

## HOUSE OF ASSEMBLY

Thursday 17 September 1992

## ESTIMATES COMMITTEE A

**Chairman:**

Mr K.C. Hamilton

**Members:**

The Hon. H. Allison

Mr M.J. Atkinson

Mrs C.F. Hutchison

Mr W.A. Matthew

Mr J.A. Quirke

The Hon. D.C. Wotton

*The Committee met at 11 a.m.*

The CHAIRMAN: If the Minister undertakes to supply information at a later date, it must be in a form suitable for insertion in *Hansard*, and two copies must be supplied no later than Friday 2 October to the Clerk of the House of Assembly. A flexible approach will be adopted in giving the call for asking questions, based on about three questions per member from alternating sides. Members may also be allowed to ask a brief supplementary question to conclude the line of questioning before switching to the next member. Subject to the convenience of the Committee, a member who is outside the Committee and desires to ask a question will be permitted to ask that question once a line of questioning on an item has been exhausted by the Committee. Indications in advance to the Chairman are necessary.

I remind members of the suspension of Standing Orders that allows for Estimates Committees to ask for explanations on matters relating to Estimates of Receipts and the administration of any statutory authorities. 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, for example, Program Estimates, the Auditor-General's Report, and so on. Questions are to be directed to the Minister and not to the advisers, but Ministers may refer questions to advisers for a response. I understand that a program has been agreed.

Minister of Emergency Services, Miscellaneous,  
\$18 265 000

**Witness:**

The Hon. J.H.C. Klunder, Minister of Emergency Services.

**Departmental Advisers:**

Mr W.W. Haby, Chief Officer, South Australian Metropolitan Fire Service.

Mr R.J. Hoey, Deputy Chief Officer, South Australian Metropolitan Fire Service.

Mr B.K. Treagus, Director, Finance and Administration.

Mr R.L. Hagan, Assistant Chief Officer (Support Services).

Mr B.J. McNeil, Manager, Information Systems.

Mr R. Tidswell, Accountant.

The CHAIRMAN: Does the member for Bright wish to make an opening statement?

Mr MATTHEW: No, Mr Chairman.

The CHAIRMAN: Does the Minister wish to make an opening statement?

The Hon. J.H.C. Klunder: Not on the Metropolitan Fire Service, Sir.

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

Mr MATTHEW: With reference to award restructuring and the statement appearing at the end of each program in the Program Estimates, what is the total cost of award restructuring, how is it funded and what is the percentage impact on the departmental budget?

The Hon. J.H.C. Klunder: I will ask Mr Treagus to deal with that.

Mr Treagus: The total impact on the fire service budget for award restructuring has been \$3.5 million. That includes salaries and allied costs. It represents 10.2 per cent of the budget and was implemented from July 1991 to July 1992.

Mr MATTHEW: How did you determine that this amount was necessary?

Mr Treagus: Pursuant to section 64 of the Act, the fire service approved budget is, by statute, 75 per cent funded by insurance companies, 12½ per cent by local government and 12½ per cent by the State Government.

Mr MATTHEW: With respect to the extensions to the MFS boundaries, I refer to page 342 of the Program Estimates and the statement under the 1992-93 target/objectives. What extensions are proposed to the gazetted MFS boundaries, with whom has consultation taken place and when will the new boundaries be gazetted?

The Hon. J.H.C. Klunder: I will give a little background first. Since 1914 the Metropolitan Fire Service has considered requests from local government to extend MFS gazetted fire districts according to urban development and the associated fire risk. When a request is received from local government, an MFS boundaries consolidation committee investigates or considers the criteria relevant, such things as urban and industrial development, fire risks, water availability and resources available as required. If the committee after full consideration of the request supports the proposal, meaningful discussions are then held between local government, the CFS and the MFS. The local council then formally requests the MFS to proceed to alter the fire district boundaries in accordance with section 6 of the Act.

Boundary extensions to Loxton, Berri, Murray Bridge, Mount Gambier, Campbelltown and Renmark councils have been investigated and definitions or rack plans have been obtained. Extensive consultation with the CFS has resulted in agreement that responsibility for fire protection will remain with the MFS in accordance with the provisions of the Act. However, there has been some

movement on the boundary areas. Members may be aware that for a long period there was a virtual stand-off position between the MFS and the CFS. My predecessor put together a committee which, for about five years, obtained no results because of that stand-off position. That has now changed and a number of boundaries are in the process of being changed. Chief Executive Officers have recently agreed on the future of fire services in the country and applications that have been put to the MFS are being acted upon.

**Mr MATTHEW:** As a supplementary question, when do you expect the new boundary changes to be gazetted?

**The Hon. J.H.C. Klunder:** The changes for Port Augusta went through on 1 July this year. They are all in the process. I understand that they are with Parliamentary Counsel at the moment.

**Mr MATTHEW:** As a further supplementary question, to clarify the position properly, I did not hear the Minister mention any boundary adjustment near the Mount Lofty Ranges; has that been taken into account with these adjustments?

**The Hon. J.H.C. Klunder:** Campbelltown is one of those I mentioned.

**Mr MATTHEW:** What action has the Minister taken to investigate allegations surrounding the award of an initial \$300 000 contract of an ultimate \$2 million contract for 1 000 pairs of overalls to the British company Bristol for the purchase of protective clothing for firefighters, and why could the contract not have been awarded to an Australian firm?

**The Hon. J.H.C. Klunder:** I need to give a little background to this. There was an explosion aboard the *Makareah Alsades* in November 1989, and an officer suffered 35 per cent burns to his body, significantly his lower body and legs. Subsequently, an investigation was undertaken to determine the most appropriate protective clothing, particularly over-trousers, for the firefighters. In the absence of an Australian standard, the draft ISL 5081 standard was selected by the SA MFS as appropriate to its needs. Amongst other preferred design features, it was cognisant of a similar climate, that is, the mediterranean climate. The SA MFS maintains an occupational health and safety committee, which has representations from management and unions. This committee advises on protective clothing amongst other occupational health and safety issues.

In April 1992 a registration of interest was placed by State Supply for the provision of 1 000 pairs of over-trousers. Essential to the Metropolitan Fire Service was that the finished garment would comply with an acceptable standard for protective clothing, and that, of course, was conveyed to all tenderers. A tender was let in May 1992 and closed on 15 June. Five companies, including Cross Fire and Colan, made submissions. In response to inquiries, State Supply was advised by fax on 22 April that the reference to special material and the registration of interest specifications did not preclude the use of other suitable materials. All tender submissions contained a significant proportion of overseas content in the garments that were offered. A purchase and tender committee conducted evaluations on the tenders for over-trousers and unanimously recommended to the Chief Executive Officer that a tender be let to Angus Fire

Armour Australia Pty Ltd, which provides the Bristol UK garment.

The South Australian MFS gives full consideration to the priorities of its protective clothing purchases, and all items of clothing, including level 1 shirts, will be addressed accordingly. The Metropolitan Fire Service has undertaken to purchase protective clothing which can meet appropriate standards, as the safety of firefighters is of paramount concern—and must be—to all concerned.

A national protective clothing seminar on 14 September was convened jointly by State Supply and the Metropolitan Fire Service to discuss the over-trousers purchase and to consider future directions for the Australian manufacturers in this specialised field. The seminar was attended by more than 50 delegates from all States except Western Australia, including suppliers, manufacturers, testing authorities, fire services and union representatives. Colan, Cross Fire and the other company, Kantern, were amongst the delegates.

It was generally agreed at the seminar that an Australian standard for protective clothing was required and that the draft ISL 5081 should form the basis of that standard. The Metropolitan Fire Service believes that the Australian manufacturers should be encouraged to obtain standards certification on their protective clothing so that future tenders will provide the opportunity to buy Australia, which is their stated preference.

**Mr MATTHEW:** As a supplementary question, the Minister said he would prefix his answer with a statement, and I still await the answer. What investigation has been undertaken as a result of concerns expressed about this purchase? Of course, the Minister would be mindful that there were allegations concerning conflicts of interest by an MFS employee.

**The Hon. J.H.C. Klunder:** The MFS has a limited interest in the bun fight that is taking place. It wanted over-trousers in accordance with the design standard and it got them. If there are allegations that someone has behaved criminally, those investigations should be formally stated and they will be formally investigated. That is where the service is at. Any allegations of irregularities in the tendering process should be taken up with State Supply.

**Mr QUIRKE:** Given the current emphasis on rationalisation of the MFS training functions, I understand that one area under review is the development of a State training centre near Nairne. Does the Minister see it as viable and practical for both fire services to join in such a venture?

**The Hon. J.H.C. Klunder:** Combined training has always been ongoing with the two fire services but it has usually been organised between individual fire stations that happen to share boundaries. Of course, the next step is to formalise training and in doing so to upgrade the skills of both sides on the different facets of rural and constructive firefighting. Working parties are establishing an agreed program to allow an interchange of knowledge and skills to allow the MFS to assist the Country Fire Service, and *vice versa*, of course, in their areas of responsibility. This will ensure that the general public have the nearest resources available to them in cases of emergency.

Research is currently ongoing to design a response schedule for adjoining boundary areas to ensure the

quickest and most suitably equipped appliances are despatched. Training of firefighters to a high level of competency, of course, is continuous and needs to go on. With regard to Brukunga, there is a need to have a hot firefighting service for both services, and it is intended that Brukunga will be developed jointly for both services to use as a practical training centre.

**Mr QUIRKE:** Have any problems been perceived in the relationship between the two fire services regarding the joint training that has been in place?

**The Hon. J.H.C. Klunder:** There was an original feeling that there might be some stand-off situation, and in the past there have been isolated incidents. The ship fire to which I referred in answer to an earlier question was a circuit breaker, because the MFS was heavily involved with that ship and the CFS fulfilled a number of back-up roles for the MFS in the city area during that time. The two services at an on-the-ground level got to know each other a great deal better, and my feeling—and I will ask the Chief Officer to comment in a moment—is that that provided a circuit breaker, enabling the two services to get to know and appreciate each other's skills and abilities better than previously.

Since that time, there has been a great deal of enthusiasm for joint training, and that is now progressing, at both Brukunga and Brookway Park. I have high hopes that we will be able to continue along that path because, as I said, I believe there is a great deal of enthusiasm for it. I ask the Chief Officer to comment.

**Mr Haby:** There are two areas of training, one of which is in country areas where Country Fire Service levels 1, 2 and 3 are to be used as basic training for all country firefighters, whether they be volunteers or auxiliary firefighters. Additional training will be given in dangerous substances, breathing apparatus, vehicle accident rescue and other such areas. In the metropolitan area, training is about to take place to assist the Country Fire Service personnel who will be responding in the metropolitan area to assist the Metropolitan Fire Service with fires on ships and in highrise buildings and factories or other such circumstances.

**Mr QUIRKE:** Capital expenditure under the fire suppression metropolitan program includes \$1.746 million for fire station resiting. The MFS has built several replacement fire stations in the metropolitan area over the past five years, including one in my district. What new stations are planned?

**The Hon. J.H.C. Klunder:** The program for the upgrading of metropolitan fire stations commenced in 1982. Many of the existing stations were at that stage quite dated and no longer able to provide adequate accommodation for either fire appliances or increased staff numbers. Modern fire appliances are of a standard design suitable for developing suburban risks but could not always be adapted to existing stations. As a consequence of the Cox report in 1981, which was a watershed report, many of the existing fire stations were determined to be inappropriately located to provide acceptable response times to incidents within the growing metropolitan area.

At present, two new stations are under construction at Prospect (due for completion in December of this year) and Camden Park (due for completion in March 1993) to replace the North Adelaide and Glenelg fire stations

respectively. A suitable location is being sought for the relocation of the existing Thebarton station, and that will complete the program established under the Cox report. Of the 18 country stations, it is proposed that at least two will be included in the next five year building program.

**The Hon. H. ALLISON:** I refer to page 340 of the Program Estimates. Why has the appropriation of \$7.084 million from Consolidated Account in 1992-93 been reduced from that of 1991-92? I note a slight increase in payments from trust accounts, but there is also a decrease in capital nature payments between 1991-92 and 1992-93.

**The Hon. J.H.C. Klunder:** Mr Treagus has that information at his fingertips.

**Mr Treagus:** The small reduction in the Consolidated Account is basically because of a decision that was made in terms of the marine activities at Port Adelaide. Prior to 1992-93, in accordance with a longstanding arrangement, marine activities at Port Adelaide were exclusively funded by the State Government. However, in recent years, marine activities have included land based operations; in fact, 96 per cent of their activities were land based rather than located on the Port River. So, obviously that was a practical step to include the marine operations in the Port Adelaide fire district together with the Port Adelaide fire station and the Largs North fire station in the Adelaide budget structure, of which the Government pays only one-eighth where it previously paid for the full cost of marine activities.

**The Hon. H. ALLISON:** The honourable member on the Government benches who has now left the Chamber made some reference to the Brukunga brigade. In relation to the Program Estimates on page 341, will the Minister say what financial commitment to Brukunga will be made in 1992-93 by the MFS?

**The Hon. J.H.C. Klunder:** The first commitment to developing Brukunga is, in fact, coming through the CFS budget and it is primarily a CFS matter. So, no money is set aside in the MFS budget this year for development at Brukunga.

**The Hon. H. ALLISON:** I again refer to page 341 of the Program Estimates. One of the 1992-93 specific targets and objectives is to undertake further discussions regarding the replacement of the existing obsolete fire boat with a multi-purpose fire and rescue vessel. With whom are those discussions taking place and when are they to be concluded and a decision arrived at? If it is decided to purchase a new vessel, what provision has been made in the 1992-93 budget?

**The Hon. J.H.C. Klunder:** The present vessel is, of course, no longer seaworthy and at the moment the MFS is using a vessel from the Department of Marine and Harbors (I think the *Kowarra* is being used in place of the *Carlew*, the current vessel). It has been largely converted to a fire fighting vessel because that was not its original function. The replacement of the fire boat is being carefully looked at and, indeed, discussions have taken place involving the Minister of Marine, the Minister of Finance, the appropriate unions, the MFS and myself.

It is likely that replacement of the fire boat—when and if it does take place and, as I said, that is under discussion at the moment—will take place in such a way that it does not impact too heavily on the existing budget, because a number of options are available to us.

However, as we are still in the discussion stage, I do not think it is fair to give an indication as to the precise path we will take, or even when we are going to take it: that will clearly have to wait until the discussions with the various parties are finalised.

**Mrs HUTCHISON:** I refer to the Program Estimates, page 342, under the heading 'Broad objectives'. With the emphasis on rehabilitation of injured employees in current workers compensation legislation, what particular steps have been taken by the fire service in relation to the provision and ongoing review of rehabilitation programs for employees who are actually injured at work?

**The Hon. J.H.C. Klunder:** Of course, the Metropolitan Fire Service is somewhat different from a number of other agencies of Government in that it has a special requirement in relation to the fitness of its staff. A formal rehabilitation policy was implemented on 1 July this year to ensure that every assistance is available for injured employees to return to employment as soon as practicable. The chief officer has assumed executive responsibility for the rehabilitation of injured employees. A rehabilitation coordinator has been appointed to ensure that formal rehabilitation programs are available to employees in appropriate circumstances.

The fire service has identified a limited number of positions and temporary duties available for use in rehabilitation programs. This has greatly assisted in the formulation of return to work plans. In consultation with the appropriate unions, the fire service is working towards identifying further functions that could successfully be used in the rehabilitation process. To ensure compliance with the Act, the review, which focused on the payment of income maintenance to workers who have been absent from their normal duties in excess of 12 months, was recently completed.

**Mrs HUTCHISON:** On the same page of the Program Estimates, under 'Broad Objectives', there has been a significant impact with the occupational health and safety legislation on emergency services groups such as the MFS; would the Minister consider that to be so?

**The Hon. J.H.C. Klunder:** It is MFS policy that the health and safety of all personnel on the fire ground must take precedence over all other activities. The MFS has complied with the requirements of the occupational health and safety legislation. An occupational health and safety committee has been in operation continuously since the legislation came into effect. Safety representatives have been elected at all work areas, and an occupational health and safety officer has been appointed. A standard operational command and control procedure at incidents behaves incident controllers to appoint at least one safety officer who shall be responsible for ensuring that adequate safety provisions are effected at all incidents. The MFS occupational health and safety officer and critical incident stress counsellors are available 24 hours a day, if required, for any health and safety matters.

**Mrs HUTCHISON:** On page 341 of the Program Estimates, under the '1992-93 Specific Targets/Objectives', there is a line, 'Introduction of a predetermined mutual response system between the MFS and CFS.' What work has been done on this mutual response system and when is it anticipated that it will be introduced?

**The Hon. J.H.C. Klunder:** The service has developed a number of mutual aid plans involving other services. The plans are formalised within the fire service through standard operational procedures. They include dangerous and radioactive substances, emergency rescue, bushfires, mutual aid procedures, aircraft emergencies and civil disturbances. Organisations with mutual agreements with the fire service are, of course, the Police Department, the Country Fire Service, the RAAF, the Department of Aviation, State Emergency Services and the St John Ambulance.

These organisations have mutual aid plans in terms of the predetermined mutual response system, which the fire services have between them. It is an extension of the pre-existing arrangements. It will mean that both CFS and MFS appliances may respond to the same incident, irrespective of the area in which the incident happens to occur. The basic concept is that the closest appliance to the incident or the appliance having the quickest response time will be despatched, together with back-up appliances, which may be a CFS or MFS unit, depending on the location of the call and the time taken to respond.

This system will go a long way towards achieving a rationalisation of the firefighting resources of both services. Predetermined mutual response has been discussed at length by personnel of both fire services where the system is applicable, and it has been well received by all parties. The system can only strengthen the current working relationships which exist between the firefighters of both services and in which there is a strong desire to work in harmony together. While some concerns have been expressed regarding other things at recent meetings of the groups dealing with predetermined mutual response, I do not think that anybody seriously questions but that the predetermined mutual response system will provide the best service to the people of this State in case of fire or other emergencies.

**Mr ATKINSON:** On page 347 of the Program Estimates, program title 'Support Services', one of the 1992-93 targets is complete relocation of the engineering function to new premises and disposal of the existing workshops. Why is relocation necessary?

**The Hon. J.H.C. Klunder:** A combination of factors is involved here. The MFS engineering section has far outgrown the existing facility at Port Road and the moneys were made available under the capital works program for relocation. The MFS also saw the opportunity to rationalise its supply section into one central store, which will be located at Deeds Road. It is also timely that, under the MFS/CFS collocation proposal, radio and electronic technicians from both services can be located at Deeds Road, although I need to stress they will still be seen as belonging to separate services. The major benefit to the MFS in the purchase of this property is the increased effectiveness and efficiency of the engineering section, ensuring that the appliances and equipment necessary to provide this vital public service are maintained and available to combat any emergency.

**Mr ATKINSON:** On page 341 of the Program Estimates, program title 'Fire Suppression and Control', one of the 1992-93 specific targets is the development of a proposed hazmat vehicle. What is a hazmat vehicle?

**The Hon. J.H.C. Klunder:** As there is a great deal of concern about the hazmat vehicle, I shall ask the Deputy Chief Officer to explain it.

**Mr Hoey:** Briefly, the hazmat vehicle is specifically designated to look after hazardous materials incidents.

**Additional Departmental Advisers:**

Mr A.D. Macarthur, Chief Executive Officer, Country Fire Service.

Mr T.P. Crichton, Director, Corporate Services.

Mr P.W. Stump, Manager, Finance.

**Mr MATTHEW:** My first question relates to the Bruce report, which was mentioned in the MFS questioning. Why will the Minister not release the full Bruce report on the CFS and the MFS?

**The Hon. J.H.C. Klunder:** At the time that the report was written, it was very voluminous. It contained data which dealt with the current financial situation of both services, and at the time I did not think it was appropriate to release it. Instead, we produced a sub-report or a precis of the report which gave all the appropriate information. Those people who I believed had a reasonable interest in the matter and a legitimate concern were asked whether they wanted to read the full report as well as the precis. They indicated that they wanted to do that, so they were brought in and they were able to read the full report. They were then asked whether the full report contained any information that had been misrepresented or not properly represented in the precis, and the information that I got from all of them was that it was not of concern. On the other hand, if this is seen as a watershed situation, that the non-release of that report will stand in the way of all sorts of wonderful things happening, I am prepared to reconsider that.

**Mr MATTHEW:** I am pleased that the Minister is prepared to consider that. When will that occur and when will it be released?

**The Hon. J.H.C. Klunder:** I have just given an indication that I will look at it again to see whether my original concerns remain. If those concerns are no longer there, I will release it, and that will happen within the next few weeks. A few other things are going on at the same time. It is not high on my agenda. Apparently it is high on the agenda of the honourable member. Consequently, I will look at it—

*The Hon. D.C. Wotton interjecting:*

**The CHAIRMAN:** Order! One at a time!

**The Hon. J.H.C. Klunder:** As I indicated, if this is seen as standing in the way of many other good things happening, I will look at it and see whether the information in it is such that I can now release it. If I do that, it will happen within the next few weeks.

**Mr MATTHEW:** One last supplementary question: to date the Minister has insisted on very controlled access to this report. Those people who have seen it have only been able to read it: they have not been permitted to take notes or to take photocopies of it. Quite frankly, some of the people in that position regard the Minister as being paranoid for adopting such an approach and wonder what he has to hide.

**The Hon. J.H.C. Klunder:** The honourable member is one who, from time to time, brings into this Parliament leaked information from other areas. He knows full well

that, if information is believed to be information that should not be released generally, to give it into the hands of a large number of people means that it will leak. If I wanted it to leak, I would release the report. If I did not, I would ensure that it did not leak. It is not a matter of immense concern to me, but I will look at the situation and see whether I can release the report.

**Mr MATTHEW:** Referring to capital works and, in particular, the CFS and MFS co-location, I ask what funding provision has been made to allow the implementation of any of the recommendations in the May 1992 SACON feasibility study for the CFS/MFS co-location, and which of those recommendations does the Minister intend to adopt?

**The Hon. J.H.C. Klunder:** As the honourable member would know from the release of that report, it contains a number of recommendations, and some very preliminary figures were put with those recommendations. In my view, the best recommendation is also the one that happens to provide for the largest amount of savings on that preliminary set of figures, and that is the collocation, if you like, on the one property but in different buildings, with the MFS maintaining its present frontage onto Wakefield Street and the CFS moving into a building that fronts Angas Street. It has a number of advantages, not the least of which is that the two fire services would be located reasonably close together.

At the time of a major disaster, when both services would need to be involved very rapidly, we would not have the difficulty of one of the services having to travel to the location of the other service several kilometres away at a time when there may be a breakdown in telephone communications and possibly some disturbance on the streets of Adelaide. That seems to me to be the most appropriate way to go. I have asked for a more precise study to be done at this stage to see whether the savings that are estimated at approximately \$1.8 million are in fact reasonable and achievable. I understand that that study will cost approximately \$52 000, and I have asked the MFS and the CFS to each provide \$26 000 towards it.

**Mr MATTHEW:** By way of supplementary question, the Minister mentioned that he has requested a more precise study. In that respect I refer him to page 22 of the SACON report, which states:

The Department of Correctional Services had earlier given verbal indication to the office accommodation division that it could be interested in taking over the whole of the present CFS headquarters once it becomes vacant.

However, I am informed by the CEO of Correctional Services that his department is no longer interested in that site. At the same time I am mindful that the CFS headquarters site is next to No. 1 Anzac Highway. I am also aware that the Electricity Trust is in need of extra car parking space. I am also mindful that the Department of Labour is seeking a Keswick site to establish a consolidated southern regional office. Have negotiations occurred with either of these organisations and, if so, will either be taking over the site and, if not, to whom is it intended to sell the site or to pass it on to?

**The Hon. J.H.C. Klunder:** From what the honourable member has said, it sounds as if there is a very good case for doing a more precise study. I have asked for money to be made available for that study. Clearly we need to consider who is interested in that site and for what

purpose, and what value they place on it. Otherwise, the site ought to be sold, and that would be done by first offering it to other Government departments and then placing it on the open market.

**Mr MATTHEW:** Again with reference to the CFS/MFS co-location, how will the Minister ensure that the housing of both administrations on the same site, if that is what ultimately occurs, will not lead to the one administration through natural attrition?

**The Hon. J.H.C. Klunder:** I have given a number of indications and a number of very strong views that it is not the intent of this Government to amalgamate the two services. I understand that it is also Opposition policy, and consequently the concerns of those people who fear that there may be an amalgamation ought to be allayed to the extent that it is not the intention of either of the two major Parties of this Parliament to do so. However, I am prepared to make the honourable member an offer right here and now. I would be prepared, with Opposition support, to bring into the Parliament an amendment to the Country Fires Act to provide that the Country Fire Service shall not be amalgamated with the Metropolitan Fire Service, and perhaps he would like to indicate whether he would support such a proposal.

**Mr MATTHEW:** I would welcome seeing such a Bill introduced.

**The Hon. J.H.C. Klunder:** In that case, I would be prepared to do such a thing, given the fact that, in the 150 years that this State Parliament has existed, the Labor Party has never controlled both Houses. Of course, it would require the consent of both Houses to make any future change to the Act to ensure that such an amalgamation did not proceed. I cannot see it happening, not whilst both major Parties are opposed to such a situation. Since the Country Fires Act will need to be brought into this Parliament for changes in any case, it would be appropriate to add that provision when the Act next comes before the Parliament.

**Mr MATTHEW:** One further supplementary question: I appreciate the Minister's offer, but I do have a concern, and that is that it appears that policy is being made on the run. Can I seek the Minister's assurance that such a move would have the support of his Caucus and that of the new Premier?

**The Hon. H. ALLISON:** Or the new Minister!

**The Hon. J.H.C. Klunder:** As the Minister at the moment, I speak for the Government in these matters. Consequently, it will have the support of both major Parties, if indeed the honourable member has the support of his Party room.

**The CHAIRMAN:** Before answering the next question, perhaps the Minister would indicate whether he sees that as a matter of some urgency, and perhaps he could give a timetable.

**The Hon. J.H.C. Klunder:** The Country Fires Act needs to come before this Parliament as a result of a review that was done some time ago, presumably relating to the current select committee that is looking at it. I understand that that committee is reasonably close to arriving at its recommendations. Consequently, it is likely that it will be introduced into this Parliament during the current session, probably in the new calendar year. With the current number of Bills that need to be dealt with

between now and the end of this year, I am not sure I could get it before the Parliament before then.

**Mr ATKINSON:** With reference to pages 36 and 37 of the capital works program, how much of the capital budget for the Country Fire Service will be allocated to radio communication?

**The Hon. J.H.C. Klunder:** I understand that \$943 000 has been provided and that that compares with \$750 000 in the previous year. Of course, since communications in CFS operations is a crucial issue, this allocation recognises its importance. The plans include the the National Parks and Wildlife Service and provide radio communications services to Woods and Forests in the South-East. An emphasis is placed on equipment at brigade level, where deficiencies and needs are greatest, with priorities being determined via the standards of fire cover.

**Mr Atkinson:** One of the issues mentioned on page 342 in the Program Estimates under 'Fire suppression and control (country)' is that employers of Country Fire Service firefighters are experiencing difficulty in supporting the ongoing requirements of townships in fire safety education and public relations. Could the Minister elaborate?

**The Hon. J.H.C. Klunder:** I will ask Mr Macarthur to deal with that.

**Mr Macarthur:** The economic recession generally has caused some employers difficulty in terms of their releasing employees and supporting some of the CFS programs. This is a concern not only in South Australia but also in other States where volunteer organisations rely on the goodwill of the community to release their staff to support the CFS operations. The board has taken steps to give some form of recompense to those employers in terms of awarding them a certificate to recognise that they release their staff at those times. Generally speaking, albeit members are committed to go to incidents (and they do), there are such economic pressures out there that we try to ensure that they are back at their workplace as soon as possible.

**The Hon. D.C. WOTTON:** I was most interested in the comments of the Minister, particularly in relation to his commitment to amend the CFS Act. One of my concerns relates to what happened with St John, for example, where amalgamation eventually took place. One of the major reasons that that happened, I believe, was the way the professional body went about dealing with those who were not paid. We are all very much aware of the 'scab' allegations that were made at that time the allegations that were made by some professional members—a vast minority—that the non-paid staff were non-professional. How will the Minister ensure that those same allegations are not made in this case, making it easier for an amalgamation to take place?

**The Hon. J.H.C. Klunder:** The fact that this will turn up in Parliament as an amendment to the Act will in itself be sufficient to ensure that no amalgamation will take place. As I have indicated, in the history of this State the Labor Party has not held control of both Houses of Parliament. It is therefore quite unlikely that the Labor Party as the Government would be able to effect such a change. In fact, the only Party that would now be able to effect such a change would be the Liberal Party, if it had the support of the Democrats in the Upper House. The

Liberal Party has indicated that it does not wish to combine the two services; and the Labor Party has indicated it does not wish to combine the two services. I do not accept the St John analogy in any case, and I am a bit sorry that the honourable member has tried to muddy the waters by bringing it up when he already knows that we are now committed to introducing an amendment to stop the amalgamation. To that extent, his question is irrelevant.

**The Hon. D.C. WOTTON:** Supplementary to that, I make clear to the Minister and to the Committee that it was not my intention to muddy the waters in this issue. I would personally welcome such an amendment being brought forward. I know the strength of feeling in my own electorate on this issue, and I would welcome such a move, but I do have concerns, as I mentioned earlier, about any campaign that might be organised to make it more difficult for non-paid people in the CFS. I refer to page 36 of the Capital Works Program. I note that \$1.46 million has been provided for 1992-93 for the ongoing replacement of fire appliances that are more than 20 years old. How many appliances will be purchased, at what cost per unit and from whom?

