autonomy and give more responsibilities to colleges, at the same time we still want them to operate in a coordinated manner so that we do not have 22 independent systems competing against each other. In that context there is a real purpose in having a central office for TAFE.

The Government has agreed that in these financial times it needs to be cut back, and we are doing that. For example, in 1986 individual enrolments in the 22 TAFE colleges numbered 147 000, which is a sizeable figure. The coordination of the many courses that TAFE offers is handled from head office. It ensures that the different colleges are offering a fair balance to the community and handles the question of rationalisation, with which we dealt earlier this afternoon, dealing with questions of curriculum development when industry is constantly saying that it wants new courses. All these things are being handled from head office. It is a big organisation with a budget of \$110 million. I ask the honourable member to think of it in that context. The other point that needs to be made is that the \$1.2 million cut back proposal will include three director positions and one superintendent position.

Mr S.J. BAKER: Further, they are all getting more than members of Parliament. More seriously, I was trying to say that, if I looked at TAFE as a commercial concern operating in the public interest and then tried to compare the number of people who are getting things done, having interface with students, with the number of organisers (and one could draw parallels with the commercial sector) having had some interface with a number of companies around town—although I know that the service is quite different compared

to most other forms of private endeavour—I would have to say that, on the face of it, there appears to be an extraordinary imbalance in the system. I take the Minister's point that some director positions will be removed. Has the Minister come up with a new style of management structure which will be leaner than it is today and which will improve communication between the college and central office?

It is no secret to the Minister and many of the people here that the greatest anguish experienced by college heads is with head office and the time it takes to get a decision. The timing of some decisions is quite strange. Having been a member of one council, I have spoken to people on other councils and their problems are the same. Leaving aside what has occurred in the past, has the Minister developed or had developed a new style of administration within TAFE that will bring central office closer to the deliverers of the service, cutting out the enormous aggravation that seems to be in the system and getting things done in a more productive manner? I know the Minister would say that the colleges will never like the decisions made by central office, but it is often not the quality of the decisions but the time that it takes for decisions to be made that is the issue.

The Hon. Lynn Arnold: There are a number of points I want to make. Yes, we are examining the whole systems question. While I have said that there shall be a quantum cut in money in the central office budget, the review, in which I would like the Public Service Association to take part, is to examine how we can best effect that cut, to get the best result in tight financial circumstances. Secondly, the outcome of the Mills review into college operations also has an impact on the way in which colleges relate to head office.

There is one thing I want to say. We have had an industrial dispute and in the process of that many things get said, and many feelings are aired. Amongst that have been feelings of antagonism towards head office. I hope that when the dust settles people can stand back and take another look at the whole situation and realise that some comments were made without necessarily much backing. It is a large system and, while each section can point to another and make criticisms of it, it needs to be noted that it works both ways. Head office has a difficult job trying to translate a State wide vision of what TAFE should be doing against what individual college communities think should be happening to their college. If a decision has taken some time to make, it may be because head office is, hopefully, balancing the requirements of one college against a State perspective.

It may have to check out in other areas, too. With respect to ministerial inquiries that come to my office, go to the Department of TAFE and then to colleges, I have not noticed an inordinate length of time being taken for those to be dealt with. One may say, 'Well, that is the Minister's office,' but I have dealt with a few departments in my time as Minister—not just TAFE—and the speed of reaction, although it could be better at times, on the whole is very good, and certainly compares favourably with my experience in other departments which shall remain nameless.

Mr S.J. BAKER: Such as the Education portfolio: it used to take me four months to get a reply from the Minister when I wrote about an education problem, although it was not his fault. I take the Minister's point that these comments are not related to the dispute. I am referring to the difficulties that colleges experience, but they are completely outside the dispute we are talking about. Some of the observations about salaries and numbers in head office, obviously, have been as a result of the dispute. I note that the Minister has had an exceptional growth in his own staff. In 1986-87 there was a proposal for one staff member but the outcome was 10. I am sure that that is a bit of creative accounting, or perhaps someone has just changed a line or two.

