

APPENDIX

HOUSE OF ASSEMBLY

Estimates Committees A and B

SESSION OF 1988-89

Fourth Session of the Forty-Sixth Parliament

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HOUSE OF ASSEMBLY

Tuesday 13 September 1988

ESTIMATES COMMITTEE A**Chairman:**

Mr D. M. Ferguson

Members:

The Hon. B.C. Eastick
 Mr K.C. Hamilton
 Mr J.W. Olsen
 Mr J.K.G. Oswald
 Mr M.D. Rann
 Mr P.B. Tyler

The Committee met at 11 a.m.

Legislative Council, \$1 685 000
 House of Assembly \$3 406 000

Witness:

The Hon. J.C. Bannon, Premier.

Departmental Advisers:

Mr G.D. Mitchell, Clerk of the House of Assembly.
 Mr A.M. Schulze, Accounting Officer.
 Mr H.F. Coxon, Parliamentary Librarian.
 Mr T.J. Temay, Catering Manager.
 Mr K.R. Simms, Leader, *Hansard*.

The CHAIRMAN: Would the Leader of the Opposition care to make an opening statement?

Mr OLSEN: Thank you, Mr Chairman. I do not see the need for an opening statement. The Opposition prefers to spend a maximum amount of time on questions and use the Estimates Committee today as an information seeking mechanism.

The CHAIRMAN: Does the Premier wish to make a statement?

The Hon. J.C. Bannon: No, Mr Chairman.

Mr OLSEN: I note that in 1987-88 \$5 000 was allocated for the purchase of office machines and equipment; however, the actual expenditure was \$16 983. Will the Premier explain the reasons for the additional expenditure?

The Hon. J.C. Bannon: During the year a replacement photocopier with collating facilities was purchased at a cost of \$12 000 using savings from other Legislative Council goods and services lines.

The Hon. B.C. EASTICK: I note that the sum made available for the printing of Parliamentary Bills, Acts and Regulations for the House of Assembly is double the sum made available for the same purpose for the Legislative Council. I take it this is an area of some convenience in a new venture in pricing the material into the respective lines. I refer to the Chairman's request that this information made available at a later date be in a format suitable for insertion in *Hansard* and provided not later than 7 October.

Notwithstanding that the same sort of request has been made in the past, the document that puts the material into the hands of members has been available many months after the submission date. In very few cases has the information been provided by way of letter in advance of the supplementary Estimates Committees volume. Can an undertaking be given on this matter because the information

should be freely available to members at the earliest possible opportunity?

Mr Simms: Because of the sheer volume of material that comes in after the Estimates Committees have met, *Hansard* can process that material only as and when the opportunity arises. The House is sitting most of the time when that material comes in so there is a delay, I agree. However, probably there is a means whereby a photocopy of that material can be made and put in the respective members' mailing boxes on the ground floor. I will see whether that arrangement can be made.

The Hon. B.C. EASTICK: That would be very acceptable to members and would certainly be an improvement over past practice.

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

Parliamentary Public Accounts Committee, \$214 000—
 Examination declared completed.

Parliamentary Standing Committee on Public Works,
 \$85 000—Examination declared completed.

Joint Parliamentary Service, \$4 330 000—Examination
 declared completed.

State Governor's Establishment, \$649 000

Chairman:

Mr D.M. Ferguson

Members:

The Hon. B.C. Eastick
 Mr K.C. Hamilton
 Mr J.W. Olsen
 Mr J.K.G. Oswald
 Mr M.D. Rann
 Mr P.B. Tyler

Witness:

The Hon. J.C. Bannon, Premier.

Departmental Advisers:

Mr B. Guerin, Director, Department of the Premier and Cabinet.
 Mr J. O'Flaherty, Director, Administration and Finance.
 Mr E. Kageler, Chief Administrative Officer.

Mr OLSEN: I seek clarification about this section of the papers. The Program Estimates, at page 11, include the program 'Coordination of Major Urban Development Projects'. However, this program is not listed in the Estimates of Payments under the Premier's Department. Where should examination of that program fit into the schedule?

The Hon. J.C. Bannon: The appropriate point would be as it appears in the Program Estimates, Financial Information Paper No. 1. The reason why it is not provided in the Estimates of Expenditure is that there is no direct expenditure under that program—it is a self-financing unit. In other words, the examination would appropriately come after State Disaster Planning Control and Relief, Program No. 5. Effectively, it is No. 5A.

Mr OLSEN: Last year spending on administration expenses, minor equipment and sundries exceeded the budget allocation by more than \$50 000: will the Premier give the reason for over-spending in respect of the State Governor's Establishment.

Mr O'Flaherty: Over-expenditure on the budget for 1987-88 was to do with recruitment of staff and the Governor's travelling to the bicentennial celebration, which accounted for \$8 000 over budget.

Mr OLSEN: How much was allocated to the bicentennial attendance?

Mr O'Flaherty: The sum of \$6 000.

Mr OLSEN: Has there been an increase in staff?

Mr O'Flaherty: No, but there was some turnover during the year of some clerical/keyboard staff and services were sought to find the right type of person—a key person—on the keyboard staff. Search facilities were used.

Mr OLSEN: Was \$44 000 related to finding appropriate staff and personnel? In the over-expenditure of \$50 000, \$6 000 was allocated to the bicentennial attendance by the Governor, leaving \$44 000 related to the recruitment of a switchboard operator and other staff?

Mr O'Flaherty: I am sorry, I misheard the amount stated to start with. Office machines and equipment bought by the State Government amounted to \$42 400 to replace three different varieties of equipment used within the office supporting the State Governor. The new equipment has been installed and is operating successfully.

Mr RANN: The current cost of a Rolls Royce would be about several hundred thousand dollars, and I understand that Government House acquires a new Rolls Royce every couple of years. Will the Premier explain how the acquisition of these Rolls Royces are funded?

The Hon. J.C. Bannon: As I guess prompted the honourable member's question, sometimes there are queries about how it is that the State sustains a Rolls Royce for the Governor. I know that in one or two other jurisdictions, recently in Victoria for instance, the policy has been changed. I understand that the Victorian Governor is now driven in a Ford LTD where previously it was a Rolls Royce. The arrangement that operates in South Australia goes back, as far as I can tell, nearly 30 years, whereby we replace the Governor's car every two years on a no cost basis. This occurs effectively by arrangement with the dealers, unless there is a significant model change or some change in the cost structure, and I think that there have been only one or two examples of that. Effectively, every two years we replace the existing vehicle with a new vehicle free of charge.

This agreement has worked very effectively, and of course it is subject to review on periodic occasions. The next changeover is due towards the end of next year. Around about that time we can decide whether to maintain the existing policy (which, I guess, would be my inclination at present, because it is very cost effective to this State) or to sell the vehicle on the open market and buy some other vehicle. I guess the third option would be to continue with the existing vehicle well on into its economic life. One can get 10 to 15 years, or more, use from these vehicles, and there are examples of service of that kind in other areas.

The two year changeover is reckoned as the best and most economically effective changeover period. Short of that, if one decides not to do it on that basis, obviously one would keep the vehicle for very much longer. It is the nature of Rolls Royces that they do not lose a great deal of market value over that time. However, the existing policy is pretty satisfactory and provides a prestige vehicle on an ongoing basis free of cost.

Mr RANN: Several years ago I asked the Premier a question in the House about opening up the grounds and buildings of Government House to the public. What progress has been made in relation to that?

The Hon. J.C. Bannon: That is something that the Governor himself has been very keen to do. In fact, I think that there is an open day very shortly, and the response to those open days has been very high. The Governor is pleased to do so. One of the problems is that Government House is not just an official Government building but it is also a residence for the Governor and his family.

That introduces some constraints on the time and nature of access. However, the Governor has certainly been keen to have regular open days. He has also been very generous in the use of the grounds for special functions for various charitable and other groups. In fact, most recently, the Leader of the Opposition, a number of other people and I enjoyed a Bicentennial Ball in the grounds of Government House. That function also raised money for St John Ambulance. That is an example of the way in which the Governor seeks to see the grounds of his establishment used and the Government certainly supports him in that aim.

Finally, with the new fence along the boundary of Government House I think it is also true to say that, in particular, the front garden area is very much more integrated with the street. While perhaps that constrains the Governor's strolling around his front lawn to some extent—I hope it does not—it certainly has opened up the vista of Government House grounds generally and I believe that is to be welcomed.

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

Premier and Cabinet, \$7 167 000

Mr OLSEN: For each department and agency for which the Premier has responsibility, will he provide the following information for inclusion in *Hansard*, how many cars permanently or regularly available to employees for travel between work and home have been or are to be fitted with private registration plates? During last financial year what was the total amount of sick leave taken by employees? How many of those days leave were not covered by a medical certificate? How many days sick leave not covered by a medical certificate were taken on a Friday, a Monday or the day immediately before or after a public holiday.

The Hon. J.C. Bannon: I will provide the information in due course.

Mr OLSEN: How many land or building sales were made last financial year in the Premier's area of responsibility? Will the Premier provide an itemised list of each of those sales, giving the location of the property, sale price, and name of buyer, and will he say whether the sale was conducted by auction, advertised sale or private negotiation?

The Hon. J.C. Bannon: I will provide that information in due course.

Mr OLSEN: It was estimated that rental receipts for Ayres House for last financial year would amount to \$100 000, but only \$75 000 was received. In fact, that was the second successive year in which actual rental receipts have not matched budget expectations. I believe that in 1986-87 the rent paid fell short of the budget target by some \$20 000. The Premier told the Estimates Committee last financial year that the shortfall would be made up in 1987-88. It appears that that has not happened. Does this continuing shortfall indicate that Ayres House is having difficulty

maintaining a viable level of custom and, therefore, meeting its rental commitments as agreed with the Government?

The Hon. J.C. Bannon: No, this difference between the estimate and actual receipts occurred as a consequence of the transfer of the lease. Arrangements were set in train for the transfer to take place in the 1987-88 financial year. In fact, the transfer had not been successfully effected in that period, although it was being negotiated through the May, June and July period. It finally came into effect in August 1988.

The Government agreed to defer an element of the rentals until settlement had been effected. As soon as that settlement occurred, all outstandings of the previous lease were paid in full, so part of the change of lease transaction discharged all those deferred obligations. The actual amount of \$100 000, which shows in the budget for this year, was a current figure for the lessee at the time that the budget was prepared. The rental will be \$114 000 per annum from August to December 1988, with a rental review scheduled for January 1989.

Mr OLSEN: In effect, there has been no discounting or reduction of the rental agreement with Ayers House: you have just recouped the \$45 000 shortfall as a result of the settlement?

The Hon. J.C. Bannon: That is correct, yes.

Mr OLSEN: In renegotiating the rental agreement, which the Premier just indicated would be as of January 1989, do I take it that some action is being taken to ensure the viability of the restaurant in the region of the East End Market redevelopment and that the rental will reflect that viability?

Mr Kageler: I am the Chairman of the Ayers House Management Committee and we take advice from the Valuer General's office, which takes all those issues into consideration when recommending a rental for the ensuing year.

Mr HAMILTON: Considerable interest has been displayed by people in the western suburbs about the Port Adelaide urban renewal project and business houses and tourist operators are very keen to promote that project. Because it seems that business houses, tourist operators and people looking for part-time or full-time employment would have a considerable interest in the matter, can the Premier comment on the status of this project?

The Hon. J.C. Bannon: As the honourable member points out, this has been an ongoing and important program for the Government. It was commenced more than 10 years ago in the period of the Dunstan Government and it has been continued, with a greater or lesser intensity in that time. When the Tonkin Government was in office, there was not very much development. I think that that Government, reasonably enough in its terms, did not see it as a high priority and, while the unit remained in operation, it was very much on a scaled down basis. However, since our election in 1982, the activities around the Port Adelaide urban renewal project have been given a high priority.

The concept is to have a fund which generates its own turnover and which also acts to stimulate and become a catalyst for expenditure by other private and public agencies: indeed, that has been so. In fact, the Port Adelaide urban renewal project has been much studied in other parts of Australia and some of the lessons drawn from it have been taken up. Of course, we are putting the experience of this program to good effect here in different sorts of projects, such as the Hindmarsh—Thebarton renewal program.

I think that the achievements of this program are very clear to anyone who looks around the area. They have

covered a variety of facets in the tourism area: the restoration and preservation of the fabric of the port, the State's first heritage area which retains the commercial input (the retail viability has been greatly increased by the Super-K Mart, which is the State's first); the various community infrastructure areas, such as the TAFE college, the community health centre, the Maritime Museum (which has been a singular success), rail museums, public and private housing (something like 500 more families live in the Port centre as a result of this program); and a lot of tourist and other income generated to date. In fact, if one looks at the cost effectiveness of the program, in direct project expenditure the Government has committed about \$1.9 million. That is quite minuscule compared with the \$58 million estimated investment expenditure generated directly from the program. There are still a number of options for the future. Incidentally, this program is dependent on the active cooperation of the Port Adelaide council and other bodies. We intend to continue with the program. A number of fairly major urban renewal type projects are still to be accomplished in Port Adelaide.

Mr HAMILTON: I refer to program 4 and equal opportunities for people with disabilities. Like many members of Parliament, in my electorate I have a considerable number of elderly people and people with disabilities and, over the years, people in the community have expressed concern regarding eligibility criteria for the Access Cab scheme. Has the Premier been able to address these eligibility concerns and criteria? Some members in the community wish to be able to use this scheme, but I believe that there would have to be a cut-off point, and the huge success of this program indicates that perhaps some people may miss out.

The Hon. J.C. Bannon: This is a difficult question, which is made more difficult by the enormous success of the Access Cab scheme. However, in a situation where one does not have unlimited resources to put into the scheme, one has to make some sort of definition of 'disability' and to present eligibility criteria. In fact, the original advisory committee laid down certain guidelines, and it took the view that a diagnostic definition was not, in itself, a criterion for eligibility; in other words, just because a particular disability could be identified, it did not mean that there would be automatic access to the cab scheme.

The chief criterion is loss of function, and that lines up with the purpose of the scheme, which is to try to assist those people whose disability impairs them or precludes them from using public transport and getting around. A number of people with disabilities are nonetheless able to make use of public transport. In doing that, we looked at the Commonwealth Government eligibility criteria for the mobility allowance and other areas. While it is true that the scheme has attracted great usage, there has been some criticism of it because of that need to have criteria. The statistics of its first year of operation may be of interest to the Committee: they indicate that 77 per cent of the scheme's membership (which now comprises over 4 200 people) has an income of less than \$6 000 per annum, and 65 per cent of the supportive subsidy is spent in servicing this very large proportion of participants so, clearly, it is being directed to an area of need, which I think would be welcomed.

There has been a suggestion that the scheme does not service the aged population. In fact, the statistics show that about 75 per cent of the membership of the scheme are aged above 65 years, so it is very heavily targeted towards aged and disabled people, and it is subject to means as well. Further, there is a far greater usage of the scheme by females: about 60 per cent of the user subsidy goes to disabled women.

A review of the scheme will commence in November 1988 and in the course of that the eligibility criteria will again be assessed. It is important to note that 10 additional stretch Falcons are currently being converted at an estimated cost of \$35 000 which will increase the scope of the scheme over the next few months. When they are in full service, the review I have mentioned will take place.

Mr HAMILTON: Under 'Provisions of Advisory Services to Government Agencies', I would like to ask a question about the success of the South Australian stand at Expo. As one who travelled to Queensland during the recent break, I am on record in Parliament as indicating my very strong support for the Expo stand and specifically for the tremendous courtesy that was displayed to me by the staff. My observations were that the moneys spent by the State Government were value indeed. I would like to go on record as indicating that I experienced a great deal of pleasure from the hospitality and courtesy extended to me by the staff. What sort of figures can the Premier give in terms of visitation to our South Australian pavilion at Expo?

The Hon. J.C. Bannon: Contrary to impressions that some members of the Opposition in particular have been only too keen to promote in South Australia, our Expo stand has been extraordinarily successful. It is not the largest stand and we have not spent nor was it our intention to spend, vast sums of money on it. Indeed, we have had to justify very closely both our participation and the level of it and I believe the results speak for themselves.

We spent in the order of \$450 000 on our Expo stand and this has been supplemented by private sponsorship and some Commonwealth assistance. It is considerably less than other State displays. For instance, if we look at the Northern Territory, and its size, \$1 million was put into it from there. Queensland, we estimate, put in as much as \$20 million. Certainly, it is a very impressive display and a lot of people have probably gone through it, but that is an enormous amount of expenditure which we could not possibly justify.

The response has been very positive; some 200 genuine inquiries are received a week involving tourism packages in South Australia alone, and that has been a very good shop window for us. Grand Prix tickets have been sold from the venue and general interest in South Australia has been developed. Attendances average around 5 000 a day, so by the end of Expo something like 1 million people will have been through our stand. It does have the advantage that instead of the structured tour which locks people into groups and into a specific program which can limit access to a particular venue or pavilion, the free flow of access has been very much to our advantage for the nature of our display. So the way a number of people have set about denigrating the effort that has been made is quite deplorable, because the results show the opposite.

Mr OLSEN: Last year, just under \$86 000 was provided in grants to community organisations for local Bicentenary celebrations. Will the Premier provide a list for inclusion in *Hansard* showing the amount of each grant and the name of the organisation that received it?

The Hon. J.C. Bannon: I can read that into the record. A total of some \$200 000 was given in grants to a large number of varying events as part of our specific State program. They range from \$1 000 for Flower Day to \$10 000 to the recent and very successful Opera in the Outback; and from balloon challenges at Kimba, to Port Adelaide jazz festivals, to marching girls to the National Amputee Championships, to the Afghan camel trek, and so on. There were very many events, a lot of them in country and regional areas. I would be happy to provide the information.

Mr OLSEN: The program 'Equal opportunity for women', at page 8 of the Program Estimates, refers to a review of all South Australian awards and industrial agreements and recommendations, made 'for removal of discriminatory provisions', which have been 'referred to unions and employer bodies for resolution'. May the Committee have details of the specific recommendations made?

The Hon. J.C. Bannon: I do not know whether that exercise has been completed. I believe that discriminatory provisions relate more to areas where industrial requirements preclude women for whatever reason or where a pattern of employment seems to have worked against the recruitment of women. I am not able at this stage to provide any further details than are contained in that program book but particular concentration has been on the occupational, health and safety areas; lifting of weights, exposure to chemicals, noxious substances, and so on. In some cases, for instance in the lead smelting area, there are quite legitimate concerns which may mean that women have, at particular times anyway, disabilities of a higher level than men may experience under those particular conditions. There are others which have been very traditional or which, through evolving practices, have involved hiring only men to do the particular work. Those sorts of areas are being looked at. It is more an educational program but we are also attempting to see what legislative barriers there are and if those barriers are justified.

Mr OLSEN: Has the Government been pleased with the response from unions and employer bodies to the recommendations that have been put to them?

The Hon. J.C. Bannon: Yes, I understand that the general response has been quite positive. This particular exercise is supplemented by the work of the Commissioner for Equal Opportunity who, as part of her ongoing program, will obviously have some specific influence in those areas.

Mr OLSEN: Will the Premier provide the Committee with specific details of the recommendations as soon as they are finalised?

The Hon. J.C. Bannon: They tend to be a range of quite small matters but I will see if we can provide some further information.

Mr OLSEN: The Program Estimates, also at page 8, reveal that the role of the Women's Adviser this financial year will be to promote increased women's participation on Government boards and committees. The document *The Budget and its Impact on Women* states on page 10 that the Government has 326 committees, with a total membership of 2 628 people, 474 of them (or 18 per cent) being women. Can the Premier indicate whether the Women's Adviser is satisfied with that proportion and, if not, what does she believe to be an appropriate proportion?

The Hon. J.C. Bannon: The answer is 'No': the Women's Adviser is not satisfied with that proportion and probably will not be satisfied until something like the proportion of women in the population is reflected in the composition of boards and committees. There are some problems in achieving that goal, although some major steps have been made towards it. In the pattern of board and committee representation, it will be noted that female preponderance tends to concentrate in areas such as community welfare and the arts. It has proved much more difficult on rural advisory boards, of which there are very many. Another area of concern is business operations where, traditionally, there has not been a pool of women from which to draw to provide expertise in these areas. However, there have been some considerable firsts by this Government and opportunities to provide for the appointment of women are sought.

The situation has improved but we still have a long way to go.

Mr OLSEN: The paper points out that 41 per cent of Government committees have no female representation. Has the Women's Adviser made recommendations to the Premier as to how that might be redressed?

The Hon. J.C. Bannon: Yes. The recommendation is that, when vacancies occur on these committees, the appointment of women be actively considered. In some cases there are constraints, because the members of the committees are nominated by other bodies or organisations. For instance, a growers organisation in relation to an agriculture advisory committee makes its own nominations and, despite a little prodding and prompting, a lot of these organisations are reluctant to nominate women because it does not reflect their committee management structure. This applies in a number of areas of activity. It is not just a simple fact of saying that the Government has X number of appointments to make; the Government's flexibility with that X number is very much less. However, where possible, the Government is seeking to provide female representation.

Mr OLSEN: Where the Government seeks nominations from a representative organisation as distinct from the Government's establishing its own committees where the Government has the opportunity to directly influence the composition of those committees, has it rejected nominations from any organisation on the basis that they do not represent a cross-section of the community?

The Hon. J.C. Bannon: The Government tries to encourage them to make nominations which reflect on the overall balance of the committee. If a particular skill seems to be missing, it might be suggested to the organisation that, in putting up its nominee, it could look to that requirement. That is certainly the case with women. In some instances a single vacancy might occur on a board or committee which does not have any women on it. It would be suggested to that organisation that, although it is its prerogative as to who is put up, favourable consideration be given to nominating a woman. I know that it has been done by the Trades and Labor Council on a couple of occasions. It is not always possible for an organisation to make such a nomination and the Government cannot dictate that it does so short of adopting a quota system, which is not the policy of the Government.

Mr RANN: With respect to overseas representation (page 18) I note that a specific target and objective for 1988-89 is a targeted public relations/publicity program capitalising on the Premier's visit in October 1988, which is being undertaken to improve South Australia's profile in the United Kingdom and Europe. I note that a campaign has begun with the objective of at least one major European airline commencing direct flights into Adelaide before the end of 1990. Can the Premier elaborate on that?

The Hon. J.C. Bannon: It has been established that a properly targeted investment mission with very ample preparatory work before it and good mechanisms for follow-up can be very effective indeed. It is true that, over the years, various State missions headed by Premiers and Ministers have gone overseas and there have been some good results. It is also true, looking back over the years, that we have probably tended to keep reinventing the wheel in relation to these exercises. What is needed is a persistence of follow-up and a targeting of the mission and its aims. I believe that we have improved greatly in that area.

One of the keys is the preparation that goes into such a mission. In the case of the specific mission mentioned for October 1988, the Agent-General, in particular, has been doing a great deal of work in the lead-up to it. A consid-

erable amount of work has been done from Australia as well. The participation of a number of South Australian businesses has been attracted to the mission to Sweden, in particular. It has the enthusiastic support of the Chamber of Commerce and Industry which, I might say, has taken up the export challenge very positively and has recognised the value of participating in missions of this sort.

We are able to organise a high level program that involves both general presentations and targeted contact with particular groups. The October exercise is planned to provide us with a very high profile in Britain, Germany and Sweden. In those cases, I expect to meet leaders in both political and business circles. I am hoping to meet with British Prime Minister Thatcher and the British League. I also hope to meet with the Swedish Prime Minister, although an election has been called and, whatever the outcome, by the time we get there the Government will have been reconstituted. I have already had good contacts with the defence Minister and one or two others but I am not sure whether their portfolios will change. In the West German state of Bavaria I will be meeting the Chief Minister (Franz Josef Strauss). Equally important is the detailed work that will be done by the business participants in these missions and then, of course, the follow-up.

Mr RANN: Recently the Premier travelled to Japan for the Seto Ohashi expo in the Okayama Prefecture. How successful was South Australia's involvement in that expo?

The Hon. J.C. Bannon: The expo has only just concluded and we are now in a position to make some sort of assessment. The feedback from Japan is that it has been a resounding success. It was a long participation of 5½ months. Sales and promotions of many South Australian products have been featured at various times. There have been special exhibitions and promotions of wine, beer, sheepskins, woolen products, cars and caravans. There is a long list of participants. As well as sales that have taken place on an opportunistic basis there have also been orders and follow-up missions from Japan because of interest in products that were put on display. South Australia is certainly very much better known in that part of Japan. Attendance at the expo was approximately 3 million and our presence was a large and well publicised one.

A successful trade seminar was held in Okayama and approximately 44 Okayama companies have expressed an interest in trading with South Australia. Some goods links have been developed with young people and between schools, and the social/cultural aspects are certainly there. In terms of our participation, we have a surplus on trading, resulting in the sale of close to \$200 000 worth of goods. The objective of exposing South Australian goods on the market cost effectively has been successful.

Mr RANN: I am aware that the Director of the State disaster organisation has been preparing a major exercise to test the State disaster plan. Recently there has been considerable publicity—some irresponsible—in relation to *Cosmos 1900*, the Soviet satellite which is supposed to reach earth in the next few weeks. Can the Premier give an updated briefing so the facts can be put right and will he comment on whether there has been cooperation with the Soviet authorities in providing information to the Federal and State Governments on this issue?

The Hon. J.C. Bannon: *Cosmos 1900* is a Soviet ocean reconnaissance satellite. What has caused the greatest amount of concern is that it is powered by a small nuclear power plant and on re-entry, apart from the general debris dangers that can sometimes occur, these radioactive components could pose a particular threat. While there are apparently certain safety factors built into the satellites, one of which

would see the nuclear power plant transferred back to a safe higher orbit which would allow the radioactive components to decay, in the case of *Cosmos 1900* there are some problems with that part of the safety procedure and the nuclear power plant may well re-enter the earth's atmosphere with the general satellite. Hence the concern.

The Australian land mass is about 2 per cent and, in the case of South Australia, the probability of impact is small indeed but, nonetheless, if things went wrong it could be serious and we have to be on an alert footing to handle it. It is anticipated that *Cosmos 1900* will re-enter the atmosphere in three separate parts: the antennae assembly; the main body of the satellite; and the nuclear power plant. That could occur over a 10 to 14 day span.

The most recent advice we had from the Chairman of our State Disaster Committee is of yesterday, 12 September, when the Natural Disasters Organisation (the Commonwealth body that coordinates this area) advised that as a precautionary measure it intends to issue the warning phase of the National Space Debris Re-entry Contingency Plan on 23 September. This is based on a worst case prediction that re-entry could occur on or about 30 September, but the present advice from Soviet authorities is that nonetheless there are still safety mechanisms that could operate successfully to contain any contamination, at least to within reasonable limits. That is the current state of planning and alert. As to the question about cooperation, I understand that there has been no problem whatsoever. Authorities around the world have been kept fully briefed by the Soviet Space Authority on the path trajectory and possible re-entry times. It will be very much a cooperative effort. Wherever it falls, we will see appropriate measures to ensure that damage is kept to a minimum.

Mr OLSEN: I refer to page 131 of *The Budget and its Impact on Women* and plans to develop proposals to lead sole parent families out of poverty. Has the Premier any information on the extent of sole parent family poverty and the number of those living in poverty as a proportion of all sole parent families?

The Hon. J.C. Bannon: We have quite a bit of information on this issue. I refer to the social justice budget that was issued as part of the budget papers as 'Financial Information Paper No. 5'. The Leader will find in the introduction an analysis of the size and composition of the various family groupings, and so on, and some assessment of income levels. The Commonwealth Department of Social Security has also undertaken fairly detailed work in this area. If the Leader is interested in pursuing that, I will refer him to some of the source materials.

Mr OLSEN: I would appreciate that, particularly concerning poverty being confined to specific geographical areas of the State. Supplementary to that, what proposals are being developed to meet the aim of leading families out of what one could only describe as the unfortunate circumstances in which they find themselves?