**The Hon. J.H.C. Klunder:** I will ask Mr Macarthur to provide the detail.

**Mr Macarthur:** Some \$1.46 million is set aside for the purchase of replacement fire appliances. There are 29 appliances presently under tender and under construction. There are nine smaller appliances, which will cost about \$65 000 each, and there are 20 large appliances, approximately half of 3 000 litre capacity and half of 2 000 litre capacity. The manufacturing of those appliances is sourced between Moore Engineering at Murray Bridge and the Country Fire Authority of Victoria. The small appliances are built on Isuzu chassis, and larger ones are on Hino chassis.

**The Hon. D.C. WOTTON:** I am pleased that some of those vehicles will come from South Australia. I was interested to receive the September edition of the Chamber of Commerce and Industry magazine *South Australia and Business* and to note a full page feature article about a privately owned South Australian company, the Australian Fire Company. The article includes photographs of six new fire appliances manufactured for the MFS and an accompanying photograph of the official handover of the vehicles to the MFS CEO, Mr Haby. I understand this company tendered for the CFS vehicles but was unsuccessful, and I would like to know why.

**Mr Macarthur:** The purchase of appliances for the CFS is all done through the State Supply Board and, in the most recent tender, there was a very significant price difference between that quoted by the Australian Fire Company and the other tenders. The lowest quote was \$63 000, the middle quote was \$72 000, and the higher prices, from the Australian Fire Company, were significantly more at \$71 000 and \$79 000 respectively, so it was a price factor.

**The Hon. D.C. WOTTON:** As a further supplementary question, some CFS volunteers—and I suggest many volunteers—believe that the vehicles that have come from Victoria leave much to be desired. The concerns that have been brought to my notice include short hose reels of 30 metres; 60 metre to 90 metre hoses

are preferred, as that length of hose is required to fight a fire in a gully, for example. A second concern is the side-step entry instead of back entry, which poses safety problems. The third concern is the inadequate pumping system. I know that the Director is aware of some of these concerns, but will the Minister or the Director comment on them?

**Mr Macarthur:** If we asked 1 000 different people to advise on the design criteria of a fire appliance, we would get 1 000 different designs. Having said that, I believe that what has been produced has resulted from the goodwill of the Volunteer Fire Brigades Association. A committee advises the board on all its equipment purchases, and we now produce a standard piece of equipment that is satisfactory across the State, even if there are a few dissenters in some places.

As to the 90 metre hose reels, I believe they have 90 metres of hose in a cupboard and they can use it to fight fires in inaccessible places if fires in those places warrant that extra work. In answer to the question, we have done everything possible to standardise the equipment. It is based on the best possible technology that we can afford, and it is put together with the goodwill and consensus of a committee made up of volunteers from all regions of the State. They are the ones who have to use the equipment.

**The Hon. D.C. WOTTON:** We might have to have a chat about that later. I refer to page 234 of the Auditor-General's Report, because he has highlighted that legal advice is such that under the CFS Act the CFS is responsible for, and is required to audit, the accounts of the 534 CFS organisations in South Australia. I understand that the Auditor-General has not audited the activities of these organisations and has written to the Minister stating that it is not practical to do so but suggesting a review of present auditing requirements. What action has the Minister taken since receiving the letter from the Auditor-General?

**The Hon. J.H.C. Klunder:** The CEO has information that I think ought to be put before the Committee.

**Mr Macarthur:** In response to the question about the Auditor-General's requirement to audit the accounts of CFS brigades, the intent of the legislation at the time it was passed in this Parliament was that it gave the board a mechanism whereby it could audit and control, if necessary, any public funds that were given to brigades or other CFS organisations. That intent has now been picked up by the Auditor-General in seeking to look at brigades over a vast area of the State. I do not believe that is feasible. I believe the Auditor-General's comments are as he sees them. We have had further negotiations with the Auditor-General on this matter and I believe it will be resolved on the basis of a slight amendment to the legislation, in other words, the Auditor-General being responsible for the monetary affairs of the CFS board, as was the intent. The task of auditing the 462 brigades across South Australia would be a mammoth task and would be an enormous waste of resources, because some of them do not even have bank accounts.

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

Police, \$273 236 000

**Chairman:**

Mr K.C. Hamilton

**Members:**

The Hon. H. Allison

Mr M.J. Atkinson

Mrs C.F. Hutchison

Mr W.A. Matthew

Mr J.A. Quirke

The Hon. D.C. Wotton

**Witness:**

The Hon. J.H.C. Klunder, Minister of Emergency Services.

**Departmental Advisers:**

Mr David Hunt, Commissioner of Police.

Mr D. Wall, Manager, Business Services.

Mr D. Hughes, Director, Corporate Services.

Mr S. Peters, Manager, Systems Development.

Mr B. Meadows, Manager, Information Technology.

Mr F. Bowering, Manager, Financial Services.

Mr R. Matte, Senior Business Analyst.

**The CHAIRMAN:** I declare the proposed payments open for examination. Does the lead Opposition speaker wish to make an opening statement?

**Mr MATTHEW:** Yes. The Minister will no doubt make much of the police budget increase of a net \$32.8 million or 13.6 per cent. While this allocation is certainly better than an outright reduction, I stress that on close examination it is only a little more than that. First, it should be noted that, while the capital works budget appears to have doubled, in fact, \$16 million or half that budget was in previous years shown under expenditure by the Minister of Housing and Construction but this year has been recorded in the police budget. Therefore, there has been no increase in capital works but a slight reduction against the 1991-92 expenditure.

Looking simply at the recurrent expenditure for police of \$240.6 million, there has on the surface been an increase of \$17 million or 7.6 per cent. However, when the 2.4 per cent CPI rate used by the Treasurer to formulate the budget is deducted, the increase is only 5.1 per cent or \$11.7 million. When further deducting the recent salary increases and other related costs, there is a net reduction in the 1992-93 recurrent estimate against that for 1991-92.

The Police Association has estimated the reduction to be in the order of \$4 million. This has manifested itself in the form of cutbacks targeting in particular the police wages bill. This has been done by targeting weekend and afternoon shifts, which attract penalty rates, and also overtime. While I appreciate that in tough economic times cutbacks are necessary, and one would always expect stringent management of taxpayers' funds, the manner in which the department has tackled its problem demonstrates fundamental management problems in not being able to grasp the issue.

The facts are these: there will be a reduced police presence after 5 p.m. and, therefore, response times will inevitably be longer. More police officers will be working

from nine to five, and this will have a resource impact. There will be greater demand for vehicles; for example, I am told that Accident Investigations will not have sufficient vehicles to investigate fatalities, and crime investigation will have a similar problem. Reducing the spread of officers throughout a 24 hour period at the coal-face—in fact, at the crime face—is an admission that we cannot afford to maintain normal police services. This means that someone's robbery, housebreak or assaulted child will not necessarily get the police investigative time they would normally expect.

The blame for this must lie squarely on the Minister's desk. During the course of estimates questioning, the Opposition will expose the ludicrous situation facing our police officers and highlight areas where waste is occurring within the department and where attention should be focused first before stooping to the level of pulling money out of the pockets of police officers working at the crime front. It is little wonder that the Police Association has reacted so strongly in recent days and announced that the association's executive has given authority for a mass meeting of police officers if the situation is not rectified.

**The CHAIRMAN:** Does the Minister wish to make an opening statement?

**The Hon. J.H.C. Klunder:** Yes. This Government continues to place a high priority on law and order, and that is highlighted by the budgetary allocation for the Police Department this year which, as the honourable member has indicated, involves a significant increase in funds. The 1992-93 allocation will enable a record total spending of \$289.9 million by the department, which is an increase of \$16 million or 5.8 per cent over the previous financial year. The Government has increased the police recurrent budget in real terms every year since 1982-83. The honourable member's comment that the capital works budget is not, on examination, quite as good as it appears should be compared with the capital works budgets for the police under a Liberal Government which, from memory, were from about \$4 million to \$6 million.

*Mr Matthew interjecting:*

**The CHAIRMAN:** Order! The member for Bright will contain himself. The Committee listened in silence to the member for Bright and will do so for the Minister.

**The Hon. J.H.C. Klunder:** South Australia also continues to enjoy the best police to population ratio of any State in Australia. The increased allocation to the Police Department will, amongst other things, enable the maintenance of police strength and a full year effect of the pay claims awarded in 1991-92. The allocation also includes \$709 000 for expansion of the police Aboriginal aides program from the present 18 aides to 32, and additional aides will be recruited progressively during the year. Funding has also been provided for two additional police members for the freedom of information initiative.

The budget provides funds for the maintenance of existing Neighbourhood Watch areas and the operation of new areas in 1992-93. The Government has provided a significant level of funding in the capital area of the police budget for police buildings, equipment and vehicles. This includes \$11.1 million for replacement vehicles; \$4.1 million for new and replacement computer equipment and software for the brief, inquiry and



management system, crime systems phase 3, human resource management system, and networking and operational systems integration; \$3.5 million for equipment related to speed detection surveillance, breath analysis, photocopiers, facsimile machines, hand guns, soft body armour and technical services; \$900 000 for communications equipment including portable radios, telephone system upgrade, State Emergency Services radios and data voice privacy systems; \$500 000 for other capital equipment, including vehicles for Aboriginal police aides; \$9.8 million for major works in progress, including the Elizabeth police courts complex, cell improvements at Christies Beach, remote radio sites and final payments for works completed last financial year, including the city watch-house, Port Adelaide police complex and cell improvement projects; and \$2.1 million for minor works, including improvements to various metropolitan patrol bases.

As mentioned earlier, the proposed allocation for police includes significant additional funding of \$16 million. Nevertheless, the Police Department is no different from any other large organisation which has to manage within a finite budget. The Commissioner of Police has discretion as to how to direct resources to areas of highest priority to ensure that a responsible level of services is provided to the public. The Commissioner has assured me that with the funds provided this year he will be able to meet all priority operational needs in addition to implementing the new initiatives to which I referred earlier. I am pleased to advise the Committee of the continuing high level of resourcing which this Government has provided to the Police Department and which is further demonstrated by the current budget allocation to the department.

The member for Bright said, if I heard him correctly - and I am pretty sure that I did—that he appreciated that odd cutbacks are necessary. That view is shared by the Police Association; however, it believes that the particular focus of some of those cuts is not appropriate and it has offered to cooperate in finding other places in the budget where those cuts could take place. As reported in the newspaper this morning, the Premier and I met yesterday with the President of the Police Association and undertook to get back to the association early next week when discussions will take place.

**Mr MATTHEW:** I was pleased to hear the Minister's statement about greater flexibility, as that in itself is almost an admission that he has got the budget wrong. What does the Minister propose to do about problems of morale and anger within the Police Force brought about by the budget cuts that have manifested themselves through such things as the removal of Sunday highway patrols, ending weekend work for crime inquiry and removal of payment for some Neighbourhood Watch meeting attendances?

**The Hon. J.H.C. Klunder:** I am a little concerned about the honourable member's view that willingness to talk to people who are having difficulty with something means that we got the thing wrong in the first place. Is he saying that if he should ever end up in Government he will never talk to people who are not happy with the Government's budgetary proposals or anything of that nature, and that the Government should not make any movement at all once it has proposed a situation? That

contrasts rather oddly with his earlier view welcoming my willingness to propose changes to the CFS Act in this Parliament, because clearly he welcomed the flexibility of Government in that area.

*Mr Matthew interjecting:*

**The Hon. J.H.C. Klunder:** If he is now saying that he does not welcome it in other matters, he detracts from the seriousness with which we listened to his questions. I will ask the Commissioner to reply to the remainder of the honourable member's question.

**Mr Hunt:** With reference to Neighbourhood Watch, penalties and overtime arrangements, there have been some recent claims, particularly through the media, that some Neighbourhood Watch operations may close due to restrictions on police officers who are designated day workers incurring additional afternoon shift penalties. These claims, as I indicated some time ago, were emotive and are without foundation. The Police Department's strategy on crime prevention, including Neighbourhood Watch, is unchanged and similar arrangements that existed in 1991-92 will continue into 1992-93. At the moment, there are about 64 day shift workers as opposed to 339 shift workers who are Neighbourhood Watch coordinators, and a directive has been issued by police management to the effect that day shift workers cannot work afternoon shift without first obtaining the permission of senior management but that permission will be given after consideration has been given to criteria such as the need for the officer to perform a specific duty that contributes materially to operational effectiveness or to the achievement of a particular departmental objective. So, permission to work afternoon shifts on Neighbourhood Watch will remain unaltered. To clarify the matter once and for all: I tender a press release which I issued on 22 August 1992 and which embodies those sentiments, and I trust that will lay the matter to rest.

**The CHAIRMAN:** For the edification of the Committee, documents may be circulated but not tabled.

**Mr Hunt:** The honourable member raised another aspect concerning traffic. As a matter of course, during the review of policing, which is being undertaken and which is a fairly lengthy exercise looking at effectiveness and efficiencies within the department, the question of proper rostering to gain the greatest efficiency and effectiveness from traffic policing is being examined. So, there is no concern from the point of view of supplying priority traffic patrols as a result of the budget. However, proper concerns exist regarding rostering practices and procedures of the traffic division, and investigations that form part of the review of policing as a whole project are occurring.

**Mr MATTHEW:** I acknowledge the Minister's assurance about Neighbourhood Watch and appreciate that a press release has been put out. However, I respectfully suggest through the Minister that no formal instruction has been sent to police stations telling them that Neighbourhood Watch payment is available. The facts are that some police coordinators have already resigned from the Neighbourhood Watch program, including the police coordinator for the area in which the Deputy Commissioner of Police lives. There is a serious problem and I seek the Minister's assurance that he will ensure that a formal instruction is circularised to all police areas rather than just a media release.

**The Hon. J.H.C. Klunder:** The honourable member needs to be aware that I cannot issue formal instructions to the Commissioner. All the honourable member needs to do is read the Police Act and he will find that there is a clause that provides that the running of the Police Force is the Commissioner's responsibility. By definition, that excludes the Minister from so doing. Indeed, there is a way in which an instruction can be given to the police and, as the honourable member is nodding, I presume that he is aware of the difficulty, the formality and the very rare use of that particular instruction through Executive Council and the Governor.

The Commissioner issued a media release on 22 August. It is interesting that the member for Bright in a grievance debate in the House on 25 August referred repeatedly to officers having resigned from the Neighbourhood Watch program: as of a couple of days ago, at least—and the Commissioner may be able to update this information—no formal resignations of police area coordinators had been received. A close liaison has been maintained with the Chairman of the Neighbourhood Watch Association, who also at that stage had not received any formal resignations. If there is a number of these people whose resignations are in the pipeline then clearly I am not aware of it. However, as of a few days ago, that was the situation.

**Mr Hunt:** As supplementary information, I understood that there was notification of a resignation, but that did not relate to an existing Neighbourhood Watch and was not a diminution of Neighbourhood Watch coordinators. Certainly, I can find no evidence of a claim in the media that some hundreds of Neighbourhood Watch coordinators would resign.

**Mr MATTHEW:** To conclude that line of questioning, perhaps I could be of assistance to the Minister and the Commissioner by suggesting that they check with Assistant Commissioners Gamble and Lockhead, who should be able to advise them of the names of officers who have formally tendered written resignations from Neighbourhood Watch programs. I now refer to crime statistics and, in particular, to page 326 of the Program Estimates, which contains a table relating to property offences.

The table shows a reduction in property offences recorded or becoming known to police from 9 574 per 100 000 of population in 1990-91 to 7 783 per 100 000 of population in 1991-92. Certainly, if this is correct, it is obviously good news. However, bearing in mind that the 1991-92 statistics are the first ever four-year statistics generated against the Justice Information System JANCO codes, will the Minister guarantee that all offences have been included in this count and that property offences are still grouped and counted in the same way in these 1991-92 figures as they were previously?

**The Hon. J.H.C. Klunder:** As the honourable member has indicated, any decrease in the reported rate of crime is a welcome thing. However, for the exact details I will ask the Commissioner to answer the question.

**Mr Hunt:** I understand that the thrust of the question is the validity of the comparison of the two elements. I am also the Chairman of the National Uniform Crime Statistics Coordinating Committee, which is looking at the uniform gathering of crime statistics and the recording of them throughout the country. I am pleased to

report that the transition of the information and accounting rules in our Justice Information System provided only a minuscule variation in the correlation of the old figures and the new figures. I was advised by the Director at a board meeting that I held just recently that the magnitude of the differentiation is insignificant. In any case, the figures may well be relied upon because the crime reporting system that we have is an auditable system and those figures would be correct.

**Mr MATTHEW:** I am pleased that at this stage the Commissioner has acknowledged at least some variation. My information is that the variations are not at all insignificant; in fact, they are significant. The Commissioner may know that I am aware from personal experience of the Australian national coding system on which the JANCO codes were based. I am aware that that did in fact result in a significant deviation for the existing collection of statistics.

I am concerned that the offence comparisons are not comparing apples with apples but are comparing offence statistics against a different accounting formula to that used in past years. I refer in particular to the Program Estimates at page 327, where it states that offences against property are continuing to increase, which is different from the information on page 326 of the Program Estimates.

**The CHAIRMAN:** I advise the Committee that questions will be put to the Minister and not to the staff assisting the Minister.

**The Hon. J.H.C. Klunder:** I am not entirely sure of the question.

**The CHAIRMAN:** Perhaps the member for Bright may wish to repeat it.

**Mr MATTHEW:** With your indulgence, Mr Chairman, I will certainly do that. The Commissioner has acknowledged that there is a variation in the way in which statistics are counted. In other words, the method of counting statistics in 1991-92 was different from that used in 1990-91. The Commissioner has further stated that the differences are of a minor nature. It is my belief that, in fact, the differences are not of a minor nature, particularly in relation to property offences. I therefore ask: can I be given an assurance that the offence figures that we have for property before us in these budget papers are in fact comparing the same type of incidents that occurred in previous years? I further draw the Minister's attention to the fact that, while the table on page 326 of the Program Estimates reflects a reduction in property offences, later in the Program Estimates it is clearly stated that there has been an increase in crimes relating to property.

**The Hon. J.H.C. Klunder:** As I heard the previous question, it addressed the same item and the Commissioner gave an assurance that there was in fact a real reduction in the reported crime rate. However, I will ask the Commissioner to again answer the question.

**Mr Hunt:** Again, the basis of the reports on the reductions in property crime and, indeed, in motor vehicle theft were calculated on actual reports and they show a reduction on previous years of the order of 10 per cent or 15 per cent respectively. However, I do not have those figures to hand, but there was a reasonable reduction. Perhaps the best way to attack this is for the honourable member to provide me, via the Minister, with

a view as to the extent of and the basis for the information that he has. In that case I might well be able to answer the question. Other than that, I stand by what I had to say earlier.

**Mr MATTHEW:** In response to the Commissioner's offer, I would be most happy to do that. However, before doing so, I would very much like the Minister to take on notice the following questions: will he provide me with a full list of the JANCO codes that are being used to count crime in South Australia? Will he also provide me with a full list of the categories used in the previous financial year and the accounting methods applying to each of those categories?

**The Hon. J.H.C. Klunder:** Yes.

**Mr MATTHEW:** My next question again relates to crime statistics. I point out that in the past crime statistics have always been reported in the Police Commissioner's annual report and every quarter in the *Government Gazette*. October 1991 was the last time that crime statistics were reported in the *Government Gazette*. Why has the publication of these statistics ceased?

**The Hon. J.H.C. Klunder:** As I understand the question, the honourable member is saying that a quarterly reporting of police figures that used to occur is not now occurring. Is that correct?

**Mr MATTHEW:** That is correct.

**The Hon. J.H.C. Klunder:** We would need to check that.

**Mr MATTHEW:** As a supplementary, this is becoming ludicrous. This State used to receive quarterly crime statistics published in the *Government Gazette*. That practice ceased in October 1991. Important questions are being asked about the strange crime figures which are now being produced. Is there a cover-up of the crime rate in this State?

**The CHAIRMAN:** Order! I understand that the Minister is seeking some advice.

**The Hon. J.H.C. Klunder:** I think that there is some confusion as to whether these are the Attorney-General's quarterly figures as distinct from the Police Department's quarterly figures. That is what we were trying to sort out and that is why I gave the indication that we would need to check on that.

**The CHAIRMAN:** The member for Stuart.

**Mr MATTHEW:** I do not think I have had my three questions, Mr Chairman.

**The CHAIRMAN:** I can assure the member for Bright that he has had three questions and three supplementaries. The Chair has been most generous to the member for Bright. The member for Stuart.

**Mrs HUTCHISON:** My question relates to the capital works program 1992-93, page 51, and the Port Augusta police complex. The sum of \$4.7 million has been allocated for the total cost of the project and \$570 000 for the proposed expenditure in 1992-93. Can the Minister give any further information on that and whether the negotiations for the site of the new police station have been completed?

**The Hon. J.H.C. Klunder:** This will involve the replacement of the police facilities at Port Augusta which currently do not satisfy policing requirements, with poor and overcrowded working conditions and the divisional headquarters located away from the main complex in the State Bank building. The cells are heavily used and do

not conform to the required standards. In order to provide some immediate office accommodation improvements, a relocatable building was placed on the site in 1990. Currently, the department is seeking space in leased offices to ease the overcrowded conditions.

Property under the control of the Education Department has been acquired to establish a new Port Augusta police complex on that site. Planning for the construction of a new complex forms part of the 1992-93 major works program to consolidate functions at a single location and provide for modern cells designed according to safe custody standards. The building solution will provide a multi-staired complex with police station patrols and prison handling facilities at ground level. The upper floors will accommodate divisional administration, prosecution services, CIB and staff amenities. It is proposed that documentation will proceed to enable tender calls for construction to commence in late 1993, with completion in 1994-95.

**Mrs HUTCHISON:** On page 18 of the Social Justice Strategy for 1992-93, I note that the Police Department is to develop training programs for Aboriginal recruits to the Police Force to run over two financial years. Can the Minister provide further information on that Aboriginal training program, the costs involved, and whether the program will be broadened in future to include other ethnic groups?

**The Hon. J.H.C. Klunder:** The South Australian Police Department has sought and received funding for a pilot integrated Aboriginal recruit training program. The purpose of this funding is to establish a program which maximises the learning opportunities and potential of Aboriginal recruits while involved in academy training. The Department of Employment, Education and Training (DEET) is participating in the program by offering a bridging course to target interested Aboriginal people. The aim of the course is to assist those people in attaining the standards required to meet the entry criteria to the Police Department. These courses will commence in early January and will be conducted over a 20-week period using competency based training techniques.

The department will attempt to ensure that up to 15 Aboriginal people will be employed as cadets under this scheme in the next 12 months. Extensive meetings have been held with representatives of DEET and the Police Department and timeframes and details have been formalised. A steering committee has been established by the Dean of Studies and the department and it is the role of the committee to oversee all matters relating to the pilot program. The total funding for the program is \$474 000, and a separate Commonwealth grant of \$50 000 has recently been approved to examine recruitment and career strategies for Aboriginal people within the Police Department.

**Mrs HUTCHISON:** My next question relates to the Aboriginal police aides scheme. Before putting the question, I should like to congratulate the Police Department on the success of that scheme. I am aware that the scheme introduced several years ago has been very successful, particularly in my area. At page 329 of the Program Estimates reference is made to the expansion of the scheme. Can the Minister provide an update on the scheme, and what expansion has taken place or is proposed?

**The Hon. J.H.C. Klunder:** The police aides scheme was established and introduced into the Pitjantjatjara lands of South Australia on 3 November 1986 at Indulkana, Fregon, Ernabella and Amata. Initially, four persons were selected from those communities to undertake a four-week training course at the Police Training Reserve, Echunga. They returned to their respective communities and received a further 12 months training under the supervision of a police aide supervisor.

After 12 months the four supervisors were withdrawn. However, as a result of consultation between the Pitjantjatjara people, the South Australian Police Department and the South Australian Government, four additional aides were selected at Indulkana, Fregon, Ernabella and Amata and a permanent supervisor was placed at Amata to support and provide assistance to the police aides. In July 1989, police aides were appointed to Mimili and Pipalyatjara. In October 1990, a police aide supervisor and two police aides were stationed at Yalata.

Police aides have specific identified police powers within the lands and police districts in which they are stationed. They are under the direction of the officer in charge of the police district in which they operate. An office and cells were completed at Mimili and Pipalyatjara in December 1989, whilst an office, cells and a police residence at Yalata were completed in November 1990. The total cost of establishing the capital infrastructure components was \$827 000. Each rural police aide centre is provided with the following equipment and buildings: four-wheel drive vehicle; radios; office/cell block; and residence.

In 1990 project groups were established to report on the feasibility of providing an additional police service which catered for Aboriginal police aides at Port Augusta, Elizabeth and Yalata. On the recommendations of the working party, approval was given for the recruitment of seven additional aides to work in areas outside the Pitjantjatjara lands. The aide selected for Yalata undertook the training program designed for the aides working within the tribal lands. To accommodate the other six aides, a 12-month training program was developed to enable them to work within an urban environment. On 12 December 1990, these six aides commenced employment with the Police Department. On the completion of the familiarisation phase the candidates completed a six weeks module at the Police Academy. On 1 March 1991, the six aides were sworn in as special constables and returned to their respective stations to continue with the training program.

In 1991, \$179 000 was expended on an additional six police aides for the Port Augusta, Salisbury and Elizabeth areas and a second police aide position at Yalata. In 1992-93 new initiative funding of \$709 000 is to be provided for an additional 14 police aides. These will be taken on progressively during the year, as I have indicated. The total recurrent costs for the full year are \$603 000, which will be provided from the police budget.

**Mr MATTHEW:** With respect to crime statistics, I refer to page 327 of the Program Estimates and the statement under 'Issues/Trends' as follows:

The number of crimes of violence, drug offences and offences against property are continuing to increase.

I note from the table on that page that the number of violent offences reported or becoming known to police per 100 000 of the population has increased by 44 per cent in the past three years and is expected to increase further in 1992-93 despite the stated initiatives within that program estimate. Is that not in itself almost an admission of failure, and what are the statistics for drug offences which we are told have also increased?

**The Hon. J.H.C. Klunder:** The argument that there is an admission of failure by a Government which has provided more resources and a greater number of police per head of population than any other State Government in this country is a little odd. Certainly this Government believes that it has given the police of this State the maximum amount of tools to work with, both in terms of staffing and financial assistance. The fact that there is still an increase in some crimes is not in any way something that happens only in this State. Despite those increased resources, if this were the only State in which the crime rate was increasing, there might be some truth to what the honourable member is saying, but that is not the situation. The crime rate is increasing not only in this State or only in Australia—it is happening all over the world, in almost every country that one can name, and certainly in the developed world where statistics are kept in a way that we are able to make some judgment as to the situation.

I reject out of hand any argument that the honourable member might wish to throw at this Government that it has not done what it can within its power to try to arm the Police Force with the maximum in both staffing and equipment to be able to deal with the crime rate in this State. Indeed, the honourable member's quibbling about whether or not there has been a downturn in some specific crimes is perhaps an indication that he is not all that keen on seeing a reduction. I hope that, when he sees the facts and it is finally brought home to him that there has been a reduction in a certain number of offences, he will make a public statement welcoming that and indicating that he believes such things as Neighbourhood Watch and so on are on the right track and that this Government, in having moved towards liaison between the police and the community, has made a step in the right direction and is not merely trying to solve crimes after they have happened. I hope that the honourable member also acknowledges that the Government's insistence on a large amount of effort being put into crime prevention is also a step in the right direction.

**Mr MATTHEW:** With respect to the Police Complaints Authority, I draw the Minister's attention to page 162 of the Estimates of Payments and Receipts which details the allocation to that organisation. I am aware that the recent statutory authority review revealed delays of up to one year in the investigation of complaints against the police and pinpointed a hefty backlog as one of the major problems facing the complaints system. The review added that delays cause injustice and increase the cost of an investigation, and the review also asked for another Police Complaints Authority staff member, a Police Complaints Authority Aboriginal liaison officer and power for the authority to delegate work. With that in mind, what action has the Minister taken to resolve this problem, and why has he

presided over a reduced Police Complaints Authority budget of almost 20 per cent or \$136 000?

**The Hon. J.H.C. Klunder:** Before I deal with the specifics of the budget, let me give an indication of the situation with the Police Complaints Authority. I apologise for the fact that I am quoting from memory rather than having the exact detail in front of me. Certainly there has been an increase in the number of complaints laid before the Police Complaints Authority, well and truly in excess of the expectations of those who drafted the original legislation on both sides of the House. I remember the lead speaker from the Opposition in another place, during debate on the original legislation, indicating that he did not believe it would be necessary to have more than a part-time Police Complaints Authority because he did not expect the number of complaints to be all that high. The number of complaints has risen over the years, and the Government has had to try to cope with that. On several occasions we have increased the staffing of the authority's office. On several occasions we have put temporary staff into the office to try to overcome backlogs.

The current situation is that we have had some difficulty in finding a proper replacement for Mr Cunningham who resigned from the Police Complaints Authority earlier this year. That has now occurred, and I believe that we have a very appropriate replacement for him. After Mr Cunningham's resignation, the number of people in the authority's office with legal qualifications was reduced from two to one. Kirsteen Haskett, who has been the Acting head of the Police Complaints Authority, has had an enormous task to try to keep things going during that period.

As I indicated, it was unfortunate (and nobody's fault) that, during that period, there was only one person with legal skills in the office, and that continued for a considerably longer period than I or the authority would have liked. However, we are now putting another member into the Police Complaints Authority, and I will be having discussions with that person regarding the appropriate level of support needed in order to get rid of the backlog of cases and to be able to run the office in a proper and appropriate fashion. I will ask Mr Hughes to provide a detailed response on the reduction in the budget.

**Mr Hughes:** The reduction occurred as a result of some carry over funding from the previous year. That equalises the situation. I understand that that is because of the arrangement with the Department of Labour which actually pays the salaries and operates on a deposit fund account enabling the carry over of funds between years.

**Mr MATTHEW:** I refer to page 35 of the Financial Statement and the fit-out of the new police headquarters building. I note on that page that the rent on the new headquarters will be \$2.9 million per annum. What will be the total cost of the building fit-out, and will the new telephone system recently installed in police headquarters be transferred to the new building?

