

## HOUSE OF ASSEMBLY

Tuesday 12 September 1989

## ESTIMATES COMMITTEE A

**Chairman:**

The Hon. G.F. Keneally

**Members:**

Mr S.J. Baker  
 The Hon. Jennifer Cashmore  
 Ms D.L. Gayler  
 Mr K.C. Hamilton  
 Mr J.W. Olsen  
 Mr M.D. Rann

*The Committee met at 11 a.m.*

**The CHAIRMAN:** Before declaring the proposed payments open for examination, I bring to the attention of members that it is my intention to follow the procedures that have been adopted in previous years: the Committee will be relatively informal. Changes in the composition of the Committee will be notified to the Committee as they occur. If the Minister undertakes to supply information at a later date, that information must be in a form suitable for insertion in *Hansard*. Two copies must be submitted no later than Friday 29 September 1989 to the Clerk of the House of Assembly.

I propose to allow the lead speaker for the Opposition and the Premier to make an opening statement of 10 to 15 minutes if they so wish. A flexible approach will be taken to the call for questions based on the principle of three questions per member, alternating from both sides of the Chair. Members may also ask a brief supplementary question to conclude a line of questioning before the next member asks questions. The purpose is to give all members the opportunity to ask questions or to seek information. Subject to the convenience of the Committee, a member who is outside the Committee and who decides to ask a question will be permitted to do so once the line of questioning on the item has been exhausted by the Committee: an indication in advance to the Chairman will be necessary.

Questions must be based on lines of expenditure as revealed in the Estimates of Payments. However, reference may be made to other documents, such as the Programs Estimates or the Auditor-General's Report, as long as that reference is relevant to the hearings. Questions are to be directed to the Minister and not to his advisers; the Minister may refer questions to advisers for a response. If there are no questions on that procedure, it will be used as a basis for each day's hearings both here and in another place until examination of the Estimates has been completed.

Legislative Council \$1 818 000

**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/Secretary Joint Parliamentary Service Committee.

Mr H.F. Coxon, Parliamentary Librarian.  
 Mr K.R. Simms, Leader, *Hansard*.  
 Mr T.J. Temay, Catering Manager.

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to page 14 of the Estimates of Payments and page 18 of the Program Estimates. Does the Leader wish to make an opening statement?

**Mr OLSEN:** I do not want to prolong the proceedings of the Estimates Committee with a statement. I would like to make one or two brief remarks but I certainly will not take the 10 or 15 minutes which is available to me.

I would like to make a short introductory statement about the conduct of the Estimates Committees by referring to two notes which a Minister has arranged to have circulated to his senior officers. The first note originated from the office of the Minister of Agriculture to the Director-General of his department. In that note, the Director General was asked to arrange the preparation of 10 Dorothy Dix questions 'for pre-emptive purposes' for these Estimates Committees. The second note is from the Director, Policy and Planning, in the department, Ms Bunning, transmitting the Minister's request to another officer in the department. In repeating the request for Dorothy Dix questions, the note from Ms Bunning also asks for the answers, as well as the questions, to be provided. She adds, 'All suggestions welcome.'

Last year, the Opposition had reason to complain about the practice of some Ministers giving long answers to Dorothy Dix questions from Government Ministers in attempt to prevent the Opposition's seeking information through these Committees. In the Estimates Committee that examined the Premier's allocation there were requests for information about Government employment and borrowing which was already available in the budget papers. These notes suggest that this practice will continue this year. They indicate that Ministers will read out prepared answers to prepared Dorothy Dix questions. This would amount to a blatant abuse of the parliamentary process. This is not the way in which the Estimates Committees were intended to operate.

**Mr RANN:** Yours are all off the cuff, are they?

**Mr OLSEN:** Does the honourable member want to have a look at the memos; I have them here?

**The CHAIRMAN:** Order! The Leader of the Opposition should be allowed to make his opening remarks without interjection. The Premier will be given the opportunity to respond without interjections.

**Mr OLSEN:** I can understand the sensitivity of the member for Briggs. He probably has his Dorothy Dix questions in front of him already. These Committees are supposed to be an opportunity for members to seek detailed information about the outcomes of individual items of Government expenditure last financial year and proposed spending and departmental priorities and programs this financial year. In raising this matter and revealing the notes, which one Minister has arranged to circulate in an attempt to thwart these Committees, I seek an immediate assurance from the Premier that this Committee today will not follow this practice and that he will give an immediate instruction to all Ministers that they should not proceed in that manner.

**The Hon. J.C. Bannon:** I cannot answer for the practice to which the Leader of the Opposition is referring relating to the Minister of Agriculture, I think it was, but it is true that members of Committees advise Ministers from time to time of things that they are interested in and are likely to ask questions about. It is a common practice. I should be delighted if the Opposition would take it up. Far from

thwarting the purposes of the Committee, I would say that it would aid the Committee. If the Leader of the Opposition was prepared to circulate his questions, I am sure that we could considerably cut the time taken by this Committee. I would welcome and suggest that in future he might seriously consider that.

As to the way in which this Committee will be conducted, I am happy to try to keep answers short. I understood the Leader of the Opposition to say that questions should not be allowed if they are already somewhere in these books. In other words, he quoted examples where he claimed that, because the answers were contained in these documents, questions should not have been asked. That would rule out of order about 95 per cent of the questions that the Opposition would ask today. Be that as it may, I am happy to deal with them as they come. However, there should not be any attempt to muzzle Government members, which is clearly what the Leader of the Opposition is on about. They have their rights, too. They have their interests and constituents. I would hope and encourage my colleagues to ask questions appropriately and they will be answered.

**The CHAIRMAN:** There is no doubt from the Chair that every member will be given the opportunity to seek information that is within the capacity of the Minister at the table to provide.

**Ms GAYLER:** My question relates to the Legislative Council line, 'Purchase of office machines and equipment,' and to the House of Assembly line, 'Purchase of office machines and equipment.' Is it the case that the Legislative Council and House of Assembly word processing systems are not compatible? I have been advised that this is the case. In a recent example, the Soil Conservation and Land Care Bill, because of the incompatibility of those two word processing systems, amendments passed in the Legislative Council had to be translated separately onto the House of Assembly word processing system and an extra eight hours or so of work was involved in that translation. If that is the case, is there some way that the systems can speedily be made compatible so that the Legislature as a whole is as efficient as possible?

**The Hon. J.C. Bannon:** I am not aware of the details. I was aware that there was some incompatibility between the two systems, and I guess that creates some extra work. The Clerk may be able to comment.

**Mr Mitchell:** There is incompatibility between the word processing systems that the Council and the Assembly use, and there is incompatibility with that used by Parliamentary Counsel as well. Duplication sometimes occurs and triplification, if that is the right word, is also a problem in relation to amendments. I am not sure what the difference is between the Houses. Obviously it requires cooperation and a willingness to purchase the same systems, which, regrettably, has not been an interest in the past. We have had discussions with Parliamentary Counsel, and some money has been provided this year for the purchase of a modem with which, with an appropriate software package, we hope we will be able to avoid any duplication of amendments drawn up by Parliamentary Counsel and then used in the Assembly. I am not sure whether or not that will assist the Council.

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

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House of Assembly, \$3 575 000.

**Mr OLSEN:** The Speaker recently distributed in the Assembly a publication entitled 'Parliament House Ade-

laide: A Conservation Study', prepared by a firm of architects. Can the Premier provide the Committee with information about the cost of the study?

**Mr Mitchell:** I cannot answer how much the study cost because that was done for the Minister of Housing and Construction or the Minister of Public Works—I am not sure about the portfolio. The cost to the Assembly was merely for photocopying the publication.

**The Hon. J.C. Bannon:** I imagine that this was in conjunction with the general restoration and assessment of heritage buildings owned by the Government that the Department of Housing and Construction carries out.

**Mr S.J. BAKER:** I refer to the problem of printing *Hansard* and Bills and all the other paraphernalia that goes with Parliament. According to the estimates for the Council and Assembly, \$651 000 is proposed for the Legislative Council line and \$1.181 million for the House of Assembly line for printing parliamentary Bills, Acts and regulations. We also have a publications issued to members line of \$193 000 for The House of Assembly, and \$53 000 for the Legislative Council. Questions have been asked over the past seven years that I have been a member of this Parliament about more effective and efficient ways of producing parliamentary publications—mainly *Hansard*. The costs are considerable, but I do not believe all the costs have been shown here.

My first question is: what is the total cost of printing *Hansard* and when are we going to get a more efficient and effective system in this Parliament? I know that with modern machinery it is possible to have a desk top publishing service within Parliament which can have a turnaround much faster than today's system. Some of our *Hansard* volumes do not arrive until about two weeks after the sitting of Parliament. What is the total cost of the current arrangement with the Government Printer, and is the service to be contracted out to make it more efficient and effective or will there be a move towards desk top publishing in Parliament?

**The CHAIRMAN:** I will allow the question under this line but point out that Joint Services Division does cover the printing and publication of *Hansard*.

**The Hon. J.C. Bannon:** The amount involved in the printing and publication of *Hansard* is under the Joint Services Division line on page 16, which we have not got to yet. However, there has been considerable examination over the past three years of how we can reduce the cost of printing. Members will recall an example, which is that, instead of reprinting a full Notice Paper with the list of Questions On Notice day after day, a consolidated list is published and what the honourable member would call a desk top version is available to members. This has reduced the cost to members quite considerably, reducing the size and therefore the materials and labour necessary to produce the Notice Paper. That is one example of a number of things that have been set in train. Whether we can ever replace the printing of *Hansard*, bearing in mind the requirement for copies for circulation, binding and parliamentary papers and so on, I do not know. There could certainly be more economies in this area and they are under examination.

**The CHAIRMAN:** We will deal with questions on *Hansard* now.

**Mr Mitchell:** *Hansard* printing and publishing last year amounted to \$1 239 592; this year \$1.313 million has been allocated. The printing of parliamentary papers is an ongoing problem involving several inefficiencies. Our difficulty is that, because there are two Houses, both Houses must

agree on any changes. We in the House of Assembly cannot arrange for efficiencies in the cost of printing if they are not agreed to by the Legislative Council. Any papers that are printed are printed for both Houses, thus the agreement of the two Houses to any changes in printing arrangements, which are fairly longstanding, is required.

In December last year I suggested to the Joint Parliamentary Service Committee that it consider the whole question of printing and recommended that a committee of members of both Houses be set up. That, unfortunately, has stalled at the moment. I understand that members of the House of Assembly have been nominated but members of the Legislative Council have not yet been nominated. Without the cooperation of both Houses, any reform is not possible and it is not in my hands to make any changes in that regard.

**Ms GAYLER:** Is waste paper from the two Houses of Parliament recycled? Each of the divisions of Parliament produce enormous amounts of paper every year in the form of Bills, amendments, amendments to amendments, *Hansard* pulls and final versions of *Hansard*. A large volume of high quality paper is consumed and I believe ditched from this Parliament. It is important that each division of the Parliament cooperate in a process of recycling waste paper.

**Mr Mitchell:** The answer is 'Yes' and 'No'. Cellulose Australia has been collecting all our waste paper for recycling. It has now advised that it will no longer do that, so we have to make arrangements about future disposal of waste paper for recycling.

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

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Parliamentary Public Accounts Committee, \$227 000—  
Examination declared completed.

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Parliamentary Standing Committee on Public Works,  
\$109 000

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to page 15 in the Estimates of Payments and page 18 of the Program Estimates.

**The Hon. JENNIFER CASHMORE:** Last year the allocation for salaries for this committee was \$77 000, with actual spending just over \$132 000. What is the reason for the increase?

**The Hon. J.C. Bannon:** This committee is administered under the Minister of Public Works and the details of the expenditure would obviously be held by that Minister. I understand that that involved salary changes resulting from the retirement of the longstanding Secretary of the Committee, Mr Hourigan. Presumably there were termination leave payments.

**The Hon. JENNIFER CASHMORE:** I take it that the Premier is saying that further questions should be directed to the Minister of Public Works. The allocation appears under the Premier's lines.

**The Hon. J.C. Bannon:** I will advise the Minister that I referred these questions to him and I will ensure that he is briefed for these.

**The Hon. JENNIFER CASHMORE:** Alternatively, will the Premier undertake to provide a written reply before the House resumes?

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

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

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Joint Parliamentary Service, \$4 184 000

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

**Mr S.J. BAKER:** I understand there are difficulties with the recruitment of *Hansard* reporters, and that a number of vacancies exist at the moment?

**Mr Simms:** *Hansard* does not have a vacancy at present, but one reporter is away on maternity leave and another is away on extended sick leave. It is certainly difficult to recruit replacements with sufficient experience to report in this environment. Earlier this year, *Hansard* was successful in recruiting a reporter from the House of Commons at Westminster, and that was considered to be a real coup. We were the envy of other *Hansard* staffs around Australia. Unfortunately, not too many reporters from Westminster want to come to Australia.

**Ms GAYLER:** I understand there has been an increase in the price of members' services. In view of the media's interest in services available to members of Parliament, will the advisers confirm that there has been a recent 10 per cent price increase, somewhat above the 7 per cent inflation.

**The CHAIRMAN:** I remind members to direct their questions to the Premier and he will, if he desires, refer them to the adviser.

**The Hon. J.C. Bannon:** I understand that is the case—10 per cent.

**The Hon. JENNIFER CASHMORE:** I note that the proposed payment for the Parliamentary Library does not keep pace with inflation, nor was that the case in the previous year. Bearing in mind that the cost of books and serials far outpaces the rise of inflation, where are cut-backs occurring in the acquisition of books and serials and other library services? Is there any intention to diminish the number of staff? It appears there is certainly no intention to increase the level of staff to meet members' demands for services?

**Mr Coxon:** As the member for Coles said, the cost of books and, even more so, journals has far outstripped the rate of inflation. This has been a major problem. It has been raised with Treasury over a number of years, but we have not been terribly successful in gaining additional funds to maintain the purchasing power of the Library. As to another of the questions raised, I would say that largely the cuts have probably been in the area of books rather than serials, that, in order to maintain serial subscriptions, books have borne the major brunt of the reduction in purchases. In fact, I think the total number of monographs bought in the last year was only some 172—which is a remarkably low number. It just shows the sort of impact over the years that the type of steady State funding has had in the Library when, as the member says, the inflation rate for materials has been so great.

As regards the question of transferring some of the staff resources to material resources, I think one of the things that has to be borne in mind is that books and journals are not necessarily the only form of information which the Library uses and which members are requesting. One of the other growth areas has been on-line information systems, and this has also impacted quite considerably on the Library's budget. As to whether or not there will be any intention of shifting resources from staff to materials, that matter has not really been considered. I certainly have not

seen the two as being in competition with one another. The Library is a service organisation, and the staff resources and the services provided by staff are probably now the major component of the Library services. As to the other resources, involving the serials and the monographs, we have to consider accessing them in a variety of ways; in other words, using the resources of other libraries, getting materials from other libraries, using inter-library loans more frequently, and using the facsimile network with other Parliamentary Libraries.

**The Hon. JENNIFER CASHMORE:** There is the matter of delays for members who might be seeking information urgently.

**Mr Coxon:** That is certainly one of the problems; that is one of the costs in that there would be a reduction in the time frame that some people have been used to. However, as I say, the technologies are changing all the time. On-line systems are amazingly fast. They can access a whole range of information, which was never available to the Library before. The facsimile network, which the Commonwealth Parliamentary Library originally paid for a few years ago, has opened up the resources of all the other Parliamentary Libraries to within 10 minutes or so. So, there is a sort of balancing there, I think.

**The Hon. J.C. Bannon:** The development of the inter-library loan system, the fax network, and so on, has vastly increased the accessibility to material from our Parliamentary Library and has reduced the time within which one can obtain it. It is a very efficient way of spending public money. I would have thought that it would be commended by members.

**The Hon. JENNIFER CASHMORE:** Some 172 monographs is not much for a Parliamentary Library in one year.

**The Hon. J.C. Bannon:** We have access to thousands very rapidly.

**Mr HAMILTON:** I understand that, in relation to dissemination of information within electorates, members are required, under the Libraries Act, to provide copies of any such information to the State Library and also to the Parliamentary Library. Is this being complied with by members of Parliament? In what way is this being vetted by the Parliamentary Library? Are there penalties for non-compliance?

**Mr Coxon:** This question of legal deposit, relating to section 35 of the Libraries Act, is an interesting one. The Parliamentary Library is really only a very small organisation. The resources that we can put in to claiming materials or searching out publishers of materials in South Australia are really very limited. In fact, most of the things that we get under legal deposit come to us without any initiative on our part. Some members of Parliament certainly produce electorate newsletters and deposit them with the Library, while other people might be doing so which we do not know about. Perhaps I can take this opportunity to ask members to ensure that they deposit such things with the Parliamentary Library. For people who do not comply with the legislation, the fine is \$1 000.

**Ms GAYLER:** I refer to the posting of letters from Parliament House. Unlike Federal Lower House members, who I understand are now to receive a postage allowance of something like \$30 000 per annum, House of Assembly members in South Australia receive \$1 050 per quarter for postage. The new system introduced recently enables members to post direct at Australia Post offices. I had an experience last week of wanting to post one letter from Parliament House. Because I did not have a stamp with me, it was not possible to post one letter from Parliament House. Is it possible for some arrangement to be made—a petty cash

facility—to enable members, in the long hours on sitting days, to communicate with the outside world?

**The CHAIRMAN:** That matter should have been addressed under the Legislative Council and House of Assembly lines. However, because it is a matter of extreme interest to all members, I am happy to allow the question.

**Mr Mitchell:** Under the new arrangements, members are entitled to an allocation of postage stamps as part of the pro rata payment. I do not see a problem with that if members carry some of those stamps with them.

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

State Governor's Establishment, \$718 000

**Chairman:**

The Hon. G.F. Keneally

**Members:**

Mr S.J. Baker  
The Hon. Jennifer Cashmore  
Mr K.C. Hamilton  
Ms D.L. Gayler  
Mr J.W. Olsen  
Mr M.D. Rann

**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 T. Kent, Finance Officer.

Mr G. Foreman, Director, Cabinet Office.

Mr E. Kageler, Chief Administrative Officer.

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

**The Hon. J.C. Bannon:** I would like to make a brief statement by way of introduction which will hopefully make the examination of the estimates for the Department of the Premier and Cabinet flow a little easier. Honourable members may have noticed from the program papers that this year a number of changes have been made to the department's program structure. Last year the department's activities were allocated across 13 programs plus support services. A comprehensive review of this structure was undertaken earlier this year and this will result in the number of programs being reduced from 13 to eight plus support services. This change has been prompted by a need to more closely align programs with areas of management responsibility in the department. The change will also mean that further savings can be made in processing charges paid to the State Computing Centre.

As members would be aware, the activities of the department cover a wide spectrum and hence programs across Government and the department's Annual Report, together with the Program Estimates budget papers, give a comprehensive account of these activities. Because 1989-90 is a year of transition to the new program structure members will note that, in accordance with accepted Treasury accounting principles, this has involved an increase in the number of programs this year. When the estimates for the department are presented next year the new program structure will be in place. Whilst the changes are fully documented by way of footnotes in the Estimates of Payments (Financial Paper No. 3) and in the Program Estimates

descriptions, for the benefit of members I will briefly summarise the changes:

The Heritage Conservation Program, which identified certain costs associated with Ayers House, now are consolidated with other costs associated with Ayers House under the Minister of Housing and Construction—SACON's program 12. The department will still have an involvement with Ayers House however, through Mr Eric Kegeler's chairing of the Ayers House Management Committee. The following three programs will be absorbed into other programs as in all cases they involved small amounts of expenditure:

Government Awards to Citizens of South Australia—to Inter-government Relations.

Administrative Support to the Governor—to Support Services.

Provision of Budgetary and Economic Advice—to Support to Executive Council and Cabinet.

The previous program, provision of Advisory Services to Government Agencies, has been split into its two component parts; one part forming the new program Inter-government Relations, the other being absorbed into a retitled program, Promotion, Visits and Hospitality.

1989-90 will be the last year that the program dealing with the Australian Bicentenary will appear.

I trust that this explanation will assist members in the Committee's examination of the estimates of the department.

**Mr S.J. BAKER:** According to information provided to the Estimates Committee last year by the Premier, the next changeover for the Governor's Rolls Royce should be due about now. The Premier said that this would be an opportunity to decide whether or not to replace the existing vehicle with the same vehicle at no cost, or whether to look at the possibility of selling the Rolls Royce and buying another vehicle. What decision has the Government made?

**The Hon. J.C. Bannon:** As I think I outlined to the Committee last year, we have a longstanding agreement, going back to the early 1960s, which effectively gives the Government the opportunity to replace the Governor's vehicle at no cost to the Government. The current agreement envisages the next order being placed in November 1990. Incidentally, that agreement requires two years notice if the present arrangements are to be changed. The fact that there is an ongoing cost advantage still makes it a very useful arrangement for the Government. While I believe we should keep our options open, at this stage, my view is that we should probably continue on the current basis. There seems to be no good reason to change the no cost option.

**Mr S.J. BAKER:** So, you will be replacing with another Rolls Royce next year?

**The Hon. J.C. Bannon:** A replacement is due in September this year.

**Mr O'Flaherty:** If we want to re-order, that order must be placed two years in advance.

**Mr RANN:** The Leader of the Opposition mentioned that during last year's Estimates Committee there was a deliberate effort to limit the number of questions asked by members of the Opposition. I have just counted the number of questions asked: the Opposition asked 212 questions while Government members asked 42, whether or not they were Dorothy Dix questions or otherwise. The fact that the Opposition could not land a blow probably says something about the Opposition. Questions have been asked in previous years about the opening of Government House and its gardens to the public. Can the Premier report on any progress made to allow the public to see this unique heritage property?

**The Hon. J.C. Bannon:** There has been an increase, and it is proposed that there will be a further increase, in the number of Government House receptions, which will cover a wide range of organisations and a lot of people in the coming year. Those functions are separately funded from the open days that have been introduced. Garden tours are organised; in fact, this week the Friends of the Botanic Gardens are conducting tours free of charge. It is a pity about the weather because this program was to be launched on Sunday. In autumn and spring, series of these garden tours are undertaken. I am told that, despite the appalling weather yesterday the tour was well patronised and the numbers have been steady, so there is a great deal of interest. That program has been very successful and has strong support from His Excellency.

The other open days are organised through the National Trust: tickets are sold in order to raise funds, and I am advised that this year, cost has been lowered to \$8 per head for adults and \$5.50 for pensioners. BASS will be marketing those tickets. Last year some 700 people took part in those tours, and we are hoping the number will double this year. It is a very good fund raiser for the Trust. The open days will be held on 28 and 29 October. That is the extent of plans in the coming year but I am aware that His Excellency is keeping this matter under review and is keen to encourage greater use. The gardens themselves have been undergoing a major redevelopment and when that is achieved obviously there will be greater opportunity.

**Mr RANN:** I have read media reports about extensive works being done to the grounds. Is this work necessary and are there plans under capital works for improving or upgrading the grounds themselves?

**The Hon. J.C. Bannon:** Yes, in all those cases. In fact, the works have been quite considerable. They have actually involved the removal of some trees which has caused a bit of controversy, and this was done on the advice of the Botanic Gardens. The trees themselves were apparently diseased or in pretty poor condition. Naturally, any tree removed will be replaced and certainly by more than the number of trees being removed. In fact, about 70 of the existing boundary trees require major attention due to age, disease and dropping branches which constitute a risk. (These are the trees that actually about the walls of Government House). So a major replanting program is going on, and I know His Excellency has taken a personal interest in what is removed from where, so that in this period of transition the gardens retain their appearance. An underground automatic sprinkler system is to be installed which will result in saving a considerable amount of water, involving about \$15 000 per annum. The freed up labour cost can be redirected towards improvement and maintenance of the grounds.

As far as the interior of the house is concerned, again that is an ongoing program. Over the years, major expenditure has taken place, including upgrading the kitchen and various parts. There is a five-year rolling program which looks at spending around \$80 000 to \$90 000 in present-day values in each of the next five years with one major expenditure relating to external repairs and painting the main house itself which will be needed in about four or five years time. So, every year something like \$80 000 to \$90 000 is going into the ongoing maintenance and upgrading of Government House. Of course, we must bear in mind that it has the joint function of being used for public ceremonies and as a private residence.

**Mr OLSEN:** I would like to ask five questions not related to specific lines. With the indulgence of the Committee, can

I ask each question as it relates to the appropriate salary line?

**The CHAIRMAN:** We are still dealing with the State Governor's establishment.

**Mr OLSEN:** I think it is appropriate to ask the question now. Can the Premier provide information on the amount of sick leave taken by chief executive officers during the last financial year and, in doing so, indicate how much of that leave was taken on Monday and Fridays and days immediately before and after holiday weekends? Will the Premier provide information on the current salaries of COs, the salary applying at 30 June 1988 and 30 June 1989, and any allowances COs receive in addition to salary? Will he also indicate how many officers are currently employed in the Premier's Department at EO and AO levels? I do not expect that information to be available but could I ask them on notice?

**Ms GAYLER:** I had a remaining question on the State Governor's establishment before we move along to the Premier's line.

**The CHAIRMAN:** We will come back to the State Governor's establishment specifically when the Leader has finished his question. We are not getting away from the State Governor's establishment. I am allowing the questions because they cover the whole of the Premier's area of responsibility.

**Mr OLSEN:** I think I have summarised the question. If I could just leave it on notice for the Premier to reply in due course, that would be appreciated.

**The Hon. J.C. Bannon:** I will certainly seek that information. A lot of the information can be provided now. A major review was conducted on sick leave taken within the department. I am told that, in fact, the average was below the overall average, so we are in a relatively illness-free zone or perhaps a high motivation area.

**The CHAIRMAN:** The Premier will have that information forwarded to the Clerk by 29 September.

**Ms GAYLER:** Is the Premier aware whether the State Governor's establishment follows an equal employment opportunity policy? Recently, House of Assembly members were invited to Government House to present the Address in Reply, and I noticed that all the staff who were at least in front of Government House on duty were men. In particular, I mention the waiters who were on duty. I am interested to know whether the establishment does follow an equal employment opportunity policy.

**The Hon. J.C. Bannon:** Any staff hired at Government House is subject, ultimately, to the Governor's approval, which is quite appropriate. They would comply with the normal public service requirements in relation to the staff offering for employment and usually the Governor would have the assistance of DPIP for his normal staff.

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

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Premier and Cabinet, \$7 556 000

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to pages 18 to 23 of the Estimates of Payments and pages 1 to 21 of the Program Estimates.

**Mr OLSEN:** One of the objectives of the heritage conservation program last financial year was to negotiate new lease arrangements with Ayers House Restaurant. The Premier referred to that in his opening statement. In the past financial year receipts from rental of Ayers House totalled

more than \$218 000 compared with a budget estimate of \$100 000. Will the Premier explain the reason for the increase and why the estimated receipts for this financial year total more than \$90 000 less than for 1988-89.

**The Hon. J.C. Bannon:** That was the amount of the lease. In August last year the lease was transferred to Premier Restaurants. Since the new lessee took over, negotiations have taken place to review the lease, so a substantial review is being undertaken and a new draft lease is being prepared, but it has not yet been finalised. The figures, because they are based on commercial arrangements, are not usually divulged. There is a provision in the lease for an independent valuer to be chosen to set the rent which will be negotiated. The difference between the situation this year and the situation last year is the payment of back rent which was part of the agreement involving the transfer of the lease from the former lessee to the current one.

**Mr OLSEN:** The budget went up to \$218 000 on the basis of the payment of back rent and the income this year is settling down to be the norm?

**The Hon. J.C. Bannon:** Yes, that is correct.

**Mr OLSEN:** The \$90 000 reduction?

**The Hon. J.C. Bannon:** That is being negotiated. We would take the higher rate anyway. It is correct that these were one off payments relating to arrears and interest charges.

**Mr OLSEN:** The arrears came in on the basis of the change between one proprietor and another.

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

**The Hon. JENNIFER CASHMORE:** My questions are on program 3, 'Equal Opportunities for Women' and I refer the Premier to page 8 of the Program Estimates. When the Premier released the 'Women in the Home' report in March he said that he would assess the recommendations and give priority where possible. In the Program Estimates document there is a reference to the progressive implementation of the report and the completion of the report's recommendations. It seems, therefore, that the Government has accepted all the recommendations of the report. Is that so? If it is, what action has been taken? I am particularly interested in the collection of statistics relating to hours spent on unpaid labour in the home, the request to the Federal Government to remove the dependent spouse rebate in favour of a direct payment to home makers and the review of permanent part-time work, particularly in the Public Service. Each of those matters was covered in the recommendations.

**The Hon. J.C. Bannon:** First, there has been no formal acceptance of all recommendations in that report, but obviously matters within that report are being pursued. I shall need to take on notice the specific items mentioned by the honourable member and I will furnish a reply.

**The Hon. JENNIFER CASHMORE:** My next question relates to page 9 of the Program Estimates concerning the South Australian Women's Employment Strategy. In December 1988, Cabinet approved the establishment of the South Australian Women's Employment Strategy. The target areas announced were award restructuring, expanded employment and training opportunities, especially for young women, as well as children's services and support for women re-entering the work force. Can the Premier make available a copy of the review report which led to the establishment of the strategy group and details of the strategy? It is obviously of wide interest to women. Also, who is represented on the group, and what progress has been made in these specifically targeted areas?

