

## HOUSE OF ASSEMBLY

Tuesday 11 September 1990

## ESTIMATES COMMITTEE A

**Chairman:**

Mr M.J. Evans

**Members:**

Mr D.S. Baker  
 Mr S.J. Baker  
 Mr H. Becker  
 Mr D.M. Ferguson  
 Mr T.R. Groom  
 The Hon. J.P. Trainer

*The Committee met at 11 a.m.*

**The CHAIRMAN:** Before beginning the formal proceedings, I would like to make a few observations concerning the procedure for the forthcoming Estimates Committees. I will briefly remind members of the customary procedures and some changes that will be made this year. A relatively informal procedure operates in the Estimates Committees. Members may ask questions and make statements from their seated positions. The Committee will determine its own timetable for considering the Estimates of Payments and the Estimates of Receipts, but it must live within the framework adopted by the House of Assembly. Otherwise, it is a matter for the committee and the Minister to agree on the way in which they will discharge their inquiries during the course of the day.

If the Minister or the Premier undertakes to supply information at a later date, it must be in a form suitable for insertion in *Hansard*, with two copies submitted to the Clerk of the House of Assembly no later than Friday 29 September or 5 October. It will be my normal approach to allow the lead speaker for the Opposition and the Premier or the Minister, if either or both desire, to make a brief opening statement of some 10 minutes or so duration.

Three questions per member may be asked, but brief supplementary questions may be allowed by the Chair in order to finish a line of questioning. I ask members to respect the word 'brief' so that the Committee proceedings will move along and every member will have the opportunity to participate. If other members who are not members of the Committee wish to ask questions, that will be permitted at a convenient time and the Chair would appreciate advance indication so that that procedure can be accommodated as expeditiously as possible.

I remind all members that the House has suspended the Standing Orders to allow the Estimates Committees to ask for explanations on matters relating to the Estimates of Receipts as well as the Estimates of Payments—a significant change from previous years. However, questions must be based on lines of expenditure and revenue as revealed in the Estimates of Payments and the Estimates of Receipts. Reference may be made to other documents, such as the Program Estimates and the Auditor-General's Report, but I ask members to identify, briefly but relevantly, the area from which they draw their questions in relation to the Estimates of Payments or Estimates of Receipts so that everyone will be aware of that reference.

The Ministers or the Premier will introduce their advisers to the Committee prior to commencement, but I remind

the Committee that it is the Minister or the Premier who is the witness and not the advisers, and any information which comes from the advisers will be strictly at the discretion of the relevant Minister. The Leader may wish to make an introductory statement to be followed by the Premier, if he so wishes.

**Mr D.S. BAKER:** We will keep our questions as brief as we can and we would like to think that the answers will be just as brief so that we can get through as much today as possible and have as many questions answered as possible. I hope that that approach is adhered to by all members of the Committee.

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

**The Hon. J.C. Bannon:** I do not wish to make any general statements.

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 Legislative Council, \$2 135 000
**Witness**

The Hon. J.C. Bannon, Premier.

**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 24 of the Estimates of Receipts and the relevant pages in the Program Estimates.

**Mr S.J. BAKER:** We have a number of items within each of the portfolios and we are looking at the Legislative Council first. Is it the Committee's wish that we should dispose of each item separately and then, if there are follow-up questions, deal with those before we deal with the portfolio lines? In some areas we may wish to ask no questions or only one, but there may be follow-up questions which we may wish to ask at a later stage.

**The CHAIRMAN:** It is necessary to go through the proposed payments in terms of the Legislative Council and to ask questions in relation to that and then the House of Assembly, for example, and then the Parliamentary Public Accounts Committee. Provided the questions relate to the Legislature in general and refer to the specific lines, I am sure the Committee would accept those sorts of questions.

**Mr S.J. BAKER:** At any stage during questioning on the Legislature?

**The CHAIRMAN:** The Chair cannot allow unlimited licence on that. Members will have to concentrate questions on the particular area of payments being considered, but I am sure it is not beyond the wit of honourable members to phrase their questions in a way that the Chair will find acceptable at a later point in the debate.

**The Hon. J.P. TRAINER:** When we get to the House of Assembly line we could ask questions that refer back to comparable situations with the Legislative Council lines?

**The CHAIRMAN:** It may have some relevance to the Legislative Council indirectly.

**The Hon. J.P. TRAINER:** So far as savings may be achieved in one area which could possibly be followed in another.

**The CHAIRMAN:** Indeed. I am sure that the Committee would not wish to have the proceedings complicated unnecessarily by obscure rulings from the Chair. Therefore, providing members stick to the broad category with which we are dealing, and do not trespass unreasonably outside those, I am sure they can be accommodated. I call for questions on the Legislative Council.

**Mr D.S. BAKER:** We know that last financial year some \$700 000 more was spent on the printing of Bills, Acts and regulations in the Legislative Council and the House of Assembly. I note that, on page 60 of the Financial Statement, half of that relates to the printing of consolidated statutes. How does the Premier account for the remainder of the increase? Is there any consideration for the printing and production of *Hansard* to be carried out by the private sector and, if not, why not?

**The Hon. J.C. Bannon:** It is generally conceded that it would be possible to make some savings in printing.

**Mr Mitchell:** A figure of \$350 000 is budgeted for the consolidation of statutes.

**Mr D.S. BAKER:** How do you account for the remainder of the \$350 000?

**Mr G.D. Mitchell:** There are two parts to that. One is that there is an inflation factor. The second is that in each year the printing varies according to the amount of time that the House sits. We had a light year last year because there was an election, but that almost certainly means that this will be a heavy year. The budget for printing is a nominal figure based on past spending. Each year it has to be accommodated within the sittings of the House. There is no exact measure of how much it will cost in any year.

**Mr D.S. BAKER:** Is there any thought of having the printing and production of *Hansard* carried out by the private sector?

**The Hon. J.C. Bannon:** This is one of the core functions that the Government Printer undertakes. There are procedures in relation to ensuring the correctness of the record and relations between *Hansard* and the Government Printer which are all aimed at getting a proper record of the debates as quickly as possible. If all or part of this were to be contracted out in some way, many inefficiencies would creep in. I do not know whether that point has been specifically examined, but there has never been any suggestion that we are not getting an efficient and extremely specialised service from the Government Printer in this area. I would be most surprised if anybody in the private sector could match it.

There is also the important aspect of principle that the proceedings of Parliament, because of their privileged and other nature, need to be under the control of Parliament and the Government in terms of printing. As in a number of other areas, it is appropriate that a public instrumentality is responsible for recording the public record.

**Mr D.S. BAKER:** Further to that question, what investigations have been made regarding the desktop publishing of *Hansard*?

**The Hon. J.C. Bannon:** I am not aware of any specific investigation. Perhaps the Parliament's officers might assist.

**Mr Simms:** A proposal is now being considered by the Joint Parliamentary Service Committee. If the proposal goes forward, more of the printing effort will take place within Parliament House. We will be incorporating all editing corrections, whereas at the moment that part of the process is carried out by the Government Printer. This will involve the introduction of new and special equipment. The selection of equipment, funding, and so on, is being considered by a subcommittee of the JPSC.

**The Hon. J.C. Bannon:** There is a trend in this direction generally. The budget papers this year, including the financial information paper (which is a very complex document), have been handled by a combination of desktop printing and work with the Government Printer, and that has greatly helped the turnaround times and the ability to ensure that the information is up to date.

**The CHAIRMAN:** The Chair would point out to the Leader that these questions were allowed, even though they fall under another line, to help the process of the Committee. If members keep their questions along those lines, they will find that the Chair does not object.

**Mr D.S. BAKER:** This is my last question on the Legislative Council line. An allocation of \$25 000 is proposed for the purchase of office machines and equipment this financial year compared with just over \$8 000 last financial year. What specific purchases are planned?

**Mr Mitchell:** A full replacement of the word processing system of the Legislative Council is proposed, as the equipment has reached the end of its service life.

**The Hon. J.P. TRAINER:** In relation to the question that has just been asked with regard to the purchase of office machines and equipment, and bearing in mind that the Premier and Treasurer does not control the expenditure of the Legislative Council directly, what steps have been taken to make sure that future purchases of office machines and equipment involve technical compatibility with those of the House of Assembly, the Joint Parliamentary Services Committee and other Government bodies, and that they are operated in such a way that whatever potential there is for compatibility is actually exercised?

**The Hon. J.C. Bannon:** I am not qualified to answer that question.

**Mr Mitchell:** I do not think I am qualified either. That is a matter for the Legislative Council. As I have expressed previously before these committees, I would hope that there is full cooperation between the Houses—in fact, between all the divisions of Parliament—in terms of these purchases. That is a matter for the Legislative Council.

**The Hon. J.P. TRAINER:** All the questions have to be addressed to a line. A line can be handled only by a Minister, in this case the Premier. Obviously, the Premier cannot be expected to have first-hand knowledge of this matter. Why cannot somebody from the Legislative Council be present today to provide that advice?

**The Hon. J.C. Bannon:** It probably would be appropriate. I imagine that the honourable member is using the analogy of Ministers who are in the Legislative Council and who appear before this Committee, even though this is a Committee of the House of Assembly. While that matter has never been specifically addressed, I think we have regarded Mr Mitchell as being capable of answering those questions at least broadly. I guess in principle there is no reason why we should not have a clerk from the Legislative Council present so that matters of the Legislative Council can be placed before us properly. As I say, that is something that has not been addressed, but it is a reasonable suggestion that, perhaps, ought to be taken up.

**The Hon. J.P. TRAINER:** In relation to printing (and here again there is not somebody present to provide direct advice to the Premier, although Mr Mitchell is acting as *de facto* Clerk of Parliaments in this instance), what different procedures are followed by the two Houses that have enabled savings to be made in the past in one area that might not have been made in another, and what potential is there for savings to be achieved in the Legislative Council that have already been achieved in the House of Assembly?

**The Hon. J.C. Bannon:** I am not sure whether diplomacy will allow Mr Mitchell to answer that question, even if he has the information, but I invite him to comment.

**Mr Mitchell:** I have no comment.

**Mr FERGUSON:** For publications issued to members in the Legislative Council, \$67 000 has been allocated as opposed to \$203 000 for the same purpose in the House of Assembly. These are in the main the same publications, and the cost is mainly in the preparation rather than in the printing. I make the observation that maybe the costings for the Legislative Council as opposed to those of the House of Assembly may not be quite as they should be. Perhaps the House of Assembly is bearing a higher than normal cost for publications that are being used elsewhere?

**The Hon. J.C. Bannon:** The expenditures relate to *Hansard* subscriptions, as I understand it, and depend on members taking up entitlement in part or in full. That obviously has a direct impact on the amount spent. In other words, it reflects members' demands. The notes I have indicate that while those demands were within, and certainly did not exceed, individual members' entitlements, nevertheless some estimate has to be made of the extent to which members will take advantage of their entitlements, and that is probably the main reason for the discrepancy in amounts.

**Mr FERGUSON:** The amount voted for Legislative Council select committees is only \$2 000 more than was voted last year, but I understand that the Legislative Council has about 10 or 11 select committees running concurrently. Will that \$40 000 be sufficient to cover the extra activity now taking place in respect of Legislative Council select committees?

**The Hon. J.C. Bannon:** A notional amount is placed in the estimates based on what committees are appointed, but, of course, at the time these are prepared there is no clear knowledge of just how many such committees will be operating. There would be some considerable difference in the expenditure of committees, depending on the nature of their inquiries and their duration. My guess would be that this is under-provision, just as last year's was obviously slightly over-provision, but this has to be accepted year to year because the number of committees is not adjusted to the amount budgeted—it is the other way around. If committees are formed, they must be serviced.

**Mr FERGUSON:** I appreciate details of the reprinting of statutes. Will all or some statutes be reprinted or only those in the past five years? What is proposed in this regard?

**The Hon. J.C. Bannon:** I would have to get that information on notice. This would be a consolidation of the statutes, the last printing of which was in about 1975. That involved progressive volumes, and 15 years has elapsed since then. It is on about that sort of timetable that it is suggested such consolidation should take place. It is an expensive business, and it will be done progressively, but it is becoming increasingly necessary because of the scope of amendments over that period—and of course also because of the deregulation program, which is excising many Acts from the register of statutes as they are redundant or no longer being operated. In theory that should produce slimmer volumes in future, but I guess that in practice it will not, because the statutes that remain have tended to be consolidated. I would have to get the precise details for the honourable member.

**Mr BECKER:** How many select committees were held in the Legislative Council in the past financial year? What was the cost of each committee, and how many committees were completed and reported to the Council? How many committees have been formed so far this year, and what is the membership of each committee?

**The Hon. J.C. Bannon:** All that information, with the exception of the cost, is public information. It is recorded in the various documents, but I shall certainly put that inquiry to the Legislative Council.

**Mr BECKER:** Will we get that information? I am blown if I know where to find it. I have no research facilities in my office. I would like to know what is going on in the Legislative Council with such a large number of select committees. There seems to be a plethora of committees being formed there. I do not know whether they are achieving anything. Everything seems to be referred to a select committee. It sounds to me like a pretty good side earner for some members, even though members get only \$12.50 each time they sit.

**The Hon. J.C. Bannon:** I understand what the honourable member is saying, but I do not think that it is the business of this House to dictate to the other place what it should be doing in terms of select committees. Obviously they involve a workload, which members in the other place would have to bear in mind. As I say, details of the number of committees and the nature of their inquiries are all recorded. They appear on the Notice Paper. The cost per committee is something that I have not seen as being readily available, but we may be able to obtain that information for the honourable member.

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

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House of Assembly, \$4 089 000

**Mr FERGUSON:** I would like details of the increased spending on the purchase of office machines and equipment, from \$12 000 voted last year to \$25 000 this year.

**Mr Mitchell:** There are two major items of replacement: \$10 000 for our existing office equipment in the form of the computer/word processing network, and the high volume photocopier and collator, which was \$15 000.

**Mr FERGUSON:** What is the age of the computer equipment?

**Mr Mitchell:** I cannot say exactly. Some of it is about six years old. Most of it would be at least two to three years old.

**The Hon. J.P. TRAINER:** I refer to the provision of stationery for House of Assembly members, and I am sure Mr Mitchell can respond to this through the Premier. Could we adopt a system whereby members are provided with access to funds equivalent to an average year's use of stationery so they could purchase it through State Supply or by some other means rather than having to come into Parliament House at monthly intervals to be issued with four reams of paper and so many bios, and so on? In addition, using that method, could that material be delivered to electorate offices? I am sure that the lowliest clerk in the lowliest department, if there is such a thing, in the Public Service, does not have to go down to State Supply, Hendon, to pick up his or her stationery.

**Mr Mitchell:** The first part of the question is one on which Mr Speaker must make a determination. I have taken out some figures on the cost of stationery. In principle, it is a system that could work well, that is, that members have an annual allocation for stationery which they could use as they wish. However, because of Government policy, it would have to be through State Supply, if it is available. The average per member per year is about \$1 400. The total bill for stationery for members last year was \$72 000. As to the second part of the question, I would be very happy, if Mr

Speaker is agreeable, to have stationery delivered to electorate offices, certainly in the metropolitan area. Obviously, that is not quite as easy in country areas although some members do have it delivered by bus, so that could be extended.

**The Hon. J.P. TRAINER:** My next question relates to the sitting times of the House and the savings that have been attempted in a whole range of areas. Apart from that, I will refer to general savings in leading up to that specific question.

In 1989, as a result of the 4 per cent salary increase, the Parliament House Efficiency and Productivity Central Committee was established and then subcommittees in the Legislative Council, the House of Assembly and the Joint Parliamentary Services Committee made their particular investigations and reported back to the central committee. Certainly, the House of Assembly achieved a lot of savings which perhaps the Clerk, through the Premier, may wish to comment on. For example, by rostering Attendant staff on evenings when the House sat beyond midnight, the total overtime bill was reduced. In-house printing produced savings of \$15 000 annually with the weekly supplements to the Notice Paper and other documents. There were substantial cost savings with the introduction of the bulk postage system for members through their local post offices and there were other recommendations which the Clerk made for cost savings of several hundred thousand dollars by implementing new systems for the printing, collating and binding of parliamentary papers.

In contrast, the other House, in the same report, was unable to indicate any further savings. The report said that 'the staff of the Legislative Council felt that it was most unreasonable in the circumstances that such efficiency and productivity committees [were] imposed on them' and resolved unanimously that, 'in view of the circumstances, the Legislative Council staff [could not] make any further savings'. However, in the course of the report from that place, they pointed out difficulties that were created for cost savings in the Parliament whenever the House has to sit unexpectedly beyond a particular point and savings which could be made if the House did not rise unexpectedly. I wonder whether the Clerk, through the Premier, might like to comment on the difficulty in budgeting when the sitting times of the House are not precisely predictable.

**Mr Mitchell:** I am not sure where to start. It is certainly difficult to budget when the sitting days and times are not known or when the House could sit on extra days quite unexpectedly. Certainly the system has worked much better in the past four or five years than in the 10 or 15 years of my experience prior to that. I am almost lost for words, and that does not usually happen to me. Although the costs are around the margin, it is difficult to budget. It is more a question of the number of days that the House sits and the amount of business that the House generates which causes the bulk of the costs. That is obviously apparent in printing and publications to members, and so on. The overtime bill is not great and nor is power and lighting.

**The CHAIRMAN:** I declare the examination of the vote completed.

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Parliamentary Public Accounts Committee, \$305 000

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

**Mr. S.J. BAKER:** What is the square meterage of the accommodation for both the Parliamentary Public Accounts

Committee and the Parliamentary Standing Committee on Public Works?

**The Hon. J.C. Bannon:** We are just obtaining that information.

**Mr. S.J. BAKER:** I am quite happy if it is on notice.

**The Hon. J.C. Bannon:** It is about 200 square metres for each committee. The Public Works is slightly larger than the Public Accounts, but there is not much difference between the two.

**Mr FERGUSON:** I am just curious to know why the total budget for the Parliamentary Public Accounts Committee is much larger than the Parliamentary Standing Committee on Public Works, given that the committees are both about the same size. Why is that so?

**Mr Mitchell:** If the honourable member looks at the line for salaries, wages and related payments for the two committees, the difference in size will be explained. The Public Works Standing Committee employs a Secretary who, in turn, has a secretary. The Public Accounts Committee employs the same secretary and an office manager as well as two research officers. Members' fees are included in the estimates of Public Accounts payments but are not included in that of Public Works.

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

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Parliamentary Standing Committee on Public Works,  
\$184 000—Examination declared completed.

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Joint Parliamentary Service, \$4 542 000

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

**Mr S.J. BAKER:** Are the wages and conditions of *Hansard* Reporters in this Parliament somewhat inferior to those that operate interstate?

**The Hon. J.C. Bannon:** The Deputy Leader would know that we always have a competitive edge in this area in South Australia.

**Mr Simms:** Parliamentary Reporters' salaries are definitely further behind those of Canberra and New South Wales reporters than they have ever been. Mainly on that basis we have lodged a claim to restore closer relativity between South Australian and Commonwealth and New South Wales figures, especially as the Commonwealth Chief Reporter has approached our reporters with a view to recruiting them for reporter appointments in Canberra. In fact, one of our reporters is resigning this Friday and proposes to take up freelance work including reporting with the Commonwealth, where she will be paid at a rate of up to \$10 000 a year more than the rate she receives in South Australia.

**Mr FERGUSON:** Has there been any progress towards the provision of electronic services in the Parliamentary Library similar to services operating in Parliament House, Canberra?

**Mr Coxon:** For a number of years, requests have been made of the Treasury for a media monitoring service. The Parliamentary Library of South Australia is the only Parliamentary Library that does not have monitoring of the electronic media. Within its own very slim resources, the library is making slow progress towards buying another VCR this year, which will make two, and I shall ask the Presiding Officers for some funds from minor works to upgrade an

area of the basement of the library to establish a very limited service in that area shortly.

**Mr FERGUSON:** With the introduction of an electronic service, will there be any offset savings?

**Mr Coxon:** It will be an extension of a service, but will not achieve savings.

**Mr FERGUSON:** Will the library still require the same number of hard copy volumes that it is now receiving?

**Mr Coxon:** Monitoring the electronic media will be an entirely new service. It will not supersede any existing service, and the library will still maintain newspaper clippings and access the commercial on-line data bases.

**Mr FERGUSON:** What is the estimated cost to produce an on-line electronic service for members?

**Mr Coxon:** The library has made recommendations for a number of years. A subcommittee to the Library Committee made some proposals for the installation of about six machines to be distributed at different points in the library. At that time, the cost was about \$20 000. Since then, I imagine that the cost would have risen.

**Mr FERGUSON:** Is that \$20 000 in total or for each machine?

**Mr Coxon:** In total; it is quite a small sum.

**The Hon. J.P. TRAINER:** Can the Parliamentary Librarian provide the Committee with a table of the electronic recording facilities available in other parliamentary libraries in Australia? I am aware personally of a couple of those Parliaments' facilities. In this building there is one VCR in the custody of the President of the Legislative Council and another in the custody of the Speaker. A third was purchased about 18 months ago by the Joint Parliamentary Service Committee for the library. They are the only three VCRs in this entire Parliament, whereas Queensland has a library recording facility for every news program on every channel: all current affairs programs are recorded, most of which are kept more or less in perpetuity. Indeed, the total number of television sets in the Queensland Parliament is 400.

I do not believe that members would want anything half as lavish or extravagant as that, but since I entered this building as a member 11 years ago we have been very handicapped in our access to what is published through the electronic media. Through the Parliamentary Library we have excellent access to the printed word. If we want something that appeared in yesterday's *Advertiser*, we can get it in about two minutes. If we want something from the 1889 or 1890 *Advertiser*, we can have it within about half an hour. But, if we want to know what was said last night by the Leader of the Opposition on the *7.30 Report* or a news item in respect of Parliament that appeared on one of the news programs, or even if the Presiding Officer just wants to know whether the guidelines for the televising of Parliament are being adhered to, there is great difficulty. We are acting blind because we do not have access to the electronic media.

We are prisoners in this building. We cannot get near a television set at the appropriate time because we have other duties with far higher priority than seeing what goes to air on the 6 o'clock news or the *7.30 Report*. We need some sort of video recording facility. So, I repeat: can the Parliamentary Librarian provide the Committee with tabulated data on what is available in other Parliaments, so that we can see what is a reasonable degree of facility to expect?

**The Hon. J.C. Bannion:** It is a measure of the comparative performance of the Parliaments. Despite this rich endowment that the honourable member describes, I would still back the South Australian Parliament's efficiency and effec-

tiveness against that of Queensland any day. I refer the question to the Librarian.

**Mr Coxon:** There is really no problem with that. Each year the New South Wales Parliamentary Librarian produces a conspectus of services and staffing. Media monitoring is an element, so it is easy enough to do.

**The Hon. J.P. TRAINER:** So it would not be difficult to draw up a program based on a reasonable level of service at a reasonable cost?

**Mr Coxon:** I do not think so, no.

**The CHAIRMAN:** The Chair has one brief question on the matter of *Hansard* printing and publishing. As the Premier will know, it is a subject that I personally have followed for some time and I believe that we are approaching a stage where some positive action will come from that but, as is usually the case, in order to save money it is sometimes necessary to spend a little first. Is it feasible that the Government will facilitate purchases of equipment where a known program will save money in the future if, in fact, in the short term some capital purchases are necessary?

*Mr S.J. BAKER interjecting:*

**The CHAIRMAN:** No. I am not. The Chair would point out that we are examining the Joint Parliamentary Service Committee lines, which include the Parliamentary Reporting Division, the Parliamentary Library Division, the Catering Division and the Joint Services Division. The question is in order.

**The Hon. J.C. Bannion:** As a general principle, yes, the Government is always interested in such action. There are a number of manifestations of it. For instance, Treasury established a productivity fund last year, I think, for the first time where departments can submit proposals for either raising revenue or effecting savings, but, as the honourable member mentioned, requiring some up-front expenditure. I guess the important thing to look at is the time at which one can recoup that expenditure. Secondly, of course, the reasonable certainty that we do so is another aspect. Unfortunately, there have been many examples of spending programs embarked upon with promises of great savings that have never materialised. That makes us all a little wary in these areas but, certainly, if that effect can be demonstrated and if we can see how and where expenditure can be recouped through savings while not detracting from the efficiency of the service or indeed improving it, as I believe some of the proposals referred to would do, certainly they are well worth looking at.

**The Hon. J.P. TRAINER:** Before asking a question through the Premier, I express my best wishes and congratulations, I am sure on behalf of everyone, to the Catering Manager, who will shortly retire. I would like to put on the record that he has done a great job over the years in which he has been in this place, working to introduce a degree of cost efficiency in the Catering Division of the Joint Parliamentary Service.

Earlier I asked a question regarding the cost to the House of Assembly and the Legislative Council of the unpredictability of sitting times and the cost that may or may not be incurred in the Houses' rising unexpectedly early or sitting unexpectedly late. Through the Premier, I ask the Catering Manager to place on record the difficulty that the Catering Division has in keeping costs under control in that same difficult environment.

**The Hon. J.C. Bannion:** Before inviting Mr Temay to respond to the honourable member, I would like to endorse those remarks; I acknowledge Mr Temay's pending retirement and express our great gratitude for the work he has done in providing a splendid catering service in this place.

**Mr Temay:** Certainly, the Catering Division has the same problems as all other divisions. The only way I can sum it up, as I said before the Joint Service Committee, is to say that in order to stay within the budget I would have to put the bells in my office and we would be within the budget. We would finish at the exact time that we were given and we could then plan our labour budget. The problem is not only the long hours that Parliament sits sometimes; a bigger problem is that Parliament very often rises without warning and then there is waste not only in terms of labour costs (because we are already committed to the casual staff and have to give them certain notice) but also in terms of the cost of materials.

I know that that is not part of this budget, but it is part of the Joint Parliamentary Service Committee budget. It is very important to consider that. Most other Parliaments in Australia probably have the same problem with the exception, I think, of Canberra, where the Parliament seems to be a little more regular. I made suggestions to the committee about possible savings in limiting certain services, such as the service of food; I also suggested that certain parts of the Catering Division close at a regular hour, as the Librarian has done, but so far that recommendation has not been accepted.

**Mr D.S. BAKER:** I add my congratulations to Tim and wish him well in the future. One criticism, of course, is that we are all putting on a little too much weight as a result of his catering. The recurrent cost of the Catering Division for this financial year will be just over \$500 000. There is no information in the budget that I can find that shows how much was received and returned to the Catering Division. Can the Premier provide that information?

**Mr Schulze:** The funding of the Catering Division is not all that well understood, I fear. The actual receipts from catering operations within this building and the cost thereof are met from funds which actually belong to the Joint Parliamentary Service Committee, which exists as a body corporate and which therefore, for all practical purposes, has the status of a private entity or a private company as far as those funds are concerned, whereas the labour costs involved are provided from within general revenue. The question about the receipts impacts on financial records that do not form part of the general revenue and would be available only from the Joint Parliamentary Service Committee, from its private trading records, if you like.

**The CHAIRMAN:** I am sure the information could be made available, if the Leader requires it.

**Mr D.S. BAKER:** Can I have that information?

**Mr Schulze:** I am certainly happy to pass on that request to the Joint Parliamentary Services Committee.

**Mr D.S. BAKER:** The estimate last year for receipts from the sale of publications (page 24) was \$898 000 but actual revenue was just over \$300 000. Why was there such a large shortfall? This financial year it is estimated that receipts will total just over \$1 million (page 60 of the Financial Statement). It is thought that extra revenue will be \$112 000 from the sale of consolidated statutes. What other items are expected to contribute to the significant growth in receipts this year?

**Mr Mitchell:** State Print acts as our agent in relation to the sale of publications. Parliament itself does not sell any publications. I will obtain that information for the honourable member.

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

State Governor's Establishment, \$755 000

**Chairman:**  
Mr M.J. Evans

**Members:**  
Mr D.S. Baker  
Mr S.J. Baker  
Mr H. Becker  
Mr D.M. Ferguson  
Mr T.R. Groom  
The Hon. J.P. Trainer

**Witness:**  
The Hon. J.C. Bannon, Premier.

**Departmental Advisers:**  
Mr G. Foreman, Acting Director, Department of the Premier and Cabinet.  
Mr J. O'Flaherty, Director, Corporate Services.  
Mr T. Kent, Manager, Financial Services.  
Mr E. Kageler, Assistant Director, Corporate Services.

**Mr D.S. BAKER:** Given that a new State Governor will take office in January, the budget provision seems to take no account of any arrangements for ceremonies to welcome the State's new Vice-Regal officeholder. When does the Premier expect an official announcement about who the new Governor will be; has the Government yet submitted its recommendation to Buckingham Palace and, if not, when does he intend to do so; and will the Premier be dealing with this matter during his forthcoming visit to London?

**The Hon. J.C. Bannon:** As the Leader points out, the appointment of a successor to His Excellency Sir Donald Dunstan is pending, as Sir Donald intends to retire on the completion of his term at the end of this year. Some initial consideration has been given to the question of a replacement. I am not in a position at this stage to go further than that, but I hope that within the next two or three months we will be able to make an announcement, following consultation with the palace.