The Hon. J.C. Bannon: It is a question of definition. Different measures are needed for different family conformations. Obviously, the most important thing that can be done for families in these situations is to help create an economic climate in which there are more jobs available and more access to those jobs and the income that derives from them. Failing that, there are very many social support groups. The primary responsibility in Australia for social security in terms of income support rests in particular with the Federal Government, and the Leader of the Opposition would be aware that this was a major plank in the 1987 policy objectives of the current Federal Government. It has already taken a number of steps, including a great increase

and revaluation of the family assistance scheme and family allowance payments, which are providing significantly more cash in hand to families in need.

There are a range of other programs—some longstanding, others new—which have been developed as part of the Commonwealth strategy. At a State level we seek not to duplicate those services nor, as a reading of the press currently indicates, do we seek to have those obligations dumped on us by the Commonwealth. Currently, we are in dispute with the Commonwealth over the question of emergency relief payments. We believe that a unilateral decision by the Commonwealth, even though accompanied by some funding support, is in a sense downgrading the Commonwealth's commitment in this area and all the States are unanimous in that view. That is currently a matter of discussion. That is the income support area.

The State has a particular responsibility, sometimes in association with the Commonwealth, in areas such as child-care, housing, training and retraining opportunities. Many programs in this current budget have been targeted specifically to those things and again I refer to 'Financial Information Paper No. 5, Social Justice Strategy'. The Leader of the Opposition will note a range of programs reflecting budget priorities to assist families. There are categories of preventive measures covering areas like employment, children's services, and housing; and access measures, covering services to the disabled and access to legal services, information, community mediation, and so on, all of which have a direct impact on people in need.

Various assistance initiatives are detailed and particular attention has been paid to that group identified as most in need in our community, that is, Aboriginal families whose health, income, social and other needs are quite acute. Special attention has been paid in the Social Justice Strategy to the needs of that sector of our community. A very concerted attempt is being made to tackle the issue and an important part of that process will be to evaluate the programs that are in place and make sure that they are actually achieving their objectives. What often happens is that a program that seems to meet all the appropriate objectives in theory is put into practice and then just does not yield results, yet funding goes on without any kind of basic assessment while other areas that have a funding need miss out.

We will ensure that as part of this social justice strategy a constant evaluation takes place and that the programs are flexible so that they can really identify and address true need. This is an area that must concern us all as a community, and the combination of Federal and State programs can do a lot to assist. I would not like to leave the impression that it is purely a Government responsibility because the role played by non-government agencies (voluntary, charitable and professional) is very important in our community support structure and many of our programs are directed to supporting these organisations in their activities. At base, one comes back to the family and community units themselves, and I think that the role of Government is, first, to provide an economic environment and, secondly, a social environment so that people know where to turn in times of need.

Mr OLSEN: The Premier prefaced his remarks by indicating that economic activity and employment opportunities were crucial, but I note in the budget papers no indication of a meaningful reduction in the level of unemployment in the next 12 months, according to the forecast prepared by the Premier and his office. In assessing whether a program is fulfilling a need, are specific programs that are considered no longer appropriate terminated? My concern is that, in

sorting out whose area of responsibility it is to provide crisis management funding—and I have no argument with whose area of responsibility that ought to be—people will miss out. Are some mechanisms in place to look after those people?

The Hon. J.C. Bannon: It is true that we are not predicting a major reduction in unemployment this coming year. We have been very cautious in our unemployment predictions for the simple reason that unemployment levels are influenced greatly by participation rates. In fact, in the past few months in South Australia we have seen a considerable increase in employment, and it is very encouraging to see the areas where that employment increase has taken place. However, that has not affected our unemployment rate to any great extent.

For instance, some thousands of new jobs created during the period between July and August resulted in only a .1 per cent reduction in our unemployment rate, and the reason for that is related to the participation rate. I think that we have to be realistic about the prospects of substantially reducing unemployment as such because people will enter the labour market if they believe there are jobs in prospect. However, the employment side is very encouraging.

As to the programs, under things like the social justice strategy, it is still far too early in the analysis to say whether they should or should not be cut out. Probably the decision will relate to how they can be made more effective. For instance, if we identify that too much of the funding is being devoted to the clerical or administrative needs of a program and not enough is getting out to the actual beneficiaries, changes would be called for.

We may find also that some programs are simply not meeting their objectives, in which case it would be better to expend the funds elsewhere. That analysis will take place, and obviously involved in it will be not just the advocates but also the beneficiaries of a program.

In relation to emergency relief, I agree with the Leader of the Opposition that it would be most unfortunate if people suffered in consequence of the disagreement between the Commonwealth and the States. Perhaps that is what the Commonwealth is counting on: that, in the end, if it persists, the States will simply have to throw up their hands and say, 'We have to address the need anyway.' That has certainly been done successfully in the past on some occasions; for instance, when there was a major reduction in preschool funding two or three years ago and the States stepped in and made up the difference.

In this year's budget I draw members' attention to the reference to the TAFE funding reductions of some \$3.8 million. Faced with that, we could have made the decision that we would cut our cloth to accommodate the drop in funding by cutting out courses or, alternatively, raising fees to replace the revenue. We have done neither. In fact, we have made up the difference from State resources, and there is a limit to the extent to which one can do that. It is not just a simple dispute in this case over how much money is available: it is a dispute about the primary responsibility of the Commonwealth for income support, and about disagreement with it being able to make unilateral decisions that simply shove that responsibility somewhere else (and the Leader has already indicated that he agrees with that point of view). But I do not believe that the recipients of emergency relief will suffer. The funds are there for this year somewhere, and they will either be paid under new arrangements or be paid directly. I cannot see that agencies and individuals expecting relief will be denied it while these administrative arrangements are being sorted out.

Mr OLSEN: I take it that during the negotiations of the past few months mechanisms have been in place to ensure that funds are getting to the people in need; that the funds have not been locked up, and that neither the State nor the Commonwealth is making them available? Is a mechanism in place to disburse those funds?

The Hon. J.C. Bannon: As I understand it there is a mechanism to disburse the funds. The crunch, if you like, will come when the money presently in the system is no longer available. By then I would hope that the issue has been resolved.

Mr OLSEN: Who is actually paying the funds?

The Hon. J.C. Bannon: The Commonwealth is paying funds in the normal way. What it is seeking to do is to have the States administer this scheme and provide them with some money. The Leader might have seen the publicity where the New South Wales Premier returned his cheque for \$500 000, which I presume was an instalment payment, because the amount that New South Wales would receive under these new arrangements is very much greater than that. I am told by the Federal Minister that he is going to return the cheque, so this money will flow backwards and forwards. In the meantime, the applicants can still go to the appropriate agencies and expect support.

Mr OLSEN: How is this money being disbursed?

The Hon. J.C. Bannon: I understand that these payments are made in advance of actual demand.

Mr OLSEN: By the States?

The Hon. J.C. Bannon: No, by the Commonwealth. The call on Commonwealth funds has not been made as yet; it is providing the money to the States for when that call comes. What I am saying is that, before the call for the funds comes, this issue will need to be sorted out, and I do not know the precise time that is involved in that.

Mr OLSEN: The Program Estimates, at page 9, state that the Premier's Disability Adviser has been consulting on a number of physical access projects, including the ASER complex, the Police Department building, and the like. Can the Premier indicate the adviser's general view on access by disabled people to major building complexes in Adelaide? Is he satisfied with progress being made to ensure buildings are more accessible to the disabled?

The Hon. J.C. Bannon: You would need to divide that into two categories; that is, new buildings and old buildings. I believe that the view of the Disability Adviser would be that, in relation to the planning of new buildings, access has been very much to the fore. Part of the planning process in relation to hotels involves not simply access for people getting into the building but also adapting specific rooms for use by disabled people.

Indeed, in South Australia we pride ourselves on the steps that have been taken in both public and private new building projects: very careful attention is paid to access. There are still one or two mistakes made. I suppose, looking back over the past 10 years, the most significant instance I can recall is the Parks Community Centre where access to the second storey was omitted and some lifts had to be added at a considerable expense when that lack of access was identified. Access in all other respects had been carefully catered for but by some oversight that particular aspect of access had been omitted.

The situation is much more difficult with existing buildings. Where they are modified attention is paid to access questions, and it would be true to say that the Disability Adviser believes that quite a lot more could be done. There are still a number of places from which disabled people are excluded, and the aim would be to try and progressively open those areas.

It is certainly important that this publicity work goes on because, even with some new project, you can get planners and architects moving to an aesthetic solution without necessarily working with the question of access in mind. Therefore, it is important that consultation continues. By and large I believe we are doing quite reasonably on this question in South Australia.

Mr TYLER: Referring to equal opportunity for women, particularly employment opportunities, I acknowledge that conditions relating to women's employment have improved substantially in the past five years under the Premier's leadership. The spectacular growth in Government child-care places has a fair bit to do with that, particularly in my area. I note that the Government has a women's employment strategy: can the Premier explain what the aims of that program are and who formulates such strategy?

The Hon. J.C. Bannon: One of the pleasing things has been that much of the growth in employment that we have witnessed recently in South Australia has, in fact, been employment of women. However, the women's employment strategy is aimed to work in with a national exercise in this area because all the information shows that women still experience shortage of employment, lower earning power, higher risk of poverty and greatly restricted choices of occupation. These are long-standing problems which relate to social circumstances as much as to economics. A specific strategy is needed to try and overcome these problems. The proposal is called not a women's employment strategy but 'Women and Work'.

First, it aims to emphasise the improvement of the level of skill in the community and the question of flexibility in the work force, and to tie into general economic development issues. This strategy is one of the priorities that our Women's Adviser took up on her appointment. She felt that in the intervening period, while a lot of concentration has been focused on social and other inequalities, it was time to put a higher priority on the economic role of women, particularly where so many women are now in the position of supporting a family and the poverty cycle needs to be addressed in this area.

Therefore, a number of studies have been done on strategies aimed at identifying where people with skills or potential are not getting access to the work force. That can be done through a series of courses and publicity, talking to employers and so on, and breaking down those difficulties of re-entering the work force for people whose skills have become a bit rusty. Regional factors certainly have to be taken into account here, and there are a range of things that are being developed to focus on reassessing the economic value of women's work. In this respect, of course, that also involves the role of women in the home. Those women who choose to stay at home and nurture the family in that environment are, in fact, making an extremely significant economic contribution, not just a social and community contribution.

A study on women in the home has recently been concluded by the Women's Adviser's office. That study will be launched shortly, and I think it will throw up some important information on that issue. First, one puts it in the context of the economic value of women's activity generally, and then one tries to work on women's share of education and vocational training, strengthening their bargaining power in the negotiating system, increasing support for workers with family responsibilities—this is where child-care and other areas become quite important—and improved protection and conditions for those working non-standard hours. That policy is being developed at the moment.

Mr TYLER: When you mention flexibility in the work place are you referring to freeing-up, or the growth in, part-time or job-sharing arrangements?

The Hon. J.C. Bannon: Both part-time and job-sharing. However, I am also referring to it in terms of the skills and their application and requirements for a job. Major developments are taking place, for instance, in the structure of awards that allow for re-skilling by providing access to a range of functions in the workplace and, therefore, the flexibility to respond to particular economic needs or demands. If one's particular area of expertise is no longer productive or is being scaled down, one can then readily transfer to another area or into new employment because one has that range of skills. That is very much the concentration area.

Mr TYLER: I understand that the Government has successfully negotiated a favourable investment package with outlay on the part of the Government on behalf of the Commissioners of Charitable Funds—the Town Acre 86 property—which is now located on the old Thwaites site on the corner of Pulteney Street and Rundle Mall. Can the Premier explain that situation?

The Hon. J.C. Bannon: This was one of the activities undertaken in connection with the urban development project in our department. The experience gained with the Port Adelaide urban renewal program has given the special project unit a range of skills which can be applied to other projects. This package in relation to the development of Town Acre 86 was part of that effort, and it has turned out very well indeed. The area of the old Thwaites building on the corner of Rundle Mall was owned by the Commissioners of Charitable Funds. Any economic return from the site is to be paid to the Royal Adelaide Hospital to benefit medical research. Obviously, the more revenue we can get, the better. At the time of my unit's involvement their income was about \$300 000 per annum. The properties were fairly run down and costly to maintain even though in a prime site.

The subsequent development is a \$50 million retail and office development, which was a private sector development, but the Commissioners still retain title to the site so, in effect, they have leased back the building. The initial income rise has grown from \$300 000 per annum to over \$700 000; in other words, it has more than doubled. Because the value and use of the site has greatly expanded, I think we will see that income continue to rise, so it has been a very productive investment, at the base of which is the benefit to medical research.

Mr OLSEN: Page 9 of the Program Estimates reveals that during the year an aim of the Disability Adviser is to develop a 'vehicle modification industry in South Australia'. What does the Government have in mind?

The Hon. J.C. Bannon: This stems from the Access Cab scheme. The particular type of vehicle, which is a modified Ford vehicle, has been used for Access Cabs. The company advised that, after 1991 or 1992, that vehicle will be phased out of production. That poses a dilemma for not just the long-term program but also the possibility of extending it into private use for people who need a particular type of vehicle access. My Disability Adviser (Mr Llewellyn) picked this up as being an issue which should be pursued with motor vehicle manufacturers to see whether or not it was possible to develop an appropriate vehicle which could perhaps take up as a new generation after the phasing out of the current Ford vehicle.

He also felt that, because of South Australia's high level of motor vehicle industry participation, this State would be an ideal base for that to occur. He is currently discussing the idea with at least one major manufacturer, who I under-

stand is very interested, which would involve the modification of one of its standard vehicles but, if a market with sufficient volume can be identified, then we could have not only an appropriate vehicle for our own Access Cab area but also one that would even have export potential. We are not talking about a massive market here, but rather, one that could be quite significant because, except for the current stretch Ford Falcons which are to be phased out, there is no vehicle available for this purpose.

Mr OLSEN: At page 10 under State Disaster Planning Control and Relief the Program Estimates state that, in relation to work undertaken during the past 12 months, it included 'arrangements for tasking aircraft to conduct reconnaissance flights of cold fronts'. Would the Premier elaborate on that statement?

The Hon. J.C. Bannon: I do not have that sort of detail here, so I will have to obtain that information. It is part of the Disaster Anticipation Program. This is aimed at improving early warnings of storm or cyclone activity, presumably in relation to forecasting. I have seen a paper relating to this exercise, but I would need to supply the details.

Mr OLSEN: In relation to the State Disaster Planning Control and Relief Program at page 10 of the Program Estimates it is revealed that, during this financial year, a major exercise will be undertaken to test the State disaster plan and to prove the State disaster organisation's preparedness, particularly the State Emergency Operations Centre. What form will the exercise take, who will be involved, and what is the estimated cost?

The Hon. J.C. Bannon: It is not the practice to provide details of all aspects of these operations. Considerable security and other implications are involved. These tests are usually conducted in conjunction with the Federal Government. While certain elements of these plans and operations need very wide public dissemination, other aspects relate to the particular operational requirements of the various agencies, such as the police. Simulated counter disaster exercises were conducted in the 1987-88 financial year in the Lower South-East, in Clare, in Port Augusta, and in Berri. A major State level exercise has been conducted. The one referred to will take place in 1988 and it is called 'Exercise Team Spirit'.

The Mount Remarkable bushfires, which occurred in January 1988, provided very practical proof that the divisional plans can be effective under real test conditions. There was a good, although unfortunate, opportunity to test them out. I have not had a report on the degree of success of the State level exercise, because the assessment is still continuing, but I hope to be able to report on it when we have the assessment. The Director advises me that he understands that the early reports are that it was an extremely useful exercise and, overall, the plan seems to be working, but we will try to provide some more information when the status report is available.

Mr RANN: I note that the Premier's Department is involved in attempting to facilitate further direct international flights to Adelaide. What is the role of the Premier's Department in this matter?

The Hon. J.C. Bannon: The Premier's Department, in conjunction with Tourism South Australia, is playing a coordinating role. A group comprising governmental officers has operated for some time now and it has prepared and made representations to airlines and to the Federal Government about increasing the number of direct flight services to South Australia. There has been some success. Incidentally, this goes across departments.

The commitment by Thai International to fly to Adelaide later this year will be quite significant because, in turn, it

will start to promote very strongly that business and Adelaide as a tourist destination in order to support the commitment made to the service. What has recently changed is that we are now trying to draw in, in a more formal way, South Australian commercial and business interests and the concept of a sort of users group as has been successfully applied in the shipping area. The Chamber of Commerce and Industry again is a very enthusiastic supporter. The Department of State Development has also been involved.

In relation to these airline services, one has a mixture of commercial and political considerations—commercial, in that most airlines are very reluctant to commit unless they can be assured of appropriate traffic and freight levels. The evidence very often is that, until the flight is established, they have no real way of gauging what those levels will be; in other words, the market will meet the demand and this is where the business and commercial users in South Australia become important in identifying just what sort of demand there will be, as was proved in the case of shipping.

I suppose that the political aspect is the international argument between various airlines that is aimed at protecting national carriers, hubbing proposals and access to direct flight exchanges in various parts of the world. Qantas is a bit vulnerable in this respect because we are not a destination to anywhere and therefore, Qantas takes a very protective attitude towards its routes into Australia in order to have a much harder bargaining power overseas, for hubbing and other on-carriage in other parts of the world. That means that you often find airlines saying that they would be happy to put a service into Adelaide, but what they are really saying is they want more flights to Australia and they want some way of putting political pressure on Qantas, so that they will be forced to concede, and then we might see that flight switched to wherever the market takes it.

It is a very complex area, but we certainly have a number of aims: pursuit of the Japanese direct flight; and the interests of a major European carrier in direct flights into Adelaide, are both being pursued very vigorously at the moment.

Mr RANN: Following on from that question, recognising that Qantas has to protect its own commercial operations, is it not true that Qantas tends to have an eastern States view of the world and that that can often be an obstacle to negotiations with other carriers?

The Hon. J.C. Bannon: We have had very mixed success with Qantas. On occasions they have been very helpful in assisting with assessments and so on, but it is true that they see the eastern States market, particularly into Sydney (despite all the problems with Sydney airport) as being more lucrative and easier to market and therefore to be preferred. So the east coast of Australia has benefited most from increased flights.

On the other side of the coin, Western Australia has managed to secure some flights, particularly a direct flight from Tokyo which was negotiated as a joint service between Qantas and JAL, on the ground of their remoteness from the other parts of Australia. Our problem in South Australia is that we are readily accessible from the eastern States and therefore the argument is always thrown up to us that we cannot, as they do in the West, say, 'There are two or three hours travel between us and the rest of Australia'. We are seen as part of the eastern States complex and yet we do not get the direct services into Adelaide that we should, in my view.

The Hon. B.C. EASTICK: In relation to the subject matter currently under consideration, is the Premier aware that a number of tour organisers are indicating that it is virtually impossible to get package deals out of Australia whether it be by Qantas or otherwise; that group bookings, which were

previously available and are an essential part of any package arrangements, are now being spurned by the airline operators, and that that is having a deleterious effect upon the promotion of this State and indeed other States, by virtue of that concern?

The Hon. J.C. Bannon: This is a matter which can probably be more appropriately dealt with by my colleague, the Minister of Tourism but certainly, particularly on some services and routes (and the Japanese routes are a good example), the loadings are so heavy that airlines are less inclined to offer generous deals such as group concessions and so on and they can be a particular inhibition to us in South Australia. As I say, I believe that question would be better pursued in the tourism area.

The Hon. B.C. EASTICK: Supplementary to that, given that we are vigorously seeking to promote South Australia as a destination and that this is adversely affected by that situation, whether it be tourism department's problem or otherwise; it is part and parcel of the aggressive program which the Premier has under his particular control and I suggest that it ought to be taken on board.

The Hon. J.C. Bannon: I note that and thank the honourable member for that suggestion.

Mr HAMILTON: I refer to a couple of questions which fall under part 5a of the program referred to earlier, and that is the Major Projects Steering Committee. That committee was one which evaluated the Jubilee Point project. Can the Premier say whether he has had any further discussions with the proponents of the Jubilee Point project about some form of development on this particular site? My reason for asking that is that when the Premier announced the abandonment of the project last December, he also said the Government would be having further discussions with the developers about an alternative form of development at Glenelg.

The Hon. J.C. Bannon: Those discussions have not been taken very far because in the absence of some kind of local government support for a project of that scale, the Government could be put in a position of simply overriding various planning parameters and, in the case of that project, the member for Morphett would have been extremely vocal and strongly supportive in his opposition to any attempt to bulldoze a project of that kind through, and I think it would have been wrong for that to have happened. One either does that or one seeks to work cooperatively with local government which has access to planning powers and other aspects of any development proposal.

The Glenelg council, in the aftermath of the decision on Jubilee Point, taken after the special committee of experts commissioned by the Government had reported, undertook a planning exercise themselves. They employed Mr Becher-vaise, the former City of Adelaide town planner to assess the planning and development needs, not just in the context of the Jubilee Point site but, generally in the area of Glenelg. That exercise took place during this year. Until it was completed and we had some idea of what the council was going to do with it, the Government felt constrained in terms of reopening negotiations or discussions on development.

At the same time, the Government is also looking at the way in which any development in the Glenelg area could relate to development further north, that is, impinging into the West Beach Trust and other areas of that part of the coastline, because as the studies on Jubilee Point showed, the complex problem of sand drift and so on is one that works up and down the coast and there may well be opportunities, if one broadens the scope of the project, or the scope of the planning area, to see things happen which

could encompass some improvements in those areas further north where there has been considerable sand loss. That is being looked at now.

The most recent developments were that the Glenelg council had a supplementary development plan before the Government for approval. At one stage, the council was very eager that this plan be approved because I think the majority of the council believed that, by so doing, it would then totally constrain any Jubilee Point type development.

Recent advice from the council is that it does not wish the Government to proceed with the proclamation of that particular SDP, that it should be subject to some kind of review or revision, and that has been taken up by our planning people. Taking into account all of those developments, it would have been both premature and non-productive to embark with the proponents of Jubilee Point on some kind of revamped or amended scheme. As the proponents themselves said, they are certainly not prepared to get into another open-ended exercise without having some firm idea of its outcome. I also think that a cooling off period was necessary, anyway, in the light of the Jubilee Point experience; and I personally believe that there remains some great and important development opportunities in and around Glenelg. We are stuck with the same problems that Jubilee Point began by attempting to solve, namely, the contamination of the Patawalonga waters, the need to clear that up and to provide greater access and amenity there, and the overall problem of sand drift. These problems remain and, until they are tackled on an overall basis, they simply will not be solved.

Mr OLSEN: The Program Estimates reveals at page 11 that, during this year, the Major Project Steering Committee will be involved in the development of 'significant Government land-holdings at Northfield'. Can the Premier reveal what action the Government intends to take during this financial year to develop the Northfield site?

The Hon. J.C. Bannon: Yes. This provides us with a very valuable opportunity for urban consolidation because it is a large tract of land which has been agricultural research land-holdings. The original proposal was to redevelop and upgrade the research facilities for agriculture on that site. However, nowhere in Australia and certainly not around the world can be found such prime land in what is now an urban context—of course, when the research facilities were originally established it was not—being set aside for that purpose. In April 1988 the Government decided to relocate and upgrade the research facilities, and that work is under way at the moment, thus releasing those land-holdings at Northfield for housing.

This involves approximately 250 hectares with access to services and facilities such as a hospital, high schools and other facilities in the vicinity. The Department of Environment and Planning is carrying out a two-stage structure to plan the development of the site. The first stage will be to identify the key constraints to urban development and prepare a planning framework. It will then move to a second stage in which the detailed breakdowns of land allocations, services and infrastructure will be identified. That study is under way at the moment, and a consultant has been provided to undertake it.

The appropriate housing mix, its density and type will be considered and the Government will then move to the development stage. The South Australian Urban Land Trust is likely to be involved in a joint venture arrangement, perhaps similar to the very successful Golden Grove operation (or perhaps not on that scale, but parcelled into smaller lots for progressive development). Development at Northfield will have to be accompanied by the relocation and

upgrading of the agriculture facilities and the creation of a new field crop improvement centre. It is an integrated exercise. It has been estimated that there is about three-quarters to a year's supply of housing in what is essentially an inner urban area with services. This is a marvellous development opportunity for the State, and one that the Government is taking up.

Mr OSWALD: In the Premier's response to the Leader of the Opposition he referred to development opportunities at Glenelg. Can he say to which projects or development opportunities he was referring?

The Hon. J.C. Bannon: I was not referring to the Leader of the Opposition's statement that a future Liberal Government would proceed with the Jubilee Point development proposal, and I know that the honourable member will be very relieved about that. He is also fairly sanguine because he hopes to hold his seat but expects not to be in Government, so it will not ever be realistic. There are residential, recreational and tourist opportunities at Glenelg. It is a prime destination site and always has been throughout South Australia's history. It has a marvellous beach and a good urban environment and is well serviced by transport.

I noticed with interest the proposal for a major upgrading of the hotel, which was before council recently. One wonders why some of those things have not taken place before but, essentially, concentration should be on those areas that one might call degraded in Glenelg and I refer particularly to the Patawalonga basin about which it is generally agreed that water quality, recreational use, access to the sea and facilities for boats could be developed to the overall improvement of the environment. On a very large scale that is certainly what the Jubilee Point project sought to achieve. However, there were enough doubts and concerns about it for it not to go ahead. I hope that that does not close the book on substantial development in that area.

Mr OSWALD: I gather from that that the Government is not looking at specific proposals in Glenelg. I also make the comment that the Leader of the Opposition did not come out in the press advocating the redevelopment of the Jubilee Point concept. The Premier's earlier statement was quite inaccurate and, if he had read the whole press release, I doubt that he would have made it.

The Hon. J.C. Bannon: If that is the case, perhaps the Leader of the Opposition and I agree on this matter, so there is no conflict between us.

The Hon. B.C. EASTICK: Can the Premier indicate to the Committee whether, in the overview of the Northfield and surrounding areas, any consideration has been given to like development of the fairly vast tracts of land immediately north of Grand Junction Road, for example, between Grand Junction Road and Walkleys Road?

The Hon. J.C. Bannon: Some of that area surrounds the Yatala Labour Prison. There are some possibilities but we would like to see some consistency with this concept of an outer ring of parklands—what has been termed the second generation parklands—embodying the hills face zone and so on. The honourable member is well aware of the pressures for fringe development. Concern has already been expressed by some land developers that there is not enough available land, and they search for it at either end of the city. We must be concerned if unregulated development or pressure which is too strong is imposed on Gawler and through it into Williamstown and the Barossa Valley, about which I know the honourable member would be concerned. The more we can identify these urban renewal and urban redevelopment opportunities, the better.

It is also very cost-effective for Government because the services infrastructure is in place and the cost of developing

a block of land can be reduced. An indicative figure that I heard on one occasion was the difference between \$3 000 and \$4 000 and something like \$12 000 and \$15 000. That is just for direct services. All sorts of other savings are embodied in that. We do not want to do that to the detriment of open space in the urban environment because that would be counterproductive. Our opportunities are simply not seeing a vacant space and developing it. It is to try to ensure that there is a balance in that development, and parts of the Yatala escarpment would not be touched, for instance, and nor would it be appropriate to do so.

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

Mr OLSEN: Is the Major Projects Steering Committee involved in negotiations in relation to the entertainment centre and, if so, can the Premier indicate when he expects a final decision to be taken on this never-ending story? Last year the Premier referred to the Hindmarsh site and told the Estimates Committee:

It would be hard for anyone to identify a better site for an entertainment centre in the City of Adelaide.

The Hon. J.C. Bannon: I would have hoped that 12 months on this would be an academic question because this marvellous edifice should be erected at Hindmarsh or anywhere. As the question of the Leader of the Opposition indicates, we are not in a position to demonstrate that.