**The Hon. J.C. Bannon:** The strategy is managed by a steering committee chaired by the Director-General of the Department of Employment and Technical and Further

Education, including the CEOs of other key departments—the Department of State Development and Technology, the Department of Labour and the Children's Services Office—together with the Women's Adviser to the Premier and the Director of the Working Women's Centre. That committee is supported by a reference group of advisers on equity and women's issues from relevant agencies. I do not have the precise membership of that group. It is a changing group that would include the various women's advisers in different departments. It reports through the Minister of Employment and Further Education to the Economic Committee of Cabinet. It is supported administratively by existing staff of the Women's Adviser's Office, Department of the Premier and Cabinet.

The strategy this year has been supported by a number of programs in the budget: funding to address equity issues for women in industry and award restructuring procedures, \$75 000; child care service planning and the promotion and development of work-related children's services, \$112 000; expansion of New Opportunities for Women courses in skills development and vocational training areas, \$100 000; funding to develop initiatives linking education of girls' programs and the Youth Employment Strategy, \$42 000; and a project to encourage greater participation of women in engineering, \$63 000.

The strategy was developed to reflect and complement the National Women's Employment Strategy, which was endorsed at a meeting of Commonwealth and State Ministers of Labour in November 1988. That strategy has eight goals, and the principle under which it works is: improving women's access to and participation in employment education and training; improving working conditions and arrangements for workers with family responsibilities; improving employment and training opportunities for women as part of industry planning and restructuring; reducing gender segregation in TAFE and higher education, occupations and industries; improving women's access to and participation in consultative and decision-making forums in employment, education and training; improving women's educational health and safety; and promoting pay equity and developing appropriate awards and conditions for especially disadvantaged women.

**The Hon. JENNIFER CASHMORE:** I asked whether we could have a copy of the review report which led to the establishment of the strategy group. The Premier has certainly given details of the strategy.

**The Hon. J.C. Bannon:** I do not think that there is a specific document. There would be a large number of inputs of various kinds that resulted in the development of the strategy. I am not sure that I can provide the honourable member with a document.

**The Hon. JENNIFER CASHMORE:** If there is such a document—

**The Hon. J.C. Bannon:** If there is any further material, the Women's Adviser will supply it.

**Ms GAYLER:** I have asked only two questions on this specific subject of equal opportunities for women. My third question relates to women as small business employers. In the Program Estimates document, one of the specific target objectives is an evaluation of women's roles in the small business sector as employers, employees and self-employed persons. How does the Government intend to evaluate those roles?

**The Hon. J.C. Bannon:** That exercise would be carried out by the Women's Adviser's Office, no doubt using other Public Service expertise such as the Department of State Development and Technology, the Small Business Corporation, and consultation with industry.

**The Hon. JENNIFER CASHMORE:** I should like to make the observation, not related to that question, that the value of the grants to women's organisations listed under this program has decreased year by year. I think that the Premier would acknowledge that a grant of \$3 000 of a total line of \$750 000 for an organisation such as the National Council of Women, which represents at least 180 women's groups, is more than mean and less than minimal. Do these organisations seek increases? Does the Premier intend to index the grants? Finally, why has the Country Women's Association lost its very small grant this year.

**The Hon. J.C. Bannon:** First of all, we have indexed a couple of those grants this year. Some of them are more in the nature of simply indicating support to the various bodies. It is really taken on that basis: they do not expect the grant to be increased to any great extent year by year. It is a token of support. Of course, many programs run by these organisations from time to time get considerable Government support and we think that is probably the best way to go.

The Country Women's Association wrote to the Government at the beginning of the 1988-89 financial year advising that it no longer wished to receive Government funding. The decision reflected a decision by the CWA nationally and by all State branches relating to funding by Governments of all political persuasions. They simply indicated that they preferred to be self-supporting and independent and, in conveying the CWA's decision not to accept its small grant, the South Australian President, Mrs Enid Philbey, thanked the Government for the support the organisation has received in the past. We certainly respect that decision which, in some ways, indicates the nature of these grants.

**Ms GAYLER:** Under the 1989-90 objective of a joint project with the office of the Disability Adviser (page 8 of the Program Estimates), it is proposed to look at building standards and design, and stroller and wheelchair mobility. This was raised by women during consultations for the report 'Women in the Home', as an issue of real importance to women, many of whom are carers for disabled people and are also the pushers of strollers. One woman at a forum said, 'The next person who builds a car park with steps to the lifts should be shot.' What is involved in this project, focusing on building standards and design?

**The Hon. J.C. Bannon:** We certainly do not propose the somewhat drastic solution that was expressed at the forum but this expression was an indication of the frustration that is often felt in these circumstances, and it is not confined to women or women in the home although they would feel it acutely because of the day-to-day activities of home management they have to undertake. The forum found that women with young children felt particularly disadvantaged if they did not drive or have access to a car during the day time. It is a major problem for them; getting around takes a lot of time, and those in the outer suburbs or newer housing developments, where transport infrastructure is not as great, would experience more difficulty. As a result of these concerns, the Women's Adviser's Office is conducting a project this year with the Disability Adviser to the Premier on this whole question of access to try to ensure improved design of shopping centres and city and suburban developments.

Representatives of the Women's Adviser's Office and Women's Information Switchboard have already attended planning seminars to put the views of women in the community, because very often these women do not get the opportunity to express their views, so that in itself is a very useful function. I believe that this project will give substan-

tial impetus to the issue by helping developers and their retail tenants to realise that poor access results in less business and a poor image in the marketplace. A lot of work can be done cheaply at the planning stage as opposed to trying to fix things up later.

**The Hon. JENNIFER CASHMORE:** The Budget and its Impact on Women (page 134) reveals that the Department of the Premier and Cabinet administers the activities of three committees. What are those committees, who are the members and what is the current cost of maintaining them?

**Mr O'Flaherty:** These are internal departmental committees. There is an executive committee, which holds a coordinating meeting once a week, and a personnel committee, which comprises elected staff representatives and management. That accounts for the total membership. There is some duplication of members across those three committees. We can supply further information.

**The Hon. JENNIFER CASHMORE:** The Budget and its Impact on Women (page 43) discloses there are currently 334 boards and committees. Obviously, we do not expect that information here and now but could the Premier provide a list of all those boards and committees?

**The Hon. J.C. Bannon:** I think that this question has been asked on notice previously. I am not sure that there is a consolidated list but I will check.

**The Hon. JENNIFER CASHMORE:** If someone has come up with such a precise number, there should be a list somewhere. Why was the grant for the Working Women's Centre increased by \$18 000 above the budget allocation, and will the Premier say what this money was spent on? There was a slight inflationary increase.

**The Hon. J.C. Bannon:** There was an increase to the base grant to the centre to allow it to maintain its level of operations. We conducted a comprehensive examination of resources available to the Working Women's Centre and its budgetary needs, and this resulted in the base being increased because it was clearly not sufficient to meet the demands being made on the centre. A special consultancy was also established to investigate and develop proposals to improve women's access to secure employment and to improve the transition between work in the home and in the paid work force: \$18 000 was allocated for that. There were two consultancies, one looking at the role of women in various enterprises and the other focusing on regional economic development strategies and work-based child care, so there was an increase, not only in the base but in specific tasks undertaken by the centre in that year.

**Mr HAMILTON:** I note from the Program Estimates (page 8) that it is intended to extend the reach of the Women's Information Switchboard to community groups with particular needs: the Indo-Chinese and Aboriginal communities are referred to. As most members would appreciate, the community in the western suburbs contains a large number of Indo-Chinese people and increasing numbers of Aboriginal people. To what extent have there been discussions with both the Indo-Chinese and Aboriginal communities, and what progress is being made in extending this service into those communities? What response or reception has been received from those communities? I know that the member for Price would also be interested in this line.

**The Hon. J.C. Bannon:** The Women's Information Switchboard has been operating for 10 years, and a major general review is being conducted to see what changes should be made and how the switchboard can be more effective. As a result several changes have been introduced including a change of opening hours, effectively starting earlier and finishing slightly earlier, that is, from 9 a.m. to 9 p.m. seven

days a week. There has been increased publicity for those extended hours.

Priority has been given to a new telephone system, and various performance indicators have been produced. A member of the Indo-Chinese community has been employed on a temporary basis to increase the service's recognition and use by the Indo-Chinese community. It was seen that this one area of great need was not being fully addressed, largely through ignorance of the switchboard's services and their availability. A comprehensive attempt is being made to ensure that the services are fully publicised so that people can feel confident in approaching the switchboard. We will monitor the effectiveness of that approach and, if necessary, the operations of the switchboard can be modified to encourage greater access by those in that community.

**Mr HAMILTON:** The question of Aborigines was a matter arising from within Party circles, as the Premier would be aware, and from concerns about needs in that area and for these people to have opportunities opened up to them, particularly for women, who are experiencing problems. I would welcome further information.

**The Hon. J.C. Bannon:** I will certainly provide further information for the honourable member. We have had problems with a continuity of individuals in these areas. That is being addressed and given priority at the moment.

**Mr HAMILTON:** I refer to Access Cabs. Everyone in the community would agree with the success of this initiative. You, Sir, in your past role as Minister of Transport were involved in that successful program. Will the Premier provide some assessment of the success of the scheme, particularly on improvements for the public of South Australia and on the extension of the program?

**The Hon. J.C. Bannon:** There is no question as to the success of the scheme. It has been enthusiastically taken up. Obviously in the operational phase we have been able to identify ways and means of ensuring that the service can be extended to meet the need. The Disability Adviser to the Premier, Mr Llewellyn, recently received recognition in the SA Great Awards for his effort in establishing this initiative. Other people have been appropriately recognised also for undertaking this initiative.

This year we are expanding the Access subsidised taxi scheme into major country centres which already have existing taxi services. It will be done progressively in Whyalla, Mount Gambier, Murray Bridge, Port Augusta, Port Pirie, Port Lincoln, and the Riverland. Local government and other interested bodies will be approached in each centre to consider performing the brokerage role for the operation of the scheme. We would like to see that fully operational in all centres by July 1991. It will be progressively introduced into those country centres.

The most severely disabled members of the community, who automatically qualify for the scheme because they are confined to a wheelchair, will have their rebates boosted from 50 per cent to 75 per cent. To provide greater flexibility people confined to wheelchairs and undertaking employment-related tertiary education—courses at the universities, CAEs and so on—will be reimbursed the full cost of travel in attending those lectures. That is a recognition by the Government that there are costs and a burden in pursuing tertiary education.

Free travel means that at least we are removing that blockage to access. We are boosting the allocation to the scheme by some \$450 000, and spending \$2.3 million this year. It is a large scheme that serves a considerable need. We will be seeking expressions of interest from people or organisations regarding managing the operations of Access



Cabs, as we would like to see it under a consolidated operational group.

**Mr HAMILTON:** I see perhaps a need for better coordination between STA rail services and Access Cabs. Finally, I am sure my colleague the member for Price would want me to ask a question on the Port Centre project in the western suburbs. The redevelopment of the western suburbs has pleased not only my constituents but also most people in the western suburbs. Will the Premier outline the key outcomes of the Port Centre project? When one looks at not only the Port Centre project but also the submarine contract and many other projects in the western suburbs, it is now apparent that the western suburbs are starting to generate a considerable amount of activity.

**The Hon. J.C. Bannon:** The Port Centre project has now been operating for a considerable time. It has been a remarkably successful exercise and a model for the way these ventures can be carried out—a joint venture between the council and the State Government. We estimate that about \$60 million has been generated in investment in new development—most being in the private sector. The range includes major new retail office facilities, conversion of land for residential use, public housing for nearly 200 families, preservation of heritage, provision of community services and facilities, and the identification and potential for continued revitalisation of private sector investment in waterfront and other developments.

One of the strengths of the project has been the mix of activity. It has been a great reinforcement to the industrial activity taking place on the Peninsula. As a model growth centre, the Port is quite outstanding. It has required that generation of activity from the State-council joint venture to maintain momentum, but it has certainly involved major private sector participation.

Its success in tourism is seen in the number of awards that various Port Centre projects have obtained. In the regional tourism award it picked up two awards under the developments project category and the heritage category. The Maritime Museum has won a number of awards in various areas including bicentenary and national heritage awards commendations and Museum of the Year 1988 and so on. There has been tremendous recognition of that program within the State and nationally.

**Mr S.J. BAKER:** In relation to Access Cabs, during last year's Estimates Committee the disabilities adviser was discussing with at least one major manufacturer the need to consider alternative means of manufacturing stretched cabs. I understand that Ford will no longer produce those vehicles. Can the Premier say how far negotiations have proceeded? Are there any manufacturers in South Australia who have expressed an interest in this matter, or will we be left without a manufacturer requiring us to import the vehicles?

**The Hon. J.C. Bannon:** That project is being pursued. General Motors Holden has been interested and involved in the feasibility assessments, but I am unable to report success to date. It is still not known whether or not a purpose-built vehicle can be produced. The commercial viability of the special tooling required and so on has not been established. It is still being pursued, but it is not close to finalisation. At present access can still be gained to stretched Falcons, which are being used in the scheme.

**Mr S.J. BAKER:** In relation to the employment levels of the Premier's Department, we note that the number of average full-time equivalents will be an additional eight persons above that which prevailed in 1988-89—can the Premier say at what classification these extra positions will

be, and which areas of his department will be the major beneficiaries?

**Mr O'Flaherty:** Perhaps I should point out that our level for this year is 113.8; our actual budget for last year was 110.5 because of illness and so forth. We are talking about an increase of only 3.3 in our overall level. One will be an additional position in the disability adviser's office to assist with the coordination of disability issues, planned to come on-stream towards the middle of the year, so it is only a part-funded position for this financial year. There is additional staffing in the Premier's office of 1.3 on top of that disability position.

**Mr S.J. BAKER:** In relation to these eight positions, you said that you did not quite fill 110 positions last year. At what level will those eight positions be? We have accounted for only one at this stage, but there will be help for the Premier's Department. I notice you have an item 'Support to Executive Council/Cabinet', which is getting a substantial boost for the 1989-90 year. What sorts of positions are you referring to?

**Mr O'Flaherty:** Regarding the difference between our budget this year and our average last year, a couple of areas were down in numbers, in particular in the inter-Government relations division, and they were generally at the senior project officers level. We did proceed to fill a position in the disability adviser's office at CO5 level, because there was a review of the coordination of disability services happening both within the department and across Government. We had planned to take on a person studying in Beijing under the umbrella of the Australia-China Council to bring the numbers up to that level, and to take that person from the language students needing a placement in employment within an organisation. We are planning to take that person on in the latter half of this year.

**Mr S.J. BAKER:** I refer the Premier to page 2 of the Program Estimates in which Executive Council and Cabinet seem to be a major beneficiary. In 1988-89, 18.4 full-time equivalents were employed but, in 1988-90, 21.62 equivalents were expected to be employed. What positions will be created?

**Mr O'Flaherty:** From 19.6 to 21.6, the seconded person from the Australia-China Council is in that program. In the reallocation from the provision of budgetary advice, we only had a proportion of the salary within the advice that was consolidated within that program this year. That accounts for the increase.

**The Hon. J.C. Bannon:** I mentioned that in my opening statement.

**Mr S.J. BAKER:** So this book is misleading?

**The Hon. J.C. Bannon:** You have to cross-reference with the footnote.

**The CHAIRMAN:** Order! *Hansard* cannot cope with two people speaking at the same time.

**Mr O'Flaherty:** There are footnotes in each of the programs that outline that change, and because this is a transition year, we have to show what was actually incurred in last year's program and next year those old programs will drop out: that is why it does not look as clear as it perhaps should.

**Mr S.J. BAKER:** In relation to the China situation, how does this initiative fit with the previous statements about the problems associated with the revolution in China and the cutting of cultural ties?

**The Hon. J.C. Bannon:** This is an interesting and useful question. Those ties are covered under one of the other programs. I will ask Mr Guerin to comment on that. Before he does so, I would like to advise that Mr Guerin will be leaving at the end of this week to travel to the Shandong

province on a low-key fact-finding visit. It is not a full diplomatic contact, but in view of the advice we have been receiving from the province and from the Australian Government, we thought it appropriate that we do some first-hand investigation as it were, on the spot to ensure that we could check out the status of our relationship and events that have taken place in the province. A low-key visit, essentially a fact-finding mission, will be undertaken, from which I would expect Mr Guerin to make some recommendations about the working through of our policy.

**Mr Guerin:** I believe that the relationship should be divided into two parts: the immediate circumstances and the long-term relationships. The proposal to take on an additional person for a period is in the long term context. It is something sponsored by the Australian Government and the Australia-China Council under which people who had learnt the Chinese language in Australia were given 12 months' experience working in China, either with the Australian Embassy or with businesses. Various arrangements for supporting their employment on return to Australia were made.

Some Governments have agreed to take up people, and some private sector organisations have done so. Because of the disturbance in Beijing, and elsewhere, that program has been disrupted, and it is not altogether clear how many of these people will still need employment. However, the provision is made there so that if there is an appropriate person they can get that extra experience later in the year. That is looking at the long-term expectation that we will have some dealings with China, although we are not absolutely clear now what they will be in the short to medium term.

**Mr OLSEN:** Given the Premier's statement in the *Advertiser* about links with China, I find interesting the programs that have been put in place now. In relation to State disaster planning control and relief, I note that at page 24 of the annual report of the Department of the Premier and Cabinet it is revealed that during the last financial year a new section was added to the State disaster plan dealing with the longer-term mental health aspects of recovery. Will the Premier elaborate on what is meant by this?

**The Hon. J.C. Bannon:** This arose from an assessment of the post disaster arrangements following the 1983 Ash Wednesday bushfires. Quite comprehensive studies have been done into all aspects of that disaster and the response of the Government and other agencies to it. The report which Mr Max Scriven presented fairly early in the piece was used as the basis for a number of changes and follow-ups. Since then, the State Disaster Committee has been looking at other studies and activities.

A considerable amount of work has been done on the impact of these disasters on the victims, long term. For instance, research work has been undertaken at Flinders University, which has made a series of case studies over a fair length of time. It is clear that there can be longer-term mental health aspects, an effect which has to be anticipated. It may be that some of those impacts can be reduced by better treatment at the beginning, in the early stages. In setting up its new handbook, as it were, the State Disaster Committee has incorporated some of the findings of these studies in order to deal with this question.

**Mr OLSEN:** The Program Estimates indicate that during the last financial year improved arrangements were put in place or established for dealing with public inquiries during a disaster. Will the Premier elaborate on these arrangements?

**The Hon. J.C. Bannon:** They involve collocating the police and Red Cross inquiry facilities at Red Cross House, with an ability to interface with the Commonwealth's national

registration and inquiry system. Instead of having agencies separately taking inquiries they will be collocated so that there is an instant interchange and coordination of that information.

**Mr OLSEN:** The Program Estimates indicate that an effective planning sequence was developed for dealing with the threat of re-entry of nuclear powered satellites. Who was involved in this exercise, and what standard procedures have now been established?

**The Hon. J.C. Bannon:** The Leader might recall the considerable speculation previously in relation to the problems associated with *Cosmos 1900*, when it looked as though its path could lead it to fall in some part of South Australia. The national disasters organisation in Canberra has procedures to track satellites, establish impact areas and immediately deploy an emergency search team to locate, assess and neutralise radioactive space debris.

These procedures would be supported by resources available under the State disaster plan. Our role, as we would see it, would be, first, to keep the public informed and advised of what to do, via the media; and, secondly, to cordon off any contaminated areas and, if necessary, safely evacuate contaminated areas while awaiting the emergency search teams' activities from the Commonwealth office. If necessary, the State Emergency Operations Centre can coordinate the State's response. So, the scare or alarm in relation to *Cosmos 1900* in fact proved to be quite useful in highlighting the procedures that are necessary. The national task force was convened to examine the issue, and we were represented by the Chairman of our State Disaster Committee at that time.

**Ms GAYLER:** Also in relation to the State disaster planning control and relief program, will the Premier advise the Committee whether work has been done on disaster planning in relation to visits by nuclear powered or nuclear armed ships? I ask this question in the light of the recent Commonwealth parliamentary report on ports and docking facilities suitable and unsuitable for those visits.

**The Hon. J.C. Bannon:** I am advised, first, that in relation to nuclear weapons carried by warships, these are placed in a safe condition. Obviously, nuclear detonation is not feasible if they were visiting ports. In relation to nuclear powered warships (and this would include those carrying nuclear weapons), presently they are not permitted to visit the Port of Adelaide. Before they could visit, a suitable berth would have to be identified, a port safety organisation established, and a port safety plan prepared and practised.

We see no pressing need to develop these disaster plans because at this stage we are not likely to receive visits by any nuclear powered ships. There was, in fact, an extant approval for such visits in the early 1980s, and we asked that that be reviewed on the basis of the increasing development, larger population, and so on, of the port area. It was agreed at the Commonwealth level that a major reassessment would need to be made if indeed that was to be possible. That assessment has not taken place, as I say, because we do not anticipate such visits.

In relation to the port area itself, that is not to say that there is not a large number of hazards for which we do not need to have contingency plans. Indeed, a plan is being developed in conjunction with local interest groups, which plan will be made public after its procedures are validated through a simulated exercise. I cannot say when that exercise will take place, because the plan has not been finalised, but it will provide an efficient mechanism for warning the public and providing arrangements for the valuation. The simulation is necessary to test the various procedures. Once known, they will be made public. However, basically these

procedures will involve looking at protection against, for instance, problems arising with concentrations of toxins or flammable chemicals, and things of that nature.

**Ms GAYLER:** As to the program relating to overseas representation, I note that it was recently reported that the Agent-General had been reappointed for another three-year term. What will be the main thrust of the Agent-General's activities in the renewed period of his contract?

**The Hon. J.C. Bannon:** I refer to an extract from a report that the Agent-General recently presented, as he does periodically, on his activities. He has targeted three areas of specific activity, bearing in mind that a very wide-ranging program involving investment, development, tourism, and so on, is undertaken by that office—a number of major ongoing programs. Mr Walls certainly is recognised universally as the most effective Agent-General operating in the European arena at the moment. Therefore, the Government was delighted that he was prepared to accept an extension of his contract.

The first area targeted by the Agent-General is the defence and aerospace field. Opportunities in this sector of course, have become more important as a result of the Anzac ships project and the award of that contract to Amacon, which will place South Australia in a leading role and will provide access to a number of companies—Swedish, West German and so on—which will be followed up in the coming year. That has provided us with a great opportunity—as big as the opportunity provided by the submarine contract. The second area highlighted by the Agent-General involves the automotive component manufacturing industry. Specific components are currently either not made in Australia or are in insufficient quantities to satisfy the Australian market. The role of the Agent-General, working with the Department of State Development and Technology, will be not only to locate and approach companies that may be interested in establishing operations to supply the domestic car industry but also, and most importantly, to supply existing requirements in Europe, particularly in Germany. The third area of interest is the wool processing industry, where discussions are being held with various European textile manufacturers to establish the possibilities for the expansion of those activities in Australia.

**Ms GAYLER:** I notice that the Agent-General will visit South Australia this year. I also notice that the promotion centre at South Australia House in London is focusing on South Australian products, including wine and the arts and crafts. When the Agent-General visits South Australia this year, could he be given exposure to the O-Bahn busway so that he is fully aware of this unique rapid transit system? In addition, could he be asked to look at using the STA video about the busway and its pamphlet at the promotion centre in London, with a view to exposing those who visit the centre to this rapid transit system and the access it provides to the City of Adelaide?

**The Hon. J.C. Bannon:** Obviously, the purpose of the Agent-General's visit will be to bring himself completely up to date with everything that is happening in South Australia. Effectively, he will be doing the rounds of all the various Government departments and agencies and he will be talking to the business community and industry to collect as much material and information first hand as he can. I will certainly commend the O-Bahn system to him. As the honourable member is aware, we have a marketing team for the O-Bahn which is actively pursuing commercial possibilities for that system in conjunction with the Mercedes-Benz company. I am sure that the Agent-General will be very interested in the system.

**Mr OLSEN:** My question relates to major urban development projects. Will the Premier say who are the members of the Major Projects Steering Committee referred to on page 11 of the Program Estimates? How many times did the committee meet last financial year, how many specific projects has the committee investigated and on how many has it made recommendations?

**The Hon. J.C. Bannon:** The committee is chaired by the Director of the Department of Premier and Cabinet. It comprises the chief executive officers of the Treasury, the Department of Environment and Planning and the Department of Lands, and the Chairman of the Government Capital Works Budget Committee. The committee is supported by an executive officer in the Department of Premier and Cabinet, who also undertakes the day-to-day coordination of various major project activities. Of course, the committee is assisted by other agencies and units; the special projects unit of the department provides assistance in certain areas. Depending on the project, a range of other bodies would have chief carriage of the exercise.

The number and nature of the projects considered by the committee are considerable. Although the committee's role in these projects can vary, the role of the committee is to provide a focus and direction for a number of these programs. The following are some examples of those projects: the Entertainment Centre, the marina developments, Mount Lofty, the various activities of the Port Adelaide Industrial Land Committee—Port Park, North Haven, Gillman and various other projects—the Northfield relocation of agricultural facilities, and so on. Most of the major projects that involve interdepartmental activity are in some way or other looked at by this committee although, again, I make the point that the committee does not have main carriage of all these particular projects.

**Mr OLSEN:** It seems from the names the Premier has read out that the track record for success at the end of the day is not too good. Does the committee meet on a regular basis—weekly, fortnightly, monthly—or just at call? How many specific projects are currently before the committee, and what are they?

**The Hon. J.C. Bannon:** I will refer those questions to the Chairman of the committee.

**Mr Guerin:** The committee does not have a regular program or meeting time. It meets as necessary which may be a couple of times in one week and maybe not for another month or more. In terms of the number of projects specifically before the committee now, I guess it is the number that the Premier read out—it is rather difficult to say what is before the committee at any one time, because in some cases it is only providing a view to other departments about the way in which things should be dealt with, while in other cases it actually has some substantive involvement and that obviously changes from time to time; but it would have an involvement in eight or nine projects.

**Mr OLSEN:** How many marina projects are currently before the committee?

**Mr Guerin:** There are none formally before the committee meeting as a committee, because they are all being dealt with individually. In previous times the whole metropolitan coast marina situation has been looked at by the committee, and it arranged for an examination to be done there and a strategy developed; then the individual projects have been dealt with on their own merits.

**Mr OLSEN:** Did the committee recommend the go-ahead for Sellicks/Aldinga?

**Mr Guerin:** The committee gives its advice to the Premier and Cabinet.

**Mr OLSEN:** I understand why you are not going to answer the question.

**Mr HAMILTON:** Is the Premier aware of the redevelopment of the Phillips Hendon industrial site, which is in my electorate? There are rumours afoot in the western suburbs that a large Commonwealth project is being looked at for the area. Can the Premier say whether specific projects, State and/or Commonwealth, are planned for that site.

**The Hon. J.C. Bannon:** No, I cannot. I am aware of considerable examination going on of the potential of that site, and the State Development and Technology Department would be actively involved in that, but as to specifics, I cannot really say anything at this time. However, I can assure the honourable member that there are things on the go, and he will be briefed accordingly.

**Mr HAMILTON:** I thank the Premier for that. I just wanted to confirm whether or not there is something in the wind, and it appears there is, so I look forward to that reply with great anticipation, as indeed do my constituents in the western suburbs, in my electorate. I refer to the Disability Adviser to the Premier. The Premier may say that this matter comes under the Minister of Local Government, but I believe there is a need for a coordinating role to address this particular problem. Like many other people in South Australia, I get particularly angered by those inconsiderate people who seemingly are very fit and mobile but park their cars in private car park areas, particularly at shopping centres. I often go, for example, to the West Lakes shopping centre, only to find that some idiot has parked his or her car in an area reserved for disabled people.

My question to the Premier is: what coordination exists between the different Government departments and the Premier's advisers to address this particular problem? The suggestion has been made to me on a number of occasions (although I hesitate to do this) that the registration number of these particular cars should be noted and then mentioned under the privilege of Parliament, in order to expose the bullheadedness or stupidity of these people who choose to park their cars, seemingly without any consideration for people with disabilities.

**The Hon. J.C. Bannon:** I think one of the problems here is that these areas are often under the control of the shopping centre management and their power or ability to enforce it might be fairly limited but it really is something which depends a lot on people's attitudes and their willingness to observe the appropriate signs. Unfortunately, some people can be pretty selfish and ignore the fact that these areas are specifically reserved for the disabled. We have, in fact, an exercise going on in terms of disability coordination, and certainly an attempt is being made to discuss with local government and other bodies how we can better improve access in shopping centres and other areas to the disabled and how even the areas like reserved car parks can be better protected so they truly are available for disabled access and are not used by selfish persons who have alternatives which, of course, the disabled do not.

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

**Mr HAMILTON:** I note from the social justice booklet provided to members that there was some difficulty in extending the reach of the Women's Information Switchboard in the community, because of the inability to find appropriate people. Could the Premier elaborate on that? In an effort to reach out and provide additional assistance to those people; what action is being taken?

**The Hon. J.C. Bannon:** An appointment was made recently. Mrs Dot Davey, who was formerly in the Women's

Unit and has had considerable background and experience, has now taken up a post on the Women's Information Switchboard. With her background and knowledge I think she will be a valuable adjunct to the service, particularly servicing the Aboriginal community. Problems have been caused through people not being there long enough, and it has been hard to find appropriate replacements. One can imagine that the qualities required are extensive. We need someone who is mature enough to handle a whole range of policies, problems and complaints and deal with them with a fair degree of diplomacy and assistance and know their way around so that they can help those who are inquiring. I am confident that that service is now fully restored and will meet the needs of that community.

**Mr S.J. BAKER:** On page 20 of the Estimates of Payments, under 'Support to Executive Council/Cabinet', there is an item 'Various committees of inquiry—expenses.' I note that not only did this line over expend in 1988-89 but there is a doubling of the allocation for 1989-90. Does part of that expenditure relate to the new royal commission? Can the Premier detail the items included under the \$320 000 allocation?