As regards the provision for induction and other ceremonies associated with the retirement of His Excellency and the swearing in of the new Governor, that would be covered under another line, that is, the Premier's Department line—probably the promotion, visits and hospitality area—which covers all State ceremonies, visits, hospitality, and so on. It is not a cost that is borne directly by the State Governor's establishment.

**Mr D.S. BAKER:** Supplementary to that, the reason for the question is that spending on Government House receptions in 1990-91 is budgeted to be less than for 1989-90.

**The Hon. J.C. Bannon:** The budget expenses increased in 1990-91 overall. The Leader is looking at the area of Government House receptions. The amount estimated for this year is higher than the actual expenditure for 1989-90. I am not sure of the basis for that. We would have to get more information for the Leader.

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

Premier and Cabinet, \$8 650 000

**Mr S.J. BAKER:** I seek your guidance, Mr Chairman. There is an item in the Program Estimates covering major urban developments which does not appear in the Estimates of Payments as a separate item. There is a capitalisation, it

would appear. I presume that you are prepared to accept questions on that line. Secondly, the multifunction polis now comes under the Premier's Department's lines and the Chief Executive, Mr Neave, is under the Premier's Department. However, the Program Estimates does not indicate in which area he is employed. I presume that questions in that area would be quite competent.

**The CHAIRMAN:** Such questions appear to relate to the Premier's lines. Not every topic will be named in the papers before us because they cover such broad areas. Provided that I am assured that the topics fall within the lines that we are looking at, and the Premier can advise us on that, the questions are in order.

**Mr S.J. BAKER:** I have a group of questions, which we are asking of all Ministers, covering the efficiency of operation of the State Public Service. With your indulgence, Mr Chairman, I will ask the questions. If you rule me out of order, I can ask them as separate items.

**The CHAIRMAN:** How many questions are there?

**Mr S.J. BAKER:** Four areas are being canvassed, to which we are asking the Premier to respond on notice.

**The CHAIRMAN:** Clearly, the Chair will have to hear the questions before deciding upon them.

**Mr S.J. BAKER:** First, will the Premier undertake to provide this Committee in writing with the following information relating to the Premier's Department committees, the title of each committee, its function, the names of its members, the date on which it was formed, the amount of membership fees and where they are paid, the budgeted cost of servicing the committee, and how often the committee meets?

**The Hon. J.C. Bannon:** Some of these questions can possibly be answered without notice, and that is the purpose of the Committee. I am not suggesting that that is entirely possible here. I will consult to make sure that such information is readily obtainable. I will not attempt to put an estimate on the cost of finding such information, but I think that is a separate matter. Then I can comment on whether or not and the extent to which we can provide this information for the honourable member. Bearing in mind the time scale involved, it will mean the deployment of considerable resources in some instances to ensure that we get this information. I believe that we will be able to provide most of that information.

**Mr S.J. BAKER:** I come to the second of the general questions relating to all the Premier's lines. The Financial Statement (page 22) refers to savings in Government expenditure of \$130 million this financial year in the 'no policy change' expenditure estimates. Will the Premier indicate which programs, if any, in the Premier's Department have contributed to these savings, specifying the programs and the savings achieved in each case?

**The Hon. J.C. Bannon:** That information is provided in the documents before the Committee. Each of the programs, with the voted and actual expenditure, is listed, and one can see the savings under those various programs. That information is before the Committee.

**The CHAIRMAN:** Is the Premier saying that that is in the Financial Statement?

**The Hon. J.C. Bannon:** The vast proportion of the savings is readily ascertainable from an examination of the lines that the Committee has before it. We put the voted and actual expenditure there.

**Mr S.J. BAKER:** I thank the Premier for that answer, but I think it is incorrect. What you have is whether the amount of expenditure equalled the vote and where there is over and under expenditure. We do not have the details of the savings that accrued through better, more efficient

operation, as indicated on page 22 of the Financial Statement.

**The Hon. J.C. Bannon:** It is open to members to ask questions about each of the components of the voted and actual results for 1989-90 and by those means ascertain or make a judgment as to whether efficiency or other factors have brought about such savings. It is an extremely laborious process, but it is normal for the Committee to examine what it sees as major changes in both savings and expenditures, and to query the reasons for those. I would have thought that that is probably the best way of doing it. That has always been the pattern that these Committees' examinations have followed.

**Mr S.J. BAKER:** Another general question being asked of all Ministers is: how many Government cars does the Premier's Department operate: how many of those cars are for the exclusive use of executive officers and other officers; and how many of those cars are for general use?

**The Hon. J.C. Bannon:** I think we would be able to provide much of that detail. None of the cars is for the exclusive use of officers. Any Government cars, whether they are private or Government plated, can be made available for departmental purposes. In the case of the salary package involving a car with private plates, that is one of the conditions under which the cars are provided and all other cars are part of the car pool. They may be on loan or allocation to departments, but where available they are there for general duties.

**Mr S.J. BAKER:** Can the Premier provide in writing details of productivity savings identified in Premier's Department programs over the past three financial years, together with any such savings intended this year? We presume this has already been done within his department.

**The Hon. J.C. Bannon:** As to the past three years, again, that is on the record. The honourable member is asking us to do some research for him, but that information is readily ascertainable.

**Mr S.J. BAKER:** We understand that the Premier is requiring productivity savings, and they have to be identifiable. What productivity savings have taken place within the Premier's Department over the past three years, and what savings have been identified for this year? They are not actually evident, again, from the details we have available here.

**The Hon. J.C. Bannon:** I would question that, because that usually relates to the expenditure of the department under the various programs in relation to the services or activities of that year. One can discern from performances whether it is better or worse than budget. I will take the question on notice, see if we can make sense of it, and provide a reply.

**The Hon. J.P. TRAINER:** Page 12 of the Program Estimates indicates that three staff were transferred from the Department of Premier and Cabinet to the Department of Industry, Trade and Technology, presumably including the inimitable George Klein. I understand that this was to address South Australia's immigration strategy. What was the rationale behind this move?

**The Hon. J.C. Bannon:** The Government has been concerned for some time about a number of aspects about what one might call, in broad terms, 'population policy'. It is a fact that the population increase in South Australia runs below the national average and that we are an ageing population. When one disaggregates the most recent figures, one can see that in relation to interstate migration South Australia—along with Queensland and Western Australia—is one of only three States that are actually showing net positive migration. In other words, Australians are choosing

to come to South Australia to a greater extent than South Australians are choosing to leave South Australia. That is an encouraging statistic, and suggests that we should see some reflection of that in our relative population performance.

The birth rate in South Australia is below the national average, in part because of that age composition of the population which I referred to a minute ago, but the really major factor in the discrepancy of the population growth relates to our share of the overseas migration program to Australia, whereas in past decades—particularly the 1950s and early 1960s—we were probably experiencing migration to South Australia well above the population share—figures as high as 16 per cent of the program against a population share then of about 9 per cent. In recent years our share has been about half our population share, hovering around 4 to 5 per cent, and that is the biggest single factor in depressing the rate of increase in our population. That brings with it a number of consequences to which we must have regard. Part of our strategy there has been to work at the business migration program. Indeed, there has been some success there but, of course, we are talking about only a handful of people in terms of that program.

More importantly, we believed it was time we considered a general immigration strategy. Incidentally, I am talking about not just migrants from overseas, but I am talking about reinforcing this important trend of net interstate migration that I mentioned a moment ago. So, within the Department of Industry, Trade and Technology we have established this unit which is, as the honourable member has mentioned, headed by Mr Klein. It is attempting to provide information to the various categories of prospective immigrants to increase our share of migrants, because we have discovered that our single biggest problem is purely identification—knowledge of the opportunity that exists in South Australia. That is why things such as overseas trade missions and other publicity of South Australia overseas is obviously very important indeed. Identity seems to be the chief factor—not so much family reunion or even people's perception of where the jobs might be found, but purely the identity of an area, what it offers and what it is like.

We are aiming to lift our annual growth of immigration and try to work our way up over time to the equivalent of population share. That means that a targeted program is being developed using the general State promotional facilities and techniques that we have used over the past few years. It was thought that this was better located in the Department of Industry, Trade and Technology because of the general work it is doing in terms of industry and job development. The business migration program dovetails in well with this program. It also happens that the Minister of Industry, Trade and Technology is also Minister of Ethnic Affairs, and we see the ethnic affairs and the multicultural aspects of South Australia's community as being an important part of this process.

So, it is a case of using the immigration unit, South Australia tourism, the selling of our education facilities, and a series of links, particularly those with the Multicultural and Ethnic Affairs Commission, and the Federal agencies to indicate South Australia's attractiveness to prospective migrants as a place of settlement, and trying to work through those targets to increase our share of that program, which, as I said at the beginning, is the single most important reason why our population growth is not matching that of the national average.

**The Hon. J.P. TRAINER:** Following the Premier's comments about keeping South Australia an attractive place for migration and business investment, I refer to page 21 of

the Estimates of Payments, headed 'Program 7—Overseas Representation', under which the Agent-General is funded.

*An honourable member interjecting:*

**The Hon. J.P. TRAINER:** I shall ignore the interjection from the member for Henley Beach, who, probably along with 46 other members of the House, is seeking to be the next Agent-General. What business development initiatives have been undertaken in recent times?

**The Hon. J.C. Bannon:** It is fair to say that during his period in office, the Agent-General has made a substantial contribution to the raising of our profile overseas. He has treated his role as being based in Britain but servicing Europe in a way that has never really been tackled from South Australia House. We have a European presence. That is very important in the current environment and it will become even more essential post-1992 under the new arrangements for the European Community.

Apart from Community members, we have a high visibility and presence in countries such as Sweden, and that has been yielding substantial investment return to South Australia. Sweden has been a target country, using the submarine project and the high popularity of Australian wine, to follow that up. We have a number of trade missions there, the most recent of which was a business mission led by Dr Peter Crawford in June of this year which followed an important Swedish defence mission that came here in December 1989. We are now getting a large share of the Swedish interchanges.

Other target countries include Germany. Although reunification has meant that Germany has probably tended to be preoccupied with internal events, it is nonetheless providing a major opportunity for us to get attraction as a base for Asian-Pacific region involvement and investment. The Agent-General undertook a survey of Eastern Europe in March 1990 (it included his visiting the Leipzig spring fair), and he has been providing us with some up-to-date information that we shall use to good effect in the overseas mission on which I shall depart shortly.

France also offers extremely exciting prospects for investment at the moment. It has tended not to figure largely in our thinking but, again, a combination of food and beverage, particularly wine, investment and interchange, as well as defence industries, communications, aerospace and electronics, has resulted in a much higher profile for South Australia in France. Thomson-CSF's decision to remove its radar production operations from France to South Australia was obviously a key element in attracting attention from other French interests. South Australia House has already co-ordinated a major survey of European countries that may be interested in participating in horticultural operations and other activities in South Australia, using a Paris based consultancy.

We are not neglecting Britain, although the process of attracting investment there has been somewhat slower, but there are encouraging prospects. Business migration and skill migration are obviously a high priority of the Agent-General in working at the European market. In fact, in 1989-90 we achieved 12 per cent of the total of business migrants coming to Australia from Europe. When compared with our overall migrant attraction rate of about 4 to 5 per cent, to which I referred earlier, that is a very good result. Special skill attraction has also been undertaken.

General tourist activities are under way. Advertisement posters have been placed above ground and in the underground railway, and there are various other promotions. We have been helped greatly by the increase in direct air services to South Australia and by the airlines promoting such services. The recent decisions by MSA and Thai to



introduce services to Adelaide will also have a favourable effect on tourists coming from Europe, because those airlines will obviously try to maximise that sort of travel. That is a synopsis of the sort of activities being carried out from South Australia House. They are increasingly European oriented and are showing results. These things take time, but the Agent-General certainly has a lot of runs on the board.

**The Hon. J.P. TRAINER:** Page 19 of the Estimates of Payments, under 'Program 4—Support to Council/Cabinet', refers to the planning review. Page 10 of the Program Estimates refers to the preparation of the final submission for the multifunction polis. Funding is obviously provided for the multifunction polis and the planning review. What is the relationship between those two programs?

**The Hon. J.C. Bannon:** Obviously the timing of the two initiatives was not in sequence. In other words, the development of our proposals relating to the MFP had to travel separately from and head off the establishment of the planning review and its activities, but clearly it is important that the two initiatives, although separately managed and with different briefs, work closely together, and that has been so.

The current state of play with the MFP is that the management committee to handle the feasibility study has been appointed jointly by the Federal and State Governments and chaired by Mr Ross Adler. That is in operation at the moment. The MFP secretariat will be working on that feasibility study. The findings will be fed into the planning review, which sees its major role as examining ways in which the MFP can be accommodated within metropolitan Adelaide. In other words, a key to the success of the MFP relates to its links into the broader urban area. We have rejected any concept of an isolated area—a ghetto or enclave, as some critics have attempted to characterise the MFP. The planning review has an important role in ensuring that the aims of linking and connecting the MFP site and its activities into the broader structure can be carried out.

Aspects of joint research activity could be developed as the MFP goes on. In other words, matters such as population forecasts, transport planning, and so on, as they affect the designated MFP site also have wider metropolitan implications. We are expecting much co-operation and interlinking between the two groups to ensure that they reinforce each other's activities.

**The Hon. J.P. TRAINER:** What is the likely reporting date of the management group of the MFP and what aspects will its report cover?

**The Hon. J.C. Bannon:** They have agreed to provide an indication of their progress by the end of the year, and that will be a report to respective Governments, but the deadline for completing the current phase is March or April of next year. They are acting in tandem with a consultative group—a three-person group headed by Mr Bob Lansdown—which will be looking at community consultation and discussion within South Australia and more widely as part of the national project. They will make an interim report at the end of the year to indicate the progress of their activities. Tight deadlines have been set, and the management group is aware of the size of its task and is approaching it with great vigour and energy.

**Mr BECKER:** I refer to the Auditor-General's Report of 30 June 1990. On page 164, under Department of the Premier and Cabinet, there is an item at Part 6 identified as payments to consultants. Last financial year that payment amounted to \$465 000. This is an increase of more than 100 per cent on payments for the previous year. However, it is not possible to reconcile this amount with the Estimates of Payments book, which nominates only one budgeted

payment to consultants for the last financial year under intra-agency support service items, and records that actual payments were nil. This year, the allocation is \$30 000. Will the Premier identify what payments to consultants amounted to \$465 000 last financial year, indicating the consultant who received the payment and the purpose of the consultancy?

**The Hon. J.C. Bannon:** I can certainly give a breakdown of the consultant payments. They are shown under various lines because the consultants are hired by various groups or bodies which embark upon particular projects. As to the names of the consultants in each case, I am not sure I am able to provide that. As I understand it, that is the subject of a parliamentary question. However, let me deal with the amounts. The Women's Adviser had consultancy services to the value of \$1 250 and the Social Justice Unit used consultants to the value of \$8 083. There were four committees of inquiry. I refer to the Adelaide Air Access Group, \$8 642, and the immigration strategy, that is, planning for the exercise that has resulted in the establishment of a unit in the Department of Industry, Trade and Technology, \$2 495.

I will list the largest three amounts in ascending order. First, the planning review (\$58 000): obviously, an exercise of this kind envisages the drawing in of consultancies and the use of surveys and things of that kind. Secondly, the MFP (\$178 697), where a task force was specifically established, hiring the services of various consultants for engineering and other studies, and for assistance in the production of the submission, which proved successful. Finally, the Government research program (\$207 800), which is shown as a separate line. The various studies under that program have been delineated. The most recent studies were those undertaken on the MFP, which formed part of our MFP submission, and which were accounted for under the Government research program. It was underspent in terms of its budget in 1989-90.

**Mr BECKER:** Was that amount of \$207 000 all for the MFP, or was it broken up?

**The Hon. J.C. Bannon:** No, the study I just mentioned—Community Attitudes to the MFP—was around \$78 000. There was a major study on health and age issues of \$99 000. A contribution was made towards the South Australian Health Commission omnibus survey for community health organisations of \$10 000 and one to the Urban Land Trust survey monitoring developing urban areas of \$20 000. That is the breakdown of the \$207 000. The allocation was \$259 000, so, as I mentioned, the program was considerably underspent. We have decided not to provide specific funds for this purpose in 1990-91 but to move to the situation in which survey requirements of the kind that were gathered together under the Government research program will be looked at within existing departmental budgets or across departmental budgets.

**Mr BECKER:** On page 164 of the Auditor-General's Report, Part 6 of the Premier's Department accounts identifies an amount of \$299 000 as grants to various organisations last financial year. Can the Premier provide the Committee with an itemised list of those grants?

**The Hon. J.C. Bannon:** We do not have that information readily to hand, so I will undertake to provide it. Some of them are *ad hoc*. Under this would come donations to various appeals. SA Great is one of the grants areas. For the Auditor-General's purposes, that is gathered in together. On page 18 of the Estimates of Payments, members will see that some of the major grants are itemised, including grants to the National Council of Women, the Status of Women Committee, the Women's Adviser—Ethnic Radio

Programs, and the Working Women's Centre. The SA Great grant of \$84 800 and one or two make up the bulk of these grants. The rest tend to be very small amounts which have been traditionally given, but I will get that list consolidated.

**Mr BECKER:** What provision is there to audit those grants? Last Thursday, the Public Accounts Committee report was brought down, and it suggested the auditing process of those grants be followed through to ensure that they are being spent as was intended.

**The Hon. J.C. Bannon:** There are procedures to check the expenditure of these amounts. Most of the organisations are well-known and publicly operating organisations which have their own audit requirements. Audited accounts are required from those organisations preparatory to looking at further grant applications or paying further moneys. Of course, we do not pursue every dollar down the line in some of these cases but we do make sure that the bodies are publicly accountable, their purposes are publicly stated and their accounts are properly kept.

**Mr D.S. BAKER:** What submissions were made by the Department of Environment and Planning to the Government's MFP committee? Did the department oppose any residential development at Gillman and will the Government make public the Kinhill 1988 Gillman development feasibility study and the 1989 CSIRO centre for ground water studies report? Did the South Australian Government make any contribution to these studies in this financial year or in any other financial year? If so, what was the amount of that contribution?

**The Hon. J.C. Bannon:** It would help if the questions could be broken down a little. I realise that there must be sharing of questions but it is a bit unfair to bring together 15 questions.

**The CHAIRMAN:** I am sure that, if the Premier makes a general attempt at responding to the thrust of the question, the Chair would allow one brief supplementary question to focus the attention of the Committee on any aspect that was outstanding before crossing to the other side.

**The Hon. J.C. Bannon:** I think that the basis of the honourable member's question refers to a query he made of the Chief Executive of the MFP Task Force, Mr Neave, in August to which he has just received a reply. Reference was made in the reply by Mr Neave to two studies: the Kinhill 1988 Gillman development feasibility study and the 1989 CSIRO centre for groundwater studies. They are not publicly available. The reports were commissioned by the Port Adelaide Industrial Land Committee in its detailed assessment of the feasibility of developing the Gillman site and they have not been publicly released. They were not commissioned by the recently formed MFP Adelaide unit. Some reports have formed the basis of commercial packages. They are part of the ongoing development program. The information contained in them is obviously under consideration by the management committee of the feasibility study to which I have just referred.

In the course of their activities the management committee, in fully reporting on the site, will obviously refer to those reports, but that is part of the intellectual property of the exercise at the moment. There is no immediate plan for them to be made available publicly, and certainly not until the broad assessments have been completed. They are just being used as working documents as part of the process at the moment. There is still quite a lot of work to be done, as Mr Neave's letter and other statements have made clear. We believe that the best thing would be to get the feasibility study together with all the elements and the further assessments that need to be made before there is a general public

release. Public information is obviously a very important part of the program.

**Mr D.S. BAKER:** Did the Department of Environment and Planning oppose any residential development at Gillman? The other part was not covered in the Premier's first answer. Did the Government make any financial contribution?

**The Hon. J.C. Bannon:** I am not aware whether the Department of Environment and Planning has, in formal terms, opposed residential development. Along with anyone involved in the studies, it recognises that there are considerable waste and other matters which have to be dealt with on the site. In the 1950s, when much of the work was done in preparing the site, levy banks and so on were erected. That was under a general scheme which envisaged an industrial development on the site with an accompanying residential development. In a sense, part of the residential development has taken place with the West Lakes scheme. The idea of the multifunction polis is to use technology which was not available to us, and then pioneer urban renewal techniques, upgrading of degraded land, and so on, which will make it appropriate for a mix of residential and other purposes. That is embodied in the whole proposal. No-one would be proposing at the moment that we start some sort of urban development on the site. That would be clearly out of the question and is not supported by the Government. The studies will indicate how this can be done and by so doing develop techniques which will have world-wide application.

**Mr GROOM:** I have only one question but, first, I want to congratulate the Premier on the fine way in which he manages the State and ensures that South Australia is well governed and well equipped for the future. Page 9 of the Program Estimates deals with the Department of the Premier and Cabinet. I once represented the Morphett area in State Parliament for two short years and have always maintained an interest in the Glenelg foreshore. I know that this project has been before the public. Can the Premier say what will occur in respect of the Glenelg foreshore and environs project?

**The Hon. J.C. Bannon:** I well remember the extremely capable representation accorded to this area by the honourable member. Regrettably, with a very small swing indeed, in a very bad year for us, he lost the seat. I am sure many residents regret the absence of his representation. However, their loss has been the gain of his current constituents in Hartley. The Glenelg foreshore redevelopment is an important part of the whole urban refurbishment and redevelopment of metropolitan Adelaide. It has been through a series of stages. Of course, an enormous amount of work was done in the area as part of the Jubilee Point proposal developed by Kinhill and others to which the present local member for the area expressed opposition.

As it turned out, the special assessment panel established by the State Government identified certain problems. That development did not proceed. However, it gave us a chance, first, to have a body of data on the area which is very valuable; secondly, to more clearly identify the problems in the area; and, thirdly, to make a fresh start in a development context that was acceptable and sustainable. The objectives of the Government and the council's joint exercise are an important part of the process. Part of the problem with Jubilee Point is that it began with an extremely enthusiastic council providing a great deal of backing and support and ended with the council opposing very strongly the development and indicating all sorts of impediments that would be placed in its way and would have made a development of that size and scope unsustainable.

So far, the Government and the council are working together very well with the aim of contributing to tourist infrastructure; to improve the water quality of the Patawalonga; to provide an all-weather tidal boat access; and to protect the beach and residential environment. The joint steering committee called for expressions of interest, and a number of these have been received and placed on public display. The response has been very positive to the proposals, although when one looks at individual proposals criticisms have been levelled at each of them. There are a small number, of course, who oppose any development proposals and believe the situation as it stands is adequate and nothing more needs to be done.

Two issues, one involving the alienation of public land and the other the adverse effects on existing residents, need to be looked at in any sustainable development. Cabinet has approved the Ministers for Environment and Planning preparing four commercial impact statements in consultation with the proponents. There is a cost of between \$150 000 and \$200 000 involved which is being shared between the State and the council up front. The idea is that, if the project proceeds, that expense will be recouped from the successful developer. All four proposals are being subjected to assessment. One will be chosen and, when the development goes ahead, the cost of the EIS assessment will be recovered. Pak-Poy and Kneebone, in association with the social and ecological assessments, has been retained to prepare the EISs. They are to be released to the public for comment in early October. The Glenelg council has also engaged consultants to prepare a supplementary development plan which would allow development of a proposal with a recognised EIS. That will be on display in early October. Financial and legal aspects are being looked at, there is a timetable of work in progress and some very interesting proposals are the subject of a study at the moment.

**Mr GROOM:** I note from page 21 of the Estimates of Payments that \$67 400 has been allocated for overseas visits of the Premier. Will the Premier detail the areas he hopes to cover on his proposed trips to Europe?

**The Hon. J.C. Bannon:** This mission has been a long time in planning. Not since 1988 have we had a major presence of this kind in Europe. Obviously, in an election year it was not appropriate to embark on this sort of exercise. This mission was planned and devised with a view to strengthening the understanding of the European financial community of investment in South Australia, to provide trade investment opportunities and to create linkages with the European scientific and industrial and research community.

While this stemmed originally from a lot of the hi-tech defence and communications work being undertaken in South Australia, it has had an added focus and impetus by reason of the MFP decision. These objectives relate specifically to the UK, Germany and France. There is an Italian component which has some of those elements and refers also to the establishment of a mutual cooperation and friendship agreement between South Australia and the Campania region of Italy, Naples and its surrounds, which has very strong linkages in our local community. It is part of this new immigration policy that we are attempting to adopt in an endeavour to use the strengths and associations of our local multicultural community in areas of origin.

One of the chief features of the mission is the fact that a number of business people who operate in South Australia but are not necessarily based here and who have an international identity will accompany me. This gives our mission a national flavour, something which we believe is very important for South Australia. Regarding Europe particu-

larly, given the preoccupation with the Common Market and the changes in Eastern Europe, there is no point in going there and beating the drum for South Australia, which has a small regional economy, in a distant part of the world. We have to provide a focus for South Australia as part of the broader market of Australia and, more particularly, the Asian/Pacific market, which is the fastest growing area of the world and has tremendous potential, stretching way beyond what is suggested for Eastern Europe.

I will not spend time detailing the various meetings and associations over a period of three weeks, but they are considerable. I mentioned business delegates who will accompany us, and they include people from companies of the substance of Amcor, Santos, the Submarine Corporation, Transfield, Pasminco, BHP, Western Mining Corporation, Hardy Wine Company, Adelaide-Brighton Cement, Baulderstone and Boral. All of these companies are substantial operators both nationally and in South Australia. The State Bank and our own Chamber of Commerce and Industry will be major participators in the group. These are examples of the range of interests that will accompany us in an attempt to attract attention and establish an identity for South Australia.

**Mr S.J. BAKER:** I refer to page 9 of the Program Estimates: what progress has been made on alternative uses for the Marineland site?

**The Hon. J.C. Bannon:** Marineland comes under the jurisdiction of my colleague the Minister of Industry, Trade and Technology, and a select committee is looking at the matter in a historical sense. Marineland, as such, is finished; we do not have such a facility, and we are really talking about the West Beach Trust land and future possibilities for it.

The current state of play is very much with the West Beach Trust, but members would be aware that litigation is pending between the trust and Zhen Yun, the proponents of the project that has been abandoned. We are defending that action because we do not believe it has a basis. That is probably relevant to what happens in relation to further developments on that site. One of the proposals relating to the Glenelg environment foreshore development envisages some use of or access to the West Beach Trust land. Again, that is the subject of the study that I mentioned. Whether or not that eventuates or can properly form part of that project has yet to be determined.

**Mr S.J. BAKER:** Under the heading 'Targets and Objectives for 1989-90', it is stated that negotiations for the new use of the former Marineland site have begun, but we have not received any indication from the Premier of what that involves.

**The Hon. J.C. Bannon:** At the moment, the West Beach Trust is not particularly under my parameter.

**Mr S.J. BAKER:** It comes under one of the Premier's programs. My next question is about the Mount Lofty development. Last year's Committee was advised by Mr Guerin that the agreed feasibility study would take about five months. Has it been completed? If so, will it be made public? If not, why has there been this delay? What has been the total cost of the study?

**The Hon. J.C. Bannon:** A draft commission considered by the State Development Executive and the Cabinet Committee on Economic and State Development in July outlined a form of development that has now been approved by Cabinet. Preparations are under way for an environmental impact study and a planning application. The State Government's position at this stage limits our involvement to the provision of a serviced site and the joint venture equity partners and the private sector are pursuing the

financing of the development itself. Final planning approval could be completed in early 1991 with construction possibly through 1991 into early 1992.

There has been a briefing of council members. A feasibility study has been prepared and a Department of Road Transport study on modifications that may be necessary on roads has been undertaken. The E&WS has given advice on water and sewerage servicing. The Crown Solicitor has looked at the legalities relating to the proposal. That is where it is at the moment.

**Mr S.J. BAKER:** Supplementary to that, have any proponents or developers an interest in the new proposition for the Mount Lofty site or are we looking at a completely new proposal that will be floated in the public arena? In other words, is it true that we have not advanced since the Ash Wednesday bushfire?

**The Hon. J.C. Bannon:** It is not a completely new proposal in the sense that the elements are recognisable elements of the proposal. Certainly, it does not include the major cable car aspect; it is a scaled-down development, as we have already announced, involving the St Michael's site with access to the summit. The elements of it have been developed by the consortium which came up with the original proposal and they will obviously have carriage of it through this current process and, presumably, seek to interest equity and other investors in it.

**Mr S.J. BAKER:** I refer to the program under 'Equal Opportunity for Women'. The program identifies one specific target for this financial year, namely:

Run a major "Families and Work" forum for employers, leading to an intensified focus on the efficiency and productivity benefits of creating greater compatibility between work and family responsibilities.

Is this forum to include consideration of work undertaken from home and does the concept of work from home have wider application in the public sector?