The interesting aspect is that a 20 per cent upgrade is proposed for 1987-88. I questioned the Attorney-General on his staff, and he proudly told me that he had 10 staff members at the change of Government in 1982-83 and he still has 10 staff members, despite all the extra work being generated. Can the Minister explain to the Committee why he has gained the services of two additional people this financial year?

The Hon. Lynn Arnold: Strange as it may seem, these figures are correct, and I have not gained and will not gain two during the year. Some time in the 1986-87 financial year my ministerial office was transferred from the Education Department to the TAFE Department for servicing and for accounting. Even though I was no longer Minister for the Department of Education, my office was still being accounted for in that area, and my personal salary, for example, was still coming from the Education Department. I am reliably informed that that figure of one is in fact me, although the salary level seems greater. The actual figure for 1986-87 was an average over the whole year and, because it did not happen on 1 July, it comes out at 10, but a full year equivalent to that is 12.

There was a proposal in recent months to increase my staff by something like .6 or .8 of a position, which was justified by the proper workload criteria, but I said that it was quite inappropriate that we proceed with that in the current climate, so there will be no increase in staff for this financial year.

Mr S.J. BAKER: For how long has the Minister had a staff of 12, given that the Attorney only has 10?

The Hon. Lynn Arnold: Since 1985. It has not changed since I became Minister for this package of portfolios. I make the point that I have two quite distinct Ministries in quite distinct areas involving very large budgets, and if we take into account the Commonwealth tertiary education budgets for which we have *de jure* responsibility, it is an enormous budgetary load. We do have oversight responsibilities, as is recognised by the member for Hanson in the many questions he asks on these Commonwealth funded matters.

Mr S.J. BAKER: Referring to page 113 of the Estimates of Payments, there is a gross figure for TEASA. Can the Minister provide a breakdown of the happy recipients of grants from TEASA?

The Hon. Lynn Arnold: It is in the OTE annual report; \$532 000 budgeted for this year.

Mr S.J. BAKER: Can the Minister provide a breakdown of where the \$831 523 spent in 1986-87 went?

The Hon. Lynn Arnold: That was just for the running of the former office. The office of TEASA had 19 staff, and the office of OTE has 10 or 11 staff. The reason why it did not come down to \$770 000 is the timing of the changeover dates and redeployment of people to other sections. We are confident, now that the establishment is down to a staff of 10, I think, that that \$532 000 will be the sum actually spent. That includes \$10 000 for the Upper Spencer Gulf Tertiary Education Study into which the Commonwealth Government is also putting money, to see how we can expand the range of tertiary education offerings in the Upper Spencer Gulf region.

Mr S.J. BAKER: The Minister mentioned the Mills report. I read the Mills report with some interest, including those parts underlined by people at the college, which made some observations about central office administration. Does the Minister support the recommendations calling for the amalgamation of colleges?

The Hon. Lynn Arnold: In the past I have supported the amalgamation of colleges, including the creation of the new Pirie College of TAFE out of three separate colleges; the Light College of TAFE out of two colleges; the Kingston

College of TAFE out of two colleges; and, prior to the Mills report coming out, I indicated to the department that I would support its proposal to open discussions in the South-East which might lead to the possible amalgamation of the South-East College with the Naracoorte College of TAFE.

I support amalgamations. Eric Mills talks about five super colleges: I think that is taking a quantum leap with which I am not so comfortable. The Congress of Principals is saying that there are alternative views to this. One view could be that we think about some federations of colleges with joint activity between them. I think that that has merit, whether it be five, six or however many confederations. Alternatively, it may be that we do not come to five super colleges: we may in fact reduce the 22 colleges to 10 or 15. Whatever the case may be, I am certain that in the next few years we will see a reduction in the number of colleges, either individually to a smaller number or by the creation of some kind of grouping of colleges into federations.

Mr S.J. BAKER: What does the Minister think the criteria for that will be?