**The Hon. J.C. Bannon:** The overrun was \$25 000. Essentially, a lot of this sum was involved with the establishment of the Adelaide Air Access Task Force. In this coming year considerable funding has been provided for that initiative, which accounts for the large increase in the amount. In addition, we are providing \$150 000 for what we might call Japanese investment proposals, mainly the multifunction polis, in regard to which we are part of the national consultancy. It involves all States in the Commonwealth. I cannot see any other areas of particular significance, but basically that accounts for the major areas of expenditure.

**Mr S.J. BAKER:** More specifically, there is \$150 000 for the multifunction polis. How much was allocated for the Adelaide Air Access group?

**The Hon. J.C. Bannon:** \$124 000.

**Mr S.J. BAKER:** In other words their allocation is not for 'various committees of inquiry'; it is promotional type expenditure, is it?

**The Hon. J.C. Bannon:** It comes under the line 'Various committees of inquiry' because it happens to involve committee-type activity. That is where the funding has been provided.

**Mr S.J. BAKER:** I can understand the commitment to the multifunction polis, because there was a commitment made by the Federal Government for the joint State funding of that review. On what are we to spend \$124 000 for the Adelaide Air Access group?

**The Hon. J.C. Bannon:** The largest single amount is the salary of the executive officer of that committee. It is serviced by a full-time officer, Mr Mike Milln, whom we have been fortunate to recruit as executive officer. He has had extensive overseas experience, especially with Air Canada. He was educated in South Australia and his family is here. In addition, there is \$150 000 for various consultancies. The Air Access group has seven subgroups to look at particular initiatives. They can already claim considerable success and have been involved in things such as the promotion and monitoring of the Qantas/JAL Tokyo flight, which commenced in July this year.

Hawker de Havilland has recently won the Qantas contract for pilot training and our group had a role in that. More importantly, it is looking at ongoing options for Parafield Airport in relation to that contract and the increasing of its scope. It will be training Malaysian Air Service pilots. We believe that there are other training opportunities in an expanded operation, and we are also looking at the flow on

effect for other aspects of Qantas training. Britannia is commencing a monthly service to Adelaide via Darwin from 11 November to the end of March, catering to UK inbound tour traffic only. This is a foot in the door and we will be seeking to see it expanded. Singapore Airlines is expected to implement a fourth weekly flight in November.

In relation to the ongoing work of the committee, there is targeting of a range of airlines, which involves lobbying in Canberra as well as with the airlines themselves. A lot of work is being done in conjunction with Qantas in terms of increasing its South Australian-based material supply and component overhaul and services. There is the formation of a marketing plan for Adelaide airport, and a consultancy for a marketing audit is to be let shortly. That will use up some of the \$150 000. There is to be assistance for Ansett Air Freight/TNT with application for certification as an international scheduled freight carrier with the possibility that Adelaide could be used as a hub for that service.

Looking long term, there is coordination of a review of the Two Wells alternative airport site. There is also coordinating input into the feasibility study for international terminal development at West Beach and that will look at operating hours and so on. A great deal of business is under active consideration by the Air Access Task Force group, which has already indicated its value and will reinforce that value over time.

**Mr OLSEN:** In relation to major urban development projects, an article in the *Advertiser* this morning referred to a proposed housing development in the Aldinga Beach area. Is the Special Projects Unit of the Premier's Department involved in that proposal?

**The Hon. J.C. Bannon:** Not that I am aware of.

**Mr OLSEN:** In relation to that proposal, does the Government intend to acquire land areas compulsorily and, if so, how much?

**The Hon. J.C. Bannon:** I cannot give any information on what the Government intends to do. I understand—I am basing this on reports in the paper—that the South Australian Urban Land Trust has an ongoing program of acquiring broadacre land which it holds as a land bank in order to keep a ceiling on the price of undeveloped broadacre land. Presumably the sites would have been identified some time before and, if the reports are correct, the trust would simply be exercising its powers under the Urban Land Trust Act.

**Mr OLSEN:** What discussions has the Government had with proponents for development to include a marina on land owned by the West Beach Trust?

**The Hon. J.C. Bannon:** That is a very broad-ranging question. Is the Leader talking about the genuine proposal?

**Mr OLSEN:** There has been much speculation, particularly in the Glenelg area, about two proposals, one of which, according to reports, has been before the Urban Development Projects Team, which is headed by the Director-General of the Premier's Department and which will look at specific proposals. What specific proposals are currently before the Government or that committee in relation to marina development on that land?

**The Hon. J.C. Bannon:** First, let us separate the two. There is a development proposal regarding Marineland, but I understand that that is not what the Leader of the Opposition is asking about; in any case that has been fully canvassed and covered by my colleague the Minister of State Development and Technology, so if there are any questions about that he can deal with them. What has been publicised is the possibility of marina developments in the Glenelg-West Beach area.

**Mr Guerin:** Private developers, either individual companies or groups of companies which have an interest in some

form of development in the area broadly from the Patawalonga mouth through North Glenelg up to the West Beach land, have made a number of approaches. In looking at the overall planning requirements in the area, the Government has concentrated on water quality, stormwater management, sand management, beach erosion at West Beach and silting up of the Patawalonga mouth and, in the process of looking at that, some proposals were examined which could give a basis for marina development in the West Beach area. There has been a certain amount of public speculation about that and, in the process, a number of private firms have approached us for preliminary discussions.

Although there is quite a lot of interest, nobody has put forward anything like a firm or even well drawn up proposal. Just looking at the options, discussing what issues need to be addressed and completing the work within Government ranks will enable us to provide guidelines for development proposals, not just in the West Beach area but in the Patawalonga mouth and the Patawalonga lake area. At this stage several groups are interested in development of the Patawalonga mouth but none of them has put in a firm proposal.

**Mr OLSEN:** In relation to the investigations that are being undertaken on water quality, sand movement and so on, does the proposal include the cutting of a channel to link the Patawalonga to the sea at West Beach?

**Mr Guerin:** That is one of the things that has been looked at and it seems to have attracted people's interest. That is only one method of dealing with it but there are other possibilities, such as putting a pipe under the North Glenelg Peninsula so that water can be flushed through the Patawalonga. It looks as though, in engineering terms, a channel such as referred to would be feasible but, at this stage, we cannot be absolutely confident that it would be commercially viable or that all other aspects would check out.

**Mr OLSEN:** If there is a question mark over it being commercially viable, is the Government contemplating taking any equity in such a project?

**The Hon. J.C. Bannon:** It would depend very much on the nature of any proposal, but basically, as with the Jubilee Point proposal, one of the benefits as far as the Government was concerned was that it would provide a vehicle by which some of these long standing problems, such as water quality in the Patawalonga and access to the sea from the Patawalonga could be addressed. This would probably mean the Government's being involved in some way, certainly in providing services and infrastructure support. Whether that involvement would move to an equity position in any project is quite another question. At this stage, I do not see any real opportunity for the Government to do that. Obviously, it would depend greatly on the extent to which the West Beach Trust area was involved in any scheme. If it is concentrated around the Glenelg-Patawalonga area, the Government is not a large land-holder, so we have no real equity to put into the project in that sense. The important thing is that whatever occurs should be in the public interest, environmentally acceptable and, if possible, commercial.

**Mr OLSEN:** As a supplementary question, something certainly ought to be done about the quality of water in the Patawalonga. Anybody who has taken part in skiing competitions or tried to walk up the bank in six inch sludge would know that. When will the Government be in a position to indicate whether or not a project is likely to proceed, given that a range of interest has been expressed by business groups?

**The Hon. J.C. Bannon:** It would be some months before we were in a position to delineate a project that answers all

the questions. Fortunately, a lot of the preliminary work was done in the course of the Jubilee Point exercise so that there is a body of information, studies and so on which assists the understanding of the area and what needs to be done. A lot of the proposals, such as the concept of the Kangaroo Island ferry terminal, which could be part of some project, require more delineation and assessment. At this stage, as the Director has said, it is not as if someone has a fully fledged, well-developed proposal. A number of people have come up with interesting ideas, some of which are quite well advanced but have not reached the formal proposition stage.

**Mr RANN:** I note from the Estimates of Payments under 'Promotion, Hospitality and Visits', that \$100 000 has been allocated for the World Expo at Seville in 1992. What does South Australia have to gain by involvement in this Expo and how will participation be organised?

**The Hon. J.C. Bannon:** At the moment, Australia as a nation has a major commitment to the Expo in Seville, reciprocally, as it were, because of Expo 88; the countries that took an active role in that will expect Australia to play a major part in Seville in 1992. The plan is for all participating States to be included in a major film presentation as part of the Australian pavilion and to promote aspects of tourism and other offerings. The Commonwealth will require of those States that wish to participate a financial contribution, which will go into the preparation of the film presentation and a number of other planning aspects for the Australian pavilion. This financial year the contribution is \$100 000 and we have agreed to be part of the program and are making our contribution along with the other States. For 1991-92 a further \$250 000 will be allocated to cover special weeks, the operations of Expo and our component of it, so we are planning ahead over the next three financial years. The bulk of the funds will initially be used by the Australian Government to incorporate South Australian content in its promotion. The Expo is certainly shaping up very well. Its location in Europe in 1992 is very significant, as that is the year that new Common Market arrangements come in, so we will try to associate our presence there with other major activities in Europe.

I think that we should be able to get some considerable return from our participation in this exercise. I was delighted to hear Mr Elliott at the Chamber of Commerce and Industry dinner on Friday night commending the State Government of Seville on the way in which it has tackled this expo and the promotion of the province of Seville. He was telling me that the provincial Governor impressed him with the way he was activating and getting things done. It shows Mr Elliott's objectivity, because I think that the Governor of Seville if not a Communist is an extreme Left Socialist, as is their Administration. Seville is certainly gearing up, and we will be part of it.

**Mr RANN:** Is the South Australian Film Corporation directly involved in the film presentation?

**The Hon. J.C. Bannon:** I am not aware of any involvement. The Film Corporation will probably assist with certain things, but it is a tourist film commissioned by the Australian Government and will probably involve Film Australia. Whether or not it subcontracts out, I do not know.

**Mr RANN:** There has been some media speculation for some time over the prospect of a port in Australia that would be visited by the Russian fishing fleet or trawlers. This has created some interest. Is the South Australian Government, through the Premier's Department, involved in any talks in order to encourage visits by Russian trawlers to any South Australian port?

**The Hon. J.C. Bannon:** The answer is 'Yes' in an advisory role as part of our coordination with Government activities. We have certainly been active in making representations to the Federal Government on this matter. I have taken up the matter personally with the Federal Government because it is a great opportunity for us. The Federal Government responded in June this year saying that the Australian Government has identified Melbourne, Fremantle, Hobart, Port Lincoln, and Portland as suitable for port access by Russian trawlers for refitting, refurbishment, maintenance, revictualling and landing of their catch. Adelaide has been deemed unsuitable because of defence and security concerns as has Sydney, and Albany in Western Australia. This makes some sense when one considers the high level projects going on in and around the Port Adelaide area.

I wrote to the Prime Minister on 19 June following a meeting I had with the Defence Minister, Mr Beasley, in which I emphasised the advantages of Port Lincoln. We believe that there are a number of major attributes that Port Lincoln could bring to such a proposal—certainly as a port and safe harbor, with a company like Adsteam as a prime contractor capable of servicing the fleet and benefits which could accrue to a number of companies involved in fish processing and things of that nature. At this stage advice is that negotiations have stalled while a number of matters are dealt with, including commodities negotiations. We have made strong representations to the Commonwealth suggesting that, of the identified ports, Port Lincoln certainly has many of the attributes being looked for, but we can do nothing further until the Soviets are prepared to reopen negotiations.

**Mr RANN:** Page 9 of the Program Estimates mentions that the office of the Disability Adviser took a higher profile in relation to the physical access requirements for major development projects. Will the Premier describe the sort of initiatives he is taking, and will the Disabilities Adviser be involved in negotiations on the Entertainment Centre, which is proceeding apace?

**The Hon. J.C. Bannon:** In relation to general arrangements, the Disabilities Adviser has a very high profile not only in South Australia but also at the national level. He is a member of national bodies that deal with these questions of access and building design. A number of things he has promoted have been adopted as part of Australian standards. Quite a lot of work is still to be done, but he reports that around Adelaide most new building projects and designs are sensitive to the needs of the disabled, and access has certainly markedly improved. A number of buildings require alteration to improve their access, and part of his brief is to work closely with the Adelaide City Council engineers and others. That is an ongoing program.

In the annual report of the department, reference is made to consultancy work being undertaken by the Disabilities Adviser on three major projects—ASER, Remm-Myer redevelopment and the My Fair Lady project. His advice has been sought on questions of access. Many other projects and modifications have taken place including Police Headquarters, Torrens building, Treasury building and the Adelaide College of Music as a result of his representations. I certainly expect him to be involved in an advisory capacity on access for the Adelaide Entertainment Centre.

**Mr OLSEN:** On major urban development projects, has the Government received a final proposal for the proposed marina at Marino?

**The Hon. J.C. Bannon:** Known as the Westcliff development, this is very close to finalisation. At present it is in the hands of the Minister for Environment and Planning. I would expect that some recommendation would come from

that Minister or be before Cabinet soon. Work is considerably advanced on that project.

**Mr OLSEN:** Can the Premier give a brief description of what the proposal will contain?

**The Hon. J.C. Bannon:** It will involve a mixed development, including a marina to be constructed. I believe the Leader of the Opposition would be aware of this information as he held a meeting at Marino on site to discuss the issue. The natural features of the site include a rocky sea bed at the base of a steep cliff. The Cove Road and Noarlunga railway run parallel to the coast and dissect the area being investigated. A marina would be constructed around the cliff without disturbing the sand flow, as it is isolated from the drift occurring further out, and would be associated with residential development on land owned by the consortium which is to undertake the development. The overall development and the way in which the land can be deployed is still under investigation. Most of the basic engineering work and development has taken place: we are awaiting a final proposal.

**Mr OLSEN:** I understand from the Premier's response that it is not only a marina, but that it also has a residential facility. Will that include hotels and motels or just residential accommodation on the abutting land?

**The Hon. J.C. Bannon:** The marina will provide mooring for recreational, commercial and other boats. The land adjacent to the marina will be reclaimed and used for a variety of things including restaurants, hotels, and clubhouse-type activities. The extent and size of those would be determined in the feasibility studies. There will be a considerable residential development on the land adjoining and inland from the marina sites.

**Mr OLSEN:** Have the financial difficulties of the consortium—as the media reports would have it—and a Supreme Court action in Victoria, been resolved?

**The Hon. J.C. Bannon:** Yes, to the best of our knowledge. This relates to the Crestwin Corporation. There were certain reports about the corporation and, more particularly, its principle, Mr Bill Turner. There has been some litigation, but I do not know whether or not it was vexatious. However, it was a commercial argument: a Supreme Court action was taken in Victoria to wind up Crestwin, allegedly due to a default on a loan agreement that was scheduled to be heard in Victoria in August. That action was settled in Crestwin's favour.

Apart from that, we have no information that in any way questions the financial viability of Crestwin—a corporation based on the former Pettit and Settitt Industries Ltd and which is a very well known building firm on the east coast of Australia. Crestwin have now transferred ownership of the Marino Rocks site and the project to an Adelaide-based company owned by Crestwin known as Mintern Pty Ltd. For 'Crestwin' now read 'Mintern' in relation to this project. It is obviously a company formed for the project. As to the financial substance of the principles and owners, we have made our own investigations and we are quite satisfied.

**Mr OLSEN:** In relation to the proposed development at Mount Lofty last month the Premier announced that it would proceed as a joint venture. Will he reveal whether, as part of the agreement for the joint venture, the Government will refund to the proponent any of the funds already spent on the feasibility study? I understand that Touche Ross has invested \$2 million in the projects. If the Government takes 50 per cent equity in this joint venture project, does that mean that funds expended will become part of the joint venture?

**The Hon. J.C. Bannon:** The details of the joint venture are still under negotiation, but they have reached an advanced

stage. Essentially, whilst Touche Ross obviously claims it has invested \$2 million in the Mount Lofty assessment, one way in which it will obtain some return from that money will be to participate in the joint venture project, and some recognition will be given to that in any agreement that is made in terms of equity contribution. In other words, the Government has land to contribute, and one must make an assessment of the value of that land and whether it should be seen on an improved or unimproved basis.

In relation to the Touche Ross group and its partners, obviously the work they have done to date on this project is part of their contribution for which some credit will be given.

**Mr OLSEN:** I clearly understand from the Premier's response that it all becomes part of the joint venture, and therefore, picking up perhaps 50 per cent of that cost.

**The Hon. J.C. Bannon:** Just to correct that: I am saying some credit would be given for that. I am not saying the \$2 million will be reimbursed or anything like that.

**Mr OLSEN:** I did not suggest that \$2 million would be reimbursed, but those costs would be brought to account in the development of the joint venture proposal.

**The Hon. J.C. Bannon:** No, those costs effectively will need to be written off by the proponents. They were undertaken at their own risk, because they were subject to a successful feasibility and economic impact statement being approved by the Government; that did not happen. I am saying that a proportion of those moneys expended can be seen to be adding value to the project that is now contemplated, and some credit will be given for them. That is a separate transaction.

**Mr OLSEN:** In giving credit to them, it is six of one and half a dozen of the other.

**The Hon. J.C. Bannon:** It is an important distinction on a business basis.

**Mr OLSEN:** When does the Government expect to announce the decision on the future of the joint venture project?

**The Hon. J.C. Bannon:** I will ask Mr Guerin to speak on this directly, because he is involved in the negotiations.

**Mr Guerin:** The feasibility study that has been agreed to is expected to take between four and six months. The proponent of the Mount Lofty Development Corporation estimated it would take about six months, and in further discussions, I think about five. If that is completed on time, it will need a period for each party to be able to make a decision on the actual commitment.

**Ms GAYLER:** Can the Premier say what is the state of negotiations over the further use of the Woomera site? Also, can he say what are the negotiations with the local Aboriginal communities in that area, and outline what economic benefits to this State the Federal and State Governments hope will spring from further use of the Woomera site?

**The Hon. J.C. Bannon:** Major benefits from the commercialisation with Woomera will occur, and the extent of interest certainly vindicates the decision to undertake the initiative. We are talking about the actual Woomera range itself where there are a number of facilities. As recently as 1987, there was actually a satellite launch from there as part of the European satellite program. There have been various research and other activities carried out intermittently over the years since the major testing ceased in the early 1960s.

However, what has been revealed in the course of those studies, is a major commercial opportunity for the testing of radar equipment and things of that nature in an on-land open-air range—the type that cannot be found virtually anywhere else in the world. It can be serviced appropriately from Adelaide, and under its present charter DSTA Salis-

bury personnel frequently travel to and from Woomera: there are no problems with that. Regarding the relationship with the Maralinga lands and the Aboriginal people mentioned by the member as being subject to negotiation, unfortunately some inflammatory articles have been written about this matter which somewhat misrepresents the situation and the negotiations that are taking place.

A small portion of the Woomera prohibited area lies west of the boundary line of the Maralinga land holding, and the Commonwealth endeavours to put in place an agreement to allow access, under a consultative process, using a Defence Force regulation which permits entry by the Minister for Defence. There has been very wide consultation with everyone involved, including the Aboriginal inhabitants. I am advised that the negotiations have been quite positive.

There is no intention by the Commonwealth to excise Maralinga lands from the prohibited area. There will need to be a memorandum of understanding with specially laid down conditions. Firings, practice bombings, or whatever, which have been talked about, will not take place in Aboriginal lands. This somewhat alarmist concept of rockets exploding on the Maralinga lands, and so on, is complete nonsense. That certainly will not happen. Whatever is done will be done in consultation with the Maralinga Tjarutja people, on a memorandum of understanding. However, the intention is not to reactivate the range as it intrudes into Maralinga lands.

**Ms GAYLER:** Can the Premier say whether there have been any discussions with the Federal Government with a view to increasing South Australia's share of migration into Australia? I note that South Australia's net migration intake has increased in the most recent period for which figures are available, but I gather that there have been some discussions about special means of increasing South Australia's share.

**The Hon. J.C. Bannon:** We are getting about half our population share of the overseas immigration to Australia, so there is obviously scope for that to be increased. The Department of State Development and Technology has upgraded quite substantially its business migration developments and employer nomination schemes. We hope that that will show some effect. Under its new charter, the Ethnic Affairs Commission will be working on aspects of settlement for migrants and looking at various attraction elements that may see more migrants nominating South Australia as their preferred State location. We are attempting to develop an overall policy which will coordinate various efforts, involving the Department of State Development and Technology, the Ethnic Affairs Commission, the Department of Premier and Cabinet, and the Promotion Unit.

I have corresponded with the Federal Minister for Immigration on the question of the incentives at Federal level to encourage migration to regional economies with a capacity to sustain an influx of settlers, and certainly I believe that South Australia comes into that category. At the moment, some point preference is granted to regional areas, which, of course, can be added to the normal point qualification to enhance a migrant's opportunity to settle in a particular location.

One of the problems in an approach such as this is that it is very hard to have a stipulation that an individual migrant coming out to Australia must remain in a particular geographical location for a fixed amount of time. I think that would probably be an onerous and probably unrealistic requirement, and so we have to sort our way through that matter. However, certainly a number of things are happen-

ing on this front, and they are being pulled together at the moment.

**Ms GAYLER:** Although I do not know how accurate this is, it has been suggested to me that one of the reasons that a higher proportion of intending immigrants nominate for Sydney or Melbourne, for example, is because those are the cities which Immigration Department officials know most about. Those were the cities that they promote most, and also the largest resource of Commonwealth personnel servicing the immigrant community are there. Can these matters be taken into account in discussions with the Commonwealth?

**The Hon. J.C. Bannon:** As with the activities of Austrade and other national bodies, so, too, with immigration: personnel tend to be more knowledgeable of and therefore perhaps subconsciously biased to particular locations on the eastern coast. South Australia's biggest task is to get that visibility and to ensure that the attractions of South Australia are given a fair opportunity to be placed beside the attractions of other areas.

However, the situation is even more basic than that, of course: for those people overseas, knowledge of Australia, to the extent that there is a knowledge of Australia, usually starts at Sydney and the east coast and spreads on from there. So, we do have very important issues of identity involved. Events like the Grand Prix and other activities which have some international focus are a very important part of our marketing tool, and indeed have given us something on which to hang that recognition factor.

**The Hon. JENNIFER CASHMORE:** One of the targets nominated for this financial year is the facilitation of the development of a viable integrated Living Arts Centre on North Terrace. When will the final decision be announced on the Living Arts Centre? How will it proceed? What will be the cost to the Government? What involvement, if any, will there be by the private sector?

**The Hon. J.C. Bannon:** Over the past years we have been attempting to get a fully commercial development—by which I mean a development that will be paid for by the commercial elements of any overall project. Property has been assembled, and obviously that has risen quite considerably in value in the period that we have held it. As that value increases, the more of a value added component we will have to inject into such a project.

However, no consortia of private developers has been able to come up with the scheme that we want. Either too much of the living arts concept is sacrificed or there is a financing gap. Effectively, we have reached the stage where we believe that to achieve an integrated Living Arts Centre as proposed we would need to inject some capital from the Government. We are now defining the extent of that. We have also approached the Adelaide City Council—which is particularly keen to secure the Jam Factory for that site in the city—to see whether it could offer assistance. It has already made the decision that Register Street, which runs through the middle of the two properties we own, will be added into the project as a contribution from the city council.

We are looking at a number of other things to enhance the value of the overall site and the flexibility in using that site. These aspects are very favourable, but, as I say, there is still a gap left. In the normal course of events, the Government would need to spend money from its capital works program to upgrade or refurbish the Jam Factory, even if it stayed on its present site—and that would run into some millions of dollars. At the moment, what we are saying is that, to the extent that we would be needing to maintain that commitment, anyway, we would see that as



being a further contribution to the project. That may close the gap between the project as envisaged and the project as is possible. Negotiations are continuing, and I cannot really put a time on it. Obviously, everyone is very keen to get the matter resolved. In the meantime, some further money will be spent on upgrading the existing buildings. The old Lion factory building will again be used as a centre for the Festival Fringe in the coming Adelaide Festival of Arts. However, I hope that before then we will have definite decision about the long-term future of the site.

**The Hon. JENNIFER CASHMORE:** I refer to program 8—'Support to Executive Council and Cabinet'. The annual report from the Department of Premier and Cabinet states that the Cabinet room was refurbished during the year and that audio-visual equipment was installed. What was the total cost of the work and, specifically, the cost of the audio-visual equipment?

**The Hon. J.C. Bannon:** This was the first upgrading of the Cabinet room in 20 years. It involved a new table and chairs, new carpet and improved lighting and air-conditioning. The previous air-conditioning was extremely noisy. The acoustics of the room were dreadful. I can assure the honourable member that it has deteriorated since her time.

**Mr OLSEN:** That was where Minister Mayes had some trouble, wasn't it?

**The Hon. J.C. Bannon:** Exactly. That was one of the factors that precipitated the decision. It has certainly made a major difference. Bearing in mind that the Cabinet room is also used to receive delegations and for various other formal functions, it was looking a little down at heel and shabby. With many presentations taking place in the Cabinet room, involving committees and other groups, the installation of this equipment was certainly overdue. We have created economies in that the old table and chairs have now been installed in another committee room. The table has been reduced in size to make it more suitable. The overall cost of the upgrading was \$151 000, including \$44 000 for the new audio-visual facilities.

**Mr S.J. BAKER:** I refer again to the coordination of major urban development projects. I note at page 152 of the Auditor-General's Report that property to the value of \$690 000 was sold in the last financial year. Which property was involved, how long had it been held by the Government, and what was the original purchase price?

**The Hon. J.C. Bannon:** That is a composite figure—it would not refer to one particular property.

**Mr S.J. BAKER:** None were sold in the previous years.

**The Hon. J.C. Bannon:** It is a series of properties in Port Adelaide: the ex-brewery site—

**Mr S.J. BAKER:** The Government would have received more than that for the ex-brewery site.

**The Hon. J.C. Bannon:** An exchange was involved. We assisted the City Council in its aim to establish a residential development on that site—there was an agreement with the council. An amount also relates to a Government hold on land occupied by the Hilton International Hotel, which the hotel took over—it had an extremely long lease which it has converted into freehold. These are the elements making up that particular amount.

**Mr S.J. BAKER:** The same report covers consultancy services worth \$219 000. What were the major elements of that sum?

**The Hon. J.C. Bannon:** The three elements comprise charges for services involving Commissioners of Charitable Funds in relation to the Townacre 86 project; the Department of Lands—advice on sales of particular property; and the South Australian Health Commission, in connection

with the sale of Estcourt House. They are charging for their services on a fee for service basis.

**Mr S.J. BAKER:** What was the source of the \$39 000 in property rents?

**The Hon. J.C. Bannon:** The Centralia Hotel, which is part of the Living Arts Centre, was acquired as part of that exercise, the land immediately behind it, in Register Street; various Port Adelaide properties, which are part of the port project; the waterfront markets at Port Adelaide; and miscellaneous items including book sales and items of that nature.

**Mr S.J. BAKER:** Why do these areas come under the auspices of the Department of Premier and Cabinet and why are they not the responsibility of Sacon? Why is this department dabbling in property? It seems a bit strange that this department should be involved in these reasonably small areas of commercial activity.

**The Hon. J.C. Bannon:** It is just a matter of convenience. The unit was originally with the Department of Environment and Planning. It operates from the Premier's Department and deals with projects such as the Port Adelaide Centre project and a number of other functions. It is the most convenient way of showing those accounts at this stage.

**Mr HAMILTON:** Following the question from the member for Mitcham in relation to Estcourt House, or Ru Rua, can the Premier advise what progress has been made in relation to development of this site? Will local residents be given an opportunity to view the plans, what is the timetable, and who are the interested parties? A number of people in my electorate are very environmentally conscious and occasionally have written to the Premier about these matters. Indeed, as the Premier would be aware, a group in this area is very interested in what takes place, particularly in and around the West Lakes waterway.

**The Hon. J.C. Bannon:** Some indicative plans have been released in relation to the refurbishment and upgrading of Estcourt House and the building of certain units around it. Certainly, there will be strict environmental requirements, but it will enhance the area overall. As far as Government is concerned, this is the responsibility of my colleague the Minister of Tourism and I suggest that, in order to get up-to-date information, the honourable member should refer that question to my colleague.

**Mr HAMILTON:** Page 10 of the Program Estimates refers to the finalisation of the preparation of an all-hazards, counter-disaster plan for the LeFevre Peninsula area and the participation in the hazard analysis program for the proposed Gillman redevelopment site. Can the Premier give an update on that project and say when it is anticipated that the plan will be finalised?

**The Hon. J.C. Bannon:** I made some references to this when discussing the visit of nuclear powered ships and it was in that context that the State Disaster Committee is looking at particular disaster plans that might be needed in that area. As I said, there is not at present any intention for nuclear powered warships to visit the port of Adelaide and in any case, if they wanted to, they would not be permitted to do so, because we do not have the appropriate plans. However, the honourable member would be aware that there are potential hazards there: the fact that there are fuel dumps, the concentration of toxic and flammable chemicals, and so on, which means that we really do need to have comprehensive safety plans for that area.

There are procedures already in place dealing with the spillage of dangerous substances which have been considerably upgraded in recent times, and this particular plan relates to a disaster which requires warning the public,

cordoning off areas, and procedures for evacuation, should that prove necessary. It has not been finalised yet; when it is obviously it will be made public, but what is necessary is for any plan like this to be validated so at a time when the State Disaster Committee feels it has a viable plan it will then undertake a major exercise in conjunction with local groups and just see how it works, and from that the final plan will be developed. Now that is currently under way but I cannot tell the honourable member just when it will be finalised.