**The Hon. J.C. Bannon:** Its origin lies in convention No. 156 of the International Labour Organisation which was formally ratified by Australia at the end of March this year. That convention binds member nations to the introduction of measures to support workers with the responsibility for children and other family members, and to ensure equal treatment of women workers where they have family responsibilities as outlined in the program that the honourable member has just quoted. The convention comes into force in March next year; in other words, it has been ratified, there is a 12 month period of preparation for its implementation, and all States and territories (with the exception of New South Wales) have agreed to support the convention. In fact, we agreed some three years ago that, subject to Commonwealth ratification, we would be willing to comply.

I do not know what the position is in New South Wales or why that State is resisting it, but one would hope that, as all other States and Territories are now subscribing to it in support of the Commonwealth action, New South Wales will come to the party. The idea is to publicise the convention and its elements in the business sector. It has to be put into the context of increased productivity in the work force because it is seen as, in fact, being a means of ensuring the more productive employment of people who might, because of their other responsibilities, not have an opportunity for that. That is why the forum was devised.

It is scheduled for early 1991, and it is to be run by the Women's Adviser's Office in the Cabinet office, supported by the Institute of Family Studies, and its aim is to promote greater compatibility between working life and family life in the 1990s. As we know, the traditional concept of the family which involves a breadwinner in the work force and the other partner at home looking after the children is, of

course, far from typical these days. There are numerous variations on the family and family composition, and clearly this is where it is important to assess compatibility between concepts of the family and members of the family as workers and to find ways and means of support. As I said, the ultimate object is to increase productivity and support for the family unit.

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

**Mr BECKER:** The Premier mentioned that there was a health aged issue study costing \$99 000. Did ANOP undertake this research and, if not, which consultants did? What was the purpose, what were the findings and will the Premier provide the Committee with a copy of the consultants' report?

**The Hon. J.C. Bannon:** This was done under the official Government research program, and ANOP undertook the study. I will obtain further details for the honourable member. This would have been early in the financial year. Aspects of this study have been published, but I will undertake to get details for the honourable member.

**Mr BECKER:** I refer to equal opportunity for people with disabilities, for which actual spending on salaries last financial year was more than \$60 000 below the budget figure. This financial year the sum proposed will be almost \$80 000 above last year's actual spending. Two additional positions are budgeted for this financial year. What are they and what are their salary costs? Why were those positions not filled last year?

**The Hon. J.C. Bannon:** It was simply the slippage that can occur in identifying appropriate applicants and appointees. The positions were created but were not filled. It was to support the Disabilities Council and those positions will be filled this financial year.

**Mr BECKER:** Will the Premier explain to the Committee why the administration expenses for the line involving equal opportunity for people with disabilities exceeded the budget line by \$12 600?

**The Hon. J.C. Bannon:** Expenditure over budget occurred with a payment to Flinders University to establish three programs for conductive education in South Australia. Conductive education, which is an education system developed in Budapest by Professor Andras Peto, has been going for 30 or 40 years. It is intended for people with cerebral palsy, spina bifida and other conditions. The aim is to help the individual to be as independent as possible. They use multi-disciplinary people—teacher, occupational therapist, physiotherapist and speech pathologist—in a team context. They have a group dynamic and motivational approach, which also strongly involves the parents. The system originated in Budapest and has been picked up in a number of places. Flinders decided to undertake such a program. In fact, Sturt CAE is also involved in this.

The first clinic was conducted in April 1990 by Sister Joanna Cash for 10 South Australian families. It was decided to support the program because it obviously has major implications if successful. Negotiations are proceeding to find and recruit a trained conductor to work in South Australia. The total cost of the program was \$15 000, offset by savings from some other lines. There was a net extra amount, as the honourable member has identified.

**Mr FERGUSON:** On page 11 of the Program Estimates reference is made to the establishment of the State Development Executive. How does the work of that body relate to the Premier's role as Minister of State Development, and how does it differ from the previous Economic Committee?

**The Hon. J.C. Bannon:** We announced, as part of our program for this term of government, the intention to

strengthen our capacity to meet planning and development needs. Part of that included the reconstitution of what was the economic subcommittee of Cabinet, renamed the Economic and State Development Committee. We changed its membership to reflect the areas of overall State development strategies which impacted on planning as well as on the general economic performance which had tended to be the focus of the committee beforehand. In order to provide executive support for that committee the State Development Executive was established. Members of the executive are the CEOs of agencies with significant ongoing responsibilities for planning and development issues.

The CEOs of Premier and Cabinet, the Under Treasurer, the Director of the Department of Industry, Trade and Technology, the Chief Executive Officer of ETSA, the Director of Tourism and the Director of Environment and Planning comprise the group which acts as a filter and service group to the Economic and State Development Committee of Cabinet.

**Mr FERGUSON:** Program 3 on page 19 of the Estimates of Payments refers to State disaster planning as described on page 8 of the Program Estimates but makes no reference to the local government disaster fund announced in the budget. Where is this payment and what details of its operation are known at this stage?

**The Hon. J.C. Bannon:** The concept of the local government disaster fund originated from the Local Government Association. It arose in the context of our discussions on the Stirling District Council problem—the bushfire compensation case—and the very large impost on that council, one that it obviously was incapable of meeting, which is why some 70 per cent of that obligation is being picked up by the Government. This caused a reflection about other similar situations. The Government was asking the Local Government Association how it could devise a plan or means of ensuring that these situations do not arise again. Obviously one method of doing that is to establish an insurance fund, and one of the problems in Stirling was its totally inadequate insurance. In that it was not alone, but nonetheless it was highlighted by the case. Work has been undertaken by the Local Government Association in conjunction with the State Government to look at this issue.

The other issue was to look at those contingencies which seem to be beyond the normal insurance parameters because of either their nature or their scale. There have been one or two examples in the past where small rural councils have been confronted with an obligation which to them has been quite crippling. In the overall scheme of things it may not be so big. I am talking of an amount much less than the \$12 million to \$14 million which was the Stirling council's liability.

That might arise in similar circumstances—an adverse legal finding or something of that nature, or a personal injuries case which is not fully covered by insurance. Every year the State Government tends to get requests for special assistance to councils which are confronted with problems that go beyond their normal budget. For instance, on the West Coast, at the height of the drought, there were examples of massive sand drifts which occurred as a result of wind and dust storms which wiped out roads. The normal roadwork budget of a rural council just was not able to cope with it, particularly as their own revenue had dropped because of the general depression in the area.

There was another one on the West Coast which was quite the opposite—floods. Because of the erosion and degradation of the soil that had occurred through the drought period, these floods had a devastating effect on some roads. The Melrose/Mount Remarkable bushfire was another

example of damage to property and roads, not so much personal injury. Kangaroo Island has experienced examples of that kind. Looking back over the years, there is a series of requests for special assistance, usually for a few hundred thousand dollars in each case, and Governments over the years have tended to grant them in whole or in part.

All this came to a head around the Stirling District Council problem and prompted the Local Government Association to say that we should have such a fund with a stock of money with an earning potential that can be used for emergencies. Our question was, 'Yes, but how do we get the basis of that fund together when our budget is so constrained?' The answer was, 'What about a levy or a surcharge on a temporary basis on one of the State taxes'—FID was mentioned—'which would build that capital base?'

From those discussions emerged the concept of the local government disaster fund. We had to find some way of paying our contribution to the Stirling liability and ensure that there was the basis long term for a reasonably substantial fund that could be called on in similar situations. The fund is a special deposit account at Treasury, financed by the levy of .005 per cent for five years under the legislation currently before the House. The exact guidelines and method of operation have still not been determined. We have not had the time with the Local Government Association to sort out those practical details. We have a rough idea of the principles and types of things that it will be used for, but we are going into negotiations with the LGA, which we see as having primary responsibility for this fund, to ensure that it has proper guidelines. While the Government is contributing to the establishment of the fund through this FID levy—and that will cut out after five years—it may be that local government collectively will find ways of contributing and adding to those moneys over time so that there will be an ongoing increase to the capital base, but that is for local government to determine.

**Mr D.S. BAKER:** My question relates to program 5. Has the Premier's Department received any communications from the NCA, verbally or in writing, about the progress of the authority's investigation of matters referred to it by the Attorney-General; can the Premier reveal the nature of those communications; and has the NCA indicated to the Government when its investigation of these matters will be completed?

**The Hon. J.C. Bannon:** The authority has advised us that it has still not concluded the inquiry. It says that, because of its nature (so much is hearsay and gossip), it has had to follow up each and every lead because it wants to dispose of the matter once and for all. It has taken longer than it expected, even though it has had its primary resources. The head of the South Australian office, Mr Dempsey, was on record in March as saying that he thought this could be wound up or finalised in about three months. That is not the case. He has said that was an indicative idea only, based on his assessment at that time. Obviously, everybody is anxious that the matter be finalised and a report made. At this stage we do not have an indication as to when that will be; only that it is being given the highest priority by the authority.

**Mr D.S. BAKER:** As regards program 4, last year it was revealed to the Estimates Committee that a seconded person from the Australia China Council was included. Is that still the case; and what initiatives have been undertaken during the past 12 months to develop South Australia's relations with the Shandong Province?

**The Hon. J.C. Bannon:** In the end, a person was not secured for that program. Therefore, the exchange did not take place. I can give you an update on the current state of

South Australian/Chinese relations. As would be understood, we are very much in the hands of the Australian Government. I do not think it is appropriate for State foreign policy to be at odds with or work against that of the national Government, which has the responsibility in this area, so obviously our activities have been very much determined by the Federal Government's attitude. In that respect, it is interesting that the Trade Relations Minister, Neal Blewett, is leading the first major mission at Federal level to China currently, and we will be interested to see what sort of report comes from that.

Of course, matters were made a little more tense by the incidents surrounding the democracy memorial, which were highly publicised and caused some concern and debate in both South Australia and China. Within the guidelines of Federal policies we are making an effort to keep the relationship with China in a healthy direction, but making quite clear our views on the human rights situation, on which we took an early public stand, and I think that has been recognised.

I can outline the main activities that we have had in the last year or so. The Director of the department visited China in September 1989 to assess the situation, looking at the current state of play in Beijing, Tianjin, Shandong, Shanghai and Nanjin, and he had a wide range of contacts. We certainly got a better understanding of the situation, but not one on the human rights side that resulted in our making a change in our attitudes or policy.

The Chinese Ambassador to Australia has visited the State twice in the past 12 months—once in connection with the Peace Park memorial. The Office of Tertiary Education organised the visit of a newly appointed cultural counsellor and his assistant from the Chinese Embassy in March. Mr Lin Sheng, who was undertaking a 10-month study at Adelaide University, returned to Shandong in May, having worked in a number of departments—Agriculture, Fisheries and Industry, Trade and Technology—as part of that exchange process. We have had six or seven visiting groups from China on agricultural matters in 1989-90. A delegation from the National Automobile Industry of China came in August this year to look at the automotive components industry and things of that nature. A Shandong delegation from the Yan Tai Business Bureau visited South Australia in June 1990 and signed a contract with a South Australian manufacturer for a joint venture in Adelaide to make heparin sodium, although I am not quite sure what that is.

There are also a number of cultural exchanges. In the schools area, the Campbelltown High School Moving Parts Dance Company is scheduled to visit China this month. The University of Adelaide has awarded an international scholarship to Shandong University, the appointment of a scholar has been made, and that will take place this year.

South Australian artist Miss Helen Stacey opened an art exhibition in China in April at which the Australian Ambassador for China officiated. There have been three major projects in the first half of 1990: Solar Optical established a joint venture, which started production in August; Bundy Tubing, which is based here, signed a formal contract for a second joint venture in China in June 1990; and the Australian Agricultural Consulting and Management Company Pty Ltd has succeeded in obtaining an Australian Government concessional finance facility for the Shanghai dairy farm project. So, while the political relationship between South Australia and China remains at a fairly low key, cultural exchange and commercial activity are still continuing to occur.

**Mr D.S. BAKER:** In relation to the involvement of the Department of the Premier and Cabinet in the public con-

trovery over the wording on the monument erected in Peace Park, I refer to a letter dated 23 April this year, written by the Director of the Premier's Department, Mr Guerin, which states:

I have been asked to provide some information about the South Australian Government's attitude to questions raised about the freedom and democracy monument being erected in Peace Park.

Who asked Mr Guerin to provide this information? On what date did the Premier's Department first have contact with the council in relation to this matter, and did this occur before the council's works and parks committee first formally discussed the matter on 5 March this year?

**The Hon. J.C. Bannon:** The letter was in response to a request from the City Council. I think it probably would have come through the Mayor because the council was interested in ascertaining the Government's attitude. It was carefully worded and explained our position. We took the view that Australia is a pluralistic society. We have fundamental rights of freedom of expression and political activity and, if, in fact, the sculpture was to be seen to be directed at a particular incident, a sort of memorial, one could understand that there could be complaints, because a number of these applications have been refused in the past on the basis that it is not for us to necessarily import disputes into South Australia. As a multicultural society we have been very concerned to say to people—whether they be of Central European origin or from war-torn parts of Asia—that those disputes and concerns are really matters for them in the homeland. In Australia we are part of the one scene and we respect various civil rights and so on.

Of course, that meant that there could not be any objection to a general monument to people who died in the cause of freedom and democracy, and that is the way in which the project was developed. Nonetheless, that resulted in strong protests from the Chinese Government and Ambassador, and the response we got was as I have just pointed out. I believe that our position was a sustainable one as far as the Chinese Government was concerned, although obviously it was not one it felt happy with and the Ambassador protested about it. Nonetheless, that was the appropriate position for us to take.

**Mr S.J. BAKER:** In relation to Mount Lofty, can the Premier advise the committee how much the study has cost taxpayers to date? What are the implications of the study in respect of infrastructure to be supplied by the State Government at Mount Lofty?

**The Hon. J.C. Bannon:** In relation to that last point, the Department of Road Transport is considering advice on modifications that may be necessary for roads in the area to accommodate increased traffic. Clearly, if there is going to be more traffic, the road system must be capable of handling it. Water and sewerage service to the site is obviously also an important factor—and the E&WS Department is looking into that—and, also, opportunities that might be provided for other user connections. The sort of infrastructure that is the responsibility of the Government is being looked at by the respective departments. The question of the extent to which the project will pay for the provision of that infrastructure has not, as far as I am aware, been determined. Obviously, the question of whether rates are payable is of interest to the local council.

Strictly speaking, as a Government project on Government land, it would not be liable to rates, but there has been an in principle agreement that there will be some ratability. I do not know the cost of the study nor the division of costs. Obviously the Government contributed in kind to it because it provided information on which part of it was based. It was prepared by a private consortium of

Pak-Poy and Kneebone, Kenneth Milne Architects and KPMG Peat Marwick, formerly Touche Ross.

**Mr S.J. BAKER:** The Premier is saying that the study was privately funded and that it involved no Government money. Page 2 of the Program Estimates, under 'Coordination of Major Urban Development Projects' shows that 6.9 people are involved and 8.3 estimated for 1990-91, and that there is a capital expenditure of \$1.5 million and no recurrent expenditure. Why does this appear as a special item? There is no reference to it in the capital payments that I can find. How do we reconcile the figures?

**The Hon. J.C. Bannon:** That is funded from the 'Major urban project rolling fund'. The unit's current program and its prime role is in relation to the Port Adelaide centre redevelopment; that was the nucleus of the group and its focus of activity. However, because it has certain skills that have been available to Government—effectively 'in house'—it has been used in an advisory and developmental role in a number of other areas which I will briefly outline: the Glenelg foreshore and environs development, which we have already covered—members of our special projects unit are actively involved jointly with Glenelg council representatives on that exercise; the Living Arts Centre development, and the Special Projects Unit has been involved in that from its early days and continues to provide advice; the inner-western suburbs redevelopment, where again it is involved in an advisory role because the model adopted for the western suburbs redevelopment was that of the Port Adelaide centre, and a special committee was formed, and it has been able to give advice and assistance; and the Port Pirie redevelopment, where there is a similar situation of advice and assistance. I think that project currently has been scaled down quite considerably, so I do not have any detailed information on it.

As I responded to the member for Henley Beach, the State Development Executive is assisted by the Special Projects Unit in terms of the preparation of papers and material, and a wide range of projects pass through that committee. Some of the Government's input into the City of Adelaide Planning Commission comes from the Special Projects Unit. In addition, there is the Marina Assessment Advisory Committee, which carried out a major exercise on appropriate marina sites. That was reported. The MFP/world university support roles and the Port Adelaide industrial land review are involved, as well. So, a group of functions stem from the primary skill and expertise built around the Port centre redevelopment, and the staff was delineated in the project.

The capital is for the purchase of property for the proposed redevelopment of the Port central area. It is the figure that was finally agreed for the purchase of the old Port Adelaide customs complex. The Commonwealth Government had that on the market, and we negotiated for it. We believed that it ought to have been donated and put into the Port redevelopment. However, we were unable to convince the Federal Government of that and we eventually purchased it. It will become part of the larger redevelopment of the Port over time.

**Mr S.J. BAKER:** We notice that, under program 4—'Support to Executive Council and Cabinet'—there is a staff increase from 19 full-time equivalents to 31.6 full-time equivalents. It is also mentioned that \$750 000 will be spent on the Planning Review Unit. Is it intended that this unit will function only as long as the current review of planning laws is under way and that it will be disbanded after the review is completed? Will the Premier explain the discrepancy between the amounts shown in the Estimates of Payments (\$121 700) and the amount proclaimed in the Program Estimates (\$750 000)?

**The Hon. J.C. Bannon:** The unit will be disbanded once the planning review exercise is completed.

**Mr O'Flaherty:** The salary costs for the members of the planning review are included under the salary items for that line and amount to \$628 000. When the amount of \$121 700 is added to that salary cost, it gives a \$750 000 total for the planning review. The salaries component is in the salaries line in that program and we have separately identified the administrative costs of \$121 700, which are in the Estimates of Payments book.

**Mr S.J. BAKER:** Can the Committee be provided with a breakdown of that \$121 700 at the Premier's convenience?

**The Hon. J.C. Bannon:** In general terms, much of it is related to consultancy fees because the review is conceived as drawing quite widely on consultants. The amount for seminars is of the order of \$30 000, and that includes public consultations and various other groups that have been meeting. That has been a very successful part of the overall exercise. Consultancies would form the bulk of the rest of that money. The other things are very minor items such as \$15 000 for equipment and funds for vehicle expenses.

Where possible, we have asked departments to provide assistance to the planning review. In other words, where the review is doing things through which they can get some particular benefits—for instance, the Urban Land Trust—we have asked them to contribute. That contribution may be in the form of seconded personnel, whose salaries are picked up by the agency. Other payments of that nature are explored.

**The CHAIRMAN:** The Social Justice Unit comes under the Premier's program 4 and I notice that a program of social justice support for the Elizabeth-Munno Para district features in the budget papers. A substantial component of that concerns the redevelopment of the Elizabeth courthouse and police station. That has been on the capital works program for quite a while, and it is a very welcome and necessary redevelopment. I am sure that it will be a considerable support for the area. It is not as typical of social justice initiatives as is expected. Will the Premier provide additional information on the other items that were mentioned, but only briefly, in the budget papers and any other information on social justice initiatives in that context that may come out of the Social Justice Unit this financial year?

**The Hon. J.C. Bannon:** The basis of this was using a cluster analysis revealed in the social health atlas data to identify a socioeconomic area and try to address some specific programs to it, in a sense on a pilot study basis. A number of areas probably could have been chosen but Elizabeth-Munno Para came up as a particularly useful area for this sort of study with problems about which the honourable member would be well aware. The idea was to have a strategic approach, not concentrating on pockets of poverty, but trying to get the overall community involved in addressing problems which were as much perception as reality. That has been identified time and again: the self-fulfilling perception of an area, which is very hard to break, whether it be for good or ill, needs to be worked at as well as actual programs dealing with the real poverty or disadvantage that can be identified.

It is certainly true that, in financial terms, a large part of that program was the police/courts complex, although on social justice grounds any survey of people and what they require in a district or neighbourhood reveals that a greater feeling of security is seen as essential. I would not make too light of that as an improvement in community infrastructure, transforming a substandard facility delivery in a service, thus saying that it is an important part of the

community. Clearly, it is not so much the expenditure of moneys as the direction of the programs.

The other four major elements include the Elizabeth housing redevelopment project, which will be undertaken by the South Australian Housing Trust over two years, the objective being to substantially increase the diversity of housing in the Elizabeth area. There will be a local project team to look at a number of redevelopment options, including home ownership options for Housing Trust tenants, including shared ownership, and some steps have been taken in that area. Other projects include joint venture schemes, cooperatives and innovative schemes for the elderly. That project will have a full year cost of \$120 000.

The second element is the intensive early intervention program, which will involve the establishment of a community-based centre in Elizabeth to provide intensive therapeutic help to children who have been abused or at risk of being abused and their parents and there will be paid staff and volunteers. There will be play therapy, early identification of vulnerable parents and assistance for parents in relation to child development issues. That is an intensive exercise and a pilot which, if it works in this environment, can be transferred elsewhere. It involves \$230 000 in this financial year and \$400 000 in the full year.

The third element is the integrated family support service. A number of agencies have joined together to support vulnerable families in Elizabeth and there are four elements: an individualised preschool learning component with children and adults at home and in centres looking more at social skills and competence—parents' responses to children rather than specific learning activities which are well catered for: a child health component involving active follow-up of parents considered to be at risk; a social work counselling service aimed at preventing families from requiring more formal intervention where people are locked into certain procedures which are not often necessarily useful; and a home-maker support component, which will specifically emphasise the needs of Aboriginal families as well. Substantial financial allocation of \$120 000 in this financial year and \$200 000 in the full year has been made. Finally, there is the provision of child-care at the Elizabeth West Re-entry School to provide opportunities for mature aged women and young women who left school prematurely to return to education and subsequently to the work force.

That is a targeted package of social justice initiatives aimed at a community which has been identified as being disadvantaged and which identifies itself as being disadvantaged with a view to dealing with a few of the basic problems and thus changing the whole perception of the area.

**Mr D.S. BAKER:** The Agent-General's residence was sold during the past financial year and a new one purchased for \$776 000. I also note that a further \$192 000 in capital receipts was recorded for the assistance of South Australian citizens in the United Kingdom. Why was it necessary to change the Agent-General's residence? Will the Premier explain the additional \$192 000 in receipts?

**The Hon. J.C. Bannon:** The Wimbledon property was purchased in 1974 as a residence for the Agent-General. It is 10 miles from central London. Traffic congestion has increasingly become worse over the intervening 15 years and the Agent-General's daily travelling time to and from South Australia House was in excess of one hour each way, which was just wasted time. More importantly, the distance of the residence from central London meant that there was a reluctance on the part of business and other influential business contacts to accept invitations to dinner and other social gatherings, which are an important part of the Agent-General's operations.

The British and most Europeans expect foreign Governments and commercial representatives to entertain in their homes, which they assume to be in a convenient location. Mr Walls reported that, while it was a very congenial property, it was more like a family home, it was out of London and it was difficult to use as effectively as he would have liked. I authorised him to seek alternative property on the basis that there had been considerable value added to the Wimbledon residence over the years. The market was at a stage when there were excellent properties closer to central London. We believed that, if he could identify something and if we could come out with a fairly cost neutral package, that should be done. Subsequently, a property was located in Fulham. I am not sure whether the Leader had an opportunity to see that property earlier in the year.

**Mr D.S. BAKER:** At Australia House?

**The Hon. J.C. Bannon:** No, the Fulham property. The Fulham property is 20 to 30 minutes from central London. It has excellent reception and entertainment areas; it has much better public transport and taxi availability than the Wimbledon property. We obtained £465 000 sterling for the Wimbledon property which, on the exchange rate as detailed here, was just under \$1 million. The Fulham property was purchased for £444 550 sterling, so we ended up with \$42 000 surplus on the sale price. Incidentally, the Fulham property was bought at a good time on the market and the Agent-General advises that values will remain strong and increase in the area. We should get the same kind of capital gain as in relation to Wimbledon, which was pronounced.

The residue of funds from these transactions was applied to the overall cost and refurbishing of the Fulham property. In other words, we authorised the Agent-General to use whatever savings occurred in the exchange of properties to ensure that the new property was in top condition. That involved the normal things such as lighting, painting, carpeting, some minor renovations and furnishing, all of which amounted to around \$42 000. We got a cost neutral exchange for a much more favourable location and a property which will now be of real economic value in a way that the Wimbledon property was not because of its accessibility for entertainment and other business functions.

**Mr O'Flaherty:** The \$192 000 associated with the sub-program was queried. The Agent-General at the moment has only two subprograms within the program hierarchy. The amount of the residence was split arbitrarily between the two subprograms in the receipts category. There is no other services type line on the programs. It was an arbitrary apportionment.

**Mr D.S. BAKER:** In the past financial year more than \$650 000 was expended on various committees of inquiry compared with a budget allocation of \$320 000. Will the Premier explain this increase and provide an itemised run-down of the committees of inquiry funded on this line for the past financial year by purpose of committee and cost? What committees will be funded in this financial year through the allocation of \$206 000?

**The Hon. J.C. Bannon:** The following expenditures were made: the State Statistical Priorities Committee \$966; the Adelaide Air Access Task Force, \$57 955, most of which was for the salary of the executive officer; the immigration strategy, which I have already mentioned in another context, \$35 257; the economic development strategy, \$10 108, which resulted in the publication last year of *South Australia's Economic Priorities*; the planning revenue, \$247 919, which is the bulk of it and of which about half would be for salaries; and, finally, the MFP task force and related activities. Part of our MFP strategy is the development of the information utility and a number of other things which



have resulted in various expenses. The total is \$297 952. Again, I have already mentioned that in another context.

The proposals for this year include further economic development strategy work which is being done by Premiers in conjunction with DITT, and the remainder of that amount would relate to the MFP. I make the point that the MFP budget has not yet been finalised; we are awaiting further work by the feasibility committee. The Commonwealth Government has announced a contribution of approximately \$4 million and it will be looking to South Australia to make a contribution, the amount of which is being ascertained at the moment.

**Mr D.S. BAKER:** Under program 6, just over \$225 000 was spent last year on publications, functions, etc. Will the Premier give details of this spending, a breakdown of the titles of publications produced and their cost, and a breakdown of the functions funded and their cost?

**The Hon. J.C. Bannon:** In relation to expenditure incurred in 1989-90, in round figures, publicity production kits and general advertising cost \$109 000; overseas promotion in Japan, \$22 000; media familiarisation, \$7 300; Shandong newsletter, \$26; annual report of the department, \$1 699; audio-visual equipment and packages, \$31 000; design facilities, approximately \$3 000; books, brochures and promotional material, \$23 500; photography and processing, \$22 600; and overseas promotion in China, \$33 000. That is the breakdown of the budget. The publications are general promotional material on the State which is distributed to trade delegations and groups of that kind.

**Mr BECKER:** I refer to 'Intra-Agency Support Service Items not Allocated to Programs'. Will the Premier provide an itemised rundown on the persons whose salaries were funded under this program, the total salary paid in each case in the last financial year and the budgeted salaries for this financial year? I understand there has been an increase in salary allocations in this area.

**Mr O'Flaherty:** I can provide the honourable member with a complete itemised list of people paid under that program but, in general terms, the increase on the salary line from last year is due mainly to salary increases following the June national wage increase (\$45 000), that is, the impact of that for the full year in bringing the full complement of staff back to its budgeted level.

**Mr S.J. BAKER:** It has been indicated that \$7 300 was spent on media familiarisation. What does this involve?

**The Hon. J.C. Bannon:** I think that would be to support visits of journalists who might be on a particular assignment to which we want a South Australian component added. It would be a commission of some sort for a visiting journalist. For instance, last year we entertained a group of Japanese journalists who then, presumably, wrote articles promoting our State or describing their visit to South Australia. It is just like a reception for a visiting dignitary but in this case it was for journalists.

**Mr S.J. BAKER:** Under program 7, mention is made of a direct European flight. How close is this to fruition and which airline will be the lucky carrier?

**The Hon. J.C. Bannon:** It is still elusive. We have been attempting to interest some carriers with landing rights in Australia in using Adelaide as a port of entry. There has been an increase in flights by some airlines, for instance, British Airways, and the outlook for Adelaide International Airport is very hopeful at the moment. Two new carriers will be in the marketplace later this year, that is MAS and Thai Airways. I do not remember the exact commencement time of their services, but it will be within the next six to 12 months. Interest has been expressed by other carriers, such as Cathay Pacific, which would provide us with a

Hong Kong service. We are interested in getting two European carriers to use their rights of access through Adelaide as an entry point, but so far this idea has not been brought to fruition.

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

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Works and Services—Department of Premier and Cabinet,  
\$3 375 000

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

**Mr S.J. BAKER:** Is the allocation of \$3.375 million for the extension of the Grand Prix track or is other expenditure involved?

**The Hon. J.C. Bannon:** It is for the new pit building for the Grand Prix.

**Mr BECKER:** In relation to the capital works program being undertaken by the Grand Prix Board, how many trees have been removed and why, and was Adelaide City Council approval obtained?

**The Hon. J.C. Bannon:** I am not aware of any trees being removed or of any reason to remove trees. On the contrary, the Grand Prix Board has been responsible for the planting of many hundreds of trees in the parklands.

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

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Premier and Minister of State Development,  
Miscellaneous—\$2 440 000

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

**Mr D.S. BAKER:** The Financial Statement on page 58 explains that the \$900 000 current allocation for the entertainment centre is for recruitment and training purposes. Will the Premier please elaborate on how many people will be trained? Is it a one-off program or will it be an on-going cost to the department?