**The Hon. J.H.C. Klunder:** The acquisition cost of the building was \$14.75 million which, in anybody's language, was a bargain. The fit-out costs are expected to be of the order of \$10.7 million and the service upgrade is expected to be \$2.561 million, which leads to a total of approximately \$28 million. Regarding the other part of

the honourable member's question, I will ask Mr Hughes to comment.

**Mr Hughes:** It is true that we have just put a new PABX system in what is commonly called the central headquarters building at 1 Angas Street. That will remain, with the Flinders central proposal, which will also have a new PABX, but they are being designed in such a way that there is no duplication or overlap. I do not have the technical details available to me, but I can assure the honourable member that, in putting this matter before the Minister for approval, we had to satisfy the requirement that this system would not be put in place and would become redundant early next year when we move to Flinders central.

**The Hon. J.H.C. Klunder:** I take this opportunity to respond to an earlier question, as I have had further information made available to me. Regarding the resignation of police coordinators, I have just had a note put in front of me that indicates that Assistant Commissioner Watkins has checked both his own area of command and that of Assistant Commissioner Lockhead, and he advises that only one resignation of a police coordinator has occurred in recent times, and that officer conveyed to his superiors that his resignation had nothing to do with the concerns of the member for Bright but was for personal reasons relating to his own circumstances.

**Mr QUIRKE:** I refer to page 52 of the Capital Works Program for 1992-93 and to the development of the human resources management system for the South Australian Police Department. It is stated that the new system will replace the existing payroll and personnel systems that are currently running on the Cyber at State Computing, which is due for decommissioning in December this year. I also note that, on page 128 of the Auditor-General's Report, reference is made to the implementation of the human resources management system. Can the Minister provide details on the current status of the development of the new human resources management system and say whether or not its implementation will meet the December deadline of the decommissioning of Cyber? Will the Minister also provide details of the major benefits that the new system will provide to the department?

**The Hon. J.H.C. Klunder:** The current payroll system is running on the State Systems Cyber computer, and that has been proved to be functionally deficient after operating for almost 19 years. Any computer that operates for 19 years in modern terms is probably no longer regarded as efficient. Cabinet approval was given on 6 May 1991 for the department to develop and implement a total human resources management system. This has been undertaken as part of the information technology strategic plan, which was also approved by Cabinet on the same day. The HRMS system is progressing according to schedule with the development of the payroll component nearing completion. System testing started in July this year.

The new payroll system commenced parallel running in conjunction with the existing system in August this year. Parallel running is expected to continue into October this year, with the first live run due for the last pay of that month. This is well within the critical time frame for the decommissioning of the State Systems Cyber computing scheduled for December this year. The personnel

component is being developed during payroll parallel running and is expected to be completed by the end of November 1992. The decentralisation of data entry into the HRMS system will be addressed after implementation. Realisation of full staff savings and benefits will be achieved upon total decentralisation.

The aim of the new HRMS system is to satisfy the specific requirements of the Police Department with regard to establishment, personnel, payroll, management, accounting, resource planning and industrial relations, as well as the supplementary areas such as training, housing and pension processing. In achieving this aim, the HRMS will provide adequate support to other departmental strategies and provide the highest level of integration with the department's information technology strategic plan. The major benefits of the system are: the integration of data to maximise efficiency and effectiveness in meeting the objectives of the department and the HRMS; a reduction in the time spent on pay administration duties across the department, facilitating the reallocation of additional operational duties; the provision of more up-to-date, reliable, related and accessible pay and personnel information to all management levels across the department; the ability to absorb new work practices; and the improved capacity for system modification and reduction in longer term computer programming maintenance effort. There will be some staff savings and annual processing cost savings from 1993-94 onwards. I indicate that the current view is that the system is going well.

**Mr QUIRKE:** What is the status of the Elizabeth courts police complex and when will those facilities come on line?

**The Hon. J.H.C. Klunder:** I guess it is an indication of my age that, when I first taught at Elizabeth, the police complex was seen to be a fairly new and modern one, and that is the one that is being replaced at the moment. The department is acutely aware of the various acquisition difficulties at Elizabeth, and a three stage approach to overcome these problems has been planned. In order to provide some immediate office accommodation improvements, a relocatable building was placed on the site in December 1988.

This was followed by the relocation of the CIB to nearby leased premises in January 1991. In addition, several improvements have been undertaken in the cells area, including the installation of an additional surveillance camera and improved lighting, and an additional double cell unit has been installed to provide improved prisoner holding capacity. At the same time, the department has considered the long-term needs at Elizabeth and has completed a brief of requirements for new accommodation and cells in conjunction with an adjacent courts building. The SACON feasibility study indicated that a new police and courts complex could be constructed on the site immediately to the north of the existing buildings. Work has proceeded on the basis of constructing two separate buildings—one for police and one for the courts—on the site immediately north of the existing complex.

The redevelopment will include the provision of a new police station and patrol base, cell facilities, staff amenities and stores on the ground floor. The first floor will include divisional headquarters, CIB offices and

prosecution services. External facilities will include parking for police staff as well as for police operational vehicles. Redevelopment of the courts will include provision for seven secure courtrooms, a Children's Court, magistrates' chambers, administration, public areas, interview rooms and an enclosed car-park for the magistrates. The two buildings will be locked between the cell facility and the courts' holding cells by an overhead secure walkway. Funding was provided in the 1990-91 budget to proceed with detailed design and documentation. Subsequent work commenced on the construction in March 1992 and it is expected that the building will be completed by mid-1993.

**Mr QUIRKE:** As I understand it, the Police Department conducts a driver safety awareness program for members of the public involved in minor road accidents. What are the objectives and benefits of this program?

**The Hon. J.H.C. Klunder:** The Traffic Safety Section conducts a driver safety awareness program for members of the public involved in minor road crashes. These people are invited by the prosecution services of the South Australian Police Department to attend those lectures. In 1991-92, 11 lectures were presented; 523 people attended; and eight sessions were conducted in Adelaide, and one each in Whyalla, the Riverland and Mount Gambier.

The objectives of the program are to define driver attitude and to recall the attributes of the safer driver; to explain the four most prevalent accidents on our roads and highlight the excuses; to illustrate relevant information about alcohol and drug-related driving offences; to define and discuss give way and other sections of the Road Traffic Act; and to identify reaction time and its use to a driver. The benefits of the program are to create a correct and positive attitude towards being a safer driver and to improve communication between specialist traffic police and road users. These sessions will continue on a monthly basis during the current financial year, and it is interesting to note that sponsorship for the program is provided by SGIC, and that includes the cost of any overtime incurred by departmental personnel in presenting these lectures.

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

**The Hon. J.H.C. Klunder:** The Commissioner has obtained information on questions asked earlier today, and I would ask him to put it on the record.

**Mr Hunt:** The member for Bright asked questions about statistics and the non-publication of statistics since October 1991. The question was couched in terms of suggesting suppression of information from the public. I can give my assurance that such is not the case. I now go on to give reasons why there has been no publication since October 1991. The changeover of the crime reporting system from the Cyber to the Justice Information System involved extensive validating processes, particularly in the areas of two parts of the system, that is, the offence statistics and the offender statistics. The first validation process was completed in about March/April and the second fairly recently—I do not have the exact date.

The variation in the accuracy from the old system to the new has been established at .01 per cent, which is in accord with my earlier description of a minuscule variation. The question of quarterly statistics generally has been considered in all jurisdictions in Australia and it has been agreed that we should proceed to half-yearly statistics. As a corollary to that, the Attorney-General's Crime Statistics Unit has also been advised and consulted, and it has requested six-monthly reports.

Further to that, the development of national uniform crime statistics, with the concurrence and agreement of the Australian Bureau of Statistics, involves a six-monthly production of crime statistics. I point out that consistent with its changeover to the South Australian changeover, no national crime statistics have been produced for the past year. The reason for that is exactly the same: to validate the processes and systems that will produce the statistics in the future.

Regarding the suggestion that there might have been suppression of this information, I can advise that, now that the systems have been validated, and to facilitate the presentation of the annual statistics, they have now been practically completed (they will be completed within the next few days) and will be available for the Minister to present to Parliament within a short period.

**The Hon. D.C. WOTTON:** I refer to page 331 of the Program Estimates. Despite a slight drop in the number of prisoners received into police custody in 1991, why did the number of persons escaping from police custody increase by 200 per cent, and why is it believed that there will be a 67 per cent greater escape rate in 1992-93 than in 1990-91?

**The Hon. J.H.C. Klunder:** First, it is interesting that the honourable member should try to keep his statistics on the basis of 1991 rather than comparing the estimate for 1992-93 with the 1991-92 figure, which relates to the immediately preceding year. I guess it is because he would have to indicate that there is an estimated decrease in those circumstances. The other figure that one might look at is for the estimated number of escapees from police custody, and that figure has been up and down somewhat over the years. In 1987-88 it was 22; and, in 1990-91, as the honourable member indicated, it was 6. It is not a matter of our being able to predict with any degree of certainty how many people in police custody are likely to want to escape; it is difficult to put a statistical figure on it. These figures vary from year to year, and an estimated position is just that: it is difficult to give an indication.

The Police Department has two separate detention functions. The first is to provide holding cells for short-term detention before transfer to custody of the Department of Correctional Services. The second is to provide prisons under the terms of the Correctional Services Act. The latter function is generally restricted to remote areas and to people with relatively short-term prison sentences, generally up to 15 days.

As the Police Department deals only with short-term prisoners, intake is considered to be a more suitable workload indicator than the annual daily average number of prisoners in custody. The latter is more appropriate for the Department of Correctional Services, which deals with both short-term and long-term prisoners. The figures stabilised in 1991-92 after a significant increase from

1989-90 due to a general increase in a wide range of crimes. Factors such as the recession and unemployment are considered to increase this factor. Of course, the figure does not include the number of prisoners escorted each year.

The most straightforward indicator of the effectiveness of this program is therefore the number of people who escape once they have been taken formally into police custody, and it covers escapes from police cells and escorts. As I indicated, escapes are relatively unpredictable and few in number compared with the total number of people handled. Despite this factor, this indicator is suggested due to the importance of the impact of escapes on the community.

**The Hon. D.C. WOTTON:** In relation to corrupt practices, the Program Estimates (page 326) states:

To continue to reduce the incidence of complaints against members of the Police Department, with special emphasis on eliminating corrupt practices and enhancing service delivery standards.

What measures have been implemented and/or are planned to eliminate corrupt practices in the Police Department, and how successful have these measures been to date?

**The Hon. J.H.C. Klunder:** I will ask the Commissioner to deal with that.

**Mr Hunt:** A mixture of functions is involved in this question of complaints about the police. It involves those investigations carried out by the Internal Investigations Branch relative to behavioural matters and minor matters which give offence to the public and which are somewhat different from allegations of corruption. I will spell out our anti-ruption strategy.

In 1987 we saw a need for the department to examine the impact of corruption on the police service and to implement effective measures to counter each such influence. In October of that year we initiated a project aimed at identifying potential corruptive influences in the community and suggesting strategies to prevent or minimise the effects of corruption within the department. In May 1988 a final discussion paper concerning possible anti-corruption strategies was completed. Later in that year we participated in a ministerial committee examining a proposal to establish an anti-corruption authority within the State.

As a result, the National Crime Authority established an Adelaide office in January 1989 and the Anti-Corruption Branch was established in February 1989. The Anti-Corruption Branch comprises an investigative unit, an audit unit, a corruption prevention unit, and any task force established by the Commissioner for the purpose of the branch's investigations. Although the primary thrust of the current anti-corruption strategy is through the Anti-Corruption Branch, other measures are taken, including: regular meetings held between the assistant commissioners and supervisors within their command to exchange information; the release of the statement of values for the Police Department; the inclusion of an anti-corruption strategy for 1991-92 on the objectives of the operations command; and the release personally to all members of the force of the code of ethics.

It is important to note that all the major problems identified by the Fitzgerald report that contribute to corruption have been addressed previously by this department and appropriate mechanisms put in place.

That report highlighted a lack of preventative policing policies, no efficient inspectorate, inadequate training of recruits and unfair selection processes and appeals systems. We have addressed all those matters as part of our ongoing anti-corruption functions.

We have also included in every employee's position description responsibility for anti-corruption and the reporting of anything of a suspicious nature. We conduct seminars and have ongoing interaction with the National Crime Authority to try to identify any trends that might arise. This is not a complete list, but I think it is sufficient to indicate that we have taken a very serious view on this and have implemented to a very high degree anti-corruption strategies.

**The Hon. D.C. WOTTON:** I believe earlier this year a statement was made publicly that there would be an attempt to expose and take through court the Mr Biggs referred to in recently exposed police corruption. Can the Minister throw any light on that subject? Obviously, there have been no prosecutions of this so-called leader, but I would appreciate a response from the Minister.

**Mr Hunt:** This is another of those situations that prove our determination to eradicate criminal behaviour. Whether or not Operation Hygiene involved a criminal pocket of people who were engaging in extra curricula activity is, I suppose, academic. The fact is that certain people were acting in a dishonest way, and we showed our resolve and determination in the finest way, I believe, with the Anti-Corruption Branch, which completed a major investigation in a matter of months and brought quite a number of people before the court.

During that investigation, there was media speculation of Mr Biggs and those kinds of things, and all we can say is that all the people who were involved in that arena have been brought before the court and some are still before the court. It would not be for me to indicate whether any one of those persons was more culpable than another; that is a matter of information put before the court by the Crown Prosecutor who prosecuted on our behalf.

**The Hon. D.C. WOTTON:** I refer to interagency support services on page 160 of the Estimates of Payments and Receipts. How much was spent by each member of the police senior executive on work related travel during 1991-92; how many trips were involved and what was the destination, purpose and cost of each trip; and how many trips involved business class and first class travel or the use of a private or police aircraft?

**The Hon. J.H.C. Klunder:** I understand that the Commissioner is able to supply some of that information, but clearly it is a question that requires much detail and would need to be taken on notice.

**Mr Hunt:** As policing evolves in this country and takes on a national and international perspective—criminality and police activity is truly of that nature, and I refer to our role in the Australasian and South Pacific region—we are required to travel interstate and others are required to travel to our State. For example, there are conferences involving counter-disasters, counter-terrorism, the National Crime Authority, Commissioners of Police, the Australian Police Ministers Council and others that are sponsored by various Ministers of the Government. These conferences involve the participation of senior officers in similar vein

to other Government departments. All of the senior executive group and, indeed, other members of my organisation are required to travel for specific purposes. Travel costs are shared greatly because many of these commitments are sponsored and paid for by the Commonwealth Government.

I refer specifically to some major matters which have required me to travel recently and which have been funded by the Federal Attorney-General's office. Other members of the senior executive group and officers from middle management also travel at the cost of other agencies and Government instrumentalities in respect of matters I have mentioned. The general rule applying to the allowable class of fare in the Public Service is that chief executive officers may travel first class and other members must travel economy class. On occasions, I have travelled first class, but currently I travel business class.

**Mr ATKINSON:** I refer to page 329 of the Program Estimates. What is meant by at risk youth programs and what are their objectives and benefits?

**The Hon. J.H.C. Klunder:** At risk programs refer predominantly to camps for youth who are considered to be at risk of entering the criminal justice system. These camps are operated as Blue Light activities and form an extension of the Blue Light program which, as the honourable member would know, includes discos and nightclubs. In late 1989 and early 1990, Blue Light at risk camps were piloted by the South Australian Police Department. The program required the use of existing community and interagency resources, expertise and skills. Consequently, a model of interagency cooperation in the provision of crime prevention services and programs for and with young people was developed. Since October 1989, 52 Blue Light camps have been conducted with approximately 700 young people participating, 30 being directed specifically at the at risk category.

The camps have attracted young people from varying cultural backgrounds (both male and female) and efforts are made to target high profile inner-city street users who are at risk of either offending or being involved in serious anti-social behaviour. Country youth are also targeted, and camps have been conducted at Port Augusta, Whyalla, Renmark and Ceduna. The camps consist of predominantly a two day weekend; however, they have been modified to suit particular social groups. For instance, there has been a four day wilderness camp, a canoeing trek for male adolescent at risk Aborigines, police officers from the Star Force and youth workers.

The objectives of the Blue Light camp program are broad and include: increasing the self-awareness of all participants—young people, police officers and youth workers; encouraging and assisting in the development of the participants' social skills and personal competence; enhancing the participants' sense of social responsibility and their willingness and capacity to help others; and providing opportunities for participants to contribute to the development of a caring community. Each at risk camp is conducted and supported by volunteer police, youth and social workers and is funded partly by South Australia's crime prevention strategy and partly by the department's recurrent budget.



Mr ATKINSON: On page 334 of the Program Estimates it is stated that one of the broad objectives of the road safety program is to reduce accidents caused by the driving of unroadworthy vehicles. What is the Police Department doing to reduce the number of accidents caused by unroadworthy vehicles?

The Hon. J.H.C. Klunder: The incidence of unroadworthy vehicles involved in road accidents is, of course, a matter of concern. The inspection of vehicles to determine their roadworthiness is part of the normal patrol duties of uniformed officers and is carried out throughout the State. It is considered necessary to introduce special policing objectives from time to time to direct police resources specifically towards concentrating on the condition of vehicles. Between 12 and 18 March this year, as part of the State-wide traffic plan, a specific policing objective was conducted against unroadworthy vehicles. A total of 5 022 vehicles were inspected, resulting in 817 being issued with defect notices.

During the forthcoming year, in line with objectives to reduce the road toll, specific policing objectives will again be conducted and directed at both standard and heavy vehicles. As one of its initiatives, the highway patrol has throughout the year conducted roadworthiness campaigns targeting heavy vehicles in various parts of the State and, indeed, in conjunction with the New South Wales and Victorian Police Forces.

Mr ATKINSON: I refer to the Estimates of Payments and Receipts, page 218, where it is predicted that receipts from infringement notice schemes—namely, expiation fees—will be about \$29 million this year—which represents a rise. The Minister would know better than most of us that media commentators, callers to talk-back radio and writers of letters to the editor daily accuse the Government of revenue raising through traffic infringement notices. Yet, it would appear that receipts from this source are only one-tenth of the cost of the Police Department. Would the Minister care to comment?

The Hon. J.H.C. Klunder: That is certainly something that has struck me from time to time as being a quite remarkable situation. If one were to see some of the media exposure on this, one would think that the Police Department was on to a very nice little earner and that not only was it raising enough money to pay for all police activities but, indeed, it was making a healthy profit for the Government on the side.

As the honourable member has indicated, the amount expected to be raised from all of these fines is of the order of one-tenth of the police budget. So, it is certainly not the case that the police or the Government are doing very well out of this. A very large proportion of that—and I remember seeing statistics some years ago supporting this point—is swallowed up in the police road safety operations.

The other interesting thing that I should perhaps also point out to the Committee is that on a number of occasions in the past few years there has been an expectation that a certain amount of money will be raised, particularly out of the TINs (traffic infringement notices). On each occasion the actual amount coming in has been well short of the expected amount. On a number of occasions I have indicated that that is a source of very considerable satisfaction to me, because it means that there is in fact a reduction in the number of people who

are attracting TINs. Certainly, information that the police have been able to provide indicates to me that that is correct.

In a number of cases where the police do checks on the speed of passing vehicles, without ever using those points as places where they actually fine people—and therefore one assumes that the people passing those points will not be warned by the fact that they were fined at those locations previously—there has been a very significant reduction in the number of people who nowadays exceed the speed limit. One would expect that to show in a reduction from the high of a few years ago in relation to the number of people killed or injured and the number of accidents that occurred on our roads. Of course, that has been the case. That in itself has had a magnificent effect on the load on our hospitals and on the costs associated to the community generally as a result of such accidents, injuries and deaths.

I think that even the Opposition—which, particularly in the person of a member in another place, has been very heavily opposed to radar cameras—is now starting to come around. I have noticed over the years that one or two members of the Opposition have actually stated outright in the Parliament that they now believe that the objectives of the police in trying to reduce the road toll by using radar cameras is in fact an appropriate way of doing things.

The effectiveness of this part of the road safety program is particularly highlighted by the reduced number of deaths. Statistics show that road deaths in 1991 decreased by 18 per cent. That represented a saving of 42 lives on the previous year. This was the greatest reduction in fatalities recorded in any Australian State. I must say that the amount of rubbish that was thrown at the police and the Government is worth it in terms of the fact that there are now 42 people walking around this State who, because of the initiatives taken by the Police Department and the Government in this matter, have not been killed.

The first half of 1992 also shows a 23 per cent reduction in road deaths when compared with the five-year average for the same period prior to the introduction of the speed cameras. So, I think it is now generally acknowledged that we have made a major inroad into the carnage on our roads over the past few years and many people are now considerably better off. Interestingly, that is backed up by information that has been given to me informally by people who are involved in the crash repair business and the insurance business. In both cases the industries have indicated to me that there has been a reduction in work, in the case of the crash repair industry, and in the number of claims in the case of the insurance industry.

So, here we have a situation where the police tackled what was an unpopular situation, made unnecessarily more unpopular by the actions of certain people in this place and in another place. Nevertheless, the job has been done, done properly and is bearing results.

The CHAIRMAN: How does your considered response relate to the proposal that is currently before the Minister of Transport, following a submission from the Royal Automobile Association, to increase speeds on certain roads within the metropolitan area—increasing speed limits from 60 kilometres per hour? In particular,

in the electorate of Albert Park there is an ongoing study, which I understand was brought to the Minister's attention in July last year, in relation to increasing speed limits along Military Road, Bower Road and West Lakes Boulevard. This proposal has brought about a considerable amount of agitation in the Albert Park electorate following the distribution of some 6 000 questionnaires by the local member to determine the attitude of local residents.

It has been brought to my attention that, given the huge volume of traffic and the number of events around that popular West Lakes area, including Semaphore Park, traffic in and out of Football Park, the waterway, and so on, it causes considerable concern to local residents. What input, if any, does the Police Department have in relation to this matter; is the Police Department involved in making submissions in relation to increasing speed limits; and, if not, will the Minister consider the Police Department's being requested to make submissions on the increasing of speed limits in that area?

**The Hon. J.H.C. Klunder:** There is a police officer on the Road Traffic Advisory Group, so the Police Department's views would be taken into consideration through his presence. The answer that I would give—and I will give the Commissioner a chance to answer later—is that there is a simple law of physics relating to motor vehicles and speed. For the sake of those who do not have the scientific background that I have, half the mass of the vehicle times the square of the speed of the vehicle gives an indication of the amount of energy that that vehicle has due to its motion.

If the speed doubles, the energy of that vehicle, which is dissipated during a crash, is not doubled; it is quadrupled. A vehicle travelling at 60km/h has four times the energy of a vehicle travelling at 30km/h and that energy, in the event of a crash, is spent in bending the vehicle. If there are people inside that vehicle, they will end up being part of that bending process. In general terms, I would be unhappy about increasing speed limits in various places. However, that is my view as an individual as distinct from the official view of the department.

I would also be concerned if particular roads were singled out as being safer to travel on at higher speeds—and I acknowledge that some roads are safer to travel on than others. I would want to balance that with the view that it is better for people to be aware that in a certain locality there is a given speed limit rather than that in a given locality there will be a number of different speed limits, because that will cause confusion in people not knowing when they have switched from one to the other.

**Mr Hunt:** On the question of road safety programs, I merely point out that whether or not main arterial roads could increase their speed limits is a matter that would have to be taken into consideration and monitored closely. However, black spots, accident spots, death rates and complaints from the public are monitored, and we have shown that there is an average of 15km/h reduction in areas which were previously not treated by the speed cameras.

**Mr MATTHEW:** My next question refers to the purchase of equipment, which is covered in the Estimates of Payments and Receipts, in particular on page 159

under program 8. I am informed that the Sig-Sauer semiautomatic 9mm pistols recently purchased for the STAR Force allegedly do not satisfy the criteria laid down by the Occupational Health, Safety and Welfare Act. I am advised that the pistols purchased do not have a safety catch so the trigger can easily be disengaged, and that the pistol selected by operational members of the STAR Force was the Pietro Beretta M92 which has a safety catch, was cheaper and was selected by the United States armed services after eight years of testing. Why was the Sig-Sauer weapon chosen when it is allegedly unsafe and fails to comply with the Occupational Health, Safety and Welfare Act?

**The Hon. J.H.C. Klunder:** I must admit that I am not immediately familiar with that level of detail. I am not sure whether anyone else can shed any further light on it. If not, we will take that question on notice. I understand that the Commissioner is keen to have some clarification as to the type of pistol that the honourable member has described.

**Mr Hunt:** If I may ask a question, is the honourable member suggesting that the pistol is not suitable because it does not have a safety catch?

**Mr MATTHEW:** It has been alleged to me that one of the reasons it is not suitable is the fact that it does not have a safety catch. I am advised that there were concerns about that, because it does not comply with the Occupational Health, Safety and Welfare Act.

**Mr Hunt:** In the early days, when the change from the old Browning 9mm was considered to the present 357 Smith and Wesson revolver, the criterion placed on the type of weapon to be used, whether or not it was a revolver or an automatic, was that it be a one-handed operation. It was considered in those days, even taking into account two other brands of automatics which did meet the criteria—and I understand that this one does from the description given by the honourable member—that, even though it did not have a safety catch, it was designed for one-handed operation, because the pressure points upon it require an equalising pressure before it can be discharged. Without being able to give a complete answer, I know that one of the criteria for police pistols insisted upon by members of the force is that it be designed for one-handed operation. If it has a safety catch, it is required for two-handed operation.

**Mr MATTHEW:** I should like to put a further supplementary as a result of that answer. I have received some disturbing allegations regarding the purchase of this pistol. It has been alleged to me that a report recommending the Pietro Beretta M92 was deliberately concealed from senior management within the Police Force, and it has been further alleged that the report recommending the selected Sig-Sauer weapon was prepared by an officer whose parents were the sole distributors of the pistols in South Australia. Does the Minister know anything about that matter?

**The Hon. J.H.C. Klunder:** I do not know anything about that allegation, and I do not know of anyone else at the table who does. However, as the honourable member has now made it public, I will make sure that it is investigated.

**Mr MATTHEW:** My next question relates to the operational systems integration (or OSI system) identified in the capital works program document at page 52. I note

from that document that it is proposed that ultimately almost \$2.3 million be expended (\$733 000 in this financial year) on a computing facility to integrate major types of police operation information systems. I am aware of the existence of a number of related documents to this system. They include a report that was prepared by Aspect Computing, entitled 'Operational Systems Integration Planning Project.' I am aware that that document includes a four-stage police computer systems transition project. I am also aware of the existence of confidential memos criticising the proposal as one which could blow out the cost of the Justice Information System, a project which the Minister will be aware has already exceeded its budget to date by more than \$20 million.

I understand that the OSI report cost the department \$56 000 and was prepared under very strict terms of reference that were so tight that the consultants had little option but to recommend the unnecessarily expensive option of rewriting existing police computer systems, many of which were only recently developed on the Justice Information System at great expense. Does the Minister condone this rewriting of computer systems which have only recently been created at significant expense to the South Australian taxpayer?

**The Hon. J.H.C. Klunder:** I will ask Mr Brian Meadows, the Police Department expert in this area, to deal with this question.

**Mr Meadows:** I might have to ask for some clarification because there seemed to be a number of parts to that question. The operational systems integration project was originally planned in 1988 as part of the department's IT strategic plan. As part of that project, it was also suggested at that time that, as we progress and as such systems as minimum viable JIS were developed, the content of which was not fully known at that time, we should keep looking every year at where we were going. What you see in the Aspect report is in fact the technical feasibility of one option we were looking at. That has been able to tell us whether it was viable, how much it would cost, and it gave detailed plans. That is the basic use of that report.

As it was a feasibility study and it looked at options for achieving our objective, we expected to receive criticisms from certain people, and they have been taken into account. As we see it at this time, we have reviewed that and have gone on to develop other options, all of which are subject to a business case being developed, and that case will be prepared fairly soon. We anticipate that the overall cost of computing to deliver the services required for both JIS and for the police will be significantly reduced.

**Mr MATTHEW:** As a supplementary question, I am rather alarmed at the first part of that answer. I appreciate that the operational systems integration may well have been examined as part of the police strategic computing strategy back in 1988, but I also point out that, in 1988 and into 1989, activities on the Justice Information System commenced with enormous expenditure behind them, and I am alarmed to hear that the Police Department in 1988 was planning an integration with a type of software and allowed, for approximately four years, a completely different development using completely different software. Why did that occur?

**Mr Meadows:** Let me clarify it, if I can. Operational systems integration at that time was not proposed in the same way as it is today but, with the passage of time, the development of the JIS and the development of the police, and looking at the amount of money to be spent, we were able to keep looking at different options. It is obviously shrewd and prudent management, it seems to me, to look at those options and not be tied into perhaps a scheme which, as we sit today, was not entirely known. Today we can see a way of spending that money to get a greater benefit. That would seem to be very prudent in my view.

**Mr MATTHEW:** One further supplementary question. This still alarms me. We are talking about systems that have been developed in the past four years. We are talking about proposals to completely rewrite some of those systems, written in Cullinet software, and, I understand, rewriting them in Adibas natural. People in the information technology industry with whom I have spoken who are aware of this project are absolutely aghast at this proposal. Will the Minister examine this matter further so that taxpayers can be assured that their police money is not being wasted on unnecessary computer development when it could be spent perhaps on maintaining services?

**Mr Meadows:** This is not purely a police exercise, as the Committee would appreciate. These proposals are looked at jointly with JIS, and those decisions will be made jointly. As JIS comes under the Attorney-General's Department, the honourable member may wish to seek some further clarification in that area.