The Hon. Lynn Arnold: If we were to consider the confederation proposal, we would need to address a number of issues: geographic logic; operational logic—whether, in fact, there was some synergy which would develop between a group of colleges we might choose to do this with; and also the course offerings of those colleges. What we have done with amalgamations to date has primarily involved geographic logic—they just happened to be close to each other. In the future, it may be done slightly differently.

Mr S.J. BAKER: Are there particular recommendations of the Mills report which have outstanding appeal and will be implemented within the next year?

The Hon. Lynn Arnold: All the recommendations of the Mills report are the subject of consideration by the policy committee of the Department of TAFE. There is a working party to report to the policy committee, which has principal representation, and at this stage both the senior executive of the department and I are awaiting the further consideration of the Mills report. Therefore, I do not wish to nominate one or other recommendation or give any personal opinion about any one or other, except to say that what Eric Mills has done is come up with a substantive document that gives us a lot of things to think about.

Mr S.J. BAKER: Will the Minister provide details of the breakdown of minor grants? Page 113 of the Estimates of Payments shows an amount of \$27 000 and indicates that it was previously shown under 'Minister of Education and Minister of Aboriginal Affairs—Miscellaneous'. Is it possible that the \$27 000 proposed for 1987-88 can be broken down into components?

The Hon. Lynn Arnold: The Better Hearing Group has for many years received an annual grant (previously from the Minister of Education) and that amounts to \$6 000; the Rhodes Scholarship amounts to \$1 500; and there is \$18 000 for the Australian Music Examination Board. As they all relate to things that seem to have a post-secondary education emphasis, the Minister of Education and I determined that they should come over here. The other thing in the process of being transferred from the Minister of Education's lines to my lines is the M.F. Chanter bequest, which deals with a scholarship for further art studies (which I ordered the cheque for recently), and I think that that will appear in next year's budget.

Mr S.J. BAKER: In relation to the debacle of the land at Mount Barker, the Minister was aware of the council being paid for land it did not own. How could that happen?

The Hon. Lynn Arnold: The Deputy Premier, when he was asked this same question in an earlier Estimates Committee, provided a succinct answer and I would, first, refer the honourable member to it. A series of circumstances

have taken place in good faith by all parties concerned. In the late 1970s the land was put under the care and control of the Mount Barker council and the council thought at the time that it was to be titled to it. Therefore, it believed in good faith that it actually had ownership of the land.

Discussions were commenced with the Hills college of TAFE about whether redevelopment would take place—and that is the medium term plan—and land needed to be found for this to happen. Discussions took place at the college/council level. The basis of those discussions was that if this was to take place the college needed that land and, therefore, it would need to be purchased. Discussions then took place about the arrangements for purchase. The council then, understanding it was about to have reserve land alienated from it, knowing that the community would require other reserve land in its place, entered into negotiations to start purchasing some other land to replace that which it was about to lose.

While the council believed that it was going to lose title to it, it certainly was going to lose and has lost care and control of it, because that was certainly vested in the council in the late 1970s. The discussions went further. Officers of the department then discovered that the land was not the council's to sell, because all that had been given to the council by the Government in the late 1970s was care and control. In fact, it was State Government land.

However, at that stage the council had gone far enough down the track in the purchase of another piece of land, relying on funding from this land to purchase it, that there seemed to be a reasonable case for an *ex gratia* payment to be made. On that basis I said to Cabinet that I believed there was grounds for an *ex gratia* payment to be made, and consequently it was made. As a result, so that the Auditor-General could be apprised of it, I drew this matter to his attention. That is one of the reasons why it appears in this report.

Mr S.J. BAKER: We have a Lands Titles Office, and there is a requirement at law that the ownership of land be appropriately noted on a document. Who slipped up?

The Hon. Lynn Arnold: It is my advice that it did go to the Valuer-General's Office for valuation, and on the form that went there was the opportunity to enter title information, but that was not put on there. Ideally, it should not have happened as it has, but a set of circumstances involving another tier of Government was entered into and proceeded too far down the track. Technically, the Government could have been rigid about it and said that that is just the council's bad luck, but as the council had not acted in bad faith we did not feel that that was reasonable to do.