**Mr HAMILTON:** Can the Premier briefly outline the progress being made in the development of Government land at the head of LeFevre Peninsula? Obviously, many people in South Australia, particularly in the western suburbs, are vitally interested in the progress being made in that area.

**The Hon. J.C. Bannon:** There is certainly a significant amount of activity there. It is mixed and I think it is important that we do get balanced development in that area. The chief activity has been the preparation of the submarine facility which is virtually complete and has lifted the amenity of that area enormously. The quality of the buildings and so on is quite commendable, and so it should be for a long-term major project like that. There are some good spin-offs from that. For instance, the dredging material from the submarine facility has been stockpiled for use in landscaping major recreational areas.

The Pacific Dunlop consortium is committed to developing its battery plant on a site just over the road from the submarine area, and that will be properly landscaped and developed. A couple of other firms are negotiating for land in the industrial estate. There is the 20-hectare flower farm which the Port Adelaide council has sponsored and which will have its first commercial crop this year. A significant amount of housing activity is also planned, so that we will see housing, recreational, industrial and other developments all taking place within the next few years. It is certainly going to transform the nature of that area of the peninsula and greatly improve the State's economic returns from it.

**Mr OLSEN:** Referring to the issue of Commonwealth-State duplication, the Financial Statement, at page 123, indicates that the Premier has twice raised this issue at the Premiers' Conference. However, he reports in his Financial Statement this year that limited progress only has been made. Does he have an estimate of the potential savings available for rationalising administrative arrangements between the Commonwealth and South Australia?

**The Hon. J.C. Bannon:** We would argue that they run into many millions of dollars. Our problem is that these programs run foul of vested interests and empire building in Canberra. It is a greater idea at the rhetorical level but, when you actually get down to proposing specific areas where overlapping or duplication can be avoided, all sorts of objections then get raised. At the beginning of this exercise we presented a paper with a number of options in it to which I have referred in this Committee before. Some of those are still being explored.

It would appear that the chief area in which we could do more work, and by successfully achieving something create a model for other programs, would be in the health area, and some work has been done on that. The home and community care program and various agreements as between State and Federal Government have been looked at. As recently as July the Minister of Community Welfare (the Deputy Premier), who is Chairperson of the Human Services Committee, wrote to the Federal Minister reiterating our interest in pursuing this matter noting that the officer, Dr Michael Clark, who has been employed as a consultant

to work on this program, had since left to take up the position as Director of the Department of the Premier and Cabinet in Tasmania; that there was, therefore, a gap in that position; and that a replacement should be made as soon as possible. So we are continuing to push this matter.

In one or two areas there has been some success. We are looking at a joint program for the disabled, and that may prove a useful model to show where duplication and overlap can be reduced. EPAC has also been doing a study on this question and will be presenting a paper on rationalisation of functions and regulations among the Commonwealth and the States within the next couple of months to the Economic Planning Advisory Council. If EPAC really starts to run this issue we might get more support than we have had to date.

**Mr OLSEN:** I refer to the Government's air access group. Looking at a number of proposals, one of which was the possibility of extending the airport's main runway and reviewing the curfew applying at Adelaide Airport, has the Premier received a report and, if so, what are the recommendations?

**The Hon. J.C. Bannon:** First, the airport is under the control of the Federal Airports Corporation, which has certainly been very active in promoting various opportunities for the airport and has put out a number of position papers and consulted with people about long-term plans for the airport. As far as the extension of the runway is concerned, our current advice is that it is probably unnecessary. The nature of aircraft that will be using the airport in future is such that, even fully loaded, they do not require the length of runway that one might have expected some years ago. In other words, technical improvements both in terms of noise level and power have meant that as far as the FAC is concerned that project is not likely to be necessary while at the same time getting maximum benefit from the airport.

As far as the curfew is concerned, our Government position remains one of supporting the curfew. We do believe that in some instances a bit of flexibility could be introduced to operations but that flexibility would require very specific approvals. In other words, we would not condone any change of timetabling that saw the curfew being broken, but one could envisage instances where, if an aircraft is delayed for some reason and it will be coming in half an hour past the curfew time, permission could be granted for landing instead of sending that aircraft to another airport, as has been the case at times in the past.

That has to be linked again with the question of what is the actual noise level and the operational problems involved in jet aircraft because, oddly enough, the curfew applies only to jet aircraft and not to propeller driven aircraft. So that is one of the matters that the Air Access Task Force is keeping under review, but anything that is done to the airport must have account to the fact that it is in a major residential area, and regard must be had for the sensitivity of residents. That is the down-side of having an inner city airport; the up-side is, of course, the very good access.

**Mr OLSEN:** I cannot locate any reconciliation of this year's proposed spending on intergovernment relations, although the Premier in his statement referred to some change of program format. How much was budgeted for the program on intergovernment relations in 1988-89 and how much was actually spent?

**The Hon. J.C. Bannon:** We have to take that on notice. Because of the program rearrangement to which I referred we would need to recheck the various items. I will provide an answer.

**Mr OLSEN:** The white book indicates that staffing for the program will be increased by 1.69 FTEs this financial year. Can the Premier explain the increase?

**Mr O'Flaherty:** We are building the base back up to the level that it has been for some years—7.49 FTEs. There are two vacant positions. The program 'Government Awards to Citizens' was transferred, accounting for a small portion of a salary. That program and others have been consolidated. We are building staff back to the level which has been approved for some years and amalgamating that program.

**Mr OLSEN:** What was the expenditure on Government research programs?

**The Hon. J.C. Bannon:** Actual expenditure for 1988-89 was \$224 000.

**Mr OLSEN:** The annual report of the Department of the Premier and Cabinet reveals that last financial year studies were undertaken into primary and secondary education, economic development and environmental issues. In each case, which company undertook the research and what was the cost of that research?

**The Hon. J.C. Bannon:** A tender is called for the overall Government research program, to which various research projects relate. Members might recall that the concept on which the Government research program is based is coordination of research which has been conducted traditionally in individual units without any kind of central monitoring or control. The net effect should be to reduce the amount that the Government spends on research and to focus more. Departments actually apply to have research carried out under the aegis of the Government research program. The major research projects are carried out by the tenderer. A series of subcontracts and specific projects is undertaken.

The current tender is held by ANOP and was awarded following the initial 12-month contract that covers the period about which the Leader of the Opposition is talking. The tender was let following assessment by a panel comprising the Director of the Cabinet Office, the Deputy Commonwealth Statistician, the Principal Consultant of the Office of the Government Management Board and the Professor of Marketing at the Elton Mayo School of Management. This panel shortlisted tenders, interviewed, and finally let the tender to ANOP. Some controversy attaches to this because ANOP is also well known as the national and State polling organisation employed by the Australian Labor Party. Bearing in mind that sensitivity, the procedures for the tender process and selection have been rigorously observed. ANOP won the tender because it is the best at this sort of work. In fact, it has done work in a number of areas for private sector companies and other governments. Part of the tender involves the use of local expertise and people in the local market research industry. In the 1989-90 program, \$40 000 is notionally set aside for locally commissioned studies.

As regards the three surveys that comprise the overall total, the amount allocated was \$245 000 and actual expenditure was \$224 000. That included three surveys conducted under the broad program by ANOP plus part cost of surveys conducted by the Department for Community Welfare and the Department of Public and Consumer Affairs. The survey on community attitudes to education cost \$34 250; the survey on community attitudes to economic issues cost \$68 500; and the survey on community attitudes to environmental issues cost \$99 300. DCW and DPCA surveys comprise the other amount.

**Mr OLSEN:** Supplementary to the same subject, on the basis of the survey that we have talked about, will the

Premier provide the Committee with the questionnaire and the results?

**The Hon. J.C. Bannon:** No, I will not. This has been requested previously in a number of forums. I have explained the basis of this whole program. It has been used for the Government's internal purposes. The findings of these surveys are being published progressively.

**Mr OLSEN:** Where?

**The Hon. J.C. Bannon:** For instance, the survey involving the issue of law and order in the community was published the other day as part of the crime prevention strategy documents. Reference was made to the survey that resulted in the formulation of those documents. In fact, an appendix was devoted to the research study and its findings, and I think there were some follow-up articles in the newspapers. The one on education will be in a forthcoming edition of *School News*. There will be a full publication of that survey and its findings. These will be issued progressively in the appropriate way. There is no great problem or secret about it.

**Mr OLSEN:** If there is no great problem, why not give them to this Committee?

**The Hon. J.C. Bannon:** They will be published in the appropriate way at the appropriate time.

**Mr OLSEN:** But you are contradicting yourself.

*Members interjecting:*

**The CHAIRMAN:** Order! The questions have been asked and the Premier has answered them. There have been follow-up questions as well. I think that the Premier is being asked the same questions.

**Mr RANN:** This morning the Premier was asked about the role of the Agent-General in the defence and high technology areas and in the promotion of wine sales. The Agent-General is supposed to lift the profile of the State in Europe. One or two years ago a survey, which may be of interest to the Leader of the Opposition, was published by the Agent-General, who found that South Australia had a fairly low profile amongst editors and news editors in Britain. Has there been any progress on that? I understand that a follow-up survey has been conducted, but I have not seen any results.

**The Hon. J.C. Bannon:** Yes, quite an interesting exercise was undertaken by the Agent-General under consultancy. It was a fairly cheap survey, not a major exercise. In 1987 interviews were conducted with correspondents from 40 or 50 British publications asking them what they knew about South Australia and whether they could describe where it is, its features and what is special about it. I do not have the exact figures in front of me, but a high proportion of respondents knew absolutely nothing about South Australia or, if they thought they knew, they were hopelessly inaccurate. The survey was constructed so that there were three levels of understanding: comprehensive and good, moderate and none at all. By far the predominant number had no understanding of South Australia at all. The Agent-General recently commissioned a study under which those same journals were asked exactly the same questions—presumably different individuals would be involved after this lapse of time, although not in all cases—and the results have shown quite a startling turnaround in overall perception of and identity for South Australia. A fairly solid 25 per cent still know absolutely nothing, but that contrasts with over 50 per cent or so who knew nothing in the last survey. It is a small scale exercise that indicates that we must be getting our message through, but it also indicates that we have a lot more to do.

**Mr RANN:** What do these news editors of top British publications know about South Australia?

**The Hon. J.C. Bannon:** Many of the things known about South Australia relate to sporting events; the Grand Prix is high on the list and Adelaide Oval and the cricket were referred to, as was South Australian wine. Some of those respondents know, in considerable detail, about South Australia's manufacturing and industrial structure and our primary industry. The ignorant, on the other hand, are still totally unsure where we are: somebody thought we were part of Perth; somebody else thought that Sydney was the capital of South Australia; and others said that South Australia was simply empty desert and so on. There were quite bizarre responses. Our beautiful girls have also been mentioned.

**Mr RANN:** Is the Agent-General involved in the promotion of South Australian wine in Sweden?

**The Hon. J.C. Bannon:** Yes, he is. That has been one of our most successful areas of activity for Australian wine. The generic 'of Australian origin' is certainly the key. Australia has become the fourth largest source of wine imported by Sweden. Sweden represents our biggest export market, and well over 70 per cent of that wine is supplied by South Australia. The South Australian brand names and quality have the high profile. It has been a great double with the submarine project and that is one of the reasons why Sweden is the only European country in which, if one talks about Australia there is recognition of South Australia as opposed to Sydney and the eastern States. Wine promotions have been enormously successful and the Agent-General certainly plans to continue to reinforce that.

**The Hon. JENNIFER CASHMORE:** The Premier has confirmed that ANOP was commissioned to undertake studies and surveys on environmental issues. Were the following specific projects researched and were any of them researched for public opinion? They are the Wilpena, Sellicks and Mount Lofty developments.

**The Hon. J.C. Bannon:** It was a comprehensive project. One related to such as urban consolidation and attitudes to those issues but there would have been specific questions relating to various environmental issues such as those raised by the honourable member.

**The Hon. JENNIFER CASHMORE:** Each of the three I mentioned was included in the survey?

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

**The Hon. JENNIFER CASHMORE:** How many people were questioned in that survey and what was the location?

**The Hon. J.C. Bannon:** I could not say. It was done by approved polling methods as part of a program based on a professional tender.

**The Hon. JENNIFER CASHMORE:** The Premier has already given an undertaking that the results of the survey will be published. When will that publication be released?

**The Hon. J.C. Bannon:** I cannot say, but I believe that plans are under way to publish that survey.

**The Hon. JENNIFER CASHMORE:** Once the survey results seeking public attitudes to the three proposed developments were obtained, were they provided to Cabinet and, if so, in what form? Was there a verbal report by the Minister or a breakdown of the actual survey results?

**The Hon. J.C. Bannon:** Usually the survey and the planning of the questionnaire is discussed with the department that commissioned the survey. In the case of the Department of Environment and Planning, an officer or officers are involved in assessing the opinions and so on, and have some statistical role to play. They discuss what questions should be asked and the nature of the survey. The results and the report arising from that consultation are in turn discussed with the department. Essentially, it is the department's property because it has commissioned the survey

under the Government research program. As to the specifics, certainly, the reports have not been put before Cabinet and I do not think it would be appropriate for them to be so put.

**The Hon. JENNIFER CASHMORE:** Why not, if the Government commissioned them?

**The Hon. J.C. Bannon:** It is not something that Cabinet goes through and discusses. I would not put too high an importance on them. They are simply part of the material that a Government needs to have at its disposal when formulating policy. It has been the practice of previous governments and we have continued that practice. The difference is that for the first time we have formalised it and put it under strict guidelines and a proper tendering process. In all other respects, it is no different. There is no point in getting these views in formulating policy unless they are known to the people involved in making these policy proposals.

**The Hon. JENNIFER CASHMORE:** Has any person outside the Government been made privy to the results of the survey and, if so, in what circumstances?

**The Hon. J.C. Bannon:** I am not aware of any person outside the Government being made aware of such things. It may be that, if a department had a particular project which involved private sector persons, they could be made aware, but I do not know of any instances.

**The Hon. JENNIFER CASHMORE:** Has any research on economic, education or environmental issues included any Party political questions whatsoever, such as on approval ratings for the Premier or any of his Ministers or on voting intentions?

**The Hon. J.C. Bannon:** As far as general political information, approval ratings and so on, the answer is 'No'. That has been adequately and fully canvassed. Voting intentions are a standard question in any of these surveys. I refer the honourable member to a statement I made back in May of last year.

*Members interjecting:*

**The CHAIRMAN:** Order!

**The Hon. J.C. Bannon:** If it is extraordinary now; it was extraordinary then. It is a standard means of validating a survey sample.

**The CHAIRMAN:** If members have a question to ask the Premier they should do so, but exclamations of concern or otherwise are not appropriate in Committee. If the member for Coles is directing a question, she should be allowed to do so.

**The Hon. JENNIFER CASHMORE:** Did the Premier see or approve at any stage the questionnaires before the research was undertaken?

**The Hon. J.C. Bannon:** It is not my function to approve questionnaires.

**The Hon. JENNIFER CASHMORE:** Will the Premier say whether his advisor, Mr Geoff Anderson, is still the Chairman of the committee that supervises that research?

**The Hon. J.C. Bannon:** Yes, he still carries out that role, but was not the chairman or a member of the committee that issued the tender. I am corrected: Mr Anderson is no longer the Chairman of the Statistical Priorities Committee. It is Mr Foreman, the Director of the Cabinet office, in an acting capacity.

**The Hon. JENNIFER CASHMORE:** Can the Premier say whether any research projects undertaken last year on the economy, education or the environment were initiated by him or any officer of his department?

**The Hon. J.C. Bannon:** No, they were initiated as part of the overall formulation of Government policy. They are obviously key areas.

**The Hon. JENNIFER CASHMORE:** By whom?

**The Hon. J.C. Bannan:** As far as I know, the departments concerned were involved. The Education Department has been involved in a major exercise of assessing attitudes to education as part of the plan for curriculum guarantee. I refer the honourable member to my earlier answer wherein I said that the results of such will be published in one of the school notes. She will see from the range of areas that have been studied that they have been an important part of the policy development in terms of the 'Into the Nineties' documents and various other things discussed.

In relation to economic issues, the study was commissioned by the Department of State Development as part of the base data in which to formulate the Government's economic development policy and strategy. For the environmental issues, ongoing research projects have been undertaken which the Environment Department has traditionally done in relation to such things as urban consolidation.

**The Hon. JENNIFER CASHMORE:** Have any of the decisions been made about which issues are to be researched this financial year? Have any research projects been started and, if so, which ones and will the Premier provide the committee with details?

**The Hon. J.C. Bannan:** There are two proposals at present: one relates to a survey dealing with health issues and the other is a consumer satisfaction survey in one metropolitan region covering human service agencies. The project brief has not been prepared on that at this stage. It is anticipated that that will be conducted by a South Australian market research firm.

**The Hon. JENNIFER CASHMORE:** Can the Premier say whether he as Premier or any member of the Ministry has been given the results of the voting intentions attached to the surveys?

**The Hon. J.C. Bannan:** That I cannot say.

**The Hon. JENNIFER CASHMORE:** Can we put that question on notice?

**The Hon. J.C. Bannan:** Certainly.

**The Hon. JENNIFER CASHMORE:** And have it answered by the time the House resumes?

**The Hon. J.C. Bannan:** Sure.

**Mr HAMILTON:** In relation to the success we have had in Sweden in recognition of our wines, particularly those from South Australia, can the Premier say whether there are any prospects for involvement with the Swedish Government or Swedish business people for South Australia through our Agent-General in London and, if so, what are those prospects?

**The Hon. J.C. Bannan:** The Agent-General is obviously concentrating on follow-ups to the submarine project, and also to the October investment mission that I undertook in association with several South Australian businesses. The most significant outcome of that has been the decision by what was then PEAB. (the Philips Company of Sweden) but is now the Bofors Company of Sweden as Bofors has since taken over the Philips operation, to undertake a joint venture with CSA (Computer Sciences of Australia) on the frigates project. It is a multi-million dollar exercise, the most significant aspect of which is the relocation of that operation from Sydney to Melbourne.

The CSA operation and its establishment here in South Australia will provide a major input to our economic development generally. Another excellent outcome was the decision by Pacific Dunlop to join with the Swedish-based subsidiary Varta—a German company—to produce the battery for the ASC. That was a competitive project and, fortunately, we won here. There are still a number of other live prospects. We have to look at the size of the companies

involved—Ericssons, SAAB and SAT Communications. They are large multi-national companies with little presence in Australia but are working actively at possibilities for operations in South Australia. The Agent-General is keeping in close contact with them. We will be participating in a defence equipment exhibition in Canberra, in which a number of Swedish manufacturers are involved.

Last week I hosted the Swedish Parliamentary Committee on Defence. There will also be a Swedish defence manufacturer's mission visiting South Australia after the exhibition. Other industries being targeted in Sweden include automotive components, food processing and precision engineering. There is certainly great interest in Sweden in seeing South Australia as a base for operations in the Asian Pacific area. Now that some Swedish enterprises are established here we are easy to do business with, and culturally there are many similarities. We will see an ongoing relationship, and that combination will be very productive for the State.

**Mr HAMILTON:** What other developments with other countries, particularly South-East Asia, can we look forward to? What are the prospects for South Australia for development and business enterprises with South-East Asian countries and, indeed, with any other parts of Europe that South Australians can look forward to?

**The Hon. J.C. Bannan:** In Europe we are specifically targeting Germany, but I believe France also has great prospects, particularly because of the agreement recently reached with Thompson CSF to establish radar construction operations in Adelaide at Technology Park. This is the first time they have done that out of France. So, obviously, we have a number of targeted European contacts. In relation to Asia, the opportunities are boundless. In the recent budget, plans have been announced to upgrade our representation in North Asia and Japan, and new focuses of attention will be places such as Korea.

One of the most exciting and prospective areas is Thailand in which South Australia has a very high profile and identity, because we are one of the first Australian States to actively consider opportunities in that market for joint venture, investment and so on. In looking ahead, I believe that we will see increasing trade and investment relations with that Asian-Pacific area, and we are well placed to take advantage of them. Unlike some other States, we will not be just in the business of selling commodities or unprocessed goods: we would see ourselves as being in very much value-added investment associations with those countries—brain-based and intellectual property as well as straight manufacturing and commodities.

**Mr HAMILTON:** Can the Premier say where the value of the South Australian Export Park? What prospects does it have in terms of the products from South Australia? What are its biggest customers: Japan, South-East Asia and parts of Europe?

**The Hon. J.C. Bannan:** These matters are very much under the aegis of my colleague, the Minister of State Development and Technology who, with his accompanying portfolio of agriculture, is able to ensure that all aspects of our export production are coordinated, with the one exception of minerals. However, there is a close liaison with the Minister of Mines and Energy. The destinations are quite wide. I cannot give the honourable member a rundown of the countries in order of importance, but Japan is at the top of the list. However, I can undertake to provide that information for the honourable member. Export Park at the Adelaide Airport is one element of that export strategy. For some time now the storage and other facilities at the airport have been inadequate in promoting air-borne export trade. The concept goes further than that: there is even an accom-

modation element involved in Export Park that is now under construction. We will have to wait and see how successful it will be, but it is on schedule at present.

**Mr OLSEN:** The annual report of the Department of Premier and Cabinet refers to the department's advertising agency: which agency is the department now using?

**The Hon. J.C. Bannon:** A number of agencies are used by the Government. I believe the department has recently used Mattingly, Woollard, Cawrse Advertising Pty Ltd.

**Mr OLSEN:** In the past financial year, how much money was spent on advertising through the agency?

**The Hon. J.C. Bannon:** If there is a group of agencies, I will have to take that question on notice. In terms of Government advertising, information notices, and so on, including employment ads, for the past few years we have been negotiating an overall contract with the newspapers that has resulted in a considerable reduction in costs to the Government. Mr Klein, the Government's Promotion Adviser has produced major savings for the Government in this area by negotiating overall contracts for placement. There are probably other areas in which we can improve on that.

**Mr OLSEN:** On the basis of advertising budgets through various departments (and the Premier has indicated that he will be supplying information in due course), can he provide figures as to how much was spent on advertising by all departments through agencies in the past financial year; how that compared with the previous 12 months; and the estimated cost this year?

**The Hon. J.C. Bannon:** I do not know if there is such a figure.

**Mr OLSEN:** You said that you would supply such a figure in writing for the Premier's Department. Can it be supplied for all departments? I can put it as a question to each Minister, if necessary.

**The Hon. J.C. Bannon:** We can certainly try to get a consolidated report.

**Mr OLSEN:** Was the promotion unit involved in organising the publicity campaign for home mortgage and interest relief protection plan announced by the Premier in March? How much was spent in advertising that program?

**The Hon. J.C. Bannon:** I do not know. I believe Mr Klein may have had some advisory role, but that would have been done by the department concerned.

**Mr OLSEN:** Has the promotion unit been involved in organising all the television advertising which the Premier is involved in personally and directly, and the publicity for the Homestarters program?

**The Hon. J.C. Bannon:** No, that was part of the contract in relation to the HomeStarters scheme through the Department of Housing and Construction.

**Mr OLSEN:** Are any royal visits planned this financial year? Is the King of Sweden due to visit South Australia soon in connection with the submarine project?

**The Hon. J.C. Bannon:** No confirmation has been received of that. Obviously, we would be keen to see the King of Sweden here in South Australia: last October I extended him an invitation to visit. Such is the importance of the submarine project to Sweden, I would be optimistic that at some stage during the year we will be able to entertain His Majesty. However, no time has been set for the visit. Some time last year he undertook a visit to New Zealand, and he expressed at the time that to return so soon to the southern hemisphere was not in his program. However, I hope that we will see him before long.

**Mr OLSEN:** In relation to the Premier's car phone or cellular phone which is rented at taxpayers' expense, can

the Committee have a breakdown of the costs of that phone service?

**The Hon. J.C. Bannon:** I do not think we segregate that; it would be paid for as part of the normal ongoing provision of telephonic services. Yes, it is paid for by the taxpayer, and the taxpayer gets very good value from it.

**Mr OLSEN:** Is the Premier willing to reconsider his previous denial of a car phone for the Leader of the Opposition?

**The Hon. J.C. Bannon:** After the election.

**Mr OLSEN:** The Premier might not be in a position to make that judgment after the election. We might just return the courtesy. I note under 'Intra-Agency Support Service Items not Allocated to Programs—Payments to consultants' an amount of \$10 600. For what purposes will such consultants be consulted?

**The Hon. J.C. Bannon:** There is no particular consultancy against which that amount is set. However, every year a provision of about that amount appears for contingencies that might arise during the year.

**Mr OLSEN:** Spending last financial year on office machines and equipment amounted to \$59 463. Will the Premier provide a list of the major purchases under this line last year and of the major purchases intended this financial year?

**Mr O'Flaherty:** In 1988-89 the major purchases under that line were 10 fully configured workstations in the department and seven graphic emulation modules, which are attached to some of those workstations. There was also purchase of another printer and there was some software upgrade as well.

**Mr OLSEN:** I understand that the Premier's personal staff are paid for under this line 'Intra-Agency Support Service Items not Allocated to Programs'. Earlier this year Mr Anderson rejoined the Premier's personal staff. What is Mr Anderson's present salary? Is he on secondment from a permanent Public Service position or did he resign from the Public Service to rejoin the Premier's staff? What was the total amount of payouts to Mr Anderson last financial year?

**The Hon. J.C. Bannon:** I will take that question on notice and provide a written answer for the Leader.

**Mr OLSEN:** How much did the Premier and his ministerial staff spend on entertainment expenses last year, and what is the budget for this financial year?

**The Hon. J.C. Bannon:** I will obtain that information. It was certainly not outrageous. We run a very abstemious office.

**Mr OLSEN:** Not as abstemious as that office on the second floor: it does not have an allocation, Mr Chairman. Details of departmental accounts in the Auditor-General's Report reveal payments of \$224 000 to consultants. It is not possible to directly reconcile those payments with program lines in the Estimates of Payments book. Will the Premier provide details of each consultant employed during the year, the nature of the consultancy, and the costs?

**The Hon. J.C. Bannon:** Some of these consultant fees have been included in answers to earlier questions—but I think we can consolidate the details into a table.

**Mr OLSEN:** Will the Premier make available the reports provided by those consultants?

**The Hon. J.C. Bannon:** In some cases they have been provided, and in others they are internal reports to Government, and it might not be appropriate for them to be released. If the Leader has an interest in a particular matter, perhaps we can provide further information.

**Mr OLSEN:** Perhaps the Premier could include details of whether reports have been released or whether they are

not to be released. The social justice strategy 1988-89 included provision for \$20 000 spending by the Department of Premier and Cabinet on an Aboriginal community Government consultant. What was the actual spending for this purpose last financial year? Is this consultancy being continued in 1989-90?

**The Hon. J.C. Bannon:** The consultancy is actually commissioned through the Department of Personnel and Industrial Relations. Mr Dunstan's contract is with the Commissioner for Public Employment, and has been provided for through the DPIR lines. We have provided staff support for that work, the costs for which are met within the Cabinet office budget under the line that was identified by the honourable member.

The report has been finalised and is with the Minister of Aboriginal Affairs. No further work is being undertaken on this matter now, pending further information on Commonwealth proposals for an Aboriginal and Torres Strait Islander Commission. The Leader might recall that the impetus behind this exercise was the Bonner review of Commonwealth programs in the Pitjantjatjara lands, which went further in making some general comments about Aboriginal community self management, and, therefore, Mr Dunstan was appointed as an independent negotiator to consider that particular matter and consult with Aboriginal communities on the question of community self-management. That part of the brief has been successfully completed, to the extent that the report has been drawn up. It may be that further work is required. I do not think there has been any specific provision for it, certainly not within the Department of Premier and Cabinet lines.

**Mr OLSEN:** I interpret the Premier's reply to indicate that there is no consultancy in place at this stage for this financial year and that any costs within in the Department of Premier and Cabinet lines in the past financial year applied to support staff only and expenses for support staff—not expenses for Mr Dunstan.

**The Hon. J.C. Bannon:** Yes, that is correct. Some further work needs to be done, as I have intimated, but we will not know the scope and nature of that until these Commonwealth proposals have been published.

**Mr OLSEN:** When do you anticipate that?

**The Hon. J.C. Bannon:** I think that that question is best referred to the Minister of Aboriginal Affairs.

**The Hon. JENNIFER CASHMORE:** The annual report of the Department of Premier and Cabinet states that during last year over 40 departments, agencies and individuals sought the assistance of the State promotion's adviser unit. Did one of the requests for assistance come from the Department for Community Welfare in its appointment of a public relations consultancy? Did the State promotion's adviser unit vet applicants for this consultancy and, if so, how many applicants were there?

**The Hon. J.C. Bannon:** I think that question would be better addressed to the Minister concerned. I am not aware of any particular involvement on a general consultancy basis, and I do not know whether it went further than that. The appropriate Minister could provide details.

**The Hon. JENNIFER CASHMORE:** That being the case, I refer to agency support service items not allocated to programs. Will the Premier provide an itemised run-down of spending last financial year and budget spending for this financial year under salaries, wages and related payments and administration expenses, minor equipment and sundries? I refer to page 23.

**The Hon. J.C. Bannon:** We can certainly try to get some of that information for the honourable member.

**The Hon. JENNIFER CASHMORE:** I refer again to page 23 of the Estimates of Payments, Miscellaneous, and the \$150 000 that the Premier referred to in relation to multifunction polis this year. Does that amount complete the payment for the feasibility study and, if not, when does the Premier expect a further decision to be made on the location of the multifunction polis in Australia?