**The Hon. J.C. Bannon:** This involves the recruiting and training of up to 400 casual staff. They have paid training of up to one week, plus overheads and training staff costs, budgeted at \$170 000. It is envisaged that the centre will have 21 full-time staff and a pool of up to 400 casual staff to be used as required. They will all go through a training course.

**Mr D.S. BAKER:** So it is ongoing?

**The Hon. J.C. Bannon:** Yes. In the context of the entertainment centre, it might be useful to put before the Committee, as it has caused some confusion in Parliament also, a letter from the Auditor-General, as follows:

In my recent report to Parliament at page 165 the approved cost of building construction for the Adelaide Entertainment Centre is shown as \$47.7 million. However, due to a transcription error in the preparation of the report this amount is incorrect and should have been \$44.7 million. My officers have obtained a report from the assistant project manager which clearly shows that the approved amount is \$44.7 million. I regret any difficulty that this error may have caused.

He also wrote to the Leader of the Opposition advising him of that situation and an erratum will be put in the report. This was an appropriate opportunity to set the record straight.

**Mr D.S. BAKER:** What are the projections for the performance of the Grand Prix Board for each of the next two financial years, given that a budget contribution of almost

\$1.4 million is required this financial year to meet its 1989 deficit? Page 245 of the Auditor-General's Report refers to the board's acquisition of all the paid-up capital of Arena Promotional Facilities (Australia) Pty Ltd. What was the cost of this purchase and what was the value of the assets of the company at the date of takeover?

**The Hon. J.C. Bannon:** I will take the second part of the question on notice. Projections for the next few years are very difficult on a long-term basis. When we embarked on this we envisaged in the order of \$1.5 million to \$2 million annual subsidy. That was in 1985 dollars and that amount was required to sustain the Grand Prix. Compared with the subsidy required for other areas—the Adelaide Festival of Arts, and so on—and the return to the State, we are very much in the black on such a transaction. However, the performance of the Grand Prix Board and the event have been substantially better than that, and we have not been required to make regular allocations. This is the first occasion on which a deficit as such has had to be funded from general revenue. We are certainly well ahead.

The board tries to budget to break even or make a slight profit on each event. We must remember the problems it has on the question of how quickly one writes off capital equipment, as there is a large capital component involved. Also the track has to be taken down and set up each year and how one writes off that cost depends on how long one retains the contract. The contract has been negotiated in a series of years. The current contract runs through to 1996 with an option to the year 2000. One has to determine whether to write off the equipment over a 10-year or five-year period for the first stage of the contract. The other issue is that foreign currency is involved with any international event. There is an attempt to reduce that risk but one cannot completely hedge against it, and that is being looked at.

For the 1990 event the board has budgeted to break even or to have a slight surplus. It is obviously not something that will be achieved year to year. Provided we can maintain any subsidy around the \$2 million level, adjusted from 1985, we are well ahead. If it goes substantially above that, obviously one has to recalculate the event overall. Certainly we will not, over the next two or three years, find ourselves in that situation.

**Mr S.J. BAKER:** The Auditor-General has made adjustment to the capital cost item from \$47 million to \$44 million. Does it include the debt servicing of \$1.6 million for the past financial year and the \$4.1 million predicted for 1990-91?

**The Hon. J.C. Bannon:** The board has carried all its own debt servicing without the need for subsidy to date.

**Mr S.J. BAKER:** Will the total cost include the debt servicing component during the construction phase? If it runs through to the middle of next year we would have spent \$5.7 million on debt servicing. How much of that component is included in the capital cost of the project?

**The Hon. J.C. Bannon:** That would come under the line for the Minister of Housing and Construction. I do not have those details. Those figures are being looked at indicatively by the Public Works Standing Committee. I have no information on it.

**Mr S.J. BAKER:** Will the Premier obtain that information for the Committee?

**The Hon. J.C. Bannon:** I can ask my colleague but it may be better to ask him directly in his Estimates Committee.

**Mr S.J. BAKER:** When is the scheduled opening date, and what are the projected administration costs for the entertainment centre?

**The Hon. J.C. Bannon:** The opening date has not been fixed as yet. We are looking at a handover somewhere around August next year. At the moment the project is running to budget and slightly ahead of time, but there is still a fair way to go although one can see the substance of the centre now—it is looking very good. The \$900 000 proposed for 1990-91 is associated with the progressive appointment of staff—recruitment and casual staff—and will also cover the overall administrative costs in that start-up phase. Obviously, once the centre is commissioned it will start generating revenue and some of those expenses will be offset.

**Mr S.J. BAKER:** I would have assumed that the Premier would have details of what he would expect the administration costs of the centre to be. We do not build these projects without knowing what the costs will be and obviously they will be defrayed by the revenue to a certain extent. Does the Premier have any idea of the running costs of the entertainment centre?

**The Hon. J.C. Bannon:** That is a matter for the management board, which will be charged with preparing a budget that can be matched by the revenue obtained from the centre.

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

Office of the Government Management Board, \$2 326 000

**Chairman:**  
Mr M.J. Evans

**Members:**  
Mr D.S. Baker  
Mr S.J. Baker  
Mr H. Becker  
Mr D.M. Ferguson  
Mr T.R. Groom  
The Hon. J.P. Trainer

**Witness:**  
The Hon. J.C. Bannon, Premier.

**Departmental Adviser:**  
Mr W. Cossey, Chief Executive Officer, Government Management Board.

**Mr BECKER:** In the report of the Parliamentary Public Accounts Committee on Accountability of Statutory Authorities recently tabled in Parliament, dealing with Government companies and non-government company organisations receiving Government funds, reference is made to a list of statutory authorities drawn up by the Office of the Government Management Board. The Public Accounts Committee states that this list shows that as at 3 March 1989 there were 280 statutory authorities. Can this Committee have a copy of the list?

**The Hon. J.C. Bannon:** Yes, we can provide that list. It was interesting that the committee, in assessing the organisations, identified a large number but came to the conclusion that of some 300 authorities only 57 could really be considered as significant. A lot is said about the number of committees and so on within Government. It is as well to remember that that is the way that any consultative organisation operates. If, in fact, Government could be totally directorial and was not accountable, I think we could abolish most of the committees. However, in fact, we are under strict accountability procedures and various other checks and balances which is the nature of any large organisation,

public or private, and which results in facilitating activity through committee structures.

There are no great resources: in the case of many of them they are simply a way of decision-making. Instead of exchange of minutes, a group of people sit down in a room periodically and make decisions but there are, of course, a number of significant authorities—57, as identified—which need to be accountable, and it was as well that the committee identified that. Incidentally, our 300 or so pale into insignificance compared with those in some other jurisdictions. I remember a recent inquiry in Victoria which identified some 6 000 or so such committees, so really we are quite well served with our lean and efficient public sector, which is not to say that we cannot improve it; indeed, the opportunity is being looked at to improve it, and the Public Accounts Committee report is a useful part of that process.

**Mr BECKER:** Has the Government Management Board a more up-to-date list than the one used by the Public Accounts Committee? Is there any difficulty in defining precisely just how many statutory authorities there are and, if so, why?

**The Hon. J.C. Bannon:** There is no set procedure updating these bodies. The difficulty is in Part 1 of the definition as to whether a body is actually statutory in the sense of a requirement under an Act, how that Act would define it and whether or not you would call that a statutory organisation. Some are subgroups within larger departments or organisations, and any list can tend to get overlooked because they are part of a subagency network. Many of them are incorporated health units under the Health Commission Act, as Mr Cossey has reminded me. In fact, the incorporation of hospitals and health units increased greatly the number of statutory authorities and public statutory employment, rather distorting our figures. These were agencies which existed already, but which under the incorporation took on the statutory manifestation. It is hard to keep tabs on a centralised list of such agencies, particularly as departments would use these devices just as part of their normal working of administration. We will attempt to keep it updated and will certainly try to provide a more updated list.

**Mr BECKER:** In relation to the board's stated aim to improve public sector productivity, the Premier announced in the 1988 budget the creation of a \$1 million fund to encourage productivity improvement in Government agencies. However, only \$27 000 was allocated from this fund in the first financial year and the Estimates Committee last year was advised that the scheme would be reviewed. What is the present status of the fund? Does it still exist and, if so, how much was paid from the fund last financial year and for what specific purpose?

**The Hon. J.C. Bannon:** That fund is established under the Treasury, not under the Office of the Government Management Board, so perhaps we can look at that when we look at the Treasury line.

**Mr BECKER:** I refer again to the Parliamentary Public Accounts Committee and the accountability of statutory authorities and Government companies and its support for the disclosure of directors' and executives' remuneration in relation to statutory authorities. The committee has recommended that there should be such disclosure through the annual report: does the Government intend to accept this recommendation?

**Mr Cossey:** The Government Management Board has not yet had an opportunity to consider the report of the Public Accounts Committee tabled last week, but the subject of the Public Accounts Committee report will be on the agenda of the next Government Management Board meeting.

**The Hon. J.P. TRAINER:** In relation to improved management of Government agencies, has the Government Management Board done anything or proposed anything in an innovative way regarding the possible commercialisation of intellectual property in the public sector?

**Mr Cossey:** The Government has a policy on the commercialisation of intellectual property. That policy was agreed some three or four years ago by the Government. Its implementation has been in the hands of a public sector intellectual property standing committee which has operated until a few months ago under the auspices of the Department of State Development. That committee has been transferred temporarily to the Government Management Board to see whether the policy is suitable. It is clear that the policy probably needs broadening in relation to encouraging innovation generally, and the Government Management Board is considering some draft policies which would extend the policy that was framed several years ago.

**The Hon. J.P. TRAINER:** Were the statutes released on CD-ROM in the past 18 months or so?

**Mr Cossey:** I do not understand the question.

**The Hon. J.P. TRAINER:** I understand that computer disks containing the statutes were produced by the Government last year for sale in the public arena; is that correct?

**Mr Cossey:** I think some work has been done in that respect under the auspices of the Attorney-General's Department.

**The Hon. J.P. TRAINER:** In line with that, could you inquire whether the copyright of those statutes belongs to the Crown or to the Parliament?

**Mr Cossey:** I think it is fair to say that Government policy on intellectual property is attempting to promote ideas that are coming from the public sector which have commercial value. Some of the research projects which are conducted in the health system and in the Agriculture Department appear to have some significant commercial value. That is the sort of thing that we have been attempting to promote under the policy.

**Mr S.J. BAKER:** One of the key roles of the Government Management Board is to improve practice and efficiency within the Public Service. There are a number of pointed items in the Auditor-General's Report. I refer to investment decisions that have been made by departments, the committees, lack of control on sick leave, the Justice Information System, the assets register and internal audits. Some of those items keep bobbing up year after year, yet there seems to be no direction. I presume that the Government Management Board plays a fairly key role here. Can the Premier explain whether there will be piecemeal administration and direction given on these matters or whether we will have a concerted attempt to bring under control these areas which have featured so prominently in Auditor-General's Reports over the past 10 years?

**The Hon. J.C. Bannon:** The board takes action, where appropriate, on any recommendation by the Auditor-General. That is one of the prime values of the Auditor-General's assessment and report—identifying these things and alerting the departments and the board as to what is necessary. Not all of them are matters within the purview of the board. Some involve financial procedures and things of that nature. In a number of areas the board can and does have responsibility, although, under the philosophy of the Government Management and Employment Act, we are attempting to ensure that those responsibilities are picked up within departments to a much greater extent. They should not require a central agency to put the heavy on them. If the Auditor-General has drawn these things to their attention, they ought to be acting on them. There are other

general service-wide areas, such as sick leave, which has been mentioned, with which the Government Management Board is concerned. I will ask Mr Cossey to mention one or two of those.

**Mr Cossey:** Immediately after the Auditor-General's Report is tabled, the Government Management Board considers all the issues raised in the report and what action it should take. Its primary aim is to get chief executive officers to assume the responsibility that they have under the Government Management and Employment Act for the management of their organisation. In some cases the board becomes more intrusive. For example, with the Justice Information System, the board did a major review, established a new scope for the JIS and a budget for it, and then set in place a management structure which made sure that the JIS board of management reported quarterly to the Government Management Board on the progress being made against schedule and budget.

As regards sick leave, the board wrote to all chief executive officers reminding them of their obligations to manage sick leave and, in particular, to have better recording systems. As a result, the central payroll system in Government has had a sick leave recording module added to it. At the last count, about 11 Government departments are now receiving regular reports on their sick leave incidence. That was not occurring until the board intervened. It is a question of judgment of the extent to which the board intervenes in an intrusive way as distinct from getting the chief executive officers to take the responsibility. The board attempts to make that judgment each year in the light of the Auditor-General's Report.

**Mr S.J. BAKER:** From my observation of the Auditor-General's Report, there seem to be a number of recurring items and, unless somebody intervenes, the world does not change. Has the Premier given any thought to introducing productivity targets? He will be aware that Victoria and New South Wales, for example, have set productivity targets of about 1.5 per cent. Has the Premier decided to embark on such a course, or is it going to be a more generalised directive?

**The Hon. J.C. Bannon:** We have had productivity targets in the preparation of this year's budget. Departments were required to submit programs on the basis of certain reductions in activities and return. As part of the wage and salary negotiations over the past few years, there has been tremendous emphasis on achieving productivity targets. In this year's budget certain costs which will occur from restructuring in the wages area must be absorbed by departments; that is, they must be matched by productivity, because no further funds will be provided. The board, overall, has looked at productivity in a number of specific areas. I do not know whether Mr Cossey wishes to elaborate on anything that is done there.

**Mr Cossey:** The Government Management Board's approach, rather than setting particular targets, has been to get a focus within agencies on service improvement and a particular focus on reducing white collar overheads without setting productivity targets of the sort to which you have referred that might have been applied in other places.

**Mr S.J. BAKER:** The program description states that another function of the board is improved management of Government business operations by assisting agencies with reviews, restructuring and management changes. Can the Premier tell the Committee which agencies were assisted in this way in the past financial year, which agencies have been targeted this financial year, and whether any reports have been issued on these specific matters?

**The Hon. J.C. Bannon:** I do not know that reports are issued as such. The board works with the agencies in identifying improvements that they can make, and it makes recommendations which are incorporated as part of the charter of operations of those organisations. Over the past 18 months it has looked at the South Australian Timber Corporation and the South Australian Urban Land Trust. It has been involved in a review of State Computing and State Print as part of the State Services Departments Information 2000 project. It has also participated in the Samcor triennial review, which is a statutory requirement, and the Housing Trust triennial review. It is also involved in the steering committee reviewing the South Australian Film Corporation and the business improvement plan of the State Conservation Centre.

So, those things are in operation at the moment. In order to maintain the impetus of that program, we plan to establish a sub-board of the GMB. While its composition has not been finalised, Mr Brian Sallis, who is the Chairman of the *Advertiser* group and who is very experienced in business and is a member of our Government Management Board, will be chairing that sub-board. So, it will have the impetus of outside private sector experience to help drive the business review aspect. Of course, the Government Agencies Review Group will look at a number of those as well. Over a period a number of those business organisations will be added to the list of those that the board has reviewed.

**Mr FERGUSON:** The Program Estimates refers to the board's three major priority areas: improved service to the community; improved management of people; and better use of information technology. What will be some of the board's principal activities within these priorities?

**The Hon. J.C. Bannon:** Certainly, in all of the restructuring we are trying to emphasise that very word 'service'. In other words, an attempt will be made to ensure that, whatever changes are made in relation to efficiencies and reductions in expenditure, we do not jeopardise the overall service objectives. So, service to the community is obviously a priority area. A series of workshops is being held for public sector managers in techniques to improve customer service; access to consultant advice on service improvement strategies, conduct of consumer surveys, so that we can get feedback from the public who use these services; and management training with a focus on service delivery and, again, raising the status, if you like, of the direct service function—too often it is seen as an adjunct. If someone does it well, there would not be many promotional opportunities and they would depart from the front counter and not be seen again, thus we would lose the skilled interface with the public.

Attempts are being made to raise the general profile of service and its importance. The improved management of people is more straight management skill development, but looking particularly at first line managers. A lot of restructuring has occurred at the higher level, and a lot more worker involvement in consultation is occurring. Very often middle management and direct line management are caught in the squeeze in these areas, and they flounder around without a clearly defined role. Obviously, they still have a major task of leading and motivating people, and have to fit in in the context of structural changes. Work is being done in training programs and other management skill activities, particularly for first time managers.

In relation to information technology, which is obviously a high cost and a vital area, the board obviously monitors information technology investment. We will be looking at improving productivity through the establishment of a single data communications network across the public sector,

greater use of electronic mail, and the use of electronic fund transfer facilities to improve the payment of Government accounts. In the broader sense, part of the driver impetus for our information utility, which has so much work being done on it and which fits into the multifunction polis concept, is the need to improve our public sector communications and, of course, the investment that we have to make in that. It provides an area of substance, as it were, to drive this project which would have wider application, so that also is a fairly high priority.

**Mr FERGUSON:** Is the Government Management Board doing anything to improve financial management skills in the public sector?

**Mr Cossey:** The Government authorised a work force planning report into financial management and financial managers a couple of years ago. Following that report, the Government Management Board provided funds for the Treasury Department to employ a senior person to oversee a program of financial management improvement in the public sector. That person has responsibility for looking after new recruits in the financial management area, and also the conduct of financial management training programs.

This year the Treasury Department is taking over the salary of that person, but the Government Management Board has committed \$30 000 from its budget to assist with training programs in financial management that will be conducted under that program.

**Mr FERGUSON:** What has the board been doing in the area of management development in the public sector?

**Mr Cossey:** I think it is fair to say that the major central responsibility for the management development program exists under the Government Employment Act with the Commissioner for Public Employment. However, the board sees itself as being involved in developing new approaches to management development. The first line management development program, to which the Premier referred earlier, is part of that. For people in the middle management ranks in the public sector, the Commissioner for Public Employment runs, with board support, middle management development programs, and in the past financial year the board commissioned the development of a strategy for executive development in the public sector. That strategy is currently being discussed with the tertiary sector with a view to implementing a concentrated executive management development program. Meanwhile, the Government Management Board has been providing financial assistance to the University of Adelaide Graduate School of Management to enable it to continue the development of management programs generally, including financial management.

**Mr S.J. BAKER:** In relation to one-stop shopping for small business—that declining beast we seem to be losing too many of—we have been talking about one-stop shopping for regulations, for forms and for all things people need to operate. In 1987-88 the Government Management Board reported that work was going on, but in last year's Estimates Committees it was reported that the Government was looking at some software development from Victoria. Can the Premier say whether we will succeed with our desire to help small business in this area?

**The Hon. J.C. Bannon:** The Government Management Board has prepared a business plan for the implementation of this system, which is estimated to cost \$1.25 million over a five-year period. Cabinet has given in principle approval for its implementation, although it has not received funding in the 1990-91 budget because this development phase is still being concluded. At the moment an arrangement is being considered between the Small Business Corporation

and the Department of Corporate Affairs which, of course, is subject to the Federal-State arrangements for corporate affairs. Our own Corporate Affairs activities will change substantially in consequence of that, and it may be in a position to provide computing power and access to an interstate system which would achieve many of the objects of this business licensing information system. If that can be put in place, we will be able to substantially reduce the estimated cost of the system, and certainly be in a better position to fund it directly in the 1991-92 budget process.

The Small Business Corporation has produced a document which is available to small business. It provides directory information regarding the licences required by a majority of agencies, which has apparently been regarded as quite helpful in at least setting out the various requirements and what sort of licensing is needed. Its business plan for development is well advanced. We are looking at a way of achieving it without a cost at the level that has so far been identified.

**The CHAIRMAN:** Some years ago, the Office of the Government Management Board produced a comprehensive and useful research report on the use of performance indicators in Government administration. I note that departments have made some attempts to include specific targets for next year's activities in the budget papers. However, there seems to have been very little switch to the use of performance as a medium-term indicator of departmental efficiency and performance in the execution of the tasks with which departments are charged and with some targets for future activities. For example, I recall that, with respect to the E&WS, the Government Management Board report produced some sample indicators of water quality over a period which showed clear trends as a performance indicator of a water supply authority. I thought they were quite useful indicators of how these departments were discharging their duties. Is that report still under consideration and has any development work been done on implementing its recommendations throughout the Government?

**Mr Cossey:** The use of performance indicators in the public sector has been encouraged. Each year, the Treasury Department asks departments to give consideration to the inclusion of performance indicators in the Program Estimates. There has been an increasing use of performance indicators in the annual report of Government agencies and it is now a well-known fact that, in the annual report contest that the Royal Administration Institute conducts each year, one of its criteria is the inclusion of performance indicators, so that has given their use a boost.

It is fair to say that their use will be increased with the Government's requirement that all agencies evaluate their programs on a rolling basis over the next few years. We are producing guidelines for agencies to use in that evaluation process, and those guidelines will very strongly emphasise the importance of performance indicators in that process.

**The Hon. J.P. TRAINER:** What has been done to implement a degree of standardisation of word processing packages throughout the public sector or is it unnecessary because incompatibility does not present problems?

**Mr Cossey:** It is fair to say that the strategy of the Government Management Board has been to encourage chief executive officers to manage their information technology in the best possible way. That has seen a variety of equipment and software, and it has not been a problem while agencies have operated largely independently. The Government Management Board now wants agencies to exchange information on a more frequent and regular basis. The Premier referred to strategies such as electronic mail and electronic data interchange, and we may be heading for

a period in which the Government Management Board starts looking at more standardisation in some of those areas.

**The Hon. J.P. TRAINER:** Can I have the Premier's assurance that the needs of electorates offices will be actively considered as part of this policy of the free flow of information using modern technology?

**The Hon. J.C. Bannon:** As someone who has to run an electorate office himself, I am very conscious of the needs of members and the efficient way in which they respond to those needs and their desire not to impose too great a financial burden on the State. Within that context, I advise that certain reviews are under way which I hope will improve access to those facilities.

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

Treasury, \$464 074 000

**Chairman:**

Mr M.J. Evans

**Members:**

Mr D.S. Baker

Mr S.J. Baker

Mr H. Becker

Mr T.R. Groom

Mr D.M. Ferguson

The Hon. J.P. Trainer

**Witness:**

The Hon. J.C. Bannon, Treasurer.

**Departmental Advisers:**

Mr P. Emery, Under Treasurer.

Mr J. Hill, Deputy Under Treasurer.

Mr I. Procter, Assistant Under Treasurer.

Mr R. Schwarz, Acting Assistant Under Treasurer.

Mr M. Walker, Commissioner of State Taxation.

Dr G. Bethune, General Manager, South Australian Financing Authority.

**Mr S.J. BAKER:** I will ask the standard questions, which I asked at the beginning of the Premier's line, about the information that we seek from all portfolio areas. I will repeat those questions and explain the two questions with which the Premier had difficulty. Can the Treasurer identify any contribution to the savings of \$130 million as stated at page 22 of the Financial Statement?

The Premier will remember that when I asked this question he suggested that the information was contained in the Program Estimates. Will the Treasurer provide to the Committee a breakdown of the \$130 million saving that he has estimated will accrue for 1990-91 and say where the savings will be made?

**The Hon. J.C. Bannon:** As I stated, the savings are part of the overall budget outcome, which is identified. The expenditure as against the budgeted and actual figures for last year is well detailed. One can use that as a basis for comparison. The questioning of the Committee will elucidate where there have been major changes, shortfalls or a perceived increase in expenditure. Sometimes that represents a real increase and on other occasions it is purely an accounting treatment. Basically, the documents that we provided contain the information that the honourable member is seeking if he is prepared to sit down and analyse them.

**Mr S.J. BAKER:** I do not wish to get into an argument on this matter. The Premier stated in the Financial State-

ment that there would be savings of \$130 million. We do not have a breakdown of that figure; there is no breakdown in the Program Estimates. Will the Treasurer consider providing that information? If there is to be \$130 million worth of savings, we are all entitled to know where it will be because it is not outlined in the Program Estimates. If the Premier can say where one component of the \$130 million is shown perhaps there is some substance to his suggestion that, with a lot of reading, we could work it out ourselves. The Committee would appreciate a breakdown of that \$130 million saving.

Secondly, what productivity savings has the department made in each of the past three years and what, if any, are anticipated this financial year? In discussing this item the Premier again said that that information is in the documents. I note that under the second tier efficiency committee report on, for example, court services, a number of areas of productivity gain are identified. Shorthand typists are to be retrained so that the use of court reporters to service the Wardens Court will cease. There is a whole range of areas of improved productivity and efficiency. Are there any specific items for his Treasury Department under that general heading? I use the Courts Services Department as an example, as it is fairly evident.

**The Hon. J.C. Bannon:** Treasury has certain financial objectives to meet in terms of its operating expenses and is subject to the same disciplines as other agencies—in fact, more so in the sense that other agencies look to Treasury to set an example in these areas. There is tight control. If one compares the various items, one can identify that.

**Mr S.J. BAKER:** Without getting into a long-winded struggle on this principle, will the Premier point to one example where this productivity saving is shown, that is, where the target has been set and achieved and will be achieved in the forthcoming year?

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

**Mr Emery:** The Treasury Department in the current financial year is committed to a minimum saving in recurrent expenditure of 1.5 per cent and that is embodied in the Estimates provided to Parliament. The chief means by which that will be achieved is staffing economies as opportunities arise, in particular in the more senior areas including executive officer level positions. We have over the past three months started to abolish three senior executive officer positions. That is in the short-term where the major opportunity for productivity improvement in my department is concerned in economies in staffing in particular at the senior level.

**Mr S.J. BAKER:** I take the point made by the Under Treasurer. I note that all lines of expenditure have gone up in real terms where that refers to administration, and provision of budgetary and economic advice.

Will the Treasurer identify the number of committees embraced by the Treasury portfolio—their title, their formation, the names of members, the dates on which the committees were formed, the amounts of membership fees and when they were paid, the budgeted cost of servicing the committees and how often the committees meet? I understand that Treasury is not endowed with a large number of internal committees and it will not be a difficult task to provide such information.

**The Hon. J.C. Bannon:** We will certainly seek to ascertain that information. I can only repeat for the record what I said earlier today, namely, that in large organisations, particularly organisations where accountability is required, a committee system of doing business is obviously the most efficient. It saves a lot of transfer of paperwork and ensures

that those people involved in agencies are committed to the outcomes of decisions made. Any Government or large private organisation has recourse to committees. Some are informal groupings. We will try to identify standing committees with particular functions.

**Mr S.J. BAKER:** How many Government cars does the department operate and how many are for the exclusive use of executive officers and other officers?

**The Hon. J.C. Bannon:** I am surprised that the honourable member has not modified his question in light of the information that I have already put before him. Government cars, whether with private plates or Government plates, are not for the exclusive use of anybody. It is certainly true that some CEOs and some in the executive officer category have a car as part of their salary package. That car can be used for private purposes and for journeys to and from work, but the practice is to have the vehicle available for departmental purposes during the day, which is part of the effective and efficient use of these things. Cars are drawn from a car pool as required and used for various purposes by officers.

**The Hon. J.P. TRAINER:** I refer to page 25 of the Estimates of Payments in relation to program 3—'Management of State Government Borrowing and Investment Activities'. We have seen much media comment about the debt levels of South Australia and other States. Will the Treasurer provide details on the current level of State debt; is it declining or increasing, and how does it compare with the debt level in other States?

**The Hon. J.C. Bannon:** In the course of our budget preparation we obviously had to have close regard to levels of net debt, as that is the way in which the States can be judged. It is hard to draw comparisons between the States because of the different basis of figuring, although there is now an increasing commonality of treatment.

One could argue, and it is arguable in theory, that the Bureau of Statistics does that task by providing a uniform measure against which it judges State debt comparison. We are particularly dissatisfied with that because we believe that there are deficiencies in the analysis and treatment of the ABS on debt. In our case, in some published figures, it has greatly overstated the total public sector debt. We can analyse at least part of that component of overstatement, and we have got ABS to make some minor modifications, but unsatisfactory data is still available.

The level of net debt at 30 June 1990 was \$4.2 billion in nominal terms, representing 14.9 per cent of gross State product. That amount has been declining. The total level of State debt has been declining in 1989-90. If one expresses it in real terms as between 1988-89 and 1989-90, there was a decline of some \$120 million—a real per capita decline of \$117 per capita—from 3017 to 2900—and related to a percentage of gross State product from 15.8 per cent to 14.9 per cent which is the figure as at 30 June 1990.

In terms of debt control, measured in a number of ways, you can see that this State has been going in the right direction and can feel reasonably secure. It has an immediate beneficial advantage in the impact on gross interest costs which fell by 4.3 per cent in real terms between 1989-90 and 1990-91. That is one of the rewards of debt control even in a high interest regime.

I referred earlier to the ABS statistics, aspects of which we dispute. Even if we base a comparison between States on those statistics, we still have been one of the lowest debt levels of any of the States. Net debt as a percentage of GSP was the second lowest of the six States—well below Tasmania, Victoria, Western Australia, a couple of percentage points below New South Wales and slightly above Queens-

land. If one uses the per capita measure, we are also the second lowest. In this case, Queensland is below us at 2860. If we look at the next State above us, New South Wales is at 3554, which is quite a considerable increase per head, and that ranges up through Western Australia, Victoria and Tasmania at 5532. We have a reasonably good story to tell in relation to debt and its control in difficult circumstances.