Mr S.J. BAKER: What is the Department of TAFE's obligation to the Planning and Development Fund?

The Hon. Lynn Arnold: I notice from the Deputy Premier's comments on this matter that discussions are taking place about a reimbursement to that fund, and I am not able to comment on how far they have progressed.

Mr S.J. BAKER: What is the estimated value of the land involved?

The Hon. Lynn Arnold: The Valuer-General's valuation was \$120 000 and the amount of the *ex gratia* payment was \$50 000.

Mr S.J. BAKER: I know that access to TAFE courses was raised in an earlier context and that the Minister alluded to it in terms of changing staffing conditions. The TAFE planning document entitled '1987-88 Budget Review' notes that 15 000 students were unable to enter TAFE subjects that they had requested at the beginning of 1987. Does the Minister have any further detail on this number of 15 000, such as, which subjects have the greatest level of unsatisfied demand?

The Hon. Lynn Arnold: We are not able to supply that information. I believe that the Adelaide College experiment in enrolment procedures may ultimately be able to give us that sort of data. That is a raw figure. If we further process that figure, we are convinced on the basis of subjective information that a number of those 15 000 did get a place in second choice subjects or enrolments at other colleges. Of course, there are some areas where we believe we should be responsible in the intake we had, even if demand is very great. In the real estate courses, for example, we have 600 applicants for 100 places.

We receive six times the number of applicants for the number of places available. We could do what New South Wales does and simply let everyone into real estate courses and thus oversupply the market with qualified people, but we do not think that that is a responsible answer so, in consultation with the industry association, we deliberately set what we think is a reasonable input. Putting that kind of course aside (and there are a number of courses like that in other areas), the over enrolment figure has to be modified against those who eventually find enrolment somewhere else. I recall similar figures that we had a couple of years ago when the figure was 9 000 and we estimated, for various reasons, that the actual unmet demand was about 4 000 or 5 000, based on the fact that 4 000 or 5 000 of those 9 000 would have got a place somewhere.

Mr S.J. BAKER: Does the Minister suggest that this document is a little like an ambit claim? It refers to 15 000 inquiries, but the actual number is close to half that figure.

The Hon. Lynn Arnold: That is a very subjective assessment of the whole thing. Even if tomorrow we had all the money we wanted to offer courses, we would not provide an extra 15 000 places, because a number of those people have already found places in other courses. Also, we would not provide all the extra places anyway, because it would be quite irresponsible to train people for courses when they will never get a job. We would so oversupply the market.

Mr S.J. BAKER: We know that some areas have an overdemand for courses where there is an undersupply. We only have to look at the business studies course—but I will not go back over old history. We can refer to the hospitality courses, and the Minister is well aware that that is a very exciting concept, but there are always probably four or five times the number of applicants who can actually be accommodated in the course. A number of other areas which relate to computers have an overdemand and undersupply situation.

Given that the Minister pointed to the real estate situation where he said that places were one thing, but that it would not be right to pour all those resources in, because you would have an oversupply situation, that is quite acceptable. However, where there is a greater demand and undersupply situation, how does the Minister intend to introduce this much needed flexibility into the system to get those two items a little closer together? After all, that is what education is all about. Even if we discount the figure of 15 000, there must be about 3 000 people who, with this additional training, would have their job prospects enhanced immeasurably if they could get into the course of their choice.

The Hon. Lynn Arnold: A number of factors need to be taken into account. First, even if we had all the money that we wanted, which we do not, the financial circumstances of the whole budget are very tight. Secondly, facilities need to be provided. For example, in relation to computing studies we have 1 000 PCs in place at the moment in colleges and we will expand that number by 300, which is an increase of 30 per cent, but that will still not be enough to meet the demand in that area. In relation to the hospitality area, we have Armstrongs Tavern as part of that discussion to increase some of the training facilities available there. In relation to

the food and catering area, a complete new wing has been added at Regency Park to provide three new kitchens and a restaurant which will enable extra training opportunities, because previously there was a space limitation. Even if we had extra money and extra staff, we could not have done that, because we did not have the facilities. One of the key purposes of the new terms and conditions of employment was to get more lecturing hours, and that will be of particular relevance to the business studies area.