**Mr MATTHEW:** I refer to page 129 of the Auditor-General's Report and the firearms control system. I am given to understand that approximately \$370 000 was paid to Aspect Computing to develop the firearms control system. The Auditor-General's Report indicates that, as at 30 June 1992, there were 16 007 firearm owners who had not renewed their licence. Of these, the report states that 1 231 owners were deceased, and the whereabouts of their firearms was to be determined, whilst 3 239 licence holders could not be located. In all, that is 6 844 previously registered firearms that are now missing. The Auditor-General advises that, in response to his suggestion that sufficient resources need to be allocated to follow up unrenewed licences and to locate licence holders and firearms, the department as at mid-August 1992 had failed to place its promised two temporary data entry staff in the firearms section. What action has the Minister now taken to rectify these problems?

**The Hon. J.H.C. Klunder:** It is an interesting question because it covers many different items. For instance, the firearms registration system that applies in South Australia does not exist in a number of other States. The licensing of long-barrelled firearms has occurred since 1981, I think, but there are other States where there is no licensing of firearms—the owner is licensed just once, and that owner can have as many firearms as he wishes. In one sense, whilst the honourable member is being critical of affairs in this State, we are light years ahead of the situation in other States.

There is some considerable difficulty when, on the one continent, different jurisdictions have rules that are as totally different as these. It is possible to buy a firearm elsewhere, bring it into South Australia and not register

it, since it is not traceable through another State. One can only rely on the honesty of persons to register firearms in this State, because it is a requirement of the law to do so here. In fact, many firearms in this State are probably not registered and not licensed because they were purchased interstate or prior to the time the licensing of firearms was required in this State.

As to the particular question regarding the need to provide the firearms section in the department with backup staff to ensure that the backlog of licensing and registration that exists in this State as part of the known backlog in those things—as distinct from the probably much larger unknown backlog of those firearms—yes, we have taken action to provide an extra two persons in the firearms section. I will ask Mr Hughes to continue.

**Mr Hughes:** At the time of the printing of the Auditor-General's Report, he noted that, as at mid August 1992, the resources had not been provided. In fact, by the time the report was tabled, we had put additional resources into firearms to at least contain the situation. We have now taken further steps to provide further resources beyond that, and the backlog will be reduced as a result to an acceptable level.

**Mr MATTHEW:** That is pleasing to hear. As a final supplementary question, on two occasions since 1989, the Auditor-General has suggested that additional temporary resources should be allocated to address this situation. Why has it taken until 1992 to do something about it?

**Mr Hughes:** It has been a matter of balancing resources between proceeding with the new system and keeping the old system up to date. There are benefits in the new system, and we have been attempting to do the best we can with our resources considering the total long-term approach as well as the short-term approach.

**Mrs HUTCHISON:** I refer to page 327 of the Program Estimates and to page 52 of Financial Paper No. 2. Both documents refer to phase 3 in the development of the fully integrated crime systems. Will the Minister provide some details of this project? What does it actually involve, and what are the perceived benefits by actually having phase 3 in this crime system?

**The Hon. J.H.C. Klunder:** In February 1984 approval was granted to implement the intelligence and investigation management system. Consequently, the department purchased an IBM computer and associated hardware and software in December 1984 to enable it to implement this system. The objective of the system is to automate, with a view to facilitating the processes of collating, isolating and disseminating information and intelligence undertaken by the various investigative units of crime command. It also provides the ability to automate and facilitate information systems created by investigations into serious and major crimes and incidents and to assist in the case management of those crimes and/or incidents.

The system has been divided into three phases as follows: the initial phase caters for the Bureau of Criminal Intelligence and the Major Crime Squad, together with selective investigation units located in central headquarters. Implementation of this phase was completed in 1985-86 at a total cost of \$1 119 000, including the purchase of the mainframe operating software tape drives and networking terminals and printers. Phase 2 encompasses the remainder of the

central CIB areas as well as metropolitan CIBs and crime collatory units. This phase commenced implementation in 1986-87 and was completed in the 1989-90 year at a total cost of \$552 000. This funding provided for the installation of terminals and printers at CIB locations where it has been identified that additional facilities are required to meet more adequate load requirements.

The phase 3 project, crime systems, was approved by Cabinet on 27 July this year and an amount of \$15 554 was spent during 1991-92. Funding of \$820 000 has been provided in the 1992-93 budget, and an amount of \$276 000 is required in the 1993-94 budget for completion of this project. This funding will enable the enhancement of existing criminal intelligence and investigation systems, both manual and automated; introduction of sophisticated analytical computer based crime systems; and expansion of access to such systems to country CIB units. Completion cost of the crime systems, phase 3 project, is expected to be \$1 112 000. The total cost of all three phases of the system is expected to be \$2 783 000 when completed at the end of the 1993-94 financial year.

**Mrs HUTCHISON:** Did the Minister say that country CIBs would have access to that system? Who would have access?

**The Hon. J.H.C. Klunder:** I indeed indicated that access to such systems would be available to country CIB units. The anticipated benefits of the phase 3 project are: greater efficiencies in the area of CIB intelligence officers and clerical officers, leading to increased time being available for intelligence interpretation and dissemination; more effective analysis of intelligence data, which is seen as essential in order to combat the increased sophistication of organised crime; an improvement in the time limits of intelligence data; greater efficiency in metropolitan and country CIBs with access to word processing intelligence and investigating systems; and an integrated information database.

**Mrs HUTCHISON:** I refer to page 335 of the Program Estimates, with regard to the continuation of a review of the Police Department's policies and practices in the area of occupational health and safety. I think we would all be aware that, particularly in the area of safety, that would be one of the major requirements of the Police Department. Will the Minister advise the department's approach to occupational health and safety matters and some of the strategies that are currently being employed in order to ensure employee health and safety within the department?

**The Hon. J.H.C. Klunder:** The Police Department management of occupational health and safety is based on a code of general principles and the requirements of the Act. A senior sergeant occupies the position of occupational health and safety coordinator and a registered nurse was appointed as occupational health nurse during 1990. The department has had occupational health and safety committees in operation for many years. Committee membership has been revised to facilitate employer and employee consultation and to ensure representation of employees in every command. Each regional or divisional commander or equivalent is accountable for health and safety issues within his or her area of responsibility.

Forty separate health and safety committees have been formed and 80 safety representatives elected, in accordance with the Act. A continuous education and training program is undertaken with the coordinator of occupational health and safety and the occupational health nurse, making presentations at training programs, courses and conferences. The occupational health and safety coordinator participated in a number of major initiatives aimed at improving employee health and safety. Foremost amongst these was the revision of the occupational health and safety committee structure to provide for an occupational health and safety advisory committee and an occupational health and safety coordinating committee. This latter committee will ensure more appropriate employee representation and consultation in the development and implementation of a range of occupational health and safety initiatives.

During 1992 the department, in conjunction with the Department of Labour, adopted the Penstar program, which provided funding for a number of health and safety initiatives, including a survey of the health and fitness of approximately 660 police members and a hazard analysis of police sites throughout the State. In addition, the department took part in a major systems audit with respect to safety and injury prevention procedures. The result of these audits will be used to formulate a number of health and safety action plans for the 1992-93 period. It is perhaps worth my mentioning that the inoculation of employees against Hepatitis B virus has continued, with approximately 4 000 members having either completed or at least commenced a series of inoculations, and occupational health and safety equipment funded in the 1991-92 budget included handguns, soft body armour and first aid kits. Further funding has been allocated in the 1992-93 budget for soft body armour, \$160 000, and hand guns, \$193 000.

**Mrs HUTCHISON:** As a supplementary question, there has been a lot of emphasis in the past on stress claims, and some of the departments that have been mentioned obviously include the Department of Correctional Services and the Police Department. What mechanisms are in place regarding counselling and so on for police officers who have stress problems?

**The Hon. J.H.C. Klunder:** I will ask the Police Commissioner to comment in more detail on the stress situation. I want to draw attention to one particular area of stress which I thought might have arisen in the Police Department but which apparently has not; it is rather fascinating. I am particularly talking about police officers who do victims of crime visits; as it has turned out, most of those to whom I have spoken tend to be female police officers. One of the things that struck me at the time we appointed these people was that it was likely to be a very stressful occupation in terms of their having to talk mainly to people who had been victims of crime or relatives of people who had been killed, and so on.

On each occasion when I have been to police stations where one of these officers has been working, I have made a point of checking with them to find out what they thought about the stress of the job and whether they believed there was a burnout rate. Oddly enough, on each and every one of those occasions the officers replied that they felt quite comfortable with the level of stress and that they did not believe burnout would be a problem. I

mention that as an area where one with the best intention could anticipate that there would be a lot of stress for the police officers concerned, and it turns out that there has not been.

**Mr Hunt:** There are police training and counselling services. The police welfare office, the police psychology unit and the occupational health nurse all cooperate in the development and delivery of programs designed to increase the awareness of members about stress and its impact on health and work performance. These very proactive measures cover all recruits and some inservice training courses. Voluntary confidential counselling services are also provided by the Welfare Office, the Psychology Unit and the occupational health nurse. There is also a Rehabilitation Advisory Committee, and the rehabilitation coordinator assesses, establishes and coordinates appropriate rehabilitation programs at an early stage for employees suffering work-related stress.

The Police Rehabilitation Advisory Committee comprises the staff officer, personnel, who is the Chairman, the senior police welfare officer, the chief police psychologist, the police medical officer, the rehabilitation coordinator, the occupational health nurse and the personnel services liaison officer. They meet on a structured basis once a month to assist in the management, treatment and rehabilitation of employees suffering severe stress reactions.

Members suffering from other long-term health problems sometimes have stress or psychological components to their condition, and the committee operates in confidence and works towards the resolution of the individual situation by rehabilitation or alternative placement, or by invalidity, retirement, etc. The third activity involves post-trauma intervention procedures, and they are aimed at providing immediate assistance to members who have been involved in a major stressful incident in the line of duty. They provide for the member to be debriefed by a departmental psychologist and, where necessary, for follow-up counselling.

**Mrs HUTCHISON:** It seems that the department is fairly proactive in the resolution of stress problems. I refer to page 329 of the Program Estimates. How widespread is the Deputies Club, that is, how many clubs are there, in what areas are they located, what activities are undertaken and what are the objectives?

**The Hon. J.H.C. Klunder:** The original police Deputies Club was launched at the 1985 Royal Adelaide Show, and posters and collectors tickets were distributed in an attempt to encourage young children to attend their local police station and contact local officers. In 1989 the department revamped the Deputies Club, which now maintains ongoing contacts with interested youngsters through a series of fun assignments and quizzes designed to encourage contact with crime prevention agencies and, at the same time, to educate children in community awareness. The club is open to primary school children. The purpose of the club is to engender a spirit of community involvement; to create a lasting and friendly relationship between police and children; to promote crime prevention philosophies in primary schools; to educate children as to their community responsibilities; and to encourage a respect for law and order and, in doing so, hopefully to prevent future crime.

The new club, since 1989, has proved to be a great success, with the initial objectives being achieved. The club has been developed to include a rank structure, regular newsletters, competitions and community projects. It has attracted the interest of many children, and 3 474 have made good progress with crime prevention assignments. There are now about 400 senior deputies State-wide. To their credit, much interest has come from schools, some of which have adapted the activity booklets developed as part of the social studies curriculum, and the concept has also been taken up by the New South Wales police at Wollongong. Police in other States are considering the program. As to the actual spread of the program and where the clubs are, I am not sure that we can provide that information now, but we can certainly take the question on notice.

**The CHAIRMAN:** I understand it is the right of the Chair to ask questions, although I do not want to impose. I understand that from 22 to 24 September (next week) the Australian Institute of Criminology conference will be held in South Australia at the Terrace Hotel. Can the Minister advise what input the South Australia Police Department has in those conferences, what benefits accrue as a consequence of members of the Police Force attending them and is it likely that a number of papers will be submitted by the South Australian Police Force to the next conference?

**The Hon. J.H.C. Klunder:** This is an Australian Institute of Criminology conference and, therefore, we do not have any detail with us, but obviously we can get it.

**The CHAIRMAN:** I am merely putting in a plug for that conference.

**The Hon. H. ALLISON:** I refer to page 128 of the Auditor-General's Report. The first heading is 'Audit findings and comments on information technology and civilisation'. My question relates to the information technology plan. The public sector overall information technology plan was finalised in August 1992. It is referred to at page XV of the Auditor-General's Report. Now that the department at last has its own program under way, can the Minister advise whether the department's plan conform, since it was started several years ago, with the overall plan and how much has it cost the department so far to develop its plan?

**The Hon. J.H.C. Klunder:** The best way I can deal with the honourable member's question, before passing it on to Mr Hughes, is to read into the transcript a letter from the Government Management Board to the Commissioner, because it deals with the information technology strategic plan. The letter is as follows:

I note the significant progress that your department has made in initiating the plan and, in particular, the progress that you have made in firmly establishing the key management aspects which will be necessary to guide and direct the plan, including:

A consultant manager of the information technology (IT) and communications functions has been brought in, reporting directly to the Director of Corporate Services, to integrate the communications and IT functions, and to reposition the management processes related to these functions at an appropriate level.

Significant progress has been made on the creation of a customer orientated staffing structure.

A set of processes related to the organisation of projects has been established . . .

The Police Department has embarked on the operational systems integration project. When this was first envisaged, it was seen as a largely technical means of integrating the variety

of computer systems in the Police Department and presenting a common user interface to the police users. As now conceived, the project is likely to involve the transfer of some of the police computing developments to the JIS computer and the use of the JIS computer facilities for many new developments. The way in which this project has developed is unlikely to have occurred in the same way had the management structure not been changed as outlined above.

There are a number of issues which the Information Technology Sub-Board of the Government Management Board wishes to pay particular attention to in your next report. These include:

The development of performance indicators and associated cost benefit statements as outlined in your covering letter.

The ongoing development of the operational systems integration project. In particular, the next reporting period will see key milestones established in the development of this project. It is important that this project meshes well with the department's developments on its existing departmental computers and the Justice Information System equipment.

The Police Department's involvement in cooperative radio developments, in particular, its participation in the Government mobile radio service proposal which has been commissioned by the Information Technology Sub-Board.

The ongoing development of the capacity management function in the department. As I understand it, significant progress has been made in this area, but this clearly needs to encompass all facets of the department's computer systems.

The continuity of management at a very senior level in overseeing the project. In particular, the involvement of the present Consultant Manager has clearly been an important part in the achievements which have been made over the last six months. It is important that the continuity of the management process continue until at least the new management arrangements which have been proposed in the status report have been implemented and are operating effectively.

**Mr Hughes:** The honourable member asked how much the computing strategy has cost to date. Going back as far as 1988 and including expenditure since 1989-90, \$9.6 million has been spent on such things as the completion of the computer-aided dispatch system; conversion of prime computer systems (namely, the BCI running sheets, summons and remote job entry); partial completion of the crime systems project in 1989-90; completion of an asset control system; partial completion of a local processing and office automation project; conversion of the DEC computer system, namely, the stolen vehicles system; and implementation of the human resource management system.

In 1990-91 we did further work on the crime systems and in 1991-92 we continued conversion of the DEC systems, including the firearms system, radar deployment and crime statistics. We completed the telephone interception system, the implementation of systems methodology and capacity management, and did further work on our local processing strategy together with further work on the human resource management system and the brief, inquiry and management system.

**The Hon. H. ALLISON:** The Auditor-General states that 32 of 80 positions identified as far back as 1988 have been civilianised, and that:

Civilianisation remains a sensitive industrial issue; however, audit considers there are significant benefits to be derived from accelerating the process and continuing to identify positions suitable for civilianisation.

I do not think that many additional positions from the original 80 have been identified for civilianisation, although I could stand corrected. The police officers award introduced in 1988 together with this program identified positions to be civilianised on a natural attrition basis. Is the very slow pace of civilianisation due to a very slow rate of natural attrition?

**The Hon. J.H.C. Klunder:** My understanding of the history of this matter is that at one stage it was cheaper to take on people such as motor mechanics and pay them as police officers because of the current awards. These people were, therefore, never trained as police officers and most of them have no intention of becoming a police officer; they are happy to do their job. Consequently, it is very difficult to get those people to become police officers other than by encouraging those who might be interested in doing so, and to work on natural attrition for the others.

Of course, natural attrition is at a particularly low point at the moment as it is in all other sectors of both Government and private industry. So, that process is very slow at the moment. I understand that 90 positions, the majority of which involve mechanics, radio technicians and other tradespeople, will be civilianised by attrition. Those positions were agreed on the basis that it was not essential that they have police powers, and existing occupants would continue to be police officers while they remained in those positions. So, it will be a slow process, and it is one of significant industrial import.

**The Hon. H. ALLISON:** If the Auditor-General still considers that significant benefits are to be derived from accelerating the process and if, as the Minister says, the economics lie with keeping the mechanics as police officers, perhaps it would be appropriate to take up that matter with the Auditor-General to see whether he will change his report next year. I accept the Minister's logic—it is perfectly rational.

Page xix of the Auditor-General's Report refers to the establishment of a public sector fraud coordinating committee chaired by the Police Commissioner and comprising representatives of the Auditor-General's Department, Treasury and the Attorney-General's Department. How many educational and information sessions have been conducted across the public sector and for which departments, and which agencies have been assisted so far with the development of fraud control plans?

**Mr Hunt:** Since the inception of the public sector fraud coordinating committee, we have held a number of public seminars and attended other seminars as associates. We have not only paid strict attention to the public sector but we have extended it beyond that and coordinated with the fraud task force of the South Australian Police Department and included instruction, liaison, education and awareness for the private sector through business and representatives of private industry. Over a number of months since its inception, the members of the committee and the executive secretary on an individual basis have visited CEOs of departments and related authorities responsible for public moneys and had lengthy discussions about risk management with them and their staff. Indeed, in the past two or three weeks the members of the committee, together with an officer of the Anti-Corruption Branch and the fraud policy coordinating committee, have visited four Government departments and lectured middle and senior management. So, the activity is ongoing; it is a strong program, and over the past year or more there has been quite a level of achievement.

**Mr ATKINSON:** Page 329 of the Program Estimates refers to police-community liaison and education services. The final 1991-92 specific target listed states:

Recommendations arising from the Royal Commission into Aboriginal Deaths in Custody were implemented and monitored where appropriate. A 1992-93 specific target is to continue to implement, where appropriate, the recommendations arising from the Royal Commission into Aboriginal Deaths in Custody.

My question is: where would that not be appropriate?

**The Hon. J.H.C. Klunder:** I think that the best way of answering this question is to give an overview of the response by the Police Department to the 339 recommendations in the final report of the Royal Commission into Aboriginal Deaths in Custody, which of course covered a wide range of issues to counter the disproportionate level of Aboriginal custody deaths. The recommendations covered: police personnel management policies and practices; sentencing practices; treatment of intoxicated persons; conditions and procedures at police lockups; conditions and procedures at prisons; medical issues; post-death investigations; and police operating policies and procedures. Some 59 of the recommendations had a direct bearing on Police Department operations and cell facilities.

In conjunction with the Government's commitment to the implementation of all recommendations, the department has formulated a series of strategies to pursue the practical details of implementation. The central themes of the police strategy include: police training and education programs covering a range of operating procedures; first aid training; detention practice; the appointment of a senior commissioned police officer to liaise with relevant agencies and coordinate actions on recommendations; extension of the Aboriginal Police Aide Scheme to three additional remote locations and to several urban areas; and a prioritised program of cell upgrades to improve standards to acceptable levels. An amount of \$324 000 was expended in 1989-90, \$866 000 in 1991, and \$512 000 in 1991-92, with a carryover amount of \$62 000 for the 1992-93 financial year. It includes the recruitment of 15 additional police officers per year for three years to allow for more rigorous surveillance arrangements, and that commenced in 1989-90. It included a continuation of major building works programs to ensure high quality detention facilities at all major 24-hour locations.

In addition, officers from the South Australian Police Department contributed to the formulation of Australian standards for custodial practice and facility design in response to recommendation 332 of the Royal Commission's final report. The standards document is currently at a draft stage, but following its formal adoption by all States it will signal a consistent approach across Australia.

The cell design principles arising from the Muirhead Royal Commission required that attention be given to existing detention facilities, as well as being included in the features of new cell complexes. As I have already said, \$512 000 was expended in 1991-92 as the third stage of a three-year program to upgrade existing cells in priority locations. An amount of \$324 000 was expended on the first stage of the program in 1989-90 and \$866 000 in 1990-91. The design issues being addressed include: the installation of fine weave mesh to cover open bars; the installation of cell intercom alarm systems to

enable communication between prisoners and cell guards; the installation of television surveillance where applicable; the provision of adequate outdoor exercise enclosures; provision of multi-occupancy cells; the removal and/or upgrading of unsafe fittings and fixtures; and the provision of a special visitation rights room where possible.

The ongoing major works program has enabled the construction of replacement detention facilities and adds further improvement to those mentioned above. In particular, the designs provide for building integration between the police station and the cells to ensure maximum opportunity for close surveillance of prisoners. The total cost of construction at locations where new cells and accommodation facilities have been or are being constructed is \$50 136 000. The proposed funds for 1992-93, either to finalise payments or to complete works or continue construction of new cell accommodation facilities, totals \$10 972 000. Of course, there is also a number of programs that allow for visiting and for immediately advising Aboriginal groups that an Aboriginal person has been taken into custody so that visiting rights can be exercised immediately.

**Mr ATKINSON:** How successful was the pilot stop auto theft program?

**The Hon. J.H.C. Klunder:** This was a crime prevention initiative aimed at reducing car theft. It was introduced as a pilot scheme in the Glenelg area on 30 August 1991. The Police Department, in conjunction with the RAA, 102FM and the crime prevention services are involved in developing that initiative. Car owners are asked to enter into an agreement with police if their car is not normally driven between 1 a.m. and 6 a.m. on any given day. On payment of a small fee—which is paid into the Police Department deposit working account and covers advertising, stationery and administrative costs—the applicant is given a unique reflective sticker to display on the inside of the rear window of their vehicle. If the motor vehicle is seen by police being driven between 1 a.m. and 6 a.m. then a reasonable suspicion exists and the vehicle is stopped. The occupants are questioned as to reasons for possession of the motor vehicle. The pilot scheme has now ended and the results are under review for future directions. I point out that \$15 000 was provided by the Attorney-General's Crime Prevention Unit in 1991 and a further \$15 000 was provided in 1991-92 by the RAA.

**Mr ATKINSON:** Over the past few years the Police Department has initiated a number of different watch programs as part of its crime prevention and community policing strategies. It has been brought to my attention that another watch program has been started, called 'Taxi Watch'. Will the Minister provide further information on that program?

**The Hon. J.H.C. Klunder:** This program was initiated by an approach from the South Australian Taxi Association. The crime prevention and safety program entitled Taxi Watch was launched on 3 September. The objective of the scheme is to involve those working in the taxi industry in reducing the number of preventable crimes, to assist members of the public in times of personal emergency, to identify criminal activity and communicate information to the police, and to promote

cooperation between taxi industry members and the police.

Police officers have already been a part of lecture presentations within the TAFE course for taxi drivers. Their radio communication network has resulted in positive police/taxi action in the pursuit of criminals. Again, the Metropolitan Taxi Board is providing sponsorship funds to the amount of \$4 000 for the Taxi Watch program. Officers from the Crime Prevention Unit are maintaining training and liaison functions with the taxi industry.

**Mr MATTHEW:** My next question relates to police prosecution services and, in particular, the Program Estimates at page 330, which contains the performance indicators table. I notice that there is an expected increase of nearly 22 per cent in prosecutions of cases to be considered in 1992-93. However, I also notice on page 327 of the same book that the performance indicators estimate that for 1992-93 there is expected to be a nil increase of violent offences cleared. At the same time, at page 326, it is stated that there is expected to be just a .3 per cent increase in property offences cleared. On page 331 it is estimated that there will be an increase of just over 2 per cent in the prisoner intake for 1992-93. Bearing all that in mind—that there will be little increase in the number of offences cleared and little increase in the number of prisoners—from where will the estimated 22 per cent in prosecution increases come?

**The Hon. J.H.C. Klunder:** There is some difficulty when the honourable member gives me four references in quick succession to four separate pages and does not tell me—

*Mr Matthew interjecting:*

**The Hon. J.H.C. Klunder:** It may well show that he has done his homework but, when he gives me a page reference and I am expected immediately to find the information to which he is referring and then follow him rapidly across four pages in random order, picking information from them, putting it in my head and coming up with an answer, I am just not that good. I think I will take the question on notice. Mr Chairman, I again ask for your indulgence, because the Police Commissioner now has some information in response to a previous question.

**Mr Hunt:** I refer to the selection of hand guns. We have been advised on inquiry from this Committee today by Mr Watkins that the purchase of the Sig-Sauer pistol was in preference to the Beretta pistol. The committee was comprised of people who agreed with the purchase of this weapon: STAR Force representatives, Police Association representatives, members of the Operations Command and of the Personnel and Training Command. Those people considered the purchase and unanimously recommended the Sig-Sauer. The principal reason for recommending the Sig-Sauer over its competitor was that there had been some considerable difficulties with it. In fact, it had to be returned to the manufacturer on a number of occasions for modification. The choice was based entirely on operational effectiveness, not through any intrusion of the senior executive group.

**Mr MATTHEW:** My next question relates to assistance to SES units. I refer particularly to page 323 of the Program Estimates, line 7. Why was less money than budgeted provided to assist SES units in 1991-92? In fact, I note that there was \$39 000 less. Why has the



1992-93 proposed allocation been reduced below that proposed in 1991-92 and obviously, in real terms, below that spent in 1991-92?

**The Hon. J.H.C. Klunder:** We shall have to take that on notice. No-one seems to have the information immediately to hand with regard to the decrease of \$23 000.

**The CHAIRMAN:** The Minister will be aware that that information must be provided to the Committee by 2 October.

**The Hon. J.H.C. Klunder:** Yes.

**Mr MATTHEW:** My next question relates to traffic infringement notice expiations, in particular, the last line on page 322 of the Program Estimates. Bearing in mind the answer that the Minister gave to the member for Spence about traffic infringement notices, why has the budget for 1992-93 for the administration of traffic infringement notice expiations been increased by almost \$2.3 million above the 1991-92 cost; does it indicate that the Minister may be expecting a massive increase in traffic infringement notices?

**Mr Hughes:** The main reason for the increase is equipment that is being acquired to support the operation of speed cameras in terms of a computer system and work stations.

**Mr MATTHEW:** As a supplementary, do I understand that is expenditure of a capital nature for hardware or software? Are we talking about cameras, or what is the equipment?

**The Hon. J.H.C. Klunder:** I think it will be easier to take that question on notice.

**Mr MATTHEW:** My next question relates to road safety, particularly page 323 of the Program Estimates under 'Policy Development.' Why, at a time when the Minister is preaching concern about road safety, was expenditure in 1991-92 almost \$100 000 less than that originally proposed; and why is the proposed expenditure for 1992-93 \$90 000 less than was proposed last year, and effectively only 2.7 per cent more than was spent last year, which is a reduction in real terms?

**The Hon. J.H.C. Klunder:** At the moment I am not sure whether we can resolve that matter. My advice is that it is not possible to provide that information because the information that is available is apparently in terms of the total program as distinct from each item within the program. We shall have to take that level of detail on notice and provide the information to the honourable member.

**Mr MATTHEW:** My final question relates to State Security Services on page 328 of the Program Estimates where reference is made to a mobilisation plan. Has the present economic situation and public anger over Government mismanagement influenced the decision to research and develop a departmental mobilisation plan in the event of a major civil disturbance?

**The Hon. J.H.C. Klunder:** I wonder whether the honourable member would draw my attention to the public furore and unhappiness—

**Mr MATTHEW:** Are you oblivious to it, Minister?

**The CHAIRMAN:** Order! The Minister can answer the question any way he likes.

**The Hon. J.H.C. Klunder:** —because I am not aware of such a major upsurge in public opinion on this matter, and I am not sure that too many other people are aware

of it. Perhaps the honourable member is wishful in his thinking rather than real in his question. I can certainly give him an answer on the basic issue of the departmental mobilisation plan. It has been designed to assist police commanders in the mobilisation of personnel and equipment to cope with a major civil disturbance and to identify requirements and duties of personnel directed to be part of that operation. The plan has been prepared and will be finalised in October 1992. So, if the honourable member can wait until after October before he starts such a civil disturbance, the department would no doubt appreciate it.

The aim of the plan is to ensure the rights of individuals to assemble and demonstrate in a lawful manner; to maintain the rights of citizens to engage in any lawful pursuit free of any unlawful interference; to maintain the public peace; to minimise traffic and pedestrian disruptions on public roads; and to prevent and/or detect offences being committed. The plan is also intended as a central reference work to guide police supervisors and trainers in the fundamental principles and objectives of public order policing. It deals specifically with those aspects which arise out of community disorder and progress into rioting. As to the estimates of costs, there will be equipment establishment and recurrent costs in the first instance.

The establishment would require the purchase of 100 sets of protective head and body equipment at a cost of \$65 000. The recurrent expenditure would include provision for replacement of this equipment every five years due to deterioration through training and, hopefully not, through operational use. As to initial and ongoing training costs, due to the necessity to train under a variety of day and night conditions, some training costs would need to be incurred. These are estimated at \$5 000 per year and will be ongoing. The training of selected members is now under way, and it is anticipated that all operational response members in the metropolitan area will be trained in riot control this financial year.

**The CHAIRMAN:** Earlier this year the member for Albert Park was in Western Australia and was invited to the launch of a program providing for police officers to wear a badge identifying the language, other than English, in which they were competent. I understand that that program has been very successful, not only for local people but also for visitors from interstate and overseas. The Minister would be aware that the member for Albert Park wrote to him in regard to this matter. Could he provide a progress report as to what is taking place and its applicability here in South Australia?

**The Hon. J.H.C. Klunder:** I am keenly aware of the immense interest that the member for Albert Park takes in the total area of law and order, and of the number of very fruitful suggestions that he has made over the past several years to improve it. Certainly I recall receiving that letter and passing it on to the Commissioner. I will ask the Commissioner whether he will provide a response for the member for Albert Park.