Some, although perhaps not members of this House, suggest that we have a great capacity to increase our expenditure. I always make the point there that the costs of increasing debt are great and exponential. With the State's fairly narrow revenue-raising base, we would be putting ourselves at considerable risk if we did so. It is well that we are prudent and that the trends continue as they are.

**The Hon. J.P. TRAINER:** I refer to interest levels associated with the debts and, once again, to page 25 of the Estimates of Payments: the total interest cost under the program 'Management of State Government borrowing and investment activities' has increased from about \$437.5 million to \$443.1 million, an increase of \$5.6 million in interest. What are the main factors relating to that increase in interest payments, and how do the interest payments in South Australia compare to those in other States?

**The Hon. J.C. Bannon:** As I mentioned previously, part of the reward for controlling debt is keeping some control on the interest repayment component of the budget. Again, in 1990-91 we expect that to be below the rate of inflation. That is a real reduction. The figure to which the honourable member refers is net budget interest not allocated to specific agencies. That is expected to grow by only 1.3 per cent, based on an inflation rate of about 7 per cent. That is a significant real reduction.

Another measure of interest is gross interest payments, including interest payments by authorities such as E&WS and STA. They are growing at a somewhat higher rate. In the case of STA, major capital equipment investment affects that. Still at 2.4 per cent they are significantly below the expected inflation rate. The major factors affecting those payments are the total levelling of borrowing (and I have referred to control of borrowing) and interest rates themselves which have been high—I hope that they will come down.

The total borrowing from the consolidated account is increasing, or is expected to increase in this financial year, from \$180 million to \$260 million. However, the average common public sector interest rate is expected to fall. We are estimating a modest reduction of about .3 per cent in this financial year. That is not large, because experience has been that, despite all the talk of interest rate reductions, those reductions are slow in coming and we would like to see the reality before we start budgeting on the basis of substantial reductions. We will see how that turns out during the year, but so far we are pretty well on target.

It is hard to make a comparison between States. The figures tend to be lagging. However, if we take 1988 and 1989, for which we have the last reliable figures on which to base a comparison and look at it as total State public sector debt, bearing in mind that we believe that we have maintained or improved our position since 1988-89, they show a ratio of total net interest payments to total revenue in South Australia as 11.4 per cent. That is the second lowest of all the States, and page 93 of the Financial Statement sets out the relevant rankings of the States under that measure.

**Mr GROOM:** I want to deal with the question of land tax and the Landlord and Tenant Act. There is what I can only describe as quite a hysterical outburst in this morning's *Advertiser* by the incoming President of the Building Owners

and Managers Association, Mr John O'Grady, regarding the issue of lessors bearing the cost of land tax. He virtually predicted the end of the world, using such terms as 'property values will be diminished'; 'mortgage defaults will be triggered'; and 'financial disaster for some property owners'. That is in contrast to the *Small Retailers Journal* of last month. An editorial of the Executive Director of the Small Retailers Association strongly supports the recommendation now being implemented in legislation, and states:

No longer will commercial tenants have to bear the brunt of a large land tax bill and would know with some certainty the total rental to be paid during each year of the lease. The burden of uncertainty about land tax will be passed back to the lessor where it rightfully belongs. Your association believes this to be a more appropriate allocation of risk as it is the lessor who is legally liable for land tax and who at the same time stands to gain from the increase in land values.

It goes on to mention other benefits. Can the Premier say whether that measure will apply to existing leases and have the effects that the incoming President is predicting?

**The Hon. J.C. Bannon:** I am aware of the honourable member's close interest in this area. This matter has been one of the difficulties experienced in the land tax area in general. We do not deny the problem. Land tax is based around land values and is levied on the owner of the land. That is how the Act is worded, and that is its intention. The landowner has the accrued value of his or her property holdings and is able to dispose of them at whatever current market value exists or lease it off at whatever the current market rates will bear.

Therefore, getting that benefit is subject to a tax. It is true also that over recent years there has been a great increase in values in some areas. The trouble is that these increases occur not on any necessarily rational scale. To the extent that the market is rational, they reflect what is happening in the marketplace, but in terms of landholdings obviously there are differences in the changes of value.

Secondly, the aggregation of land tax, which is necessary to prevent tax avoidance, sometimes results in unexpected increases in land tax when a landlord has accrued further property. All of this makes it very difficult for a tenant of a lease who is faced with a clause that allows the landlord to simply pass the land tax bill across, no questions asked, depending on whatever it is from year to year, and dividing it up proportionately, for instance. That has caused real hardship and, quite legitimately, representations were made to us by small business people in that situation saying, 'We understand that eventually the value of our tenancy must in some way reflect the tax charge being made on the property, but it would make more sense if that could be incorporated in the longer-term provisions of a lease than in this year-to-year application of it based on land value.' I believe that is a reasonable submission, and I know that a number of members, including the member for Hartley, have strongly advocated a way of overcoming that position.

On the general question of land tax, we have tried to have regard for the way in which values have increased. Each year since 1985 we have provided tax remissions, rescaling or substantial rebates, or a combination of all of those. However, land tax has continued to grow and has continued to fall in different ways. We always hear of the hardship cases, but we never hear of the cases of actual reductions or static experience, and there are many more of them.

Having said that, this year we tried to address that problem. There were two ways of doing this: one was to follow the recommendations of a lot of businesses and organisations, such as the Chamber of Commerce and Industry, and expand the base. This is the approach that the Opposition has favoured. By expanding the base considerably, the over-

all existence of land tax would be reduced and some of the ups and downs evened out, but if we adopted that approach it would introduce 90 000 new taxpayers into the system. Even chasing it in would cause problems—

*Mr S.J. BAKER interjecting:*

**The Hon. J.C. Bannon:** The Opposition has advocated that policy; it is on the record but, that aside, we are not prepared to do that. What we are prepared to do, and what we have done, is look at the total take of land tax. We have said that we will adjust the rates to ensure that we take no more than the actual increase in the rate of inflation. By doing that, we are forgoing what we could have done without any change of rates, but that is a tangible contribution to reduction of the burden of land tax and, with no change in the exemption level, it provides for some moderate broadening of the base which, over time, will also improve matters.

There is a third element highlighted by the honourable member. I fail to see why it is so onerous. First, it will not be retrospective and it will not apply to existing leases. We are not suggesting that existing leases be torn up and landlords confronted with an entirely different system. What we are saying is that, when leases are renewed or renegotiated or new leases entered into, there will be no provision requiring the automatic payment of land tax by the tenant. The lease payment must take some account of that, and that is a matter for negotiation between the landlord and the tenant and obviously can be reviewed. So, it will not be made retrospective and it will not apply to existing leases, which was one of the concerns of landlords. There is an option to place such a clause or agreement in tenancy agreements. I have come across some landlords who specifically do not pass on increases; they actually have regard to their primary responsibility for this tax.

*An honourable member interjecting:*

**The Hon. J.C. Bannon:** There are not too many. Some will try to reduce the effect of aggregation quite deliberately and, again, that is a reasonable thing for them to do because they and not the tenant are left with the residual value. So, I believe this will be of great assistance in future lease agreements to clarify who is responsible and where the primary payment must apply. There will be complaints, but it is quite absurd that it will reduce the value of land and so on.

**Mr D.S. BAKER:** I was staggered by the Premier's reply to the question on land tax. What assumptions about employment growth have been used to establish the budget estimate of \$471.7 million in payroll tax for this financial year? For the last financial year, an amount of \$183 million was received by way of stamp duties on conveyances, transfers, mortgages and other instruments. What is the estimated amount of stamp duty receipts from these sources for this financial year?

**The Hon. J.C. Bannon:** The broad budget assumptions are contained on page 101 of the Financial Statement. In relation to payroll tax assumptions, we began with the base of last year's receipts. Under the Bill before the House, we will increase the threshold in two stages in the course of the next financial year and that will result in a reduction of the take from last year, if no other changes are made, of about \$3 million.

We assume that there will be no increase in employment over that period; in other words, employment will be stable during the course of the financial year. In fact, we have seen some increase in employment in the first half of this year, but clearly that is levelling off and I think there will be a reduction. Our forward indicators suggest that will be a reduction in employment simply by the sheer reduction



in activity in coming months, which I hope will stabilise in the second quarter of 1991.

So, that gives us an overall measure of stability. We have looked at the increase in earnings which reflects the national wage case outcomes as declared and, using those assumptions, have looked at the impact of the increase in the rate of tax for payrolls above \$2 million from 5 per cent to 6.25 per cent and the extension of the base involved in that increase. The end result is the figure declared in the budget but, of course, that is an indicative figure, as are any of our tax estimates.

We estimate an increase in the average duty per conveyancing transaction in line with inflation (about 7 per cent) over the course of this financial year and a slight reduction in the number of transactions, which indicates a flattening of transactions over the course of a year. Of course, we have to take into account the cost of first home concessions, which will reduce the net number of transactions caught under the conveyancing tax. This will amount to about \$15 million, which is a very tangible benefit to first home buyers in this State. That amount of \$15 million estimated for this coming year is revenue forgone.

One of the things that can change conveyancing quite drastically is the number of unaccepted large transactions which take place from time to time. We do not know of anything on the horizon at this stage but we have made a notional allowance of about \$5 million for such an unexpected transaction. So, taking this into account we have arrived at the figure in the document.

**Mr D.S. BAKER:** The estimated amount of tax receipts from the tobacco franchise for this financial year is \$83.5 million. In making this estimate, did the Treasury make any allowance for reduction in tobacco sales and, if so, what allowance was made?

**The Hon. J.C. Bannon:** We estimate roughly a static sale level. It is hoped that tobacco purchases will be price sensitive. That is certainly the view of the medical profession and other lobbyists who are very concerned about the incidence of smoking in our community. There is evidence of that among certain sectors of the population: with each price rise, another group of smokers drops out. In fact, a number of people have, surprisingly, thanked me for the increase on this occasion because it has resulted in either them or people they know—in one case, a husband and wife—giving up smoking. The trigger was not health propaganda, although they had been thinking about that; it was, 'Now it's going to cost me an extra so many dollars, I'll stop.' I am delighted with that response; it may reduce our tax take, but further down the track it will reduce our public health bill.

So, there will be some impact of that kind, and I hope also there will be some impact from the major 'Quit' programs being run at the moment. However depressingly, at present there is still evidence of smoking taking a hold, particularly among women and girls. A new advertising campaign is being pioneered by the New South Wales Health Department, and we are looking at running a similar campaign here to target that particular area, because the statistics are quite alarming. It has become fashionable to smoke, the addictive quality of smoking is not fully recognised, and a whole range of young smokers is being introduced as older smokers are giving it up.

So, that is why we do not believe that even with the price rise at the moment we will see a major reduction in consumption. However, if we hold the level of smoking and stop it escalating, we will achieve something. The only other element that might affect tobacco sales is bootlegging or avoidance measures. We do not believe they will be a

problem, and I think that is being resolved following the considerable fracas of a few years ago.

The fact is, of course, that at present the 50 per cent levy is consistent with Tasmania, Victoria, Western Australia and the Northern Territory, so our immediate catchment area, as it were, is levying the same amount of duty. New South Wales has a lesser duty because it is juxtaposed to Queensland, which is still on the 30 per cent level. So, while there is a discrepancy between the States, there is sufficient uniformity to give us confidence that there will not be major avoidance under the current rate.

**Mr D.S. BAKER:** Has the Government any information on what proportion of total FID receipts are paid by the corporate sector and what proportion is paid by individuals? Has the Government taken into account how many businesses will shift their financial services to Queensland because no FID is payable there?

**The Hon. J.C. Bannon:** FID is paid to Treasury by banks without attribution as to source or composition of the transactions which form the figure that is paid, as I understand it. So we have no way of knowing that information. All we know is that it is very broadly based. This is the argument that is used in other areas such as land tax. If one is forced into taxation, obviously FID is one area where the broad base means that the pain, as it were, is shared very widely although, of course, figures relate in turn to the size of transactions so those people with few transactions or at the lower income end of the scale are not paying as much. It is a few cents a year for most people. It rises depending on the nature of the business. We cannot identify the breakdown or proportion. That information is held by the banks; it is not held by us.

**Mr D.S. BAKER:** As a brief supplementary question, the other part of the question was: has the Premier an estimate of how many businesses will shift out of the State and rearrange their financial transactions?

**The Hon. J.C. Bannon:** When FID was introduced a number of statements were made to this effect that, indeed, transactions would be shifted and businesses would leave. In the event, there was not much evidence of that, and that was when it was .04 per cent. Admittedly, 0.1 per cent is a higher level, but that is against the background of a considerable increase in other States as well, with the exception of Queensland. Of course, that situation may change when the resolution of the bank debits tax at the Commonwealth level is determined. So we are really talking about a fluid situation.

Someone might undertake some elaborate exercise to transfer transactions to Queensland and discover that they are caught, just as badly if not worse, as a consequence of changed arrangements in about 12 months. So the incentive is not there. In terms of the way in which it is levied, I think we feel confident that there is no major risk of avoidance measures and certainly no businesses are shifting their operations from here. We are talking about transactions, not employment activity.

The avoidance question is important because it has been raised and perhaps I could ask the Commissioner of State Taxation, Mr Walker, to comment.

**Mr Walker:** As the Premier said, the current rate in South Australia is .04 and in Queensland it is nil, so that potential is there. It is a situation which is kept under surveillance by our office. We run various compliance and investigation programs based upon our own analysis and inspections and also based on information provided to us. We have been effective to date in keeping tax avoidance and tax evasion to a minimum. We have developed expertise and experience in the area of detection of tax avoidance schemes. If prob-

lems do arise, our organisation is well equipped to deal with them. If there is any significant loophole, action can be taken legislatively to close that, and the possibility of that happening was flagged in the second reading speech.

**Mr FERGUSON:** I refer to page 24 of the Estimates of Payments and to Program 2—'Provision of Budgetary and Economic Advice'. As a major aim of this advice is to generate economic growth, can the Treasurer provide the Committee with the details of the performance of the economy in 1989-90 compared with 1982-83?

**Mr S.J. BAKER:** This is seriously a joke.

**The Hon. J.C. Bannon:** This is serious because, in fact, this issue has been raised time and again in this House and elsewhere in relation to the budget estimates prediction, the state of the economy and where we have got to over time. I thank the honourable member for this relevant question because in that 1982-83 period we were at the nadir of our economic fortunes and our public sector finances were in considerable disarray partly as a consequence of that and because our revenue is so closely tied to economic activity.

A number of corrective actions were necessary. It is not just a case of Government policy creating the ideal conditions and these improvements, and I would be the last to claim it. The State Government's operations in a regional economy are important and can have an impact, but they are not necessarily the determinants of how well or badly we go. We have tried to position ourselves to take advantage of opportunities, to create more and generally to have a positive climate. Part of that has been to maintain ourselves as a low tax State throughout that period while at the same time delivering high quality services.

Employment has grown to the extent that there are 120 000 more jobs in South Australia than there were then. We have record total employment—the highest number employed in the history of the State. About 18 000 people have been removed from our jobless tally. Teenage unemployment was at a very high rate. That has been cut from 28.8 per cent in 1983 to 20.4 per cent now. It is still high, but that is a substantial change. We have had it down as low as 16 per cent or 17 per cent. I hope that it will not creep much above 20 per cent, even in the present economic difficulties. As regards job vacancies, there are half the numbers of people unemployed available for job vacancies than there were in 1983.

The level of industrial disputes has declined by 14 per cent. Cost of living increases have been halved. Even despite the high interest rates in housing, there were almost 3 000 more houses built in South Australia in 1989-90 than in 1982-83. We have had some good years in housing. The value of investment in non-residential construction has grown by 110 per cent in real terms compared with when we took office.

Manufacturing employment—we have tried to concentrate on that area—has increased by almost 19 per cent since the nadir of 1982-83. That compares with a 4.7 per cent rise nationally. Real household income per head is a significant figure because people feel that they are worse off—that times have been tough. I think there is agreement that, with high interest rates and so on, that can be the case. These things are relative. One has only to think back to what services, facilities and jobs we had then compared with today and look at it in relative terms. Real household income per head rose by 12.4 per cent between 1982-83 and 1988-89. That is higher than the national average. That is a considerable improvement.

**Mr FERGUSON:** I refer to SAFA's annual report, which mentions the establishment of a \$1 billion overseas debt

instrument program during 1989-90. Can the Premier explain the significance of this program?

**The Hon. J.C. Bannon:** SAFA has always been involved in an offshore borrowing program. The borrowing arrangements are approved by the Loan Council. We can borrow up to 22 per cent of our new money offshore and refinance existing offshore borrowings. We also borrow on behalf of State financial institutions. Obviously, foreign exchange risks have to be minimised in such a situation, and SAFA has always been very careful about that—borrowing overseas in Australian dollars, using swaps in foreign currency, reinvesting and borrowing in the same currency to ensure that the risk is minimised.

A decision to go to the overseas market is undertaken only when funds can be raised at rates significantly below the cost of raising funds domestically. In other words, the preference is to work within our own markets, where appropriate, because they are accessible and familiar, but overseas borrowings are a useful adjunct to that, particularly when we can get significant improvements in rates, as we have done on many occasions. It also helps Australia to minimise the nation's cost of borrowing.

The debt instrument program allows SAFA to use considerable flexibility in meeting specific investor demands—a mix of short, medium and long-term borrowing. Instruments which are issued under the program are exempt from Australian withholding tax. They may be of any maturity, and they can be issued in a wide range of currencies. Although it is called a \$1 billion program, the figure is heavily influenced by roll-overs of short-term borrowings and by face value of low coupon borrowings. The average daily outstandings would be about \$250 million to \$350 million. Total proceeds of long-term borrowings in 1989-90 are of the order of \$94 million.

One of the reasons why we have been able to operate so effectively overseas is the general status of SAFA, the way in which it runs its business and, of course, the underlying State guarantee which, in turn, is supported by the way in which the State conducts its business. Over the years we have undertaken a series of programs to advise overseas investors in Europe and Asia of what we do here. Those presentations have been very successful. Sometimes they are done simply through the medium of SAFA officers and sometimes they are part of broad-ranging economic presentations which involve me. Indeed, I shall be doing that in my forthcoming mission to Europe. In both London and Frankfurt we shall be addressing the overseas investment market on the situation in South Australia. That has been an important part of our process. Our paper and our program are well accepted overseas. We participate with some of the major financial institutions which know SAFA well and have positive views of it. Of course, that in turn influences the advice that they might give to clients seeking investment opportunities in South Australia.

**Mr GROOM:** I want to get away from the Opposition's propaganda and deal with the tax measures in this year's budget. In explanation of my question, an information paper prepared by the South Australian Treasury in 1988, at page 48, said:

South Australia has the second lowest taxation/GSP ratio of the States. This is the combined result of a slightly lower revenue 'burden' (in the sense of comparative tax rates—most notably payroll tax rates) and a lower taxable capacity (for example, lower land values than in New South Wales and Victoria). According to Grants Commission analysis, the State has an ability to increase the overall tax burden by about 4 per cent before the tax burden would reach the (weighted) average level applicable across the six States.

That is fact, not propaganda. What effect will the tax measures in this year's State budget have on the State's position

as a low tax State, under the Premier, bearing in mind what is happening in other States with regard to the budgetary measures this year in those other States as well?

**The Hon. J.C. Bannon:** We are always conscious of our competitive position *vis-a-vis* the other States. We are a low tax State. Despite what the honourable member has called the propaganda mainly emanating from the Opposition, the facts never bore out the assertions that were made in this misleading theme by the present Leader's predecessor. We raise taxes not because we enjoy it or think that it is good for the public or the economy—on the contrary, we would dearly like to reduce them—but because we are increasingly being forced to find more of our revenue from our own sources. To the extent that the Commonwealth cuts back in a major way, we have to turn to our own resources and we do not like doing it. I believe that we have done it even in this package, which is a large group of taxation measures, with some sensitivity to its impact and certainly looking at the comparative situation.

We have already discussed the financial institutions duty. It is as well to remember that both New South Wales and Victoria doubled their FID a couple of months ago, and Tasmania has followed suit. While our rate remains the highest—and we have some offsetting advantages which I will mention later—nonetheless, there have been substantial increases in FID in other States. I think that over time we will see Queensland, which does not levy one, come into it. I think it will be forced to do it under the general transaction duties which are currently being discussed. In Tasmania, Western Australia, Victoria and, most recently, the Northern Territory there are high tax rates on tobacco. However, that is quite justifiable not just for revenue reasons but also for important health reasons.

In relation to tax on liquor, I point out that, with Victoria, South Australia levies no tax on low-alcohol beer as a positive encouragement to the consumption of that product and its health benefits. No increase was made in our budget in terms of general liquor taxes: we have kept those taxes to a minimum. Petroleum is one area where there are substantial benefits in South Australia that ought to be recognised. Sure, we might have a high FID, but at the moment our petrol tax, which in the metropolitan area is 4.5c and in the outer country zone is 2.4c, is the lowest of that in all the States. In New South Wales the metropolitan rate is 6.5c and in Victoria it is now 6.5c, based on the present wholesale price. In fact, there are advantages as the wholesale price rises over time. Our rate is not adjusted in that way, so the Victorian rate could go as high as 7c a litre. In Western Australia it is 5.6c per litre for petroleum and 7.4c for diesel; in Tasmania it is 7c a litre and, coming back to South Australia, it is 4.5c a litre and 2.48c a litre. In our tax package we have regard to the increasing pressure on petrol prices, and we have the cheapest fuel in Australia.

I will not go over the ground in relation to the payroll tax structure, because I responded to that when replying to the Leader of the Opposition, but our rates are still very competitive—particularly with New South Wales and Victoria—and we intend that they will remain so. There are multi-thousand dollar savings on payrolls in this State compared with the two other major manufacturing rivals.

*Mr S.J. BAKER interjecting:*

**The Hon. J.C. Bannon:** That is correct, but our limit is being adjusted upwards and, in fact, the \$500 000 has not come into operation in some instances. Our rate, I point out again, is lower; there is no increase in our rate to those payrolls below \$2 million—no increase at all. On the contrary, people will get the benefit of the lifted threshold and in that respect, are certainly much better off. Other payroll

tax rates will be adjusted progressively, but our situation is much better than that in Tasmania. It is all very well to talk about disincentives to employment. Tasmania, which is one of the most valuable economies, also sees it appropriate to levy the highest rate of payroll tax, apart from Victoria in certain categories. Again, Western Australia in some categories on an excess is well in advance of South Australia. So, if a table of rates was set up, I do not think there could be a major complaint in comparative terms.

They are the components of our tax package and the comparative situation. Stamp duties and conveyancing and such are very competitive in South Australia. After this tax package, we will remain, comparatively, a low tax State.

**Mr BECKER:** Last year \$61 956 was spent on payments to consultants (page 24 of the Estimates of Payments). Can the Premier identify the name of each consultant hired under this line, the cost of the consultancy and the purpose of it? Can the Premier release any report or reports prepared by the consultants and, if not, why not?

**Mr Hill:** A sum of \$61 956 was paid to one consultant, an organisation called Computer Power Pty Ltd, which undertook a consultancy for the State Taxation Office on information and technology needs for that office.

**Mr BECKER:** The Program Estimates (page 24) indicates that stage 1 of the State Taxation Office information technology plan will be implemented. What is the cost of the implementation of this total plan?

**Mr Walker:** At this stage it is estimated that the total cost of the project will be \$2.95 million. That is over a five-year period. Our estimate of the minimum achievable benefit from the expenditure of that \$2.95 million is \$9.27 million.

**Mr BECKER:** Page 215 of the Auditor-General's Report indicates that last year 647 inspections were completed by tax inspectors, 325 fewer than in the previous year. Why was there such a reduction in the number of inspections, given that the cost and staffing of the inspection branch increased? As a result of the inspections last year the revenue collected was \$1.8 million. Can the Premier itemise this into the different taxation areas. From where was the \$1.8 million picked up?

**Mr Walker:** It is true that the number of inspections actually completed did decrease from 972 to 647. There is no great significance in that, because in any given year the various areas where our inspectors work vary, and some inspections take longer to complete than others. It was mentioned that the revenue collected following inspections initiated by the branch was static at \$1.8 million each year. The other revenue assessments raised has increased as set out in the Auditor-General's Report, from \$1.9 million to \$2.2 million, so in that sense there was an increase of \$300 000. It is true that in overall terms, rounded to the nearest thousand, the cost of the inspection branch increased from \$600 000 to \$700 000, and that was because of the nature of the work being done in any particular year. In 1988-89, for example, a lot of small and quick inspections might have been done, and the nature of the inspections in 1989-90, overall, more major. So that fewer were completed.

**Mr BECKER:** Can the Premier itemise the make-up of the \$1.8 million into the different tax areas?

**Mr Walker:** That can be provided, but I do not have the information with me at the moment.

**Mr FERGUSON:** I understand that SAFA transferred its registry of inscribed stock to the Reserve Bank of Australia during the year. What are the implications of that change for SAFA bondholders?

**Dr Bethune:** It is correct that during the year SAFA transferred its registry of inscribed stock from an interstate

organisation based in Sydney to the Reserve Bank of Australia. The Reserve Bank is the South Australian Government's banker. One of the advantages of that is that the Reserve Bank, with a major office in Adelaide, is able to operate the registry from Adelaide, and that has obvious advantages for SAFA bondholders in Adelaide. It also means that there are more outlets in Adelaide and improves the service for those making telephone inquiries.

The transfer to the Reserve Bank also improves the service available to SAFA bondholders, about 40 per cent of whom live in Melbourne, Sydney, Brisbane and other capital cities. They can contact the Reserve Bank office in their own city as well. The bank's experience as the registrar of the Commonwealth Government's inscribed stock program has ensured that it has the systems available to capably handle the SAFA program. Centralising the registry function with SAFA's banker has also facilitated improved settlement arrangements.

As a result of the transfer, SAFA has been able to redeploy three officers within SAFA, partly as a result of the improved quality of service provided by the Reserve Bank. Following SAFA's lead in this area, Australia's largest issuer of semi-government paper, the New South Wales Treasury Corporation, has also transferred its registry to the Reserve Bank.

**Mr FERGUSON:** The Auditor-General's Report showed that SAFA made a surplus of \$336 million in 1989-90. How does that compare with surpluses made by similar organisations in other States?

**The Hon. J.C. Bannon:** As far as I am aware, the only other central borrowing authority to have released its result to date is the New South Wales Treasury Corporation, which made a surplus of \$30 million, and I contrast that with the \$336 million of SAFA. Incidentally, that is also a tribute to SAFA's responsiveness in terms of reports. SAFA's was the first report out and there is some pride in the organisation in the way in which it can get its report, audit and so on cleared in time to do that. Other reports will follow over the next few months and it will be interesting to see the performance. As I say, in comparison with the New South Wales Treasury Corporation, it is a tremendous result.

One of the factors contributing to SAFA's higher surplus is its high level of capitalisation, and this applies as a matter of policy to all our authorities. SAFA is provided with a total capital of almost \$2.3 billion to date and its total capital in reserves stood at \$2.7 billion, a little over 16 per cent of total funds employed as at 30 June. Other central borrowing authorities are not as well capitalised. As at 30 June 1990, the New South Wales Treasury Corporation, the result of which I just quoted, had capitalisation of \$47 million or 0.3 per cent of total funds employed. That policy which, as I said, applies to all our authorities, is one that yields benefits in the long term.

#### **Additional Departmental Adviser:**

Mr D. Gerschwitz, General Manager, State Government Insurance Commission.

**Mr D.S. BAKER:** I note today's headlines in the business section that SGIC's profit has fallen a staggering 51 per cent. What is the rationale for a \$28 million distribution from SGIC into the budget this financial year? Is it a dividend? If so, what is the dividend based upon, because the Government has no equity in SGIC? If it is interest on loans, have not the loans raised by SGIC overseas been lent back to SAFA and associates of SAFA, as indicated at page 417 of the Auditor-General's 1988-89 Report?

**The Hon. J.C. Bannon:** I have asked Mr Denis Gerschwitz, the General Manager of SGIC, to make himself

available. It is not usually the case to subject SGIC to this scrutiny, but I think it is appropriate, and Mr Gerschwitz was pleased to be involved.

**Mr Gerschwitz:** There was a drop in profitability and that was always one of the consequences of setting high levels of profitability. In the insurance industry, the fact that one makes a profit is outstanding. It is proposed that there be payment of a dividend and I think that is reasonable in terms of a shareholding owning an organisation for 19 years. Section 18 of the Act provides for that dividend to be assessed by the Chairman of SGIC, the Under Treasurer and the Auditor-General. They have deemed that the dividend should be paid.

**Mr D.S. BAKER:** Is it a dividend, not interest on loans?

**Mr Gerschwitz:** It is a dividend, yes.

**Mr D.S. BAKER:** Are SGIC and the Government confident that no money will be lost as a result of the put option on the property at 333 Collins Street, Melbourne? Was the Government consulted before this deal was signed? Why was such a large risk taken?