Mr S.J. BAKER: Has the Minister thought along lines where, as occurs in a number of places around the world, space is taken on Saturdays and Sundays at times when the average Australian does not normally think of studying? Perhaps it is a chance to utilise the same facilities a little better than has been the case.

The Hon. Lynn Arnold: Of all the tertiary education facilities, I think that TAFE is the best in terms of after-hours usage.

Mr S.J. BAKER: I would agree with that.

The Hon. Lynn Arnold: A number—but not all—of our institutions are totally closed after 6 o'clock. Most—but not all—TAFE colleges have something happening after 6 o'clock every evening. Indeed, if one looks at Regency Park, some of the CAD/CAM equipment is running on weekends, 24 hours a day—it never stops. The point is valid. The huge capital costs that go into these facilities can serve a longer number of hours. Of course, the other constraint is that on weekends there is the fact of penalty rates and payments.

Mr Fricker: We are very conscious of that matter raised by the honourable member. Two of the things that we are looking at concern the entrepreneurial activities to which the Minister has already referred, and also the thrust of the Commonwealth message, which is to engage in contracts, resource agreements, and so on. If we can engage in these sorts of activities which will bring in the additional recurrent funds to employ staff, then we can increase the utilisation of the capital facilities, but, just to repeat, in order to utilise those capital facilities, substantial additional recurrent funds are needed.

Mr S.J. BAKER: I am pleased to see that those matters are being pursued. In relation to hours of operation, again the budget review documents suggest that, if we close down all the colleges and central office between 21 December and 22 January, we could save a few dollars. It is a little like the shut-down situation that occurs in the building industry and in the printing industry. How seriously has that proposition been considered and what are the likely savings if it goes ahead? It would mean that the central office staff would have to take compulsory holidays.

Mr Fleming: It has been thought of, and you will find that, in relation to central office, a lot of people voluntarily take their holidays in January as do other members of the community, but a number of activities are generated by colleges so that, if we do not operate in January, by the time the colleges come back from their leave, we would end up having to start in March instead of February. A great deal happens in central office in January that colleges depend upon. A shut-down during that period would not be feasible. However, a number of colleges shut down significant areas, particularly where air-conditioning units operate, and that has special relevance when January is the hottest month. A number of them use various energy saving mechanisms that relate very much to the month of January, so colleges actively pursue that matter.

The Hon. Lynn Arnold: The other point worth noting is that, while the Commonwealth does not provide the bulk of funding for TAFE at State level, it provides a significant element of it. Much of the discussion that takes place between the State and Commonwealth offices to sort out what fund-

ing will be available for programs and the nature of the programs does in fact take place in January.

Mr S.J. BAKER: This document really contains some interesting ideas and suggestions. I suppose that really its aim is to canvass different procedures and ideas. There was a suggestion to reduce the length of prevocational courses and, I suppose, to reduce the length of all courses at TAFE. This one has a specific recommendation on prevocational. How far has consideration of that proposal gone—I note that it was for action by the Deputy Director-General—and what is the Minister's attitude to the proposal?

The Hon. Lynn Arnold: In the first instance, this is a matter for the ICTC to do further work on. My attitude is open minded on it, if the education product is good quality. The ICTC has reduced the number of hours in some apprenticeship areas as it has reviewed some of them, not in an attempt to save money but in the belief that fewer hours would achieve what was required. That same situation will apply to the prevocational area and they will have to assess that. It is also true that if you take the other end of the TAFE courses—the enrichment course, stream 1 000 (formerly stream 6)—a number of those courses were shortened to save cost increases to the student doing them, in the belief that they could still achieve the same standard in the reduced time. There need be no fear about a shorter course if evidence is that the educational program can still genuinely be delivered in the time available. I ask Mr Fricker to comment further.