**Mr Hunt:** This matter has been addressed at the Commissioners' conference in the past couple of years, and there is agreement in all jurisdictions that we proceed on a united and national front with respect to this matter. It might have seemed a very simple thing to do in the immediate decision-making, but at the end of the day

there were two or three different ideas as to what should be on the badge—whether it should be just the badge of the country, which is an international way to do it, or whether the badge should be larger to include the officer's name and the flag and the name of the country. We have decided to streamline that and go for a badge with merely the flag of the country depicting the language that the person is able to speak. We are in the process of arranging that now.

**The Hon. D.C. WOTTON:** Could the Minister provide an update on any plans to upgrade policing facilities at Mount Barker? I will be happy for him to take that question on notice.

**The Hon. J.H.C. Klunder:** Yes, I will take that on notice.

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

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Mines and Energy, \$20 867 000

**Chairman:**

Mr K.C. Hamilton

**Members:**

The Hon. H. Allison

Mr M.J. Atkinson

Mr D.S. Baker

Mrs C.F. Hutchison

Mr J.W. Olsen

Mr J.A. Quirke

**Witness:**

The Hon. J.H.C. Klunder, Minister of Mines and Energy.

**Departmental Advisers:**

Mr M. Messenger, Director, Office of Energy Planning.

Mr R. Fardon, Director-General, Department of Mines and Energy.

Mr R. Marrett, Director, Administration and Finance.

Mr J. Noble, Assistant Director, Office of Energy Planning.

Mr P. Hill, Director, Mining Policy and Operations, Department of Mines and Energy.

Mr R. Horn, Acting Director, Mineral Exploration, Department of Mines and Energy.

Mr R. Laws, Director, Oil, Gas and Coal, Department of Mines and Energy.

Mr M. Stone, Chief Environmental Adviser, Department of Mines and Energy.

Mr P. Bleckly, Manager, Financial Services, Department of Mines and Energy.

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

**Mr D.S. BAKER:** I was interested to hear the Government announce recently that another \$11 million was to be spent on mapping exercises in South Australia. I think everyone would say that that is well overdue. What is the scope of what will happen with that exercise?

**The Hon. J.H.C. Klunder:** I would be delighted to make that information available because, as the honourable member has rightly said, this is an important initiative for this State and we have high hopes for it. The South Australian exploration initiative program in the Officer Basin has a different aim from the regional survey to be carried out in the far west of the State under the National Geoscience Mapping Accord. The Officer Basin program will concentrate on petroleum prospect definition in the Marla area, probably largely outside the Aboriginal lands. This area has been chosen because it has an existing semi-regional seismic grid, 20 metres or so deep mineral drill holes, nine of which recorded oil shows, and a high degree of structural complexity in the form of thrust faults, which generally provide good structural traps.

An Officer Basin province team has been set up in the department to assess the existing seismic and drilling data and to recommend the location of an in-fill seismic grid to improve prospect definition. It is anticipated that this seismic survey will be recorded in the Marla area at the same time as the Australian Geological Survey Organisation, which used to be the BMR, is carrying out national geoscience mapping of core seismic transects to the west and south-west. Seismic processing and interpretation will be completed by the end of 1993, and a prospects inventory will then be prepared for promotion of the area to industry. I will ask the Director-General to refer to the financial aspect.

**Mr Fardon:** The other main aspects of the program are the \$5 million on aeromagnetics, which will fly a considerable area of the State—approximately 23 per cent; bedrock drilling programs from the west Gawler Craton through to what we call Neckara Arc, which is really from Kanmantoo up to Olary; about \$700 000 on improving our data bases service to industry; and a couple of hundred thousand dollars to speed up our geological mapping and delivery of maps to industry.

**Mr D.S. BAKER:** I might have misunderstood; is the whole State being done?

**Mr Fardon:** No. Quite a lot remains to be done over the next decade. It is an important advance, but it does not finish the State by any means. Perhaps one-third to one-half of the State will be finished by the end of the program.

**Mr D.S. BAKER:** The Arthur D. Little report states that there has been little or no geological mapping or mineral exploration in the Maralinga Pitjantjatjara lands over 20 years, yet there is considerable potential for the occurrence of minerals and petroleum; are those areas being done?

**The Hon. J.H.C. Klunder:** No. Largely, they are not. We are concentrating on what we are aware is a highly prospective area, and that is some 20-odd per cent of the State. That will be flown by aeromagnetics at 400 metre intervals to provide industry with data that is as good as they will get anywhere.

**Mr D.S. BAKER:** Does the Minister not agree with Arthur D. Little in that regard?

**The Hon. J.H.C. Klunder:** It is not a matter of whether I agree or disagree with the Arthur D. Little report: it is a matter of what the high areas of prospectivity are and where we put our money first. Certainly, we also need to pay some attention to the

beliefs that the Aboriginal populations have about their lands and, as the honourable member probably knows, that is a slow program, as distinct from one where we can just override people and tell them we will do something. It is a matter of long negotiation with the people in those lands. There will be some seismic work done across their lands, as I understand it, by agreement with them.

**Mr D.S. BAKER:** As I understand it, the money will be spent on flying over the land, and I would have thought that cost benefit to the State would dictate that we fly over those areas that have the most potential. Arthur D. Little states that the Pitjantjatjara Maralinga lands have considerable potential for minerals and petroleum. First, we have to find out if anything is there, surely. If that is the case, how much of the State is locked up that we are not going to fly over, or are we going to waste money on areas that we feel like flying over?

**The Hon. J.H.C. Klunder:** I thought I got it through in a previous response. We are flying the areas that we consider to be of the highest prospectivity. Those are the areas we are flying. The Arthur D. Little study does not say that the Pitjantjatjara lands are the highest prospectivity areas in the State. It says that they are areas of considerable prospectivity, but we are flying those areas that we consider to be the most prospective in terms of past experience.

**Mr D.S. BAKER:** If that is the case—and Arthur D. Little says it clearly in his report—in the scale of things, when is the Minister going to be flying over those lands to map them only, to find out what is in there, or is he just going to wipe off the Arthur D. Little report?

**The Hon. J.H.C. Klunder:** We have an amount of money that we are intending to spend within the next 12 months, because that is the budgeted figure. We are going to spend that money in areas of high prospectivity in various ways and I doubt that we would be able to get an agreement from the Aboriginal community to do that in the time required; consequently, there is not much point in our wasting our time on that in any case. In any case, the advice from my department is that the highest areas of known prospectivity are being flown.

**Mr D.S. BAKER:** The Arthur D. Little report further states:

We recommend that the Government review the requirements regarding access to the land for geological survey purposes and upgrade the level of geographic and geophysical information that is available from public resources to mining companies.

Again, does that mean that the Arthur D. Little report has been put aside, or is there movement in that area?

**The Hon. J.H.C. Klunder:** The honourable member is again trying to insinuate for purposes presumably his own that the Government is setting aside the Arthur D. Little report: it is not. It is flying the areas of highest prospectivity within the time limit that is set by this budget allocation of \$11 million. Clearly, at one stage or another we will end up looking at areas of lesser prospectivity, which will include the Aboriginal lands, but we will do so after discussions with the owners of that land. I remind the honourable member that one of the two Acts that deal with this situation, the Pitjantjatjara Act and the Maralinga Act, was passed by a Liberal Government.

Presumably, the honourable member is aware that one would need to negotiate with the traditional owners of those lands for access. I have no objection to going through that process but, based on the past experience of mining companies and the department in dealing with Aboriginal people, it is a slow process that would not fit within the existing 12-month time frame for the expenditure of this current \$11 million.

**Mr D.S. BAKER:** Just in case the Minister has not read the Arthur D. Little report, can an officer from the department put a priority level on prospective areas in South Australia, irrespective of whether or not one can fly there, and then we might be able to see whether the Arthur D. Little report is wrong or correct?

**The Hon. J.H.C. Klunder:** The honourable member is still insisting on putting a particular interpretation on the Arthur D. Little report that Arthur D. Little himself or the report itself does not place. It does not place this as the highest area of prospectivity. My department's advice is that we are flying the areas of highest prospectivity. We will look at all these things in due course, but not within the remaining nine month budgetary period dealing with the expenditure of the current \$11 million.

**Mrs HUTCHISON:** I refer to program No. 5 (page 166 of the Estimates of Payments and Receipts); what is the current value of South Australia's mineral production?

**The Hon. J.H.C. Klunder:** The value of South Australia's mineral production, including petroleum products, for calendar year 1991 was \$1306 million. This was 6.7 per cent or \$94 million less than the record \$1 400 million achieved in 1990, due to a combination of factors. For example, world prices for crude oil and uranium-oxide were both down on those obtained in the previous year, and lower production levels for LPG and iron ore during 1991 reflected reduced exports for LPG and steel. In addition, the estimated value of opal production was down, based on reduced activity on South Australian opal fields, while the lower value for construction materials resulted from a slow-down in the building industry.

However, at the same time, the production of copper from Olympic Dam showed an increase to 54 778 tonnes from 41 853 tonnes in 1990, as did gold, 859.6 kilograms (from 702.5 kilograms). It was not all that long ago that the total amount of gold production in South Australia was less than one kilogram, so there has been a significant change in that regard, overwhelmingly due to the Olympic Dam deposits. Indeed, silver went to 18 207 kilograms from 1 717 kilograms. The value of the increased gold production from Olympic Dam was, of course, somewhat offset by the weakening gold price during the year. The value of the major non-metals at \$33.4 million, which includes dolomite, gypsum, limestone and salt, was only marginally less than that produced in 1990.

**Mrs HUTCHISON:** My next question relates to the same program. I understand that the Australian Mineral Foundation (AMF) is conducting a major training program to assist in developing the mineral potential of Pakistan. To what extent is the department involved in that project?

**The Hon. J.H.C. Klunder:** It is an interesting situation. The Pakistan gold exploration and mineral

analysis project is a major project funded by the Australian International Assistance Bureau (AIDAB) and managed by the AMF and Rex Sweatman and Associates in a joint venture. It commenced in January 1992 and is scheduled for completion in March 1994. The major components include professional development in gold exploration through training in Pakistan and Australia of geologists and engineers; and assistance and instruction in field exploration techniques and provision of analytical and metallurgical equipment to mineral analysts and their associated training as well as the training of five legal administrators.

These five trainees, from the Federal and Provincial Governments of Pakistan, have attended courses at the Department of Mines and Energy in the administration of legislation as it relates to mineral development and mining in South Australia. These courses were spread over eight days, interspersed with appropriate field trips, covering topics such as the administration of mining Acts and regulations, land and mineral tenure, environmental assessments, rehabilitation and so on. The agreed fee for this work was \$500 per day credit for course registrations at the AMF. In addition, nine Pakistani geologists will be given one day's briefing on the department's role in geoscientific mapping and the exploration and development of mineral deposits in South Australia.

**Mrs HUTCHISON:** As a supplementary question, does the department have any plans to involve itself in any other such projects?

**The Hon. J.H.C. Klunder:** We would certainly like to, but there is nothing on the books at the moment so far as I am aware.

**Mrs HUTCHISON:** I refer to program 5, page 166. Will SADME undertake any special projects that involve leading edge or new technology in this financial year?

**The Hon. J.H.C. Klunder:** There are a number of special projects where the department is certainly at the leading edge, and I will cite just a few of them. During 1991-92, trials were undertaken over known sulphide mineralisation in the Kanmantoo Trough, Yorke Peninsula and Eyre Peninsula to assess the use of soil-gas carbon dioxide-oxygen concentrations as a method of detecting concealed sulphide mineralisation. A portable carbon dioxide-oxygen analyser has been assembled and the trials to date have shown satisfactory results.

The department contracted Geoscan Pty Ltd to undertake a trial Geoscan survey in the Tarcoola area to follow up spectral anomalies interpreted from Landsat thematic mapper data. Geoscan is an advanced airborne multispectral scanner with 46 spectral bands capable of recording up to 24 channels, covering the visible, near infra-red, short-wave infra-red and thermal infra-red regions of the electromagnetic spectrum. The data is being assessed in-house. This indicates the degree of scientific capacity of which officers of the department are capable in assessing things of that nature.

Collaborative research by the department and the CSIRO Division of Soils on South Australian kaolin deposits has identified potential quality problems for some Eyre Peninsula kaolins arising from the presence of tubular forms of kaolin in fine size fractions. These have an adverse affect on the rheological properties and have been difficult to detect using standard analytical methods

of X-ray diffraction. The tubular forms are readily visible under the electron microscope, a facility that has been made available to the department by the CSIRO.

A major component of the National Geoscience Mapping Accord program is the generation of detailed, large-scale geological maps in full colour. These are now being plotted from SA Geology, a computerised geological map and database system, to provide a new service for the exploration industry. During 1991-92 the department took delivery of Arc/Info GIS software on Data General graphics workstations. Pre-existing geological map data were converted into the Arc/Info format and a digital geological map library created.

New techniques of data repair and manipulation of airborne geophysical data have been developed and used to provide integrated data for the entire State. Most available regional aeromagnetic surveys have now been merged to produce an integrated image of total magnetic intensity covering more than 60 per cent of the State. Finally, although this is not the end of the situation, SADME is sponsoring trial surveys at Moonta on the Yorke Peninsula and at Ram and Hunters Dams in the Olary region to test the applicability of the geophysical technique (Rapid Reconnaissance Magnetic Induced Polarisation) which has proved successful in the Mt Isa block.

**Mr OLSEN:** The Arthur D. Little report recommends that the Government seek access and mining rights to lands that are restricted. Does the Government intend to start negotiations to enable access to those lands?

**The Hon. J.H.C. Klunder:** The answers that I gave earlier were predicated on part of the \$11 million being utilised over the next nine months for that purpose, and I said that I did not think that the prospectivity or timeframe suited that purpose. However, we have been negotiating with Aboriginal communities for some time. I think some seismic work is likely to be agreed in the near future on Aboriginal lands, and it is clear that the exploration industry, the department and, indeed, the Government would be very pleased to see increased exploration on Aboriginal lands.

However, the Aboriginal population has the right to a say in this matter, and past experience has shown that progress tends to be slow rather than rapid and that if one tries to speed it up one achieves the opposite; one slows it down by trying to push too quickly. So, the answer is 'Yes', but it will not come within the current nine month \$11 million project, because that is already fully committed elsewhere.

**Mr OLSEN:** What area of land in South Australia as a percentage of the land mass is locked out of access for surveying purposes?

**The Hon. J.H.C. Klunder:** It depends a little on what kind of prejudice one has when one addresses that matter. The honourable member and I have spoken with representatives of the mining industry who claim that the Aboriginal lands—

**Mr OLSEN:** If the Minister wants an example, can he tell me what area of parks is locked out and then tell me the area of Aboriginal lands that is locked out?

**The CHAIRMAN:** Order! The member for Kavel is not here to harass the Minister.

**Mr OLSEN:** We would just like to know—

**The CHAIRMAN:** Order! The member for Kavel will toe the line, as other members have done, and respect the Chair. What I mean is that the member will adhere to Standing Orders. Members will get more than a fair go from the Chair if they act properly. The Minister.

**The Hon. J.H.C. Klunder:** I was not trying to be derogatory in any way when I started my answer, and I think the honourable member may have misjudged what I was going to say. The honourable member and I have talked with the mining industry, and a number of representatives of the mining industry will argue that the 20 per cent of Aboriginal lands that exist in South Australia is not available for exploration purposes. In my view, that is not correct. Some 5 to 6 per cent of national parks is not subject to either joint proclamation or the regional reserve concept and therefore is not able to be entered for the purpose of exploration. That is the bedrock figure of national parks that is not available. A further 15 per cent or so comprise regional reserves or are the subject of joint proclamations. This means that, although they are national parks in one sense, it is still possible for them to be explored, because that was included in the declaration that was put together at the time they were declared parks. So, a remarkably small portion of the State is totally locked away from exploration.

Most members will agree that it is important that a small area of the State be locked away from any use apart from the very limited use to which it might be put by the National Parks and Wildlife Service. The honourable member would be aware that certain areas of the State, such as the metropolitan area, are totally locked away from exploration for obvious reasons. There are also more densely populated areas where the 400 metre rule applies, and where it is necessary for people to obtain a waiver. While it does not in fact exclude that land from exploration activities, it does make it more difficult for people to explore because they know they will face difficulties if they find something.

The figures that I have given are roughly accurate and indicate that the percentage of the State that is actually locked away from exploration activities in terms of national parks is fairly low, but there is also a certain section of the built-up area that will obviously be locked away from exploration.

**Mr OLSEN:** I want to clarify the percentage figures given by the Minister. My rough total is about 35 per cent: 20 per cent Aboriginal lands; about 5 per cent for some parks; and a further 20 per cent of parks with limited access.

**The Hon. J.H.C. Klunder:** The honourable member has misinterpreted what I said. Only a very small proportion of the State, about 5 or 6 per cent of national parks, has no access for exploration. Whilst it is difficult to get access to Aboriginal lands at the moment because of the way in which traditional owners view the situation, they are not locked away from exploration. Indeed, 15 per cent or so of regional reserves and jointly proclaimed parks are not locked away from exploration at all. In fact, when they were proclaimed parks, a specific clause was provided in the agreement that allowed access by explorers for mineral wealth. That is in line with my view, and I am sure that of my department, that the mining industry produces an enormous amount of wealth

from a very small area of land and is a more concentrated producer of wealth than, say, agriculture, because agriculture produces its wealth over a vast area of the State, as does forestry. However, the mining industry produces its wealth from very small areas. In my view it ought therefore to be encouraged.

**Mr OLSEN:** Will the Minister advise the Committee how many wells have been drilled and what exploration has taken place in parks—other than the 5 or 6 per cent that is locked away? In the past 10 years, how many exploration wells have been drilled in the other 15 or 16 per cent?

**The Hon. J.H.C. Klunder:** I could probably get that information for the honourable member. If he wishes me to do so I will. However, I point out to him that the Cooper Basin is in one such area and an enormous amount of exploration has taken place there. So, it is not a matter of there being no exploration in those areas or that, indeed, exploration is made difficult in those areas.

**Mr OLSEN:** I would be pleased if the Minister would in due course provide that information in *Hansard*. However, whilst the Minister argues that one can get access to these areas, including the Aboriginal lands, gaining access is particularly difficult. That is not just my view: that view has been expressed by a range of people, not the least of whom is Arthur D. Little. So, if it is not impossible, it is extremely difficult to gain access to one quarter of the State. Then, there are also other areas, such as the parks to which the Minister referred.

**Mr ATKINSON:** I refer the Minister to page 354 of the Program Estimates, and the program entitled 'Underground water'. What has the Department of Mines and Energy done about dry land salinisation in the Upper South-East?

**The Hon. J.H.C. Klunder:** A large area in the Upper South-East is experiencing various stages of salinisation, ranging from small scale vegetation to quite widespread severe salinity scald. Up to 200 000 hectares of land has been identified as being at risk. There is an estimated current loss in agricultural production of \$7 million per annum. The salinisation problem is essentially caused by rising ground water levels resulting from the increased rainfall recharge following native vegetation clearance and the loss of higher water use pastures.

When I visited that area some time ago to look at some of these problems it was explained to me that once the water table reaches a depth of two metres or less below the surface then, because of the very hot, dry summers we have, a capillary action draws the water up and evaporates it at the surface, leaving behind salt. That is one of the major problems. The Department of Mines and Energy has been monitoring ground water levels in the area for about 15 years. A long-term rise in ground water levels of between .5 of a metre and one metre every 10 years has been identified. Ground water drainage schemes have been recommended as the management option to provide protection for areas experiencing rising ground water levels and the subsequent salinisation of the soil.

Departmental investigations have included: the drilling and monitoring of ground water observation cells; assessment of the impact of existing drainage works; determination of aquifer properties by conducting various pumping tests; determination of the influence on ground water levels of wetland areas; the assessment by

computer modelling of the performance of ground water drainage schemes; assisting the E&WS Department with investigations of the technical feasibility and costing of drainage works; assisting the Department of Environment and Planning with the drilling of monitoring wells to assess the impact of surface water storage and conservation parks; and assisting the Department of Agriculture in identifying areas prone to or experiencing salinisation problems.

Certainly, one of the problems there appears to be that some of the drainage works might well need to go either into the Coorong or be detoured past the Coorong in some way to go into the sea. Of course, that adds extra difficulties to the situation. However, the results from the department's various investigations will be used in the preparation of an environmental impact statement, which is expected to be released some time next year.

**Mr ATKINSON:** A 1992-93 specific target is to continue to assess ground water pollution associated with ex-waste disposal sites and contaminated land sites in the Adelaide metropolitan area. Has the town of Hindmarsh come to the department's attention as an area where ground water has been polluted by contaminated land?

**The Hon. J.H.C. Klunder:** I think it would be best if that question were put on notice, because to give an off-the-cuff response would not do it very much justice.

**Mr ATKINSON:** Another 1992-93 specific target is the continuous assessment of artificial recharge using urban storm run-off. How is this done and are there any sites in metropolitan Adelaide where it is already being done?

**The Hon. J.H.C. Klunder:** Although it is not in its brief to run that sort of program, the department provides assistance by assessing recharge potential and with the design of recharge wells and the development of operating guidelines. This has been instrumental in developing artificial recharge by the Angas/Bremer irrigation area to alleviate salinity problems caused by excessive ground water withdrawals from the aquifer. Currently, approximately 1 200 megalitres are recharged annually by irrigators. The majority of that is done in the 15 gravity drainage recharge wells connected to the Bremer and Angas Rivers. This represents about 10 per cent of the total ground water withdrawals.

The department has also assisted in establishing small scale recharge wells in the metropolitan area and in the Barossa Valley. A joint DME centre for ground water studies project to assess the potential of artificially recharging the shallow quaternary aquifer in the metropolitan area has also recently been completed. Additionally, considerable interest is being shown by local government councils in the possibility of using stormwater to recharge ground water aquifers. One such pilot scheme is being trialled by the department at the Enfield cemetery and another pilot scheme is being established at the Andrews Farm Urban Development. Several other projects are currently being discussed, including the application of artificial recharge for the MFP site.

**The Hon. H. ALLISON:** I do not wish to be antagonistic to the Minister, but the questions regarding the Maralinga/Pitjantjatjara lands and the broad objectives of the department stated on page 357 of the Program Estimates relate to encouraging responsible exploration

for minerals and facilitating their development. The Minister said that with the very best options—those with the highest potential—the land would be overflowed and that is where the \$11 million committed for the remainder of this year would be spent. I hark back to the 1991 annual report of the Department of Mines and Energy, which states:

There has been little or no geological mapping or mineral exploration in many of these regions [that is, the Maralinga/Pitjantjatjara lands] for over 20 years. Yet, there is considerable potential for occurrence of minerals and petroleum.

I just wonder whether there is not some contradiction in what the Minister said about the best options being overflowed. The impression I gained last year was that this was an area of tremendous potential that was being neglected. The only reason I ask this question is that surely there is some ground for entering into even the most tentative negotiations with the Pitjantjatjara/Maralinga people, even if it is only to the point of asking them whether they are interested in having the Government venture over their lands with a view to establishing what mineralisation there may be—without any commitment or any threat, but simply as an approach, rather than leaving it to next year and saying that there is no money to approach them.

**The Hon. J.H.C. Klunder:** The aeromagnetic surveys are basically to find mineral deposits. The Aboriginal lands in that part of the State tend to be higher in prospectivity for oil and gas rather than minerals. Therefore, the overflying of them by aeromagnetic surveys would not suit the highest prospectivity that one would be looking for. I expect that an agreement will be reached fairly soon with Aboriginal communities for the laying of seismic lines which is the prerequisite to looking for oil and gas deposits as distinct from mineral deposits. There may have been some confusion in that the prospectivity of the Aboriginal lands is more in the oil and gas area which requires the laying of seismic lines, which process is being started, as distinct from looking for minerals where the prospectivity is not so high. It is the minerals which would require the flying of aeromagnetic surveys.

**The Hon. H. ALLISON:** There is another contentious area that I wish to raise. I refer to page 357 of the Program Estimates. Arthur D. Little refers to exploration and discovery, which is the very basis of the department's existence, and says:

While the major sources of employment in the economy will continue to be manufacturing and service industries, the development of a major mineral processing project would provide a major boost to the growth of this State.

Having visited nuclear enrichment plants internationally on several occasions I see an obvious contender for this as a uranium conversion and enrichment project. I know that the Minister and the Government have previously said that, while they recognise that this is a high cost and high return industry, the stated policy has been one of reluctance rather than of enthusiasm. Has the department maintained contact with organisations such as Urenco Centec, which I contacted when I was in Europe, and has the department continued to keep the Government advised of market trends with regard to the conversion of enriched uranium?

**The Hon. J.H.C. Klunder:** The department has kept me advised. Indeed, I have a Uranium Advisory

Committee which produces information for me on demand and of its own recognisance. The advice that I am getting is that the uranium industry is in such a position that there is an over-supply of both uranium material and of processing of uranium and that that is likely to continue for a considerable number of years. Some of my advice indicates that, if South Australia had entered into uranium processing in the early 1980s, it would have been backing the wrong technology, and that would have been a very expensive mistake.

**The Hon. H. ALLISON:** With regard to the potential SAGASCO Holdings sale, and again the department's responsibility for exploration, has the department given any advice to the Minister of the likely impact on exploration levels in South Australia should the SAGASCO Holdings be sold?

**The Hon. J.H.C. Klunder:** SAGASCO is a privately listed company in which there is currently a majority Government shareholding. SAGASCO Holdings has always believed that the Government's holdings in the company should be reduced so that it could be more flexible in terms of its marketing strategy and goodness knows what else. I think that there would be no change in SAGASCO Holdings exploration attitudes in this State or, indeed, in the rest of the country and overseas from the attitude that it currently holds. No-one in SAGASCO to whom I have spoken over recent months has indicated that there was going to be any change in SAGASCO's exploration attitude.

**Mr QUIRKE:** What progress has been made in rehabilitating the old Brukung mine? I understand that rehabilitation of the old Brukung mine has become a project in the past 12 months or so. Can the Minister tell us what the current status of that issue is?

**The Hon. J.H.C. Klunder:** The neutralisation plant treats acid waters collected from several pumps installed in strategic locations within the old mine area as well as the acid water collected in ponds from tailings dam seepage. The tailings dam has now been back-filled with suitable solids and a re-vegetation program commenced in order to minimise the accumulation of free water (rainwater and run-off) on its surface and subsequent infiltration through the underlying tailings. In this way it is planned to reduce and eventually eliminate the continual generation of acid water seepage through contact with buried tailings.

The ongoing program will involve the testing on a pilot-plant scale of a proposal by Australian Groundwater Consultants (AGC Woodward-Clyde) which aims to change the oxidising conditions within the mine benches and mullock heaps from aerobic to anaerobic and thereby reduce the acid making potential. This has involved the construction of a test pad contained within 2.5 metre high berms on a section of the main bench. To this has been added layers of readily assimilable organic carbon in the form of sewage sludge from Bolivar to generate the neutralising and reducing fluids. The installation of suitably located monitoring bores will enable the appropriate geochemical sampling of the discharge and infiltrated water to test the effectiveness of the pilot scheme. Funding has been adequate to maintain that program, which accepts that a final solution will evolve only in the long term.

**Mr QUIRKE:** What SADME initiatives were implemented to promote exploration activity in 1991-92, and what success have they had?

**The Hon. J.H.C. Klunder:** A considerable amount of work has been done. A major bedrock drilling program (546 reverse circulation drillhole with a total depth of 18 732 m) was undertaken on the Barton, Gairdner, Kingoonya, Tallaringa and Tarcoola 1:250 000 map areas between July and December 1991 to test the nature and distribution of shallow precambrian basement in the region. Significant exploration targets generated by the program include:

- gold in Archaean Mulgathing Complex rocks; best intersection was 700 parts per billion over 10 at Woomera Tank associated with the quartz-feldspar gneiss and microdiorite, and elsewhere gold values in the range 50-300 parts per million were associated with banded iron formation
- elevated copper and zinc values (maximum 2935 ppm copper and 1660 ppm zinc in Palaeoproterozoic Muckanippie Diorite intrusives
- anomalous copper, zinc, lead, lead arsenic and gold values in the Mesoproterozoic Gawler Range Volcanics
- anomalous nickel, chromium, platinum, palladium, copper and zinc values in mafic volcanics, mafic gneiss and gneiss of the Mulgathing Complex.

A program of shallow diamond drillholes in the Tarcoola and Kingoonya areas was designed to probe Archaean basic and ultrabasic rocks. The recognition of Archaean komatiite—

*Mr Olsen interjecting:*

**The CHAIRMAN:** Unfortunately Standing Orders prevent the tabling of documents. They can be circulated but not tabled.

**The Hon. J.H.C. Klunder:** If the honourable member likes, I will cease giving this kind of technical data which, however, is of importance as to what has been done. Unfortunately, the Department of Mines and Energy deals in technical situations. I will move on to the exploration data package releases as a result of the promotion of these mineral potential and geoscientific mappings. I will mention three of the exploration data package releases. The first is a review of Mississippi Valley type lead-zinc mineralisation in the northern Flinders Ranges; this included an assessment of past exploration, detailed new concepts concerning transport and emplacement mechanisms of MVT mineralisation and provided results of a recent drilling program. That was in fact a package that brought up to date the old knowledge plus the new knowledge as a result of the work that had been done.

It also provided an exploration data package of the geology and mineral potential of the Pitjantjatjara Lands, and that report summarises the geology and previous mineral exploration of this region. Details of unknown mineral occurrences are given together with several ore deposit models as a guide to future exploration. Finally, I refer to a review of the mineral exploration of the Willyama Block, which is in the Olary sheet. This detailed exploration activity dating from 1940 to 1991 summarised known mineral occurrence, proposed ongoing exploration targets and included reprocessed digital

induced polarisation survey data covering more than 600 line kilometres.