**The Hon. J.C. Bannon:** This transaction has been the subject of media comment, most recently in an article with some inaccuracies in the *Business Review Weekly*.

**Mr Gerschwitz:** There were a number of inaccuracies but, of course, the reporter might have been wrong. There is certainly not the \$100 million losses being suggested. No-one knows what loss or profit will be made on this transaction until the put is either called or lapses. That is likely to be sometime towards the middle of next year. SGIC has been aware of this possibility since the property markets in Australia collapsed, especially in Melbourne, and we have taken corrective action. We are looking at all options. We have some very professional advice and, at the end of the day, I do not think that there will be any loss to SGIC. There will not be any loss to the taxpayers of South Australia because there is no taxpayers' money in SGIC. It is a matter that is under constant care. It is a large transaction for SGIC and, when one reflects on that, one agrees that it is a large transaction. However, I assure the Committee that we feel confident of handling it.

**Mr D.S. BAKER:** Will the Treasurer provide details of the profit or loss made by subsidiary areas of SGIC, namely, Health Development Australia, Bouvet Pty Ltd and hospitals owned by the commission?

**Mr Gerschwitz:** I cannot give precise details because I do not have them with me. I can provide a ballpark figure if that would suffice.

**Mr D.S. BAKER:** I will put that question on notice and get the correct figures.

**The Hon. J.C. Bannon:** I take that on notice.

**Mr FERGUSON:** I understand that SGIC's investments total approximately \$500 million. When does the investment by SGIC become a controlling interest? Does an investment ever become a controlling interest or is it always treated as an investment?

**Mr Gerschwitz:** It is always treated as an investment. We have controlling interest in subsidiaries but, in terms of the normal marketplace, there are no controlling interests. Along with other institutional investors, SGIC makes investments to return the best possible profits to its policyholders. That is always the case. We do not look to have a controlling interest. We would much prefer to be a passive investor and support the business of South Australia in retaining head offices in this State so that all of us have jobs in the future.

**Mr FERGUSON:** Does SGIC provide any directors to firms in which it has investments?

**Mr Gerschwitz:** Yes. I am on the board of Bennett and Fisher and was invited there as a separate issue entirely and went there with the approval of the Minister of the day who I believe was the Hon. David Tonkin. We have members on the board of First Radio Limited and, off the top of my head, that would be the only board representations that we have.

**Mr S.J. BAKER:** I refer to SGIC's purchase of the Centrepoint building at the corner of Pulteney and Rundle Streets. How much did SGIC pay for that building? Was the lease arranged between SGIC and Myer including the cost of the lease between Myer and SGIC pending completion of the Remm project?

**Mr Gerschwitz:** That is a question of some detail and I do not have the answer with me. I suggest that a reply be provided.

**Mr S.J. BAKER:** Another question about SGIC relates to the wind-down of the holding in 5DN. Can the Premier say when SGIC will comply with the requirement of the Australian Broadcasting Commission?

**The Hon. J.C. Bannon:** That is in relation to the interest in Austereo: will you explain that, Mr Gerschwitz?

**Mr Gerschwitz:** Certainly. We have been in constant dialogue with the Australian Broadcasting Tribunal and the last meeting was held last Thursday. When opportunity provides, SGIC will reduce the 16 per cent in Austereo below the 15 per cent benchmark. You realise that it is shedding something under 1 per cent of that holding.

**Mr S.J. BAKER:** As I understand it, the law is the law. If SGIC should quit 1 per cent to bring it within the guidelines, is there a likely loss on that transaction at this stage? Why would SGIC continue outside the guidelines?

**Mr Gerschwitz:** There is not likely to be a loss. Members of this House would be well aware that there are a number of companies in Australia in the private sector which are contravening the ownership regulations. In terms of the SGIC, we are out of it. The tribunal is cooperative and it is all being done with its agreement. The shareholding in First Radio Limited was effected with its knowledge and agreement and in due course it will be corrected.

**Mr BECKER:** Can the Premier say why the SGIC report is not included in the Auditor-General's Report? To my knowledge, this is the first time that has happened.

**Mr Gerschwitz:** In discussion with the Auditor-General and SGIC, after trying to get them to meet the guidelines last year, it is becoming more difficult with the complexity of subsidiaries and it was agreed that the Auditor-General would put SGIC, for the first time, in his supplementary reports. That has been done and our accounts have been audited. Profits were announced and one week later the world was aware of the excellent result that we achieved.

**The Hon. J.C. Bannon:** That would probably be normal practice from now on. It is desirable if it can all be embodied in the Auditor-General's Report. It must be remembered that that report is required by Parliament within a certain time, and it is somewhat difficult for some agencies, like SGIC, operating in the commercial sphere with a wide range of interests, to finalise their accounts properly audited for inclusion. That puts tremendous pressure on SGIC and also on the Auditor-General in ensuring that his core report is available at the time the House requires it.

The alternatives are either to receive the Auditor-General's Report later than we do (and I do not think that that would be welcomed by anyone and nor is it desirable: the earlier we can get it the better) or to continue the practice of a supplementary report from the Auditor-General which, in the light of this year's experience, will probably become the norm. However, that is not to imply that it will be

allowed to drift. It is just a question of practicality of getting it out thoroughly.

**Mr BECKER:** The Auditor-General has advised members of the Public Accounts Committee that he will be meeting them on an annual basis and there is tremendous difficulty in getting all the Government departments', let alone the authorities, reports to him. I believe that the State Bank has something like 69 subsidiary companies. I do not know whether anyone would be all that upset if the Auditor-General's main report involved just Government departments and there was a separate edition dealing with the statutory authorities. What might future policy be?

**The Hon. J.C. Bannon:** That is certainly one way of looking at it. The primary responsibility to the House particularly for the estimates is that the Government departments should be properly audited and reported on within a time scale that will allow consideration within the budget context. We are in the hands of the Auditor-General. He will advise us on what he considers appropriate. In terms of resources, of course he controls his own resources and we can assist in that process. I believe that he is right to try to set his accounts in priority order. I am sure that, while he will continue to try to achieve as wide an audit as possible, he will begin with the core Government accounts which are the primary business of the House in these estimates. The others that follow will be subject to scrutiny in the ordinary parliamentary process.

**Mr BECKER:** The annual accounts of SGIC are mostly difficult but perhaps we could have some clarification of the controversy that seems to exist in the media from time to time in relating to health and life care and SGIC's involvement in that field?

**The Hon. J.C. Bannon:** I will comment and then invite Mr Gerschwitz to say something. Part of the issue is the controversy of SGIC's being involved in that area. There are some in the field, rivals in longstanding health funds, who would say that that is a specialist area in which they should have the sole prerogative of operating and that it is an intrusion of SGIC to have become involved in it. The argument from SGIC's point of view is that, first there has been an increasing tendency of all financial institutions of that kind, whatever their product, to try to provide as wide a range of product as possible. In the case of health funds, they have been offering general insurance policies and other products which are directly competitive with SGIC.

Equally from SGIC's point of view, their clients are looking for that comprehensive insurance package. SGIC moved into life some time ago and that just simply allows SGIC to provide that range. In order to do that effectively, obviously the early stages have involved a very competitive product. It has been advertised and the rates have been very competitively structured. Obviously, profits have been sought in the initial years of establishment. However, if I may speak from the Government's point of view, we certainly do not see SGIC as being a big competitor of the existing health funds, on the one hand, although we think that it is quite appropriate for them to offer health cover. Secondly, we see them working towards a position in which they are operating on a profitable basis and, therefore, their rates and benefits do equate to the broad run of the health funds generally. In that situation, it is a competitive environment, but not an unreasonable competitive environment and I do not see a major problem.

There are requirements also of the Federal licensing authorities with which any health fund must comply. So, that is the general Government position. I now ask Mr Gerschwitz to explain the situation from his organisation's point of view.

**Mr Gerschwitz:** We went into health a little over three years ago with a plan to make it profitable within five years. We are running ahead of budget and it will be well within profitability in that time. It has added a new dimension to health insurance in South Australia, and it has shown that you can have change and make profits on the products that you are selling. It gives us the opportunity to provide to all our members a full range of products; this we endeavour to do; and it is something that is endeavoured to be done by most insurers in this country.

**Mr S.J. BAKER:** Can the SGIC assure us that it is now paying all appropriate taxes? SGIC has claimed that it is paying all the taxes that are due and that it is operating on an even playing field. Recently, I took the SGIC to task in relation to Health Development Australia which was using a loophole to avoid sales tax on health equipment. I understand that that situation has now been rectified. I understand also that some years ago—and I can give the General Manager the correspondence if he needs it—areas of land tax were questioned. Can we have a complete assurance that SGIC is now paying its full dues on all taxes?

**Mr Gerschwitz:** SGIC has not paid sales tax to the Federal Government for a number of years, and will not in the future, but it does pay a full dollar equivalent to the State Treasury believing that it is the wish of all South Australians that this money should come back to the coffers of South Australia rather than being paid to the Federal Government. That has been the case for many years.

The same situation applies to land tax. We do not pay land tax under the Act but, as I have assured the Deputy Leader privately, we have been paying it for many years and I give him a further assurance that SGIC is paying all charges. Dividends, taxes, etc. paid to the community of South Australia for the financial year ended 30 June 1990 amounted to \$50.2 million—quite a contribution to the State.

**Mr S.J. BAKER:** Will the General Manager confirm that, where Commonwealth taxes are imposed the SGIC pays the equivalent of those Commonwealth taxes to the State Treasury?

**Mr Gerschwitz:** When Commonwealth taxes are imposed on SGIC, the answer is, 'Yes'. If they are imposed on a subsidiary which is in the net of Commonwealth taxation, the taxes are paid to the Federal authorities, but SGIC with its South Australian hat on tries to minimise the tax that is paid to the Federal Government, to bring it all back to South Australia.

**Mr S.J. BAKER:** Will the General Manager provide a breakdown into their various components of taxes paid by SGIC?

**Mr Gerschwitz:** I have given this information to the media, and it will probably be in the paper tomorrow, but I will provide it on notice for the honourable member. It adds up to \$50.2 million.

**Mr FERGUSON:** I refer to the program evaluation and review. The preface to the Program Estimates mentions the Government initiative in program evaluation and the review of Government agencies. These two initiatives will clearly impact on the program structure before us today. Some criticism has been levied against the Government for apparent inaction on program evaluation and review and it has been inferred that the work of the Government's Agencies Committee announced in the budget would be nearly a replica or replacement of the evaluation process. Is this assertion correct?

**The Hon. J.C. Bannon:** The short answer to the question is, 'No, it is not', but the member is right to say that that criticism has on occasions been levied. The program eval-

uation and review process was announced in last year's budget, and that is in place.

On 1 July 1990, a systematic program evaluation by agencies was commenced. The major elements of the exercise include a review of the program outcomes, particularly looking at it from the client perspective—that is, the service imperative we discussed earlier in the context of the Government Management Board program; the development of rolling five year agency review plans based on the evaluation of a minimum of 50 per cent of each agency's expenditure; and the monitoring of progress by a program evaluation steering committee, with the results of the first evaluation period becoming available in July 1991, so that they can be looked at in the 1991-92 resource allocation deliberations.

That program is under way. It is being done in the context of using existing staff rather than creating a new sector or group, and obviously will assist in the process of looking at the appropriateness of a program, its efficiency, whether we can do it better in some other way, and what sort of resources can be allocated between agencies. Those activities are going on in all units. The Government agencies review group will direct the conduct of a broad-ranging review of public sector structures. It is the umbrella organisation aimed at obtaining or generating results in this financial year and, obviously, we are seeing the fruits of that in a large proportion of our 1991-92 budget planning.

This group will be headed by the Minister of Finance. It will report to me and the composition will be as outlined in the budget papers to ensure that all agencies are properly assessed on this overall level. We have, in fact, required agencies to produce their ideas by the end of October. Indeed, for some of them that process is already well advanced and they will obviously be the first targets of the review process. The review group has already met once, and it will be meeting very frequently between now and Christmas as it gets on top of its particular work. It has targets to meet in a general sense but, rather than an across the board approach, we are trying to do this selectively to ensure that what is done is sustainable within agencies, and does not affect the overall level of service or at least, if it does, that effect is minimised in terms of its impact on the public.

So that process is under way. It supplements and complements the work that is done under the evaluation and review program, and by bringing those elements together we hope to achieve major savings not only in subsequent years but in this year itself. We have made it clear to agencies that the allocations they have been given represent maxima and we would like to see them all do better.

**Mr FERGUSON:** I refer to page 24 of the Estimates of Payments, Program 1—'Administration and Enforcement of State Taxation Legislation'. Can the Treasurer provide details on the administration costs of various taxation measures and highlight whether these costs or other factors have a bearing on formulating the revenue measures outlined in the budget?

**The Hon. J.C. Bannon:** This varies from tax to tax. It is often used as a measure of the so-called efficiency of a tax, that is, the amount of return one can get, set against the administrative outlay. We have notional figures of the cost of collection in cents per \$100 of revenue. Interestingly enough, the most efficient tax is FID which, of course, is another reason why, as an equitable way of approaching taxation revenue raising, FID is an appropriate area to look at.

**Mr S.J. BAKER:** What is the cost to the Government and the banks of collecting FID?

**The Hon. J.C. Bannon:** It was expensive to set up but, once established, it is a very minimal expense, and any adjustments can be made with absolute minimal expense. It is an extremely efficient tax, estimated at around 28 cents per \$100 of revenue collected. Business franchise for petroleum and payroll tax is also relatively efficient. The least efficient is land tax. Because of the scales and the assessments that need to be made, land tax is relatively inefficient. About \$1.80 is required to collect \$100 in revenue. The simpler we can make the system, of course, the more that figure will be reduced. One could argue that we ought to abolish a series of taxes such as land tax and pile them all under FID, but there are limits in terms of comparability and land tax is still contributing a substantial amount of revenue—something of the order of \$80 million budgeted for this financial year.

**Mr D.S. BAKER:** Getting back to FID and the question of tax avoidance, business leaders in the community inform us that FID is the easiest tax to avoid, and I think that that would be correct. What are you doing about tax avoidance because I do not believe you can do anything? There is no doubt that there is an incentive for people to shift their financial affairs to Queensland. In fact, one large institution has said that, because it pays about \$450 000 in FID, it will be taking an office in Queensland from which it will pay its cheques. It can set up an office there for \$50 000, saving \$400 000. FID may be a very efficient tax to collect, but it appears to me—and the Premier cannot give us a breakdown—that it is falling on those people in South Australia to whom we really want to give some incentive to stay in South Australia because they cannot get out if they have only one branch. The larger corporations can shift out of South Australia and, therefore, avoid tax. What is the Government doing about avoidance, if anything?

**Mr Walker:** I am not sure whether I understand the question but, if by avoidance it means that a business entirely moves its operations out of South Australia, there would be no base left in South Australia to tax. Our legislation does not purport to tax events which do not occur in South Australia, nor has it ever done, and nor have any of the other interstate jurisdictions done so. All States and Territories, except Queensland, have the tax. FID has met its revenue projections in the past financial year, 1989-90. So the work of our investigation branch coupled with various information given to our organisation and the work done by the Budget Branch of the Treasury office is consistent with the fact that there is no major avoidance currently occurring in South Australia. I cannot give a commitment that there is not an iota of avoidance occurring in relation to FID because the best our organisation can do—and I believe our organisation does a very good and professional job—is to keep tax avoidance and evasion to a minimum. It is our belief at the moment that we are, in fact, achieving that particular objective.

**The Hon. J.C. Bannon:** It is in the interest of us all that the avoidance be kept to a minimum because the alternatives to FID are more regressive and difficult to handle. Certainly one can ensure that something such as land tax or even petrol franchise fees and so on cannot be subject to avoidance, but the decision to ensure that FID was a primary source of revenue collection, I think, is one that will be welcomed by the community overall. I am not denying that it is difficult for some employers, but obviously they have to look at the set off. It is very broadly based, unlike some of the others. Certainly, we will monitor the situation in relation to avoidance.

**Mr D.S. BAKER:** Regarding my question on avoidance, what you are saying is that you are confident of collecting

all the tax that is legally payable in South Australia. I understood you to say that you are looking at measures in respect of people making other financial arrangements. In other words, if someone wants to shift the payment of their financial arrangements to Queensland, they are quite at liberty to do that. They can do that through a subsidiary company. You have explained that and I understand that now. However, I make the point that, now that it has gone up 2½ times and is the highest in Australia, there is an incentive for people to shift their banking arrangements out of South Australia. That will have a detrimental effect on employment in South Australia because there is a large incentive to move to Queensland.

My next question is on Program 2—'Provision of Budgetary and Economic Advice'. Staff under this program will increase by 11.4 FTEs this financial year. For each new position will the Premier identify the function and the salary cost? The spending on the purchase of office machines and equipment will be \$93 000 more than last financial year. What are the major purchases intended?

**Mr Procter:** I understand that the two parts of the question related first, to salaries, wages and related payments and, secondly, to office machines and equipment. Staffing details are as follows: the increase for 1990-91 is due to the transfer of six positions from SAFA to the newly created revenue and economics branch. The cost of these positions will be recharged to the SAFA deposit account. With reference to the full year effect of the positions newly established in 1989-90 in the areas of program review and evaluation and research and policy, there will be a significantly lower level of vacancies and there will be a full year effect of award increases approved in 1990-91.

With reference to office machines and equipment, the Budget Branch is involved in the introduction of an approved computer system and, due to the delays in the implementation of the system in 1989-90, \$113 000 has been carried forward into the following year in addition to which further expenditure will be required to continue upgrading existing personal computers. That is set at about \$26 000.

**Mr D.S. BAKER:** I understand that the extra \$93 000 is mainly for personal computers?

**Mr Hill:** It is not personal computers. It is a major computing system to improve the Budget Branch's processing of budget documents, and so forth. Some personal computers will be included, but it is not all personal computers.

**Mr D.S. BAKER:** In the same area, there was spending of just over \$3 000 last financial year as payments for consultants. For each consultant hired, will the Premier identify the name, the cost, the purpose and release any report or reports provided? There is a further allocation of \$47 000 in this line for this financial year.

**Mr Hill:** We do not have the name of the consultant concerned. It was at the very beginning of the consultancy connected with the new computer system. It was only one consultancy. We will have to take the question about the name on notice.

**Mr S.J. BAKER:** Further to the question asked by the Leader about Program 2, it should be noted that, in the Estimates of Payments, for 1989-90 we had 29.3 FTEs at a cost of \$1.449 million, and in 1990-91 we have 30 full-time equivalents at a cost of \$1.813 million. Where has this significant blow-out in unit labour costs occurred?

**Mr Hill:** The \$1.813 million is not all salary costs. It includes the administration expenses, payments to consultants and the purchase of office machines and equipment. The relationship that the Deputy Leader is endeavouring to draw between FTE numbers and expenditure has to be

qualified by the fact that there is a large element of office machinery and equipment and so on in the expenditure.

**Mr S.J. BAKER:** Can a breakdown be provided; that is, a comparison of the actual wages component for both years?

**Mr Hill:** Yes.

**Mr S.J. BAKER:** The next question relates to the extent to which the Treasury was consulted prior to the election. Was the Treasury's advice sought on the cost and budget impact of the Government's election promise of free public transport travel for students prior to that promise being made?

**The Hon. J.C. Bannon:** Yes; we had an estimate of that which was incorporated in the statement of policy. In the nature of these things, they can only be estimates. The primary source of information is the STA. We had to make an estimate of loadings and revenue forgone. I understand that the estimates have proved to be fairly accurate, but that is a question that would be better directed to my colleague the Minister of Transport.

**Mr S.J. BAKER:** I thank the Treasurer for having given a positive response that the Treasury was consulted. What was the figure and when was that figure given to the Premier?

**The Hon. J.C. Bannon:** The cost of the transport is on the public record.

**Mr S.J. BAKER:** I am asking about the cost that the Treasury gave and the time at which the advice was sought.

**The Hon. J.C. Bannon:** As I pointed out, the STA was in the best position to make estimates of loadings and revenue forgone. An indicative figure was arrived at, which has proved to be quite accurate, and that has been publicly stated.

**Mr S.J. BAKER:** Also on Program 2—'Provision of Budgetary and Economic Advice'—the Premier's financial statement presented with last year's budget contained estimates of the full year cost of new initiatives. This followed references over a number of years by the Auditor-General about the value and benefit of this type of information. They are not in this year's budget. Why?

**The Hon. J.C. Bannon:** I think the simple answer is that this year we are not placing emphasis on new initiatives, in the sense that in a climate where we are seeking reductions and implementing processes, such as the review of Government operations, we have not had a stipulated list. In the budget speech and in the financial statement there are references to new initiatives, but these tend to be in consequence of reallocation or full year effects of initiatives that were commenced last year. Those areas of new initiatives are pretty limited in this year's budget, and it was not considered necessary to produce a consolidated list.

**Mr BECKER:** On page 24 of the Estimates—'Provision of Budgetary and Economic Advice'—what are the assumptions for GSP growth in South Australia in 1990-91 and for population growth in South Australia during 1990, and upon which has the State budget been framed?

**The Hon. J.C. Bannon:** State GDP is assumed to grow at about half a per cent real, plus 6 per cent, based on a 6 per cent GDP deflator. It is within our assumption of 1 per cent national real growth. It is lower than the Commonwealth's 2 per cent forecast, but we think, as with our inflation forecast, it is more realistic. Population is growing at a little above 1 per cent per annum, and we are estimating that it will continue to grow at about that rate.

**Mr BECKER:** I refer to the departmental and agency asset registers. In December 1988 the Treasurer instructed all departments and agencies to complete registers by June 1990. In his report, the Auditor-General has indicated that many agencies have failed to comply. The Auditor-General

has stated that a recent inquiry by audit revealed that an insufficient number of returns from agencies had been received to permit a general assessment of progress to June 1989. This appears to contradict information that the Opposition has received in answer to a Question on Notice which states that only the Department of the Arts, the Department of Employment and Technical and Further Education, and the Police Department have sought extensions of time to comply. In the light of the Auditor-General's comment, can the Premier say how departments and agencies have failed to comply with this instruction, and will these registers be made public or available to Parliament?

**The Hon. J.C. Bannon:** The Treasury has sought information from the remaining agencies on the value of assets employed. We have asked agencies to include that information in their annual reports. This is a new requirement and it obviously needs some follow-up. I will ask Mr Hill to comment.

**Mr Hill:** At the time that the answer to the question was prepared, only three departments had sought an extension of time. Five have now come to us requesting an extension of time. They are the Department of the Arts, the Court Services Department, the Department of Employment and Technical and Further Education, the Police Department and the Department of Recreation and Sport. Four of those departments have sought an extension for one year and the Minister of Finance has approved that. The Department of the Arts has sought an extension for at least two years. It has a fairly major problem with the Museum and the Art Gallery inasmuch as they do not have all their collections catalogued, let alone valued. Therefore, we think it will be some time before the Department of the Arts will be in a position to supply us with a satisfactory asset register.

Those are the five agencies that have formally sought an extension of time. About 50 other agencies, including all the major authorities, have responded, although there are about 50 still to come. We will be giving them another week or so and then reminding them again of their obligations. The valuation approaches which have been adopted by the agencies involve a mixture of historical cost and replacement cost. The emphasis for the future will be directed towards introducing some form of common valuation approach so that not only can the asset information be included in the statements of the individual agencies but also it can be brought together in some meaningful way in a consolidated balance sheet for the Government as a whole.

**Mr BECKER:** Page 7 of the Auditor-General's Report reveals that in the past financial year payments for Government-wide support services, namely financial, computing and accounting, increased by 28 per cent or \$53 million. What are the components of the \$53 million increase, and how has this spending helped to increase productivity in the public sector?

**The Hon. J.C. Bannon:** I think I will need to take that question on notice and try to provide the information for the honourable member.

*[Sitting suspended from 5.57 to 7.30 p.m.]*

#### Membership:

Mr McKee substituted for Mr Groom.

**Mr D.S. BAKER:** I refer to the Homesure scheme: in a ministerial statement on 7 August this year, the Minister of Housing and Construction stated:

The costing of the Homesure scheme and the estimates of a number of potential recipients have been conducted by Treasury. On what date did Treasury provide to the Premier the advice on costings that he used to announce the Homesure



scheme in his election policy speech in November last year? Will the Premier provide the relevant documents to the Committee so that the date of the document can be verified?

**The Hon. J.C. Bannon:** The answer to the latter question is 'No', because I do not see what relevance it has to anything. However, in relation to the costings that we used at the time of making the election policy announcement, the advice was gained fairly shortly before the announcement of our policy speech. It was based on the assessments that we had undertaken on the existing home interest relief scheme that was operating and, indeed, which was borrowed by the Opposition for its election policy announcement. Ours was along similar lines based on similar calculations.

We have since provided a detailed paper setting out the basis of calculation of that scheme. The take-up of the scheme has been low indeed, and this matter has been debated and canvassed over some considerable time. I refer the Leader to the statement made by my colleague the Minister of Housing and Construction on the first six months operation of this scheme. We have provided again for the scheme. We have not, as was reported or suggested, cancelled the scheme; it is still available.

Our calculation suggests that the take-up from it should be much higher than it is but, despite intensive advertising and publicity, we have not experienced that take-up. We have attempted to analyse why that might be. I think there are a number of complex reasons, among which were the very adverse publicity given to the scheme in its inauguration in January of this year and suggestions by the Opposition that really the scheme was not in operation. Another factor was people's unwillingness to submit themselves to the income test. Also, a greater number of people might have been able to get fixed-interest loans or support contrary to what the raw data—the ABS-type data that was used originally—would suggest. We attempted to refine it in discussions with the State Bank, which has a large housing portfolio, but that did not throw a great deal of extra light on the situation.

**Mr D.S. BAKER:** The Minister of Housing and Construction, in his ministerial statement, also said:

Original Treasury advice, based on ABS housing finance statistics and the ABS household expenditure survey of 1988, indicated that the scheme as announced would be available to approximately 36 500 families.

On what date was this original advice provided to the Government? Will the Premier supply a copy of that advice to the Committee?

**The Hon. J.C. Bannon:** I think the workings of those figures were contained in that paper that the Minister of Housing and Construction issued, showing the calculations and the refinement on those calculations that we have made. Incidentally, they bear a resemblance to figures that the Opposition was using: I do not know where it got its figures from, but I suspect it was using similar data to attempt to estimate take-up or demand of such a scheme. I do not know when that advice was provided; it was shortly before the delivery of the policy statement.

**Mr D.S. BAKER:** The Minister of Housing and Construction further stated in his ministerial statement:

By March of this year it was apparent that these estimates were proving inaccurate.

Why were those estimates inaccurate and does the Under Treasurer accept this criticism of the department's work by the Minister?

**The Hon. J.C. Bannon:** It is not a criticism of the Under Treasurer's department's work. The inaccuracy that the Minister referred to is the estimate of those eligible and taking up the scheme. That was done on the basis of the ABS data that we used as the original basis.

*Mr D.S. BAKER interjecting:*

**The Hon. J.C. Bannon:** That is correct, Treasury figures based on available data.

*Mr D.S. BAKER interjecting:*

**The Hon. J.C. Bannon:** Well, the Under Treasurer can speak for himself. The head of the Government Economic Unit (Mr Milton Smith) did a further reassessment of the figures after checking with the banks, particularly the State Bank, to try to get a better sample of customers, and the figures were refined. It is still a fact that, despite the refinement of those figures, the take-up of the scheme was millions of dollars and many thousands short of what we expected.

**Mr Emery:** There is not much that I can add to what the Premier said. I have seen the statement by the Minister of Housing and Construction. I certainly did not take it as a criticism of the Treasury. As outlined by the Premier, the material that was prepared at the time was based on the best assumptions we could make, recognising that we were talking about a field that had not been the subject of a grant program of that kind before. Some of those assumptions proved to be wrong, especially as to the proportion of people who might be eligible and who might apply for assistance. We did the best job we could at the time with the data available. We now know more about it, having had a scheme in operation for some time.

**Mr D.S. BAKER:** Will the Premier make available to the Committee all the written advice the Government has received from Treasury relating to the Homesure scheme?

**The Hon. J.C. Bannon:** No, I will not undertake to do that. What I will undertake to do is check on the material that the Minister put on the public record, which, as I recall, has the detailed workings in it. If that is not the case, I will certainly see whether it can be obtained.

**Mr S.J. BAKER:** Regarding the Office of the Government Management Board, the Premier was questioned as to why there had been a change of expenditure basis. In relation to the board's stated aim to improve public sector productivity, the Premier announced in the 1988 budget the creation of a \$1 million fund to improve productivity in Government agencies. However, only \$227 000 was allocated from the fund in the first financial year and the Premier told last year's Estimates Committee that the scheme would be reviewed. When the question was asked, the Premier said that it was not an appropriate matter for the Premier's Department but was a question for Treasury. What is the present status of the fund? Does it still exist? How much was paid into the fund last financial year and for what specific purposes?