Mr Fricker: One of the other relevant factors here is that the successful completion of a prevocational course—and 'prevocational' is used in the technical course under the Industrial and Commercial Training Commission rules—can carry credit of indentures and apprenticeship, so it is not up to the department to vary the length of that course without the concurrence of the ICTC.

Mr S.J. BAKER: I understand that but, as the Minister is responsible for both portfolios, I thought that he was the appropriate person to respond. The fact is that the prevocational courses are supposed to provide a wider range of skills within that same broad grouping, as the Director-General is well aware. There is a call to increase the knowledge level in that prevocational area rather than decrease the knowledge level to make them more suitable for a broader range of courses and more suitable, ultimately, whether they actually pursue their own trade or go into related areas. That was the thinking behind this matter. I see that one would have to talk to the ICTC, or the Minister would be instructing you both to throw yourselves together and come up with a solution. What does the Minister think about this situation?

The Hon. Lynn Arnold: In relation to the ICTC, statutory powers exist for the Minister to instruct it in certain circumstances. The experience has been that, for a body like that to operate to the best effect, it ought really, as far as possible, to be operating with its own independence and not simply be doing what it believes it has been told to do. The practice has been for the ICTC, of its own motion, to consider these sorts of things and come up with an independent recommendation to me. I believe that that is probably the best way to respect the tripartite nature of that organisation, if it is to be a credible one and keeps on operating.

Mr S.J. BAKER: Therefore, it would be reasonable to assume that nobody has done an actual cost saving exercise for TAFE if that recommendation was implemented. There have been no costings on that at all at this stage?

The Hon. Lynn Arnold: I will ask Mr Fleming to comment.

Mr Fleming: We did do it.

The Hon. Lynn Arnold: Cost savings have been done in relation to what would be saved.

Mr Fleming: There is a bit of a trap in the cost study. The idea was floated as one of many, given that we had to cut our budget. What would happen in six months, what would we gain or lose educationally, and what would be the gains to the students? The point that the Director-General made about credit is an important one. If a 12-month course gets a student the first year of credit in an apprenticeship but a six-month course gets him less than that credit, you have to run the offsets, so the cost savings on one hand could be lost by the lessening of credit on the other. It is sometimes not easy to get your dollars right. We did do the exercise, and there is a saving. I believe that the commission has had a long look at this matter and thought about it very hard, and it is not in favour of the reduction, because if it reduces them then it changes from prevocational to preapprenticeship courses and a preapprenticeship course gives a student only one option for an apprenticeship course.

Mr S.J. BAKER: There is a suggestion in the document that matriculation should not be within the province of TAFE but should be within the area where it rightly belongs, that is, the Education Department. From the studies that the department has done, can the Minister say what are the cost savings, and what is his view on matriculation returning to the area where the deficiency occurred originally.

The Hon. Lynn Arnold: Taking the latter question first, I would be opposed to the Department of TAFE not having an involvement with matriculation, the reason being that the TAFE colleges that offer adult matriculation do so in an environment that is very often more conducive to adults enrolling to study than, say, adults going back into secondary schools and studying there. I know that there are some successful examples of adults going back to secondary schools and studying among ordinary secondary students, but it is a difficult thing to do and many people cannot face that easily, preferring the different structuring of a TAFE adult matriculation class.

I think that there is a significant demand out there, and the equity consideration that TAFE has as one of its objectives requires that it continues to offer these sorts of courses. The other thing we do through the distance mode is offer correspondence matriculation to students in remote secondary schools. I know that a matter of concern to the member for Murray-Mallee is whether it will be carried on at the same level in 1988. I assure the Committee, and the honourable member, that it will be carried on at the same level. We did require that for the 1987 calendar year, because there was an increased demand, the Education Department provide resources for us to do that, and that will be the case in 1988, but the outcome effect of the number of students we can cope with will be no less in 1988 than it was in 1987.

Mr S.J. BAKER: What were the estimates of cost savings for TAFE?

The Hon. Lynn Arnold: I will get that figure for the honourable member by 9 October.