The Major Projects Steering Committee has not been involved in the latest assessment. The Grand Prix Board conducted an extensive exercise and came up with a number of propositions involving a financial package and different sites. Hindmarsh was obviously included in its study and it concluded that, other things being equal, Hindmarsh is certainly an extremely appropriate site for such a venue. It comes down to the question of cost. Since it completed its exercise further work is going on internally, and the Leader of the Opposition would be aware that the Basketball Association has announced that it is seeking to develop a proposition for some sort of stadium or venue to replace Apollo Stadium, which has become totally inadequate.

Obviously, it is not desirable to have two projects for major undercover accommodation of crowds going on at the same time, so some kind of coordination or relationship needs to be established there. Those discussions are going on currently. Yes, I think that Hindmarsh is still the best identified site, but there is no question that the cost of a stand alone facility there—fully funded by Government—would be high, which is why we have been looking at alternatives.

Mr OLSEN: An additional two staff have been provided under the program 'Support to Executive Council/Cabinet'. Will the Premier explain the nature of the extra positions?

The Hon. J.C. Bannon: I ask Mr O'Flaherty to comment.

Mr O'Flaherty: The additional staff have been allocated to the Social Justice Unit to assist with the development of the Government's social justice program. It is a separate unit, but it is attached to the Cabinet Office.

Mr OLSEN: I note that actual spending in 1986-87 was \$468 821 and proposed spending in this financial year is \$732 200, which is a fairly substantial increase. Can the Premier provide the details in due course of names, positions and salaries of the extra staff already employed under 'Executive Council/Cabinet'?

The Hon. J.C. Bannon: Yes, we can provide that information.

Mr OLSEN: There was a budget allocation of \$150 000 last financial year for expenses associated with various com-

mittees of inquiry. Actual expenditure was \$267 914. What are the reasons for the increased spending?

The Hon. J.C. Bannon: I ask Mr Guerin to comment.

Mr Guerin: The allocation for various committees of inquiry is long-standing. Basically, it is an estimate of what might be needed for issues coming up during a particular year. It is quite common for it to go over or under the allocation, according to the issues that come forward. The initial budget allocation tends not to be varied much from year to year due to the difficulty of prediction. Last year an additional sum was spent and that will now be built back in to the last line in question in respect of the administrative support to Executive Council/Cabinet.

Mr OLSEN: In regard to support for Executive Council/Cabinet, Program Estimates and Information at page 14 reveals that work undertaken last financial year included 'setting the foundation for the Asset Management and Replacement Task Force'. Can the Premier reveal the names of task force members, the departments they represent and the terms of reference of the task force?

The Hon. J.C. Bannon: Yes, but, rather than reading them out now, we will provide a written response.

Mr HAMILTON: I refer to page 15 of the Program Estimates, as follows:

Further work was carried out with State agencies to better identify areas of possible overlap or duplication of administration with the Commonwealth.

Can the Premier elaborate on the success of this further work and the progress made?

Mr Guerin: Work in this area has been established for several years. It started off as an effort to relate to the Commonwealth Government, not only at Premiers' Conference time but also during the year, to avoid a situation where the Commonwealth and the State might be acting in the same area, creating extra expense and causing confusion as much as anything else. In the past 18 months much work has been done identifying, in addition, accounting requirements of the Commonwealth or justification for projects and the like that were causing greater administrative overheads than was desirable.

As a result of that, various proposals have been put to the Commonwealth for simplification of arrangements. It has accepted that in some circumstances and in others it has not. It is a continuing area of discussion between the Commonwealth and the States, sometimes in ministerial councils, portfolio by portfolio, and sometimes on a more general basis when overall funding for the States is discussed.

Mr HAMILTON: Again I refer to page 15 and the indication that the State's lower advertising rates were maintained in a time of increasing costs. The Premier will be aware of my longstanding interest in this area. To what extent have we maintained reduced costs in this area? How effective has this been?

The Hon. J.C. Bannon: Some considerable success has been achieved here. Instead of advertising department by department, the State Promotion Adviser, Mr Klein and Mr Kageler have negotiated an overall group rate which means that probably for the first time the Government has access to the rates that large corporate clients have enjoyed in the past. Certainly, we have achieved considerable savings because there is a whole of Government approach rather than a segmented departmental approach.

Mr HAMILTON: Page 15 of the Program Estimates under '1988-89 Specific Targets/Objectives' refers to 'Administration of Border Anomalies Committee with Victoria'. What are the administration problems with respect to this?

The Hon. J.C. Bannon: The Border Anomalies Committee was formed in response to information that the border was wrongly drawn. Apparently this goes back to the last century and is an ongoing dispute. Premier Cain and I agreed to activate this committee, whose job it is basically to refix the boundary or resolve anomalies that relate to it. Legal problems could arise if a South Australian regulation was applied to someone who, for instance, disputed that there was South Australian jurisdiction because of some border anomaly and who said that they came under the Victorian regulation. The idea of establishing the committee was to ensure that there was some uniformity of approach by both our jurisdictions to avoid those problems.

The Hon. B.C. EASTICK: Under Program 8 'Various Committees of Inquiry—Expenses' in 1987-88, \$150 000 was voted, \$267 914 was expended and \$150 000 is proposed this year. However, \$245 000 is provided for the Government research program under Program 9. What specific projects were researched in relation to the \$267 914 in 1987-88? What projects apply to the \$150 000 under Program 8 and the \$245 000 under Program 9?

The Hon. J.C. Bannon: I will have to provide details to answer that precisely.

The Hon. B.C. EASTICK: In essence, some \$395 000 is being made available this year for a program that was voted \$150 000 last year. Splitting of the two amounts does not explain where and how that money has been spent.

The Hon. J.C. Bannon: Effectively there are now two separate programs, because the overall Government research program is identified separately from the special committees of inquiry program. Previously they were lumped together. I will provide the information that the honourable member requested.

Mr OLSEN: In relation to the Government's policy on asset management, will the Premier have included in *Hansard* an itemised list of proposed land and building sales by departments and agencies this financial year, and also a list of the actual sales last financial year.

The Hon. J.C. Bannon: The Leader has already asked for that information as a preliminary point, and I have agreed to provide it.

Mr OLSEN: On an ABC program this morning the Premier said that I had double counted the asset sales figure. As I took those figures from the Premier's budget papers, will he explain how they were double counted?

The Hon. J.C. Bannon: One instance that comes to mind—and I do not have the figures in front of me at the moment—is an amount of \$14 million in relation to Department of Lands land sales. In fact, land sales are undertaken on behalf of other departments and it may be that the amount shown under that composite figure also reappears under other agency's figures.

Mr OLSEN: Did you say 'may be'?

The Hon. J.C. Bannon: I think I have already identified two instances; first, in relation to the Education Department. I said 'may be' because I am attempting to track down the source of the Leader's figures, because they do not seem to relate to either the budget papers or the Auditor-General's Report.

Mr OLSEN: That is where they came from.

The Hon. J.C. Bannon: The methodology of the Leader of the Opposition is to be questioned in this area. I do not think he is reading the documents correctly.

Mr OLSEN: The Premier's statement on the ABC program this morning that the figures were double counted is not factually accurate. It is interesting that the Premier was not able to qualify that statement here today.

The Hon. J.C. Bannon: I have just done so.

Mr OLSEN: I do not think you have.

The Hon. J.C. Bannon: An amount of \$14 million was shown under the Department of Lands and a series of other allocations, for instance, under Education, Environment and Planning and so on, were in fact part of the Department of Lands figure. So, with the two it was double counting.

Mr OLSEN: Mr Chairman, I do not think that 'may be' qualifies the double counting. It does not sound as though someone is very sure—

The CHAIRMAN: We will be able to get back to rebuttals when Parliament resumes. I ask members to return to the Estimates.

Mr OLSEN: The Premier said that a specific amount would be allocated to research other than under 'Various Committees of Inquiry'. Exactly what research has been and is proposed to be undertaken?

The Hon. J.C. Bannon: That same question was asked by the member for Light and I have agreed to provide some detail on it.

Mr OLSEN: The Premier does not have that information at the moment?

The Hon. J.C. Bannon: In response to the member for Light I said that a detailed written reply would more adequately answer the question rather than our canvassing it now. The member for Light asked the question only a little while ago.

Mr OLSEN: I am aware of the question that was asked by the member for Light.

The Hon. J.C. Bannon: Then why are you asking the same question?

Mr OLSEN: I am merely seeking information. If the Premier does not have the details, that is all right. He can give a commitment to provide them in due course, and we will be happy to accept that.

The Hon. J.C. Bannon: I will do so.

Mr OLSEN: The Program Estimates at page 15 reveals that there will be continuing efforts directed at the Federal Government to reduce overlap or duplication in the provision of advisory services. What results were achieved last financial year and what results are expected this year?

The Hon. J.C. Bannon: That is the same question that the member for Albert Park asked. The Leader obviously missed that question and answer as well. Does the Committee want it repeated, or would that be tedious?

Mr OLSEN: We know that not much result has been achieved, and we do not want that repeated. Page 2 of the Program Estimates reveals that there is to be an increase of two full-time equivalents in the area of inter government relations for the provision of advisory services. What will those positions be?

Mr O'Flaherty: The figure of 5.5 represents the actual outcome for 1987-88. There is not an increase; the same level of staff will be retained as was proposed for 1987-88, that is, 7.5 staff.

Mr OLSEN: I am referring to Program 9 (page 21) of the Estimates of Payment 'Provision of Advisory Services to Government Agencies'.

Mr Guerin: Last year, 1987-88, budget provision was made for 7.5 full-time equivalents. During the year the staffing level was not kept up at that point and the budget provision is simply retained at the same level as last year. Compared with actual end of year figures there is an increase of two, but it is just a continuation.

Mr OLSEN: The allocation for Government research programs is \$245 000. Does ANOP still hold the tender for the Government research program? I note that the tender for one year was first advertised in April 1987. I am not

aware that the tender has been called again for a second term. What is the current position?

The Hon. J.C. Bannon: That is correct. The work actually commenced in December 1987. Therefore, the 12-month tender has not been called as yet, but the matter will be considered before the end of the year. Therefore, at the moment the program in place is the ANOP consultancy.

Mr OLSEN: Will the Premier make available the results of the issues that are being researched under this heading?

The Hon. J.C. Bannon: The Government would certainly hope to make available as much information as would be useful and appropriate. In the past, and under previous Governments including Liberal Administrations, results have been used internally by departments and publication of these figures has generally not occurred. To date, no reports have been published but we certainly anticipate doing so.

Mr RANN: I note that some 38 visits, excluding Royal tours, were arranged last financial year. Of course, there was the visit by their Royal Highnesses the Prince and Princess of Wales, but there was mention of arrangements for visits by three prominent heads of State in October 1988. Can the Premier elaborate on those visits?

The Hon. J.C. Bannon: There are, in fact, three quite significant visits in October. One of them is the visit of the President of Italy, Mr Cossiga. Members would be aware of some of the arrangements put in place for this visit, because it has necessitated a change to one of our morning sittings in order to accommodate the Government reception for the President.

Secondly, Chancellor Kohl of West Germany is also visiting South Australia. It is particularly pleasing to have him here although, again, it is for a short time. However, he will obviously make good use of his time having contact with some of those people in our community who provide an historic link with Germany. I think that that will be a high profile and useful visit in terms of our European presence and promotion.

Thirdly, Her Royal Highness, the Queen of the Netherlands, is also visiting South Australia. Of course, there is quite a significant Dutch community in South Australia and it will welcome that visit. Unfortunately, as those visits are crammed into one month—October—it will be a fairly hectic time.

Mr RANN: Are there any proposals for Royal tours? I understand that the Duke and Duchess of York intended to come to South Australia at one stage.

The Hon. J.C. Bannon: Yes, that was the plan. However, as a result of the birth of the Royal baby it was contemplated that the entire tour would be cancelled. Subsequently, the tour was abbreviated quite sharply, so we will not enjoy the pleasure of their company. However, I hope that we will do so at some stage in the future.

Mr RANN: Can the Premier outline arrangements for ticket sales and so on for this year's Grand Prix?

The Hon. J.C. Bannon: Because of the impact of Expo a decision was made to hold back the main marketing effort for the Grand Prix to a later period than in previous years. That decision has proved to be vindicated. However, one of the effects of that has been that in the lead-up period ticket sales have been below the average in past years. They are not significantly lower, but nonetheless they have not achieved the same level.

However, with the launching of the marketing program, a month to six weeks later than in previous years, very intensive selling will take place. This seems to reflect the pattern of purchase of tickets for the Grand Prix, particularly by people attending in the outer areas, not purchasing gold or silver tickets for which, of course, there is a very

high demand and a very early take-up. I believe that, as people get used to the event, particularly locally, they tend to defer their purchase of tickets until a later time. In the early stages there appeared to be a fear that one would not get any ticket at all. Now, people have ascertained that there is not only considerable room in the general admission areas but greatly improved facilities, including viewing stands which were not available in the past. That is a logical reaction by the market. So far it is going well.

The sponsorship deal, as the honourable member would have read, has been renewed with Fosters (Carlton United) as the principal sponsor. That company has extended its sponsorship in a multi-million dollar deal which not just involves our own Grand Prix but extends advertising in other centres throughout the world and going beyond the current series contract. Therefore, there is no question that this has been identified as a prime marketing opportunity. That reinforces confidence in the value that the Grand Prix is returning.

Mr RANN: Provision of accommodation has been a problem during the past three Grand Prix. Have the Grand Prix Board and the Premier's Department experienced greater cooperation from the hospitality industry in South Australia?

The Hon. J.C. Bannon: There is no doubt that that has been the area of greatest demand. In fact, all city and suburban hotel and motel accommodation within a radius of about 80 kilometres of the city has been booked for the event in the past couple of years. Again, that is the situation for the forthcoming event. Of course, the Hyatt Hotel has made a great difference in the VIP and five-star accommodation area. That is quite a significant addition, and not too soon. There are a number of other hotel refurbishments and development programs which we will see coming on stream over the next few years. However, the Hyatt represents probably the only significant increase in accommodation.

The Grand Prix home hosting schemes are again able to take up the shortfall. It is interesting that we have seen a pattern emerging over the past couple of years in that people who made contact through the home hosting scheme—that is, the official register—and were introduced to particular styles of accommodation end up making direct approaches in subsequent years because they have got on so well with the people concerned or believe the accommodation has been of a good quality. There is no problem with that; people can make their own private arrangements. Therefore, in a sense the home hosting scheme, as we see it, has become an incremental scheme because people usually drop out not because they do not like being in the scheme or because they were dissatisfied with what we offered but because they now have a regular annual booking with people with whom they have identified.

Obviously, people pay for that accommodation, and a number of private households would benefit directly by making their facilities available. Without that scheme, we could not successfully stage the event.

Mr OLSEN: Am I right in understanding that the Premier's former Executive Assistant (Geoff Anderson) is Chairman of the committee which heads up the Research Task Force and, if so, who initiates recommendations on the research?

The Hon. J.C. Bannon: The program was initially established by an evaluation panel, which comprised Mr Jeff Walsh, Director of the Cabinet Office; Mr Geoff Simms, the Deputy Commonwealth Statistician; Dr Rosemary Ince, a senior consultant in the Office of the Government Management Board; and Dr David Corkindale, Professor of

Marketing from the Elton Mayo School of Management. They evaluated the research program tenders and made a recommendation as to the successful tenderer, which was AIP. Following that selection, the program was put into operation. The Chairman of that committee is Mr Geoff Anderson. Mr Simms' successor is also a member of that committee, but I will provide a list of the members of it.

The idea of the program is to take over from the various *ad hoc* departmental proposals which used to operate and it is hard to get a precise figure, but around \$300 000 per annum was being expended in various ways in an uncoordinated fashion by departments. By this means it is hoped that expense will be contained and that research will be more effective. The proposals for research actually come from various departments. For instance, one of the programs in relation to crime, law and order emanated from the South Australian Police Department which wanted a particular study carried out along those lines. The research program questionnaire and all those things are devised in consultation with the appropriate departmental people.

Mr OLSEN: Can the Premier provide information as to the amount of Government advertising handled last year by the State Promotion Adviser and the amount planned for this year? I seek that information on the basis of the cost of advertising, which agency was commissioned to undertake that work, and the department or Government agency for which it was commissioned.

The Hon. J.C. Bannon: As indicated in answer to an earlier question, the fact that we are able to negotiate the whole of Government rates has resulted in quite substantial savings for a lot of the advertising done by the Government and its departments. Employment advertisements and all those other things are contracted on an overall rate. It is based on a certain space commitment. I am not sure of the extent to which some of the details of those contracts are confidential in the sense that the various media outlets that negotiate with it, as they do with any large corporate client, give special deals on the basis that those details are not exchanged with other rivals or users, but I will provide more detail on that question.

Mr OLSEN: Page 2 of the Program Estimates shows that the recurrent receipts for coordination of publicity for Government agencies totalled \$702 000 for the past financial year compared with a budget estimate of \$497 000. What is the reason for the difference between the estimate and the actual receipts?

The Hon. J.C. Bannon: During the past financial year \$205 000 was spent on setting up, stocking and preparing the Expo stand and that represents the variation.

Mr HAMILTON: I note on page 18 that, under the heading 'Government-wide support services' and under the subheading of 'Broad objective(s)/goal(s)', reference is made to 'the provision of support and assistance to agricultural teams and South Australian companies in Europe and the Middle East'. What specific support and assistance are being given in those areas and what benefits are likely to accrue to South Australian industry as a consequence of such support and assistance?

The Hon. J.C. Bannon: That is not a large or significant part of the program. Most of that work is carried out through either the Department of State Development or the Department of Agriculture; or, in specific marketing terms, through Sagric, involving those matters which come under the agriculture lines. I think that the reason for the presence of that program related to activities, which traditionally have been undertaken by the Agent-General and, in the past 12 months or so, he has concentrated his efforts more

specifically on Western Europe and, therefore, the Middle East component has shrunk quite considerably.

The emphasis is very much on companies in Europe. In terms of contact, there is a lot of activity in relation to the business migration program and introductions by various companies to possible interested areas. As an example, the Australian Agricultural Consulting and Management Company Pty Limited, which is establishing a facility in London and which sought to establish a United Kingdom entity, made contact with the Agent-General and he was able to assist it with work aimed at establishing that entity. There was a specific agricultural program. There have been other programs relating to the export of products and, in particular, various citrus companies, wine companies and others have been involved.

Mr HAMILTON: On page 18 of the Program Estimates under the heading '1987-88 specific targets/objectives', it states:

A continuing contact program with European subcontractors involved in the submarine construction project has been implemented resulting in South Australian suppliers of equipment and systems being designated as the subcontractor's Australian partner under the AIP program.

What specific areas and industries have benefited or are likely to benefit? Further, what are the likely benefits, spin-offs, employment opportunities and also business opportunities, particularly as they relate to real estate when people come from overseas to work in this project?

The Hon. J.C. Bannon: In this area, the Agent-General is obviously playing a coordinating role. He is a useful contact and resource for a lot of the activities that have taken place in consequence of the submarine project. He has also been involved in visiting European design consultants for the Anzac ships project in both Hamburg (Germany) and Vlissingen (Holland). He has also had contact with British Aerospace who have an agent in Britain, Penny and Giles, who dealt with the Agent-General. So, in his regular reports, we often see reference made to contacts with these particular companies. He has also taken a leading role in organising the itinerary and contacts for the proposed October investment mission. I am not able to provide the honourable member with some of the detail for which he asks, because this is under the aegis of the State Development Department. I do not have a detailed brief on those points, but I will refer it to my colleague the Minister.

Mr OLSEN: With regard to overseas representation, what will be the target of public relations and publicity programs capitalising on the Premier's visit in 1988 to the United Kingdom and Europe? While the Premier is identifying that cost, I would like to indicate to the Committee that I support the work of the Agent-General, Geoff Walls, in London, having observed his operation several months ago and I believe I wrote to the Premier indicating that, I thought the post in London had been upgraded, that Geoff Walls was undertaking a very vital and important role, and that he was doing this very effectively and efficiently. I think his appointment has been a good one and that he is performing the duties on behalf of South Australia in a first class manner.

The Hon. J.C. Bannon: In relation to this particular exercise, involving the program that has been funded through the State Development lines as part of their overall promotional industrial and economic effort, there is an allocation for travel of, I believe, \$60 000. I am not sure if all of that sum will be consumed in the one trip, but that is the only direct contribution being made from the Premier's lines in that area.

Mr OLSEN: Will the Premier provide a list for inclusion in *Hansard* of the names, designated positions and salaries

of those paid last year under the line 'Inter-agency support service items not allocated to programs'?

The Hon. J.C. Bannon: Yes. Basically, this program covers the administrative services of the department, the Premier's office; and, of course, this line involving terminal leave payments and such would also be registered. It is the general administrative cost of what is essentially a central coordinated department. We can provide the details.

Mr OLSEN: May I have those details for the last financial year and the projected financial year? Under 'Inter-agency support service items not allocated to programs', there is an allocation of \$440 000 this financial year for administration expenses, minor equipment and sundries. Will the Premier provide for inclusion in *Hansard* if it is not available to him at the moment, a list of major items proposed for expenditure under that line?

The Hon. J.C. Bannon: Yes.

Mr OLSEN: Also, the allocation for this financial year of \$789 100 under the line 'Accommodation and service costs' is more than double last year's actual expenditure of some \$313 000. Can the Premier indicate the major items of proposed expenditure under that line for this financial year and why there appears to have been a very substantial increase?

The Hon. J.C. Bannon: For the first year a nominal rate is being paid on the premises as part of an attempt to identify true costs of departmental operations. That figure is \$476 000 and, essentially, it involves charging rental for office space which previously has not been done anywhere within Government, so that it can be set up against the agency.

Mr OLSEN: I note an allocation of \$60 000 for overseas visits: will the Premier provide details of his itinerary of his trip to Europe and say who will be accompanying him?

The Hon. J.C. Bannon: Yes, I can certainly do that. It has not been quite finalised, both as to those involved and the itinerary but I can certainly supply it. There are a large number of business representatives.

Mr OSWALD interjecting:

The Hon. J.C. Bannon: Yes, in most cases their companies will.

Mr OLSEN: Does the Premier plan any other overseas trips this financial year?

The Hon. J.C. Bannon: The only possibility is a further short visit to China some time in the first part of 1989 as part of the South Australian-Shandong connection. The inaugural visit and the signing of the agreement took place in 1986. Since then, we have had two missions into China, one led by the Minister of State Development and, as you would be aware, this year Shandong Province took a leading role in our trade and industrial exposition in South Australia. Arising from those contacts, some very fruitful trading and investment possibilities have opened up and, in fact, some contracts have been signed. This is proposed as part of an ongoing series but no firm plans have been made at this stage.

Mr OLSEN: Page 159 of the Auditor-General's Report shows that \$60 000 was spent last year on overseas visits by officers. Will the Premier provide a list showing the names of the officers who travelled overseas last financial year, the purpose of their visits, and the cost and duration of those visits?

The Hon. J.C. Bannon: Yes, that is possible.

Mr OLSEN: My next question concerns intra-agency support service items not allocated to programs (Estimates of Payments, page 22). I refer to the paper 'The Budget and the Social Justice Strategy'. Appendix 1 of this paper, at page 31, lists spending of \$20 000 by the Department of

Premier and Cabinet this financial year for an Aboriginal community government consultant. How can the Premier reconcile this allocation with the Estimates of Payments, which has only one line for payments to consultants (page 22) and an amount of only \$10 000? Is this the line from which the former Premier (Mr Dunstan) is to be paid and, if so, which amount is he to be paid?

The Hon. J.C. Bannon: The \$10 000 is a standing allocation. Under the 'support to Executive Council/Cabinet' line, the amount should show \$20 000. Mr Guerin has more to add.

Mr Guerin: There are several areas in which consultancy is involved. There is a standing \$10 000 line for general consultancies undertaken through the Premier's Department and that is just a continuation from last year into this year. The \$20 000 mentioned is an allocation to support the work that is being done to develop forms of community government in Aboriginal communities. In part, that is to support the work that Mr Dunstan is undertaking. In fact, the allocation of money for Mr Dunstan's direct payment comes from another area and there are funds in different departments involved in different aspects of Aboriginal work, but mainly it is the Department of Personnel and Industrial Relations and the Premier's Department. That \$20 000 is not spent directly on Mr Dunstan. Some money in the Cabinet offices area has the contingency associated with Mr Dunstan's payment.

Mr OLSEN: Does that relate to salary or to the expenses incurred in the performance of his duties?

Mr Guerin: There are two aspects. One is the direct cost of travelling to the communities and holding consultations. The other aspect is his consultancy fee.

Mr OLSEN: Is the consultancy fee for Mr Dunstan paid out of this line?

The Hon. J.C. Bannon: From the Department of Personnel and Industrial Relations.

Mr OLSEN: The total consultancy fee comes out of that department?

The Hon. J.C. Bannon: Yes.

Mr OLSEN: So this \$20 000 is not part of the fee or consultancy for performance of work?

Mr Guerin: No, not for him.

Mr OLSEN: So it covers expenses for Mr Dunstan but not his salary?

Mr Guerin: It covers expenses in the sense of expenditure necessary for him and others to undertake the work in this program.

Mr OLSEN: Last financial year, \$119 297 was spent on the purchase of office machines and equipment. Can the Premier provide an itemised list of that spending?

Mr O'Flaherty: It is a detailed list, so it might be better to provide it later rather than read it through.

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

Works and Services—Department of the Premier and Cabinet, \$570 000

Mr OLSEN: Page 173 of the Estimates of Payments shows an unbudgeted payment of \$420 000. What is the explanation for that spending? It is not a vote but a payment of \$420 000.

The Hon. J.C. Bannon: That was an advance to the Special Projects Unit, which is not funded or supported by recurrent allocation. That is in relation to the cash flow of this revolving fund—sales of property, and so on—which supports the operation of that unit.

Mr OLSEN: Is it a grant?

The Hon. J.C. Bannon: No, it is an advance that is repayable as part of the fund. There is a matching receipt based on the sale of land or property.

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

Premier, Miscellaneous, \$556 000

Mr OLSEN: There is an allocation of some \$200 000 for the South Australian Development Fund for this financial year. Will the Premier indicate the purpose of the fund and how this allocation is to be spent?

The Hon. J.C. Bannon: That amount relates to the multi-function polis project. We are part of a national feasibility study and all States wishing to be involved contribute to that exercise.

Mr Guerin: There is a joint consultancy arrangement between the Commonwealth, the participating States and Japan.

The Hon. J.C. Bannon: Tasmania is the only State not contributing.

Mr Guerin: Each participating State contributes \$200 000. In terms of the technicalities, that money will be paid out to reimburse the South Australian Development Fund, which operates under the Department of State Development and Technology, which advanced the money during the last financial year.

The Hon. J.C. Bannon: The project is coordinated by the Commonwealth Department of Industry, Technology and Commerce (DITAC) and, as such, the State Development Fund and the Department of State Development and Technology advanced the money and it is reimbursed under this line as part of this project.

Mr OLSEN: Under special appeals and minor grants, \$43 913 was spent last financial year compared with a budget allocation of \$24 000. Will the Premier provide for inclusion in *Hansard* an itemised list of the donations and grants and the recipients involved?

The Hon. J.C. Bannon: The list is fairly short. The actual payments made were as follows:

Australian Vietnam Veterans Welcome Home Parade \$10 000.
Shandong Flood Relief \$9 413.
Austcare \$7 500.
Freedom From Hunger \$7 500.
South Australian Division AIF Reunion \$5 000 (held in South Australia).
United Nations Association \$3 000.
Community Aid Abroad \$1 500.

They are the actual payments for 1987-88.