**The Hon. J.C. Bannon:** The scheme was administered by the Treasury and was announced in the form of a Treasury circular to agencies advising them of the productivity of the fund, pointing out that an amount of up to \$1 million would be made available on application by agencies. Funds would need to be used for a purpose that would demonstrate productivity gains. It bears very much on the point that was made by the Chairman earlier today, that is, if the department could demonstrate that small-scale computing, office automation, equipment, training or something of that kind could result in major productivity gains, funds would be made available. It is very flexible. It was experimental and it was an attempt to test the water and see what ideas were available in departments. It was an excellent opportunity for agents to invest in their own productivity.

During 1989-90, two lines were provided: one for the Police Department for communications equipment (\$106 000) and one to the Department of Local Government for an electronic point of sale system for the State Library

of South Australia (\$40 000). A further grant was made to the State Conservation Centre, which is working on a commercial program and has obtained contracts from other museum institutions outside South Australia in an attempt to generate a program. It was provided as a grant rather than an interest-bearing repayable loan, as were the other two, so that the centre's operations could be developed. That was \$120 000.

In addition, a capital loan of \$700 was arranged through the capital budget on the same terms and conditions applying to the capital fund to assist in the replacement of the police uniform allowance with a stores arrangement, which was seen as providing some productivity savings and benefits. That was the expenditure under the fund in 1989-90. This financial year, a notional allocation has been made. In other words, the scheme is still available and agencies can present schemes in the normal way. However, we have not made any particular allocation because we would like to see what the Government agency review group comes up with in terms of possible schemes. It is very much a question of seeing what will emerge during the year.

**Mr S.J. BAKER:** So, there is no allocation this year?

**The Hon. J.C. Bannon:** There is no specific budgetary line but funds can be called on if appropriate schemes are devised.

**Mr S.J. BAKER:** The Premier announced earlier the make-up of the group that is to review the operations of all Government agencies. Is that group the planning group or the review group?

**The Hon. J.C. Bannon:** That is the Government agencies review group, which is chaired by the Minister of Finance. I referred to it in my budget speech.

**Mr S.J. BAKER:** Will the Premier supply details of how often the group has met to date?

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

**Mr S.J. BAKER:** What is the time frame under which the group is operating?

**The Hon. J.C. Bannon:** There is no specific termination time. The group has required all agencies to present proposals to it by the end of October. Some agencies are in a position to present material or are actively implementing some productivity schemes. By the end of the year, the group will be able to make an interim assessment of progress and will continue its work through this financial year.

**Mr S.J. BAKER:** Have any targets been set for the cost savings for which the Government is looking and has privatisation been placed on the agenda for this group to pursue?

**The Hon. J.C. Bannon:** I have already made mention of the fact that certain salary increments and structural changes which involve cost to the departments would have to be absorbed by those departments. Part of the process would be to assist departments as to how that could be done on a cost-neutral basis and how tangible savings could be achieved during the course of the financial year. As far as asset sales are concerned, if that is what the Deputy Leader is talking about, I advise that selling of Government enterprises or assets is not part of the brief of the group. Certainly, where they can identify commercial opportunity for Government enterprise or surplus resources which are not needed or used, they will obviously make recommendations about their disposal.

**Mr S.J. BAKER:** I was not actually talking about asset sales although we note that there are some large items on the Government's asset sales list, including land at Northfield and other land. We are specifically interested to know whether the Government will review the operations of its various agencies to see whether they can better serve the

public by some form of privatisation, commercialisation or getting out into the real world. I was asking whether those options would be considered.

**The Hon. J.C. Bannon:** I think that I have answered that. They will not be.

**Mr S.J. BAKER:** Can the Treasurer supply some details of the estimate of SAFA's operating surplus in 1991-92 and 1992-93? There has been a dramatic downturn in SAFA's surpluses in the past year. Has the Premier any evidence or advice about the projected returns and surpluses to SAFA over the following two financial years?

**The Hon. J.C. Bannon:** The expected or budgeted surplus for 1990-91 is of the order of \$280 million, of which we have planned to take \$270 million into consolidated account. That would represent a figure of the order of what one might call the base or core earnings of SAFA. In 1989-90 it is true, as the honourable member has pointed out, that the performance and contribution to the budget were greater, but there were in fact a number of special elements contained in that, as detailed in the SAFA report. In 1990-91 two of the factors which would lead to a lower result than for 1989-90 include, first, the interest rate situation, as rates are expected to be lower on average than the rates applying during 1989-90, and that obviously reduces SAFA's income earned on capital reserves, retained surpluses, and so on.

Secondly, they have brought to account an abnormal income in 1989-90 of \$59 million, reflecting the benefit to the State of a debt relief arrangement with the Commonwealth which will not be repeated in 1990-91, and I have been through the details of that previously in the House. When one takes into account those two elements we arrive at a core profit of around \$280 million. As I have said over the past couple of years we expected SAFA to improve its profit performance up to a certain level and then to taper off in the growth stage. It has achieved and exceeded those targets very well. We are now into a stable situation and I would not expect to see dramatic contributions to the budget above that stable or core level in the years following 1990-91.

**Mr S.J. BAKER:** In other words, we will be expecting a return similar to that in 1990-91. In real terms, we can expect that to be maintained for the following two years?

**The Hon. J.C. Bannon:** In broad terms that is what we would be looking at from SAFA.

**Mr S.J. BAKER:** Can the Treasurer say which item previously mentioned of \$58 million or \$59 million was forgone by the Commonwealth for the specific purpose loan that became due? What was that particular loan that became due and what was the figure in the previous financial year in which I think a sum of about \$22 million was forgone by the Federal Government?

**The Hon. J.C. Bannon:** It might be useful to work backwards. This year, at the Premiers Conference and Loan Council meeting, the Commonwealth declared its intention, and the States agreed, to a devolution of the responsibility of the States for managing that part of their debt which was currently denominated in Commonwealth Government securities—in other words, to take up responsibility for their own debt and progressively redeem all Commonwealth debt raised on behalf of the States as it matures.

In 1990-91 we will be repaying an additional \$130 million under that arrangement which will go on into future years. The Commonwealth has taken the point made by the States that, if we are going to redeem or retire lower interest debt from the Commonwealth, which of course has to be turned over as borrowings at higher rates, some form of compensation should be made available to us, and the Commonwealth has shown in its budget an initial figure, one which

we do not believe is adequate and on which we are negotiating with all the other States in relation to that compensation.

The amount of compensation initially proposed by the Commonwealth will compensate us for the additional interest costs faced in 1990-91 only. There is no up-front compensation representing the present value of future additional interest costs. If we take that into account over a long period, that can be very substantial. The reason that I am working backwards is that that is the current situation. In the three years prior to that beginning in 1987-88, we have made additional voluntary debt repayments to the Commonwealth over and above the mandatory amount required in the Financial Agreement. Our doing that excited the Commonwealth's interest in taking a further step and making it a general agreement and a Loan Council requirement.

The advantages are twofold. The advantage for the Commonwealth is a reduction in debt which would be on their books and also the States taking greater responsibility for its debt. The advantage for us is that involved in beginning to retire some of our Commonwealth debt and, in doing that, getting some compensation from the Commonwealth which gave us an added value. In 1989-90 that was the \$59 million referred to. Page 52 of SAFA's annual report refers to that \$58.8 million.

The Commonwealth was prepared to adopt that arrangement because of the mutual benefit of the early retirement of debt, its impact on their debt levels and our assumption of responsibility. However, in that we were calculating that long-term historic value forgone and getting up-front compensation for it, which I think was a good mutual arrangement. We were seeking to repeat that in this year's transactions, but the Commonwealth has not been prepared to do so. That is a tangible benefit that SAFA had which will not be available to it in this coming year. It was a good program and it worked well when we were the only ones taking part in it. Now that it has been broadened into a general required program and ceased to be voluntary, the Commonwealth sees no incentive in providing an up-front benefit in lieu of a year-by-year assessment.

**Mr BECKER:** What has been the impact on Treasury from the cases of fraud within the Public Service? I refer to page VIII of the Auditor-General's Report and the section headed 'Fraud detection and prevention', which states:

During the year, the matter of an increase in the extent of fraud in both the public and private sectors in Australia was raised with the Chairman, Government Management Board. It was pointed out that, while there was no evidence of widespread fraudulent practices in the South Australian public sector, there was a need to recognise the trend which has emerged.

**Mr Hill:** There has not been any impact on Treasury caused by fraud. I am aware of a case that occurred this year in the Courts Services Department, but that is the only instance of which I am aware.

**Mr BECKER:** Page 11 of the Auditor-General's Report, under the heading 'Summary of the Cash Position of the Treasurer' refers to cash and investments held by the Treasurer to 30 June amounting to \$241 million, a decrease of \$118 million on last year. I notice that deposit accounts have decreased by \$44 million; consolidated account by \$26 million; and special deposit accounts by \$48 million. What does this indicate in relation to the Treasury's cash flow?

**Mr Emery:** It does not indicate anything by way of general trends. It reflects the sum total of the transactions in the numerous deposit and special deposit accounts as shown in the Treasurer's statement. I refer in particular to statements (f) and (g) on page 48. It is difficult to make a generalisation, but if the honourable member runs his eye down those lists he can gain an impression as to where the major changes

occurred. Those statements show the balance at the beginning and end of the financial year. As I say, no particular generalisation comes to mind, apart from the addition of those details. It is the case that, as shown in the Auditor-General's Report, the sum total of those accounts declined over that year. We could attempt to pick out where major changes occurred.

**The Hon. J.C. Bannon:** Of course, this is at a particular date. Although those things might not be held in cash reserves, they could well be held in longer-term securities, capital funds or something of that nature.

**Mr Emery:** It is the case that some capital expenditures in particular departments were financed in part by running down cash balances. For example, in the E&WS Department the cash balance fell from \$18.7 million to \$5.2 million at the end of the year. So, there was a degree of funding of capital expenditure in that department from its deposit account over the course of the year. There was a similar trend in the South Australian Housing Trust, and there are some other examples of that type. We could provide a detailed analysis of the major additions and subtractions if that would help the Committee.

**Mr BECKER:** In relation to the management of State Government borrowing and investment activities, I refer to the \$47 million contribution to SAFA in addition to interest made in the last financial year. Was this amount budgeted for by SAFA at the time that its contribution to the State budget for the last financial year was estimated, or was it determined subsequently to make up for a shortfall in the income from investments? Page 261 of the Auditor-General's Report refers to this distribution. In relation to the amount of \$47 million it states:

The additional contribution follows an assessment of electricity tariffs by an inter-agency working party and the Government's determination regarding the trust's tariff structure to operate from 1 July 1990.

Who appointed this inter-agency working party; which agencies were represented on it; and will the Premier make public any report that was compiled? Did the ETSA board approve the additional \$47 million distribution; is a similar distribution from SAFA to ETSA in addition to interest being sought this financial year; and, if so, what is the budgeted amount?

**Mr Emery:** The SAFA budget provided for a contribution from the Electricity Trust, but recognising that the final amount is subject to the Treasurer's determination, which was not made until near the end of the financial year when the financial results of ETSA were available. So, the answer to the first question is 'Yes', but the figure was determined appropriately at the end of the financial year.

In relation to the second question, as to whether it was determined subsequently to make up a shortfall from income in investments, the answer is 'No'. The determination that the Treasurer made after consultation with the trust and in the light of its results was independent of other things affecting SAFA's results.

The inter-agency working party was appointed by the Government in Cabinet on the recommendation of the Treasurer and the Minister of Mines and Energy. The agencies represented on that working party included the Office of Energy Planning, the Electricity Trust, the Treasury and an officer from the Minister's private staff.

The additional amount of \$47 million was referred to the ETSA board and it is, of course, reflected in its accounts which were approved by the board. In relation to the honourable member's final question as to whether a similar distribution to SAFA from ETSA is being sought in 1991, the answer is, again, that a contribution is expected but the

final amount will be determined by the Treasurer at or near the end of the financial year.

**The Hon. J.C. Bannon:** Of course, this is part of the policy of requiring return on capital from instrumentalities. This has become increasingly part of the micro-economic agenda at both Commonwealth and State level, and the State's equity is reflected in non-repayable capital in ETSA which is held by SAFA on behalf of the Government. We are now looking to get a return on that capital over time. In fact, the return was based on ETSA's performance because we did not want to put undue pressure on the instrumentalities or on tariff rates. We all know of the very favourable outcome of tariff rates on ETSA at the moment. It represents about a 5.7 per cent return on net assets, which is still well below the long-term interest rates but is a very good performance. I do not anticipate that we can expect that every year, but ETSA is performing well.

In this context, it is interesting to note that other Governments are doing the same thing. For instance, in its budget released today New South Wales has found a very large source of funds from a requirement for agencies to pay commercial dividends, and for the first time they will be doing this.

The report to the New South Wales Treasury on capacity estimates, for example, states that Elcon (the NSW electricity authority), which did not pay dividends at all before 1989-90, will return \$204 million to consolidated revenue in 1990-91. That is the sort of order of figure one can see being developed over time and indicates again how Mr Greiner is obviously very pleased to boast about his very good management.

The fact is that he is requiring returns from those agencies, and that is supporting his budget very strongly indeed. So, this will be a general trend and one which is to be welcomed. Certainly, authorities such as ETSA are not shy of trying to meet those requirements because it aids their commercial performance as well.

**Mr D.S. BAKER:** While we are on return on capital, it is pertinent that I refer to the Government's investment in the State Bank. Section 15 of the State Bank Act allows the Treasurer to put any proposals to the bank in relation to its administration and requires the bank, if requested, to report back to the Treasurer on such proposals. Did the Treasurer last financial year put any proposal to the bank as defined by this section of the Act? If so, what were those proposals and what was the bank's response? Has the Government drawn up estimates for any return on its capital in the bank for the 1991-92 financial year and the 1992-93 financial year and, if so, what are those estimates?

**The Hon. J.C. Bannon:** In the time that I have been Treasurer I have not used the provisions of section 15 as cited by the Leader of the Opposition. I really see those as reserve powers to be exercised in very formal situations. As such, I have not triggered those particular formal requirements. There are, of course, consultations which take place as I have outlined to the House. Regular meetings are held at which the bank reports on matters of interest, profit performance, and so on, as appropriate. However, the formal use of section 15 has not been necessary or, in my view, appropriate to exercise.

I think that we will see increasingly over the next few months and years a much closer reporting relationship between Treasury and the State Bank at the management level which will be very important. The Treasurer and the board will obviously respond to that as necessary. In terms of our expectations on return on capital from the State Bank, as I indicated with ETSA we are not putting a requirement on the State Bank particularly given the current finan-

cial climate. I think that would be quite wrong. The State Bank board's policy is to provide that return on capital and build it up significantly over time, but we believe that the bank should be given time in which to do this and obviously the benefits to the budget will be apparent when that occurs.

The contribution which has been made to date has been very good as the bank has gone through its development phase. However, we have taken the view that it is better to have the bank well capitalised and having the advantage of that capital base than to adopt a policy of effectively starving the bank of capital resources and thus really constraining its activities. So the State Bank at the moment, with total capital, subordinated debt and reserves of something like \$1.3 billion, is one of the best capitalised in Australia. It certainly exceeds the Reserve Bank capital adequacy requirements. At the moment the June 1990 ratio of the bank's capital resources to risk-weighted assets was 9.1 per cent. The Reserve Bank requirement is 8 per cent. I think that is good for the bank and in the long term good for the State.

**Mr D.S. BAKER:** The General Manager's own assessment on that \$1 billion worth of taxpayers' funds is that the return should be 15 per cent, that is, \$150 million. Is the Treasurer concerned that the bank is not returning that to the taxpayers?

**The Hon. J.C. Bannon:** That would be a marvellous result. Mr Clark is extremely commercial in his approach and he has consistently striven to raise the profit and dividend return and he has extremely ambitious targets. He cracks the whip over his staff to try to meet those targets and I welcome his placing such a high level. The sort of return that is talked about in relation to public sector enterprises is usually of the order of half that. The actual experience over the years in all States has been very much less than that again. So, if we can reach the 15 per cent target suggested by the General Manager, that will obviously be very desirable. We certainly do not expect that to happen overnight; nor, indeed, does he.

**Mr D.S. BAKER:** Can the Treasurer provide to the Committee information to indicate the proportion of the State Bank group's total loans involved in property investments in other States and what proportion of the bank's non-accrual loans and provision for bad debts relate to these loans?

**The Hon. J.C. Bannon:** I do not have that information available. I can certainly refer that question to the State Bank and see whether some answer can be provided. I do that with the caveat that the State Bank is not subject to ministerial control or direction, and nor should it be. It will be very much a matter for the board exercising its commercial judgment on the nature and the amount of information that it can provide. I know the Leader has had discussions with it on that point anyway and is aware of the situation.

**Mr D.S. BAKER:** Given that the return on capital provided to the State Bank in 1989-90 was \$23.5 million—being \$20.1 million through SAFA and \$3.4 million through the normal budget as current receipts—and given that no return through the budget is forecast in 1990-91, does SAFA anticipate a return from the State Bank in 1990-91 and, if so, what is the sum estimated?

**The Hon. J.C. Bannon:** I think at this stage no particular figure has been declared. Obviously the State Bank is formulating its budget for this coming financial year. It has only just published its report and results from the end of the last financial year, and the second half of that financial year was very disappointing. Like all financial institutions, the State Bank has been under considerable commercial

pressure in this current environment. In consequence, a very prudent approach has been taken to provisions, to non-accrual assessments and so on. Certainly, as Treasurer I would encourage the board to do that. I would be very happy for it to err as much on the side of conservatism and prudence in this area as perhaps some sort of ambitious target which it cannot meet. I do not think now is the time to apply that sort of pressure. It is really a bit early to talk about what sort of return might be expected in this financial year.

**Mr D.S. BAKER:** Do I read from that that SAFA has not prepared a budget for the 1990-91 year?

**The Hon. J.C. Bannon:** It certainly has a budget for the 1990-91 year, but I am suggesting that it would not be helpful to put any figure into the equation at this stage. That is still subject to negotiation.

**Mr D.S. BAKER:** Supplementary to that, I understand that nothing has been budgeted for in respect of a return for the State Bank for the next financial year.

**The Hon. J.C. Bannon:** That is not what I said.

**Mr D.S. BAKER:** That is what I am asking.

**Mr Emery:** It is the case, as was noted, that the consolidated account assumes no direct payments from the bank. In terms of SAFA's budget for 1990-91, we prepare budgets as to what we might call administrative expenses and major items affecting profit and loss results. In doing that, we make what estimates we can about a whole variety of things, one of which is the returns that we might obtain from a range of State authorities, including the Electricity Trust and the State Bank. The Premier, as I understood him, was not denying that those estimates were made; rather that any figure made at this stage of the year is too preliminary and indicative to be useful.

**Mr D.S. BAKER:** Has SAFA taken advice on the sale of some of its holdings in Sagasco; if so, what was that advice and what did it cost; and does SAFA plan to sell Sagasco stock in the 1990-91 financial year?

**The Hon. J.C. Bannon:** SAFA has its Sagasco holding on behalf of the Government. Therefore, the sale of shares or other transactions is very much a decision that is arrived at as a matter of Government policy, in consultation with SAFA and other parties involved. It is appropriate and convenient that the Government's shareholding in Sagasco, following the merger of SAOG and the South Australian Gas Company, should be vested in SAFA, at no cost. As part of the merger arrangements, SAFA waived borrowings which the Pipelines Authority of South Australia had out at that time. The effective annual yield for the Government on the Sagasco investment has been nearly 27 per cent per annum. That is a very good return.

At the moment the share price is quite high and has maintained itself at a reasonable level. There is no present intention to sell down any of our holdings. I guess there could be some in the marketplace who would say that we should be tempted to take a quick profit and get out, but we have much longer term interests in Sagasco as an effective operation, and it is still in an early stage of its performance. It announced a good operating profit improvement at the end of last year. A number of factors suggest that those shares will, if not increase their value, maintain their current value. That is for the market to judge. We do not have any intention of selling down, although we keep it constantly under review.

**Mr D.S. BAKER:** The Financial Statement, on page 78, states that as SAFA's share of South Australia's new money Global Limit allocation is less than the required level of the Consolidated Account borrowings from SAFA this financial year, SAFA may need to liquidate some of its

financial assets during the year, depending on how its overall financial position develops over the year. Has SAFA considered which assets it would sell in those circumstances?

**Mr Emery:** The answer is 'No'. As stated in the Financial Statement, the degree to which financial assets have to be liquidated will depend on all factors affecting not only the budget, but SAFA itself. We would be making decisions as the year proceeds in the light of those cash flows rather than making a decision at the beginning of the year as to which assets might be liquidated, if that is necessary. The other point is that assets are maturing all the time, or quite frequently, so in practice it might be a matter not of selling something, but of permitting an investment to mature.

**Mr D.S. BAKER:** To clarify a point, I was asking questions about what SAFA anticipated in its budget for 1990-91. I want to make it clear that you said that SAFA has not budgeted on any return from the State Bank this financial year. We must have one or the other; either you have or you have not.

**Mr Emery:** Neither the Premier nor I said that.

**The Hon. J.C. Bannon:** We are not putting a figure into the public domain.

**Mr D.S. BAKER:** You put a nominal figure in there?

**The Hon. J.C. Bannon:** Discussions are going on relating to the sort of figure that we could expect to receive.

**Mr D.S. BAKER:** Therefore, SAFA has not got a final budget this year?

**The Hon. J.C. Bannon:** Yes, it has.

**Mr D.S. BAKER:** What is the figure; is it in there or is it not?

**The Hon. J.C. Bannon:** The figure is not determined at the moment.

**Mr D.S. BAKER:** Is it responsible for such an organisation to have a budget like that? I think it is quite disgraceful. It is either in there or it is not.

**The CHAIRMAN:** Order! Would the Leader direct his remarks through the Chair?

**Mr D.S. BAKER:** Yes, I will.

**Mr Emery:** Perhaps I might try to elaborate on what I said. SAFA has budgets both as to administration costs and as to the chief elements affecting its profit and loss statement. As a financial year is approached and as it develops, the relevant estimates can be made more firm. What the Premier is saying, and what I am confirming, is that the situation with respect to the State Bank is taken into account as those estimates develop through the year, but, with respect to this item and many others, there is necessarily a high degree of uncertainty, making it inappropriate to quote one figure of a definitive kind with respect to that item, and the same comment would apply to other items.

**Mr D.S. BAKER:** There is a return from SAFA into the State budget. Surely there must be something in there for ETSA and the State Bank, or is it an airy-fairy figure?

**The Hon. J.C. Bannon:** An overall result has been predicted and there is a contribution to the budget which is achievable. I am not prepared to put into the public domain any figure of return for the State Bank at this time. That is all that is being said.

**Mr D.S. BAKER:** Great budgeting! No wonder the State is in trouble. The Auditor-General's Report, on page 334, discusses a further \$3 million reduction in the value of SAFA's equity in the Timber Corporation. This revaluation was based on a report prepared for SAFA by Ayers Finnis Ltd. Will the Premier make available a copy of that report to the committee; did that report consider the longer term viability of the Timber Corporation; and, if so, what conclusions did it reach?

**The Hon. J.C. Bannon:** It is not usual to table such reports, because they explore the whole commercial parameters of the operation. As the Leader would know, Satco is in competition with a number of other enterprises, with some of which the Leader is familiar. They would no doubt be delighted to receive such an assessment on the public record. If they are prepared to provide a series of assessments themselves, perhaps there could be some exchange. We are not prepared to make that available, and I do not think it is appropriate for the Leader to ask for it.

**Mr D.S. BAKER:** It is not available?

**The Hon. J.C. Bannon:** No, not for the public record. If the Leader of the Opposition would like to approach the Minister, he might be able to make some arrangements on a commercially confidential basis.

**Mr D.S. BAKER:** The footnotes to SAFA's account indicate that during 1989-90 the Government allocated all the equity in the Woods and Forests Department to SAFA at a value of \$286 million. Will the Premier explain why this action was taken; is it to offset SAFA's losses already recorded and anticipated in relation to the equity in the Timber Corporation; and will the Premier make available to the Committee the report of the valuer who determined the valuation of the Woods and Forests Department for this purpose?

**The Hon. J.C. Bannon:** The concept behind this is to provide Satco with a more appropriate capital structure, that is, the conversion of Satco's indebtedness to SAFA. This was also a valuation provided by Ayers Finnis Ltd.

**Mr D.S. Baker:** No answer?

**The Hon. J.C. Bannon:** You asked what the valuation was, and I have given you that answer.

**Mr S.J. BAKER:** There is a question about whether it offset SAFA's losses.

**Mr Emery:** If I understood the question, it was whether there is any relationship between the allocation of the Woods and Forests Department's equity to SAFA to Satco losses, and the answer is 'No', there was no motivational or other relationship between those two things.

**Mr D.S. BAKER:** Is the committee report of the valuer who determined the valuation of the Woods and Forests Department available?

**The Hon. J.C. Bannon:** As I stated before, these are commercial valuations involving an exploration of all the commercial bases of the organisation, and it would prove to be a disadvantage to have them published.

**Mr D.S. BAKER:** What rate of return does SAFA anticipate on its equity in the Woods and Forests Department and in Satco in the 1990-91 year?

**Mr Emery:** The greater part of the return on the Woods and Forests Department's assets comes through by way of an increment in the valuation of the timber due to inflation and growth in the trees. In that respect, we would anticipate something similar in 1990-91 to 1989-90.

**Mr D.S. BAKER:** It will be similar, and the only profit will be the increment on the timber?

**Mr Emery:** No, I said that that has been and is very likely to remain the major way in which a return is received on the Government's or SAFA's investment in the Woods and Forests Department. The material in the Auditor-General's Department about the Woods and Forests Department illustrates that clearly.

**Mr D.S. BAKER:** What will ETSa's return be to SAFA this year?

**The Hon. J.C. Bannon:** We have dealt with that.

**Mr D.S. BAKER:** No, you did not. It is either budgeted for or it is not.

**The Hon. J.C. Bannon:** I said that it had not been determined.

**Mr D.S. BAKER:** It has been determined. You know it has been determined. There is a figure on the budget.

**The CHAIRMAN:** Order! Questions will be directed through the Chair one at a time, please.

**Mr D.S. BAKER:** So it has already been determined that it is not determined; is that the answer?

**The Hon. J.C. Bannon:** The answer is that figures are not of a great deal of value at this stage of the year.

**Mr D.S. BAKER:** Especially if its nought, it is of no value. Even I can work that out.

**The Hon. J.C. Bannon:** It is more than nought. We are expecting a return, but it is subject to analysis and determination.

**Mr S.J. BAKER:** Does SAFA anticipate lending further moneys to the State Clothing Corporation during 1990-91 and, if so, what is the anticipated size and timing of such loans?

**The Hon. J.C. Bannon:** 'No' is the answer to that.

**Mr S.J. BAKER:** Does the Treasurer expect the State Clothing Corporation to live on its earnings this year for the first time in 10 years?

**The Hon. J.C. Bannon:** The State Clothing Corporation is now placed under the control of the State Services Department.

**Mr D.S. BAKER:** There should be a receiver.

**Mr S.J. BAKER:** It should have been sold off. What rate of return has been achieved on SAFA's capital in Enterprise Investments? How much of the earnings of Enterprise Investments was derived from the interest on SAFA's capital in the company?

**The Hon. J.C. Bannon:** Again, let us put this into context. In this area SAFA holds Enterprise Investments Ltd as part of the investment of the State in start-up and investment capital. I probably do not need to remind members of the House of the origins of Enterprise Investments and the concept behind it. The new fund was established with an initial capital of \$28 million, which is approximately double the size of the former venture capital provider. From page 20 of SAFA's 1990 annual report, as at 30 June 1989 the book value of SAFA's investment in Enterprise Investments was \$14.2 million. Additional minority interests were subsequently acquired bringing the total book value to \$14.36 million. On 31 December 1989 convertible notes matured returning \$3.79 million to SAFA. As at 30 June \$9.5 million of the total net assets had been distributed to SAFA as sole shareholder of the company. The remaining undistributed assets, representing the net assets of the wholly-owned subsidiary company and undistributed cash, will be distributed to SAFA in due course.

The increase in the value of the fund represents a rate of return of 14 per cent per annum. It has reinvested the full surplus of the fund for the 1989-90 financial year, bringing the net assets to \$32 million, so it has a rate of return of 14 per cent, and that is a reasonable performance.

**Mr S.J. BAKER:** That is on the revamped figures, not the \$28 million originally invested.

**The Hon. J.C. Bannon:** That is on the current total investment of SAFA.

**Mr S.J. BAKER:** In the Enterprise Investments group there are approximately 12 companies; how many of those are South Australian based?

**The Hon. J.C. Bannon:** I think nearly all of them, I will attempt to obtain that information for the honourable member. The annual accounts of Enterprise Investments should be available in the near future, and I should be able to provide that information. Enterprise Investments' *modus*

*operandi* was to invest either in South Australian companies or those that were going to operate or develop in South Australia. However, it was not an exclusive brief obviously seeking some return and a broader portfolio, but its focus is very much South Australian.

**Mr S.J. BAKER:** The original question related to how much was actually being earned on the SAFA capital as well. It seems that most of the money being earned is on investments of cash rather than return on the productivity of the companies concerned.