**Mr Guerin:** That \$150 000 payment was made last financial year. The allocation for this financial year is not specifically a direct contribution to the overall consultancy, but involves the local costs and there is some allocation for possible, but not specifically designated, consultancy studies here.

**The Hon. JENNIFER CASHMORE:** How much has been allocated?

**Mr Guerin:** An amount of \$150 000 has been allocated for MFP. In terms of practical budgeting we would expect that about \$50 000 would have to be spent on normal operational aspects, such as travelling to meetings, and so forth. The rest is a contingency amount for extra planning that may be involved, depending on the outcome of the national study. For example, if a decision is made early next year as to what type of MFP might be promoted and it goes on to siting, or several sites, that money would maintain our involvement.

**The Hon. JENNIFER CASHMORE:** Is the sum allocated for the feasibility study supported under any program by staff salaries or departmental time that has been dedicated to the concept? Are any officers working full time or part time and, if so, how many and to what extent?

**Mr Guerin:** A number of people are involved in various areas of Government who have contributed on a part-time basis and contributions have varied significantly. For example, one person recently spent a week following up some of the national consultancy questions, but may then have no further involvement. It is rather difficult to aggregate some statistical figure and what it represents.

**Mr S.J. BAKER:** In relation to inter-agency support services, I note that an additional amount of money is being provided this year (page 4 of the Program Estimates). The Government is increasing the staff and support level in the Premier's office. What is the reason for this additional manpower and expenditure?

**The Hon. J.C. Bannon:** Some changes have been made in personnel and function over the year. Those changes relate to Mr Anderson's being seconded to my staff. Point 3 represents some secretarial support, which is shared with other departmental functions. Mr Anderson still maintains some broader departmental responsibilities, but it was considered appropriate that he should be designated formally as a member of my staff.

**Mr S.J. BAKER:** The amount involved is \$160 000; I know Mr Anderson is a very valuable member of staff, but I would not have thought \$160 000 was the full extent of his worth. What other costs are involved in that sum?

**The Hon. J.C. Bannon:** It does not relate to that salary in particular; it is just an inflation provision. Mr Anderson is certainly worth much more than that.

**The Hon. JENNIFER CASHMORE:** But does he get paid that amount?

**The Hon. J.C. Bannon:** No, he does not get paid that much.

**Mr S.J. BAKER:** I refer to the Roxby Downs situation. I note that this comes under intergovernment relations. Senator Richardson recently made comments about the monitoring of various aspects of the nuclear cycle. What is the Premier's attitude to Senator Richardson's announcement and what impact will this have on Roxby Downs?

**The Hon. J.C. Bannon:** I am not quite sure under which line this comes but, just off the top of my head, I understand Senator Richardson to have suggested an expanded role for the supervising Commonwealth scientist who now monitors the situation in the Northern Territory in relation to uranium mining operations. Our view is that the arrangements we have in place are quite adequate and we do not need to call on the assistance of the Federal supervising scientist. The procedures established in South Australia are quite appropriate and there is no reason to vary them.

**The CHAIRMAN:** In asking that question under inter-government relations, the honourable member is giving it the broadest possible interpretation. If the Minister at the table is happy to answer the question, he can. However, it might have been more appropriately directed to the Minister with responsibility for that portfolio. There being no further questions, I declare the examination of the vote completed.

Premier, Miscellaneous, \$352 000

**The CHAIRMAN:** I declare the proposed expenditure open for examination and refer members to page 25 in Estimates of Payments and pages 1 to 21 in the Program Estimates.

**The Hon. JENNIFER CASHMORE:** In relation to the Sir Thomas Playford Memorial Trust I note that no funds are allocated for this current year. I am bearing in mind the explanation given by the Premier that it may be appearing under a different line. On what was the \$20 000 allocation spent during the last financial year and why are there no funds allocated for the current year?

**The Hon. J.C. Bannon:** The State originally made a commitment of \$100 000, which has now been expended. The final payment was one of \$20 000 for the extension of a horticultural scholarship which the trust established. That is a post-graduate horticultural scholarship at the Waite Agricultural Institute in honour of Sir Thomas Playford. Over the period in which it has been operating the trust has obviously looked at a number of areas of research and development and, apart from one or two other projects it has looked at, this has been its major contribution and initiative. I understand that periodic reports will be provided on the results of the research which the scholarship is funding. As I recall, the original scholarship grant was to look at the possibility of commercial production of Australian native plants for export.

**The Hon. JENNIFER CASHMORE:** Acknowledging that \$100 000 originally granted on a five-yearly basis—\$20 000—does the Government intend to review that situation now that the amount has been exhausted and make any further contributions, or is the fund going to lapse?

**The Hon. J.C. Bannon:** There is no present intention to make any further contributions. The fund now has established its ongoing scholarship. It has also made some enterprise innovation grant over the period in which it has been in operation, and I am not aware of any other proposals that it wishes to pursue at this stage.

**The Hon. JENNIFER CASHMORE:** In other words, no request has been put to the Government by the trust?

**The Hon. J.C. Bannon:** No, that is correct. It may be that the trust will continue to seek private donations or assistance, but the establishment grant of the Government has, in fact, been expended.

**Mr S.J. BAKER:** I refer to 'special appeals and minor grants', for which \$26 000 is voted (page 25) in 1988-89; \$100 250 was spent, and \$40 000 is allocated for 1989-90.

Can the Premier say why nearly \$74 000 extra was spent on that item?

**The Hon. J.C. Bannon:** It is really impossible to know from year to year. We really have to make an educated guess as to what sort of demand might come through because it is under this line that we provide assistance, for instance, in cases of natural disaster or emergency. During this last year what one might call unbudgeted payments were made to the Bangladesh flood appeal and to the Armenian earthquake appeal. Most States supported both those appeals. Incidentally, as a matter of policy, when one remembers the extremely generous international support accorded to South Australia in 1983 I think we always have a particular obligation to respond in these international instances. We are certainly not extravagant about it but in the case of Bangladesh it was \$15 000; and Armenia, \$25 000, so there is \$40 000 which, of course, we did not know about.

We also gave a donation to the Australian Vietnam Forces National Memorial Appeal. The other grants involved the usual things: Austcare, Freedom from Hunger and others, for which the Government has traditionally shown a symbol of support. We can only guess from year to year and \$40 000 is our educated guess for this year.

**Mr S.J. BAKER:** The other question relates to the Royal Commission into Aboriginal Deaths in Custody, for which I note an allocation of \$282 000 this year. There has been a number of comments made about the royal commission and the extent to which it will ever report. Can the Premier tell the committee on what basis \$282 000 has been allocated for this financial year and say whether it is envisaged that the State Government will be funding this item at least for the whole of this financial year, or beyond into 1990-91?

**The Hon. J.C. Bannon:** It is a little hard to know just how long we will have an obligation in this matter. Our original commitment was made in 1987 when we agreed, as did other States, to meet costs particularly associated with the commission's operation in this State. The overall costs, of course, are met by the Federal Government and that includes accommodation expenses and staffing of the State office, legal representation for State Government employees where appropriate, provision of court facilities and, of course, any costs we need to generate ourselves in terms of representation. The Commonwealth meets travel costs, recording of hearings and other costs involved with the Commission.

This year we have a reasonable estimate of salaries and consultants' fees which will be less than last year. Accommodation and office establishment again should be a reduced amount. Administrative expenses will be about the same. Crown Solicitor's costs we believe will be greatly reduced because the bulk of the cases here have been dealt with. Legal fees are estimated in the order of \$120 000. There is every likelihood that that will continue as an obligation into the next financial year, because there are still some cases yet to be resolved. Reports are being received in three South Australian cases.

All evidence has been taken and final addresses and submissions have been made in a further seven cases. Evidence has been taken and final addresses for an eleventh case and the twelfth case have been before the Coroner just in the last week (that is, the Karpany case, on which there has been some report). So, one would hope that that marks the end and coupled, of course, with the major measures we are taking in implementing the recommendations of the inquiry, I hope that some good preventative work will mean that we do not have any other instances that require royal commission into investigation.



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

Office of the Government Management Board, \$2 180 000

**Witness:**

The Hon. J.C. Bannon, Premier and Treasurer.

**Departmental Advisers:**

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

Mr W.R. Cossey, Director, Office of the Government Management Board.

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to page 24 in the Estimates of Payments and pages 22 to 26 in the Program Estimates.

**The Hon. J.C. Bannon:** Mr Guerin has changed hats to become the Chairman of the Office of the Government Management Board and Mr Cossey is the Executive Officer, or Director, of the Office of the Government Management Board.

**Mr OLSEN:** In its 1987-88 annual report, the Government Management Board revealed that it had developed, in association with the Small Business Corporation, a proposal to provide a centralised location for many of the forms required to be completed by small businesses for obtaining licences and permits. The board further stated that this service could be located in the Small Business Corporation by late 1988. Will the Premier report on the progress of implementing that long overdue service?

**Mr Cossey:** At the time of reporting last year, it was anticipated that we would be developing some South Australian computer software for the development and implementation of that system. However, during the year we identified some software that had been developed in Victoria by the Latrobe University and it has been installed in the Victorian equivalent of our Small Business Corporation. That software has been evaluated for application in South Australia. We believe that it can be applied here. A business case is currently being prepared for the use of that software, and it would be applied in the Small Business Corporation in the way that was anticipated last year. The only change has been that, instead of developing some in-house software in South Australia, we have identified some software that we can purchase off the shelf that will serve the same purpose.

**Mr OLSEN:** One of the objectives of the program for last year was to improve productivity by conducting a number of projects which have emerged from the committee process established through the Industrial Commission's decision pursuant to a 4 per cent second tier wage decision. How many such projects were conducted during the year, and what results can the Premier report in improved productivity?

**Mr Cossey:** A range of projects has been identified and work is still continuing on a number of them. There are probably too many for me to go through today, but I shall be happy to provide that information.

**Mr OLSEN:** The Program Estimates at page 26 reveal that the Government Management Board conducted reviews of the Urban Land Trust and the Timber Corporation. Will the Premier provide reports prepared by the board following these reviews?

**Mr Guerin:** In connection with the Satco review, decisions were made to make some new appointments to the board. The review has been conducted in close association with the new board, particularly the Chairman, Mr Higginson. Because of the way that the review has been undertaken, it is largely a matter of practical reviewing and putting things into effect rather than presenting a series of reports. A number of things are now under consideration which will be carried through in the next several months. It will probably be more appropriate to look for a report at the end of that period than now.

**Mr OLSEN:** What initiatives will be put in place?

**Mr Guerin:** A number of changes have been made internally in Satco since Mr Higginson's appointment and the appointment of Mr Baker to the board. It has been a matter of introducing a more business oriented approach to activities, drawing the various component parts of Satco more tightly together and putting a better edge on its marketing approach. Further examinations are being made of the whole range of its business from its acquisition and milling of logs right through to the marketing stage.

**Mr OLSEN:** The final report is not to hand or a final report is not anticipated, but no doubt there are progress reports. Therefore, will the progress reports be made available to the Committee?

**The Hon. J.C. Bannon:** These are not written reports of which I am aware. I should have thought that it was not appropriate to put these into the public domain while work is still being done. One issue that is being addressed is the point raised by the Auditor-General, who has referred to Satco and Woods and Forests being amalgamated, or at least in this year's report he refers to the milling operations of Woods and Forests which could be amalgamated. As a Government—this is supported by the Government Management Board's investigations—we believe that a wholesale amalgamation would not improve performances but would make the whole operation more difficult to manage successfully.

Rationalisation can take place, and that is the subject of this ongoing investigation. This is more appropriately under the direction of the Minister of Forests. As Mr Guerin said, the commercial input, particularly of the new Chairman, Mr Higginson, has been invaluable in moving Satco into a profit position and seeing even greater potential for it to improve its performance.

**Mr OLSEN:** In relation to the review of the Urban Land Trust, which was part of the question, has the study by the board been completed; and, if so, what changes, if any, are proposed?

**Mr Guerin:** The review is continuing. A number of questions have been brought up about the relationship of the Urban Land Trust with other parts of the Government and whether there are possibilities for rationalising activities which would involve half a dozen departments. They are still being considered. Over the period that this activity has taken place, the board of the Urban Land Trust has also been giving thought to its own activities, putting a more financial cast on its activities, looking at the return on the funds involved and rationalising its land holdings both internally and between it and the Housing Trust.

It has also been preparing for involvement in the Seaford development as a joint venture with the Housing Trust and the private sector in the southern suburbs. In the community development area, where it has concentrated basically on its input to the Golden Grove joint venture, it has established a more effective relationship with other Government, private and local government bodies involved in relation to other land-holdings which are being developed.

When the Urban Land Trust appoints its new General Manager, we would expect these various aspects to be finished off and a report prepared for the Government.

**Ms GAYLER:** The Urban Land Trust has had an important role in the northern suburbs in terms of land supply and price moderation, particularly in its joint venture development with the Delfin property group. Is it envisaged that that kind of land banking and joint venture arrangement will apply to other growth areas in metropolitan Adelaide and is the Premier in a position to say whether the Urban Land Trust joint venture experience is delivering profits to the Treasury?

**Mr Guerin:** The Urban Land Trust has been involved in the Golden Grove area from the beginning, having held the land originally. It proposed to the Government the timing of the release and development of the land, and its subsequent involvement in the joint venture with Delfin has been very successful. The Golden Grove area is frequently visited by people trying to reach the same standards in terms of community facilities, the social mix of housing and the capacity to sustain interest in the market, even when the rest of the market goes down. This has been quite remarkable. At the same time, the figures show that there has been a significant moderating influence on allotment and housing prices in that area, and perhaps more widely. The pattern that has been established in Golden Grove would not necessarily be repeated in exact detail elsewhere but the overall approach of the joint venture has been very successful and has enabled a financially viable approach to urban development with a good contribution of community facilities.

That is one of the reasons why the Urban Land Trust will be involved so intimately in the Seaford development in the south, for example. Under the Urban Land Trust Act, however, there is provision that profits from land development undertaken by the Urban Land Trust can be put back only into its own activity, so that under present provisions, profits cannot be paid back into the Consolidated Account in that form.

**Ms GAYLER:** As a supplementary question, with the 50 per cent profit sharing arrangements for Golden Grove, is the Urban Land Trust now showing a good return on its investment?

**Mr Guerin:** I am not completely familiar with all the aspects of the financial analysis but I was informed recently that quite a satisfactory return for the public sector is being achieved. It is certainly not seeking or obtaining the sort of profit level that a private developer would want from such a development.

**The CHAIRMAN:** This question may be directed to another Minister.

**Mr RANN:** The review of the Government Management and Employment Act has been in operation for about three years. Has the Government taken any steps to review the effectiveness of the Act over that time?

**The Hon. J.C. Bannon:** Yes, and I think it is vital that we keep it under review. It is significant to note that the Act has been in operation for three years. At the time it was introduced it was pioneering legislation: there had never before been such a substantial reform of the Public Service and it is interesting how the model that was created through the GME Act has been picked up in other jurisdictions over the intervening years. However, we must not develop any complacency about how it operates. We commissioned Mr John Uhrig, the Chairman of CRA Limited, and Professor Fred McDougall, of the Graduate School of Management at the University of Adelaide, as an independent review team to look at the impact of the Act and how it was

operating, concentrating on what effect it has on overall public sector management.

Unfortunately, due to Mr Uhrig's being involved in a car accident earlier this year, the review has taken a little longer to complete than was anticipated, but I understand that the team is close to completing the review and I look forward to seeing what it recommends. In the course of that review, they had interviewed all the CEOs of administrative units and of several statutory authorities and have had a number of discussions with public sector managers in regional locations, so they have done a very thorough investigatory job and will be making broad recommendations to the Government on the operation of the Act.

**Mr RANN:** The Auditor-General's Report referred to a Government Management Board review of internal auditing in the public sector. Has this review been finalised and what action is planned as a result of this review?

**The Hon. J.C. Bannon:** A review of internal audit has been completed. I am advised that the report has found that the chief executive officers in all 17 agencies with an internal audit function regarded that as being very useful. The whole idea of the report is to encourage other CEOs to establish such a function. It outlines some principles within which an internal audit should operate. In fact, the Auditor-General has reproduced those principles in his 1989 report and has confirmed that they are the generally accepted principles for the operation of an internal audit. Therefore, it will be a useful tool of management.

The Government Management Board will assist agencies that are establishing those functions and is working on arrangements with Treasury to provide start-up financing for internal audit functions for those agencies which have not yet got around to it. It is important to note that there are many more agencies than those 17 with official internal audit functions which have a review or management improvement function in one form or another, so it is certainly something that is coming in and, I believe, it will be universally adopted over the next period.

**The Hon. JENNIFER CASHMORE:** The Government Management Board in its 1987-88 report referred to the frustration among young and enthusiastic middle and senior level public sector managers at the small number of opportunities available to them for career change and development. The board noted that ways would need to be found to continue to provide career development opportunities 'perhaps using less conventional methods than in the past'. Can the Premier report on what has been achieved in this area and, in particular, whether any such so-called 'less conventional' means have been identified and, if so, what are they?

**Mr Cossey:** Much of the work in relation to this question has been done in the Department of Personnel and Industrial Relations where a number of people are already looking at ways and means of increasing the mobility of people in the public sector and increasing and improving career advice to people in the public sector. Last year the Government Management Board through its management improvement fund made \$20 000 available to the Department of Personnel and Industrial Relations to do some work on this aspect. We expect a report from the Commissioner for Public Employment on the progress that has been made within the next two or three months. It is highly likely that some additional activity will be undertaken in that area this year, depending on the outcome of that report.

**The Hon. JENNIFER CASHMORE:** Will the Premier provide the Committee with a copy of the reply dated 31 July this year by the Chairman of the Government Management Board to the Auditor-General, following concerns

raised by the Auditor-General (page 191 of the Auditor-General's Report) about the implementation of Statelink, the Government-wide communications strategy?

**The Hon. J.C. Bannon:** I do not think that there is any problem with that. Does the honourable member have a particular interest?

**The Hon. JENNIFER CASHMORE:** Yes, I do have an interest.

**The Hon. J.C. Bannon:** The Auditor-General summarises the reply.

**Mr S.J. BAKER:** Is the Government Management Board staving off disasters or promoting them? If we look at the list of projects we find some in which it should have had an intense interest in the early days, namely, the Justice Information System (page 26 of the Program Estimates), sick leave (which suddenly became an issue after the Auditor-General raised it) and information technologies. In the Auditor-General's Report we note the amount of detail given to the failure of accountability and the inability of the State's data processing section to live up to the standards which the Auditor-General felt it should maintain. These matters have been under the direct control of the Government Management Board in a supervisory sense.

Statelink is loosely bound up in the new areas of enterprise or activity in which the Government Management Board should have an interest. Will the Premier report to the Committee on the extent to which the Government Management Board has failed to perform the role it was set in a range of areas? I refer to the Justice Information System, sick leave, information technology and systems appraisals—all are listed as areas requiring specific action.

**The Hon. J.C. Bannon:** It is certainly true that one of the functions of the Government Management Board is to pick up the hard issues of public administration and try to deal with them. Obviously, a lot of difficult questions will be passed over to the board. With sick leave, it is quite appropriate. I am delighted that those things can be identified by the Auditor-General. He is usually able to make suggestions about what should be done in following up matters and the Government Management Board is often the appropriate body to deal with them on behalf of the Government.

In the case of sick leave, the role of the GMB was to commission a survey to validate some of the information and thus to obtain an overview. It was useful work and helped put into perspective the overall comments, particularly the way the comments were published by the Auditor-General. It also identified both the good and bad performers. The DPIR and other agencies also have a role in this area. Government computing functions have always been an extremely difficult area, and that is something we share with all other Governments and the private sector. These issues have been well canvassed in the Parliament as well as in reports.

**Mr S.J. BAKER:** I note the reference to the Justice Information System. Why are we still talking about 4 per cent second tier wage decisions which were supposed to be negotiated and agreed to prior to the money being handed over? The Government Management Board is still looking at ways of implementing the 4 per cent tier when the payments have already been made to the employees concerned. I will be asking the Minister of Labour a few questions on DPIR and this latest round in relation to structural efficiency.

**Mr Cossey:** It was intended that the 4 per cent process would be completed by 30 June this year, and certainly by then all agencies had declared to the Commissioner for Public Employment that they had made savings equivalent to 4 per cent which counteracted the salary increase. How-

ever, in that process a number of issues were identified that could result in productivity improvements across the public sector. Work in that regard could not be completed by 30 June. Work is continuing and, if the improvements in efficiency projected result, the overall productivity improvement will be greater than 4 per cent.

**Mr OLSEN:** This will be our last question on the Government Management Board, as we have gone beyond the time designated. We will put on notice questions not canvassed before the Committee. The 1987-88 report referred to commercial activities in the public sector and stated that during 1988-89 it would sponsor major initiatives to foster the development of innovative ideas, including those of commercial potential, by people employed within the public sector. Will the Premier report on what major initiatives were undertaken last financial year and what commercial opportunities were identified?

**Mr Cossey:** During the year the Government Management Board sponsored, in conjunction with the Adelaide Innovation Centre, the first innovation workshop for public sector managers. That workshop took something like 15 people from various agencies through processes associated with the innovation of Government programs. The process was not completely oriented towards commercialisation: it referred to innovation generally. I recall that a couple of innovations of a commercial nature were identified in that workshop, one being associated with a facility developed by the Government Computing Centre to control the use of computing resources, and that looks like having commercial application beyond the Government Computing Centre.

Another application identified by the State Conservation Centre was a light meter which enables works of art to be protected from the damage caused by excessive light. Both are being taken up by those organisations in conjunction with the Adelaide Innovation Centre to see what can be done in terms of developing a market for them.

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

Treasury, \$437 976 000

**Chairman:**

The Hon. G.F. Keneally

**Members:**

Mr S.J. Baker  
The Hon. Jennifer Cashmore  
Ms D.L. Gayler  
Mr K.C. Hamilton  
Mr J.W. Olsen  
Mr M.D. Rann

**Witness:**

The Hon. J.C. Bannon, Treasurer.

**Departmental Advisers:**

Mr A.R.G. Prowse, Under Treasurer.  
Mr J.T. Hill, Assistant Under Treasurer.  
Mr J.R. Wright, Assistant General Manager, South Australian Finance Association.

**The CHAIRMAN:** I declare the proposed payments open for examination. I refer members to pages 27 and 29 of the Estimates of Payments, and pages 27 to 38 of the Program Estimates.

**Mr OLSEN:** I refer to the Federal Government's proposal for a new industry training program to be funded by employer contributions initially equivalent to 1 per cent of their gross

wages bill. The Federal Minister, Mr Dawkins, said that he wanted the States to administer the scheme through payroll tax collection arrangements. Has any Minister or Treasury officials had discussions with the Commonwealth about the implementation of the scheme?

**The Hon. J.C. Bannon:** The answer to that is 'No'. It may be that the Minister for Employment, Education and Training has had some preliminary discussions in conjunction with his other Ministers. The whole issue has been the subject of Ministerial Council discussion. However, the first I was aware of this proposal that payroll tax should be used in some way for a scheme was when I read about it in the press. Earlier this year, we made a submission in response to the paper that was issued by the Federal Government on this matter in which, while strongly endorsing the principle of increasing training resources in industry—of ensuring that those employers who are not prepared to pull their weight should in some way be required to do so—we did not endorse the concept of some form of compulsory levy. We believe that a system on an industry by industry basis would be a better approach: that would involve consultation with the appropriate employer groups within each of the industries concerned.

The Federal Government's proposal is one that we have not had a chance to consider. If what is proposed is some form of compulsory levy which would be exercised by the State through its payroll tax system, I am not interested in it. In relation to the payroll tax exemption level, many employers are not liable for payroll tax and are therefore not required to submit returns, and they would not be caught up with under administration. In other words, it would be employers with payrolls above the exemption level only who would be in any way subject to our knowledge or system. We are supportive of the principles lying behind what the Federal Government proposes, but the detail obviously needs a lot more work.

**Mr OLSEN:** I presume from the Premier's comment that no estimate is available as to the administrative costs that South Australia would incur in complying with such a scheme. We can identify no other taxing system to indicate what the approximate cost would be if we were compelled to comply with the scheme.

**The Hon. J.C. Bannon:** No, that is true: that is one of the problems in any scheme generally—actually trying to define what one would call the training effort of individual employers. In some cases, it is probably quite easy to ascertain: in others it would be very difficult. Certainly, guidelines would have to be established which would indicate what amounts of a company's payroll could be properly put down to training effort in a particular establishment. Of course, that is something again that could be done only in consultation with the industry.

**Mr OLSEN:** Given the response to these two questions, is the Premier prepared to give a clear undertaking that South Australia will not cooperate in the implementation of a scheme as proposed by Canberra using payroll tax arrangements?

**The Hon. J.C. Bannon:** We are certainly not inclined to be involved in a scheme which would use our payroll tax base as some mode of collection or enforcement. If there is to be such a scheme, I believe it would have to be a national scheme and, therefore, organised from a national level: it is not a scheme that would commend itself in my view. If, on the other hand, the adoption of an industry by industry approach was involved, then through our training institutions and other functions we would probably be able to assist.

**Mr OLSEN:** Is there any reason why the Premier will not respond to widespread employer concerns about the proposal and clearly indicate that South Australia will not cooperate through its payroll tax collection system by contributing to this levy?

**The Hon. J.C. Bannon:** The Leader of the Opposition has the luxury of being able to make simplistic responses on a short-term basis to anything. I have a long-term responsibility for Government and, therefore, need to take a considered position on any matter. I do not normally react off the top of my head to newspaper comments without first discussing the issues. I repeat: to the extent that employer groups are rejecting the principle involved, which is that the burden of training and an expanded training effort must be shared among all industry and not simply remain on the shoulders of those employers who are doing the right thing now—if they are saying it is not appropriate to change that system—then I say they are wrong. Equally, however, I am not endorsing, without further examination, any scheme that imposes levies or penalties of this kind. We need to examine it.

Let me make it quite clear: this issue of skills training is one of the most important that confronts us in the coming decade. We have to increase our resources in this country for it. We have to prevent this practice—which is rife in many industries—of employers, who do the right thing and provide proper and adequate training schemes and skills development, seeing the value of that to them as individual companies totally reduced by their employees being poached or bought off them by employers who are not prepared to pull their weight. We have to do something about that: the Federal Government is trying, and I hope that the employer bodies cooperate with them in that respect. However, whether this scheme—as reported in the newspapers—is the way to do it is the question that must be examined.

**Ms GAYLER:** The budget speech and the estimates of expenditure overall indicate that Consolidated Account expenditure will grow by 6.9 per cent for recurrent expenditure and 6.8 per cent on capital expenditure. However, the documents indicate that total State public sector expenditures will grow by 11.5 per cent. Will the Premier explain the difference between those percentages?

**The Hon. J.C. Bannon:** The honourable member is drawing attention to the difference in the growth of these payments and the difference between the Consolidated Account and the total public sector—is that right?

**Ms GAYLER:** Yes.

**The Hon. J.C. Bannon:** The public sector, of course, includes a variety of trading enterprises. ETSA (being the chief, I guess), the Housing Trust, the Woods and Forests Department and the E&WS Department all have elements of commercial activity, where their consumers or customers are paying for their services. So, to a greater or lesser extent, they are not directly controlled under the budget. The services they provide are really based on the public demand for services. In some cases, such as the Housing Trust, we cannot totally fulfil that demand, while in relation to ETSA I think it is fair to say that we can. Power can be delivered as and when required, if people are prepared to pay the price.

Data published in the budget indicates that total outlay for the whole public sector is expected to grow by 11.5 per cent. A large proportion of that involves the change in the net operating deficit of the public trading enterprises, stemming not from a major deterioration but rather from the very good performance achieved in 1988-89. When comparing this year's expected outcomes with those of last year, one should not just look at the end result of the year (which

in 1988-89 was extremely favourable): one must also look at the budget estimate in which the outcome was framed originally. In comparing changes, budget to budget, one will notice that there are no wide discrepancies.

This relates to the fact that a series of factors operated during 1988-89 which gave us a very good, strong result. I hope we can repeat it this year, but the chances are probably not as good as for the previous year, if one looks at the economic outlook. The Housing Trust, for instance, reduced its estimated deficit quite considerably by some \$40 million. The Woods and Forests Department turned in a profit which was about double that which was expected—a \$46 million profit. ETSA's deficit was reduced from \$16 million to \$700 000. The E&WS deficit was reduced from \$16 million to \$4 million. Looking at the results of those four authorities alone, one can see that there was a considerable turnaround of deficit into surplus in the course of the year.

In comparing estimate with estimate, there is not a great deal of change. I think it is prudent to look at it on that basis. However, as far as the operations are concerned, in looking at the end of the year result and comparing that with our anticipated outlays, in some cases there is a jump. Again, I would just say that, in looking at our budget supported agencies, one must also view the situation in the broader picture of public sector enterprises, the total public sector generally—and that makes more sense of the figures on growth that we have provided there. In terms of those areas that we control on budget, we are keeping them very tightly within the inflation figure.

**Ms GAYLER:** Another pleasing aspect of the budget is the reduction in net indebtedness. The budget documents show that the State's net debt has been reduced as a share of gross State product and that at the end of 1988-89 it will be at about 15.7 per cent. Does the Government intend to continue the policy of debt reduction which it has pursued in recent years?

**The Hon. J.C. Bannon:** I refer to table 6.2 in the Financial Statement. We do anticipate being able to reduce our net indebtedness and consequently our interest payments over the long term. Of course, we cannot control the level of interest payments and, unfortunately, we have had to pay out higher levels in recent years. First, there has been a large amount of maturing Commonwealth debt, taken out at low interest rates, which obviously is turned over or refinanced at higher levels of interest rates—and that pushes the level up. Also, there has been the upward movement of market rates, under the Loan Council global limits. Despite that background, we have been able to reduce our net debt to GSP ratio, from 22.9 per cent, when we came to office, to 15.7 per cent last year, and, with things going to budget, there will be a further reduction to 15.5 per cent at the end of this financial year.