The Hon. B.C. EASTICK: I notice the requirement by the Government to meet costs directly associated with the Royal Commission into Aboriginal Deaths in Custody and that another quite sizable sum is made available for 1988-89. Having regard to the Commissioner's public expressions of concern about the inquiry and the amount of legal argument involved, does the Premier believe that that sum is adequate? Has the Government made submissions to the Commonwealth and/or the commission suggesting how the commission might better undertake its inquiry?

The Hon. J.C. Bannon: Unfortunately, with proceedings of this kind it is not possible to make precise estimates because we are really in the hands of the commission as to who it admits, how long the hearings take, and so on. It is a difficult area to control once the initial commitment is made. We have no alternative but to meet that commitment. Recently we agreed with the Commonwealth that they would provide accommodation expenses, staffing of a State

office, legal representation in appropriate cases for State Government employees and provision of court facilities. The Commonwealth is meeting travel costs, record of hearings and other costs incurred directly by the commission.

Since the initial appointment of former Judge Muirhead, a further three additional commissioners have been appointed to assist with the inquiries. One is Mr Elliott Johnson, QC, who will deal specifically with South Australian cases. At the time the royal commission was established 10 cases were to be investigated in this State. Two additional deaths have recently occurred in custody and will be examined by the commission, but one case on the original list is now considered to be outside the terms of reference. Therefore, there has been a net addition of one. To date, bearing in mind that figure, only three cases have been finalised in South Australia—two by Commissioner Muirhead and one by Commissioner Johnson—and no findings have yet been published.

Recently the royal commission advised of procedures for the remaining cases that will shorten proceedings by taking overview evidence common in more than one case, pre-conference hearings and refining evidence that has been formally presented at public hearings. It is true that the commission is aware of the need to get on with the job, not just because of time constraints but also because of the high cost involved. That means that the nine original cases should be completed before Christmas, leaving the latter two cases to be heard in the New Year following coronial inquests. We have attempted to take that sort of timescale into account in formulating the budget. When we first embarked on this exercise we thought that we would be winding up our South Australian office at the end of 1988 but, with those two additional cases, it will certainly go into 1989, but for how long and at what cost is unknown now. Further costs may be involved, but that is our best guess of what will be necessary.

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

Office of the Government Management Board, \$2 427 000

Chairman:

Mr D.M. Ferguson

Members:

The Hon. B.C. Eastick
Mr K.C. Hamilton
Mr J.W. Olsen
Mr J.K.G. Oswald
Mr M.D. Rann
Mr P.B. Tyler

Witness:

The Hon. J.C. Bannon, Premier.

Departmental Advisers:

Mr B. Guerin, Chairman, Office of the Government Management Board.

Mr W. Cossey, Director.

Mr M. Hill, Principal Adviser.

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

Mr OLSEN: I refer to Program 1 'Improvement of organisation and practice and use of information, technology in Government agencies'. The Program Estimates and Information shows that the number of full-time equivalents on

the board will increase by more than three positions this year. What will those positions be?

Mr Cossey: Those positions relate to the implementation of the Government's communication strategy, which has been a gradual process over the past 12 months. Although it is not anticipated that that unit will remain with the Office of the Government Management Board, because the board has overseen the process so far there has been a gradual build-up of staff in that communications unit and that is what that increase relates to.

Mr OLSEN: The Auditor-General's Report reveals that on 29 February this year Mr Sheridan referred to the Premier his concerns about potential abuses in sick leave in the public sector and the need to review leave and rostering practices throughout the public sector. The Auditor-General's Report also reveals that on 8 August—more than five months later—the Chairman of the Government Management Board advised him that sick leave surveys involving data collection and analysis would be commenced in three dissimilar work areas of the public sector. When did the Premier first raise this matter with the board?

The Hon. J.C. Bannon: I would have raised it with the board in response to the Auditor-General's minute.

Mr OLSEN: Would that have been in early March?

The Hon. J.C. Bannon: I would imagine so; yes, that is correct.

Mr OLSEN: Will the Premier make available to the Committee any correspondence he has had with the board on this matter?

The Hon. J.C. Bannon: No.

Mr OLSEN: When did the board begin the sick leave surveys referred to by the Auditor-General?

The Hon. J.C. Bannon: I ask Mr Cossey to respond.

Mr Cossey: Those surveys have not yet commenced, but discussions have occurred with several agencies about which organisations are appropriate. The difficulty is that the Auditor-General's study of sick leave related primarily to seven-day-a-week, 24-hour-a-day operations in the health system. In the major departments in the Public Service we do not have many of those. We have the Department of Correctional Services and there was a Public Accounts Committee inquiry into overtime in that organisation a couple of years ago. The difficulty is to identify representative parts of the public sector. We will do that and it is anticipated that that review will be completed within the next two months.

Mr OLSEN: In what specific areas do you anticipate this work being undertaken?

Mr Cossey: We were looking at a clerical area (the 37.5 hour week Public Service type area), a blue-collar area (the weekly paid work force type area) and an area that is similar to the area that the Auditor-General covered in the Health Commission (that is, a seven-day-a-week, 24-hour-a-day operation).

Mr OLSEN: Has any agreement been reached with any of the agencies to participate in the survey?

Mr Cossey: Not at this stage.

Mr OLSEN: What is the target completion date?

Mr Cossey: Within the next two months.

Mr OLSEN: That is, to have undertaken the survey in the respective agencies and to have completed the work?

Mr Cossey: Certainly it is expected to complete the data analysis stage within the next two months. It is anticipated that we will have good information on whether the patterns that the Auditor-General identified in the health system are being repeated in the Public Service.

Mr HAMILTON: In addressing the question of sick leave has the problem of people who smoke at work been addressed? The *News* of today (page 5) states:

People who smoke at work waste about half an hour a day on the habit, according to a leading British researcher. Dr Chris Steele is in Australia to address Pharmaceutical Society meetings on beating the habit. Australian companies could increase productivity by up to \$6 000 a smoker each year by implementing stop smoking programs. . . . Similar programs in Britain had reduced absenteeism to half the previous level.

I also notice that on same page Mr Hemmings is at long last going 'cold turkey' in a bid to give up smoking. What has been discussed or implemented by the board in relation to stop smoking programs and the impact that may have on sick leave (which seems to be the topic of conversation of late in the media)?

Mr Guerin: So far there has not been specific attention in relation to the sick leave exercise that Mr Cossey was speaking about. A significant amount of work is being done on occupational health and safety. It is an obvious area where the Government Management Board and the people responsible for occupational health and safety, under the Minister of Labour, can cooperate. We do not have a general non-smoking policy applying in all Government work places, but we are progressively working towards that. In many agencies separate policies have been established.

Mr HAMILTON: What has the board been doing to ensure the effectiveness of central and common computer systems such as the Software International General Ledger (SIGL) system and the Austpay payroll system?

Mr Hill: During the year the board has reviewed the principles that surround the definition, function and purpose of and the way in which it should operate the central and common systems, and that review has yet to be finalised. The general ledger system review has been completed and the Austpay payroll review is due for completion in the next few weeks.

Mr HAMILTON: What is the board doing to improve the management skills of public sector managers?

Mr Cossey: The board works at this task in a number of ways, first, by seminars for senior managers. In the past year seminars have been held on information technology, corporate planning, marketing in the public sector, and organisation structures. The board is also running an executive management program for 15 public sector executives. The first program on a pilot basis was run last year and a second program will commence in the next few weeks. The board also sponsors individual agency development programs up to 50 per cent of the cost from the Management Improvement Fund and organises specific seminars on topics such as equal opportunity. In 1988-89 the board, as part of the social justice strategy, will be sponsoring a management training program for Aboriginal managers in the public sector.

Mr OLSEN: Previously I asked questions in relation to sick leave, the public sector and the survey that was undertaken, the results of which will be available in the next few months. Will the Premier undertake to make the results of the surveys available to the Parliament?

The Hon. J.C. Bannon: I do not think there is a problem with that, although I am not sure what the final form will be. As Mr Cossey has already indicated, we are attempting to ascertain whether the pattern that the Auditor-General identified as to the incidence of sick leave in the health system on the seven day rostered shift basis is repeated in the Public Service generally. Therefore, this sample approach is being adopted. The findings will probably be of a fairly broad nature. If that same pattern can be identified as having been repeated, obviously a much more rigorous assessment will be needed. It certainly would be appropriate, in view of the interest in this area, for those findings to be made public.

Mr OLSEN: Prior to the reference of these matters from the Auditor-General, did the Government Management Board have any work under way to monitor the abuse of sick leave in the public sector?

The Hon. J.C. Bannon: It has been done in the past. There was intensive study of absenteeism in the mid-1970s, as I recall it. That was repeated and checked at a later date, partly in connection with the introduction and analysis of flexitime. One of the advantages that flexitime is meant to confer is a lowering of the incidence of supposed sick leave absences which are in fact a result of people attending to personal business and things of that nature. Where a flexitime system is operating, obviously that should not become an issue. Therefore, one should see a consequent reduction in absenteeism of that short duration. That work has been done in the past. As I recall the findings—and I am only speaking from memory—no major abuses of any sort were uncovered at that time. In fact, I think that the conclusion was that the flexitime system (which was under surveillance) ought to be continued because it was seen to be yielding some quite positive benefits. Obviously, the survey to which Mr Cossey referred will help update that material.

Mr OLSEN: The Auditor-General has again expressed concern about the quality of information provided in some instances to support proposals for the investment of funds in public sector programs or projects. An escalation of costs of projects such as the Justice Information System and the Department of Transport's on-line registration and licence computer have been cited by Mr Sheridan as further justification for his concern. In his report this year he again stresses the importance of the inclusion of competent people with financial and management accounting qualifications, skills and practical experience as part of the executive management team of agencies. He concludes;

I believe that greater emphasis needs to be given to this important aspect of public sector management.

Given that this is the second year in which Mr Sheridan has brought this matter to the attention of the Parliament, is it being investigated by the Government Management Board?

Mr Guerin: Certainly, the management, planning and implementation of major computer systems is a very difficult area for management. While the Auditor-General has quite appropriately drawn attention to some areas of difficulty, quite substantial systems have been put in and are achieving good results. As a result, we are benefiting quite significantly from computer systems.

In a number of areas—and this is not just in the public sector but also in the private sector—it is extremely difficult to estimate in advance the costs and benefits of specific systems. Over the past 10 years, under successive Governments various steps have been taken to improve the level of initial analysis, monitoring and management of projects. I do not think anyone would wish to pretend that, at this stage, we have reached anything like an ideal situation.

The Government Management Board has been looking at this matter closely. The survey of common and central systems to which Mr Hill referred is part of that review of the effectiveness of the larger systems, and some of them are very complex and deal with a high volume of transactions. However, there is a revision of overall information and technology policies which agencies are expected to follow and which will be issued shortly. Work is also being undertaken on a more effective and more directly practical guideline on financial analysis which contains a number of aspects to which the Leader has referred.

It is difficult to ensure that all people associated with the significant computer programs have adequate management

background and capacity. It is a matter of continuing attention. Currently the Department of Personnel and Industrial Relations and the Treasury are undertaking a workforce planning study to identify needs for financial managers in this area and to apply particular financial skills in relation to these sorts of projects. We would expect that report in about two months.

I think it can be said that it is inevitable, when undertaking large scale projects such as the Justice Information System that, from time to time, there will have to be reviews and reassessments to ensure that the project is either still on the original track or, if decisions have been taken to develop in a different direction, that those new objectives are being achieved. That is the main impetus of the work of the Government Management Board at this stage. It requires that there are good technical people in information technology, good financial people and good general management people in executive teams.

There is room for improvement in a number of areas and one of the major things that the Government Management Board wishes to do during the year is re-emphasise to all heads of agencies and senior management personnel the importance of coming to grips with computer projects in their areas and getting the benefits, whether they are dollar benefits or less quantitative benefits that we need from those system investments.

Mr RANN: Does the combined staffing of the Government Management Board and the Department of Personnel and Industrial Relations represent an increase or a decrease over the staffing of the former Public Service Board?

The Hon. J.C. Bannon: At the end of June 1986 the Public Service Board had 167 full-time equivalents and the Data Processing Board had six full-time equivalents, making a total of 173. At 30 June 1988 the combined staffing of the Department of Personnel and Industrial Relations and the Office of the Government Management Board—and the latter includes the former Data Processing Board staff—was 165.1 FTEs. That represents a reduction of 7.9 from that level.

I believe that that is a reasonable achievement when we take into account the increased demands for efficiencies, studies and various other things that we have been discussing in the course of the Estimates Committee. By that rearrangement we have actually achieved a net reduction. Incidentally, the 1988 figure includes 6.5 FTEs who are working on the communication strategy, which is a special exercise that we hope will yield very considerable cost savings to the Government in the long run. That unit has been assembled to do that. If, in fact, we exclude those people engaged on that particular exercise, there is a reduction of 14.4 FTEs, or approximately 9 per cent in two years. Therefore, the board and DPIR, in a sense, are setting the example to other departments, because they are preaching efficiency productivity and they are demonstrating it in their own operations.

Mr RANN: What happened as a result of the work of the asset management and replacement task force that the board initiated?

Mr Cossey: I was the Chairman of that task force. Reference was made previously to the membership of that task force. It included a person from each of the E&WS Department, the Highways Department, the Department of Housing and Construction, ETSA, Treasury and the Office of the Government Management Board. Its purpose was to examine ways of reducing the cost of replacing the infrastructure as documented by the Public Accounts Committee in a series of reports last year. The report of that task force has been released publicly and it includes strategies for

reducing costs of infrastructure replacement in the long term by increased preventative maintenance of assets, sensible rationalisation of assets, increased sharing of assets between agencies, ensuring that replacement of assets are both needed and of an appropriate standard and greater use of technology, for example, lining water and sewer mains with new sleeves rather than digging them up. Agencies are now reporting to the Resources and Physical Development Committee on their progress. In 1988-89 about 30 per cent of the capital budget is being spent on asset replacement.

Mr RANN: What is the Government Management Board doing specifically about ensuring that public sector agencies improve service delivery to the community?

Mr Guerin: When the new Government Management and Employment legislation was brought into effect, one of the principles for guiding the management of the public sector was specifically service to the public. That has been a major objective of the Government Management Board. It has undertaken some activities on its own account but has mainly been working directly with other agencies to encourage operating agencies to take the main initiative.

Some areas that could be mentioned are the E&WS Department, which has gone through quite a major exercise on its revenue collection function, which is quite a strong public contact area. It has also implemented reorganisation and changes in process. The Department of Lands, which has become a very enterprising department in recent years, has also been working directly on its front counter operations. Again, that involves direct contact with the public. The Department for Community Welfare has reviewed its district offices and management of client demands in various areas.

On its own account the board uses its offices to provide consulting services to various agencies. One quite successful example of that is the work done with the Rural Assistance Branch of the Department of Agriculture and that involved consulting the clients of the Department of Agriculture, understanding their expectations and requirements, and ensuring that the services and the method of provision of services were appropriate. Similar work has also been done with the Health Commission and Department for Community Welfare executives.

In 1989 the board has determined that, within its existing budget, it will appoint a senior person to its office to have the responsibility for improvement of service across the public sector. That will include not only examining areas where improvement can be made but also looking at new ways of meeting public needs rather than the traditional continuation of services. We hope that, by the end of this year, a number of areas will improve their service provision quite significantly.

The Hon. B.C. EASTICK: The two lines providing for management education and management improvement funds were grossly underspent during the past year. That seems to suggest that the opportunity did not present itself where the intended training arrangements could be assisted. Are the programs now in place so that the expenditure can be incurred this year, and does the education relate to the individual going back and educating others in the field, or is it self-education? I have in mind the arrangements which exist in academic circles relating to PDP leave where not only does the person obtain additional educational benefits but also they are responsible for preparing a report, which then becomes something of a manual for others.

Mr Guerin: There are two aspects to that. In relation to the management education area, a significant part of the funds allocated were to assist with the provision of courses in tertiary institutions. One of the major reasons for not

expending the full amount of money there was that, during the past financial year, we did not reach agreement with the tertiary institutions on the provision of appropriate courses. We expect that agreement to be finalised relatively soon.

Another aspect of that management education program or set of activities has been along the lines suggested by the honourable member. In fact, particularly during the time that Mr Cossey has been Director of the Office of the Government Management Board, there has been emphasis not on taking people out of their work environment for a period of time and then just putting them back in at the end and hoping that it will somehow work but, rather, involving them in an initial period, identifying the skills which they need or want to improve and giving them support. The program is perhaps continued for over a year and that gives them different exposure and also requires and enables them to exercise those developing skills in their own areas and to work with their own people. We have found that the response to this idea has been very good.

The area of management education is singled out in the Government Management Board and the funds involved are not large, but I point out that, in all agencies, there are allocations for staff development and management development. That is where the major expenditure occurs. Another important aspect from a central agency point of view is achieving some mobility among senior and middle managers so that they just do not spend all their time in one agency and only know how to do that one particular type of job. The Commissioner for Public Employment has been quite effective in enabling people to spend either six months or one year in another context and then come back to their own job with a wider perspective, or to get a longer period of transfer.

The question was raised as to why there has been significant under expenditure in the management improvement fund area. That is a direct result of the board's not being willing simply to spend money on whatever came up and to spend it regardless. During the year a number of new arrangements have been developed that will provide some incentive as well as some funding for management improvement initiatives, but the board quite deliberately held back the expenditure rather than just running it out in the year.

This year we are trying to give small grants to agencies in order to help them when they are going through some innovation, where they are not just tidying up what they are doing or achieving what might be regarded as routine efficiencies. We provide small grants to agencies which try to strike out in a different direction to establish something that might be copied elsewhere. They are able to apply for these grants, and in the future we hope that it will also be possible to enable them to pay a productivity dividend, if you like, back into the fund, which money can then be made available to other people who have an opportunity in the future.

The Hon. B.C. EASTICK: Is it to be understood from the fact that you have not been able to make the necessary arrangements with the tertiary institutions that the courses will be specially constructed, or are they partly existing courses and partly specific courses? Which tertiary institutions are involved?

Mr Guerin: The main tertiary institutions involved are the University of Adelaide, the Institute of Technology and Flinders University. However, some aspects of the South Australian College of Advanced Education are relevant. If I could point to one particular major area, in the past for a start-up period we have provided some general funding for the Elton Mayo senior management program and, at the

end of the three year term, we asked the Institute of Technology to advance programs which would be relevant to our management education needs. At the same time, work was being done to draw closer together and make more complementary the work of the Elton Mayo School with the Graduate School of Management and the University of Adelaide. That cooperation has existed in a number of areas.

One aspect at which we looked particularly related to our developing managers being exposed to Japanese and other North Asian countries' business practice, language, and so forth. We expect to support that area, although we have not got together something which all found satisfactory, but we hope that that will happen fairly soon.

Mr TYLER: I am aware that the Government Management Board has been developing and trying to improve the management of telecommunications within the public sector.

The Hon. J.C. Bannon: It is certainly a major program.

Mr Hill: This weekend the major component of the voice communication system will be in the process of being cut over and that involves a configuration of new digital PABXs and the whole new renumbering of the Government's telephone system. All of that is targeted towards lowering the cost which we pay Telecom, but, more importantly, making the Government more accessible to the people. It is interesting to note that, with this new technology, we will now be able to produce better and more timely telephone directories. Whilst that has been going on, we have undertaken some further work in relation to the data communications. Part of that is geared towards avoiding an anomaly which has cropped up with our Canberra counterparts where all the Government agencies rushed off and established their own data communication facilities.

When the rearrangement of Government departments took place in Canberra, they realised that they were dealing essentially with electrically or electronically incompatible counterparts; we were very fortunate here in that we spotted these difficulties, and we are well on the way to minimising those anomalies. There are other downstream benefits too, so that in the long run, our management, flexibility and cost effectiveness of daily communications will be much better.

That leads me into another area which is radio communications, and of course you understand that the boundaries between voice, data and radio are getting less distinct all the time. We are doing some further work trying to rationalise the way we use radio communications and all of this is very consistent with the philosophy which our consultant strongly advised us to take and which the Government has adopted, and that is to manage communications as a whole Government resource.

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

Treasury, \$379 191 000

Chairman:

Mr D.M. Ferguson

Members:

The Hon. B.C. Eastick

Mr K.C. Hamilton

Mr J.W. Olsen

Mr J.K.G. Oswald

Mr M.D. Rann

Mr P.B. Tyler

Witness:

The Hon. J.C. Bannon, Treasurer.

Departmental Advisers:

Mr A.R. Prowse, Under Treasurer.

Mr J. Hill, Assistant Under Treasurer.

Mr G.C. Bethune, Director of Budgets.

The CHAIRMAN: I declare the proposed payments open for examination.

Mr OLSEN: I refer to Program 1—'Administration and enforcement of State taxation legislation'. Page 29 of the Program Estimates states that there is to be no significant variation in resources devoted to this program this year. However, page 26 shows that an additional 10 staff will be employed under the program and that spending will rise by \$7.4 million. Can the Premier elaborate on this significant increase in resources?

The Hon. J.C. Bannon: In relation to land tax or taxation generally?

Mr OLSEN: Apart from salaries, what is the increased spending for?

The Hon. J.C. Bannon: It is primarily for salaries for investigating officers. It is part of the Government's program to ensure that there is a minimum of tax avoidance and evasion and that we are able to quickly service queries and make assessments. I believe it is in the interests of direct taxpayers as well as the community because, to the extent to which we can ensure that taxes are being paid appropriately, we can keep the rates down, and in any assessment on employment in this area one has to judge the return one will get, both in revenue raised or not forgone, and in terms of service to taxpayers. We have to be fairly careful about such increases. Additional duties collected as a result of inspection activities in 1987-88 were \$2.6 million, while the recurrent expenditure was just above \$500 000, so we are talking about a ratio of 4.5:1 for those particular appointments which is a pretty reasonable return.

Mr OLSEN: So the extra staff in effect are for the purpose of stamping out tax avoidance or to ensure that all taxpayers are paying the rightful amount of duty, etc.

The Hon. J.C. Bannon: Yes.

Mr OLSEN: The Auditor-General's Report, at page 219, reveals that last financial year the number of average full-time equivalents employed in the inspection branch of Treasury was 13 and that they had completed 895 inspections. In the previous financial year, three more inspectors were employed, but they completed only 459 inspections. Do these figures suggest that procedures for inspectors have changed significantly?

The Hon. J.C. Bannon: I believe that the Leader of the Opposition has the figures the wrong way around.

Mr OLSEN: When there were 13 officers in the Treasury, they completed 895 inspections (that is on page 219).

The Hon. J.C. Bannon: That is this year, 1988?

Mr OLSEN: Yes.

The Hon. J.C. Bannon: That is a substantial increase in productivity.

Mr OLSEN: That is which I am saying: have the procedures for inspections significantly changed to bring about the increase in the number of inspections undertaken by the branch?

Additional Departmental Adviser:

Mr M.K. Walker, Commissioner of State Taxation.

Mr Walker: It involves a different nature of inspections. A lot more of them have resulted from increased avoidance

in the stamp duty area, and they were inspections of a much shorter duration: each one took less time to complete.

Mr OLSEN: Given the increase in the number of personnel available to the inspection branch this year, do you anticipate a corresponding increase in the number of inspections that you will undertake during the current financial year 1988-89?

Mr Walker: Yes, it is most likely that there will be an increase in the number of inspections, although the precise nature of the inspection undertaken does depend to some extent upon some of the information that is presented to us at the time.

Mr OLSEN: With respect to administration enforcement of State taxation legislation, the Auditor-General's Report reveals at page 219 that approximately \$5.4 million in stamp duty relief was provided last financial year in respect of a South Australian based manufacturing organisation. Will the Premier provide further details to the Committee?

The Hon. J.C. Bannon: That relates to the GMH reconstruction. The Leader might recall the publicity concerning the decision by General Motors-Holden Limited to form two wholly owned subsidiaries as part of its corporate restructuring. The assets remained the same. The division was into the Holden Engine Company, manufacturing engines in Melbourne, and the Holden Motor Company, which is the Elizabeth operation.

In view of the fact that this was simply an internal restructuring brought about by increased investment approvals from Detroit in the USA, the company approached the Government to see whether it would be prepared to remit duty in this instance and make it a cost neutral exercise on the company's part. It made a similar approach to the Victorian Government. If we had said no, the company would have gone about it in a different way which would have been much more complex legally, and it would not have ended up paying. It was not in anyone's interest for the Government to do other than agree. So it is a transaction in, on the one hand, and out, on the other hand. It was revenue neutral assistance for the legal technicalities of that corporate restructuring.

Mr OLSEN: There is a budget allocation of \$12.65 million for refunds and remissions of State taxation this financial year. What are the reasons for the allocation, which is almost \$7 million more than last financial year?

The Hon. J.C. Bannon: That relates to exactly the same company and is the further stage of this restructuring. It relates to the Toyota agreement which has been reached. In 1987-88, the restructuring that I have just described took place in the absence of the Toyota deal. Since then, the Toyota arrangement has come about and the Government has been approached on the basis, that in order to mitigate against the considerable legal and other technicalities that would be involved in not exposing the company to stamp duty payments for what is essentially an internal restructuring, remission could be provided. The amount looks very large because that is what it would be if we were talking about a true corporate change; but we are not. The restructuring refers to steps to be taken prior to the Toyota amalgamation. Obviously, if duties are payable in relation to that amalgamation where a new entity is being formed, the Government would have to look at that. I am not aware of any approach in that area and nor are my officers. While it remains an in-house restructuring, there is no problem.

Mr OLSEN: Does that account for the \$7 million increase?

The Hon. J.C. Bannon: Yes. A staff element in that has been set off, but the bulk of it is the restructuring figure.

Mr OLSEN: What is the estimated number of land taxpayers this financial year?

The Hon. J.C. Bannon: I am advised that there will be 17 500.

Mr OLSEN: Can the Premier provide for inclusion in *Hansard* in due course a month by month breakdown of stamp duty receipts for the last financial year in their various categories? I am particularly interested in stamp duties generated as a result of one-off transactions on the Stock Exchange through to land and real estate activity.

The Hon. J.C. Bannon: Treasury might find it hard to provide a monthly figure, but certain elements can be identified. The figure in relation to transactions and the impact of some large sales could be identified, and the department will undertake to provide that. Of course, under the secrecy provisions of the Tax Act, details of individual transactions cannot be provided.

Mr OLSEN: The Program Estimates reveals that work under this program includes 'optimal utilisation of existing Government assets'. In this respect, I refer to a comment in the Auditor-General's Report which reveals that Treasury has asked all public sector agencies to establish asset registers capable of providing information on all assets held, including historical costs, current costs, other agreed valuations, economic life of assets, etc. The purpose is to establish information on major assets of agencies by 30 June, with complete asset registers to be established within the following 12 months, that is, this financial year. Can the Premier indicate his concurrence to make public the asset register that is being established?

Mr Prowse: The proper maintenance of assets, as was discussed earlier with the Director of the Government Management Board, begins with the establishment of an adequate asset register. Treasury has had direction from the Government to establish asset registers for agencies managing substantial real assets and has circulated departments to that effect. A deadline has been set for them. I do not know that the question of release of assets has been addressed by the Government, and it would need to be a decision by Ministers. The purpose of establishing asset registers is to provide for better decision making and, therefore, it seems to me that some kind of publication of the asset registers is intended.

Mr OLSEN: In the preparation of the assets registers perhaps further issues might be considered so that a full appreciation of the financial position of the public sector can be identified. A macro view of South Australia's financial accounts, combining inner and outer budget sectors in terms of revenues and recurrent and capital expenditure to determine the true deficit of the total public sector, would be beneficial.

The Hon. J.C. Bannon: I refer the Leader to the Treasury publication under the Under Treasurer's name on the finances of South Australia. It touches on the previous question of the assets registers and it shows that there has certainly been an assessment of assets and liabilities and the preparation of an overall State balance sheet in a macro sense. The data needs refining, as the document acknowledges, but the first steps have been taken with respect to its publication. The Leader will find that document valuable, and it is intended that it be upgraded and developed.