My next question relates to the Auditor-General's Report, which points out that SAFA's interest payment on borrowings last financial year included \$21.5 million in indemnities required following the issue by SAFA of deferred annuities. What was the value of these deferred annuities and who were the counterparties to those arrangements?

**Mr Emery:** The transaction was for \$100 million. The investors in the transaction have not been identified in SAFA's accounts, although I would not have a problem with that. We have not cleared that with the investors and, if it were possible, I would prefer to do that before we released that information.

**Mr S.J. BAKER:** If the Under Treasurer has a clearance from the people concerned, the Committee would be pleased to receive that information. My next question relates to Treasury Program 3, in regard to management of State Government borrowing investment activities; for what purpose did SAFA advance \$91.224 million to ETSA and what were the terms of that loan?

**The Hon. J.C. Bannon:** During 1989-90 ETSA borrowed in excess of \$90 million from SAFA on terms and conditions determined by ETSA. The main benefits flowing from ETSA's arrangements with SAFA are that it can borrow at an amount less than that at which it would otherwise be able to borrow, and its administration costs are also lower so, in fact, it represents a benefit to ETSA to borrow in this way. The benefits to us are, obviously, that we are able to benefit from the SAFA provision, because SAFA itself borrows even cheaper than ETSA so, in other words, we share the advantage. So, it is good for ETSA and it is good for the State.

**Mr D.S. BAKER:** I refer to the following statement in the recent report on accountability by the Public Accounts Committee:

Accountability can best be achieved by the relevant Minister or Ministers providing the Parliament with annual audited financial statements and reports on the operations of all companies owned by the Minister on behalf of the Government.

Does the Premier endorse the committee's view?

**The Hon. J.C. Bannon:** As was mentioned by the Chief Executive of the Government Management Board, we have not had a chance to examine the recommendations of the committee in detail. I think it is a very useful exercise and we will obviously be subjecting it to a detailed examination. I would like to reserve my response until that has taken place.

**Mr D.S. BAKER:** Will the Treasurer provide to the Committee the latest audited financial statements and reports on the operations of the companies for which he is responsible in full or in part? I will provide him with a list of them. I will not read them out, but there are quite a few of them. While he is considering this, we would be happy to give him the list.

**The Hon. J.C. Bannon:** To complete his audit, the Auditor-General needs to sight and confirm all the audited financial statements of the various companies, including overseas affiliates, in the case of SAFTL. At an early stage, it was agreed that it would be impracticable to complete consolidated financial accounts and audits in time for their

inclusion in the main report of the Auditor-General. When that is finalised, the Auditor-General will issue a supplementary report in which he will include those accounts.

**Mr D.S. BAKER:** If the Treasurer will do that, may I give him a list of some of the companies we would like him to consider?

**The Hon. J.C. Bannon:** Certainly. I am happy to look at the list.

**Mr S.J. BAKER:** One company not identified in the Public Accounts Committee list is Kabani Proprietary Limited. This company was created under a trust arranged on behalf of the State Bank group, as revealed in an Opposition question asked on 21 August. In reply to the question, the Premier undertook to obtain information on this company. He has not yet done so. Will the Premier do so now?

**The Hon. J.C. Bannon:** Yes. I have a briefing on this issue. The directors of Kabani Proprietary Limited are also directors of Beneficial Finance Corporation, because it is a company also associated with that group. By virtue of its ownership, while associated, it is not considered a member of the group. The shareholders are Thomson Simmons Nominees Pty Ltd, which is a trustee for the Kabani redeemable preference shares settlement, and Bondi Investments Pty Ltd, a wholly-owned subsidiary of Beneficial Finance, as trustees for Kabani ordinary shares settlement.

Kabani acts as a trustee for the Kabani Unit Trust and Investment Company, holding an interest in finance joint ventures, where holdings are up to 50 per cent, property joint ventures and trustee companies of special purpose unit trusts. The discretionary beneficiaries of the trust include members of the Beneficial group. It has in excess of \$100 million in total assets and shareholders' funds of \$10 000. As the ultimate shareholders of Kabani Proprietary Limited are discretionary trusts, it is incorrect to include Kabani in the bank or Beneficial consolidated results. In other words, because they are discretionary trusts, Beneficial Finance and State Bank cannot be exposed to outside risks or exposures other than commercial guarantees given in the ordinary course of business to Kabani for commitments. These guarantees are included in the bank group consolidated guarantees for the purposes of capital adequacy and under contingent liabilities in the accounts.

**Mr S.J. BAKER:** Is it the normal practice of Beneficial Finance and the State Bank to leave out in its report such a significant item as Kabani?—

**The Hon. J.C. Bannon:** I have just explained the basis on which it is not correct to include it in the consolidated results. I am only reporting information provided to me in this matter. That seems adequate. It must be remembered that the accounts meet all the audit requirements.

I believe that the Deputy Leader would not be questioning that. The State Bank accounts and the Beneficial Finance accounts were issued in accordance with proper accounting practice and proper audit requirements, yet the Deputy Leader's question is whether it is not wrong that those should not be included. The auditors and preparers of those accounts believe that it is not wrong, and is in accordance with proper financial practice.

**Mr D.S. BAKER:** Are you, as Treasurer, perfectly happy with it?

**The Hon. J.C. Bannon:** Yes, I have no reason to supplement my judgment for that of those charged with the management and operation of the bank by statute. I do not believe that the Leader has expressed those concerns, either. His demeanour and comments suggest that there should be this great concern over it. I do not understand that to be the Leader's position. It is quite legitimate for questions to be asked and the accounts to be assessed, and so on, but I

have not yet heard the Opposition questioning the *bona fides* or performance of the management and board of the bank. If they are at the stage of doing that, perhaps they should so declare it.

**Mr S.J. BAKER:** The financial accounts that are audited are different from the annual report that was issued, and the auditors have no say in what companies are shown in the listings of the annual report on the statements made by the companies. They are responsible for auditing the accounts. One would assume that with such a significant influence on the accounts of Beneficial, and ultimately the State Bank, we would have seen some reference to Kabani. All I can say at this stage is that we will have to study the statement which has been made and perhaps question this matter at length. It seems that perhaps even the auditors did not know that the company existed. Was it declared to the auditors?

**The Hon. J.C. Bannon:** You are suggesting that this was kept concealed from the audit?

**Mr S.J. BAKER:** We do not know. The statement that has been made by the Premier still leaves us in the dark.

**The Hon. J.C. Bannon:** I cannot believe that that would be the case, but I do not know whether I have anyone here whom I can ask to check that out now. However, you are suggesting that perhaps even malfeasance was involved on the part of—

*Members interjecting:*

**The CHAIRMAN:** Order!

**The Hon. J.C. Bannon:** There can clearly be no concealment because I have just placed the information before the Committee. I was requested to check out the situation of this particular company, its structure and the nature of its relationship with the State Bank and Beneficial Finance. I have done so, and the Opposition's response is to imply or allege that there has been some malfeasance or concealment on the part of the directors and management. I think that is pretty rough. That is extremely serious.

*Members interjecting:*

**The CHAIRMAN:** Order! The Committee will come to order. Questions will be directed through the Chair and the debate will take place in an orderly fashion. The Chair will not permit a cross-flow of argument and discussion between the witness and the members of the Committee.

**The Hon. J.C. Bannon:** It may assist matters if I say that I will refer the innuendo and remarks of the Leader and Deputy Leader to the bank, and they can defend themselves as they wish. It is not my role to do so. I have placed the information before the Committee and can add nothing further.

**Mr D.S. BAKER:** Program 3 relates to the management of State Government borrowings and investment activities. What procedures and discussions were undertaken prior to and including the approval of a \$300 million purchase of floating stock by the South Australian Finance Trust and the State Bank of Victoria? Were those procedures and discussions in any way different from the norm for this kind of deal?

**The Hon. J.C. Bannon:** I ask the Under Treasurer to answer that.

**Mr Emery:** To answer the last part of the question first, there was nothing unusual or different about that transaction as compared to others.

**Mr S.J. Baker:** It was pretty hefty.

**The CHAIRMAN:** Order! I ask members not to interrupt members of the Public Service who are addressing the Chair. They do not have the same right of response as does the Premier.

**Mr Emery:** As has been explained previously by the Premier, the investment was made in accordance with investment guidelines approved by the SAFA board and by the Treasurer. The task undertaken in SAFA was to check whether the investment fitted those guidelines and to work with Crown Law in checking the documentation to ensure that it was adequate, particularly with respect to the guarantee provided by the State of Victoria.

**Mr D.S. BAKER:** During the past financial year, did SAFA undertake any other financial transactions with the State Bank of Victoria and, if so, what were they?

**Mr Emery:** Yes, purchases of inscribed stock were issued by the State Bank of Victoria in accordance with the same investment guidelines.

**Mr D.S. BAKER:** Will the details of those transactions be provided to the Committee?

**Mr Emery:** The amount involved was \$100 million by way of senior debt, that is, non-subordinated debt issued by the State Bank of Victoria maturing on 15 October 1996. Again, this was covered by the statutory guarantee of the Government of Victoria.

**Mr D.S. BAKER:** When was that transaction entered into?

**Mr Emery:** That transaction was entered into in July 1990, that is, the first month of the current financial year.

**Mr D.S. BAKER:** I refer to SAFA's earnings from investments. Last year, the Premier told the Estimates Committee that SAFA investments would continue to generate moderately increasing surpluses. However, SAFA's income from investments for the past financial year was \$89 million less than the previous financial year. Will the Premier explain this result, bearing in mind his forecast to the Estimates Committee, and what estimate does SAFA put on its income from investments for this financial year?

**Dr Bethune:** There has been a reduction of income interest and dividends on investments for SAFA. This partly reflects a rearrangement of SAFA's portfolio. At the same time as there has been a reduction in investments, obviously there has been an increase in loans to the Government. It also reflects factors such as repayment of debt to the Commonwealth, and those sorts of factors reduce the income on the general level of investments by SAFA.

**Mr D.S. BAKER:** What does SAFA estimate its income from investments will be for this financial year?

**Dr Bethune:** That is one of the factors taken into account in determining the overall likely result of SAFA for this financial year but, as has been previously explained, the overall result depends on a very wide range of factors such as returns on investments and returns on equity holdings and organisations, and all of those factors need to be brought together to look at the total result.

**Mr D.S. BAKER:** Does this mean that SAFA does not have a budget for this financial year?

**Dr Bethune:** This matter was covered earlier in the proceedings.

**Mr D.S. BAKER:** My question is to the Premier: does he or does he not have a budget for SAFA?

**The Hon. J.C. Bannon:** Obviously, SAFA is operating from a budget but, as has been explained, a number of figures are involved in arriving at an overall result. Those figures are still subject to either determination or further assessment. It is not appropriate for them to be put in the public domain at this stage.

**Mr D.S. BAKER:** What is SAFA's budgeted income from investments for this financial year?

**The Hon. J.C. Bannon:** That question has already been responded to.



**Mr D.S. BAKER:** Is the Premier refusing to give us that figure?

**The Hon. J.C. Bannon:** There is no value in putting that figure into the public domain.

**Mr D.S. BAKER:** Is the Premier saying that it is of no value to the public of South Australia to know the budgeted income of SAFA from investments for this financial year? So, there is no budget for the taxpayers of South Australia?

**Mr Emery:** We believe that the most relevant figure for the purposes of the State's budget and the matters that are of interest to this Committee is the surplus and, of that amount of surplus, the amount that is budgeted to be paid to the Consolidated Account. It is the case that that surplus is a result of numerous transactions, some of which at this stage of the year are subject, as I mentioned before, to a wide range of uncertainties. The budget and the forecast are revised fairly frequently throughout the financial year.

**Mr S.J. BAKER:** Obviously we would like to pursue the matter further. It seems extraordinary to us that the driving force behind SAFA which has the capacity to earn a return in the marketplace, whether it be by shares, investments, debentures or whatever, cannot be explained to this Committee and that there has been a dramatic downturn in the past financial year in the interest on the earnings and, indeed, on securities. It is absolutely extraordinary that you cannot explain to this Committee your estimate for 1990-91. It happens to be a fairly clear component of the budget and the Premier says that he does not know or he cannot explain. The Premier can provide details of the 1990-91 budget on the future costs, receipts and expenditures, but he simply cannot explain that item or any item associated with SAFA.

I wish to ask a question relating to the \$300 million loan to the State Bank of Victoria. The Premier promised to give me a response after Question Time as to the terms and conditions of that loan. I specifically asked whether it was fixed or moving. Can the Premier now inform the Committee—he actually promised to give me a response—on what basis that \$300 million loan has been made?

**Mr Emery:** The return is by way of a floating rate determined by reference to the bank bill rate. The margin involved is something that the State Bank of Victoria would wish to be kept confidential but, to answer the honourable member's question, it is a floating rate determined periodically by reference to the bank bill rate.

**Mr S.J. BAKER:** Again, we have some serious questions about the way this loan was provided. Is the loan rate above or below the bank bill rate?

**Mr Emery:** It is above.

**Mr S.J. BAKER:** Have you any margin in mind or is that confidential?

**Mr Emery:** Mr Chairman, as I said a moment ago, the State Bank of Victoria would certainly not wish that information to be broadcast.

**Mr D.S. BAKER:** In respect of the 1990-91 operation of SAFA, \$270 million is estimated to go into the State budget this year. How is that figure arrived at?

**Mr Emery:** It is \$10 million less than the forecast surplus of \$280 million. That figure has also been published as part of the budget papers. I am afraid that I am starting to be repetitive on this point but that estimate is made up of numerous items—expenses on the one hand, income on the other—and it is the best estimate that Treasury can make at this time of the year subject to the uncertainties that we have mentioned before. I should say that to a considerable extent it can be projected from previous years' results taking account of some known abnormal or extraordinary factors, such as the \$59 million debt waiver arranged by the Com-

monwealth Government in 1989-90, as the Premier mentioned before.

**Mr D.S. BAKER:** You are telling me that the budgeted profit from SAFA this year is \$280 million, but you are paying \$270 million of that into the State's budget for 1990-91?

**Mr Emery:** That is correct.

**Mr D.S. BAKER:** So SAFA has a budget?

**The Hon. J.C. Bannon:** SAFA has an estimated result and it has undertaken to provide earnings sufficient to put \$270 million into the budget this year. In previous years it has done better in most cases. In a couple of years it has done slightly worse than that. That is the estimate at the moment. Based on SAFA's performance, I would expect it to be achieved, and we have budgeted accordingly. That is the relevant SAFA aspect in terms of the budget—its impact on State finances.

**Mr D.S. BAKER:** SAFA does not have a budget; it has an estimated result?

**The Hon. J.C. Bannon:** SAFA has an estimated result.

**Mr D.S. BAKER:** Not a budget?

**The Hon. J.C. Bannon:** And it has made a commitment to a contribution to the State budget which we would expect it to meet. It is a realistic and conservative estimate. It is derived in large part from the 1989-90 results and performance of SAFA. One extrapolates that into the sort of return the State can expect from the coming year. The reason it is \$270 million instead of \$300 million plus is that it has taken into account a couple of extraordinary transactions in 1989-90 which will no longer be operating in this coming year, or, more particularly, one, which is the \$59 million debt retirement benefit.

**Mr D.S. BAKER:** If there is a downturn in the economy—the Premier says there will not be one—and the estimated return is \$270 million, will that be made up out of reserves which SAFA still has?

**The Hon. J.C. Bannon:** SAFA has provided quite strongly for reserves in each year of its operation. It has a general reserve, which it has built up. On some occasions it has retained surpluses which, again, have provided it with handy reserves. That is why I would feel confident that it could meet that target, even if there were a downturn. The composition of SAFA's earnings is largely in the area of bills and other sustained and predictable returns. It is not in the risk game to any large proportion of its portfolio, and that is as it should be.

**Mr D.S. BAKER:** That is why I thought it would have been relatively simple for SAFA to have a budget—because it is not in this risk game. But it has an estimated result.

**The Hon. J.C. Bannon:** Yes. That is the most appropriate way of operating.

**Mr S.J. BAKER:** While page 56 of the 1989-90 SAFA annual report lists the same total for loans and capital to the State Bank as on page 36 of the SAFA 1988-89 annual report, page 29 shows a total of \$479.5 million greater, presumably because of loans and capital provided through the South Australian Finance Trust Limited and South Australian Finance Trust. What are the terms and conditions of these loans for capital provisions and when were they made?

**Mr Emery:** There are a number of components to that figure. We would prefer to take it on notice and give a detailed and precise reply, if that is acceptable to the Committee.

**Mr S.J. BAKER:** Regarding the administration of superannuation schemes, the Program Estimates (page 29) states that a consultant's report on SASFIT's investment strategy was due early this financial year. Has that report been

received, and will a copy be made available to the Opposition?

**Additional Departmental Advisers:**

Mr R. Ruse, Chief Executive, South Australian Superannuation Fund Investment Trust.

Mr D. Prior, Principal Adviser, Superannuation Policy Unit.

**Mr Ruse:** That report was received by the management of the trust only a few weeks ago. Mercer, Campbell, Cook and Knight Pty Ltd, the actuarial firm, completed the task for SASFIT, and recommendations are being put to the trust by management in the next week or so. We expect the trust to act on those recommendations in this financial year.

Whether the recommendations are released to the public is a matter for the trust to determine. There is nothing in the report that I would think needs to be kept confidential, but it is a matter that I will take up with the trust if the Opposition wishes to receive a copy.

**Mr S.J. BAKER:** There is a figure of \$82 million in loans for 1989-90. What is SASFIT's total investment in the ASER project, and what income did it earn from that project during 1989-90?

**Mr Ruse:** The question of SASFIT's investment in ASER has been a matter that the Chairman of SASFIT has commented on in the past. Essentially, SASFIT has been involved in ASER via the provision of CPI indexed loans for those parts of the project that relate to the Convention Centre and car parks.

In relation to the office block, the hotel and the casino, there has been a contribution of about \$34 million in terms of book value. There have been minor additions to that by way of bridging loans and, of course, there was a much larger contribution at one stage which has been repaid because there was a refinancing of the involvement in that complex back in 1988-89. That is reported in previous annual reports. However, as was reported in the annual report which was tabled in Parliament last Tuesday, the current value of our investment in ASER is not something that we think is prudent to divulge because of the joint venture arrangements we had with Kumagai Gumi, but essentially it is valued at the end of each year by independent valuers.

Since inception, on an internal rate of return basis, the performance has produced a rate of return to SASFIT of the order of 26 per cent per annum on our equity and subordinated debt on that project. However, with respect to the honourable member's question about what our returns brought us last year, that has not been identified separately, but it would be fair to say that that 26 per cent per annum was probably more heavily weighted in previous years than last year, where performance on investment was affected by lower returns on hotel income due to the pilots strike and, if you like, a tapering off of casino profitability as its novelty wore off.

**Mr S.J. BAKER:** I do not want to sound as if we are dealing with Alice in Wonderland here. I know that we have been grappling with the same difficulty of information, but we are well aware that, for example, the Riverside development has had some difficulty in actually getting a return, and now we must have Government instrumentalities filling up space. The point has been taken about the difficulties for the hotel and, obviously, the casino is not as viable as it used to be. I ask the Premier to answer one simple question. When we are talking about returns, are we talking about money or are we talking about a presumed asset revaluation? What are we actually talking about, in terms

of so-called return on investment? I would remind the Committee that most of the time we were talking about this marvellous return on capital there was very little being earned at a time when the money was supposed to be earning interest. Can the Committee be advised what that 26 per cent actually comprised and what it comprised last year?

**The Hon. J.C. Bannon:** I appreciate the lesson from the Deputy Leader.

**Mr Ruse:** I think it is fair to make the general observation that, when all superannuation funds and most institutional investors measure a return, they measure it on the basis of the cash income they receive throughout the year and the increment in value of the assets from the beginning of the year compared with the end of the year, and SASFIT is no different from any other institution in that regard. In respect of all its investments, whether it be property, investments in ASER, the AWA Defence Industry Trust or whatever, there needs to be a value taken at the end of the year to work out what the rate of return will be. That valuation is based on a range of considerations including what price earnings multiples should apply to profit during the year, what cap rates apply to profitability, and so on, and those investigations are undertaken by independent valuers on the basis of market prices. The answer is that the rates of return are based on standard industry practice of calculating them, based on income plus capital appreciation of asset values.

**Mr S.J. BAKER:** I am sure the Committee was well aware of the sort of components that make up surplus, but I was asking whether the Committee could be informed whether indeed the whole return on the ASER project happens to be asset revaluation?

**An honourable member:** Why didn't you listen to the answer?

**Mr S.J. BAKER:** I certainly did, and all I got was what comprises a surplus.

**Mr Ruse:** If I may, I will refer the member to the annual report of SASFIT, which report, I presume, he has had the opportunity to look at. In the notes to that account there are components of the income, split between the appreciation or depreciation of asset value and income. It is page 58 of that report. Although we do not specifically refer to the return of ASER because of the commercial prudence of not necessarily divulging that income, if members look at the special investments category, which is the component of the portfolio in which ASER lies, they will see that income received comprises about \$1 million of the income from that category, and an excess of realisations over market values previously taken is \$1.3 million. That gives a break-up of the various components, whether they be realised, unrealised or income receipts.

**Mr S.J. BAKER:** I refer to the Auditor-General's Report on convertible notes, and Qintex turns out to be a very large loss item. The next largest item of market value is the Interchase Corporation of \$6.4 million. Does SASFIT feel confident about that particular issue?

**Mr Ruse:** The Interchase investment is by way of convertible notes, which rank ahead of equity. At the time that investment was undertaken, there was confidence that the asset backing for those notes was well in excess of the value of the notes outstanding. There have been recent press reports about the difficulties that Interchase is facing in terms of meeting its debt obligations and refinancing the debt that is currently outstanding on that project. Despite those problems, SASFIT is still confident that the value of the underlying asset, which is the Remm Myer retail development in Brisbane, is of sufficient value to be able to pay

out those convertible notes at par value, which will produce a satisfactory return to SASFIT.

**Mr BECKER:** I refer to the administration of superannuation schemes under program 5. The number of staff under this program is to increase by one full-time equivalent. However, the increased provision for salaries is almost \$222 000. Will the Treasurer explain why this provision is increasing to that extent given that staff level? It is page 26 of the Estimates of Payments document.

**Mr Hill:** Is this the increase in salaries and wages from \$851 000 to \$1.073 million?

**Mr BECKER:** Yes.

**Mr Hill:** Are you suggesting that there is to be an increase of only one full-time equivalent?

**Mr S.J. BAKER:** It is page 21 in the Program Estimates, 'management of superannuation fund investment activities'.

**Mr Hill:** There seems to be some confusion. Program 5 concerns the administration of superannuation schemes, where the number of FTEs will rise from 29 to 36. I think that the member for Hanson is looking at program 7, the management of superannuation fund investment activities, which is the investment trust. We are talking about two different numbers which have no relationship. The increase in the number of FTEs which corresponds to the salary increase number is, as I have said, from 29 to 36. That appears in the Program Estimates further up page 21.

**Mr BECKER:** Is it wise for the State Superannuation Fund to be involved in commercial ownership of retail properties when the *City Messenger* this evening reports that city shop tenants are being screwed, according to someone speaking on behalf of the Southern Cross Arcade traders, in their bid to improve communications with the arcade landlord, the South Australian Superannuation Fund Investment Trust? The article mentions that the operating expenses of the arcade in 1989-90 were \$664 000 and they have jumped to \$916 000 for 1990-91. That is an example of what has been experienced in the commercial field. Further, there are always two or three vacant shops in the Bay shopping mall at Glenelg. I question the wisdom of that kind of investment. Is the publicity worth it?

**Mr Ruse:** Any large investment institution, especially one required to manage assets to achieve a long-term return to match pension liabilities, has to take a wider perspective of things, and as part of that wider perspective we have adopted a strategy of investing a certain portfolio in property, a certain portfolio in equities and a large bundle in secure CPI-linked investments. In turn, as part of that property portfolio, we have taken a diversified approach.

It will always be easy I am sure, when looking at a certain property portfolio, to pinpoint one area of it that perhaps is not performing terribly well at the moment. One does not need to look only at retailers' property. One might also want to look at offices in the CBD as well to question the wisdom currently of owning properties. We do not own properties or retail shopping centres for the short term; we own them for the long term. We remain confident that the capital appreciation of the properties that we own, which are prime properties, will be well in excess of the rate of inflation and be able to provide a match against the liabilities that we are managing on behalf of the State Government and superannuation contributors. There is nothing more that I can add on the question of the wisdom of retail shopping property ownership.

**Mr BECKER:** I refer to the reference in the Auditor-General's Report on page 13 under the heading 'Employee Benefits', which states:

In April 1988 Audit first raised with Treasury the matter of reporting the State's accumulated liabilities for superannuation and long service leave. Last year's report indicated that progress

has been slow in attending to this matter. In July 1990, the Under Treasurer has provided a positive response to address the issues raised by Audit, indicating his intention to develop a planned program with a view to providing information in the 1991 budget papers.

Later on the report gives two examples of what was said previously, and on page 14 it is stated:

... Reference was made to the Treasury Information Paper 'The Finances of South Australia' (published August 1988) in which a figure of around \$2 billion (June 1987 price levels) was used in respect to all State schemes.

Those comments indicate that another year has been lost in informing Parliament and the public about those liabilities. Can the Treasurer say why progress has been slow during 1989-90? Will the Treasurer make available the Under Treasurer's response to the Auditor-General of July 1990 and will the Treasurer provide the Government's latest estimates for unfunded liabilities for superannuation and long service leave?

**Mr Emery:** With respect to estimates of unfunded long service and superannuation liabilities, as mentioned on page 14 of the Auditor-General's Report, in August 1988 we published data in a document entitled 'The Finances of South Australia'. In the next few days we intend to issue an updated version of that document which will contain more recent estimates of these liabilities. It is our intention to make that document widely available, including to members of this Committee so that there will be reasonable provision of updated estimates.

I have undertaken to the Auditor-General to prepare more adequate and comprehensive data in this area which, subject to the approval of the Treasurer, will be published in next year's budget papers. I have no problem, subject again to the Treasurer's approval, with providing a copy of the minute I sent to the Auditor-General on this matter.

**Mr BECKER:** Can that updated document be forwarded post haste to the Public Accounts Committee?

**Mr Emery:** It will be available tomorrow or the day after and will be made available to the Public Accounts Committee and members of this Committee.

**Mr BECKER:** At this stage, can you provide the amounts to the Committee?

**Mr Emery:** I do not have them with me, but data similar to that provided previously will be contained in this document.

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

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Treasurer, Miscellaneous, \$88 428 000

**The CHAIRMAN:** I declare the proposed expenditure open for examination, and draw members' attention to page 27 of the Estimates of Payments and pages 20 to 31 of the Program Estimates.

**Mr S.J. BAKER:** I refer to the provision of \$3 million for payment of claims in respect of fire damage to Government buildings and other major losses. Given that the Government is now a self-insurer, how could it cope with a disaster which caused major damage well over this amount?

**Mr Hill:** For many years, the Government has provided an amount on this line as a contingency against fire damage. I do not know whether the Deputy Leader will find the answer satisfactory, but the policy with respect to major fire danger or major damage to buildings has not changed for many years. We are not doing something this year that is different from what has been done with respect to buildings for many years.

**Mr S.J. BAKER:** As we are aware, the Health Commission has been brought under this self-insurance policy. I understand it includes hospitals from country areas, and the Education Department has consistently withstood losses. Because the budget is so tight and there is no disaster insurance, there is extreme concern that the State does not have the capacity to renovate, repair or rebuild major assets and buildings lost in fires.

**Mr Hill:** When anyone insures with an insurance company, the insurance company builds in a provision for its own profit. The Government has an enormous range of assets and an enormous spread of risks. The self-insurance policy is designed to avoid the payment to insurance companies of that profit element. If that were not there, there would be no point in the insurance company offering to take the risk. So the self-insurance policy is designed in the very long term to save the Government money.

**Mr S.J. BAKER:** But in the short term it could be disastrous?

**Mr Hill:** In the short term, in one year's budget, there is no question whatever that it could have an adverse impact.

**Mr S.J. BAKER:** Interest on investments supposedly dropped from just over \$45 million last year to \$25 million this year. What proportion of the reduction is due to an increase in interest rates and a reduction in the level of investible funds? Will the Premier provide an itemised breakdown of investments on which this revenue was earned last financial year?

**Mr Hill:** The answer to the first part of the honourable member's question is that the interest rate on this line last year, that is, 1989-90, averaged 17.2 per cent. The estimate for 1990-91 has been based on 14 per cent. The balance of the decline would be the reduction in investible funds. The second part of the question I will take on notice.

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

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Works and Services—Treasury, \$6 956 000—Examination declared completed.

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**The CHAIRMAN:** That concludes proceedings. I invite the Leader of the Opposition to comment.

**Mr D.S. BAKER:** It has been a long day since 11 o'clock this morning. I thank the Premier for the way in which he has answered questions where possible, and I do not mean that facetiously. We appreciate that, and I thank the officers for putting up with such a long, gruelling day. I thank them for their participation.

#### ADJOURNMENT

At 9.55 p.m. the Committee adjourned until Wednesday 12 September at 11 a.m.