Although a State's financial condition cannot be judged solely by its level of debt, certainly, the ABS public sector debt statistics published last month show that we compare very favourably with other States. We actually had the second lowest of all the States—except Queensland. Indicative figures shown on table 6.12 of the Financial Statement I think will help the honourable member to see the differences. So, we are in a very sound position, both relatively and in the trend line over time. I believe that we can contain that position despite the higher interest costs that we might be faced with as more low level debt is retired. It will eventually be worked out of the system, but it will take some time.

**Ms GAYLER:** Finally, to complete the broad picture, I refer to the question of public sector employment. Will the

Premier outline the overall impact of the budget on the medium-term trends in public sector employment?

**The Hon. J.C. Bannon:** I refer the honourable member to table 6.3. One can see that, while there has been an increase in absolute numbers (incidentally, I would stress that full-time equivalents rather than persons is the appropriate figure to look at in this context), the increase has been very modest and, importantly, in the past few years we have seen a reduction in public sector employees as a percentage of persons employed in South Australia. If you like, that is a bottom line. I think it is unrealistic to keep talking about cranking down public sector employment, when public sector employment is geared to the demand for services and the growth in the community. While it is certainly true that there are areas where efficiencies and productivity can reduce the need for absolute numbers, there are some areas where a service simply cannot be replaced. I am talking about hospitals, schools, and things like that.

However, as I say, that bottom line is the important thing to look at. In 1983, 18.3 per cent of persons employed in South Australia were public sector employees, while in 1989, 16.6 per cent of persons employed were public sector employees. That is a pretty major achievement, because it is against a background of continuing public sector development in this State. New employees in this year's budget (which represent a .8 per cent increase) relate mainly to education (42), health (113), police (59), in this immediate period, and traineeships (107). So, I would like anyone to question the priorities involved in those employment figures—because I would be quite happy to argue them on any platform around the State.

**Mr OLSEN:** I agree with the Premier about the need for industry training: no-one would disagree with that. My question was not broad based and simplistic. It related particularly to the use of the payroll tax system in this State for collection of a levy. I note that the Premier refused to answer that question. I refer to sick leave at CEO, EO and AO officer level. I raised this matter previously, and there were five questions.

**The Hon. J.C. Bannon:** I do not think there is a lot of sick leave in Treasury.

**Mr OLSEN:** I would not have anticipated that there was, but I am referring to CEO, EO and AO officer levels. This relates to a question asked earlier in the day. I take it that that information will be provided in due course.

**The CHAIRMAN:** The Premier has undertaken to provide that information.

**Mr OLSEN:** The Financial Statement (page 135) refers to discussions held with Australia Post about the possibility of using its extensive branch network to make it easier for members of the public and corporate bodies to pay Government accounts. What is the estimated saving in administrative costs and what charge has Australia Post proposed making for such a service?

**Mr Hill:** We received an invitation from Australia Post some months ago to attend a presentation, which was intended to inform us of the benefits of doing our business through Australia Post. Australia Post presented material to us at that function, but we have not yet had detailed negotiations which would enable me to answer the Leader's question.

**Mr OLSEN:** Has this matter been discussed with the State Bank?

**Mr Hill:** The State Bank is already our agent for the collection of Engineering and Water Supply Department accounts, and we would certainly be consulting with the

State Bank if there were to be any extension of an agency arrangement.

**Mr OLSEN:** Therefore, if you enter into any agreement with Australia Post, you use the State Bank and its branch network for the same purpose?

**Mr Hill:** That is one possibility, certainly.

**Mr OLSEN:** Are there investigations into the possibility of the State Bank and Australia Post offering the same service, or are you looking at Australia Post offering a different service?

**Mr Hill:** Our understanding is that Australia Post has a wider network than the State Bank. Therefore, Australia Post can provide a broader service than the State Bank. We are not proposing to take away from the State Bank the present agency arrangement, but by using Australia Post we could extend the account payment facility to a wider range of people.

**Mr OLSEN:** The Program Estimates refer to the establishment of a legislation policy planning unit under the 'Administration and Enforcement of State Taxation Legislation' program and to the release of certain draft legislation seeking comment from the Tax Institute of Australia, the Law Society, the Institute of Chartered Accountants and the Australian Society of Accountants. What are the major provisions of the draft legislation and when does the Government intend to introduce the legislation?

**Additional Departmental Adviser:**

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

**Mr Walker:** That was the Taxation (Reciprocal Powers) Bill, which was discussed with the Law Society, the Tax Institute of Australia, the Institute of Chartered Accountants and the Australian Society of Accountants. That legislation was subsequently passed in Parliament in April this year. The legislation has enabled greater levels of cooperation between the States in terms of carrying out inspections where they must be carried out in other States. If South Australia needed to check details in New South Wales, we would have that ability, on the proviso that we give reciprocal powers to New South Wales.

**Mr OLSEN:** Is the unit an ongoing body and, if so, are other legislative provisions being investigated?

**Mr Walker:** It is an ongoing unit. It consists of two people who do various work, particularly in relation to legislation. There are certain other legislative proposals currently being formulated. Again, one of those proposals currently is with the joint consultative committee comprising those four groups previously consulted with in relation to the taxation (reciprocal powers) legislation. Extensive submissions have been received and meetings have been conducted with those groups. In fact, the Bill is now in its final stages of formulation.

**Mr OLSEN:** What does the Bill incorporate in legislative terms? What is proposed in the Bill?

**The Hon. J.C. Bannon:** I think it would be more appropriate to wait until the Bill is introduced in the House and until its final drafting.

**Mr OLSEN:** When do you anticipate introducing the Bill?

**The Hon. J.C. Bannon:** The work is under way. A further draft still has to be discussed with the consultative group, so it will be some time yet.

**Mr OLSEN:** Before Christmas?

**The Hon. J.C. Bannon:** I would hope so.

**Mr OLSEN:** The Auditor-General's Report (page 209) indicates that in 1988-89 the inspection branch of the Treasury conducted 972 inspections and that revenue collected

as a result of these inspections was \$1.8 million. In the previous year, there were 77 fewer inspections but the revenue generated was \$2.5 million. So the figures suggest a reduction in avoidance of most areas of State Tax?

**Mr Walker:** The specific reason for that reduction is primarily centred around the fact that in the inspections conducted the year before there were some very large one-off ticket items that contributed very significantly to revenue. Therefore, in the last financial year there were more inspections conducted but the revenue was slightly less. It was purely as a result of the nature of a couple of particular inspections in the 1987-88 financial year.

**Mr OLSEN:** The Auditor-General's Report also indicates potential income arising from inspections initiated by the branch last financial year amounting to \$8.3 million, that is a rise of more than \$5 million from the previous year. This is said to reflect principally stamp duty on business sales. Does the Treasury have evidence that there is widespread avoidance of that particular tax?

**Mr Walker:** Legislation was passed in the first half of 1988—in the financial year before last—and there were anti-tax avoidance provisions, which were dubbed the Clayton's contract provisions. Those provisions, together with an inspection program, have resulted in a mechanism to ensure that, where instruments are unstamped, they are brought into our office. A fairly large compliance program conducted by the inspection branch has uncovered quite a number of situations in which the documents have not been lodged with the stamps office. I am sure that in some of those cases that would be tax avoidance, but in other cases taxpayers or their advisers may have inadvertently created this situation. In addition, we are taking steps with our inspectors in the field to ensure that awareness of those provisions is increased.

**Mr RANN:** I do not wish to be controversial but some allegations were made in the Western Australian Parliament about SAFA. I think that it is probably in the interests of both the Government and the Parliament for those allegations to be answered in this Committee, rather than through a report at a later stage. Last week allegations were raised in the Western Australian Parliament that the South Australian Government, through SAFA, provided funding to the Western Australian petrochemical plant. Is this allegation correct?

**The Hon. J.C. Bannon:** No, it is not. I appreciate the honourable member's question because, although this is an issue that probably will not be raised here in South Australia, I think it ought to be ventilated because it has been referred to in the West. Between February and May this year, as part of its overall monetary policy, SAFA purchased and sold promissory notes issued by Western Australian Government Holdings. They were purchased in the normal way through the marketplace, through a third party. Western Australian Government Holdings is a wholly owned company of the Western Australian Government.

Those securities were denominated in Australian dollars and as such carry a triple A credit rating for Moody's. In other words, notwithstanding the revised rating of our long-term debt from Moody's which has taken place recently—in any case, these transactions occurred before that revision—the triple A rating was there. So, it is a serviceable purchase as part of the normal ongoing SAFA program. Securities in the commercial paper markets in various instrumentalities—Government, semi-government, non-government—are constantly bought and turned over in the course of the year's transactions. They do not require my approval as Treasurer so obviously would not have been brought to my attention. They are just simply part of the

operations of SAFA carrying with them the guarantees and the credit ratings. So, to imply some deep dyed plot of support, which I understand was initially suggested in Western Australia to a particular transaction, is just not on.

As to what those funds would be applied to, the suggestion that this was purchased by the Western Australian Government Holdings to put into a particular Bond transaction, again is nonsense. We are interested not in the purpose of ratings but simply in the fact that the promissory notes are available and that they carry the appropriate credit rating and guarantee. So, that is the end of the story. I was surprised that it was brought up in that way, although the atmosphere is so fevered in Western Australia at the moment I guess anything is grist for the mill.

**Mr RANN:** A number of criticisms have been made about the adequacy of SAFA's capital or equity, and in 1988-89 it was charged that SAFA had significantly increased its gearing, thereby exposing the authority to greater risk. Can the Premier outline the situation with regard to the adequacy of SAFA's capital base?

**The Hon. J.C. Bannon:** Such is SAFA's importance to our overall budget financing, and as the money manager of the Government, that we cannot afford to take risks in terms of prudent capitalisation. In fact, SAFA's capital base (which one can see from the annual report which was tabled with the budget) as at 30 June, was \$2 352 million and that was made up of the capital contribution from the South Australian Government, general reserves, retained surpluses and the asset revaluation reserve. So, it is extremely well capitalised.

As at June, it had a ratio of 15.7 per cent of capital to total assets. Now, just to put that into perspective, the major Australian private banks, all of which have high credit ratings and are well secured, our 15.7 per cent should be set against 5.3 per cent for ANZ, 5.1 per cent for the CBA, 6.7 per cent for NAB, and 6.5 per cent for Westpac. So, you can see that in prudential capitalised terms, SAFA is, on average, about three times better capitalised than those very strong institutions. I think we can feel fairly confident about that.

**Mr RANN:** Does the Premier see there being any obstacle to SAFA being able to provide funds for the HomeStart scheme?

**The Hon. J.C. Bannon:** No. Obviously, it has been quite important to ensure that we can get access to the sort of funds necessary. In this case, SAFA can go to the marketplace and identify the sort of securities that suit the HomeStart scheme arrangements. We are looking at indexed bonds, for instance, because of the indexed nature of the HomeStart arrangements. It is able to get them at a keener margin than any ordinary financial institution. Basically, it will be doing that progressively as the scheme is taken up. Incidentally, the scheme was not launched without SAFA first of all identifying and, in fact, purchasing a very large and prudent amount of such securities.

**The Hon. JENNIFER CASHMORE:** Following the answer by the Premier to the member for Briggs about the purchase of promissory notes from Western Australian Government Holdings, can the Premier advise the Committee what was the value of the promissory notes purchased? From what other State Government authorities, if any, has SAFA purchased promissory notes? What is the value of such purchases?

**The Hon. J.C. Bannon:** The purchases were made between February and May. I cannot give a precise amount, but it is certainly less than \$100 million. I have already gone through the way in which those transactions are undertaken. We frequently purchase Government guaranteed securities

in the market. Other Government guarantees are provided by New South Wales and Victoria. They are recent examples of such purchases. It is very common, in fact, for States to deal in each other's security as part of their debt management or investment activities. I would imagine that the Western Australian Government has occasion to purchase securities guaranteed by the South Australian Government, and so on, around the system, depending on what one's particular needs are at any time.

In the case of the Western Australian Government Holdings paper, incidentally, at least one other State was also an investor, for the same reasons as we were, purely commercial reasons. I am not at liberty to disclose the name of that State. The Under Treasurer also makes the point that this is very short-term paper. These are 96-day notes, and the idea is simply that where one has cash one looks at what is available in the marketplace at the time, what security backing there is and purchases them. So, this happens all the time on an ongoing basis and to focus on a particular transaction is just nonsense in the context in which these transactions are undertaken.

**The Hon. JENNIFER CASHMORE:** The Premier's response that the value was less than \$100 million involves a pretty wide scope.

**The Hon. J.C. Bannon:** I will pin it down: between \$50 million and \$100 million, which is not an unusual amount in any of these transactions.

**The Hon. JENNIFER CASHMORE:** I think most members of the South Australian public might want a more precise reply, and we would be grateful if the Premier could take that question on notice, as at the moment apparently he does not have the precise value.

**The Hon. J.C. Bannon:** Yes, I have. Approval would need to be sought from the issuer of the notes to release the precise amount. As I say, it is of no great moment.

**The Hon. JENNIFER CASHMORE:** During the last financial year, did SAFA have any discussions with any other financial institution or any agency of the Western Australian Government about providing interim finance for a petrochemical project in Western Australia? If so, when were those discussions held, who initiated them, and what was the outcome?

**Mr Prowse:** To the best of my knowledge, as Chairman of SAFA and Under Treasurer, there were no discussions. Certainly, I participated in none and the General Manager of SAFA is not aware of any, either.

**The Hon. JENNIFER CASHMORE:** I refer to page 27 of the Estimates of Payments and to 'The Administration and Enforcement of State Taxation Legislation'. For each of the items of State taxation over what period of time does Treasury prepare forward estimates of receipts? Is it one financial year, two financial years, or more, and will the Treasurer advise the Committee of any estimates the Treasury has made for the 1990-91 and 1991-92 financial years?

**The Hon. J.C. Bannon:** We do not publish formal forward estimates, largely because of the nature of the receipts base of State Government. We are dependent upon the input of the Federal Government, which can change from time to time and even override legislative certainty, as we have found in the past. Obviously we attempt to arrive at some indicative idea of the forward outlook. We would expect the overall collection of State taxes, pending any major adjustment in terms of reduction or increase in rates, to equate roughly with inflation, although State tax sources in this year's budget are well below the estimated inflation rate, which it is about 4.2 per cent.

The Commonwealth is the only Government that publishes forward estimates and then only of payments, not

receipts. If we move to publish these receipts estimates, we would be the only Government in Australia to do so and it would probably be totally inaccurate and quite unreal in terms of the expectation of actual receipts. There is so much uncertainty, and frequent revision is required. Forward estimates of payments are subject to less uncertainty, but they are still very sensitive to assumptions about wage movements and other areas.

In 1989 the New South Wales Government has published forward estimates of expenditures for 1991-92, but that is the only Government, apart from the Commonwealth, that is doing so. We are looking at it, but we believe that it would be misleading and raise false expectations if we were to do so. With such a finely balanced budget as ours and the revenue base that we have, the indicative budgeting that we do is the best way of going about it. The exception is capital payments where we estimate a base level of commitment, and we are looking at a five year rolling program of capital expenditure. In the ordinary receipts and payments, nobody publishes forward estimates because it is a waste of time. In terms of expenditure, we do not believe that our system is refined enough to do that accurately.

**Mr OLSEN:** In program 1, 'Administration and Enforcement of State Taxation Legislation', there is provision for \$60 000 of payments to consultants. What is the purpose of that expenditure?

**Mr Walker:** For the purpose of consultancy, our organisation has a commitment to further improve its efficiency. One thing which is being looked at is our computer set-ups. Our office has a number of diverse computer set-ups. We hook into a large payroll tax system, with the State Computing Centre and into the Lands Department computer with our land tax. The rest of our organisation has a lot of personal computers which perhaps should be networked. We want to see in what areas we can improve our financial reporting. The purpose of the allocation is to examine those issues.

**Mr OLSEN:** Under program 1, why has the Government decided to impose a stamp duty of 1.8 per cent on the hire income of houseboat operators and to make the impost retrospective from the date of commencement of business?

**Mr Walker:** Part of the ongoing compliance and enforcement monitoring activities of our inspection branch is to look at various areas. For example, under the Stamp Duties Act, rental duty is payable on rental business, the first \$15 000 of which is exempt. That is to be increased to \$24 000 from 1 October. If houseboats are being rented out and they fall within those requirements of the legislation, they are subject to duty. If there is an obligation to pay duty and that obligation has not been met before, as a further example of the activities of the inspection branch, it has to enforce compliance in the industry.

**Mr OLSEN:** Where does the retrospective nature of the 1.8 per cent come in?

**Mr Walker:** The stamp duty payable on rental business has been in force since 1969.

**Mr OLSEN:** But it has never been levied on houseboats before. Houseboat operators have not paid duty before. That is the point that I am trying to make.

**Mr Hill:** We can only presume that the people in question were not aware of the legislation, because they have had a legal obligation to pay the tax since it was introduced. Apparently they were unaware of it, but they have now been made aware of it. The tax office is pointing out that they have been obliged to pay the duty since they commenced operations. That is the retrospective element, which is the word chosen by the Leader.

**Mr OLSEN:** How much revenue is this measure expected to generate in this financial year?

**Mr Walker:** The investigation activities of the inspection branch have not yet been finalised, so I am not aware of that.

**Mr OLSEN:** Is the Premier aware of the disadvantage that this imposes on South Australian businesses over their Victorian competitors using the Murray River?

**The Hon. J.C. Bannon:** I am not aware that there is any particular disadvantage, but I will undertake to have a look at it.

**Mr OLSEN:** On program 2, 'Provision of budgetary... and economic advice', in the budget last year the Premier announced that a special fund was to be established, administered by the Treasury, to encourage productivity improvement in State Government agencies. He said that \$1 million would be set aside last financial year and this would provide loans up to \$100 000 for approved proposals. How many loans were made available last financial year?

**The Hon. J.C. Bannon:** The fund has been made available to encourage particular financial productivity. Four allocations were made under it in the last financial year, three of them in the arts area. Two related to the substrata of Carrick Hill. An advance was made to Carrick Hill to carry out a feasibility study into the sinking of a bore which would provide Carrick Hill with independent access to water and thus considerably reduce its water costs.

In addition, a marquee will be erected in order to increase commercial usage and, therefore, the return. The Jam Factory also qualified as part of its retail operations and the Highways Department was given a loan for an automated fuel management system. Incidentally, these loans are provided as commercial loans, that is, there is an interest rate attached to them and, obviously, a commercial proposition is required before this money can be expended.

The provision of \$1 million was an estimate of what sort of take-up could take place. The overall total was \$227 000, well short of the amount allocated. That may be attributable to the fact that this was the first year in which funds were available, the size of the loans was very restricted and the pay-back period was quite short. So, obviously, an overall view of this scheme ought to be made. It might not be meeting the needs of agencies to the extent anticipated and the Government Management Board and Treasury are at present engaged in surveying agencies to ascertain how the fund could be made more attractive to them.

**Mr OLSEN:** How much did the four loans total?

**The Hon. J.C. Bannon:** The Highways Department borrowed \$82 000 for its automated fuel management system; Carrick Hill received \$20 000 for its bore and \$45 000 for the marquee; and the Jam Factory retail loan was \$80 000.

**Mr OLSEN:** How much is proposed to be allocated to the fund this year?

**The Hon. J.C. Bannon:** We have not made a specific allowance on a line basis at this stage. We have allowed for a contingency drawdown, pending this review. Certainly, it would be no more than the \$1 million allowed for in the past financial year but I imagine that the take-up would be much less, despite the review. We should be able to arrive at a firm budget figure for the 1990-91 financial year.

**Ms GAYLER:** I note that it is intended to develop and introduce a new Police Superannuation Act this financial year (Program Estimates, page 37). Police officers in my area often raise the issue of their superannuation provisions. When is this new legislation likely to be introduced and what will be its general thrust?



**Additional Departmental Adviser:**

Mr P.N. Gerrard, Public Actuary.

**Mr Gerrard:** Negotiations on the police pension scheme have been continuing between the Superannuation Task Force and the police unions for the past six to eight months. Although they are close to being finalised, there are still some points of disagreement. It is hoped that agreement will be reached on these points fairly soon and I think that 1 July next year is the date people are aiming at for the introduction of that scheme.

**Ms GAYLER:** What is the purpose of reviews such as the proposed review of the Police Pension Fund?

**Mr Gerrard:** The review is really a follow-on from the other review of the main State superannuation scheme, and most of the changes are somewhat similar. I suppose there are other purposes or other factors that come into a review and other things that need to be addressed, but primarily it flows on from the review of the State scheme, and the structure that would emerge is somewhat similar.

**The Hon. JENNIFER CASHMORE:** What is the Treasury's forecast for wage movements in South Australia for this financial year?

**The Hon. J.C. Bannon:** I refer the honourable member to the budget paper relating to the economic conditions in South Australia.

**The Hon. JENNIFER CASHMORE:** Does that include 1991 as well?

**The Hon. J.C. Bannon:** We do not have a crystal ball.

**Mr Prowse:** The assumptions that we have made in the budget are fully consistent with a Commonwealth budget, in terms of CPI, work force growth and wages adjustment through the year.

**The Hon. JENNIFER CASHMORE:** Could Mr Prowse refer me to the page in the Financial Statement that provides precise figures?

**Mr Prowse:** I will see whether I can locate those figures during the break.

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

**Mr OLSEN:** We asked questions about promissory notes on Western Australian Government Holdings. On what date did SAFA make its first advances to Western Australian Government Holdings Pty Ltd?

**The Hon. J.C. Bannon:** I will ask Mr Schwarz, the General Manager of SAFA, to join us.

**Additional Departmental Adviser:**

Mr R.A. Schwarz, Acting General Manager, South Australian Financing Authority.

**Mr Schwarz:** We bought promissory notes shown to us by a financial intermediary, from recollection, in February of this year.

**Mr OLSEN:** Can you tell me when in February?

**Mr Schwarz:** I do not have the exact date to hand, but we could report back.

**Mr OLSEN:** The date is important. Prior to the date on which SAFA made its first advance, did the Premier or anyone acting on his behalf have any discussions with any member or representative of the Western Australian Government about the transaction?

**The Hon. J.C. Bannon:** I answered this question quite comprehensively earlier in response to the member for Briggs. I had absolutely no knowledge of it. As Treasurer, on a monthly basis I get a list of SAFA's transactions for the month. The list is in the form of a computer printout

document in extremely small type with hundreds of transactions recorded. It is my practice to glance through it, look at the pattern of investment and note that it has been forwarded to me. If WAGH was listed it would not have registered with me, because it would have been in company with a whole range of other transactions taking place. Again I must emphasise that the Leader of the Opposition says that the date is important, but it is not important; these transactions are occurring all the time. They are short-term placements, depending on who has the cash and who wishes to take up the notes at any time.

In the closely typed computer printouts that I receive, at least three or four different State Government securities are shown, for example, SEC Victoria, the Tasmanian Treasury Corporation, New South Wales, the Western Australian Treasury, and so on. All regularly appear in the rolling over of securities. If I were the Treasurer of New South Wales I would probably see a similar list on which South Australian securities would feature periodically as the need arose. They are placed not directly with the Government instrumentalities involved but through financial intermediaries. That was the case in this instance. It is part of normal practice.

**Mr OLSEN:** Who then was involved in those discussions with WAGH?

**The Hon. J.C. Bannon:** No-one. The financial intermediary would have offered—

**Mr OLSEN:** Someone at SAFA must have been involved.

**The Hon. J.C. Bannon:** Not at all. Promissory notes would have been offered by the financial intermediary in the normal money market transactions. They happened to be WAGH notes at that time and were obviously taken up because guarantees were attached to them.

**Mr OLSEN:** Acting on behalf of SAFA?

**The Hon. J.C. Bannon:** No, the intermediary stands in the market place and the various financial institutions use the intermediary to see what is available for purchase. It might help the Committee if Mr Schwarz explains how it operates.

**Mr Schwarz:** As standard procedure we have a good relationship with a number of investment bankers or broking houses, which show us various investment opportunities that arise from time to time. In this case it was brought to our notice by a financial intermediary saying that these promissory notes were being issued by Western Australian Government Holdings with a Western Australian Government guarantee. Once we verified that the guarantee was in place, it fell within our standing investment guidelines and accordingly we acquired a certain parcel of those notes.

**The Hon. J.C. Bannon:** The Leader asked how soon after they would have been on-sold.

**Mr Schwarz:** I am relying on memory, but it would have been perhaps a month and a half or two months.

**The Hon. J.C. Bannon:** They are short-term.

**Mr OLSEN:** Who was the intermediary who acted on behalf of SAFA? Do I understand that the procedure involves an intermediary bringing a package to SAFA and saying that it is an investment in which it ought to be involved?

**Mr Schwarz:** Yes, the intermediary was acting not for us but for Western Australian Government Holdings. Having dealt with the intermediary previously, he was aware of the investments we would make and showed us this opportunity.

**Mr OLSEN:** Who was that intermediary?

**Mr Schwarz:** It is normal practice for us to maintain confidentiality in these matters. I do not feel at liberty to disclose that.

**The Hon. J.C. Bannon:** We have to continue operating in the market.

**Mr OLSEN:** It was said that SAFA checked that the State Government guarantee was in place. Did SAFA check for what purpose the funds were to be allocated and whether WAGH was secure?

**The Hon. J.C. Bannon:** The answer is 'Yes' and Mr Schwarz will confirm that. I have answered the question in response to the member for Briggs. Western Australian Government Holdings is guaranteed by the Government of Western Australia. It has a triple A rating from Moody's and there is no question of its security. As to its purpose, that is none of our business: we are not interested. SAFA simply makes investments on behalf of its portfolio to benefit the Government and the community of South Australia.

If the Opposition is pursuing this—and it obviously has been meditating on the response to questions this afternoon and trying to come at them in another way in the hope of getting a big story out of it—in an attempt to imply some sort of conspiracy, malice aforethought or connivance, it is absolutely not true. There was no Government to Government or Treasury to Treasury contact, no collusion or intent: it was simply an ordinary financial transaction, one of hundreds that take place every year.

**Mr OLSEN:** In response to the Premier's statement that it had a triple A rating from Moody's at the time SAFA made the investment, did it take into account the report by the commission on accountability in Western Australia that was made public in January 1989 prior to the acceptance of the promissory notes? That report concluded that there were serious deficiencies in the public accountability of Western Australian Government Holdings Limited. I refer particularly to the following finding of the commission:

The use of the company to finance any Government enterprise by the use of the Treasurer's authority to guarantee the company's obligations is, in the opinion of this commission, incompatible with this idea of accountability. Its effect is to entirely bypass parliamentary control and, in that way, to deny public scrutiny.

**The Hon. J.C. Bannon:** That is a matter for the Government of Western Australia and its relationships with WAGH. Unless one assumes that the Government of Western Australia would be allowed to go into default—and that simply would not occur—the question of what criticisms are being made of that particular subsidiary of Government is irrelevant in terms of our security: it is as simple as that.

**Mr OLSEN:** Does the Premier consider it appropriate for SAFA to be making advances to agencies or State Governments which are not publicly accountable?

**The Hon. J.C. Bannon:** If they are secured and part of the normal transactions, those arrangements would be made: it is as simple as that. Perhaps Mr Prowse, the Chairman of SAFA, might like to answer.

**Mr Prowse:** Certainly the guarantee in the documentation would be pursued with legal advice. There were, in fact, five quite modest transactions in those promissory notes (which are short-dated paper and therefore mature very quickly and are not appropriate for financing investment-type activity) over a period of five weeks, and they were terminated or matured approximately six weeks later. It was not a project financing type of activity.

**Mr OLSEN:** I am having difficulty hearing some of the replies.

**Mr Prowse:** Those WAGH promissory notes were purchased in five very small amounts over a period of five weeks in February/March, and they were liquidated about six weeks later. So, it was part of our liquidity management on behalf of the public sector in South Australia, with accruing cash surpluses applied to appropriate investments consistent with our very conservative guidelines which are, of course, as has been stated, triple A-rated securities.

**Ms GAYLER:** I also have questions regarding SAFA, and I am interested in the benefits for the South Australian taxpayer and the South Australian public sector. I note, on page 33 of the Program Estimates, that one of the objectives for this financial year is for SAFA to continue to produce cost-effective financing to Government activities. Can the Premier advise the Committee what benefits in terms of cost-effective financing SAFA is achieving?

**The Hon. J.C. Bannon:** Structured financing arrangements have certainly proved extremely effective for the public sector activity and SAFA's overall balance sheet. So there are, at any time during the year, a number of arrangements that are entered into. Mr Prowse could perhaps give you details.

**Mr Prowse:** If the Committee is interested, Mr Schwarz could provide the information.

**Mr Schwarz:** The net value of the transactions is quite substantial, including the Torrens Island and northern power restructuring.

**Ms GAYLER:** I am interested in the overall performance of SAFA and thereby its benefits to the public sector and the South Australian community in general.

**Mr Schwarz:** I take the honourable member's question to relate to our total buying activities, not only so-called structure financing transactions. This is a difficult figure to calculate, but I think some guidance can be obtained by the analysis we did in June last year when ETSA voluntarily agreed to come under the SAFA umbrella. ETSA was a borrower in the semi-government markets prior to the advent of SAFA and, until June last year, continued to borrow in its own name; but at June last year, we clearly identified that SAFA could borrow in the market at a rate of at least 20 basis points. That is 0.20 of a per cent per annum cheaper than ETSA and, as an example of the benefit of the centralised financing arrangements which is spread across the total public sector—and in the case of other borrowers which would be much more significant—really that is a minimum estimate of the benefit of SAFA issuing paper into the market rather than all of the separate agencies.