Mr Prowse: To our knowledge this is the first time that any Government has produced such a balance sheet for this State. It is obviously a tentative document because of the enormous problems of valuation in the absence of detailed registers of assets, but some of it is clearly known. We know the value of the State's financial assets and liabilities. The problem is with real assets and how to value them, but we know what the accruing liabilities are.

The picture that it gives is reassuring for this State and shows that the assets, as valued and measured in the balance sheet, are almost double what we can establish as liabilities. It is a favourable balance sheet, but the Leader would know that in the financial statements attached to the budget speech there is much discussion of the difference between the inner budget area and the total public sector. We are making an effort in our budget papers to address that issue, as well. Treasury hopes to engage in discussion—academic and public—on that document, including the balance sheet, and we welcome any seminars or discussions with the Leader's officers.

Mr OLSEN: Therefore, whilst acknowledging that this is a first and important preliminary step, you will be looking to expand the document to reflect more fully the other considerations that need to be taken into account? For example, the Public Accounts Committee has looked at assets, their replacement cost, when the replacement cost is likely to be drawn into Government agencies for expenditure replacement and the maintenance of total assets of departments and authorities. While the PAC has identified that in one area, we have across a number of agency areas similar cost factors building up for future consideration. It is in those areas that an effort must be made to identify such forward costs so that plans can be made to meet them.

Mr Prowse: I have no difficulty with what the Leader says. The development of this balance sheet and associated actions with the agencies will give us a better handle on what is coming up and how it might be provided for. It is a matter of planning. Our objective is the long-term financial viability of this State. We have no interest in avoiding long-term issues: we wish to recognise them as fully as we can. There are difficult problems with respect to evaluation, but the thrust of the policy in this area is to value assets where possible at current or replacement cost so that the true replacement of declining assets and those that are wearing out is known. As mentioned earlier by Mr Cossey, technology has to be assumed in making judgments about future replacement costs.

For example, in water supply and sewerage, technology development is important in reducing replacement costs. Most evaluation exercises are based on existing technology rather than on speculative assumptions but, when it is time to replace a large part of the sewerage and water supply system in five to 10 years, the technology may have developed to such an extent that costs are not as heavy as we now anticipate. Revenues accrue as time goes by, but the State has substantial reserves in hand. As the Leader says, it is a problem, but with my responsibilities for financial management in this State I do not believe that it is by any means an unmanageable problem.

Additional Departmental Advisers:

Mr R.S. Ruse, General Manager, South Australian Financing Authority.

Mr J.R. Wright, Manager, Cash Management.

Mr OLSEN: Last financial year the South Australian Financing Authority Chairman told the Estimates Committee that every eight weeks the New Zealand timber company would provide Treasury and others with progress reports against the targets set. Have those reports been provided as required and, if so, what has been the actual performance of the company matched against the targets set?

Mr Prowse: The reports have been provided as requested. They are forwarded to the Minister and to the Treasurer with comments by the Woods and Forests Department and Treasury. I am not sure that any of that information has been published. It is a matter for the Treasurer to decide.

The Hon. J.C. Bannon: The Minister of Forests provided the House with an update on this matter when Parliament resumed. As stated then, the Legislative Council select committee has been undertaking its inquiry and its report will be a valuable adjunct to an assessment of the company's operations. The financial details would be better dealt with by the Minister of Forests.

Mr OLSEN: Given that SAFA has provided a guarantee in respect of that venture, it is appropriate to pose some questions about it here. Does the Treasurer accept that the company's performance over the past 12 months has been less than satisfactory, given the ministerial statement to Parliament?

The Hon. J.C. Bannon: Yes, there is no question of that, as the Minister's statement indicated. However, it is also true that there has been a substantial improvement in performance, financial restructuring notwithstanding, and that has yielded quite tangible benefits for the company's performance. Efficiencies have been introduced in relation to the level of staff, administration, marketing, and so on. At this stage we are not in a position either to pre-empt the committee's findings or to make a statement on the long-term future of that holding. As we have indicated on a number of occasions in the past, any decision that is made must be one that sees the State getting maximum financial benefit.

Periodically we have looked at the option, particularly when confronted with the implications of the wrong financial information that had been supplied (which was then the subject of litigation), of cutting our losses and cancelling the venture. Our strongest advice, both from consultants and from an internal officers' examination, was that that would be a mistake—indeed, it would cost the State more money to do that. So, the various changes in management measures were put in place. The financial restructuring has gone on and within the next couple of months I think we will be in a better position to assess the future.

The good side is that the Australian arm of IPL(H) is performing satisfactorily: it is meeting targets overall and is in profit. The New Zealand arm is still a problem, but the extent to which it is a problem is hard to measure at this stage. It has certainly been improving.

Mr OLSEN: We were given the same assurances in the Estimates Committee 12 months ago and were told that things had just turned the corner and there was improvement in sight. Now, 12 months down the track, there is an acknowledgment that the past 12 months has not provided that improvement and that we should wait another 12 months and it will be provided. It really is a never-ending story.

The Hon. J.C. Bannon: The Leader is wrong. First, I am not saying that everything is fine and, secondly, there is a substantial improvement from the situation 12 months ago.

Mr OLSEN: Last year a commitment was given to the Estimates Committee that the New Zealand company would be paying interest by 1988-89. Is that still SAFA's expectation?

Mr Prowse: It is clear that IPL(H) has to be examined in terms of the two arms—IPL (Australia) and IPL (New Zealand). I believe that IPL (Australia) prospectively will be paying interest on debt relating to that. The prospects for New Zealand—and after all we are talking about the next nine or 10 months—would not allow me to say with certainty that we expect it to be paying interest on the debt this year. It is not easy to forecast.

A substantial fall in the New Zealand dollar would make a very big difference to the performance of the New Zealand subsidiary and make it much more competitive. It is a

matter also of reflecting the effect of the New Zealand Government's macro-economic policy, which is one of considerable and severe restraint. Changes in any of those things would quite substantially affect the outlook for the company. Certainly, the booming housing conditions in Australia are creating a much more encouraging outlook for the Australian end of the enterprise.

Mr OLSEN: What is SAFA's estimate of the trading performance of the New Zealand section of that company this financial year?

Mr Prowse: I think I attempted to answer that in my last reply. The fact is that its performance has improved. Stock levels are reduced and cash flow is improved. Efficiency has been achieved by reductions in the work force, etc. Given favourable movements in relevant factors (such as the exchange rate and the condition of the New Zealand economy), I believe it will show a continuing improvement. However, I would not wish to anticipate what I believe is a review by the Government of the whole position in the light, amongst other things, of the outcome of the select committee's report.

The Hon. J.C. Bannon: The select committee has had quite detailed information and presentations from the Under Treasurer and other officials to assist it. I think we would probably all be better served awaiting the outcome of that report.

Mr OLSEN: Can SAFA estimate its operating surplus for 1989-90? Does it project one or two years in advance its anticipated operating surplus?

Mr Prowse: We forecast a \$300 million surplus for 1988-89 as a conservative estimate, and I am confident that that will be achieved. My expectations and those of my colleagues in SAFA and on its board are that we can look forward to steady, moderate growth thereafter. We do not believe that there is such a high level of volatility in our surplus, certainly in a negative direction, as sometimes has been suggested. I think it is a fair view to take of the SAFA surplus that the very solid projection would amount to something like 90 per cent, since it reflects contractual earnings now in terms of interest payments, fees, and so on. There is a margin above the estimate, depending on what might be achieved in the way of projects and transactions, which might not necessarily have appeared at this time.

Of course, volatility is also provided for through the very substantial reserves and retained surplus which SAFA now has. It has general reserves, as I recall, of \$110 million and retained surpluses of \$99 million (which means that there are reserves and surpluses of \$209 million). Out of last year's surplus the Government made a provision, for the first time, against uncertainty and risk, before declaring the surplus of \$9 million. Therefore, the total of reserves and provisions is now almost \$220 million, and provides a substantial cushion against volatility in the downward direction.

To sum up, my view is that the present forecast for this year is a very solid and conservative one. Our expectation is that that surplus will grow steadily in the future, based on well established and contractual earning arrangements. However, we do not think that financial policy should be planned on anything more than a steady and conservative rate of growth.

Mr OLSEN: I take it from the Under Treasurer's comment that about 90 per cent of the earnings of SAFA are, in fact, locked in on a contractual basis for one, two, or three years, or whatever the case might be, and that above that earnings are dependent upon performance in different areas. That would depend on volatility in the market place

as it relates to interest rates and so on having an impact on that top-up of 10 per cent, whether or not it is a top-up.

Mr Prowse: I was responding off the cuff. The sources of income, as the Leader would know, are generally from interest payments from loans to authorities or the Government, from fees that are in place for those loans, and from earnings on investment of reserves and retained surplus, many of which are locked in. Therefore, that is the source of the stability in the surplus.

Mr OLSEN: There has been continuing volatility of interest rates and an ongoing need to maintain change and adjust to short-term movements in interest rates. Since the annual report of SAFA was published, there has been further movement in interest rates and further developments in fiscal and monetary outcomes of Commonwealth policies. Would SAFA want to adjust the mix of borrowings over the coming year given Commonwealth changes and the pressures of overheating of the market place?

Mr Prowse: The Leader raises a very important issue for all financial institutions and one that is increasingly recognised as a major item for management; that is, how to deal with exposure on interest rates. We are familiar with dealing with foreign exchange exposures and that kind of thing. Movement in interest rates can affect the appearance of a debtor's or lender's balance sheet, etc. SAFA has an active debt management policy; that is, we adjust the time maturity of our debt portfolio according to the best judgments and advice on the direction of interest rates.

Like most other major financial institutions, we employ the best professional advice we can obtain. We are advised by two of the major merchant banks in Australia—Domínguez Barry Samuel Montagu (DBSM), a firm headquartered in Sydney, and also the Bankers Trust (BT) of Australia. We also form our own judgments about the course of interest rates and we attempt, through professional debt management, where DBSM and BT have some executive authority within guidelines, to offset the impact on our debt of movements in interest rates.

However, our idea really is to minimise the impact of interest rates rather than to make it a business the primary objective of which is profit making. Therefore, it is an issue that concerns management. It concerns our board and our managers as it would affect any major financial institution. We seek the best professional advice we can employ. There is some discussion of our debt management policy in the annual report (section 5).

Mr OLSEN: Whilst I acknowledge, and the Under Treasurer indicated earlier, that surplus and reserves have improved, I note also that liabilities have increased. Does the volatility of interest rates put at risk the earning capacity of SAFA?

Mr Prowse: I think the point about interest rate management is that organisations must preserve their earning position so that in relation to obligations, at either floating or fixed rate, there are compensating movements on both sides of the balance sheet.

If there is a successful debt management program in place, volatility can provide opportunities for profitable operation, and certainly our operations in that area produced considerable surplus or profit in 1987-88 in terms of millions of dollars.

Mr OLSEN: I note that the composition of investment in negotiable securities has changed over the past two years. Given likely changes in interest rates, and perhaps a lower level of inflation, is it anticipated that SAFA will adjust its investment structure in the next 12 months? Is it a flexible arrangement?

Mr Prowse: Yes, it is an ongoing thing. We need to monitor our position continually and we would adjust our structure as sound judgments can be made about the likely course of events in terms of interest rates and opportunities.

Mr OLSEN: So, SAFA will make adjustments to its negotiable securities as it determines movements in the market place?

Mr Prowse: Yes.

Mr RANN: It has been suggested that the estimate of growth in the South Australian economy of 3.5 per cent for 1988-89 will not be achievable because it equals the rate expected for Australia. There has been some public comment on that matter. Does the Treasurer believe that that rate is sustainable?

The Hon. J.C. Bannon: Yes, I do believe that. There is always an element of guesswork involved but with as complete an economic analysis as possible and also by looking at what other authorities are estimating, we can come up with a reasonable figure.

The Commonwealth budget paper shows that the average performance of South Australia in the growth of gross State product was the second highest since 1982-83 and 1986-87. Members could be pardoned for not realising that because of the propaganda that we have pumped out at us about the parlous state of our economy. Certainly, those growth figures, over a period of time (and they are nominal figures; if one uses real figures I am sure one will see a similar situation), would encourage one to believe that we could expect to remain reasonably in line with what will happen in the economy generally.

Incidentally, it is worth noting that there has been a period of sustained growth. For instance, 1986-87 saw growth of .6 per cent; nonetheless there was a growth rate of 2.8 per cent last year; 2.7 per cent; 6.6 per cent; and an amazing 13 per cent in 1983-84. We could contrast that with the previous three years of negative growth from 1980-81; .5 per cent in 1981-82 and nil in 1982-83. Those who seek to compare economic records would do well to look at that estimate. That is reasonable.

Where does this figure come from? We have to look at the areas of growth. The annual employment growth in South Australia is rising quite well at the moment. It certainly seems to be above the national average and in particular sectors, on which this State's economic performance is often measured, such as manufacturing, we are showing very strong growth. If one looks at surveys undertaken by bodies such as the Chamber of Commerce and Industry, the Engineering and Employees Association and so on, one sees that strong rises are predicted.

Our exports have increased very substantially and they are above a strong Australian figure. Property transfers are also well up. Non-residential building approval values are very much higher than they were a year ago. One could go on through a list of indicators which we have taken into account when looking at these projected outcomes of the economy. I think one can look at the experience of the past couple of weeks of a series of property, manufacturing and other investment proposals which are in place.

In relation to the Remm project, the physical evidence is there to see, and a couple of other proposals will be on the ground within a matter of weeks. All those proposals point to our being conservative, I hope, in our estimate of State growth. I hope that I am proved right in that respect, because the benefits will accrue to the public sector also, in that it will give our revenue a boost. While people like members of the Opposition will then say that we are ripping off more taxes, in fact, what will be reflected is healthy economic performance which gives us a greater capacity to

respond to public sector need. I believe that we have been conservative; we have used current indicators, past experience and other assessments made of economic growth to arrive at that figure.

Mr RANN: As a supplementary question, the Premier mentioned the strong employment growth. How many jobs have been generated since the November 1982 election?

The Hon. J.C. Bannon: It depends upon the point at which one makes these calculations because, if one uses a November 1982 figure, one does not take into account the real slump which was well in progress and in fact developed and increased through November and that dreadful Christmas period in 1982-83. That was topped off, as if the State was being especially punished, by the bushfire disaster which occurred soon after, so we saw that slump effect feeding into 1983. If one uses a June 1983 figure, I think we are looking at a total of about 70 000 jobs over that period, and that is a very significant increase. The mix of jobs has changed from year to year, and there have been quite pleasing employment opportunities for women. At various times our part-time growth has grown more quickly than our full-time growth, but the pattern of employment has been quite significant. Interestingly enough, that has been against a background of major constraint of public sector employment. If one could argue that there has been that job growth but that it has been predominantly in the public sector (as has occurred in other periods of growth), there might be some criticism, but over that same period the proportion employed in the public sector has fallen.

Mr RANN: It has also been suggested, both in this Chamber and publicly, that the State budget is heavily reliant on the performance of SAFA and that there is therefore a danger that SAFA will be unable to maintain its earnings into the future. Is this true, or is it just wishful thinking?

The Hon. J.C. Bannon: I think that this really picks up the point made by the Leader of the Opposition when he raised questions about the base of SAFA's revenue. As the Under Treasurer explained when analysing some of those sources of SAFA revenue, the degree of unpredictability can be greatly reduced by proper management procedures. At base is the overall capitalisation and reserve provision of SAFA and that has strengthened quite markedly. During the past couple of years the Auditor-General made some reference to the building of reserves, and SAFA has done that. This year, for the first time a provision was also made, so that provides a very healthy base. If one then adopts procedures such as the debt management arrangements which the Under Treasurer described, one can predict a very safe base of contribution to the budget.

We do not suggest that the same growth rates can be achieved as has been the case in the past. As SAFA has developed its strength, it has made increasingly large contributions to the budget. There must be a levelling off. In fact, we thought that last year may have signalled that levelling off, but SAFA just kept on performing strongly. It would be marvellous if it did so again this year, but I think it would be unrealistic to think that we could obtain those growth rates. There is no question that the expected base of contribution of around \$300 million this year is a sustainable one into the future.

That underlying strength is shown in its balance sheet and its credit ratings. The fact that it is the largest corporate body, public or private, in this State gives it a fair bit of clout in the market. It has the best ratio of capital to debt gearing of any major financial organisation in Australia. I found the Leader of the Opposition's criticism of gearing quite extraordinary until I realised that it had come about because of his mistaken reading of tables. Be that as it may,

SAFA is strongly geared and attracts top credit ratings. I think that all those things suggest that it is not just a SAFA assessment that it can contribute to the budget at that level but also it is the assessment of the markets in which SAFA deals. It has very high credit status and respect, and the contribution to the budget is a prudent and sustainable one.

Mr RANN: Mention is made on page 31 that significant initiatives in 1987-88 involved the introduction of methods for controlling the foreign exchange exposure of the public sector in relation to the purchase of equipment from overseas sources. Could you elaborate on that?

Mr Prowse: This is a perennial problem for agencies which have substantial expenses abroad in terms of foreign currency. A small but important example to the people involved is the State Library, which acquires most of its books overseas in foreign currency markets. We have recognised that as a problem and it is documented in the program. As the honourable member has said, we have introduced methods to assist them to deal with the problem. I think that our annual report contains a section relating to provisions for foreign exchange, but essentially SAFA provides a foreign exchange hedging service to the agencies and we take the uncertainty out of budgeting for the individual authorities.

Mr OLSEN: I refer to the decision by SAFA to convert to non-interest bearing and non-repayable capital loans totalling \$28.6 million incurred by the Timber Corporation, the Clothing Factory and the Central Linen Service. Is it the authority's intention to convert loans of other Government statutory authorities during this financial year?

The Hon. J.C. Bannon: I will ask the Under Treasurer to address this question which has already been raised in other proceedings. Perhaps I can just make a comment that each transaction of this kind is assessed in relation to the commercial opportunities it provides, not just to the strengthening of the recipient of the restructured finance but to SAFA and its operations and, therefore, the overall Government sector. Perhaps the Under Treasurer could outline a number of criteria involved in any such decision.

Mr Prowse: I believe there is now fairly wide acceptance in public finance debate that it is not altogether appropriate for agencies which undertake commercial or quasi-commercial activities to be entirely debt funded. The effect of being entirely debt funded is that they are committed to interest payments from day one and that is quite unlike the approach which properly established commercial activities in the private sector would undertake. I do not believe that sound financial managers in the private sector would attempt to finance commercial entrepreneurial activities entirely from a debt base. It is obvious that the development of cash flows and income will take some time. That is a view which I believe the Government holds, and it is certainly a view which general discussion supports.

During 1987-88, SAFA provided equity, or converted existing debt to capital, in a number of cases. It is important to record that the State Bank was provided with substantial capital of \$250 million in 1987-88 and will be provided with further capital this year to become certainly the best capitalised State Bank in Australia, and I believe possibly, the best capitalised bank in Australia. But it is not all on that sort of scale. For the State Clothing Corporation, \$600 000 of debt was converted to equity; for Satco (which, of course, is a matter of note) \$21 million of debt was converted to equity.

The question was whether there are any further proposals to convert debt to equity this year. I believe I could say that SAFA has been working intensively with the relevant authority on the possibility of converting \$7 million of debt

of the Central Linen Service into equity. The Central Linen Service, as members of the Committee would know, has been striving to become commercial in recent years. It is entirely debt funded. That is not appropriate for an agency which is trying to introduce new processes and efficiencies. So, the answer to the second part of the question is that, so far as I am informed, we are considering that transaction with the linen service.

Let me repeat that the main reasons for these actions are to follow the sound practice of private sector commercial bodies and to recognise that the Government has accepted, in the case of the State Bank, SAFA itself and the LGFA, etc., the importance of having these financial entities well capitalised. I believe the public financial entities in this State are probably better capitalised than those in any other State. The important thing, I believe, is that managers and staff are motivated better if they can produce what are recognised as profits, rather than simply producing funds to meet the debt payments year in and year out. I believe that is a factor which warrants in some cases by itself, recognition of the need to provide some element of equity.

It is the case that Governments undertaking commercial type activities, just as private sector entities, would recognise that they are providing some risk capital, and risk capital should not be provided, I believe, as interest bearing debt. So, for all those reasons, I believe there is general acceptance now among public sector financial managers, including in other States and countries, that equity should be provided.

Mr OLSEN: I do not accept that that ought to be an appropriate way of financing commercial activities of Government. If somebody writes off my debt in my small business, it will trade profitably, because I do not have to service the debt; and my staff will be better motivated because there will be more profits. What we are doing is using taxpayers' funds to write off the debt so that it can show a profit as an enterprise, and I think that is creating a false sense of security for those instrumentalities who are then unfairly competing in the market place against the private sector. Nobody out there in the private sector is writing off their debts for them, yet here we have the taxpayers, through SAFA, taking that course of action. I do not believe that that is generally accepted, and I do not believe that it would be generally accepted in the market place.

The Hon. J.C. Bannon: That is a political statement.

Mr OLSEN: So was the Under Treasurer's.

The CHAIRMAN: Order! The Leader of the Opposition has made a statement, and I will allow the Treasurer to put his version to that statement.

The Hon. J.C. Bannon: I believe it is appropriate that I should respond and not one of the officers of Government. It is not writing off this capital; it has been converted. It is based on the principle of accountability, which is something that I believe is very important for any public sector operation, and the benefits of operating on a proper financial structure are well known. Certainly, if the Leader of the Opposition's debt is capitalised in some way, he says that will immediately make him profitable and his employees better motivated. That might not be so. If the small business he is running is basically unsound, it might be wishful thinking, and it also begs the question because debt is not being written off.

A basic assessment has to be made about the operation and the return that can be made on the funds provided to that operation. Is it suggested that, for instance, the capitalisation of the State Bank was a mistake as far as the return to the Government is concerned? Quite clearly, not.

It has given the State Bank a strength in the market place and in its financial operations which, in turn, has allowed it to contribute very substantially to the State's budget and the community's wealth; it is as simple as that. Without that, its operations would have been much more inhibited, much more difficult to sustain. The risk capital, as the Under Treasurer has said, is recognised. There is risk involved in that capital just as there is risk in the contribution to any business or the buying of shares. A rate of return in excess of debt rates is therefore appropriate, and these agencies are required to work towards getting that rate of return and will be judged accordingly.

The CHAIRMAN: We are now drifting into an area of debate which would probably be better as a substantive motion before Parliament, and I would prefer that we get back to questions and answers on the Estimates.

Mr Prowse: Mr Chairman, I ask leave of the Committee and the Treasurer to record that I was not making a political statement. That is not my duty, my role, or my responsibility, and I find that statement objectionable.

The CHAIRMAN: I uphold your statement. I believe that the Leader and everybody else in the Committee should be directing their questions to the Treasurer.

Members interjecting:

The CHAIRMAN: I will not entertain any argument on this, and I repeat what I have said. Indeed, I am backed up by the statement that was made before the Committee started, that the area of responsibility is the Treasurer's and all argument should be directed at the Treasurer.

Mr OLSEN: I will continue as I have in the past and direct all questions to the Treasurer. If he allocates them to the staff at the table, that is his prerogative. The Auditor-General reveals at page 337 of his report that he raised with the Chairman of the South Australian Finance Trust Limited (SAFTL) issues which arise from the establishment of subsidiary companies and trusts. As a result of the Auditor-General's having raised this matter, what arrangements are now in place for cooperation between the appointed auditors of these bodies and the Auditor-General?

The Hon. J.C. Bannon: I accept that questions have been directed to me and equally I am happy to respond to them if they involve matters of policy. I refer questions if I believe that the information is better imparted on an information basis by the Under Treasurer. The Under Treasurer's statement a minute ago was to draw attention to the fact that that is the role he is playing. He is not seeking to intervene in political or policy statement matters. He is enunciating, in response to a request for information. This is a good example and it is appropriate because ultimately SAFA would have a responsibility to ask the Under Treasurer to respond on that point of information.

Mr Prowse: I underline what the Treasurer has just said, that I am making a factual statement for the benefit of the Committee and trying to provide information that will help the Committee. I cannot be responsible for whether that information is appealing or unappealing. As to the audit of SAFA's affiliated companies, in particular SAFTL, it is important for the Committee to be aware that the Auditor-General has acknowledged a number of important points. The first point of a factual kind that needs to be recorded is that the Auditor-General is the auditor of SAFTL. The Act under which the Auditor-General operates (the Public Finance and Audit Act) enables him to audit companies that are wholly or partly owned by SAFTL—they are SAFTL's associated companies—subject to the limitation on his powers to audit overseas companies. So he has the power to audit SAFTL, its associated companies, wholly or

partly owned by SAFTL, but subject to limitation on his audit powers on overseas companies.

There have been very few transactions in South Australian companies in which SAFTL has an interest. They have been audited by large and, I believe, respected private accounting companies and it is proposed to have these firms continue the audit of those companies in the capacity of consulting auditors who will be subject to the directions of the Auditor-General, who will be appointed as auditor. That is to the satisfaction of the Auditor-General and I believe that he has recorded that. The third point for the Committee's information is that the Auditor-General does not have the power under the legislation to audit companies incorporated overseas. However, the auditors of those companies are well-known and respected international accounting firms. Those auditors have given assurances that they will cooperate fully with the Auditor-General. It is to be noted that the performance of these commercial auditors has not been questioned by the Auditor-General. Every action has been taken to ensure that the Auditor-General is able to give all the necessary assurances to Parliament, and this has been acknowledged by the Auditor-General in his report.

I draw attention to page v of the Auditor-General's Report, which states:

In May 1988, I sought the cooperation of the Chairman of SAFTL and the Chairman of Satco to have the Auditor-General appointed the external auditor of the South Australian based subsidiary bodies of those organisations. With respect to the overseas based subsidiary bodies (to which the Auditor-General cannot be appointed)—

he acknowledges that—

I sought their cooperation to have the shareholders of their overseas subsidiary bodies provide an arrangement whereby the Auditor-General has access to the overseas based external auditor—with respect to scope of the audit, report of the auditor or any other information deemed necessary. Arrangements have now been satisfactorily concluded with respect to Satco and the overseas companies of SAFTL. Those arrangements will come into effect for the 1988-89 financial year. As to the South Australian incorporated companies of SAFTL, there is relatively little activity and the audit position is still to be resolved.

The picture is quite clear. It is also the case that comprehensive and detailed information on the structure of SAFA's affiliated companies is provided in chapter 6 of SAFA's annual report, and the accounts are fully disclosed to the satisfaction of the Auditor-General.

The Hon. J.C. Bannon: The approach taken by the Opposition seems very strange to me in the light of its attitude in other contexts. For instance, when the Workers Rehabilitation and Compensation Corporation was established by Parliament, it was the Opposition Parties that had inserted into that legislation a provision which appointed private sector auditors in lieu of the Government's provision under which the Auditor-General was to undertake the audit of that corporation. The arguments adduced in its favour were that, first, it would be good to have private sector auditors in these instances; secondly, private auditing principles and approaches would be very useful for this particular corporation; and, thirdly, the Auditor-General was probably too busy to handle these audits. That was forced on the Government in that instance.

However, at this Estimates Committee, we find that the Leader of the Opposition, as has occurred at other times, is critical of a quite proper and detailed auditing arrangement of SAFTL and SAFA. I would have thought that the arguments in favour of the approach taken are far stronger than they were in the case of a direct corporation established by an Act of Parliament. I ask for a bit of consistency in the approach taken by the Opposition and perhaps closer attention to accounting and auditing principles and a reading of the Auditor-General's Report—although not selec-

tively as Opposition members have done—as to what his conclusions are.

Mr TYLER: What provisions have been made to allow SAFA to deal with either a weakened earning performance or losses which may lessen its earnings?