**Mr QUIRKE:** With all the research that has been done in terms of petroleum exploration over the past few years, what is the department's current analysis of future petroleum finds in South Australia? As I understand it, the picture is that we may well be able to find some small deposits of petroleum, but we will not find significant deposits. Has there been any change in that assessment over the past few years?

**The Hon. J.H.C. Klunder:** I will briefly outline some of the detail, and then ask Mr Bob Laws, whose expertise in this matter is well known, to continue. As I understand it, the Cooper Basin is considered a mature basin at this stage, although there have been some interesting changes in theory which have led to further discoveries at the edges of the Cooper and Eromanga basins. Clearly there is considerable optimism regarding the oil and gas potential in the South-East where clearly some new theoretical constructs are probably necessary to enable people to have greater certainty when they drill, although the results are there on the books—gas has been found there. There is also the Officer Basin which still has very considerable potential, but I will ask Mr Laws to comment further.

**Mr Laws:** The Cooper Basin is a mature basin and we consider the potential for further gas discovery is good. We estimate that perhaps 25 to 30 per cent of the total potential of that basin still remains to be realised. That is being addressed by Santos and partners at the moment. As far as the Officer Basin is concerned, we have done an analysis, and of necessity it must be a fairly hypothetical study, but we estimate a 50 per cent chance of proving up to five trillion cubic feet of gas or perhaps up to 1.8 billion barrels of oil. There are many similarities in the geology of the Officer Basin with prospective areas of Russia and Ohman where quite large oilfields have been found. We have done an analysis of the potential of the onshore Ottway Basin for gas discoveries, and we believe there is perhaps a 50 per cent chance in respect of the onshore Ottway Basin of finding one trillion cubic feet of gas. We cannot predict the time frame over which that would be found, but the quantity would be enough to supply South Australia's current needs for the next 10 to 12 years.

**Mr D.S. BAKER:** With reference to the extractive areas rehabilitation fund on page 125 of the Auditor-General's Report, how many applications were made last year; how much in dollar terms was each of those applications; and how many were approved and for how much? That will take some research, and the Minister could provide that information at a later stage.

**The Hon. J.H.C. Klunder:** I will provide that information later.

**Mr D.S. BAKER:** With respect to page 351 of the Program Estimates, I refer to the amount of \$5.88 million for 1991-92 under 'Executive, professional, technical, administrative and clerical support.' Obviously that amount includes all the outside consultancies for the department. Will the Minister supply a list of the consultants, the terms of reference under which those consultants operated, whether tenders were called for each of those consultancies and, if it is already in place

for 1992-93, will he provide the same information for next year?

**The Hon. J.H.C. Klunder:** On the face of it, I cannot see why we would not be able to provide that information. We will look at it and provide what we can.

**Mr D.S. BAKER:** With respect to the geology of the MFP site, the department's annual report for 1990-91 states:

Some issues relating to the geology of the site require further attention and investigation, including seismic risk.

Further on, it states:

The report also refers to groundwater and pollutant migration and land use subsidies and states, 'An investment in researching these problems will be vital to ensuring long-term viability of the site.'

In each case, has any further work been undertaken by the department since that report was published and, if so, what is the nature of the work; what are the results; is further research intended or will further work be undertaken in 1992-93 on both counts? The Minister will probably need to take that on notice also.

**The Hon. J.H.C. Klunder:** I understand that some further drilling has been carried out, but my officers tell me they do not have that information here. Therefore, I will make available what I can at a later date.

**Mrs HUTCHISON:** With respect to page 167 of Financial Paper No. 2, under 'Purchase of plant and equipment' there has been a substantial increase in the amount estimated for this financial year. In fact, it is up from \$123 263 last year to \$1.4 million. What purchases are envisaged under that line, and is it anticipated to be a one-off purchase?

**The Hon. J.H.C. Klunder:** The amount referred to is subdivided into a number of smaller amounts scattered amongst the documents that we have here. Rather than try to itemise them, it would be better if I took that question on notice.

#### Additional Departmental Advisers:

Mr D Gellard, Acting General Manager, Electricity Trust of South Australia.

Mr T. Parker, Assistant to the General Manager, Electricity Trust of South Australia.

Mr B. Spencer, Acting Director of Corporate Human Resources, Electricity Trust of South Australia.

Mr P. Newman, Manager, Corporate Financial Services, Electricity Trust of South Australia.

Mr C. Cock, Director, Operating Support Services, Electricity Trust of South Australia.

Mr B. McInerney, Director, Customer Services and Supply, Electricity Trust of South Australia.

**Mr D.S. BAKER:** On page 246 of the Auditor-General's Report, mention is made of State Government contributions. It seems that the Electricity Trust debt to SAFA is \$110 million and that the interest rate charged on that last year was 13.7 per cent, compared with 14.5 per cent the year before. Therefore, the interest component should be \$15 million, but it seems that in 1992 there were two areas where the Government took extra revenue from ETSA, namely, the 5 per cent surcharge on electricity (and the Minister might explain why that \$42 million was taken) and another \$45 million on top of that, which seems to have been taken out of



ETSA accounts. Is that a correct assumption of extra funds taken out of ETSA, other than interest?

**The Hon. J.H.C. Klunder:** There is the levy on electricity sales of which the honourable member is aware. That is 5 per cent on electricity sales, and it has been in existence for a certain number of years. There is an interest charge on non-repayable capital of \$110 million (to which the honourable member refers), and that is \$15 million; and there is an additional contribution of \$45 million.

**Mr D.S. BAKER:** So, in 1992, some \$87 million was taken out of ETSA's income at the behest of the Government.

**The Hon. J.H.C. Klunder:** I do not know where the honourable member gets that figure; my figure is considerably higher than that. It is \$102.2 million, in effect, and there is a further \$2 million for the provision of service to Aboriginal communities remote from the ETSA grid, so we end up with \$104.2 million, as I understand it.

**Mr D.S. BAKER:** It includes the \$15 million in interest; it is part of the \$60 million, which is a legitimate charge for interest, because there is \$110 million in capital there, and in any business sense that is a legitimate charge. However, over and above that, another \$87 million appears to be sucked out of ETSA's funds. Is that a correct assumption?

**The Hon. J.H.C. Klunder:** I am not entirely sure how the honourable member has added up his figures, but I have indicated that there is a levy on electricity sales of about \$42.1 million, which is the standard 5 per cent levy on sales, in lieu of tax; there is a provision to Aboriginal communities of \$2 million; there is an interest charge on non-repayable capital of \$15.1 million, which is the \$110 million to which the honourable member refers as a legitimate charge; and there is an additional contribution of \$45 million on top of the figures I have mentioned so far, totalling \$104.2 million, as I understand it.

**Mr D.S. BAKER:** In the Arthur D. Little report and the South Australian Business Climate Study it is stated quite clearly that we have the second highest electricity charges in Australia. They are almost 10c a kilowatt hour, and that is of grave concern to business in this State. It mentions that the charge in other States is between 4c and 9c, which gives them a considerable advantage over us. What are we paying in cents per kilowatt hour for the electricity we are buying from the grid in Victoria?

**The Hon. J.H.C. Klunder:** I will pass that question to Mr Gellard.

**Mr Gellard:** The purchase of electricity from interstate is based on marginal costing, which comprises the fuel cost plus a very small portion of the operating and maintenance cost. At the present time, we are able to purchase that electricity at the marginal price of approximately \$9, when we are comparing our generating cost from Brown Cole in Victoria. The other costs are associated with other generating plant in New South Wales, and that averages about \$13. That compares fairly favourably with what we can generate from Torrens Island, apart from the Victorian brown coal cost, which is somewhat cheaper than we can generate.

**Mr D.S. BAKER:** It seems ridiculously cheap if we are purchasing our electricity requirements from Victoria for \$9; is that what was said?

**Mr Gellard:** That is the marginal cost per megawatt hour.

**Mr D.S. BAKER:** My information is that the cost is less than 2c a kilowatt hour for the purchase of our electricity from the grid in Victoria. I want to try to get the figures right. Arthur D. Little states that our costs in South Australia are 10c a kilowatt hour. I understand that we are paying less than 2c a kilowatt hour to purchase that from Victoria. I am trying to compare apples with apples.

**The Hon. J.H.C. Klunder:** The honourable member needs to be aware that we are purchasing electricity on an opportunity cost basis. That does not mean that we can always buy electricity from Victoria at a considerably lower cost than that at which we can generate it here. What we can do is to buy it from Victoria at particular times when it suits that State to shed excess capacity. That means we do not have the capacity to rely on that, because it can change from minute to minute; we need to have stand-by capacity ourselves. As to the exact meaning of 'opportunity energy', perhaps I can refer to Mr Gellard.

**Mr Gellard:** The term 'opportunity energy' relates to the ability of the eastern States to provide the power when they have that power available. The process requires that we confer on an hourly basis with our interstate counterparts and determine whether or not they have any generation available. That availability of generation is costed. They provide a price for that generation, and we compare that with our incremental marginal generating cost. If it is cheaper and available from the eastern States, we will purchase it. It is purely on an opportunity basis. It is not there for us to call on when we want it; it is available only when it is surplus to the needs of the eastern States utilities.

**Mr D.S. BAKER:** Still on that line, I understand that a most important initiative was to take place with Penrice Soda concerning co-generation, which has tremendous potential, and I understand that an agreement, at least to the handshake stage, was reached but was suddenly curtailed. That is to the detriment of South Australia's future, because considerable savings are to be made not only in the power station but through the joint use of energy. I understand the cost per kilowatt hour was about 4c, and that is why these costs become relevant. Mr Gellard is saying that it is 9c per kilowatt hour from Victoria? Did he mean \$9 an hour.

**Mr Gellard:** It is .9.

**Mr D.S. BAKER:** If we can get base load at 4c, I would have thought there should be ongoing negotiations. What is the present situation? It seems to be an efficient use of energy.

**The Hon. J.H.C. Klunder:** The honourable member seems to be confusing the buy-back from Penrice, which would have to be at ETSA's avoided cost rate, in other words, the avoided cost of providing electricity. It is a concept which takes into account a number of things, but I am not enough of an accountant or an economist to bring them all to mind. It is the avoided cost of having to use fuel to generate it yourself, plus at least a percentage of the capital cost of having the equipment to do it, and

that is a totally different figure and in no circumstances should it be compared with the cost or the price of imported electricity on an opportunity basis from Victoria.

Certainly, Penrice and ETSA had some negotiations, which could not be continued because Penrice wanted a particular rate of return on any investment it made and it also wanted a particular deal regarding this steam. I do not recall the exact details but, if the honourable member wants it, one of the officers at the table could provide it. Since then there has been a resumption of consideration of the proposals for a co-generation plant at Osborne, and that plant would provide processed steam for Penrice and provide ETSA—and this is important—with a base load source of electrical energy.

The closer one gets to having to build a new base load station, the more important becomes the capacity to avoid it or to postpone it. Again, this is not an easy area to deal with because, at the moment, we also have a proposal by the Commonwealth to have an electrical spine, if you like, running from Queensland to South Australia through New South Wales and Victoria. That grid management situation at the moment is likely to become a council, but it is complicated by the fact that the Commonwealth would like to turn it into a corporation. That in itself will have great ramifications for anyone who wishes to produce electricity, because both the grid council and, as I understand it, the grid corporation would allow anyone who purchased more than 10 megawatts—that is, anyone who takes more than 10 megawatts—to buy from any supplier anywhere along the grid. The figure is 30 megawatts for anyone who wishes to supply to the grid. Therefore, we are likely to face competition, if these things go through, from Victorians, who are able to produce electricity at a particular cost when we provide it at another cost. There is some protection for South Australia in the sense that there is a cost for transmission of power and the other States tend to be much higher in debt than we are, which would add costs to it.

At the moment I am trying to ensure that we have a fairly transparent set of arrangements so that we can see what the situation is and what we are up against. That complicates the matter as to whether or not co-generation proposals will be useful in a way that did not exist before the National Grid Management Council came into being. However, for Penrice to continue in business, it will need to invest in new steam-raising plant. Similarly, for ETSA to continue, it will need to invest in gas turbine peaking plant in the future and, again, the difference between peaking plant and base load plant becomes important, because what we are likely to do is some kind of substitution.

The capital investments are then treated as sunk costs and are not charged against the co-generation project. This exclusion of sunk costs allowed a reassessment of the project's economics using much reduced capital costs covering only the additional charges needed to join Penrice's new boiler plant with ETSA's new gas turbine plant. This incremental approach, I suppose we could call it, also helps to remove from the debate any contentious issues such as buy-back rates, who owns what, and whether ETSA should be in the business of investing in steam-raising plant for other than power generation. Penrice expressed a favourable reaction to this

incremental approach in April 1989 and there have been ongoing discussions since. It is not a simple matter.

Mr D.S. BAKER: I was keen to get these figures on the table, because Arthur D. Little has made quite derogatory comments about ETSA. He states:

The pricing policies of ETSA must be based on considerations of cost and a reasonable return on public capital rather than a need to provide a certain level of revenue for State Treasury.

It states again under 'South Australian business climate' that we have the second highest charges. It also concerns me that in the Financial Statement it is stated clearly that in 1992-93 the Government will drag \$95 million out of ETSA as an additional return on the State's equity in SAFA, which is \$110 million. It states:

That equity is reflected *inter alia* in the non-repayable capital contribution in ETSA held by SAFA on behalf of the Government.

What would be the effect on our electricity prices if the Government did not milk \$95 million out of ETSA in the next 12 months? What effect would that have on our competitiveness with the electricity charges of other States?

The Hon. J.H.C. Klunder: I will go back to the statement that the honourable member made earlier in his question; he indicated that there should be a reasonable return on capital. I think he quoted Arthur D. Little as saying that. Not only Arthur D. Little has said that there should be a reasonable return on capital: in fact, that was said by the member for Victoria's Deputy Leader when the member for Victoria was Leader of the Liberal Party. Let me quote—

Mr D.S. Baker interjecting:

The CHAIRMAN: Order! The member for Victoria will contain himself. The Minister.

The Hon. J.H.C. Klunder: If the honourable member wants an answer, he will have to listen to my providing it in a way that I want to and not in the way that he wants it. I am quoting the then Deputy Leader and, as I understand it, the shadow Treasurer. He stated:

Even setting a minimum real rate of return of 7 per cent would be a major step forward and could provide some of the financial discipline needed to provide the performance of our statutory authorities.

He went on to point out:

A 14 per cent rate of return is well below that widely achieved in the private sector.

The rate of return over the past financial year, to which the honourable member refers, depends a little on the way in which one deals with the figures, because it is possible to talk in terms of the rate of return on total assets, capital and reserves or the written down replacement value of assets but, at the moment, depending on how one defines it, it is about 3 to 5 per cent. So, we are not approaching the figure which the honourable member's Deputy Leader thought was appropriate last year for the Government to get as a return from its statutory authorities, including ETSA.

Mr QUIRKE: What is the status and progress of business planning and performance reporting in ETSA?

The Hon. J.H.C. Klunder: A corporate mission together with core behavioural values and specific and measurable performance targets that are to be achieved have been developed and are being incorporated in an ETSA strategic business plan. That plan is being developed in consultation with the work force, the unions

and the Government, and will be continually refined to meet changes in the working environment. This corporate mission, the values and the measurable targets have been spread throughout the organisation to division and business units on a departmental level to ensure that all units of ETSA are working with a common direction. Business plans linked to corporate direction have been developed in the division and business units at departmental level and, to assist managers in this requirement, business planning guidelines have been provided and a strategic planning process has been introduced and is being used by managers within the trust.

Work groups within business units have been developing measures and targets in their key result areas. These measures and targets are in support of the business unit direction. The introduction of a personal, individual and/or team performance review and the development program has further supported planning and performance requirements by ensuring that individual working and personal goals established during the program are linked to the business plan performance targets of the unit.

Performance reports are provided on a monthly basis to the board, and by the board to me, and corporate business review meetings are conducted on a monthly basis to discuss variations to the plan and to set responsibilities for correcting or acting on variations where appropriate. The performance report is used as a tool for assessing business progress during those meetings, and the cascading of the requirements of the division and business units is resulting in the development of similar review processes and procedures at those levels.

**Mr QUIRKE:** The Auditor-General's Report highlights developments relating to accountability in the control of ETSA. Will the Minister provide further details of these developments?

**The Hon. J.H.C. Klunder:** Major initiatives have been taken by ETSA relating to the accountability of managers and their control over its operations. The devolution of authority to ETSA managers is now accompanied by accountability for results to be achieved and the system of control. Accountability for a system of control is required, because it may be too late to take corrective action once results are reported or risk exposures occur. In particular, the systems of control will be cost-effective in the reliability and integrity of information in compliance with policies, plans, procedures, laws and regulations, the safeguarding of assets and in the economical and efficient use of resources.

**Mr QUIRKE:** In 1988, ETSA claimed that it was going to erect 1 441 kilometres of ABC in high bushfire risk areas by 1993. What progress has been made?

**The Hon. J.H.C. Klunder:** In environmentally sensitive bushfire risk areas, ETSA is installing aerial bundled cable (ABC) and an insulated unscreened conductor (IUC) to reduce the extent of vegetation clearance that is required, and ETSA is carrying the full cost of that work. The replacement of overhead mains with underground mains is more expensive than the use of either ABC or IUC. Where the people who will benefit from the work are prepared to contribute to the additional cost of undergrounding, ETSA is prepared to underground the mains. However, ETSA is contributing

to the equivalent costs of the ABC/IUC work and the associated vegetation clearance.

ETSA has a program of installing approximately 1 440 kilometres of insulated and covered conductors in bushfire risk areas by February 1993, as the honourable member has indicated, 1 279 kilometres of which has been installed as at 30 June of this year.

**Mr D.S. BAKER:** I am interested in the Minister's assessment of the rate of return on capital. I understand that an appropriate interest rate has been applied to the amount of \$110 million and that that has been returned. The Minister's assessment of something that was said in Parliament does not appear to agree with the financial statement for 1992-93 which states on page 59:

This estimate includes a forecast \$95 million payment from ETSA to SAFA in 1992-93 as an additional return on the State's equity in ETSA (the actual amount will, of course, depend on ETSA's outcome and requirements for the year).

The Minister is claiming a return on capital. Page 239 of the Auditor-General's Report refers to the need for independent valuations. As I read this document, quite clearly the Auditor-General believes that the valuation of one of those tax deals is too high and should be done independently. Of course, that would have a bearing on the matter. So, I do not think the Minister can justify the sucking out of this additional \$95 million.

ETSA is not even making severance payments to its employees when they leave; they are taken up as creditors and quite clearly in the books they are shown in 1992 as \$99 million. I think it would make it very difficult for ETSA to run a business when the Government is sucking out \$102 million and creditors have to be put in for severance payments at the end of the year. Will the Minister comment?

**The Hon. J.H.C. Klunder:** The \$95 million to which the honourable member refers is a tentative figure that is subject to a number of factors, and that will presumably bring the total contributions by ETSA to \$155.3 million in its various forms, including the so-called levy on electricity sales, etc. That will bring the rate of return on ETSA up to almost the 7 per cent that the former Deputy Leader and current shadow Treasurer indicates is the minimum that should be levied from statutory authorities, and half of that amount is being levied by many private organisations.

With regard to the statements made on page 239 of the Auditor-General's Report, I think that the trust's response has been largely accepted as being a reasonable way of dealing with the revaluation of the things mentioned on that page. With regard to the information that the honourable member provides in relation to voluntary separation packages being paid out as creditors, I think that was the situation that applied right at the end of the financial year. My understanding is that since then all of those things have been dealt with. It might be appropriate to get someone who has more detailed knowledge to give that information to the Committee.

**Mr Newman:** The situation with the voluntary separation packages at the end of the financial year was that a very significant number of trust employees left in the week preceding the end of the financial year—in the order of 319 people. The administrative process of finalising the figures of the payouts for those people overlapped the end of the financial year and, as such, had to be carried forward as creditors once the figure was

known. Within approximately one fortnight of the end of the financial year all payments due to the employees were settled in full.

**Mr D.S. BAKER:** If that is to be the case next year perhaps the Minister can tell us what is the budget item forecast for next year to be carried through as a credit, or will it be paid as it falls due this year without borrowings?

**The Hon. J.H.C. Klunder:** I am not entirely sure what the honourable member is referring to—is he talking about voluntary separation packages?

**Mr D.S. BAKER:** Yes.

**The Hon. J.H.C. Klunder:** There will be significantly fewer voluntary separation packages in the coming year compared with last year, and it is not expected to be a major problem.

**Mr D.S. BAKER:** I hark back only to the point that the Minister keeps getting back to—the 7 per cent return on capital. Anyone in business would understand that the rate of return on capital is essential to the correct valuation of that capital. I think the Auditor-General makes it quite plain that he would like to see that altered. In fact, it will be interesting to see in the next 12 months how that is taking place. I would have thought anyone with capital in the fund, or SAFA's contributions as capital of \$110 million, is getting a rate of return of \$102 million, and that is the sort of return I am sure Penrice did not want when it wanted to be base generators of electricity for South Australian consumers.

**The Hon. J.H.C. Klunder:** I will ask Mr Newman to answer that question.

**Mr Newman:** The rate of return that the Minister was talking about is based on looking at ETSA with its total balance sheet of approximately \$2.5 billion. The equity that the Government has in ETSA is not just simply the \$110 million: it is the difference between the total value of assets less our liabilities, which produces a figure of approximately \$1.5 billion. Therefore, the rate of return and the contributions that ETSA is making to the Government is based on the full equity that the Government is holding in ETSA not just simply the \$110 million, which was the paid up capital that was put in originally.

**The Hon. J.H.C. Klunder:** It needs to be understood that when we look at the valuation of ETSA, a very significant portion of ETSA's assets are, in fact, still calculated on an historical cost basis. My understanding is that part of the distribution system, if not all of it, is still valued on historical costs. Some of that is in the order of 50 or 60 years old. So, if we were to do a revaluation of ETSA's assets base we would certainly want to look also at those parts of it which hitherto have been considered in the books only on the basis of historical cost.

**Mr D.S. BAKER:** Turning to some questions on the acquisition of No. 1 Anzac Highway, I note that the Economic and Finance Committee was very critical of the fact that the headquarters had not been sold by public tender. It also criticised the imposing of confidentiality clauses in the contract; it was very critical of \$200 000 by which ETSA was disadvantaged because the deposit was paid only on settlement. That is not a bad deal if one can get away with it in business; I would love to do that in business. Of course, there was also the inadequate

guarantees. Does the Minister believe he should accept some responsibility for the discrepancies which are highlighted?

**The Hon. J.H.C. Klunder:** The honourable member managed to forget the statement by the Economic and Finance Committee that this was a very good deal for ETSA, which is the umbrella that we ought to take into consideration when we start looking at the nitpicking that the honourable member is doing. One of the things that the honourable member listed as a sort of portfolio of little ills that no doubt he wants to refer to outside this place was that the guarantee situation might come unstuck if there are some major problems between now and the end of August next year.

I point out to the honourable member that the Opposition's opinion differs quite considerably from that of the Economic and Finance Committee on that particular point. The Opposition believes that the building is worth considerably more than \$5 million. If that situation were to fall through then, according to the Opposition, we would be able to sell the building for considerably more than \$5 million, and actually do better if the guarantee fell through than if it did not.

**Mrs HUTCHISON:** My question relates to page 356 of the Program Estimates. Can the Minister advise, in comparative terms, how many employees were there in ETSA as at 30 June 1991 and how many are there at the present time? In giving those figures, will the Minister also have regard to the numbers at the Melbourne power stations as a separate figure?

**The Hon. J.H.C. Klunder:** Certainly, because one of the things for which ETSA has not been given full credit is the enormous amount of work that it has done in making its operation leaner and more effective at the same time. That has produced surpluses very much as a result of the work that has been undertaken within ETSA and, indeed, with the ETSA unions, because I must give full credit to the both the employing organisation—ETSA—and unions working for it for having worked, by and large, very harmoniously towards achieving the common end of a more efficient trust in the face of what for the unions must have been a very difficult situation. At 30 June 1991 ETSA had 5 186 permanent employees and 104 casual or contract equivalent employees, giving a total of 5 290 full-time equivalent employees. By 30 June 1992 ETSA had 4 353 permanent employees and 100 casual or contract equivalent employees, giving a total of 4 453 full-time equivalent employees. I think that we are in a position of being able to go back through history some considerable time before we find that ETSA had an equivalent number of employees.

I am not sure whether other people have that information at their fingertips. I understand that it was about 1963 when ETSA last had a similar number of employees, so it can be seen that management, the employees and the unions went through a difficult exercise in a very short time and managed to come out of it with a great deal of honour and savings to South Australia.

**Mrs HUTCHISON:** As a supplementary, the Minister did not answer the second part of the question which related to the figures for the northern power stations.

Could he give me those separately? I am happy for that question to be taken on notice.

**The Hon. J.H.C. Klunder:** I will take that on notice.

**Mrs HUTCHISON:** My second question relates to the information systems projects in ETSA. Can the Minister give assurances that they will not be subject to any cost overruns and delays in implementation?

**The Hon. J.H.C. Klunder:** Supporting those actions described in the Auditor-General's Report on pages 239 and 240 under the headings 'Information Systems Development' and 'Trust Response,' the following initiatives have been undertaken to provide an assurance that ETSA will not be subjected to significant information systems development cost overruns and delays in implementation. The first is business analysis. Acquired specialised professional business analysis skills were achieved by ETSA to ensure that the appropriate information systems project scope and design are carried out and approved prior to committing to information systems development project expenditures. All information systems investment proposals are now undertaken with professional business analysis input.

The second point relates to IS projects acceptance procedures. Clearer and more stringent project acceptance procedures have been established by executive management to ensure that IS project costs and benefits and timetables are being achieved. Those procedures now apply to all IS development projects. Then there are the IS project management and controls and methodologies which are now being administered. ETSA's IS managerial and technical systems development skills are being increased by the use of consultants and contractors with a strong emphasis on skill transfer, using a formal means of documenting and measuring the effectiveness of the transfer. The Information System Planning Committee, comprised of executive management, now approves all IS project expenditure and regularly scrutinises project performance to agreed milestones.

Project monitoring is in place, according to IS policies and procedures, whereby progress is reported on a monthly basis to the Information Systems Planning Committee. A formal system change request process is in place whereby all changes to IS development activities (such as projects, enhancement and maintenance) are processed such that management control of any system changes is applied, and decisions to adopt system changes are based on business rationale. Finally, a total lifecycle development methodology is about to be sought by ETSA by issuing a registration of interest in the fourth quarter of this year.

**Mrs HUTCHISON:** There has been a lot of discussion about the price of power from ETSA. Can the Minister give a comparison of ETSA's recently announced 0.4 per cent tariff increase with increases in the other States?

**The Hon. J.H.C. Klunder:** The answer has to be that for the seventh consecutive year ETSA's tariff increases have been less than the rate of inflation based on the March to March movement in the Adelaide CPI. Over those seven years the real reduction in ETSA's tariffs has been about 17 per cent. In the average increases of all the States, South Australia has the second lowest with Western Australia having a zero increase. South Australia had a 0.4 per cent increase, Victoria 0.5 per cent, New

South Wales 0.5 per cent, Queensland 2 per cent and Tasmania 3 per cent.

**Mr D.S. BAKER:** I have one more question on the infamous No. 1 Anzac Highway. I note that the committee found that at this point in time the back to back sale was advantageous, but if settlement fails to occur on 31 August 1993 that might not necessarily be the case. Could the Minister tell us why the settlement was not due until 1993, why there was that period of grace, and when is the sale of the headquarters likely to be settled?

**The Hon. J.H.C. Klunder:** Before handing the question over to Mr Craig Cock who can answer it better than I can, I want to draw the attention of the Committee to the fact that in the lexicon of the member for Victoria the word 'infamous' apparently equates to very advantageous to ETSA. That is an interesting situation, because that is what the Economic and Finance Committee indicated and that is what the honourable member has indicated. When he starts putting little throw-away words into his questions in order to utilise them later on, he must expect occasionally to be picked up on them.

**Mr D.S. BAKER:** I will rely on *Websters*.

**Mr Cock:** The reason for the delay to August was twofold. The vendors wanted a longer time to plan their disposal of the Eastwood building, and the other matter that suited the Electricity Trust was that it provided a period of rent-free accommodation and that allowed us to do our planning in our shift to No. 1 Anzac Highway.

**Mr D.S. BAKER:** The annual report of ETSA last year referred to ETSA being subject to an investigation by the Government Management Board. Has this investigation been completed and can the Minister provide this Committee with a copy of the board's report?

**The Hon. J.H.C. Klunder:** I have seen a draft report, but I have not yet seen a final report.

**Mr D.S. BAKER:** With respect, I asked whether it had been completed and whether the Minister would provide a copy of the report to the Committee or to the Parliament.

**The Hon. J.H.C. Klunder:** Until such time as I have a copy of the report—and I have so far only seen a copy of the draft report—I am not in a position to give it to anybody.

**The Hon. H. ALLISON:** Can the Minister clarify what rate of return the \$104.236 million represented? We have been talking variously about the assets at historical cost, which the Minister introduced into the argument in response to a recent question. These figures are to be found at page 247 of the Auditor-General's Report. If we took the \$104.236 million on the historical assets of \$1.416780 billion, that would give a return on capital of 7.3 per cent. If we took it on the figure of \$2.260574 billion, that would give a return on capital of 4.6 per cent. I wonder whether the Minister and ETSA's accountants have considered the other remark made by the Minister earlier, that much of the equipment is 60 years old. As such, the older equipment, at the rate of depreciation and amortisation shown on page 246, where we have the figure of \$137 million, I reckon, would have been amortised over a period of 15 to 20 years and ETSA would still be showing a handsome return on

capital. That begs the question as to why ETSA should have to be borrowing in order to return a dividend to the Government. The shareholders would be complaining if it were private enterprise, I am quite sure.

**The Hon. J.H.C. Klunder:** Let me answer the last bit first. ETSA has not borrowed in order to pay this. In fact, it had money for various other purposes available as well, but I will ask Mr Newman to provide an answer.