**Ms GAYLER:** One of the later objectives for this year is to reduce the State public sector net interest cost of borrowing. Since SAFA's commencement, are you able to say whether the public sector's net interest cost of borrowing has indeed been reduced, and do you have any measure of that reduction and thereby the benefit for South Australia?

**The Hon. J.C. Bannon:** Yes. There is certainly no question that one of SAFA's tasks, in fact, is to borrow money in such a way as to minimise the common public sector interest rate. By doing that, we lower the public sector's interest bill and also ensure that we are getting access to finance at the cheapest possible rate in the marketplace. That is very hard, of course, when interest rates are as volatile as they have been in the last few years. The annual report deals with how this is managed, but one must look at an overall portfolio and, while with the benefit of hindsight one can see that interest rates, say, through 1988 could probably have been better fixed for longer terms because of the way in which interest rates moved up against all market predictions, by having a diversified portfolio SAFA is able to offset any movements that take place in the market.

That means, of course, that we do not have our eggs in one basket but, quite clearly, if there are big profits to be made SAFA will not make the maximum because it has to hedge or diversify its portfolio. Equally, of course, that means that if there are any losses—and SAFA is certainly not in the business of making losses; we are into prudential investment that ensures profitable gains—then, again, the down-side is minimised. The common public sector interest

rate rose from 13.3 per cent in June 1988 to 14.5 per cent in June 1989. That is certainly less than some of the market rate increases, but you can see that that is a quite significant increase in one year.

That is, in part, due to the fact that constantly SAFA is having to retire or roll over debt portfolios written at much lower interest rates, so we always get a double effect; that is, the rewriting of debt in current market rates, coupled with the general increase in rates, gives a double effect and that has to be managed very carefully. At the moment, the interest rate is still moving upwards slightly, but we expect it to flatten out over the course of this financial year. It will depend a lot on what happens with prevailing market rates. When considering the impact of interest cost on the State's finances, the value of gross interest paid is not an accurate measure: it must be set off against the level of financial assets. Quite clearly, if your assets are high and you are receiving interest on those, that is a set-off against the interest cost and, at any given time, while higher interest rates will obviously prejudice us in terms of the cost of our borrowings and servicing our debt, equally high interest rates mean SAFA can earn more in the money market with its cash placements.

The net result of that is vital, and the net interest is a more appropriate measure of the burden of interest. Material published by the Australian Bureau of Statistics, the Auditor-General and the Financial Statement show that, in terms of net interest, we have a relatively low burden in South Australia. I believe that is something we obviously want to maintain.

**Ms GAYLER:** What does SAFA hope to achieve by its proposed increase in staff this financial year?

**Mr Schwarz:** A number of positions in SAFA are unfilled as at this point. We will require additional staff in the accounting systems area. SAFA has experienced considerable expansion over the past few years, and it is important to have good accounting and computing systems to accurately record and report on all transactions it enters into. I believe that is the main area of staff growth we can expect.

**The Hon. JENNIFER CASHMORE:** In his answer to the Leader of the Opposition's question, Mr Prowse stated that the transactions with the promissory notes and Western Australian Government Holdings were pursued with legal advice. Is it customary for SAFA to seek legal advice before it undertakes transactions and, if not, why was it done in these circumstances and from whom was the advice sought?

**The Hon. J.C. Bannon:** Yes, it is customary. All the *bona fides*—everybody SAFA is involved with—are checked scrupulously, validated, and Crown Law checks all the documentation. Any documentation which is presented, either for myself in certain cases or to SAFA management in other cases, has to be drawn up and authenticated by Crown Law. That is so with all our transactions.

**The Hon. JENNIFER CASHMORE:** The Premier said 'with all transactions' that is to say, that in the case of every transaction—every one of those multitude of minute transactions which the Premier checks at the end of the month or every given period—legal advice is sought by SAFA before it embarks on any transaction whatsoever?

**The Hon. J.C. Bannon:** There is always authentication.

**Mr Schwarz:** The general procedure is that in the initial instance, if we have bought, for example, a particular security like a Western Australian Treasury Corporation, we would verify if from the legislation—or whatever the Government guarantee is that applies—and obtain Crown Law advice as necessary. Thereafter, if we are dealing with promissory notes or securities which carry that same risk, they

would fall under our existing investment guidelines and we would act on that basis.

**The Hon. JENNIFER CASHMORE:** That being the case, was this transaction with Western Australian Government Holdings the first time that SAFA had undertaken such a transaction?

**Mr Schwarz:** This was the first time we had bought promissory notes issued by Western Australian Government Holdings. It was not the first time we had taken Western Australian Government credit, but it was the first time we had invested in these notes issued by this particular entity.

**The Hon. JENNIFER CASHMORE:** In answer to the Leader of the Opposition, Mr Prowse said that there were five modest transactions over a period of five weeks which matured in six weeks: will the Premier indicate to the Committee the value and date of each transaction?

**The Hon. J.C. Bannon:** I will indicate the dates of each transaction. I have already mentioned that, without the explicit approval of the agency placing these securities or promissory notes, I cannot put into the public record the actual amounts involved. However, you will recall I said the total was between \$50 million and \$100 million, which is modest in terms of the overall investment. If there are five transactions, one can therefore obtain a rough idea of transactions. They took place on 27 February, 1, 3, 20 and 27 March, and they were sold on 8 and 17 May. The entire promissory note issued from WAGH was sold by 17 May. Again, that is the normal pattern of transaction with a whole range of similar securities.

**The Hon. JENNIFER CASHMORE:** The Premier's statement, that without the permission of the authority purchasing the notes the information cannot be given to the Parliament, does not sit well with the Western Australian commission's statement, nor with the Opposition's attitude that the use of the company—and in this case we could say SAFA—to finance any Government enterprise by the use of the Treasurer's authority to guarantee the company's obligations is, in the opinion of this commission, incompatible with the idea of accountability; its effect is to actually by-pass parliamentary control and in that way to deny public scrutiny. This Parliament—leaving aside the Western Australian Parliament—is entitled to details as to how public funds are spent and transacted. I ask the Premier again: will he advise the sum of those transactions?

**The Hon. J.C. Bannon:** I agree with the honourable member: such accountability is provided through the Auditor-General's and SAFA's annual reports and other information. She need have no fear about the accountability from this side of the equation. As for criticisms of WAGH's accountability in the Western Australian financial context, that is irrelevant to us: the only relevant factor was that WAGH was guaranteed by the Western Australian Government. In those circumstances, we need not look behind that guarantee. It is not our business: it is the business of the Western Australian Parliament, and I do not believe we should be interfering in other jurisdictions in this issue. It is not for us to demand particular types of accountability in other Parliaments. It is for us, as a buyer of promissory notes, to simply ensure that we have the proper security and are accountable.

Already, by giving the range of transactions, I have probably gone a little too far than one should decently do in these commercial matters. I am happy to show the honourable member the figures in private if she would like me to: there is nothing magic about the sums involved. I believe they are irrelevant. I cannot extend my answer any further than that.

**The Hon. JENNIFER CASHMORE:** I am not demanding accountability of the Western Australian Government. The Opposition is demanding accountability of the Premier. We believe we are entitled to do that on behalf of the people we represent. If the Premier is willing to show the Opposition, confidentially, the sum of the promissory notes—the individual amounts—and if, as he says, the amounts are known to the Auditor-General, this is a forum for public accountability. Why can the amounts not be known to the Parliament?

**The Hon. J.C. Bannon:** Because they are part of a commercial transaction. We have to operate in the market place. If people coming to us with particular securities or propositions felt that those transactions were to be put into the public domain in commercially sensitive ways, they simply would not come to us. I am sure it is not the Opposition's purpose to try and restrict the effectiveness of SAFA and, as a responsible Opposition, I am sure they would respect that. I repeat: I am happy to provide that information confidentially. There are no shocks or surprises in it. They are simply precise figures that the market does not want placed in the public domain. It is reasonable: people are operating in a hard, competitive commercial world, and I believe we need to respect that. I do not have to convince the Leader of the Opposition, but perhaps the member for Coles has a different view, and I am sorry about that.

**Mr HAMILTON:** Referring to page 34 of the Program Estimates—'Specific Targets and Objectives, 1989-90'—will the Premier advise what benefits are expected to be accrued from trialing alternative purchasing and payment of account procedures using credit cards?

**Mr Hill:** A number of Governments in Australia, including the Commonwealth Government and several State Governments, are now using credit cards to facilitate their purchasing transactions. We have undertaken a pilot project in South Australia in three departments to establish whether or not there are worthwhile savings to us in purchasing in this way, rather than in using the traditional methods. At the end of that pilot study, we will evaluate the cost savings to see whether it is worthwhile extending the use of credit cards on a broader basis.

**Mr HAMILTON:** Which three departments are involved?

**Mr Hill:** The Highways Department, the Education Department and one other department. I will provide the honourable member with the name of the other department.

**Mr HAMILTON:** Page 34 of the Program Estimates refers to completion of the implementation of new superannuation schemes. Will the Premier elaborate on that?

**Mr Hill:** The systems branch within that section has been working for some 12 or 18 months on computer systems to operate the new Government superannuation scheme, which has been introduced pursuant to the Superannuation Act 1988. At present, we have the pensions module of that system up and operating and superannuants are receiving their cheques through the new system. We are also well on the way to implementing the contributions module and we hope to have that in place in a matter of weeks.

**Mr HAMILTON:** In relation to the specific target and objective '... to prepare accounting policy proposals and liaise with agencies', what alterations are there in the accounting policy proposals and what is that expected to achieve in terms of the preparation of these proposals?

**Mr Hill:** Accounting policy covers a very broad range of issues. Perhaps I could single one example for the honourable member; that is, the gradual move towards accrual accounting in Government. Last year we had the Engineering and Water Supply Department and the State Services Department move to accrual accounting. At present we are

working with the Department of Lands and the Department of Marine and Harbors with the same aim in mind. That is merely one example.

**Mr HAMILTON:** How many agencies are implementing accrual accounting?

**Mr Hill:** A number of agencies already have accrual accounting, mainly the statutory authorities. ETSA has had accrual accounting for many years. I would suspect that the majority of the agencies are still using the traditional cash basis. We would be more cautious about moving with them until they have the resources available to devote to the task, because we, in Treasury, do not have the resources to make the change for them. We are adopting a practice of taking these changes fairly slowly and awaiting approaches from departments. When departments express an interest in accrual accounting we do our best to facilitate the changes for them.

**Mr S.J. BAKER:** Prior to the dinner adjournment, a question was asked about expected wage movements during 1989-90. The Under Treasurer undertook to indicate the particular section of the Financial Statement containing this information. We found the 7 per cent inflation figures, but we could not find the figure for wages movement.

**Mr Prowse:** The assumptions are set out on pages 108 and 109 of the Financial Statement. We have adopted quite specific assumptions on wages.

**Mr S.J. BAKER:** I have looked at that. Will the Treasurer tell the Committee exactly what the figure for wages movement is expected to be for 1989-90?

**Mr Prowse:** The assumption is approximately 6.5 per cent.

**The Hon. J.C. Bannon:** Of course, that relates to general increases. The timing of those increases may vary at a State level and also there may be individual wage claims or settlements in particular categories that can influence our overall wages bill.

**Mr S.J. BAKER:** Such as the teachers?

**The Hon. J.C. Bannon:** Yes, or nurses or particularly any other large employment group. That figure relates to just the general movement.

**Mr S.J. BAKER:** Of course, it does change, but the inflation figure is a figure calculated over time and the 6.5 per cent would obviously take account of that. What is the Treasury's forecast for movement in average house prices in Adelaide for this financial year?

**Mr Prowse:** In preparing our estimates of revenue, particularly from stamp duties, we need to make assumptions about the level of activity and the value of properties subject to transfer. My recollection is that we are assuming a decline in the level of real estate transactions of 10 per cent this financial year.

**Mr S.J. BAKER:** That was not the question. What is the expected increase in house values? Forgetting about how many transactions we actually have, the Valuer-General will only record increases in values of those properties sold, even if it is only 90 per cent of what was sold last year. What are the estimates used for the increase in values?

**The Hon. J.C. Bannon:** I will take that question on notice. Obviously, a whole range of variables must be put into the calculations that result in the final broad estimate to which the Under Treasurer has referred. An error margin is included, and one arrives at an average of those variables. For instance, what is relevant to us is not that particular point referred to by the honourable member. That is only one element in expected stamp duty revenue. The volume and pattern of transactions, that is, the periods when the market experiences major activity in the upper market bracket of housing and very little activity in lower cost

housing, and sometimes vice versa, and the number of first home buyers who gain exemptions and therefore may not pay stamp duty despite the fact that a transaction has taken place, are the variables thrown into the melting pot and we come out with a rough estimate. We will certainly take the honourable member's question on notice, but I am not saying that we can give a precise figure.

**Mr OLSEN:** Page 136 of the Financial Statement refers to the work of the Asset Management Replacement Task Force and the Treasurer's instruction issued in December 1988 requiring that all agencies have appropriate asset registers in place by the end of the 1988-89 financial year. To ensure progress towards this goal, all agencies were asked to provide the Treasury with details of all major assets by 14 August this year. Have all agencies complied with this instruction and, if not, how many have still to provide the information?

**The Hon. J.C. Bannon:** All agencies have been instructed to install appropriate asset registers by 30 June 1990. Most agencies have responded with details of their major assets. Investigations are currently underway to establish which agencies are facing difficulties meeting that 30 June deadline. So far it does not look as though there are any major problems with meeting that particular deadline but obviously some work needs to be done with the various agencies. So, it is certainly true that we need to get a better asset register as a prerequisite to our accrual accounting and current cost accounting initiatives. We are, of course, the only State still to publish a comprehensive balance sheet and we are obviously seeking to refine and improve that and this is an essential part of that. The deadline is 30 June 1990 and Treasury is working with agencies to ensure that they are able to meet that deadline.

**Mr OLSEN:** Will the Premier undertake to make public the asset register when completed at the end of June 1990 and will those registers that have been identified thus far be released publicly?

**The Hon. J.C. Bannon:** I think when we reach the stage of being able to produce the sort of balance sheet that we are talking about, which is a refinement on the one that was published in June of last year, certainly there will be a lot more information available. As to the form it is going to be presented in, we have not determined that at this point of time.

**Mr OLSEN:** Those registers will be made public?

**The Hon. J.C. Bannon:** Yes, because it will be part of the balance sheet.

**Mr OLSEN:** What is SAFA's estimate of its income from investments this financial year?

**Mr Prowse:** I am sure, as the honourable Leader is familiar, the sources of SAFA's surplus are several. It depends precisely what forecast he is seeking—and I am not quite clear on that. However, our projection for the SAFA surplus for 1989-90 is \$325 million, for the surplus as a whole, and of that our income from the investment of reserves and accumulated retained surpluses, as we call it, is approximately \$50 million.

**Mr OLSEN:** As to the cost of borrowings this financial year, is there an estimate on the cost of that?

**Mr Schwarz:** We are projecting an average common public sector interest rate, which applies to the debt of most agencies, of 14.7 per cent for 1989-90.

**Ms GAYLER:** As to the South Australian Superannuation Fund, I would like to know what has been happening to the participation rate amongst women in the superannuation scheme. I note that, according to page 35 of the Program Estimates, in 1988-89 there were some 2 000-plus new entrants to the scheme, which is a big increase over recent

years. I would be interested to know what percentage of those are women and whether or not that is on the increase.

**Mr Prowse:** The new State scheme has been much more attractive to potential members than the old scheme, which is the intention of the Government, and as of now, about 3 700 employees have joined the new scheme and that included about 9 per cent of those people not covered under the old, now closed, scheme.

**Mr Hill:** I refer the honourable member to page 157 of what is colloquially known as the women's budget, where some statistics relevant to her question are located. They indicate briefly, for the benefit of the Committee, that women as a percentage of new contributors in the last financial year has been 55 per cent. However, just to give an indication of how much greater this is than has been the case in the past, this still raises women as a percentage of total members to only about 20 per cent. The expected outcome is an increase in the participation rate of women to 25 per cent by June 1990. So it is a scheme which has proved very popular to women.

**Ms GAYLER:** I would be interested to know whether the Public Actuary expects that changes to Commonwealth arrangements relating to superannuation and also to superannuation as it relates to people in part-time work (relating to people working more than 10 hours a week, or thereabouts) will again boost the participation of women in the State superannuation fund.

**Mr Gerrard:** The Commonwealth basically seems to keep changing superannuation so it is hard to keep up, but the particular changes referred to are those which flow through from the Human Rights Commission report which are being addressed in the sex discrimination legislation. The part-time position for women is one aspect which has specifically not been put into that legislation, but I understand that the Human Rights Commission will be putting together guidelines which will generally try to set down rules for employers so that part-time people will be required to be covered without any sense of discrimination. It will not be in that Commonwealth legislation.

In terms of how any of that will affect the South Australian superannuation scheme, I guess the answer is it will not affect it because the provisions under the South Australian State Superannuation Scheme are such that the issues do not arise. Part-time people are allowed to join. They are encouraged to join. The unions are basically encouraging them to join. The only sense in which perhaps more people may join is that, as a consequence of the Commonwealth changes, perhaps more people will be aware of what their entitlements are.

**Mr S.J. BAKER:** Last year the Estimates Committee was informed by the Chairman of SAFA that its forecast was for a \$300 million surplus and that this was a fairly conservative estimate. There were two events last year which should have pushed that \$300 million quite considerably higher, and they were the record interest rates and the \$3.2 billion which was borrowed on the market for reinvestment. Can the Premier say why SAFA did not meet its budgeted surplus, given these two events which should have assisted SAFA's profits considerably?

**Mr Prowse:** The actual surplus of \$287 million was below the budgeted amount primarily because SAFA took up the rights issue of shares in Sagasco Holdings and in respect of which it received no dividend in that year and also because of the decision to provide a further \$7 million to the general contingency provision which, of course, is a prudential decision.

As members will know, provisions are determined before the surplus is determined out of available resources. If we

had not made the provision, the surplus would have been \$294 million. The balance was essentially the cost of our Sagasco rights share issue take-up. I do not know whether the General Manager would like to add to that, but the increase in interest rates is not helpful to our situation as we have to pay more for funds and we are rolling over cheaper debt into more expensive debt.

**Mr S.J. BAKER:** Supplementary to that, how many shares were taken up in that rights issue and how much was paid by SAFA?

**Mr Prowse:** The shares were taken up in December 1988 (page 16 of the annual report, for Mr Baker's information). Some 56 million shares were taken up at \$1.10 each.

**Mr S.J. BAKER:** In other words, \$60 million was paid out for the Sagasco shares?

**Mr Prowse:** Yes.

**Mr S.J. BAKER:** Given the predicted profit for 1989-90, what is the expectation for 1990-91?

**Mr Prowse:** That is a difficult forecast to make. It is like a company trying to forecast its profit two years ahead. Companies have objectives and we have an objective. This year, \$325 million is made up of a number of contributory factors. I believe that the investment of reserves and accumulated surplus will continue to generate moderately increasing surpluses. Our earnings on fees, arbitrage operations and debt management will continue to fluctuate, but will contribute to moderate growth.

The lending margin will contribute moderate growth, and the use of non-interest bearing capital will contribute moderate growth. The difficult things to predict are some of the results of portfolio management, that is, the buying and selling of debt and assets. Our conservative estimate is that we would achieve the same surplus in 1990-91 as we are aiming to achieve in 1989-90—about \$325 million—but that is subject to factors about which we cannot be precise.

**Ms GAYLER:** Given the Opposition's preoccupation with a single series of promissory note transactions undertaken by SAFA, will the Premier tell the Committee about the quality of SAFA's financial assets in general?

**The Hon. J.C. Bannon:** The short answer is that they are very high. SAFA has an enormous responsibility in its brief on money management. It is seeking to make as high a return as it can, but it has to do so within fairly prudential limits. Its assets are mainly in the form of loans to the Government and to semi-government authorities. A relatively small proportion of its overall assets is held in the form of marketable securities. This is necessary to manage public sector liquidity, to get a positive return on funding costs assessed with risk management and to provide a liquidity buffer for supplementing borrowing facilities.

SAFA operates through a credit committee which has fairly strict guidelines subject to the board and ultimately the Treasurer's approval. It has taken an appropriately conservative approach. As the discussion on the promissory note purchase from Western Australian Government Holdings has indicated, credit assessments are vital. The credit rating agencies, such as Standard and Poors, Moody's and Australian Ratings, are used, but SAFA also conducts its own investigations into credit worthiness. The major part of its investments, as revealed in the annual report, are in interstate semi-government, local government and bank securities, all of which have an extremely low credit risk.

There are significant holdings, much less, in corporate securities and loans, and there are deposits with the short term money market. In relation to those two latter categories, they are only at the highest grade of organisation. In other words, we are talking about A-rated organisations that are defined as having a strong capacity to meet debt obli-

gations in a timely manner. SAFA's investments are prudential. That, in turn, is reflected in SAFA's ratings. It is a triple A borrower. Australian Ratings sees it as a very strong institution. To quote from the Australian Ratings assessment, South Australia conducts itself in a sound financial manner. I assure the honourable member that there is a spread, but it is within a very prudent category of risk.

**Mr RANN:** The Auditor-General has commented on redeemable preference shares issued by IPL New Zealand. He notes in his report that the total of shares issued at 30 June 1989 was \$11.5 million, significantly below the level of \$42.6 million recorded at 30 June 1988. Can the Premier explain the reduction in the level of redeemable preference shares and why they are used in New Zealand?

**The Hon. J.C. Bannon:** This is a complex area of financing. It is a common technique in New Zealand and is particularly suited to a company with accumulated tax losses. That is why it is used in the case of IPL New Zealand. Satco had issued redeemable preference shares of \$42.6 million. Part of that had been used for financing IPL New Zealand. The balance is placed on deposits in banks in New Zealand. They earn a favourable interest margin above the dividend that is eventually payable on the shares, so it can be ploughed back or it can help to defray the expenses of the preference share issue. That total figure of \$40 million has given rise to the incorrect claim that IPL New Zealand lost \$40 million of taxpayers' money. That is a misinterpretation of the situation. A sum of about \$11 million was used as the principal in IPL New Zealand. The Auditor-General's Report shows that the level of preference shares repaid in 1988-89 and the balance of shares outstanding for further issue in September 1988 are reduced by \$11.5 million, so that is the figure on which one should focus.

The current shares on issue ought to be redeemed with dividend in September this year. It is expected that a further issue will be made with the support of SAFA to provide the company with adequate financing, and bank credit facilities or direct financing could be used just as easily but would be more expensive for a company in New Zealand because of the greater expense in that country. This would translate back to Satco as a whole. Therefore, for the New Zealand operation it is the most attractive and appropriate way of financing.

**Mr OLSEN:** What are SAFA's assumptions about movements in interest rates for the remainder of this financial year and flowing into the next financial year?

**Mr Prowse:** We are assuming that, on average, rates will stay relatively high through this financial year, with some decline.

**Mr OLSEN:** Page 13 of the Auditor-General's Report contains a debt maturity profile that shows that \$750 million in public sector debt will mature this financial year, compared with only about half that amount due to mature the following financial year. How much of this debt does the Premier expect to be retired? What is the estimated cost of rolling over the remainder at interest rates that are likely to remain high for the foreseeable future, as has been confirmed by the Under Treasurer?

**Mr Schwarz:** The debt maturity profile as shown in the Auditor-General's Report does not capture the task that SAFA faces in refinancing maturing debt. This is a gross debt maturity profile, making no allowance for financial assets that are due to mature in the same year or to be repriced in the same year. Nor does it allow for other contracts that SAFA has entered into, particularly interest rate swaps that change the repricing profile of the debt from the literal physical maturity profile. In fact, the task that SAFA faces in terms of its roll-over program is something

that we believe we can handle quite comfortably. All of the debt that is repriced next year will carry an interest rate that will reflect interest rates prevailing at the time.

**Mr Prowse:** SAFA's annual report addresses the question of debt management at some length and, in particular, page 20 provides an interesting diagram of the net debt maturity as against what we regard as the ideal portfolio. There is an interesting discussion of what maturities should be and what action should be taken in managing future maturities. It is worth noting that we have addressed a great deal of management time to the question of managing a portfolio and we have engaged two professional managers to assist us in that task. I mention that by way of elaborating on the background to the question, which is important to us and, no doubt, to the State as a whole.

**Mr OLSEN:** I have not had an opportunity to read in detail the material to which the Under Treasurer has just referred. Of that \$750 million, how much will be retired as against rolling it over?

**Mr Schwarz:** So long as the public sector has a net borrowing requirement each year—and there is one projected for next year—the level of net debt outstanding will increase during the year, so all of the maturing debt will need to be rolled over and, in addition, we will have to acquire additional debt to finance the borrowing requirement of the public sector in 1989-90.

**Mr OLSEN:** The additional debt will be of what order?

**Mr Prowse:** Borrowing to finance the budget will be approximately \$150 million and the borrowing for the public sector as a whole will be somewhat less than that at approximately \$64 million. Table 6.1 in the Financial Statement shows the amount of borrowing required for the public sector as a whole.

**Mr OLSEN:** Can the Treasurer give details about what obligations to the Commonwealth SAFA holds in its accounts for rural finance?

**Mr Prowse:** Page 34 of the report shows that it is approximately \$42 million, spread over a number of programs such as dairy farm reconstruction, rural adjustment, rural reconstruction and natural disaster relief, and some of those funds are at concessional rates of interest.

**Mr OLSEN:** What rates apply?

**Mr Wright:** The interest rates associated with that figure of about \$42 million are all concessional rates and they vary from zero to 10 per cent. There are three categories. First, until 1985 the Commonwealth provided concessional loans for rural adjustment and rural reconstruction, at 6 per cent until 1977 and at 8 per cent thereafter. The Department of Agriculture obtained those funds, which were provided to farmers at between 5 per cent and 10 per cent.

The second category is loans for natural disasters, for instance, the Ash Wednesday bushfires. Those loans were obtained from the Commonwealth at zero per cent, so the figure on page 34 of SAFA's accounts of \$9.4 million was obtained at zero per cent. The other category involves a variety of loans under marginal dairy farms reconstruction schemes and other rural adjustment and reconstruction schemes, and those loans were made at varying rates of between 8 per cent and 10 per cent. All these loans are at concessional rates and are passed on to the farming communities at those concessional rates.

**Mr OLSEN:** Does that mean that the on-lending is at exactly the same rate as SAFA is paying the Commonwealth or is there a mark-up or accounting fee?

**Mr Wright:** SAFA, having obtained the funds from the Commonwealth, passes on those funds to the Rural Assistance Branch of the Department of Agriculture at the same concessional rates as have been obtained from the Com-

monwealth. The Department of Agriculture, consistent with the rural adjustment scheme (the Commonwealth legislation operating to control rural lending) has flexibility, but in South Australia a margin has been added to the rate of funds provided by the Commonwealth. That margin is to cover such things as bad debts and administration of the scheme, but any surpluses that have accrued have been made available for future concessional loans to farmers. With the loans provided in the 1971 to 1977 era of 6 per cent to 8 per cent, farmers received assistance at rates of between 5 per cent to 10 per cent, but no greater than 10 per cent. However, from 1985, where farmers were judged to be able to afford it, even those rates were increased towards commercial rates, thereby generating fairly significant surpluses which are available for new lending. I make the point that none of those surpluses are returned to consolidated account but remain in the State's rural finance account for future lending to farmers.

**Mr OLSEN:** You said 'towards commercial rates'. What are the rates currently applying through the Rural Assistance Branch of the Department of Agriculture for rural reconstruction?

**Mr Wright:** I am not sure, but I believe that the maximum rate at the moment on any loans provided by the Department of Agriculture under these concessional schemes is 13 per cent per annum. Those rates are reviewed every three years and that is the requirement under the rural adjustment scheme legislation.

**Mr OLSEN:** The annual report of SAFA reveals that last financial year the authority received a report from consultants Ayers Finniss on the value of SAFAs interest in SATCO and the Woods and Forests Department as at 30 June 1989. As a result of this report its equity in the Timber Corporation was written down by \$17 million. Will the Premier table that report?

**The Hon. J.C. Bannon:** No, I am not prepared to table the report. The results of the report have been incorporated in the accounts, but the report was commissioned on a commercial basis.

**Mr OLSEN:** About a Government trading enterprise on which the Parliament should be entitled to the assessment of the viability of that trading enterprise.

**The Hon. J.C. Bannon:** But the trading enterprise is also a commercial enterprise. I know that the Opposition does not wish to undermine our effectiveness.

**Mr OLSEN:** We want the Government to be accountable for its decision-making.

**The Hon. J.C. Bannon:** The Government is certainly accountable. Those accounts are laid out before the Parliament, subject to full statements and audit by the Auditor-General.

**Mr OLSEN:** Had it not been for a select committee of the Parliament forced upon the Government we may not have much of the corrective action taken on the Timber Corporation that has been taken. The Government was embarrassed into taking corrective action, having ignored the advice of Allert Heard earlier. If we are not going to have the report tabled in total, what conclusions did it make about the future viability of the Timber Corporation?

**Mr Schwarz:** There were no specific conclusions in the Ayers Finniss report of a specific nature, but the valuation was based on a capitalisation of projected earnings. It follows that, because the number is a positive number, they were projecting an after tax profit for SATCO in coming years.

**Mr OLSEN:** Given its equity in the Clothing Corporation, what is SAFA's estimate of the corporation's operating results this financial year?