The Hon. J.C. Bannon: This question comes back to certainty. Effectively, it is the reserves of SAFA that act as a buffer in these instances. In its initial stages, until the overall operation and strength of SAFA could be gauged, it was a little difficult to know what sort of provision to make. However, the Auditor-General commented quite rightly that some provision should be incorporated into SAFA's accounts. It was on that basis that the general reserve was created. It now stands at \$110 million. There have been retained surpluses and this year, for the first time, a provision of \$9 million has been established. That is a pretty healthy provision. Something like 40 per cent of estimated 1988-89 profit is held in reserve and, including a retained surplus, something like 73 per cent of profit is in prospect. Even if a worse case outcome develops during the year, despite the management arrangements in place, there is a very large margin to ensure that the budget outcome is not jeopardised.

Mr TYLER: Between 30 June 1987 and 30 June 1988 SAFA's total capital reserves grew from \$2 109 million to \$2 303 million, which is about 9 per cent. At the same time total liabilities grew from \$6 575 million to \$9 392 million, which is a growth of about 42 per cent. What does this mean for SAFA's balance sheet?

Mr Prowse: The Government has taken the view that SAFA should be strongly capitalised, even though its liabilities are guaranteed by the State. The ratio of assets to liabilities has been mentioned. Liabilities as a percentage of total assets are about 80 per cent at June, and that compares with the ratios for Westpac, the Commonwealth, National and ANZ Banks of 95 per cent or 96 per cent. Clearly, the balance sheet reflects an extremely strong position. It also reflects, among other things, SAFA's strongly capitalised nature. The surplus in 1987-88 of \$279 million is entirely to the benefit of South Australian citizens, and it was determined after provision of \$9 million for uncertainties and risks had been established. That provision, like the rest of our activities, is subject to continuing monitoring and will be reviewed and increased if that is determined to be appropriate by the board and the Government.

Mr OLSEN: Has SAFA been involved in discussions or negotiations to make a loan to another State Government?

Mr Prowse: Both the General Manager and I are not aware of any negotiations to lend money to any other State Government. SAFA does provide finance to the Local Government Financing Authority. In this portfolio there are other Government securities, including Commonwealth Government securities.

Mr HAMILTON: The budget papers indicate that taxation collections will increase by 8.8 per cent in 1988-89. Will this impact on our position as a low tax State?

The Hon. J.C. Bannon: No, it will not. One has to look at taxation in its segmented form. We have receipts from various sources: per capita taxes, fees and fines in South Australia in 1987-88 were lower than in any other State except Queensland. Certainly, we expect a growth in our collections in this coming year, but we expect to maintain our current favourable ratio. We have this argument again and again because of the difficulty of separating growth in collections due to economic circumstances. Equally, there could be a decrease in collections in a declining economy and, segregating that from policy decisions, a conscious decision to raise or alter the rates of tax, or alternatively,

rebate tax levels, although that would not affect the amount showing under the receipts heading.

We have continued to maintain our position as a low tax State and, looked at in all sorts of measures—per capita taxation and the ratio of taxation revenue to gross State product—South Australia performs well. If we link that to the level of services and facilities provided, it is even more surprising. In relation to taxation revenue as a proportion of gross State product, South Australia over the period 1981-82 to 1986-87 is lower than New South Wales, Victoria and Tasmania, and well below the six State average. If we take just 1986-87, we are lower than all States except Queensland.

With respect to the ratio of our total own revenue to gross State product, that is, taking the amount excluding the Commonwealth, again we are below the six State average over the span of years from 1981-82 to 1986-87 and lower than all States except New South Wales; and in 1986-87 alone we are the lowest. I do not feel ashamed of our record in that area. We have a good story to tell. In fact, it is recognised by people seeking to do business in South Australia. For instance, in the payroll tax area South Australia and Queensland are now the only States that do not have a levy on large employers. There is no disincentive to a large firm to continue its expansion. In relation to that, we intend to maintain our competitive position. We are not imposing such levies and we are raising the threshold of payroll tax about 22 per cent over this financial year.

Our per capita taxes, fees and fines, taking all these things into account, are marginally above Queensland and lower than any other State and about \$170 per head lower than the six State average. I would have thought that some of the decisions made in the recent Queensland budget which bring Queensland into conformity with other States on tobacco, fuel franchise and the liquor franchise will mean that the difference between South Australia and Queensland will be bridged rapidly.

Mr HAMILTON: Can the Premier advise what level of borrowing will be required within the consolidated account for 1988-89?

The Hon. J.C. Bannon: The level of borrowing is reduced from \$309.8 million in 1987-88 to \$226.1 million in 1988-89, which is a 27 per cent reduction in our borrowing—a remarkable achievement as between those years. We have achieved that by a reduction in nominal terms of the gross financing requirement of about 8.5 per cent in real terms. The \$74 million brought forward from the SAFA surplus reduces that figure to \$226.1 million, to which I referred. I know that Opposition members are urging us to spend more on a whole series of public sector programs.

Members interjecting:

The Hon. J.C. Bannon: I added up \$120 million of projects the other day. The honourable member who interjects may not be, but many of his colleagues are. That honourable member is too busy blocking development at Glenelg to be concerned about increased expenditure. One might say, 'Why do this when there are clear public sector expenditure needs?' I do not quarrel with some of the things that Opposition members demand that we expend funds on. Sure, a need is identified, but it is a question of resources. We want to try to reduce the significance of our total indebtedness, to keep control over our debt as a percentage of the gross State product. Over the period we have been in office, we have reduced that percentage of net public sector debt to gross State product from 22.4 per cent in 1981-82 to 17.2 per cent in 1987-88.

It means that we have control over the amount of money that we are forced to provide for interest, in other words, money pre-committed before we even look at what pro-

grams we can expend on during the year. The level of debt in real and nominal terms was reduced in 1987-88 for the first time. Apart from the balance that that has put into our current State finances and apart from the credibility it gives us in dealing with international markets, investors and others, we are also looking after future generations. We will not land those who govern after us with built-up accumulated debts which they have to pay off. I believe that we will provide them with a public sector that is very well funded and yet, nonetheless, is supplying services and facilities at the level that South Australians expect.

So, it is not just for present purposes that we need to maintain this debt control; it is very much looking ahead into the future as well. It is the sort of thing I would hope that someone like Tom Playford, through a long regime and a period of great growth (post-war of course) for the State, could look after fairly carefully. If one made a criticism of that era, one could say that inadequate attention was paid to many public facilities—not so much public infrastructure but things like the schools system and so on; there tended to be underspending in that context. However, the State's finances were then managed prudently.

In the 1970s we had a number of high priorities in relation to the hospitals, the education system and so on. They were areas of large spending, because we were getting large support from the Commonwealth Government. But, as an earlier discussion on asset maintenance suggested, they also built up liabilities. In the late 1980s we are having to cope with the liabilities of assets created through the late 1950s, the 1960s, and the 1970s in particular. I would like to believe that generations in the next century—2010s, the 2020s and the 2030s—will not look back to our era and say, 'Look at the debt they landed us with!' That is one reason why we have to keep tight control of our finances.

Mr HAMILTON: Page 29 of the Program Estimates states:

A replacement on-line computer system for the Payroll Tax Branch has been developed and is expected to be fully operational in early 1988-89.

What benefits are likely in terms of customer services and increased general efficiencies? What monetary savings are expected from this new on-line computer system?

Mr Walker: The system which had been in use since 1978 had become inadequate for present-day needs. A replacement system has been developed and is now close to being fully operational. It will provide improved customer service and it is a real line on-time system. Therefore, information will be provided more accurately and it will report more quickly than the previous system. The new system will be more efficient both in relation to time and costing. From a State Taxation Office perspective, it will also streamline investigation procedures and consequently will not only provide improved customer service but also increase our ability to ensure that all taxpayers are meeting their taxation obligations. Additionally, it will encourage greater voluntary compliance with the provisions of the Payroll Tax Act. In relation to its monetary benefits, it will probably reduce the number of staff required in the Payroll Tax Office by up to two average full-time equivalents in a financial year.

Mr Prowse: I add an example of what is possible with the use of computerisation in the Tax Office. I ask the Commissioner to confirm that my recollection is correct, that is, that the average time for stamping a document in the Tax Office at the public counter is now 15 minutes compared with a very much longer requirement before we introduced these computerised tax registers. Therefore, the scope in the Tax Office for savings and improved service is very large. I am sure that this would be another case.

Mr Walker: That is correct. The application of better facilities in the stamps office has also led to taxpayers' documentation being processed far more quickly.

The Hon. B.C. EASTICK: The SAFA balance sheet shows that its capital and reserve increased by approximately \$200 million between 1987 and 1988 and that its borrowings and liabilities increased by \$3 billion; in other words, the capital and reserves were diluted by that set of circumstances. Is it expected that this trend will continue in 1988-89?

Mr Prowse: While the capitalisation of SAFA is a policy matter for the Government, the institution is already very strongly capitalised with reserves and capital of, I think, \$2.3 billion, and the ratio of liabilities to assets is very low compared with that of other major financial institutions, the figure being 80 per cent for SAFA and 95 per cent for the major banks. I believe that there is no strong need for the Government to continually inject further capital into SAFA, because it is now in a very strong position.

The effect of injecting capital is to increase the investment capacity of the organisation and, therefore, its earning capacity to the benefit of future budgets. That has obviously been the policy of Governments in the past. It is highly capitalised and it is therefore producing a big capital income flow.

The Hon. B.C. EASTICK: SAFA's equity, according to earlier statements made by the Under Treasurer, was said to have been good at 20 per cent. However it has, using the word in a broad sense, deteriorated quite markedly over the past year. Is it intended that this trend will continue?

The Hon. J.C. Bannon: I do not think that what the honourable member calls a 'deterioration' is marked at all; I think it is consistent with the growth pattern of SAFA. Of course, when comparing these other financial institutions, SAFA is Government guaranteed as well. There would be less reason if a matter of policy was adopted to maintain that high level of capitalisation.

Mr Prowse: The movement in the ratio from about 76 per cent to about 80 per cent in the past year reflects, in part, the restructuring with ETSA. Of course, the longer term reflects the fact that the Government has provided equity to SAFA as distinct from a debt structure. It has converted interest bearing loans into non-interest bearing capital and so the structure of the balance sheet looks different. Whether the policy should go on further is a matter for policy judgment.

The Hon. B.C. EASTICK: During the course of the contribution it was suggested that there be a comparison between SAFA and trading banks. However, one would accept that trading banks are involved in credit creation and have large numbers of depositors; on the other hand, SAFA is smaller and has a specialised role.

The Hon. J.C. Bannon: SAFA is the fifth biggest financial corporation in Australia. It is not that much smaller. It also has 1.4 million shareholders, namely, the people of South Australia.

The Hon. B.C. EASTICK: It has a very different role.

The Hon. J.C. Bannon: Yes, but the logic of that is to see that these ratios slip even more.

The Hon. B.C. EASTICK: In one sense one might say that SAFA and Westpac are oranges and apples.

The Hon. J.C. Bannon: Not totally, because SAFA effectively has a banking function to perform for the public sector.

The Hon. B.C. EASTICK: But they are not absolute likes.

The Hon. J.C. Bannon: No.

The Hon. B.C. EASTICK: Over the past three financial years South Australia's gross domestic product has been below the Australian GDP. In answering an earlier question

the Treasurer indicated and was reminiscing about the position of the South Australian gross domestic product some five or six years ago. If we are going to make proper comparisons we really need to come back to current aspects and relativities.

The Hon. J.C. Bannon: I certainly accept that, but one has to look at these things averaged and it depends on the time frame you are taking. It is clear to the honourable member that I am taking a time frame that compares the previous Administration with the current Administration, because we are constantly being told by the Opposition that after six years there has been six years of stagnation and problems in our economy. That is not true. Certainly, it is far less true when one looks at it in the context of the period of the previous Administration. That is the reason.

If one looks at the growth of gross State product over that time, one sees that only Western Australia has a higher average growth rate. Even in that bad year, when we had a growth rate of .6 per cent, at least we did not get into negatives. Our performance tended very much to reflect the rest of the economy. I have already referred to table 9 in Commonwealth Budget Paper No. 4.

The Hon. B.C. EASTICK: You cannot argue by comparing the situation in the past two or three years with the figures that applied five or six years ago, as the Treasurer sought to do in answer to the Leader.

The Hon. J.C. Bannon: The Leader was quoting figures for that period, hence I used the comparison.

Mr RANN: Can the Premier advise on the levels of Public Service and public sector employment in South Australia?

The Hon. J.C. Bannon: In 1987-88 there was a reduction in full-time equivalents of 996.6. In 1988-89 it is expected to fall a further 383.3—that is 1 380 over two years. Of course, one must then disaggregate various sectors of employment. If one refers to the ratio of employees in administrative units to total persons employed in South Australia, one sees that there has been a very considerable reduction.

In percentage terms it is the same. The total number of employees in the public sector is about the same as in June 1982, which is the benchmark we were using. What does that mean about the pattern of public sector employment? Quite simply, while we have been reducing the number of administrative and clerical officers, we have been attempting to maintain those productive areas, for instance commercially based public sector employment, and those who are, in fact, providing specific services to the Government.

That is where one starts to analyse the way in which the employment pattern has developed. For instance, I have stated on a number of occasions that, the more the State Government Insurance Commission and the State Bank employ people, the better off we are because they are, in fact, yielding profit and being employed for commercial purposes. However, if those numbers went up very sharply we would be criticised by the Opposition for increasing the number of public employees. The fact that they are productive revenue-earning employees is not terribly relevant. That can even flow into areas like tax collection and where people are employed to do specific jobs which yield much more than their salary in terms of value to the Government.

Of course, there are areas where we must provide services, for example, teachers, police and so on, hands on. I do not shrink from the fact that we have increased employment in those areas—I am proud of it. I will accept any criticism about those areas, for instance that we are employing considerable numbers of ancillary staff in our schools. Yes, we are, and we are pleased that we have been able to maintain that program in spite of the constraints.

Incidentally, in measuring these figures it is always difficult to get a precise figure because one has to take into account the fact there have been some areas of public employment which have always been there but which have not been recorded in official figures. For instance, kindergarten employees were not shown in public sector numbers until they were transferred to come under the Children's Services Office—there are about 790 full-time equivalents there. As hospitals have become incorporated health employees have been added to the public sector figure. That involved about 1 500 employees in 1986 and a further 700 or so in 1987. That is another reason why some growth is shown. But, taking into account that we reduced administrative and clerical staff, we have increased in the services area, and, overall, in the past two years we have reduced.

Mr RANN: I was confused about that as a result of reading some Opposition press releases saying that there were thousands more clerical paper pushing jobs.

The Hon. J.C. Bannon: In the Opposition statements that I have seen the Liberals invariably use 'persons' if it suits them and not 'full-time equivalents'. Therefore, one gets a much higher gross number. In fact, there might be an increase in the number of persons employed in a particular area but no increase in the number of full-time equivalents. If two people are doing the job that one person did formerly, there is no increase in the public payroll. There are two sets of employment opportunities, because two people can get a part-time wage if it is something that has been negotiated or something that they want to do. Therefore, that is the error of not using the figure for full-time equivalents which can then be compared from year to year.

Mr RANN: In terms of SAFA's offshore activities, could information be supplied about its overseas offices, their function, nature, and location?

Mr Prowse: SAFA has no overseas offices or officers. It has some associated companies, and the directors of those companies are located in London and Hong Kong. By and large, they are members of the public accounting fraternity and, in the case of Hong Kong, one of the members of that associated company is a man called Johnson, who is the son of the Governor of the Reserve Bank and he is a member of a major financial bank, that is to say the State Bank, in Hong Kong. Others are financial consultants, and Mr Walls is the Agent-General for South Australia in London. We do not really have an extensive overseas network, but the people we have in those companies are very reputable.

The Hon. B.C. EASTICK: Earlier we were given to understand that there were 17 500 land tax payers. On how many properties do those 17 500 people pay land tax?

The Hon. J.C. Bannon: We do not have that figure. The honourable member would be aware that we have a property aggregation approach to ensure that there is no tax avoidance so, if properties are held in one person's name, those properties are aggregated. I do not think that there is any segregation of them into numbers, because the land tax is levied on the individual who owns the property and not on each property separately. That person is taxed on the aggregated value of those properties. We might be able to obtain that information.

The Hon. B.C. EASTICK: Would the Treasurer accept that, under the normal terms of commercial activity in this State and elsewhere, considerably more people than 17 500 are committed to pay land tax?

The Hon. J.C. Bannon: Yes, that is the reason why the payment of land tax causes some problems in some areas. The rate of land tax and the manner of its levy are not unreasonable. However, if you are a small shopkeeper in a

block of shops and the owner of that block of shops from whom you are leasing your premises acquires further property (and therefore has an aggregated land tax to pay) and then seeks to pass on to the shopkeeper that increased land tax simply by dividing up that bill, it becomes difficult. Again, we must have some perspective on this. It is rare that these amounts of money are large. In fact, following discussions I have had with a couple of members of the Opposition in relation to some particular cases, we have agreed that the land tax component is rarely a make or break situation in terms of a business, but I am not arguing that it can be quite onerous in particular cases.

The honourable member is right in that indirectly people are paying to their landlord, who has the liability to pay the land tax. We have tried to devise ways of overcoming that problem. Unfortunately, if we abandoned the aggregation concept, major problems would arise in terms of the land tax structure. Effectively, we would probably have to revert to the old system where every block of land attracted some tax. It would be at a much lower level, but it would mean the reintroduction of land tax on properties which are currently exempt. So, if one rejects that approach, the only other way is to find a means whereby we can prevent land tax from being passed on directly to tenants. If one could do that, one would still have the problem whereby it would be indirectly passed on because, in successive lease reviews, just as one takes into account the whole range of costs, and so on, the land tax component would be gathered up in that review.

I suppose that then drives us back to the principle of land tax which, after all, is based on the projected return from the value of the land. That is where we have this dilemma. We are certainly controlling land tax to the rising land values, but we cannot control the aggregation of properties and its impact. We are attempting to find a way in which we might be able to mitigate that effect, but so far we have not been successful.

The Hon. B.C. EASTICK: Would the Premier acknowledge that those small business people who are paying this land tax are paying it on homes, second homes and other residential properties, plus the broad acres which developers or proprietors of shopping centres may have and, therefore, it is a very elevated value?

The Hon. J.C. Bannon: We have a very favourable system in relation to principal places of residence which are not taxed.

Mr OLSEN: Attention has been drawn to principal places of residence that are being taxed.

The Hon. J.C. Bannon: If that is so, I would like some examples of that, and I am sure that the Commissioner for Taxation would investigate those cases, but second properties are taxed and so they should be. I think that that is more appropriate. I hope that we are not speaking at cross purposes. The remission of land tax was undertaken by the previous Government of which the Leader of the Opposition was a member but, in doing that, it was made very clear in the legislation and in its administration that 'principal place of residence' also meant a property which was principally used as a residence and not used for the purpose of carrying out a business.

For instance (and I know we have had these problems), where the house is attached to the shop or factory premises, tax does accrue in those instances. That was the specific condition under which the overall remission was granted. We have not sought to alter that, because I believe that the principles under which that proviso was put in by the previous Government were sound ones.

Mr OLSEN: The Auditor-General referred to a review of Government purchasing procedures and payments of accounts that could produce substantial savings, that is, on bills below \$100 in value. Does the Premier agree with the Auditor-General's assessment of potential for major savings, and is it the Government's intention to implement a risk management strategy to representative agencies as the Auditor-General has proposed, to further assess the potential for savings in that area?

The Hon. J.C. Bannon: Treasury has responded positively to that particular suggestion, and I will ask Mr Hill to answer.

Mr Hill: There is already a study under way in the Court Services Department on changes in procedures of the kind which the Auditor-General has proposed. That was undertaken as part of the 4 per cent savings exercise on the initiative of the department itself. We do not necessarily believe that the Court Services Department is typical of Government departments which pay large numbers of accounts, so we would like to see the pilot study extended to another larger department such as the Highways Department, and we will be putting a proposal to the Government, it is hoped next week, for that to be undertaken in co-operation with the Auditor-General.

Mr OLSEN: The Auditor-General has not been prepared to issue a certificate—he has given a qualified audit to two departments, one of which is the Woods and Forests Department, because he believes that the method of accounting as revenue from the annual increment or revaluation of the department's forests is a departure from AAS standards. Given that this is the second successive year that the Auditor-General has drawn this to the attention of the Government, does the Premier plan to require the department to conform with AAS standards and, if so, when will that action be taken?

The Hon. J.C. Bannon: I am not fully conversant with the details of the particular criticisms of the Auditor-General. Perhaps the Under Treasurer could assist.

Mr Prowse: The matter is, of course, something in which the select committee is interested. As I understand it, Australian Accounting Standards would have no standard for what are called forestry accounting purposes. There is, I understand, an American Accounting Standard which adopts forestry accounting. What Satco and Woods and Forests have done is to attempt to provide greater information about the very large asset, including the value, which they manage on behalf of the people of South Australia.

From memory, I believe that the purpose, particularly of forestry accounting, is to capture the increment value of the forests arising from the growth of the forests themselves. I do not recall that the Auditor-General really says they should not produce that information. I think the view really is that, in addition to the forestry accounting valuation, there should be standard accounting provisions for Satco and Woods and Forests. I think it is the expectation of some professional accountants that, although the Australian Accounting Standards body takes a long time to formulate a view, sooner or later there probably will be a standard here for forestry accounting, and in a way I suppose one could give Woods and Forests credit for being at the forefront of that accounting development.

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

Membership:

Ms Gayler substituted for Mr Tyler.

Additional Departmental Advisers:

Mr I.S. Weiss, Chairman, South Australian Superannuation Fund Investment Trust.

Mr P.N. Gerrard, Public Actuary.

Mr OLSEN: Page 409 of the Auditor-General's Report reveals that there is to be an alteration to the capital structure of the ASER Property Trust, and that this is expected to be completed prior to 30 September this year. Has the restructuring been completed and, if so, what now are the investments of the South Australian Superannuation Fund Investment Trust (SASFIT) and Kumagai Gumi in the ASER Property Trust in terms of equity and loans?

Mr Weiss: The restructuring has not been completed. Because of recent taxation developments, it has been decided by both parties that a particular taxation ruling should be sought before determining whether the structure should remain as it is or should be amended. The arrangement is in place in terms of APT and the Australian financial institution concerned. If it goes ahead in its current form, it will probably occur in the middle of October rather than at the end of September. The form of the structure will be as mentioned in note 5: SASFIT and Kumagai will have total equity (I use that word in a broad sense: it would be a mixture of equity and subordinated debt) of no more than \$34 million each. That will be the sole investment of SASFIT in the project apart from the indexed loan in relation to the public facilities, which is back to back with Government rentals which are paid in respect of those facilities.

Mr OLSEN: So will the financing arrangements for the ASER Property Trust be maximum input of \$34 million each from SASFIT and Kumagai Gumi?

Mr Weiss: That is right, apart for the indexed loan. I am talking about the maximum input of SASFIT. The input of Kumagai Gumi is dependent upon the final form of the financing arrangements which, as I have mentioned, are subject to certain optional treatments, depending on the taxation opinion being sought.

Mr OLSEN: What is the indexed loan?

Mr Weiss: The indexed loan is the money which has been advanced by SASFIT to cover the cost of the public facilities and is completely matched by the rents which the Government pays for those facilities. Including capitalised interest, the amount of that loan will be \$87 million. That is a somewhat misleading figure in the sense that the vast bulk of that indexed loan was drawn down on 1 July 1987 and the characteristic of any indexed loan is that the amount outstanding increases for a great number of years.

Mr OLSEN: For the purposes of clause 2 (c) of the Tokyo agreement, which requires the Government to pay rental on the ASER Convention Centre and car park based on 6.25 per cent of the capitalised cost of construction, what is the capitalised cost on which this is based for, first, the car park and, secondly, the Convention Centre?

Mr Weiss: I do not think that a separate figure is really available for those two components because there is a certain community of structure at some point. That portion of the development was kept separate in its cost form from the other portions but not necessarily in relation to the car park and the Convention Centre. As at 30 June last year, the cost was \$68.2 million.

Mr OLSEN: Has that increased in the past 12 months?

Mr Weiss: That has increased for two reasons. First, the major part of it is what I call the natural increase. It is a financing concept and does not involve any actual outlay as such. In other words, if no further money had been spent since that time, the loan itself would have increased by virtue of the way that an indexed loan operates. Secondly,

there were further costs to bring those two elements, which were incurred between 1 July 1987 and 30 June 1988, to finality. Those additional costs amounted to about \$8 million.

Mr OLSEN: As I understand it, the Government's agreement with the ASER Property Trust requires it to pay a rental for the common areas based on 40 per cent of the capitalised construction cost of the common areas. What is the estimated capitalised cost of the common areas?

Mr Weiss: About \$30 million.

Mr OLSEN: Can you explain what is included in the common areas?

Mr Weiss: Yes, a great deal. Apart from what one obviously sees in terms of everything above ground other than the buildings themselves, the substantial rebuilding of the railway station was included in the cost of common areas and the landscaping of various areas surrounding the car park and immediately adjacent to the ASER centre. There are two aspects with respect to making the site viable for development. The first was to provide new railway station facilities. It was necessary to move significant portions of the station platforms around to ensure that the piles from the various buildings above could be satisfactorily placed. It was also necessary to solve problems relating to vibration, and ultimately it was decided that it was best to rebuild major parts of the railway station rather than shift things around. So, there was major work in the railway station and on top of that, looking at the site, a major portion of the site consists of a concrete slab built over the station. The other part consists of the cost of construction of that major concrete slab over a wide area, together with a whole range of landscaping costs in respect of beautifying the area.

Mr OLSEN: Who has the contract for the maintenance of the common areas?

Mr Weiss: The responsibility for the maintenance of common areas in the sense of keeping them clean and looking after the top of the slab is shared between the Government and the city council. Responsibility for any capital work needed in future will continue to be shared 60:40 between ASER and the Government in the same way as the original capital cost.

Mr OLSEN: Who carries out the work on behalf of the Government and/or the city council?

Mr Weiss: I am not sure that that has been answered yet, because a large portion of the common area still remains in the hands of the builders and therefore the ultimate administrative structure has not settled down.

Mr OLSEN: Will the Convention Centre undertake that function and then bill the Government or council?

Mr Weiss: That is probably the Government's intention, but it is a Government decision and not an ASER decision.

Mr OLSEN: Have you done any projections on the cost of maintenance of the common areas?

Mr Weiss: The ASER committee has looked into it, but I am not aware of the figures.

Mr OLSEN: Can that information be supplied when it becomes available?

The Hon. J.C. Bannon: Yes, we will provide it. As Mr Weiss points out, large areas have not been either finally landscaped or the construction area cleared. It is further complicated by the decision to proceed to the next stage, that is, the building of the exhibition hall, which will mean further dislocation on site. This is subject to checking, but I think that the Torrens bank landscaping will be most appropriately done by the city council as part of its ongoing program. As to the streetside area, I am not aware that any arrangements have been made.

Mr OLSEN: Can that information be provided when it becomes available?

The Hon. J.C. Bannon: Yes.

Mr OLSEN: Clause 2 (e) of the Tokyo agreement provides:

That any lease, sublease, mortgage or charge of a lease or sublease or any transfer of such a lease or sublease affected by the body or any security referred to in clause 2 (c) hereof in respect of any part of the site for a period of five years after the official opening of the international hotel shall be exempt from stamp duty of all types.

From what date does that clause apply? In other words, what is the official opening date of the hotel?

Mr Weiss: I believe it operates effectively from the soft opening date, which is effectively from the start of July this year. That can be determined from the documents, which I believe define the 'completion' of the hotel as being the date that it is handed over to Hyatt. If that is so, it runs from 28 June. However, if the documents refer to the 'practical' completion, it would run from within a few days.