**Mr Newman:** The normal way that a rate of return is calculated in a business is to look at your operating profit before interest and taxes as a rate of return on total assets. By using that calculation and using ETSA's book values in its financial accounts, the rate of return for ETSA comes to 7.7 per cent. However, if you allow for the fact that inflation during the year was running at 2 per cent, it gives a real rate of return of 5.7 per cent, which is the figure that was quoted earlier.

**Mr ATKINSON:** Can the Minister inform the Committee of the current premium paid by ETSA for bushfire risk insurance?

**The Hon. J.H.C. Klunder:** Immediately following Ash Wednesday 1983 ETSA was unable to gain insurance for the protection of the people of South Australia at any price. When insurance was obtained in April 1984, it was at a premium of \$8.26 million compared with \$56 000 in 1982. However, since 1984 the cost has decreased. ETSA is now paying \$10 420 per million of cover, for a cover up to \$500 million with a \$20 million excess. The premium for 1992-93 is \$5.002 million. Much of that decrease in premium is due to the fact that the Government introduced through the Parliament the vegetation clearance legislation. If that had not taken place, the insurance premium would have been sufficiently high for me to be reasonably sure that the costs of vegetation clearance would have been the same as—or even less than—what the increased cost in insurance would have been.

**Mr D.S. BAKER:** With reference to the investigation by the Government Management Board into ETSA, I understood that the Minister said he had seen a draft of the report. Why has he seen a draft of it? Has he altered that draft report, and will he give me an unadulterated copy of that draft?

**The Hon. J.H.C. Klunder:** I am not in the habit of looking at draft reports and then making them available as if they were final reports. I saw a draft of a report—

**Mr D.S. BAKER:** Did you alter it?

**The Hon. J.H.C. Klunder:** I certainly did not touch it with a barge pole. Why should I? It was not my report.

*Mr D.S. Baker interjecting:*

**The CHAIRMAN:** Order! It is difficult for *Hansard* to record what is being said.

**The Hon. J.H.C. Klunder:** I was able to read the draft report. It went back to the Government Management Board and, what has happened to it since, I do not know.

*Mr D.S. Baker interjecting:*

**The CHAIRMAN:** It is up to the Minister as to the manner in which he responds to questions by the Committee. There being no further questions, I declare the examination of the vote completed.

[Sitting suspended from 5.56 to 7.30 p.m.]

#### Membership:

Mr Trainer substituted for Mr Quirke.

#### Additional Departmental Advisers:

Mr D. Mutton, Chief Executive Officer, Woods and Forests Department.

Mr G. Higginson, Chairman, SATCO.

Mr R. White, General Manager, SATCO.

Mr K. Freeman, Director, Support Services, Woods and Forests Department.

Mr D. Geddes, Director, Timber Products, Woods and Forests Department.

Mr M. Curtis, Finance Director, SATCO.

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

**The Hon. J.H.C. Klunder:** Yes, Mr Chairman. The forestry and forest products industry, like many other industries, is currently experiencing difficult times. Woods and Forests, as part of that industry—indeed SATCO—are no exceptions. As general background to the Committee, I would like to take this opportunity to inform members of some of the issues involved and the initiatives being taken to maximise the return on the Government's investment in forestry and forest products.

As a preferred producer, Woods and Forests has been able to maintain its volume sales of sawn timber, but reduced selling prices have severely impacted on the department's profitability. Selling prices of some major volume products such as house framing and other structural timbers have returned to around 1983 levels and are in excess of 20 per cent below prices of two years ago.

These reduced prices are as a consequence of aggressive pricing by the department's competitors arising from a trade war initiated by a major competitor against New Zealand and other overseas imports, a reduced demand for house framing due to the current economic conditions, plus attempts by other producers to improve market share in a depressed economy to protect their investment.

Woods and Forests, which does not initiate price discounting, has been forced to follow the other producers to ensure it retains its customer base and protect its market share. On the forestry side, increases in log prices have been maintained at levels below movements in the consumer price index. The pressure on product pricing and therefore revenue has coincided with the department giving greater attention to improving efficiency and productivity, and reducing unit costs. The department has embarked on a number of initiatives in this regard, including the following five points:

1. Rationalisation of dry milling operations with cessation of drymilling at Mount Burr and consolidation of all drymilling activities at Mount Gambier and Nangwarry.

2. Rationalisation of Adelaide office functions with decentralisation of functions to operating units.

3. Continued emphasis on total quality commitment principles, improvement teams, statistical control and third party accreditation to improve performance. The timber products group has completed the manuals and implemented the necessary procedures, systems and controls essential to achieving accreditation under Australian Quality Standard AS 3902 'Quality systems

for production and installation'. These processes have been audited by the third party accreditor, and the Department is confident that it will obtain accreditation within the next couple of months. This thrust has resulted in significant improvements in efficiency and productivity through all areas of the timber products group with a resultant reduction in unit costs. These benefits will become even more evident over time.

4. The undertaking of a major review of the production and maintenance related activities of the timber products group aimed at identifying opportunities to further improve efficiency and reduce costs of production. This study was conducted with support of Woods and Forests related unions and the United Trades and Labor Council. A task group comprising both management and work force representatives undertook the study with limited input from external consultants. Over 300 recommendations are currently being implemented or considered for implementation.

5. Continuing the process of reducing the number of forest headquarters in the South-East and to relocate the remaining forest districts within sawmill complexes. The Myora, Caroline and Mount Gambier forest headquarters have recently been consolidated as the Mount Gambier Forest District with headquarters at the Mount Gambier mill site. As a consequence of these initiatives, the average work force has fallen considerably: from 1 267 full-time equivalents in 1990-91, to 1 167 in 1991-92—a reduction of about 8 per cent.

One factor which has been inhibiting the financial performance of the department since 1983 has been the impact of the Ash Wednesday bushfires, when some 20 per cent of the department's forests were destroyed. The department received no compensation for these losses and, as a consequence since then, the department's borrowings steadily increased due mainly to the financing requirements of the forest replanting program and a reduced capacity in the short-term to generate revenue. This situation has been a concern to the department for a number of years.

The inappropriateness of debt funding long-term production processes such as forestry has also been acknowledged. On 1 July 1991 the Treasurer converted the debt due to him by the department to base capital (equity). This financial restructuring will return the department to a position where it will be able to meet all its financing requirements from funds generated from its trading operations and will bring forward the timing of tax equivalent and dividend payments to the Government.

As the State's forestry authority, the department continues to undertake a range of activities of a non-commercial nature for the benefit of industry and the community. These activities are funded from the general revenue of the organisation and cost it around \$3 million each year. SATCO activities have been significantly restructured over the past three years, involving divestment of plywood and sawmilling investments in New Zealand and the Adelaide Hills. SATCO interest in the Scrimber partnership was also reviewed and a decision taken to seek external funding to complete the project. The actions were taken only after careful consideration of the alternatives and appropriate severance arrangements agreed with employees involved.

Trading results for last year reflect the benefits of restructuring with a trading profit of \$1.057 million being reported, which further consolidates the result achieved in 1991 of \$1.645 million profit. The further development of laminated products and component divisions of SATCO offers scope to enhance the already significant economic benefits of South-East forest resources to the State and thereby provide additional employment opportunities in the region.

In July of this year, I announced that Cabinet had given approval for the amalgamation of the Woods and Forests Department and SATCO into a single commercially driven organisation. This amalgamation will give further impetus to the progressive restructuring of these organisations which is taking place to improve their competitiveness and financial performance. It will bring together initially all the State's timber products investments under a single organisational structure and then, progressively, the remaining forestry related activities. This will enable better use to be made of the State's valuable softwood resource and achieve greater flexibility in timber processing.

Finally, I would like to add a few words about the department's accounting for revaluation of its growing forests, which has been the subject of examination by the Economic and Finance Committee of this Parliament and has been the subject of some publicity in recent times. Due to the special nature of growing timber, which includes a long production cycle combined with physical change, historical cost accounting does not provide a meaningful measure of the economic performance or asset value of forestry activities. In order to provide more relevant, reliable and understandable information, a current value based method of accounting has been applied to growing timber since 1986.

Under this method, revenue is recognised as increases occur in the net market value of growing timber. All forest expenditure is recognised in the year the spending takes place, so the profit (or loss) on growing timber is measured as the difference between the growth in value of the timber and the costs incurred in obtaining that growth.

The volume of growing timber is estimated annually from a model which simulates forest growth. Actual growth will invariably differ to some extent from growth predicted by the model resulting in periodic adjustments to the net market value for these growth variations, and adjustments are made periodically based on sample inventory data. Since 1986-87, the method used to determine the volume of growing timber has been 'standing volume', which assumes that all the wood that has a use can be harvested and marketed. The department is constantly reviewing the growth models, the data it uses and assumptions made when determining what volume is growing in the forest. This is to identify what log products can be provided to the industry on a sustainable basis and also to ensure that accounts are presented in the most reliable and accurate manner.

For example, as an outcome of this continuous review it has been concluded that the inventory volume for accounting purposes should be reduced by 10 per cent to more accurately reflect that anticipated actual volume of timber available under current harvesting practices. Last year, standing volume was reduced accordingly thereby

resulting in an abnormal write-down in that year of \$53 million. This naturally has a significant bearing on the department's published financial results.

In reporting as it has, the department did, until last year, depart from one of the Australian Accounting Standards (ASS10). However, recent amendments to that standard vindicate the department's decision to depart from that standard in the interests of providing a more meaningful measure of the economic performance of these rather unique forestry assets. As a consequence of the amendment to the accounting standard, the department's accounts now fully comply with Australian Accounting Standards and Concept Statements, thereby enabling the Auditor-General to issue an unqualified report on these accounts.

**Mr OLSEN:** I look forward to reading the Minister's statement in *Hansard*, because it was extremely difficult, first, to keep pace with the report that the Minister presented, and, secondly, to digest the information provided. It may be that we will cover ground in questions that the Minister believes he covered in his statement, but I trust that the Minister will take on board those difficulties in responding to questions. If we exclude the timber revaluations, to which the Minister referred in his statement to the Committee, what was the net loss of the Woods and Forests Department on a cash operating basis for 1991-92?

**The Hon. J.H.C. Klunder:** I refer the honourable member to page 189 of the Auditor-General's accounts and the statement of cash flows for the year ended 30 June 1992 and the comparison with cash at the end of the financial year between 1992 and 1991. The cash at the end of the 1991 financial year was \$492 000 and at the end of the 1992 financial year it was \$4 565 000.

**Mr OLSEN:** Rather than talking about cash flows, what was the cost of the department to the taxpayer, excluding timber revaluations to 1991-92?

**The Hon. J.H.C. Klunder:** I refer the honourable member to the operating profit before abnormal items, which he will find on page 185 of the Auditor-General's Report. The operating profit before abnormal items, which would include revaluation, is \$17 126 000 for 1992.

**Mr OLSEN:** Does the Minister dispute that for 1991-92 the cost to the taxpayer was \$108.2 million and in 1991 it was \$13.8 million, accumulated?

**The Hon. J.H.C. Klunder:** I have no basis for agreeing to those statements at all, and that is not what I read in the Auditor-General's accounts.

**Mr OLSEN:** I refer to the debt defeasance deal undertaken whereby SAFA took over some equity in lieu of interest of \$65.2 million. I understand that the South Australian Financing Authority has undertaken a defeasance deal with AGL of \$407 million over the forests. Is that correct?

**The Hon. J.H.C. Klunder:** That question is properly addressed to the Treasurer, because it is Treasury that did all the defeasance negotiations and not the Woods and Forests Department.

**Mr OLSEN:** Whilst it might well be the arrangement, the fact is that it is over the forests of which the Minister has ministerial control. The forests for which the Minister has ministerial control have entered into an arrangement with the South Australian Financing Authority, which in

turn, over the forests, has entered into an arrangement with AGL. Is it correct that that arrangement has been entered into to the tune of \$407 million?

**The Hon. J.H.C. Klunder:** The situation as it applies to the Woods and Forests Department is accurately delineated in the Auditor-General's Report, and in that report on the department there is no mention of any of the information to which the honourable member now alludes.

**Mr OLSEN:** Consistently over the years we have had difficulty getting appropriate information from the Minister. It is stated in the AGL report, which is now a public document, that it has entered into an arrangement with SAFA over the assets of the Woods and Forests Department in respect of \$407 million. First, is that correct, but the Minister is not prepared to say whether it is or is not true? The second point is whether it is a similar deal to the leasing of the Torrens Island Power Station. Does it incur the same difficulties as the Torrens Island Power Station, that is, that it is tax scam?

**The Hon. J.H.C. Klunder:** My understanding is that there is no tax implication whatsoever in the forestry deal but, as I indicated to the honourable member before, this is not the right place to ask those questions. They should have been asked of the Treasurer, because it was SAFA that had the agreement, as the honourable member has just said. Indeed, the Auditor-General has not drawn attention to any of this in his report on the department and, consequently, it does not belong in this section.

**Mr OLSEN:** As the Minister has indicated that there is no tax scam arrangement in place, and therefore it is a legitimate deal, I therefore take it that he is affirming before the Committee that the deal has taken place?

**The Hon. J.H.C. Klunder:** I draw the honourable member's attention to a press release that I issued on 22 June 1990 on this matter. This is not a comment I made during my opening statement.

Clearly, the honourable member did not bother to read some of what happened during his absence from the State.

*Mr Olsen interjecting:*

**The CHAIRMAN:** Order! I have given the member for Kavel a pretty good run, and I hope he appreciates it. The member for Stuart.

**Mrs HUTCHISON:** In his opening remarks, the Minister mentioned the accounting for the revaluation of the growing timber and gave some reasons for the change in the basis of that revaluation. Was that brought about by the Economic and Finance Committee of this Parliament?

**The Hon. J.H.C. Klunder:** There certainly has been an implication by members of the Opposition that the revaluation downwards was as a result of—I think the word was—'prodding' of the department's accounts by the Economic and Finance Committee. The answer is, of course, 'No, that was not the situation.' As I mentioned in my opening remarks, the department is consistently reviewing growth models, the data it uses and the assumptions made when determining the value of growing timber in the forest. As an outcome of this continuous review, it has been concluded that the inventory volume for accounting purposes should be reduced to more accurately reflect the anticipated actual volume of timber available under current harvesting



practices. The department will continue to review its method of valuing growing timber and will not hesitate to introduce any changes that it identifies if those changes will improve the reliability and accuracy of the data provided to the Parliament.

**Mrs HUTCHISON:** On page 365 of the Program Estimates under the heading 'Supply of timber products' it is noted that one of the targets for 1992-93 is to achieve accreditation under the Australian Quality Standard AS3902. What action is being taken by the department to achieve that standard, and what progress has been made to date?

**The Hon. J.H.C. Klunder:** A major thrust of the total quality commitment in the Woods and Forests Department is to achieve the accreditation to Australian Standard AS3902 of 1987 within the timber products group. This standard, called quality systems production and installation, is identical to international standard ISO9002 of 1987 and, in fact, accreditation to one standard gives accreditation to both.

It is becoming increasingly important that the timber products group in particular obtain this accreditation, as an increasing number of organisations within Australia and internationally are requiring it of their suppliers. The purpose of the third party accredited standard is to provide independent assurance that the established product quality and customer service levels will be consistently maintained by the timber products group.

The program requires that documented procedures and accountabilities be defined and understood for all sales and production processes and be supported by facts and data as evidence that all the systems are under control and outcomes are predictable. The program focuses on reducing waste of any form, that is, products, people skills and talents, equipment utilisation and best use of capital. A requirement of the standard is for the department to define and document its policy and objectives for and commitment to policy.

The policy and objectives should be understood and implemented at all levels of the organisation. The department's quality policy and the timber products group mission statement have been defined and implemented. The department's quality policy states:

We will offer and deliver on time to our customers reliable, useful and competitive products of which we can be proud. Specifically, it is our policy: to promote product quality and service standards as being the responsibility of each and every employee; to establish and maintain a high degree of quality awareness at every level and encourage individual initiative in achieving product and service quality; to fully understand customer requirements and honour promises made in regard to quality, quantity and delivery; to establish quality at the earliest stages of production and maintain these standards during subsequent processing; to ensure compliance with the relevant industry standards; to promptly attend to any customer concerns ensuring lasting and relevant remedial action is taken; to continually monitor appropriate indicators of quality and performance for feedback to employees; and to ensure that this quality control and all its functions support production.

So, quality, performance and reliability will not be compromised by any need for cost reductions, increased savings or the attainment of short-term needs. It is the responsibility of each person to implement this policy in the area in which they are accountable. The timber products group's mission statement is:

We aim to lead Australia in responsible and profitable production of quality timber products.

As a prerequisite to obtaining accreditation, quality systems have been established. A quality manual has been prepared and process systems and controls have been implemented in the production and marketing units. The appointed accreditor, the South Australian Branch of the National Association of Testing Authorities, located at Manufacturing Park at Woodville, has received all relevant documentation and has recently completed an independent audit. The department is awaiting the outcome of the application but it is confident that third party accreditation will be obtained within the next couple of months. It is intended that once third party accreditation is achieved by the timber products group it will then be sought for other groups within the department.

**Mrs HUTCHISON:** In July or August of 1991, the Government announced its decision to withdraw funding from the Scrimber project in the South-East. What is the current status of that project and are there any future prospects for the plant at Mount Gambier?

**The Hon. J.H.C. Klunder:** Agreement was reached with CSIRO and Rafor in January 1992 to pool respective interests in the Scrimber technology. This pooling involved SATCO and SGIC assigning their interest in the Mount Gambier plant (excluding buildings), the technology and patents to a consortium in which they hold a 50 per cent interest. The CSIRO and Rafor assigned their interest in the original technology, patents and trademarks to the consortium for a 50 per cent interest.

With these arrangements in place, the consortium has held discussions with a number of parties who have expressed interest in providing capital to complete the remaining research and development work and to commercialise the process. The introduction of private investors to the development is complex and it has taken longer than expected to work through commercial considerations and the income tax issues involved.

It also needs to be recognised that investigations require independent advice in respect of the extent and likely cost of the remaining research and development work before making funding commitments. The decision in June 1992 by the Federal Department of Industry, Trade and Commerce to defer registration of research and development syndicates pending the outcome of a review of current guidelines related to the eligibility of future applicants has also delayed funding negotiations.

On 26 February, I informed Parliament that the Scrimber partners were expecting to report on the five remaining funding proposals within a matter of weeks. However, in view of subsequent events, that did not prove to be possible. At this stage, it would not be sensible to put a time line on when this process might be finalised. On the other hand, it needs to be understood that all parties involved are anxious to see the project continue, albeit under new ownership. The Government's investment in this project was written off on 30 June 1991 and provision was made for the remaining winding up sale costs. At this stage, we expect this provision to adequately cover the ongoing obligations to the Scrimber consortium.

**The Hon. H. ALLISON:** The accountancy statistics which the Minister quoted in response to the member for Kavel gave a misleading impression, because there was

an element of profitability in the reply, whereas in the paragraph immediately preceding the profit and loss statement for June 1992 on page 184 of the Auditor-General's Report more significant statistics are available. Under the heading 'Significant features' it is stated that forestry operations recorded a loss of \$3.8 million compared with a \$77.5 million profit last year and that this result includes a net decrement of \$19.5 million in the value of growing timber whereas last year there was an increment of \$66.2 million. The timber products operations show a loss of \$13.2 million compared with a loss of \$4.5 million last year.

The debt to equity conversion of \$65.2 million was another millstone removed from the Woods and Forests Department debt. There was also reference to the writing off *in toto* of Scrimber, which was another millstone lifted from SATCO. That represents over \$60 million to SATCO and to SGIC. The figures total \$161.7 million lost or written off, and that is a far cry from the profitability which the Minister was quoting—it is creative accounting. That really represents a \$3 million per week loss to the taxpayers of South Australia. It equates to the writing off of the \$3.3 billion to the taxpayers of the State Bank's substantial loss.

As I said, accounts can be leading or misleading. So, what we would like to know is how the Minister is going to manage a substantial turnaround from the eight out of 10 years loss attributed to the Woods and Forests Department operations over the past decade. Also, the two years that were credited were really nominal credit when one considers that the substantial gains last year were really a very abnormal timber revaluation of \$66 million, which brought up the \$77.5 million profit. Those figures are far more important than the figures produced over the past few years, where the profits or losses were nominal simply because of creative accounting, which the Minister has acknowledged is now acceptable to the Australian Accountancy Research Foundation and about which I will have more to say a little later.

**The Hon. J.H.C. Klunder:** I will start by answering part of the question and then ask the Chief Executive Officer of the Woods and Forests Department to take over. It is interesting that last year members were arguing that we should not be including a revaluation in forests because they believed that was improper and a fiddling of the accounts to show a profit. This year they are saying we are not allowed to exclude it—that we must—

*Mr Olsen interjecting:*

**The Hon. J.H.C. Klunder:** The interesting thing is that the accounting standards have in fact changed.

**Mr Olsen:** This year.

**The CHAIRMAN:** Order!

**The Hon. J.H.C. Klunder:** The reason they changed was that some years ago, after I became Minister of Forests, I took the issue to a Forestry Ministers' conference. I indicated to them that I believed that the accounting standards were out of step with the situation that pertained in this department. Interestingly enough, the Minister in New South Wales seconded my proposal that we ask the accounting profession to look at these standards and every other Minister Australia-wide agreed. It was a unanimous recommendation from the Australian Forestry Council that it be done. That has taken some years.

However, if the honourable member is as serious as he says about having read the Auditor-General's Report then presumably he has read more than just last year's and this year's reports and he would have gone back over the history of these things. If he had done that he would realise that over the past six or so years, when the Auditor-General has drawn attention to this and has, in fact, qualified the accounting, he has done so with decreasing intensity, if you like. On the other hand, in the early days he drew very clear attention to the fact that an accounting standard had been breached. In the later years he was saying that, while he needed to draw attention to a technical breach of the standards, he could just about understand why the Woods and Forests Department felt that it needed to go this way.

Indeed, as members are aware, the accounting profession acknowledged that AAS10 should not apply to the growing inventory of timber in forests because it was not an applicable thing to do. Consequently, the Auditor-General has not qualified the accounts of Woods and Forests Department this year. Indeed, some of the garbage I have been reading in *Hansard* lately is absolutely frightening when one looks, for instance, at the statements made by the member for Victoria, where he actually states—and I have a copy of the statement—that the Auditor-General claims that it is illegal, improper and against all the best accounting standards to put forest increments in the profit and loss accounts. I would like him to point out to me where the Auditor-General actually said that, because I have not read it in the Auditor-General's Report; I have not read that it is illegal, improper or against all the best accounting standards to put forest increments in the profit and loss accounts. I do not remember reading that anywhere. It is not something that the Auditor-General has said to me or to the department. By all means, if the Auditor-General believed that something illegal and improper had gone on I would expect him to have qualified the accounts—and he did not do that.

The member for Mount Gambier drew attention to a number of figures, for instance, the conversion of the Treasury loan of \$65.2 million to equity. In my opinion, that is where it should have been all the time. I have had a long discussion ranging over a number of years with Treasury, because I believed it was inappropriate to argue that the Woods and Forests Department should be bearing that as a loan and have to pay interest on it when it is, in fact, beyond the department's control; that the department was not able to claim its losses, and so on. However, I will refer this issue to the Chief Executive Officer for any comments he chooses to make at this stage.

**Mr Mutton:** The figures that have been identified in the Auditor-General's Report in relation to the significant features of forestry and timber products operations indicate that forest operations recorded a loss of \$3.8 million. That was certainly after abnormalities and not in fact related to the operations of the actual 1991-92 year. But, as those familiar with accounting practices would know, abnormal items are brought to account in the year in which they are identified. Certainly, as the Minister said, they are associated with an identification of a change of the basis of valuation in line with current harvesting methodology that is used by the department's contractors at this stage. When looking at the valuation of

forests, obviously we have identified that that needs to be taken into account, albeit that in the future, and from future cash flows from the forest operations, harvesting operations may change. Therefore, the level of material that may be left behind in the forest may also change and reduce.

In relation to timber products operations there was a significant operating loss during this financial year. That also included some abnormals associated with write downs of some operating assets, one of which was associated with the fact that the dry mill at Mount Burr is now closed. It is partly associated with the voluntary separation packages as a result of some reduction in the number of people operating at that site. Certainly, there was a loss in the timber products operations and I think we are all very well aware of the circumstances of this year under recession conditions. The Minister also mentioned quite a significant price war that occurred during 1991-92. Certainly, that loss is basically in total attributable to the reduction in the price that was achievable in the marketplace during that financial year.

**The Hon. H. ALLISON:** I have to say that I am surprised that the Auditor-General did not continue to qualify the accounts even though there is now an accepted Australian Accountancy Research Foundation standard, following years of negotiation. One of the reasons that I am surprised is that, while he has accepted the accounts and the accountancy methodology of the Woods and Forests Department, it appears to me that there is something wrong when in last year's accounts we could have an increment of \$66 million and immediately following—and not at intermittent intervals as the Minister said in his preamble—we had a write down of \$19.5 million.

Also, there is a further admission by the department that a further 10 per cent error had to be acknowledged because, rather than have the whole of the growing timber as a realisable asset, 10 per cent was not available and, therefore, that 10 per cent was deducted. We have a formula which has been accepted by the Auditor-General for decades, I suppose, yet that formula has shown up not only two substantial differences in two successive years, but an acknowledgment that probably for decades previously the whole of the growing timber has been included as a realisable asset when 10 per cent is acknowledged as being waste product.

Despite what the Minister and his staff may believe, there is still a reservation at page 184 by the Auditor-General where he says:

I have, however, included a statement of emphasis within the Independent Audit Report. This statement relates to the annual increment in the net market value of growing timber which has been brought to account as operating revenue. While the department has comprehensively disclosed its methodology and the financial effects in the notes to the financial statement, given the very nature of the increment, I felt it was necessary to state that the increment reflects the growth and price changes in timber still standing in the forests and as such is unrealised.

That has to be linked with two paragraphs later, where he says:

It is also pointed out that, because the volume of growing timber used in the calculation of the value of the asset is based on complex formulae and highly technical information, I have relied on the Chief Executive Officer's certification as to its authenticity and accuracy.

I took the trouble over the past few weeks to go through previous years' budget estimates. I believe, Minister, that you will find that year after year we have asked whether it would be possible—and generally there has been an acknowledgment that it would be—for the Committee to have access to the formula. The formula has already thrown up one error this year of 10 per cent, which is very substantial by anybody's reckonings. If it can throw up an error of 10 per cent this year and give a huge increment last year and a huge decrement the following year, surely the formula would bear close scrutiny by the Auditor-General, by the Committee and by the Economic and Finance Committee, which is dealing separately with this matter and on which I will remain silent. Incidentally, that committee has not yet reported, so the Minister should not necessarily take solace from the fact that it has already investigated the accounting procedures. I leave that to the Committee. These are my personal feelings, but I am sufficiently concerned still to believe that the accounts should not have been absolutely unqualified by the Auditor-General.

**The Hon. J.H.C. Klunder:** The honourable member asks a number of questions in the one question, and I hope that I do not leave out an answer to any one of them. I think that I ought to correct some things straight away. Last year's increment of \$66 million was the result of an end of five-year reassessment of the situation when the model was checked against reality. It turned out that the reality was much more favourable than the model had been, and that is a very pleasant situation to take. However, as I indicated in my opening statement, there is a model, and that model needs to be checked every now and then against things that occur in the real world. That happened last year and it turned out that the model had predicted certain rates of growth and those predicted rates of growth were less than the rates of growth that had actually taken place. Indeed, there is a five-yearly check on that. That was one reason for a write-up.

The write-down this year was more in terms of the department's working through its model and deciding that it would be appropriate not to take the exact amount that could be recovered. Possibly the best way that I can do it is by giving the honourable member a statement of forestry valuation that he can look through. Under the model revenue is recognised as increases occur in the net market value of growing timber. Subsequent sale of timber does not result in revenue but reflects an exchange of assets. All forest expenditure is recognised in the year that the spending takes place and the profit or loss on growing timber is measured as the difference between the growth in the value of the timber and the costs incurred in obtaining that growth.

Net market values are determined as market values less expected costs of disposal in an orderly market. Market values are determined for growing timber of a marketable size by the current log price, and for growing timber below marketable size by annually compounding the current replacement cost from the date of preparation of the site for planting at the department's minimum desired rate of return. In the absence of verifiable market prices, this is considered to be a reasonable approximation, particularly as young timber accounts for less than 5 per cent of the total value.

The volume of growing timber is estimated annually from a model which simulates forest growth. Actual growth will invariably differ to some extent from growth predicted by the model, resulting in periodic adjustments to net market value for those growth variations. The model is updated with sample inventory data at about five-yearly intervals. The model was last updated in 1990-91 for the four-year period ended 30 June 1991 for south-eastern forests and in 1991-92 for the five-year period ended 30 June 1992 for the central and northern forests.

Since 1987 the method used to determine the volume of timber contained in the radiata plantations has been the so-called standing volume, which assumes that all the wood for use can be harvested and marketed. This method was adopted because it was considered the most transparent method of estimating the current inventory, irrespective of end use. The department is constantly reviewing the growth models, the data that it uses and the assumptions made when determining what volume is growing in the forests to identify what log products can be provided to the industry on a sustainable basis and to ensure that the accounts are presented in a most reliable and accurate manner.

As an outcome of this continuous review, it has been concluded that under current harvesting practices there is some loss of volume due to harvesting residues. Therefore, to ensure that the net market value is based on realisable volumes, this year the standing volume has been reduced by 10 per cent, which is considered to be a fair estimate of harvesting residue under current harvesting methods.

In 1991-92 forestry valuation reduced by a net \$19.5 million calculated as follows: \$21.6 million was a normal increase from the net change in the value of growing timber; and \$12 million was a growth adjustment in the central and northern forests flowing from sample inventory data—the five-year adjustment that I talked about earlier. There was a loss of \$53.1 million, which was a 10 per cent write-down to account for harvesting residue. In 1991 forestry valuation increased by \$66.2 million, calculated on the basis that \$18.4 million was a normal increase from net change in value of growing timber and \$47.8 million was a growth adjustment in the south-eastern region flowing from the sample inventory data, which was the four-year period to which I referred earlier.