**The Hon. J.C. Bannon:** SAFA is still expecting a loss on the Clothing Corporation.

**Mr Schwarz:** The valuation taken to our accounts is based on the net assets of the Clothing Corporation as published. We are not making a projection of earnings but relying on the net asset figure.

**Mr OLSEN:** What is the estimated loss this financial year?

**Mr Schwarz:** I do not have that figure to hand. I will make inquiries and report back.

**Mr Prowse:** The Clothing Corporation has a new Chairman (Mr Heard) and a new General Manager. A good deal of rationalisation has gone into the activity of the Clothing Corporation and the last couple of months have shown a more satisfactory performance than earlier in the financial year.

**Mr S.J. BAKER:** I would like to go back to the \$750 million debt that has to be rolled over. We really did not get any information on the structure of that debt and, in particular, the terms of the borrowings and the interest rates that prevailed on those borrowings. So we can get some idea at least from the Committee's point of view exactly whether in fact the cost of rolling over will be considerably more than the cost of the original borrowings, has the Treasurer got information on the structure of that debt return and the conditions under which it was originally provided?

**The Hon. J.C. Bannon:** I think we need to take that question on notice.

**Mr OLSEN:** Does SAFA have any plans this financial year to convert to equity the debt of any Government agency it holds and, if so, which agencies will be involved and what is the amount of debt intended to be converted to equity or, in other words, written off?

**Mr Prowse:** As the Leader knows, there is some background to the substitution of equity for debt and we believe that is appropriate in the case of commercially oriented or businesslike enterprises or enterprises we are trying to direct in that way. The equity, by the way, which has been provided to the State Bank is the most substantial equity holding the Government has that is about \$539 million, and that is of course published information. We have a small amount in the Clothing Corporation SATCO, and ETSA.

It is a matter of policy for the Government always to decide this issue, but the appropriate financial structure of its entities is one that is very central to efficient operation and it may be that, in a technical sense at any rate, there would be a case for looking at the financial structure of some of our other statutory authorities to see whether, rather than having an inflexible interest burden, it might not be better to structure them more in the way of a commercial enterprise and, that is to say, have some equity as part of the total capitalisation. That ought to be considered at a technical level, I believe, but the range of policy issues would impinge on the decision that was made.

**Mr OLSEN:** Therefore, what agencies would be in the area at present under consideration?

**Mr Prowse:** I think one would say, from a technical point of view, we ought to be always thinking about the appropriate structure of public business enterprises and not simply the obvious larger and successful ones such as the State Bank, but ETSA and similar enterprises that provide a commercial type service to the community.

**Mr OLSEN:** Has SAFA proceeded in conjunction with the Timber Corporation and Woods and Forests to complete a structured financing arrangement involving the forward sale of timber to Japanese investors to the value of

up to \$150 million and, if so, when was the agreement signed?

**Mr Prowse:** There has been no transaction completed in regard to the sale of timber assets to Japanese interests.

**Mr OLSEN:** Are negotiations proceeding? We have had reported previously that negotiations were taking place. Are they still proceeding or have all negotiations been concluded with no arrangement being entered into?

**Mr Prowse:** To the best of my knowledge, there are no active negotiations on that matter.

**The Hon. J.C. Bannon:** My understanding—and Mr Prowse might confirm this—is that what was contemplated here was not the purchase of the forest, but in fact the forward sale of lumber—that is forest product—which is a legitimate forward financing activity which could involve repurchase further down the track, depending on the time scale within which the transaction took place, but it is not proceeding at this stage.

**Mr Prowse:** I confirm that. It was merely a transaction involving the delivery of lumber and it is not active. There are no active negotiations.

**Mr RANN:** Members of the Committee will recall that at about 5.30 this evening I asked the Premier a question about allegations made in Western Australia about links between SAFA and the Western Australian petrochemical project, which the Premier answered in some depth. As a member of this Committee, I was somewhat amused to hear following the dinner break that Liberal staffers had been claiming (this was the big hit of the day) that the Liberals had 'flushed out' the Premier on this matter. I was somewhat bemused. However, I have now received a news release—and I want the Premier to respond to this—headed 'Bannon Government Link with W.A. Inc.' It states:

Liberal Leader, John Olsen, says admissions by the Premier in State Parliament tonight establish a strong link between the Bannon Government and W.A. Inc.

Mr Bannon has revealed that the South Australian Government Financing Authority lent between \$50 million and \$100 million earlier this year to Western Australian Government Holdings Limited, Mr Olsen said.

Western Australian Government Holdings Limited is wholly owned by the Western Australian Labor Government.

At the time of these SAFA loans, it held a 43.75 per cent interest in the failed Bond-W.A. Government petrochemical plant. It is obvious that these SAFA loans were made as interim finance for the petrochemical project.

The Premier said they were made between February and May this year.

At that time, the Dowding Government was desperately trying to keep the petrochemical project afloat.

These SAFA loans were also advanced after a Commission of Accountability in Western Australia had raised serious questions about the public accountability of Western Australian Government Holdings.

Last week, in the Western Australian Parliament, the Dowding Government flatly denied that SAFA money had been provided as interim finance for the petrochemical project.

However, the revelations in the South Australian Parliament tonight raised serious questions which the Dowding Government also must now answer.

It seems that members of the Opposition on this Committee have absolute contempt for this Committee process and for the truth.

**Ms GAYLER:** And the Liberals are desperate.

*Members interjecting:*

**The CHAIRMAN:** Order! The honourable Premier.

**The Hon. J.C. Bannon:** The PR machine of the member for Briggs, which is pretty good—he knows a little about the game—would have done better, because if revelations and admissions had occurred it would be because of a question from that member and not because of anything that the Opposition had said or done. That makes this weak release even more extraordinary. These matters were raised



some weeks ago in the Western Australian Parliament. They have been the subject of press and radio comment in this State, as well as in Western Australia. Even at the time when Parliament was sitting two weeks ago, not one question had been asked by the Opposition on this matter: not one question until today. Indeed, no question was asked until the member for Briggs raised the matter. Suddenly the Opposition says, 'Aha, here is something we had better follow up'. In fact, a full answer had been given.

Let me analyse this particular statement: 'Liberal Leader, John Olsen, says admissions by the Premier . . .—admissions nothing! I was simply stating and confirming what had already been stated in relation to SAFA and setting the record straight, making quite clear the nature of that transaction—no admissions at all. However, that is rather like the Leader of the Opposition's little trick of saying that a SAFA report 'reveals', or the Auditor-General 'discloses'. In fact, they report, but he has to have to have this little twist to try and create suspicion or innuendo.

*Members interjecting:*

**The CHAIRMAN:** Order!

**The Hon. J.C. Bannon:** I hate to detain the Committee, but I am still on only the first line. It continues: ' . . . in State Parliament tonight . . .'. It was not 'in State Parliament tonight'; it was earlier this afternoon, in fact, before the dinner adjournment, that I responded to the member for Briggs and there were one or two questions afterwards from the member for Coles and then nothing more until we resumed. Obviously, there was a little huddle during the adjournment, where members of the Opposition thought 'Gee, this is something new that we had better try and exploit,' and they came back with another series of questions which simply traversed the original ground. So much for 'State Parliament tonight': it was Estimates Committees this afternoon.

*Members interjecting:*

**The CHAIRMAN:** Order!

**The Hon. J.C. Bannon:** Next he says, 'Mr Bannon has revealed' (there is that little word 'revealed') 'that the South Australian Government Financing Authority lent between \$50 million and \$100 million.' 'Lent', nonsense! The South Australian Government Financing Authority purchased promissory notes. That is a normal part of transaction. It has nothing to do with lending. If that is the level of understanding—

*Members interjecting:*

**The CHAIRMAN:** Order! I at least want to hear what the Premier has to say, and I would expect that other members of the Committee would share that view.

**The Hon. J.C. Bannon:** After a number of questions on that, that was made abundantly clear. Again, this was made clear in response to the member for Briggs this afternoon. It was a commercial transaction of purchase of promissory notes, as happens all the time.

*Mr S.J. Baker interjecting:*

**The Hon. J.C. Bannon:** We are still only at the second paragraph. I would ask the member for Mitcham to contain himself. It goes on:

Western Australian Government Holdings Limited is wholly owned by the Western Australian Labor Government.

Yes, indeed, and it is totally guaranteed by that Government, which is one reason why its securities and promissory notes are appropriate for SAFA to deal with. It continues, 'At the time of these SAFA loans, it held a . . . interest . . .'. They were not loans—there it is repeated again. It is either a total misunderstanding of the nature of the transaction or a deliberate attempt to try to put some sinister gloss on it. I suggest that it might be the latter. It goes on:

It is obvious that these SAFA loans were made as interim finance for the petrochemical project.

It is certainly not obvious. Why is it not obvious? Because that particular piece of information was not known to SAFA or the Government. The promissory notes were bought for a financial intermediary, and the purpose of those notes was irrelevant to SAFA and anybody dealing in the transaction. So, there is nothing 'obvious' at all. It continues:

The Premier said they were made between February and May this year.

I said nothing of the sort.

**Mr OLSEN:** You did!

**The CHAIRMAN:** Order!

**The Hon. J.C. Bannon:** I said the promissory notes were purchased in a number of weeks between February and March of this year and sold in May. That is very different from saying that they were made between February and May. On the contrary, the notes were bought in a series of transactions—I believe it was seven—over a number of weeks in February and early March, and they were sold on the market in May. That is just part of the ordinary transactions that go on. What the Dowding Government did or did not wish to do is totally irrelevant. The press release further states, 'These SAFA loans—they were not loans—were also advanced after a Commission of Accountability in Western Australia . . .' had made certain reports. I have dealt with that matter. I do not know when this release went out, but I have covered this point in answer to the questions. It was irrelevant as to what issue of accountability there was within Western Australia. What is relevant is the guarantee that supported those promissory notes. It continues:

Last week, in the Western Australian Parliament, the Dowding Government flatly denied that SAFA money had been provided as interim finance . . .

That would make sense. WAGH was in the marketplace with its promissory notes. We bought them. We were not providing interim finance for any particular project at all, and Mr Dowding is perfectly entitled to say that. The final paragraph states, 'However, the revelations . . .' 'Revelations'—good Lord! It is quite amazing, when a Government member and I, as Treasurer, are discussing a transaction, for the Opposition to listen with their ears flapping and then to try to put sinister connotations on it and claim that these are revelations.

That must be the joke of all time: that these revelations tonight, which were also discussed this afternoon, raise serious questions which the Dowding Government also must now answer. What absolute nonsense. It is a joke. Incidentally, if members of the Opposition really want to make sinister connotations about Labor Governments propping up fellow Governments in Western Australia—which is spurious and total nonsense—they might recall that in my response to the member for Briggs I mentioned the fact that, as well as a South Australian Government instrumentality, there was at least one other Government instrumentality that we know of that had promissory notes from Western Australian Government Holdings. I do not think that that Government had any particular brief for the Dowding Government. So, I hope it is included in this conspiracy theory that the Opposition is trying to promote. It really is a travesty of this Parliament and this Committee that we go through this information process to get joke releases of this kind at the end of it.

**Mr RANN:** I do not know from where the Leader got his accountancy qualifications, but I suspect it was from the Arthur Daley School of Economics. In relation to SAFA, does it now have offices in Hong Kong, London and New York?

**Mr Prowse:** I am not sure precisely what the member means by 'offices', but SAFA has associated companies in London and Hong Kong, which were established to facilitate particular transactions.

**Mr RANN:** I was trying to explore the fact that SAFA has been doing well on the international market and whether it has actually gone to New York as well.

**Mr Prowse:** We have not sought a bond rating in the New York market, so we do not visualise a bond issue in New York in the foreseeable future. However, we have rating for short-term paper—the commercial paper market. That has been rated at the highest level, that is, level A1, plus B1.

**Mr OLSEN:** It was interesting to have that little outburst from the Premier. I merely indicate to the Committee that what was contained in the press release was factual—

**The Hon. J.C. Bannon:** Factual! It is a farago of lies.

**The CHAIRMAN:** Order!

**Mr OLSEN:**—and based on information given before the Committee. The *Hansard* record will clearly indicate that fact. With this little charade we have gone through a damage control exercise to tell some journalists around the building that this press release is irrelevant, that they ought to put it away and forget about it. We have held up the Committee whilst the Premier has gone through a bit of an act and a charade in an endeavour to apply damage control to the press release, based on information given to the Committee. I now move—

*Members interjecting:*

**The CHAIRMAN:** Order!

**Mr OLSEN:** In due course we will see what occurs with the press release here and interstate. The Auditor-General's Report (page 323) shows that, at the time the report was prepared, audited management accounts for Enterprise Investments Group were not available. Page 327 states that at 31 December 1988, SA Ventures Limited—the venture capital subsidiary of Enterprise Investments—had investments of just over \$7.4 million in share capital and loans in ten organisations, one of which was in receivership and another was carried in the accounts at no value. Can the Treasurer give any more updated information on the investment of Enterprise Investments and the financial position of the organisations in which those investments have been made?

**The Hon. J.C. Bannon:** The book value of SAFAs holdings of shares, options and convertible notes in Enterprise Investments is \$14.2 million. That compares with \$14.3 million of tangible assets less liabilities to other parties which Enterprise Investments had according to the unaudited accounts. One must remember that Enterprise Investments has interests through its subsidiaries in a number of ventures in South Australia, some of which are quite strong performers. It was established, originally as a venture capital instrument on the market in order to provide this sort of badly needed capital to enterprise in South Australia. It was established not with a view to making massive returns on investment but to provide start-up capital, and in doing so has, in fact, contributed to a number of successful South Australian high tech companies. That is against a background of considerable problems in this whole area.

The Management Investment Corporation scheme has not been a success Australia-wide. I think Enterprise Investments has, in fact, done a very good job in terms of its original purpose, that is, to try to back small businesses with big ideas and big products with a bit of capital on a start-up basis.

**The Hon. JENNIFER CASHMORE:** The Premier has not mentioned the companies which Enterprise Investments

backed but which have failed, and there are a considerable number.

**The Hon. J.C. Bannon:** It is a risk area and that again is taken into account in the whole concept and structure. We cannot back 100 per cent winners in this field. If we could we would not need an instrument such as this. The banks would be falling over themselves to lend. It is because there are risks and because we would expect some failures and to take some losses that we need this kind of instrument. I believe the overall results have been very good.

**The Hon. JENNIFER CASHMORE:** The Auditor-General devotes considerable comment (pages 326 and 327 of his report) to SAFA's takeover of Enterprise Investments, referring particularly to the restructuring that has taken place this financial year. The Auditor-General states:

A nexus has now been established between a body properly engaged in providing venture capital and a body controlling significant Government funds. The extent to which any growth in that nexus takes place would require careful consideration.

Will the Premier say whether, as a matter of policy, the Government anticipates any growth in this nexus and, if so, to what extent in this financial year?

**The Hon. J.C. Bannon:** It will depend a lot on just how the company performs and what opportunities there are. Again, let me restate, the original concept of the South Australian Investment Funds was, in fact, a fully subsidised investment fund on which no particular return was posited as start-up venture capital. We moved away from that concept as we developed Enterprise Investments to launch it on the market as a corporation, which was listed. We have now gone through a cycle and SAFA, which had a big stake in it, has taken it over so that it is back within the Government perview, as was originally contemplated. But certainly we do not intend to take major risks with this. It is a venture which, as I say, is meant to support and stimulate start-up capital ventures in South Australia. They will not all succeed and I do not care; we will get enough winners out of it to make the exercise well worthwhile.

**The Hon. JENNIFER CASHMORE:** I refer to the Estimates of Payments page 28. In relation to SAFA's interests and dividends on investments, will the Premier itemise the \$4.5 million of earnings from equity investments to show how much was earned from each investment and will he show how the \$900 000 income from land and buildings was earned?

**The Hon. J.C. Bannon:** We can provide that information on notice.

**Ms GAYLER:** My question also relates to SAFA. The Leader of the Opposition in his questions today and in his news release failed to show any concern about the financial benefit for SAFA and South Australia of the investment in promissory notes in Western Australian Government Holdings. Can the Premier advise the Committee of the profit that SAFA made from those transactions?

**The Hon. J.C. Bannon:** I cannot provide an exact figure, but obviously the promissory notes were bought with a view to getting a return. We were placing our money with an assured rate of return and that was realised at the sale of those promissory notes. Again, that is typical of a whole range of transactions undertaken in any given year. Profits are made on those transactions, and they in turn go into SAFA's profit statement and from that are contributed to the budget. It was a good investment—and it had to be—with an assured return because it was a triple A guaranteed investment.

**Ms GAYLER:** Can the Premier and Treasurer give the Committee any details about the financial arrangements and benefits to be expected from the Exhibition Hall which is

currently being constructed on North Terrace adjacent to the Convention Centre?

**The Hon. J.C. Bannon:** Yes. The Exhibition Hall is being constructed because it was realised very early on, particularly after the Manager, Mr Van der Hoeven, and his team started work on attracting convention business, that many major conventions these days require exhibition space. Although this can be found within the Convention Centre—and some very successful exhibitions have been held there in conjunction with conventions—the scope of the conventions that can be held is restricted. The Exhibition Hall has therefore been commissioned. The 3 600 square metres will accommodate 170 exhibition booths and extra car parking space on that site for another 322 vehicles will be provided. In addition, the office area will allow the Convention Centre administrative staff to move out of the Convention Centre proper, thus freeing more space in that centre.

The fact that it was needed has been shown by the pre-completion bookings which are coming in. I understand that a number of conventions have been secured over the next five or six years, all of which require exhibition space, so it will be a major asset. The hall is expected to produce a net return of about \$500 000 from direct income, which is pretty good. There are major indirect benefits in terms of the size and scale of conventions that we can attract—those for which we could not have bid without the Exhibition Hall. That will redound on the viability of the Convention Centre as a whole and the massive indirect return that we can get. SAFA is looking at the long-term financial options for the project. In the interim, it is being funded directly, but in the long term other arrangements will be put in place which will enhance the return that we can get from that facility.

**Mr S.J. BAKER:** The Opposition notes the restructuring arrangements on concessional housing loans shown on page 325 of the Auditor-General's Report. Does this involve a maintenance of the concessional home loans scheme, which I understand has been taken out of the hands of the State Bank? An account debt has been forgiven. This sounds strange to me, because I saw that we had previously made a budget debit for that amount. Does forgiving the debt mean that the scheme will generate a surplus within the Department of Housing and Construction, and does it mean that concessional loans at 5 per cent will no longer be available, as previously?

**The Hon. J.C. Bannon:** This rearrangement is described in SAFA's annual report and in the audit report of the Department of Housing and Construction. The Minister of Housing and Construction effectively acquired all the assets of the scheme, namely, the concessional loans to home buyers, and assumed the liabilities to SAFA on exactly the same terms and conditions as the State Bank had, when it was indebted to SAFA. So, all future transactions will be recorded through a special deposit account set up under the Public Finance and Audit Act. Any surpluses that may be generated will obviously be credited to that account and used for housing purposes. In essence, the State Bank sold the concessional housing portfolio at book value to the Minister. Some of the loans previously provided to the bank for housing by the Government and SAFA were converted into capital and, in order to leave the level of such capital unchanged, SAFA provided additional funds to the bank.

SAFA was left with assets at concessional loans to the Minister of Housing and Construction totalling \$691 million. To leave SAFA in a neutral financial position, the Government transferred to SAFA \$75 million of the converted capital to the bank. It is a clean and efficient way for us to take this over. Incidentally, I think that the bank

was obviously charging an administration fee in relation to the portfolio, and that is no longer payable and can be generated through the Department of Housing and Construction. However, essentially, the deal is that it remains a contained scheme and surpluses generated will be recycled into housing.

**Mr S.J. BAKER:** So, from that we can conclude that that source of funds will not be used for the HomeStart program, and that it will be administered completely separately through SAFA?

**The Hon. J.C. Bannon:** That is correct; SAFA is independently raising funds for that, as has been explained previously.

**Mr Prowse:** But SAFA will not administer the HomeStart scheme; it will be administered by its own organisation.

**Mr S.J. BAKER:** What is the Government's estimate of the capital requirement for the rest of 1989-90 and the full 1991 year for the moneys that will have to be made available under HomeStart?

**The Hon. J.C. Bannon:** This can be only indicative because it will depend on the take-up of HomeStart loans. In a full year we would expect to provide about \$250 million, but this is very much an indicative amount. It depends on two things: first, the take-up of loans and, secondly, the availability of the appropriate funds, that is, SAFA's ability to raise the funds in an appropriate way. The exact organisational structure of HomeStart is to be financed, but it will not be administered through SAFA. SAFA is simply attending to the debt and interest rate management issues, and raising the finance, which it will pass on to HomeStart.

**Mr S.J. BAKER:** The figure for 1990-91 is \$250 million; what is the estimate for 1989-90? How much does the Government expect to lend out under this scheme this financial year?

**The Hon. J.C. Bannon:** It is hard to say, but SAFA has estimated that around \$100 million could be called upon this financial year. We could provide more if necessary.

**Mr S.J. BAKER:** How does SAFA intend to raise those funds? Does it intend to borrow on the short-term money market? At what interest rate will the money be borrowed?

**Mr Schwarz:** The ideal way to raise money for indexed lending would be an issue of inflation indexed bonds. We have already commenced some issues of that nature and they have raised about \$100 million. We anticipate being able to continue to tap the market for that type of fund raising. Alternative methods could be used to fund the scheme if we found that the indexed market could not absorb a large parcel of bonds in a short time. On the whole, we expect to be able to raise indexed funds on a matching basis as regards the way funds will be advanced to HomeStart.

**Mr Prowse:** We have effectively accessed the indexed loan market to approximately \$100 million. The market is there and we believe it will expand in Australian monetary markets in the years to come.

**Mr S.J. BAKER:** Given that there is already experience in the market, what is the going price?

**Mr Schwarz:** The going price is around 5.5 per cent real for a long-term indexed bond. The Victorian Finance Authority had an issue at that rate last week. It depends on the exact structure of the bonds issued. Victorian housing bonds are used to fund a similar indexed program in that State. There is a slightly different structure and more of an indirect guarantee. They go off at a higher rate than 5.5 per cent real—perhaps 5.75 per cent. The best way to raise the money is by issuing paper with a direct SAFA guarantee.

**Mr S.J. BAKER:** They must have been long-term bonds to get an interest rate of 5.5 per cent, as the interest rate is about 10 per cent at present.

**Mr Schwarz:** They were long term, some for the year 2002 and some for 2015. The issues we have established in the market are also of that maturity. That is the only way you can identify that you have a genuine real rate borrowing. Your statement that the going rate in the market is 10 per cent real relies on an assumption about what inflation will be over the period of the borrowing.

**Mr S.J. BAKER:** Mention was made that Victoria has got into the market with a 5.5 per cent real interest rate over a sort of 20-odd year bond. What has SAFA achieved to date?

**Mr Schwarz:** We have issued in the range of 5.1 per cent to 5.5 per cent.

**Mr S.J. BAKER:** To the year 2010.

**Mr Schwarz:** To 2010 and 2015. Just to clarify that point: the coupon on the issues is 4 per cent, but they are issued at a discount giving an effective yield of 5.1 per cent to 5.5 per cent.

**Mr S.J. BAKER:** What losses has SAFA projected over the first, second, third, fourth and fifth years of the scheme?

**Mr Schwarz:** We do not anticipate that there will be losses because as far as SAFA is concerned, we will be lending the funds at a margin above what we believe is the wholesale cost of the funds, and HomeStart itself will be lending at a margin above its cost of funds, to cover various credit risks and interest rate management risks that it will carry.

**The Hon. J.C. Bannon:** It was made clear, I think, with the launch of the scheme that it is not a giveaway in the sense that the State is subsidising it. We are simply using the State's financial clout, if you like, through this method to provide, essentially, commercial finance, but at a very competitive rate. That is a below-market rate, and that benefit, of course, is passed on to participants in the scheme.

**Mr S.J. BAKER:** If indeed we use the 25 per cent income level to attract those people who are income and asset poor, we are surely going to be into subsidy and, despite the generous long-term rate negotiated, the likelihood of losses is going to be reasonably high.

**The Hon. J.C. Bannon:** All that has been gone into very thoroughly and that is not the case. For a start, in the normal course of events, incomes increase and one would expect that as to the profile of the people who will be taking out HomeStart loans (and most of these will be young people who at the moment are prevented by the deposit gap from getting out of rental accommodation) over the course of their working life their income will in fact increase quite substantially in the larger percentage of the cases. That will provide them with all sorts of options in relation to how they treat their HomeStart loan long term.

Secondly, there is the value of the asset, namely, the home that is being purchased and, again, looking at historic long-run valuation changes, one can be very confident that they will ensure that there is no major downside risk. In individual instances, of course, there will be cases where people's income drops unduly or they will fail to get sufficient equity, but one looks at an average on a long-term scheme like this, and all the financial projections made show that it is perfectly financiable with no major risks.

**Mr S.J. BAKER:** We believe for a number of reasons, particularly the way in which it is being financed that there will be losses by people who are just incapable of ultimately meeting all the obligations, and, importantly, of meeting some of the basic criteria which is covering the funds that they have borrowed. In the event of loss, who bears the

financial responsibility? If it is not SAFA, who makes up the loss?

**The Hon. J.C. Bannon:** HomeStart obviously has primary responsibility for managing this scheme and its finances and would need to make adjustments if a loss was deposited. SAFA is ultimately guaranteed by the Government. However, if there are losses of a size and nature—as I believe the honourable member is suggesting—that could not be adjusted in the course of this long term scheme, we would be in diabolical trouble in a lot of other areas too, and HomeStart would be irrelevant in the scheme of things. If that happened to property values in this State, HomeStart would be a minor headache in the massive financing problems.

**Mr S.J. BAKER:** I believe it relates to accounting procedures, and the realisation of a loss. If we are positing that, people will go into the HomeStart office and say, 'I wish to take up the HomeStart proposition,' effectively they will pay only 10 per cent because of the 25 per cent repayments to earnings ratio: how will that be accounted for.

**The Hon. J.C. Bannon:** People must be able to service a loan of 25 per cent of their household income: that is the maximum, and obviously there can be variations around that, that which will allow them access to finance at a certain level—2.8 times that household's income. That is the prudent level based on the current interest rates and projections of the scheme. Allowance is made for those two elements, one of which is household income rising; people can maintain their repayments at the original figure or they can increase those repayments in line with their rising income and thus pay off the loan more quickly or refinance it into a traditional loan at some stage in the transaction. That is possible. Equally, their household value could rise at the same time, so they would be developing an equity.

If the circumstances change adversely, various means of assisting people are available, and they have been taken into account as well. No doubt that will happen to some people. For people on a very low income—I think it is below \$21 000 per household—an interest free five year top-up loan is provided which will be of substantial benefit in helping them through that early stage of finance and reducing their exposure. I believe that will certainly assist them. The old concessional scheme indicates that that is indeed appropriate. There is an incentive for people to pay out the loan over that five years.

Having said all that, I point out that clearly some people will not qualify: because the scheme is based on certain criteria, it is not one though which anybody, irrespective of household, assets or prospects, can obtain a home loan. It is directed to a particular section of the community that is finding the deposit gap impossible to overcome in the current circumstances.

**The Hon. JENNIFER CASHMORE:** The Auditor-General's Report (page 325) reveals that audited financial statements for the South Australian Finance Trust Limited were not finalised at the time of preparation of that report. Last financial year, additional loans to the South Australian finance trust increased its balance by more than \$3 billion over the previous year. These funds were applied to finance reinvestment activity. Will the Treasurer give a summary of how those funds were reinvested in the absence of audited financial statements? What is SAFA's estimate of, first, the cost this financial year of borrowing these funds for the South Australian Finance Trust to invest and, secondly, the income to SAFA from the reinvestment?

**Mr Prowse:** In broad terms, the annual report, as the honourable member pointed out, states that SAFA on-lends funds to SAFTEL to assist it to engage in what is called

'intermediation', That intermediation is in investment in very high status securities. In the end, the return on those investments is to assist us to reduce the net cost of the funds that we provide to the public sector in South Australia. The investments that SAFTEL make are in the framework formally adopted in the investment guidelines which SAFA itself uses and which, it is agreed, are conservative. The exposures that SAFA takes on credit are monitored carefully by SAFA management and against the background of SAFA's own exposures and there is an avoidance of doubling up of investment and exposure of the two institutions.

In terms of the guidelines that SAFTEL follows, as one would expect its investments are chiefly in bank bills, semi-government and local government securities, and a small proportion of what are called marketable corporate securities of what Australian Ratings describes as very high quality, that is, double A or better. The quality of SAFTEL's credit is reflected in the triple A credit rating that it enjoys. The return that SAFTEL has paid to SAFA is mentioned in the annual report.

**The Hon. JENNIFER CASHMORE:** In view of the time, perhaps that information about cost and income could be provided in writing.

**Mr Schwarz:** Last year, in the 1988-89 accounts, we took income of \$25.9 million from the South Australian Finance Trust. I estimate that about \$15 million of that was due to the capital provided to the trust and another \$10 million

or \$11 million was the profit made on borrowing in reinvestment at the margin. We cannot predict next year's figures, because this is a fairly opportunistic business; it depends on what arbitrage opportunities arise in the market from time to time.

**Mr OLSEN:** I have another 20 or 30 questions to ask. However, it would be more appropriate to put those questions on notice.

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

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Treasurer, Miscellaneous, \$116 118 000—Examination declared completed.

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Works and Services—Treasury Department, \$8 109 000—Examination declared completed.

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#### ADJOURNMENT

At 10.2 p.m. the Committee adjourned until Wednesday 13 September at 11 a.m.