Mr OLSEN: Has there been an estimate of revenue forgone as a result of the agreement? What is the value of the five-year concession?

The Hon. J.C. Bannon: An estimate was prepared in 1983, but we were talking then about a vastly different project from what has been completed, both as to scale and value. I am not sure that there has been a revision or that it is relevant, either. The Government return from the complex will be significant.

Mr OLSEN: Will the Treasurer or his officers estimate what revenue will be forgone as a result of the contract?

The Hon. J.C. Bannon: As a result of the stamp duty arrangement, it depends on how many times and in what way the financial restructuring takes place. On each occasion stamp duty would apply. If no restructuring takes place or other financing, there is no revenue forgone. We are well ahead on the transaction, anyway.

Mr OLSEN: I would like information on two other areas. In relation to the exemption of the ASER site from other rates and taxes for a period of five years after the official opening of the international hotel, what date does the exemption start; what State Government taxes are involved; and what is the value of the revenue forgone? Clause 2 (i) exempts the site from land tax for a period of 10 years after the hotel's official opening. What is the basis of the valuation of the site? From what date does it apply? What is the estimated value of the revenue to be forgone? What valuation is being used for land tax purposes?

The Hon. J.C. Bannon: We will attempt to make some assessment on that. I repeat: it is impossible to really make forward predictions, because one cannot fully estimate the value of the resource until one actually has it. It will certainly be very much greater than anticipated in 1983. We have frequent discussions on this \$180 million figure. It was the notional figure used then for a development the nature of which changed substantially. Therefore, I would think that the value of those concessions would have changed quite markedly as well. We will attempt to ascertain that.

Mr OLSEN: Clause 2 (j) of the Tokyo agreement requires the Government to provide at no cost access roads, water, power, gas, sewers, other service connections to the site and boundary, and the necessary infrastructure relating to that facility. What was the cost of those services in relation to the development of the site? What is the estimated cost of further assistance required under this clause?

Mr Weiss: I believe that that question was answered in Parliament about a year ago. It can probably be said that since then any additional amounts would have been trivial. I do not believe that there are ongoing liabilities.

The Hon. J.C. Bannon: I recall that being discussed and I think that Mr Weiss at that stage commented that provision had been made and that there would be only minor additions to cost in that area; most of the work had been done at the time of the last Estimates Committee. I will refer back to that.

Mr OLSEN: What proportion of the ASER office block has so far been leased?

Mr Weiss: In terms of people actually physically signing up, a fairly small proportion has been leased. Recently it was marketed actively and a considerable amount of interest was expressed. A number of people are at the stage of having particular areas under option, but only a relatively small area has been firmly let.

Mr OLSEN: Are we talking of 10 per cent, 25 per cent or 60 per cent of the space?

Mr Weiss: We are talking about a relatively small area. You will not find a single leasing agent anywhere in town who will talk publicly about the amount of space that he has firmly signed up. I do not think that we should be talking about it either.

Mr OLSEN: Around this town people do not necessarily talk about it, but there is a pretty fair idea of how much is and is not leased.

The Hon. J.C. Bannon: Let us leave it in the rumour mill while we try and market the building in the public interest.

Mr OLSEN: The view has been expressed that not a square metre of the office block at this time has been leased.

Mr Weiss: That is not true.

Mr OLSEN: My point is that it is a very small proportion.

Mr Weiss: If I made the same noises as leasing agents make publicly, I would say that a considerable portion of the building is under option. I do not intend to give that answer, because it is the type of answer that is used for publicity purposes.

Mr OLSEN: On the basis that there is a responsibility for half of the office space to be guaranteed *vis-a-vis* half of the space to be paid, Parliament and the taxpayers have a legitimate right to ask the question and know the answer.

The Hon. J.C. Bannon: It is equally fair to say that the taxpayer as well has the right to see this building marketed properly and commercially. I am sure that Parliament would not want to interfere with that process. The Leader of the Opposition claims some experience in commercial matters. He would surely understand the process which is under way and which I think is successfully packaged and marketed. At that stage when we are in a position to report to Parliament it will be quite proper to do so. I hope that we do not seek to undermine that marketing process. As I say, let the rumour mill run. There is no point in our putting things on the public record which no other commercial development in the city is subjected to and thus making it more difficult.

I am sure that the Leader of the Opposition is not seeking to undermine the project by his questions. I accept that he wants the information in the public interest, but there is an appropriate time for that information to be put on the record, and that time is not now.

Mr OLSEN: The difficulty which I am sure the Treasurer appreciates is that, by not putting information on the record it opens the matter up to further criticism and rumour that the letting is not going well otherwise the Government would be trumpeting that.

The Hon. J.C. Bannon: Only if people wish to be mischievous about it.

Mr OLSEN: Rightly or wrongly, that is an appropriate conclusion to draw.

Mr Weiss: If a question was asked about how the building is doing in relation to other buildings which are on the market and being leased, the answer could be given in a different form. The level of interest being expressed in relation to the building certainly matches the level of interest that I know is being expressed in relation to other buildings which are of a comparable nature and which are available in the marketplace at present.

Mr OLSEN: It is clear that the question will not be answered and I will not labour it.

The Hon. J.C. Bannon: It is not appropriate that it be answered now. The Leader should ask the question at the appropriate time. There ought to be some sense of timing on the part of the Opposition in this area.

Mr OLSEN: On what date will tenants be able to take up the space in the office block?

Mr Weiss: That depends on the level of fitout that they require. In actual fact, a tenant who committed themselves to space today would probably require two or three months to have the area fitted out for their requirements. That is the usual time it takes to fit out any office block. To enable the commencement of the fitout, occupation in the vast bulk of the space could be given immediately. So, a tenant could physically move in in two or three months.

Mr OLSEN: From now it would be, say, the end of the year.

Mr Weiss: Yes: the building itself will be completed before then but, as will be appreciated in regard to any building, from the moment someone commits themselves to a lease, it is usually about three months before they can move in because that is the time that is normally needed to fit out to their requirements.

Mr OLSEN: Clause 2 (d) of the Tokyo agreement requires the South Australian Government to guarantee the ASER Property Trust a comparable return as if it has leased 11 000 square metres of the available space in the ASER office building. Upon what value per square metre is that guarantee based?

Mr Weiss: Upon whatever is judged to be the appropriate market rental for the space at the time.

Mr OLSEN: What is that figure currently?

Mr Weiss: The figure currently varies from floor to floor and, indeed, from pod to pod because the views from some areas are better than the views from other areas. It is up to \$290 but, in fact, the space which is underwritten by the Government is lower space and, therefore, the rents tend to be lower in those areas. The \$290 per square metre is for a high floor with a good view and those are the areas that are, in fact, total ASER areas, not Government areas. In fact, the Government has underwritten the lower space, because that was the space it was to occupy. Those areas have somewhat lower rentals. As you can appreciate, I do not wish to be absolutely precise, as rentals are a matter of negotiation.

Mr OLSEN: What is the average?

Mr Weiss: Well, approximately \$260 to \$270. Again, the rental that someone pays for a whole floor is quite different from what someone pays for half a pod.

Mr OLSEN: Through its interest in the operation of the Casino through the ASER Investment Fund, what was the Superannuation Investment Trust's share of the \$61.2 million net gambling revenue generated last financial year?

Mr Weiss: Of course, the vast bulk of the revenue generated goes to paying people and expenses. It is not enjoyed either by the Superannuation Investment Trust, by Kumagai or anyone else. It is an operating expense.

Mr OLSEN: No, I referred to 'net gambling revenue'. I would have thought that 'net gambling revenue' meant that operational expenses had been deducted.

Mr Weiss: No, it does not. That is a widespread fallacy which has completely bedevilled people's views as to what is earned by the Casino. 'Net gambling revenue' means, quite simply, the difference between the amount of money in people's pockets when they walk in and the amount when they walk out, taken in total. Of course, some walk out with more and some walk out with less. In other words, it is equivalent to gross turnover in any other business. From that, operating expenses of every sort must be taken care of, including the Government tax and the cost of servicing all the capital and so on. In general terms, at the present time the bottom line profit of the owners is less than half what the Government gets.

Mr OLSEN: The owners are Kumagai Gumi, SASFIT and the Pak-Poy Kneebone organisation in one-third shares.

Mr Weiss: That is right.

Mr OLSEN: Can the Committee be provided with an estimate of the final cost of the international hotel?

Mr Weiss: This question has been asked now for about three years. As we have said, the cost of the hotel is not of itself anything other than a matter of commercial confidence. The only implications for SASFIT lie in what investment SASFIT finishes up making and what rate of return SASFIT gets on its investment.

We answered those questions very extensively a year ago. Nothing has happened during the course of the year to cause radical changes to the projections that we previously indicated.

Mr OLSEN: Therefore, the quantity surveyor's estimate of \$155 million would not be accurate?

Mr Weiss: What quantity surveyor's estimate?

Mr OLSEN: The people who undertook the quantity surveying for the Hyatt Hotel.

Mr Weiss: I do not know the basis of the quantity surveyor's estimate. I do not know what is meant by cost.

Mr OLSEN: The final cost.

Mr Weiss: I can think of at least half a dozen different figures each of which would be described by some people as final cost: what it includes, what it excludes, and so on. We are a private business organisation. We operate in the market place. In due course, when we move into the operative mode, like all other companies we will have published accounts and various information will become available through the normal processes by which information becomes available in respect of businesses that are operating. We do not believe that it is in our interests to discuss right now what something costs or does not cost. We are still in a construction mode. It is simply not normal for people who are in the construction mode to be making public statements about what something is costing.

Mr OLSEN: I take the view that the performance of the ASER site is important as it relates to the bottom line for SASFIT, in due course, and the bottom line, in due course, for taxpayers having a legitimate interest in SASFIT.

Mr Weiss: I absolutely agree with you. That is exactly why SASFIT has reported its involvement in those terms every year whereby it states, first, what the capital involvement is and, secondly, what rate of return it expects to get on that capital. They are the only two things that have any meaning. The problem is that there is this continual questioning about only one element of ASER, namely, what something costs. No-one ever asks us how much extra income we are expected to get. Whenever we give the only meaningful type of information about ASER—the overall rate of

return on the actual amount of capital invested—it is greeted with a deafening silence and is not disseminated anywhere.

It is a matter of major concern to the owners of ASER (and I do not speak only for SASFIT) that a totally incorrect image is created of this development as having some financial difficulties when, in fact, we have publicised that we are earning a very satisfactory rate of return on the capital which is involved in the transaction.

Mr OLSEN: The point is that you will have difficulty; as you consistently refuse to give some of these details, you will continue to fuel it.

Mr Weiss: With the greatest respect, I do not understand how you can say we refuse to give details. Apart from this Committee last year, in our published report we stated how much equity we would have invested, and we stated quite explicitly that projections indicated that the internal rate of return on that investment would be in excess of 30 per cent per annum.

I do not see how much more detail than that one can give. We certainly do not intend to publish pages and pages of private projections which project year by year what the income is in each particular element. We have given that information and it will be repeated in SASFIT's report, which obviously will be presented within a few months. Between last year and this year no development has occurred to cause any dramatic change to the picture which was presented last year.

The Hon. J.C. Bannon: I might add that not just this project but also, I would have thought, SASFIT's overall return on investment would be a matter of some considerable congratulation. In 1987-88 the return was over 20 per cent, making it the best performed of all large funds in Australia. If we compare it with SFIT, 13.5 per cent; SECV, 13.6 per cent; BT Australia, 11.8 per cent; National Mutual, 7.6 per cent; and SASFIT, plus 20 per cent, it has an excellent return, which has been the average over five years. It is a leading performer as an investment trust and, instead of Mr Weiss coming here each year to bask in the congratulations of a grateful Parliament and public, he is subjected to these extraordinary attacks.

The return on the ASER project is not just over 20 per cent; rather, it is over 30 per cent and the upgrading and higher investment in the project, which is the area that the Opposition seeks to pursue, is one of the reasons for that higher return. For anybody who says, 'We want a commercial return from these things' on the one hand to deny or criticise the expenditure which promotes that return and, on the other hand, also to attempt to undermine the means of getting that return, by requiring to be placed on the public record information that National Mutual, BT, SECV and others would not dream of placing on the record, indicates either sheer bloody-mindedness or a complete lack of understanding of the business interests of the South Australian community. I find this performance, which has become a regular one (and I suppose that some people enjoy it), quite disgraceful.

The CHAIRMAN: If I may interrupt the Committee here to state the obvious: the responsibility for this portfolio lies with the Treasurer. The public servants whom the Treasurer has with him are in fact his servants and, whatever the view of the Committee might be about whether or not information is withheld, the responsibility for that lies with the Treasurer and with nobody else.

Mr OLSEN: Nobody is under attack. We have received assurances from the Treasurer before about some of his commercial activities which would be profit making activities but which are now having debt written off and transferred into the 'equity' of these projects where the interest

is no longer payable by those 'commercial' activities. The Treasurer's track record in this Parliament in relation to giving assurances on commercial operations has not withstood close scrutiny, because the performance has been absolutely abysmal. Taxpayers' funds have been injected to prop up those enterprises. I do not suggest that this situation applies to the ASER site. However, we have a legitimate right to ask questions and, given the Treasurer's track record and performance over the past five or six years, we also have a responsibility to ask those questions.

The Hon. J.C. Bannon: The track record has been extremely good. The Leader of the Opposition has said on five or six occasions today that debt has been written off. I do not know why he continues to say that when he has been told on five or six occasions that that has not been the case. Interest may not currently be payable on some particular restructuring, but the debt is there and it has accrued as part of that restructuring. That statement has been made time and time again and the Leader of the Opposition just ignores it. He then says that we are not commercial in our approach.

Mr OLSEN: You are not commercial in your approach and that is fairly clear by any test in the private commercial market.

The CHAIRMAN: I would now like the tenor of this Committee to come back to the accounts in front of us. Further, I would like the basis of the questioning to be about those accounts.

Mr OLSEN: I was merely responding and not initiating. How much rent did the ASER Property Trust receive last financial year from the ASER Investment Trust for the Adelaide Railway Station building, and how much does it estimate it will receive during this financial year?

Mr Weiss: Again, you are asking for figures which are internal, commercial and confidential. You are talking about what is a private business organisation. It is true that SASFIT has an interest in this organisation. If it is suggested that there is an entitlement to require complete public information about every business organisation in which SASFIT has a significant interest, the net effect of that would be to preclude SASFIT from having effective partnerships with organisations in the private sector. We have reported rather extensively on SASFIT's involvement in relation to ASER. We have given indications as to what we expect to earn.

Obviously, in due course, when we move into the operative mode, we will report each year on what we actually earn in relation to our investment. Even at that time we will not report the actual profit from each individual component of what is a complex business enterprise, but that is exactly what you are asking for. In fact, if I was to answer the question, the figure would be quite meaningless without an understanding of the particular financing structure which underlies AIT and APT but, speaking as the Chairman of the ASER Property Trust, it certainly does not seem to be a figure which, in any normal business sense, we would make public. Therefore, it is not reasonable to ask me, as Chairman of SASFIT, to provide that figure to this Committee.

Mr OLSEN: It is obvious that we will go around in circles. I will ask the questions, but I will not get the answers. At page 402 the Auditor-General's Report reveals that the Actuary's triennial report on the state and sufficiency of the South Australian Superannuation Fund for the period ending 30 June 1986 had not been completed as at 30 June this year. Has the report been completed and, if so, will the Premier make it available? If it has not been completed, why not, and when is it expected to be completed?

The Hon. J.C. Bannon: I will get the Government Actuary, Mr Gerrard, to respond to that question.

Mr Gerrard: At this stage the report has not been completed. In fact, I have spent relatively little time looking at it. At this stage, it does become somewhat of an historical oddity, because the scheme has been changed markedly. I intend to finish a similar report on the Police Pensions Fund in the very short term and then move to the State scheme, which I expect will be finished by about November this year.

Mr OLSEN: When that report has been completed, will it be made available?

The Hon. J.C. Bannon: That has been the usual practice, yes.

Mr OLSEN: On the basis of the proposed timetable, I assume that the report would be available at the end of this year?

The Hon. J.C. Bannon: Speaking as Treasurer, and knowing the demands on the office at the moment with the new scheme being instituted, I would not like to be held to that in precise terms, because I believe that, quite correctly, this assessment has not been seen as a priority where we are in this period of transition. It is, by its nature, historical. In fact it was just such an exercise that led to the revamping of our superannuation scheme generally. So, while I believe the information certainly will be useful and will be provided, I would not like to be held to a particular time scale.

The Hon. B.C. EASTICK: With regard to the police fund, there has been considerable concern expressed within police circles that there are difficulties for future retirement of police officers. Is that supported by the review of the document thus far?

Mr Gerrard: What do you mean? They can certainly retire.

The Hon. B.C. EASTICK: Is there a difficulty with their being satisfactorily funded in their retirement at the same level as people in other Government areas?

Mr Gerrard: I cannot think why there would be any difficulty. It is no different in essence from the old State superannuation scheme. The structure of the benefit design is somewhat different, but the intention was to have something similar. I really cannot think of any reason which would cause difficulty. It is quite analogous, as far as I am aware, to the State scheme. There is a general intention to change the structure of the scheme in a somewhat similar way to the way in which the State scheme has been changed. That is why the area of the police pension scheme is somewhat more relevant at present.

The Hon. B.C. EASTICK: In relation to ASER, the Premier indicated that there had been a number of significant variations in the scale. Is the Premier able to indicate to the Committee what those significant changes to scale are?

The Hon. J.C. Bannon: Yes, they relate to most components of the project. First, in relation to the parking station, the number of places were fairly significantly expanded in the light of assessment of need. Incidentally, it might be worth reminding the Committee, because there was some publicity about it from the Opposition spokesman the other day, that the exhibition centre proposal carries with it car parking spaces as well, so there will be extra spaces located on site. However, the overall assessment is that the pool of spaces available, provided one can get people in relation to the site itself to come off Morphett Road, instead of going along King William Street—the bottleneck—or getting them to walk down through Bank Street to the site, certainly provides adequate parking within 10 minutes or so walking distance. That site for undercover parking properly surveyed is closer than the Torrens Parade Ground, which is fre-

quently used for overflow parking. So, it is really a question of changing people's habits. That was certainly one component.

The Convention Centre also was upgraded as to size, finish and facilities of the venue in the planning and development stage, and the hotel itself was significantly upgraded. Once Hyatt had been identified as the operator in the course of construction of the hotel on two or three occasions, as I understand it, new specifications were introduced, because Hyatt increasingly saw it as a very prime, top of the market operation, and the finished product (if the honourable member has not had a chance to look at it I would certainly invite him to do so) is at the time of opening probably the best hotel in Australia. There will be places coming on stream, but the star rating, however assessed, was in fact given an extra fillip with the introduction of the executive suite on the top floors of the Hyatt. The fact that it is constructed in four pods of operations, each with their own lounge facilities and landscaping, and so on, all has substantially upgraded that hotel over the course of construction.

I believe the office block has remained basically as originally planned; the landscaping is certainly more extensive than originally envisaged, and the ancillary and associated works have reflected that. So what we get is a project in concept of various components with a quite high value attached to it, which has certainly become a very much bigger project. Part of the impetus of that, of course, was the casino decision, because members may recall that at the time the Tokyo agreement was signed the casino decision had not been made and, therefore (and there were a number of consortiums appearing before the supervisory authority pending the granting of a licence), the decision to locate the casino in the railway station and upgrade that was one of the reasons that persuaded Hyatt, and other groups associated with the project, to upgrade it.

The Hon. B.C. EASTICK: Is it intended that the State Transport Authority will pick up the total cost of the railway area redevelopment, or does that become a charge against the other developments, and is it provided gratis to the State Transport Authority?

The Hon. J.C. Bannon: There are two elements to that. First, obviously the railway station upgrading, lines and so on, is being borne by the STA itself as part of the inevitable redevelopment of the station, anyway, consequent on AN withdrawing and relocating at Keswick and the resignalling project and other aspects of development there. The concessions area—the ramp, the hall, which currently is being upgraded, and the connection under North Terrace—are all part of the STA development, and the STA would hope to see some return from it. The STA leases its office accommodation in the building opposite the railway station in North Terrace but, as has been put on record before in Parliament, the total financial deal has been very favourable indeed to the STA. They have effectively got their upgraded adequate office accommodation set off against the revenue potential of the areas they control.

The Hon. B.C. EASTICK: In relation to the information that the Premier gave a few moments ago relating to alternative parking facilities that are available, has the Government or has the Premier who is responsible for this overall project considered any way whereby it will be possible for people to use the underground approach to the whole complex at all times? Having regard to the fact that it is currently shut up at night if it happens to be wet (and I instance the situation in relation to car parking further across town) might people have the opportunity of making use of a

facility which was to have been an integral part of the project?

The Hon. J.C. Bannon: I still contend, and in this I am supported by those who have been involved in the planning of the development and are more expert than I in traffic movements and parking requirements, that the provision that has been made is far more generous than in similar complexes anywhere in Australia. With increasing development into Hindley Street, there is total undercover access which makes rain and other poor weather conditions far less relevant than they were previously.

The Hon. B.C. EASTICK: But you cannot get through at night.

The Hon. J.C. Bannon: That will change over time. The usage of that area is still being assessed.

Mr OLSEN: On page 27 of the Estimates of Payments, in 1987-88 accommodation service costs were \$653 150. They are expected to increase to \$1 017 000. What are the main components of accommodation and service costs?

Mr Hill: The increase reflects the new policy introduced by Sacon from 1 July 1988 to charge an imputed rent for Government owned accommodation. Because Treasury and the State Taxation Office occupy the Torrens Building, those departments are now obliged to pay an imputed rent to Sacon.

The Hon. J.C. Bannon: The same situation applies to the Department of the Premier and Cabinet and the State Administration Building. Where a department leases private accommodation, those costs have already been incurred. It is now so-called imputed rent that is being added to that amount.

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

Treasurer, Miscellaneous, \$217 648 000

Chairman:

Mr D.M. Ferguson

Members:

The Hon. B.C. Eastick

Ms D.L. Gayler

Mr K.C. Hamilton

Mr J.W. Olsen

Mr J.K.G. Oswald

Mr M.D. Rann

Witness:

The Hon. J.C. Bannon, Treasurer.

Departmental Advisers:

Mr A.R. Prowse, Under Treasurer.

Mr J. Hill, Assistant Under Treasurer.

Mr P.N. Gerrard, Public Actuary.

The Hon. B.C. EASTICK: I refer to the \$120 million Government contribution pursuant to the Superannuation Act, which was previously in relation to specific appropriations. I have been unable to find that amount. Page 12 refers to a total of \$117 726 000 for a series of events, not only superannuation.

Mr Hill: For the benefit of the honourable member, I point out that the comparable figure is on page 11 of the Estimates of Payments, being the very last item on the page: 'South Australian Superannuation Fund Government contribution pursuant to the Superannuation Act'. It is an amount of \$93.7 million in 1987-88.

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

Works and Services—Treasury Department, \$7 133 000—
Examination declared completed.

Arts, \$33 674 000

Chairman:

Mr D.M. Ferguson

Members:

The Hon. B.C. Eastick

Ms D.L. Gayler

Mr K.C. Hamilton

Mr J.W. Olsen

Mr J.K.G. Oswald

Mr M.D. Rann

Witness:

The Hon. J.C. Bannon, Minister for the Arts.

Departmental Advisers:

Mr L.L. Amadio, Director, Department for the Arts.

Mr P. Bailey, Manager, Resources.

Mr K.B. Lloyd, Chief Finance Officer.

Mr S.P. Saffell, Finance Officer.

Mr OLSEN: I note that salaries, wages and related payments increased by 19 per cent over the vote from 1987-88 to \$376 000. What is the reason for that increase?

The Hon. J.C. Bannon: They reflect the award variations, and grants to statutory bodies are indexed. Effectively the figure is made up from the 4 per cent (or \$6 a week) rise and 3 per cent superannuation payments.

Mr OLSEN: So it relates to normal wage case adjustments to existing salaried staff. In other words, there has not been an increase in salaries or staffing levels.

The Hon. J.C. Bannon: No.

Mr OLSEN: In the last financial year there was expenditure of \$7.265 million under the line 'Grants for the Arts'. Can the Premier provide an itemised list for inclusion in *Hansard* showing the names of the recipients of the grants?

The Hon. J.C. Bannon: The details will be provided in the department's annual report, which will be tabled within the next month. The allocations will be listed.

Mr OLSEN: The Auditor-General's Report at page 32 reveals that last financial year a payment under the program 'Development of the Arts' was \$750 000 for the Government Film Committee. Who are the committee members and how was that allocation spent?

The Hon. J.C. Bannon: The Government Film Committee comprises Mr Len Amadio, Chairman, Mr Rob Bullfield, Tourism, Mr Rob Adams, Department of State Development and Technology, Gabrielle Kelly, TAFE, John Morris, Managing Director, Film Corporation and Mr John Dick, Head of Documentary Production, SAFC. The program comes under the documentary division of SAFC, so Mr Dick, in a sense, is the manager overall of the program. In 1987-88 a number of new projects were commenced including *Mount Lofty Ranges*, for the Department of Agriculture; *Victim of Crime*, for the Attorney-General's Department; *Adolescent Behaviour*, produced for the Department for Community Welfare; *Community Corrections*, for the Department of Correctional Services; *Shoplifting*, for Court Services; *Adolescent Eating*, for community health; an edu-

cation package for the Education Department; and an English for Migrants program and an advanced English documentary, which are often adjuncts to teaching or lecturing situations.

Other projects include the *South Australian Story*, which is a revamping of the Old Parliament House video; *Multiculturalism in the Public Service*, which is a personnel and industrial relations film which does not feature Mr Howard or Senator Stone; *Credit*, for the Department of Public and Consumer Affairs; and *Safety Houses*, for the Safety House Association, have been completed and launched successfully. There are various State development projects as part of the program. There is a description of the new superannuation scheme for the Treasury Department and the Department of Marine and Harbors also commissioned a documentary.

As has been the case in the past, the Government Film Fund documentaries are still winning awards around Australia. Recent prizes include a silver medal at the New York Film and Television Festival for three of our films—*From Bulldust to Bitumen*, presumably a Highways Department presentation; *Blogg's Boots*—I am not sure about that one; and *Ngurunderi—A Ngarrindjeri Dreaming*, which I can certainly recommend to members as a brilliant short film which takes up the Aboriginal dreaming names of the Coorong area, Victor Harbor and Goolwa. That film was recently purchased by SBS for broadcast and it is an extremely successful production. Finally, the Pater Award was won by another documentary film, *Moving Up*. The program is still yielding good dividends. Another aspect is the training assistance it provides to young film makers and people who want hands on experience in the industry. The program has been a useful supplement to that training component as well as producing top rank documentaries.

Mr OLSEN: The program also provided spending of some \$570 000 for the South Australian Film Industry Advisory Committee. Who are the committee members and how was that allocation spent?

The Hon. J.C. Bannon: The South Australian Film Industry Advisory Committee (SAFIAC) is comprised of nominated persons from organisations in the industry such as the South Australian Film Producers Association, and so on. Current membership is the Chairman, Mr Rob George, Mr Ken Lloyd, Chief Finance Officer of the department, Debra Reiter, Colleen Ross, and Scott Hicks. Ms Ross is the Executive Secretary of Actors Equity in South Australia. Mr Hicks is a well-known film director. Other members include Helen Evans, John Morris, Managing Director, SAFIAC, Annie Browning, Arts Department, Executive Officer of the committee with Sally McHenry providing administrative officer assistance.

That committee is responsible for approving the various investment proposals under the Government Film Development Fund. In 1987-88 about \$130 000 of production investments were made for various projects. Marketing investments and marketing loans were also made available to local film makers and a series of script investments in both cinema features, documentaries and television series which allowed script development to take place for working up into fundable projects. The scheme has certainly proved important to the private sector of the South Australian Film Industry.