Mr S.J. BAKER: Where did the stream 1 000 come from? I prefer stream 6 because it comes after stream 5.

The Hon. Lynn Arnold: I will ask Mr Fricker to answer that question.

Mr Fricker: A committee was set up by the Conference of TAFE Directors some three or four years ago with a direction to come up with a system of classification of courses. Streams 1 to 6 had been arrived at more or less by guess or by God in the 1970s and did not provide a satisfactory basis for descriptions or statistical collection of courses.

The recommendations of that committee gave a much finer discrimination between different kinds of courses and so the 1 000 is effectively category 1, which provides for subdivisions of it; that was the hobby enrichment type category. Category 2 000 goes into the next pre-employment type course. That is subdivided into categories 2 210, 2 211, and so on, so it is simply a new classification which provides for a better description and a more effective collection of statistics.

Mr S.J. BAKER: So conceivably all States will adopt it—I imagine that is the principle behind it?

Mr Fricker: All States and the Commonwealth have adopted it.

Mr S.J. BAKER: The Minister would be well aware that the budget review document suggests dropping stream 6 (now known as stream 1 000) courses. What is the result of the investigation of that proposition and what stage have the department and the Minister reached in this area?

The Hon. Lynn Arnold: First, with respect to the name change, it seems to be almost a metrification of the stream titles. My view is that we should move towards full cost recovery in the stream 1 000 area. Previously—or even presently—we still have a gap. There has not been full cost recovery in relation to stream 1 000: that is, the fees paid by students do not meet the full cost of running the program. There are two shortfalls. First, a gap figure from the TAFE budget is paid to colleges to allow concession policies to run more easily in different colleges. Until last year that figure was \$250 000: last year it went to \$150 000, and it remains at that figure in this year's budget. The other shortfall is in other costs in general college operations that help support the existence of a stream 1 000 program such as the proportion of time that someone spends at a switchboard taking calls, as well as that proportion of time expended by the head of the school of general studies lecturers. Quite a significant cost is involved in that area.

We must look further at this whole area in terms of cost recovery. In relation to the money paid out for PTI lecturers, we receive all of it back in fees (about \$1.5 million) apart from \$150 000. By the way, the actual enrolments in terms of student hours seem to remain at about 1 000 000: the actual student hours in 1982 totalled 1 049 000; in 1983

it was 963 000; in 1984, 899 000; in 1985, 1 064 000; and in 1986, 943 000. So student hours have remained at roughly the same level over the past three years.

While we are discussing fees, I point out that up until 1986 fees were levied at a set rate per hour, apart from music courses. They have risen from \$1.10 per hour in 1981 to \$1.85 in 1986, plus a general service fee rounding it off to about \$2 per hour. In 1987 we told colleges to set fees according to what they thought the market could bear and we encouraged them to become more entrepreneurial so that they could raise money from some classes to create resources for other classes to provide more opportunities for concession students. It is too early to say how successful that has been but the feedback seems to indicate that the colleges have been setting variable fees and have been able to achieve some surpluses to provide more opportunities for concession students. I will be interested to see how successful that has been because I think it is the way to go. It required the concession rate to rise by up to 50 per cent of the standard fee.

Mr S.J. BAKER: What the Minister has said is that the criterion is that stream 1 000 funds itself, and then there is no reason why it should go anywhere: that is sound economics. I thank the Minister and all his staff—those present at the moment and those who have left—for their deliberations. I found the hearings extremely worth while and I have appreciated the Minister's responses. I think that all members of the Committee are a little more attuned than was the case before the Committee began. I thank the Minister and everyone involved.

The Hon. Lynn Arnold: I thank the honourable member and all members who took part in the Committee's hearings, and I do so on behalf of the officers who have appeared with me today.

The CHAIRMAN: I declare the examination of the votes completed. I now lay before the Committee a draft report for Estimates Committee A.

The Hon. T.M. McRAE: I move:

That the draft report be the report of the Committee.

Motion carried.

At 9.5 p.m. the Committee concluded.