The Hon. B.C. EASTICK: At page 38 the program indicates that there has been a recent review of the South Australian Film Corporation. As a result of the review, what will require implementation? Is the review's report available for general scrutiny?

The Hon. J.C. Bannon: The report has never been formally released but has been widely published and discussed among all those operating in the film industry. Groups such as SAFIAC, the South Australian Film Producers Association and the South Australian Film Corporation made submissions. It identified a major lack of communication between the corporation and local film makers at many points. There seemed to be conflicts or resentment and difficulties that were counter-productive. The action resulting from the review has largely centred around resolving those problems. The Chairman of the Film Corporation has been advised that as soon as a vacancy occurs on the SAFC Board a local film maker will be appointed. Prior to that a nominee of the local film industry, a producer, has been nominated to attend all meetings as an observer and take part in board activities.

A person is also being appointed to assist local producers with project development and the coordination of a training program. SAFC has established a committee to assist the board to advise it on a whole range of activities, many of which are of concern to the independent industry, including the use of Hendon studios, guidelines for co-production, and so on. That committee will meet shortly. I think we are well on the way, with goodwill on both sides, to mending some of those fences and creating what I hope will be a much more productive atmosphere in South Australia's segment of the film industry.

The Hon. B.C. EASTICK: In relation to the film industry and across the various areas of the arts, what success has been achieved in relation to corporate sponsorship? Is it a matter that the Government is pursuing aggressively? Are some areas of the art world attacking it more aggressively than others? Is there counterproductive competition between the various groups generally in that overall concept of sponsorship?

The Hon. J.C. Bannon: There is certainly a much more vigorous pursuit of corporate sponsorship than has ever occurred in the arts area. One must divide this into two areas, particularly if one talks about films. What we are talking about there is investment in projects of a commercial basis, taking advantage, of course, of Federal tax concessions and so on. But, in relation to the performing and visual arts, the Festival Centre and various performing companies and so on, I think that they can claim to have had considerable success in identifying a whole new group of sponsors, some of them quite generous.

That has always been true in the case of the Festival of Arts, but that has been prompted very much by the institution of the Challenge Grant by the Government which I think first occurred was in 1985-86. The idea was that the Festival's Board of Governors would establish an agreed level of corporate fundraising above which the Government would match, on a dollar for dollar basis, up to a particular level, and that has proved a significant spur to fundraising efforts. Both in the 1986 and the 1988 Festival record sponsorships were attracted—in 1988, \$760 000 overall, a very significant amount.

In the case of other groups it has certainly been more difficult and, to some extent, they are competing against each other although we have seen no major problems of coordination of fundraising efforts because various companies are interested in different areas. Recently quite significant companies became sponsors for the first time. The Industrial Equity group (IEL) has sponsored the State Theatre Company. The Australian Submarine Corporation later this year will support as its first major sponsorship a Swedish play. The Lensworth group has supported the State Opera and companies like Santos have been very involved.

The Stock Exchange has supported the State Film and Video Centre in a first of that kind.

I guess that I would become invidious if I started naming more companies, but it has been interesting to see how the general spread of companies getting themselves interested in cultural support has grown. Within the next two or three weeks I will be attending a function that the Festival of Arts has organised for its chief corporate patrons, and there is quite a rollcall of significant corporations involved. We would hope that they would see themselves as not just confining sponsorship to a biennial festival but also looking at ongoing support for other areas.

The Hon. B.C. EASTICK: Is any of that sponsorship spilling over to the regions or is it intended, in house so to speak, to attempt to provide for some assistance to the other areas of the State so that they benefit from this interest?

The Hon. J.C. Bannon: It is a much harder job at the regional level. On a project basis there has been some support and the regional centre trusts are very keen on generating support for their activities. I guess that one significant area was the BHP sponsorship of the Adelaide Chamber Orchestra whereby the orchestra went to Whyalla for a performance. Significant companies operating in regional areas are attracting performing arts groups to those regions.

As a result of the new structure for regional cultural management, I hope that we will see a more active and coordinated membership of the local regional bodies—the old arts councils in revised form based around the regional cultural centres. Another example is the Harvest Theatre Company which operates in Whyalla and the Eyre Peninsula generally. It has been supported by Santos again, I guess, because of the connection with the Port Bonython complex. So, yes, it is much harder in country areas, but they are trying to attract such sponsorship.

Mr HAMILTON: How many films will be made or are in the process of being negotiated by the South Australian Film Corporation in the next 12 months? What interest has been shown to the corporation in relation to investment in films?

The Hon. J.C. Bannon: Finance had been secured for *Grim Pickings*, but production has been deferred. I think that that is being done in relation to a television network and is presold, effectively. Another one is *Katie's Rainbow*; the corporation has not secured all the required funds but believes that the new Films Financing Corporation will be able to make the funding gap. They are two major projects. There are a number of others in the pipeline of which I do not have details, but I will obtain that information for the honourable member.

Mr HAMILTON: What is the success of the mixing equipment facilities at the South Australian Film Corporation?

The Hon. J.C. Bannon: This Hendon studio facility is regarded as being one of the best in Australia and has generated considerable funds. In 1987 the funds generated from outside productions amounted to \$629 000. It is estimated that something like \$500 000 will be generated this coming year. It is obviously a prime facility that is used not just for the corporation's own work but for investors bringing outside projects to it. The sound mixing at this site is regarded as being pre-eminent in the country. In consequence of that, the corporation has embarked on an investment upgrade of the Hendon studios. It is state of the art, but it has to be kept ahead of the game. In a two stage program something like \$300 000 will be spent to ensure that over the next 18 months those facilities remain

effectively the best in Australia. As I say, their value lies as much in the business they attract from interstate as in the local business they generate.

Mr HAMILTON: It has now been more than three years since the State Conservation Centre was opened. I understand that the purpose of that institution was to address the critical conservation needs of the State's artistic, historical and musical collections. I understand the centre represents an initial investment of \$3 million and a recurrent commitment of \$750 000 annually. What are the people of South Australia receiving in return for the commitment of these funds?

The Hon. J.C. Bannon: The Conservation Centre has certainly been one of the very important new facilities opened up as a result of the Museum redevelopment scheme. We can feel very proud of what has been recognised as the finest facility for conservation of cultural material in the country. I do not know whether any members attended the open day held at the Conservation Centre recently. It gave a very good picture of the highly specialised work that is going on there. Because of the level of those facilities and the very progressive management of Mr Cook, the centre has attracted some of the best conservators in the country. This is a sellers market: that is, if you have conservation skills, there are a lot of people bidding for them. Those people have come here because they recognise it as a top environment in which to work. That is very different from the Hendon film studios.

One of the advantages of having such a fine facility is not just what we can do in conserving the material of the five major collecting institutions along North Terrace, and a program is being drawn up covering them. About 8 000 items have already been treated, for example, foundation documents, museum ethnographic collections, and so on. One of the centre's most exciting projects related to the way in which we can develop the access to our cultural collection. A major exhibition of Aboriginal artefacts and works of art will open in New York in a few weeks. It is a superb collection, of which 90 per cent is drawn from South Australian Museum sources. It is of international standing. In order to transport the very delicate bark paintings which could easily split or crack because of their nature, special packaging was devised by the Conservation Centre which probably could be commercially marketable. The packaging is of a moulded type, and is yet to be put to the final test, although, I am quite sure it will pass in terms of transporting these very fragile and precious materials. That is just one example of what can be done innovatively which may have some commercial use.

In fact, since the commercial program started several hundred South Australians have benefited directly by the use of this service. Regional museums have sent in material, and private individuals who have some item that has either been spoiled or is deteriorating can effectively make use of the commercial program on a fee for service basis. We can either provide them with advice or actually undertake the job. The centre has been able to successfully tender for a number of interstate programs.

For instance, it is probably not known that major conservation work for the Stockmen's Hall of Fame in Queensland was done in Adelaide. The State Library of New South Wales had a lot of its very precious manuscript and documentary conservation work done here in Adelaide on a contract basis. The National Maritime Museum based in Sydney saw what was being done in Adelaide and articles have been treated here. In fact, we also had a team in Sydney on site.

Therefore, that means that the employment of 10 staff is being entirely funded through fees for service. That is a significant level of funding in addition to what is provided by Treasury. Management attitudes make the service a very efficient, practical service. Therefore, it is good value for money and it is a great asset to the State.

Mr OLSEN: The State Opera experienced financial difficulty in 1986-87 and its annual accounts for 1986-87 were not available for scrutiny, comment and inclusion in the 1986-87 Auditor-General's Report. From perusal of the 1987-88 Auditor-General's Report it can be seen that the State Opera incurred a deficit of about \$2.39 million, and attendances were down on average 20 per cent for each performance during 1987-88. Why was the deterioration of the State Opera's financial position and financial management allowed to continue for so long before corrective action was taken? What is the budgeted financial outcome for the State Opera in 1988-89 and its production program for the year?

The Hon. J.C. Bannon: On a number of occasions we have covered the way in which the State Opera got itself into major financial problems, and I refer the honourable member to a statement I made to the House in February or March on the situation and the measures that were being taken to deal with it. It is fair to say that the position has certainly stabilised as a result of the strenuous efforts put into ensuring that we get the company back on an even keel. That is always on the proviso that if, indeed, that does not prove possible, the orderly winding up of the company should follow. However, there is a great deal of determination that that should not occur.

The cash result for 1987-88 was a deficit of \$507 000. The figure I gave in March was \$509 000. Therefore, it came out roughly as expected at that time. The Government has advanced \$400 000 on operations for 1988-89 and 1989-90; we have given a guarantee of that advance. The budget after repayment of the first instalment on the advance (that is, a repayable advance draw-down) of \$100 000 shows an improvement in the company's cash position of \$71 000, which should reduce the company's working capital deficit from \$334 000 at 30 June 1988 to \$263 000 by 30 June 1989. That is consistent with the staged strategy that was announced. Of course, part of that is being achieved by a drastic reorganisation of the program.

That is not easy to do instantly because of pre-contracts and the long lead time in staging opera productions. However, in the coming financial year we will see the company undertake four operas, three in the six-month period to 31 December 1988. One of those, *The Barber of Seville*, is already being performed, and one will be performed in the period January to June 1989. Therefore, there is a scaling down of the program to let the financial position stabilise. So, based on the figures outlined in the 1988-89 budget, the company should be able to almost completely eliminate its working capital deficit by the end of the 1990 calendar year providing it maintains the strategy.

The reduced administrative expenses have been put in place and they are down 33 per cent from last year. The presumed attendance estimates have been revised. There will be a major marketing effort particularly under the leadership of the new General Manager, Mr William Gillespie, who has arrived knowing what task he has ahead of him but maintaining great enthusiasm. He certainly has very high credentials. So far the company has still been unable to find a general purpose sponsor. While it has been quite successful in getting individual production sponsorship, it is looking to have a secure general sponsor and a sponsorship group. That is one area which Mr Gillespie is addressing as a matter of urgency.

The final feature is that there will be close monitoring by the Arts Finance Advisory Committee of the financial affairs of the company. The arm's length approach, which has been the previous guiding rule, has been abandoned in this instance and, although at times it may be irksome to the company and its management, I think it is generally appreciated that, if they are to keep to the program which has been laid down, it is necessary. All going well, we should see our opera company back in the black by late 1990 and on a firm footing again.

Mr OLSEN: During the past financial year there was a budget target of \$85 000 for admission charges at Carrick Hill. However, \$46 000 was received. Why was that budget target not reached at Carrick Hill?

The Hon. J.C. Bannon: Attendances were less. Carrick Hill relies on income through the gate as well as sponsorship and so on. In 1986-87 the income was \$38 500 and in 1987-88 it was \$30 400, so it was reduced by about \$8 000. That was partly due to the problem of the hiatus between the Directors, with Mr Thomas resigning to go to Bendigo and the appointment of Mr Schoff, who is now fully operational as the Director, so there were no ancillary programs to generate attendances. In the light of that, and also the novelty of the 1986 year, with the Queen's opening in March and through the rest of that Jubilee year, attendances were maintained fairly well and then they began to fall off again. Carrick Hill was closed during July, as is the practice, and it was again opened recently. I am not quite sure how things are going at the moment, but there has been much greater media exposure and increased sponsorship, which will allow a television campaign to be run in November 1988.

There have been new sculpture acquisitions. An embroidery exhibition is currently running and in later months there will be further special exhibitions. I think that the Japanese flowering cherry tree plantings will attract quite a bit of attention and there will be a lot more promotion of public functions, weddings, dinners, garden parties, and so on, so a very systematic effort is being made by the Carrick Hill Board and the Director, both to lift attendances and to lift income, which should show dividends in the second half of this financial year.

Ms GAYLER: In relation to the community arts area, and particularly referring to my own area of the northern suburbs and Tea Tree Gully, I believe that a task force has just been established to look at the feasibility of a community recreation and arts centre, which will be located in the Golden Grove area but will serve the region of about 100 000 people. That would be a facility shared with the three secondary schools complex that is under way. I believe that the Department of Recreation and Sport will be represented on that task force. Will the Department for the Arts be involved and will it follow through on the arts side of that envisaged facility?

The Hon. J.C. Bannon: While there is quite a bit of support for various community arts projects, in terms of both capital facilities assistance and programs (and capital grants of about \$200 000 are recommended under various programs for this year), there is no allocation to this particular project. In fact, my officers are not aware of this project. I imagine that, as it is driven by recreation and sport, it has been more directly involved in the recreational/sporting type programs (rather like the YMCA, and so on) in conjunction with the school. We are not aware of the cultural component, but we would be happy to investigate that.

Ms GAYLER: In relation to page 30 of the Estimates, what is the overall outcome of the 1988 Adelaide festival in terms of attendances, revenue, and so on?

The Hon. J.C. Bannon: I think it is fair to say that the festival, which was the fifteenth, was the largest and most ambitious ever staged in Australia. As it was a special bicentenary festival, that meant that there was added support and focus on it. It was really the big arts event of the bicentennial year and it therefore got special commitments not just from State and local government but also from some foreign Governments which were prepared to support particular acts or performances from their countries. The festival registered a record number of attendances through the door. This includes the outdoors program, which attracted nearly 200 000 people, and about 787 000 people are estimated to have participated in performing arts, exhibitions, writers' week, and so on. Many others would be involved in other aspects of the festival and would have been touched by the activity in and around the city.

In relation to statistics for other aspects, there were 446 performances of 85 performing arts events involving nearly 1 500 performers, so a lot of people were involved in entertaining the 787 000 people. There were 38 visual arts exhibitions, 194 speakers or participants in writers' and artists' week forums, 77 youth program performances and 262 outdoor performances. Most pleasingly, the financial result of the festival was a surplus of \$209 000. That will be particularly useful, because we have to recognise that, after 1986 and 1988, when there was a special focus and a special funding on both occasions because of the significance of those years, obviously 1990 will be a harder act to put on in the sense of what it has to follow, but I think that it will still be a very successful festival. Sponsorship is already looking good and that service provides a good spring board for a little more risk taking than otherwise might be the case in terms of the program that will be mounted by Mr Cliff Hocking.

Ms GAYLER: Page 48 of the Program Estimates refers to the progress with the Port Dock Station Railway Museum, which is one of the State's major bicentennial commemorative projects. Can the Premier outline what the Government's role has been in that project?

The Hon. J.C. Bannon: It was a difficult thing to choose appropriate projects for the bicentenary. We were helped by the fact that some projects had missed out in the Jubilee year. The reason we have undertaken the program is that the Federal Government has provided quite significant funding assistance. As a result, we have the two regional projects, one at Goolwa and one at Port Augusta; and the two urban ones, the Botanic Gardens conservatory and this railway museum.

The need for this museum simply for storage and other purposes, has been identified for a long time but what it will do by its location is contribute significantly to the Port Adelaide redevelopment and tie in well with the Maritime Museum and other attractions there. It is one of the best collections of locomotives and rolling stock in Australia and on its former site, of course, it was a hopeless job to keep the rolling stock in good condition through painting, protecting it from weather, and so on. It was rather like having a Sydney Harbour Bridge at Mile End. Now the equipment will be properly housed and the very many volunteers involved in this museum will be free to do more than just routine maintenance. It is a volunteer run museum and was open two days a month under the previous arrangement. It will now be open five days a week and will also be able to employ paid staff.

The Government's role has been one of enabling it to happen. The History Trust has managed the relocation and establishment but will not handle the day-to-day operation, and the funds employed in it are \$1.97 million. I think you

can already see it taking shape down at the Port. I am informed that the opening date is 10 December. There is a lot more information about it but I think it will be quite an exciting adjunct to the Port tourist attractions.

The Hon. B.C. EASTICK: How far advanced are the Regional Cultural Council and the Near City Central Regional Cultural Authority; and, have any personnel already been appointed who are they?

The Hon. J.C. Bannon: The trusts are in the process of forming at the moment. Members of the trust have to be elected at annual general meetings and the dates for those meetings have all been set down. The South-East meeting has already been held, although I am not sure that I have seen the recommendations and one will be held in the Riverland on 21 September. Those meeting will elect nominees for vacant trustee positions which will require ministerial approval, involving the South-East, Riverland, Northern and Eyre Peninsula. Once those appointments are made, each regional body will be set up. We are looking at October/November for that establishment. They will be legal entities; Crown Law is currently preparing the articles of association for the Regional Cultural Council and they can pick up their responsibilities.

There will be advisory committees in each region which will advise the regional trust and the central authority on arts activities. Various forms of membership are open to people, and the membership numbers are building. The best response so far, interestingly, has been from the Riverland, where over 800 members have already joined. In other regions, the response is much less, but they are currently moving. I think the Riverland had a head start and they were certainly very enthusiastic about this whole coordinated concept. So, I think it is fair to say that it is going well but, until the trusts themselves and the Regional Cultural Council are fully constituted, we will not know how successful it has been. I have just been advised by Mr Bailey that legislation relating to these changes will shortly be before Parliament for consideration.

The Hon. B.C. EASTICK: Page 245 of the Auditor-General's Report shows a cut in the full-time equivalent staff at the Adelaide Festival Centre from 188 to 181 in the period 1 July 1987 to 30 June 1988. However, page 240 of the same report shows that salaries and wages for theatre operations amounted to \$3.05 million compared with \$2.65 million in 1986-87, which is a 15 per cent increase at the same time as a staff decrease. Salaries and wages for administration, marketing and programming amounted to \$1.73 million, up from \$1.51 million in 1986-87, which is again an increase of about 15 per cent. Is it possible to explain this apparent discrepancy?

The Hon. J.C. Bannon: I would not place too much weight on the actual figures because they are as at a date. They do not represent average employment throughout the year; it would depend on vacancies and special recruitment at any one time. The trust has contracted out its catering services, so that has resulted in a reduction in staff. The trust's annual report is not yet available, but it will show average employment figures.

In analysing the Adelaide Festival Centre Trust's performance, it is not easy to relate the expenditure of Government grants to the actual operations expenditure of the trust because it is increasingly involved in entrepreneurial and management activity, which is funded from its entrepreneurial fund. Some of those costs and the staff employed on them are interchangeable. In that context, it is worth referring to an article that appeared in the *Advertiser* the other day to the effect that the Festival Centre Trust lost \$1 million following an unprecedented number of box office

flops after the 1988 Adelaide Festival. It is true that there was a deficit on operations of \$1 million—an accounting loss—but, when it is analysed, the impression given by the article is wrong in that most of that involved provisions for long service leave, depreciation on plant and equipment, and so on.

The cash deficit on programming activities, which is what the \$1 million flop headline related to, was about \$318 000. That is a fairly significant amount in itself but, against the general entrepreneurial activity and revenue, it is not a result that is alarming in any way. The trust made very large sums of money on *Cats* and *Les Miserables*. It will make more on *Cats* with the Adelaide production. Although the results are not available, I understand that *My Fair Lady* has contributed substantially to the trust's earnings for this financial year because it has been very successful. It is in the nature of entrepreneurial activity in theatre that losses and gains are made. Some shows lose money, others make money. Overall, the development fund and its purpose has been fully justified and it has generated significant surpluses which, allied with the trust's catering, box office and parking operations, has given the trust a lot more scope to keep its venues active. The more dark nights, the more money lost through lost time.

The Hon. B.C. EASTICK: The Auditor-General's Report (page 33) indicates that Sacon estimated the cost of the redevelopment of the Festival Centre Plaza at \$10.7 million. What is the expected cost of that redevelopment?

The Hon. J.C. Bannon: I am not sure what dollars it is expressed in but, if it is in 1987 terms, the \$10.7 million is still a valid figure as there have been no significant variations. The work is on schedule and within the revised total cost. The timetable has been geared to ensure that all the work is completed by December 1989. Even allowing for some slippage, it is well in advance of the 1990 festival. By the time of the next festival, the whole development should be completed. There have been some problems. It is a complicated operation and it is made more difficult by having to schedule work around programming for functions and activities in the Festival Centre. One cannot clear the site and get on with it.

Given those constraints, the trust is confident that all the objectives will be met. The end result of that expenditure will not only be what one would hope is an extremely structurally sound and effective plaza area but certainly a much aesthetically improved area, and the integration with the casino and Hyatt complex will enhance the overall development.

The Hon. B.C. EASTICK: The Premier said that he hoped it would be successful. What requirement is written into the contract to ensure ongoing servicing of the redevelopment compared with the previous arrangement which saw no benefit of repair after the initial three months?

The Hon. J.C. Bannon: I hope that we have learned something from that experience. Certainly, techniques have improved since the original construction. Sacon is acting as the project manager and is looking in fine detail at each piece of work done by the contractor, that it is properly recorded, and so on. As to the previous construction, there was some possibility of litigation, but these things are complex, especially a project of this scale and novelty that had not been seen or tried in Australia before.

Despite the problems that have arisen, we can be sure that this upgrading will last a long time. As part of the redevelopment, the integrity of the Hajek sculpture is being preserved but put into what many would argue is a much more sympathetic environment than is the case at present. That will be put to the test when Chancellor Khol visits

Adelaide because Mr Hajek will be a member of that party and they have asked to view the Hajek sculpture. Although they will get a shock at the hoardings and the work being done on the plaza, I hope they will get a reasonable view from the Hyatt Hotel. That view is quite extraordinary.

Mr RANN: What programs are being undertaken by the regional cultural trusts to decrease their reliance on Government subsidies?

The Hon. J.C. Bannon: When the member for Light asked about sponsorship I said that there were some difficulties in that area. However, that has not prevented them from attempting to raise revenue in an enterprising way. Let me give some examples. The local cinema closed at Mount Gambier and the South-East Cultural Trust took the opportunity to show first release films at the theatre. This has not cut across the arts programs that were scheduled and, in fact, has taken up dark nights. That has been marvelously successful. That has attracted an audience of some 20 000 people and the trust made a profit of about \$15 000 in the first year of its operation. That has been a useful adjunct to its activities.

A similar closure of a cinema took place at Renmark which, I might add, was not prompted by the trust. So, the Riverland Cultural Trust will now make its venue available for these film screenings. It gives an opportunity for the screening of not just popular first release films but also for art films and general film culture, which is a good thing. Also, it makes some money. The Northern Cultural Trust was provided with a special capital allocation of \$190 000 to develop a bistro restaurant and theatre bars within the centre, and it is already anticipated that after the repayment of the advance the trust will be earning something like \$30 000 per annum from restaurant and bar profits. Members can see that with a bit of ingenuity these centres, which are magnificently appointed and very attractive places, can generate other forms of revenue.

Mr RANN: What is the extent of Government funding for theatre in South Australia? What actions were taken by the Government following the closure of the Troupe Theatre in Unley?

The Hon. J.C. Bannon: The winding down or closure of a company is greeted with alarm or dismay which, I think, is a fairly unhealthy attitude because it is of the nature of artistic activity that companies come and go. We received enormous value for many years from the Stage Company and Troupe, which have recently either closed or changed their operations, but probably their time had come anyway. One hopes that new enterprises will emerge from that.

I dispute the fallacy that is peddled, that that occurs because Government funding has been cut back. Funding to all forms of theatre has increased significantly in the life of this Government. It is certainly true that it has been spread in new directions, but one focuses on the Troupe Theatre Company and the Stage Company forgetting that a number of companies—Vitalstatistix, Doppio Teatro, Mainstreet and Red Shed—which were started during the term of this Government gained increased strength through 1987. Red Shed is now forming an amalgamation with Troupe to pick up its activities. I understand that that is proving a very successful amalgam. Youth theatre has experienced a significant funding increase—47 per cent in real terms—through Carlew and nine youth theatre companies. The Dance Theatre has been strongly supported.

There have been a number of project grants to performing arts theatres. Theatre 62 has a season of Norman Conquests which will launch the theatre in its new and upgraded form, and this is being supported by the Government. Big Ensemble Productions is putting on a production under a project

grant from the Government, and a couple of the companies I have already mentioned are attracting projects grants as well. Therefore, there is a funding package for theatre which can be developed and which will ensure a balance of theatre activity between community, fully professional and so on—because I have not mentioned that in the context of the State Theatre Company. I certainly agree with the somewhat angry criticism voiced during an interview with Mr Don Barker, a well-known and highly respected Adelaide actor. I think the phrase was that, 'Unless it is at the State Theatre Company, you cannot work professionally in Adelaide theatre.' That is just not true. There are other opportunities and I hope that there will be more but they cannot rely purely on Government funding they have to be supported by the box office and sponsorship.

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

Works and Services—Department for the Arts, \$1 210 000

Chairman:

Mr D.M. Ferguson

Members:

The Hon. B.C. Eastick
Ms D.L. Gayler
Mr K.C. Hamilton
Mr J.W. Olsen
Mr J.K.G. Oswald
Mr M.D. Rann

Witness:

The Hon. J.C. Bannon, Minister for the Arts.

Departmental Advisers:

Mr K.B. Lloyd, Chief Finance Officer. Department for the Arts.
Mr P. Bailey, Manager, Resources.
Mr L.L. Amadio, Director.
Mr S.P. Saffell, Finance Officer.

Mr OLSEN: I note that there is no provision in this financial year for spending on the Living Arts Centre. Will the Premier indicate to the Committee where are the detailed proposals initiated by the Department for the Arts for the development of the Living Arts Centre which were prepared in 1987-88 and referred to in the Program Estimates (page 44)? When is it intended that the Living Arts Centre will proceed?

The Hon. J.C. Bannon: The Government has yet another commercial proposition before it at the moment; at this stage, I can only say that it is attempting to assess the brief which involves the provision of facilities for the various groups that have an interest in the Living Arts Centre, and the adequate workshop and retail facilities for the Jam Factory. They are the top priorities of this whole project. We would hope that with the site that has been assembled we will get a commercial proposition out of it.

It has been a very frustrating exercise indeed. However, while there certainly have been inconveniences and problems in forward planning, particularly in relation to the Jam Factory, in fact the groups that currently occupy the Living Arts Centre have had a tremendous go in the interim period, because they have been able to occupy what is essentially prime inner city space at very low rental. The Government has undertaken quite substantial refurbishment of the Old Lion building which allowed the Fringe to operate successfully through a number of festivals.

We have certainly demonstrated the viability and appropriateness of the site. The issue is trying to find a decent commercial input to ensure that it is not a drain on the Government. That is why we have not made any specific provision for it in the budget. We still hope that we will get a commercial proposal up.

Mr OLSEN: I remember that in the Estimates Committees last year the Premier indicated that it was just around the corner. Can the Premier indicate some sort of time-frame?

The Hon. J.C. Bannon: We have had two false alarms in the period between the last Estimates Committees and now.

I am talking about the next three months. Certainly it was urgent last year and it is even more urgent this year, particularly in respect of the problems of the Jam Factory.

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

ADJOURNMENT

At 10 p.m. the Committee adjourned until Wednesday 14 September at 11 a.m.