I move on now to the honourable member's statement of emphasis that he talked about the Auditor-General's having made. The purpose of the financial statement is to ensure that readers of the financial statement do not materially misdirect themselves by drawing attention to the fact that the increment of growing timber reflects the growth in the price change of the timber still standing in the forest and, as such, is unrealised. We did that in the accounts last year. The notes to the accounts clearly state the quantum and the reason. The Auditor-General believed that it was appropriate to bring that up front a little more, and the department agreed with him that there was nothing wrong with bringing it up front and that, if that is what the Auditor-General wanted, that is what he should have.

There is no problem with that, but it was not as if we pointed that out this year for the first time. We have

pointed it out in previous years, and anyone who reads the accounts with some due attention, and reads the notes to the accounts which, after all, must be taken with the accounts, would have picked that up. Certainly anyone looking for it would have picked it up. The Auditor-General accepts that the department has comprehensively disclosed its methodology and the financial effects in the notes. The department is comfortable with the inclusion of the statement of emphasis. It accepts that there may be some opportunity for misunderstanding despite what in past years were comprehensive notes of explanation. The Auditor-General has confirmed that the accounts were drawn up in accordance with the appropriate standards of statements of accounting concepts and the appropriate Australian accounting standards. That is the reason he did not qualify it.

The Auditor-General's people have been through the formula—that referred to in the third part of the honourable member's question—in considerable detail, and they have approved that formula. As the member for Mount Gambier has pointed out, the Auditor-General has always relied on the statement by the Chief Executive Officer of the department that the timber has been measured properly according to the formula. Indeed, one would not expect the Auditor-General's troops to go out into the forests measuring diameters of trees year after year. That is not his function. He has accepted the certification by the Chief Executive Officer that that has been done, and has been done properly.

**The Hon. H. ALLISON:** I simply point out once again that the very phrase used by the Auditor-General, 'I have relied on the Chief Executive Officer's certification as to its authenticity and accuracy' is a disclaimer and qualification. For the Minister to say that the accounts are unqualified shows a lack of knowledge of accountancy terminology. In his preamble, the Minister said that times were crook and there were highly competitive wars between marketers of timber. If that is so, and if prices are down and markets are poor, we have the strange situation where the Woods and Forests Department continues to produce at a very high rate. On page 196 of the Program Estimates we see the comparative figures for 1990, 1991 and 1992. In 1990 the departmental sawmills turned out 286 340 cubic metres of sawn log. In 1991 it produced 313 745 cubic metres—an increase. In 1992, it produced 334 181 cubic metres. We still keep producing more, despite the difficulty of the market, and the problems associated with price and getting rid of the stuff itself.

I have an interesting document showing the Woods and Forests Department special pricing for June, with an indication that prices would be increasing effective from 1 July 1992. I understand that the royalties had already increased in January, but that is another series of questions. The comments of the Minister indicate to me a price war between at least Woods and Forests and CSR, but other suppliers whom I have contacted across Australia tell me that there are sizes included in this price list which are in short supply and that there is absolutely no need for the department to be discounting whilst there is a waiting list. If people are waiting, why discount? They will purchase and take what is available. It is a good market. Discounting means less profit for everyone. For every 1 per cent discount on \$100 million of sales,

that means \$1 million less in the taxpayers' coffers—simple arithmetic. A discount of 2 or 3 per cent equates to millions of dollars each time.

I know of a company—and I will not name it—wishing to obtain material from the Woods and Forests Department that was refused the discount price for a whole semi-trailer load. I do not know the rationale for that, and I will give the Director the information later, but the owner was refused the discount price for a semi-trailer load. I would have thought that the department wanted to get rid of the timber. Others were being supplied at the lower price, according to the owner. He knows that from just talking around the trade. So, dealings within Woods and Forests do not seem to me to be perfectly straight.

When I have had problems of this nature previously, I have been fair and dealt directly with the Minister. I do not generally air things publicly. I have dealt with him previously on a private basis. However, the Minister chose in his preamble to say that the markets are crook and prices are down. For a decade or more Woods and Forests has had the reputation of being the leader in the price discount war. This year I will probably have to give it credit for competing with CSR on a different basis because the department went out publicly and made heavy discounts, but this is the exception rather than the rule. What does the Minister and his Director have to say in answer to that criticism that has come to me from people who want to deal with the Woods and Forests Department?

**The Hon. J.H.C. Klunder:** It is normally very difficult to deal with a number of questions, but on this occasion I am reasonably pleased that the honourable member has done so. He argues that on this occasion it is clear that the Woods and Forests Department did not lead the discounting, and I would argue that the department seldom, if ever, leads the discounting. I am sure that the honourable member's statement that the Auditor-General has qualified the accounts will come as an immense surprise to the Auditor-General himself. The honourable member said, 'He [the Auditor-General] relied on the Chief Executive Officer's certification as to the authenticity and accuracy of the volume of growing timber.' Let me read the entire quote:

It is also pointed out that, because the volume of timber used in calculations of the value of the asset is based on a highly complex formula and highly technical information, I have relied on the Chief Executive Officer's certification as to its authenticity and accuracy.

That is by no means a qualification of the accounts: it is a statement of the situation. I draw the honourable member's attention to the statement made four paragraphs above that, where the final four words in that sentence read, 'are therefore not qualified.' When the Auditor-General says the accounts are not qualified, I am fairly sure it would come as a huge surprise to him to find that the member for Mount Gambier has decided he is wrong and that the accounts are qualified. I acknowledge that normally the member for Mount Gambier does show a degree of reasonableness, and my relations with him have been fairly reasonable, because I treat him as an honest and reasonable man. If that has harmed his standing in the Liberal Party, so be it. I can speak no less than the truth in this matter.

The statement that the department has sold more timber now than in the past I would have thought was fairly self explanatory. At a time of a downturn in the market, you try to increase the use of your machinery so that you reduce the cost per unit. In fact, you follow the market downhill, but you are still in a position where, even though you are not making a profit, you do not make much of a loss.

*The Hon. H. Allison interjecting:*

**The Hon. J.H.C. Klunder:** The honourable member is probably not aware, as other members on the Opposition front bench who claim to be businessmen are probably not aware, that in times of a downturn you try to protect your market share. If that is news to members, I am a trifle surprised. That is my understanding of the situation. One tries to protect one's market share. If it is possible, through a greater throughput to make more effective use of your capital equipment and thereby reduce your unit cost, that is a reasonable thing to do in the circumstances. I will pass on the question to the officers for further comment.

**The Hon. H. ALLISON:** If the machinery has to be kept operating and if the market share has to be protected, does that mean that it is a stated and unequivocal policy of the Woods and Forests Department that the market share is protected at all costs, even if the timber must be milled and marketed at a loss and the taxpayer has to pick up the tab? That is how it came across.

**The Hon. J.H.C. Klunder:** The honourable member is trying to make a generalisation out of a particular instance that I have mentioned. Certainly, the protection of market share is important because, if we do not protect our market share, we may not recover it when we come out of the depressed circumstances, and when that happens we will continue to make losses even when things are good because of the higher unit cost of our production system. I am happy to hand over at this stage to the departmental experts in these matters.

**Mr Geddes:** The issues of price wars, discounting and so on have certainly been a major factor in the results of the Timber Products Group in 1991-92. The reason for increasing volume production out of the mills, as has been stated previously, is to try to reduce the cost per cubic metre of production. As far as being able to increase market or supposed market share in this time of recession is concerned, the Woods and Forests Department has not increased its market share. It has kept its market share, but I guess the softwood (pine) market in Australia has increased, because as it has dropped the price has kept out overseas softwood from North America. Consequently, the pine market in Australia has significantly increased, and Woods and Forests have worked hard to take an increased share of that market.

**The Hon. H. ALLISON:** Is the royalty increment on the logs included in the formula for asset realisation purposes each year? For example, was royalty included in the \$60 million odd increment for last year; and is royalty included in the \$19.5 decrement this year as a basis for the formula calculation, or is that completely divorced?

**Mr Mutton:** As was said by the Minister, the methodology for determining the market value and the net realisable value of the forests on an annual basis for

that material which is of a marketable size is a reflection of the volume that is there and the current log prices that are available in that year. So, the royalty factor is one of the components of that. The issue that the Auditor-General has mentioned in his statement in the accounts is associated with the volume determination, and that is the complex formula. The royalty is not part of the formula of determining the volume: it is a factor in determining the value.

**Mr ATKINSON:** I refer to page 366 of the Program Estimates and the program entitled 'Community service obligations'. A 1992-93 specific target is to continue the management of the hardwood irrigation and afforestation trial at Bolivar and seek opportunities to undertake research and provide technology transfer in effluent irrigated forestry technology. What have been the results of this trial; what other trials is the department considering to determine the usefulness of disposing of effluent and waste water on wood lots?

**The Hon. J.H.C. Klunder:** I will ask the Chief Executive Officer to go through this.

**Mr Mutton:** One of the things in which the Woods and Forests Department has become very heavily involved in recent years, because of its expertise in forest management and silviculture, is the use of plantation trees for the disposal of treated effluent, and one of those projects is the experimental work that is being done at the Bolivar Sewage Treatment Works. At present, some secondary treated effluent is released into St Vincent Gulf, but the irrigation of forest crops is seen as an alternative which will have less impact on fish breeding grounds.

Technical support and scientific direction has now been formalised into a management contract between the Woods and Forests Department and the Engineering and Water Supply Department for the management of the hardwood irrigated afforestation trial at Bolivar Sewage Treatment Works. The trees in that trial are now 27 months old and high survival and good growth has been achieved, the tallest trees now being 11.5 metres high. Recovery from a severe infestation of leaf blister sawfly in winter-spring 1991 has been achieved without specific control measures, and current indications are that it will not recur as natural agents are abundant in that plantation. The studies to meet the objectives of the scientific investigations are proceeding as planned.

It might have been recalled previously in this Committee that Apcel Pty Ltd in the South-East is also a contributor to that project. At present, piggery waste is being spread on pine plantations at Myora Forest in the South-East under strict conditions. Its effects on tree growth, soil chemistry and ground water are being carefully monitored in a large experiment. With regards to the potential for effluent irrigated forestry in South Australia, it is estimated that there are some 200 000 megalitres of effluent and waste water potentially available from the Adelaide area each year which it is considered could sustain an industrial scale plantation of some 4 000 hectares.

It is estimated that, if all other sources of effluent waters outside Adelaide were included, the potential area of plantations to be irrigated with that type of water is about 7 000 hectares, and I guess we could then add drainage water from metropolitan Adelaide as another

source and increase that area of plantations further. Close cooperation has been built up between the staff of the Department of Agriculture, the Engineering and Water Supply Department and the Woods and Forests Department, all providing their specific expertise, whether it happens to be in irrigation technology or in relation to the quality and characteristics of the water that is being used. All those agencies are working cooperatively to solve this problem.

I guess the aim is to provide a consultancy service to support sustainable management of irrigated plantations and wood lots. Based upon knowledgeable scientists and technicians in Government departments, it will act as an applied science consultancy in the field of technical transfer. It will be known as the Irrigated Forestry Group and it will operate cooperatively with those agencies I have mentioned. There is certainly the potential also for interstate expansion and scope for technical transfer in other States of Australia and in overseas countries that have climatic conditions similar to those in South Australia.

**Mr ATKINSON:** On the same page, it is stated that 'forestry, agroforestry and tree use are of increasing importance owing to community concern and interest in sustainable development, land care and water quality'. What is the department doing to promote agroforestry among farmers?

**The Hon. J.H.C. Klunder:** The department recognises and promotes the important role agroforestry has to play in the protection of our catchments and the sustainable management of our farming land. In the higher rainfall regions, land can effectively be used to produce both agricultural and forestry products, and this also helps to improve the water quality of our streams by reducing soil erosion and salinity. Agroforestry is also being encouraged in the cereal farming areas to enhance crop and stock productivity and to help redress land degradation. The opportunity to diversify farm income with supplementary returns from timber or other products provides greater incentive for landholders to revegetate. The Woods and Forests Department's officers are working closely with other agencies to provide the technical information needed for widespread adoption of this land use.

Fact sheets recently produced include a series on the 'Productive Use of Trees on Farms', this information being available for different regions of the State. The fact sheet 'Growing High Value Timber in the Mount Lofty Ranges' recognises the interest shown by many Hills landholders in productive and protective land use, without the problems of stock management. Due to the unfamiliarity of most landholders with agroforestry concepts and practices, the department has identified the need for large scale practical demonstrations. The Gumeracha agroforestry project, an area of approximately 100 hectares of forest reserve, has been committed to the broad scale evaluation and demonstration of a range of agroforestry options which will enable interested landholders to see these options first hand. Another initiative involves working closely with the Hills soil conservation boards to determine how to better promote agroforestry as a land use in the Mount Lofty Ranges.

**Mr ATKINSON:** I refer the Minister to page 364 of the Program Estimates and the program title 'Supply of

forestry products'. One of the broad objectives is to limit the physical and biological damage to the forest resource. How many bushfires were there in forest reserves in 1991-92, what were the causes and what was the level of cooperation with the Country Fire Service in fire suppression and training for fire suppression?

**The Hon. J.H.C. Klunder:** Seasonal conditions resulted in a relatively mild fire season, there being only 16 fires in plantations which burnt a total of 2.4 hectares. However, departmental fire suppression forces attended 52 fires, slightly above the 10-year average of 50.

Of the fires attended, the most common known cause was mechanical equipment (14 fires), followed by burn-off escapes and rekindles (9) and campfires (8). The reduction in known or suspected arson fires from 11 in 1990-91 to 4 in the past year is both noteworthy and pleasing. Unlike recent years, good autumn rains with follow-up falls virtually ended the 1991-92 fire season in March. During the fire season there were numerous instances of increasingly closer working relations between the Woods and Forests Department and the Country Fire Service, for instance:

- all departmental forest district employees completed level 1 CFS training and a number of staff completed levels 2 and 3;
- a joint CFS/Woods and Forest 12-hour training exercise in October 1991 commenced at midnight and was based at the Kersbrook forest depot. This exercise was acclaimed by all participants;
- continuing Woods and Forests involvement in CFS training, including the training of volunteers in forest fire suppression;
- continued planning and the first stage of implementation for a joint Woods and Forests/CFS radio communications network in the South-East; and
- significant CFS volunteer brigade involvement in suppression some of the fires which occurred in departmental pine plantations.

**Mr OLSEN:** I note the Director's earlier reply that royalties were included as part of the formula for realisable asset value. What equity does the department currently have in the forests?

**The Hon. J.H.C. Klunder:** I am not clear what the honourable member is getting at.

**Mr OLSEN:** Who owns them?

**The Hon. J.H.C. Klunder:** The Government owns them.

**Mr OLSEN:** The department or SAFA? I want to know the difference between that which SAFA currently owns and that which the Minister still has as equity in the forests.

**The Hon. J.H.C. Klunder:** Clearly, the equity in the forests is held by SAFA, but that does not derogate from my control or the department to sell timber or whatever.

**Mr OLSEN:** The net effect is that the Minister has no equity in the forests and SAFA has total equity in the forests?

**The Hon. J.H.C. Klunder:** There is no other equity holder except SAFA; that is correct.

**Mr OLSEN:** In relation to the valuation that is established for the forests, is it not true that the royalties are part of that formula for establishing valuations?

**The Hon. J.H.C. Klunder:** Yes.

**Mr OLSEN:** The Director indicated earlier that that was the case. Who establishes the royalties on an annual basis?

**The Hon. J.H.C. Klunder:** The department does.

**Mr OLSEN:** You do?

**The Hon. J.H.C. Klunder:** No, the department does, but in fact they have not been done on an annual basis in the past. There was either an 18 month or a 24 month difference between the last royalty setting and the one before.

**Mr OLSEN:** Does the department do that in consultation with industry, or does it establish the royalties of its own initiative?

**The Hon. J.H.C. Klunder:** I will ask the Director-General to comment.

**Mr Mutton:** In clarification of the situation concerning the establishment of royalties, from time to time the royalties attributable to radiata removed from our forests is looked at. It is looked at in consultation with the industry, and any decision to change the royalty structure is not done in isolation of industry. There is ongoing discussion and consultation and, ultimately, a recommendation is made to the Minister in relation to royalties at any point in time. Certainly, the industry is clearly part of the process in establishing royalties at any time.

In relation to the earlier question about equity and ownership, there are two different issues in relation to the forests under control. All the forests in South Australia are under the responsibility of the Minister of Forests; by legislation, that is the case. It just so happens that SAFA has equity in those forests. However, the ownership is clearly with the Minister.

**Mr OLSEN:** Let me clarify the Director's remarks: is it not total equity? SAFA has total equity in the forests?

**Mr Mutton:** The equity holding is with SAFA but the assets are clearly with the Minister.

**Mr OLSEN:** The total equity of the forests rests with the South Australian Government Financing Authority which has done a defeasance deal with AGL for \$407 million.

**The Hon. J.H.C. Klunder:** Those are totally separate items; they are not related.

**Mr OLSEN:** In reply to my earlier question, the Minister said that I should have read a press statement of his in 1990 that would have clarified the position. I point out to the Minister that, over the course of the past five to seven years, if we could have relied on the accuracy of ministerial statements and press releases from this Government we would not have the position that we have today regarding the finances of the State of South Australia. The Government has been less than honest, forthcoming and accurate in its ministerial statements and its press releases that have been put on the public record. For that reason, I do not intend to read a 1990 statement by the Minister or anyone else in this Government and treat it as accurate. I cite as an example the \$2 million of taxpayers' funds used by the Government to cheat in order to allow it to get over the finish line at the last State election.

The Minister said that royalties are changed every 18 months to two years. Is it not true that on 1 January 1992 the royalties were plus 4 per cent; the previous increase was on 1 July 1990 from plus 6.5 per cent up to 9 per

cent in some instances; and on 1 July 1981 it was plus 7 per cent. For the financial year 1 July 1991 to 30 June 1992 there was an increase of 4 per cent. Therefore, there has been an increase in each financial year.

**Mr Mutton:** The situation regarding royalties, as I mentioned earlier, is that they are reviewed periodically and discussed with log buyers prior to any adjustment being made. The proposed increase of 6 per cent for July 1991 was deferred for a further six months and ended up being an increase of 4 per cent. That whole issue was discussed with the log buyers and resulted in that change taking place. No further increase has been applied since that increase of 4 per cent was put in place at the end of December 1991.

Buyers who purchase logs from the Woods and Forests Department have expressed a clear appreciation of the fact that the department has applied frequent small increases to log prices, because this has meant stability and predictability in log pricing rather than pricing according to short-term market fluctuations. It is interesting to note that log deliveries of equivalent sized logs to mills in the South-East of South Australia have dropped in real terms by 19.2 per cent since 1982-83, and pulp wood deliveries from departmental forests have declined by 18.4 per cent over the same period.

It is also worth noting some comparative information, without getting into detail, from equivalent forestry areas around Australia. For example, Tumut in New South Wales and Gippsland in Victoria are two of the other major radiata centres in Australia. The log delivery costs for, say, a mid-range diameter log is less to the South-East of South Australia than to either Tumut or Gippsland. The other point is that in respect of the timber products operations of the Woods and Forests Department, the log pricing is quite transparent and it pays the same price as any other buyer for equivalent material.

**The Hon. H. ALLISON:** I now refer to Scrimber. Mr Higginson was given some publicity recently about his trip overseas with a view to promoting Scrimber. Questions were raised about where the small group had been and what contacts had been made. Once again commercial confidentiality was used as the reason for not being able to divulge that information. What the people of South Australia are more interested in, rather than commercial confidentiality, is whether any good news came out of it. We are particularly concerned because SAFA and SGIC have written off their interest in Scrimber. So, virtually, they have said they will get no more returns.

The question is, since we have written off the project, it has been put in mothballs and there is no staff with any expertise: what are we going overseas to sell? Are the patents we have of any use since the product was not manufactured commercially? Is the Minister in a position to say publicly whether the project has in fact been terminated or is there still some anticipation or distant hope that someone will come in on a partnership basis to resuscitate the project? The logical sequence to that, of course, is that if the answer is 'No', what plans do we have for the building and the land, which are valuable assets and doing nothing?

**The Hon. J.H.C. Klunder:** Of course, the situation is that we wrote off the value of Scrimber in order to be as

transparent and as above board as possible. Had we tried to write it down to a particular value I am sure I would have been facing questions now as to why it was that value and the reason for maintaining that level of value. It seemed to me and to other people in the field to be much more sensible to write it down completely. If at a later time there was a residual value due to the fact we interested other people in the processes, it would be best to write the value up then according to the situation as it applied at that time. That is the reason why we have written it down. It is not an indication that we believe the project to be dead—far from it. We are still very hopeful that we can get some outside investment in it and get it going again. As to the travel issue, I think that since the Chairman was the person who went on the trip it is appropriate that he comment on that.

**Mr Higginson:** As the operation was written down decisions had to be taken as to what Scrimber was worth. We could not market it in any way unless we found out what it was worth and what we could do with the market. We had considerable interest from overseas parties when we went on the trip. So, it was necessary to interview those people to see whether the interest was still there and whether we were justified in attempting to bring in private money to go on with the R&D, because the whole thing has not been resolved in an R&D factor at this stage.

So, the trip was undertaken to make contact and have personal discussions with people who had previously expressed an interest in licensing Scrimber. We did that and in each case, except for one, the interest is still there to the extent that they want our technology. Since having had personal contact with the people we have continued to do so by other means such as correspondence, facsimile and so on. But, importantly, we are continuing to get inquiries from many countries. In fact, every few months we get another inquiry and particularly from Asia. So the justification of looking on the project as an ongoing one and attempting to bring in other money to complete the R&D was the aim.

As the Minister said in his opening remarks, we are not doing it on our own. We have a consortium: South Australian Government, through the SGIC and SATCO, are 50 percent partners. We still have three overseas financiers who are very interested and, along with one Australian financier, they are still waiting for us to put something in front of them. The other details about why we have not done that are in the Minister's opening remarks.

Therefore, as Chairman of SATCO, I am certainly satisfied that our trip was well justified and we should continue to attempt to undertake the R&D for the sake of this State, because, as is said far too often, we develop good ideas and then let other people have them. This is one idea that I still think is a possibility. There is still a high risk factor, but there is still the possibility of developing it for this State.

#### Membership:

Mr Quirke substituted for the Hon. J.P. Trainer.

**The Hon. H. ALLISON:** One thing which has never been divulged at any stage is commercial confidentiality, of course, and the fact that there are other people with



patents in Victoria—Rafor Ltd and, more importantly, probably CSIRO. Do you know what is wrong with the process? It is like the alcoholic: until you admit that you are an alcoholic, you have no way of being cured. If we do not know what is wrong with the manufacturing process, I am not sure what we are going to sell. A number of hypotheses have been put to me over the past 12 to 18 months about the possible causes of failure within Scrimber. One of the most dominant has been the criticism of radio frequency, which is John D. Coleman's patent—cooking the glue within the scrim and then the glue cooking too much or burning within the scrim and therefore the product not being saleable because it has no strength and just blows open. It has been reported to me on a number of occasions that the common expression is: radio frequency never; microwave as an alternative.

I am also informed that it is possible that the inventor—although I am not sure whether I should acknowledge Mr Coleman as the sole inventor—is currently wooing the Scrimber management to experiment further, probably with a heat treatment process. I do not propose to take this line of argument much further, because it is possible that some of the things which I may mention are already in the pipeline and I may have got the wrong story. However, the earlier patent in the United States (United States patent number 3 674 219 of 4 July 1972) taken out by the inventor Herbert Harvey, assigned to the Tennessee Valley Authority, was for scrimming log. He referred to scrimming and then frazzling, which was shortening and cutting the scrim into shorter pieces, and certainly not radio frequencying the material later. I think that somebody like MacMillan, Bloedel and Powell River would have taken out a similar patent with their Paralam which has been publicly referred to over the years as a possible alternative to Scrimber. If you go to MacMillan and Bloedel and ask them, they will obviously try to sell you a \$50 million plant and you will not have any patent or anything to sell.

**Mr D.S. BAKER:** It would have been cheaper.

**The Hon. H. ALLISON:** It would have been cheaper, but you would not have any patent to sell. The real question is that, knowing there are these alternatives across the world and that we may have made a monumental blunder in the selection of the glues or the cooking process, are we going to seek further expertise from outside and bring in another partner, or are we still hoping to go it alone and keep experimenting with an indeterminate cost at the end of it?

**Mr White:** It is correct that there are a number of technical problems still to be resolved in the commissioning of the plant. These revolve around the types of glues used and the technology which is being used in the press to make that glue set. Much work has been done around the world with various manufacturers trying to develop similar processes to that of Scrimber. The approach in North America with the Paralam product has been to use microwave. I understand that has not been entirely successful because many of the problems experienced in using radio frequency curing can be experienced with microwave. The various manufacturers of equipment each believe that they have the edge in that technology.

The concept of steam injection curing was not well developed when the decision was taken to adopt RF

curing. An assessment of the technology that was available at that time indicated that that held the promise of best success. Subsequent development work has been done with steam injection curing. I cannot say what the outcome will be, but in the next phase of development of the project it will entail further research and development to overcome the problems that have now been identified. It is possible that one of these further developed technologies for curing the slab may be adopted, but it could just as easily be that in the end it is proven that RF curing can be successful.

**The Hon. H. ALLISON:** Another issue which is probably much more parochial and relevant to staffing, away from the SATCO/Scrimber problem, is amalgamation of the two organisations where we have Woods and Forests and SATCO being brought together as one. One of the immediate criticisms which came out of the South-East was the claim by the unions that they had not been consulted. The Minister responded by saying that they had been aware for some considerable time of the possibility of the amalgamation taking place. To the best of my knowledge, I learnt from within the organisations that discussions had been set up 18 months to two years previously between management, administration, unions and employees generally to discuss a possible amalgamation.

Therefore, I had to conclude that, for the unions to say they had not been consulted, they were probably ignoring that earlier negotiation. The length of time that had elapsed between the virtual Cabinet fiat when they were told that the amalgamation would take place and the original negotiations between them allowed everyone to forget and think that it probably would not take place after all. What is the current situation? Has the problem of amalgamation been ameliorated or is it still a difficulty?

**The Hon. J.H.C. Klunder:** I would want to add to the story that the honourable member has told about consultation. In the GARG processes of 1990 or 1991, we also highlighted the fact that an amalgamation of the two organisations was on the cards, and that information was made available to the unions, so they did in fact have a reminder at some stage. That submission went to the Minister of Finance on 24 October 1990, so it was a further indication to the unions that it was still being actively considered. I did not announce the merger of Woods and Forests. I indicated that the first stage of that merger was likely to take place on 1 January next year. The honourable member raised a further question as to whether the situation is now back on track in terms of consultation with the unions. They have been offered a position on the joint working party, so it is our intention to keep the unions not only fully informed but to keep them involved in the process.

**Mr QUIRKE:** As the Minister is aware, community interest in revegetation has increased over the past few years due to concerns over the environment and land degradation. I imagine that the department is acutely aware of the concerns by recognising, as one of its community service obligations on page 366 of the budget papers, the need to encourage revegetation. Would the Minister comment on how the Woods and Forests Department is contributing to the revegetation effort in

this State with particular emphasis on the research and development aspects?

**The Hon. J.H.C. Klunder:** It is acknowledged that community interest in revegetation has grown quite rapidly over the past 3 years in respect of widespread concerns over the environment, recognition of the extent and impact of land degradation throughout non-urban Australia and from the stimulus provided by extensive Government funding. In the late 1970s and early 1980s, nearly all revegetation included seedling planting. However, Woods and Forests recognised that widespread and cost-effective revegetation could not occur unless an alternative planting technique was devised, water conserved for seedling use and the plantings protected.

As a result of the energies of the department's Revegetation Research unit over the past 10 years, there has been widespread adoption of the technique of direct seeding of trees and shrubs. Detailed studies determined weed control strategies, sowing times, seedbed preparation, seeding rates and germination characteristics for native species. The findings resulted in the design, testing and manufacture of the Rodden district seeding machine, now sold across Australia. The principles have been widely disseminated and a variety of other machines have been developed by individuals and groups.

Extension of the research and development technology has assisted Greening Australia and the State Tree Centre to motivate and facilitate community activity. Continuing interaction with those groups ensures the research program investigates aspects of revegetation identified by field officers, landholders and community groups as reducing the effectiveness of the revegetation effort in South Australia.

With the broad concepts of direct seeding and associated machinery established, the department's research program is now actively tackling specific issues. Effort is being directed towards developing more appropriate and reliable techniques for direct seeding in arid areas. Currently work is being done on the use of micro water catchment, sealed with a biodegradable emulsion, to capitalise on the limited and infrequent rainfall. The resulting technology will be particularly important to South Australia and will also be applicable to the vast Murray-Darling Basin.

Funding assistance has been provided by the Land and Water Resources Research and Development Corporation to research the cultivation of broombush, the plant that is used by the brush fencing industry. Cultivation of broombush offers the potential to vegetate and rehabilitate degraded areas, provide a useful renewable resource, reduce the pressure from harvesting in areas of natural vegetation and provide additional farm income. Funding assistance has also been provided to investigate methods for direct seeding understorey species in degraded areas of natural vegetation. This work has significant application to vegetation on farms and particularly heritage areas.

The department is also involved in demonstrating direct seeding techniques throughout the Murray-Darling Basin with financial assistance from the Murray-Darling Basin Commission. Demonstrations have been established at 36 sites in South Australia, Victoria and New South Wales, using the national award winning direct seeding equipment developed by the department. Research

findings continue to be disseminated by the production of fact sheets, videos, manuals, field days and demonstrations.

The Woods and Forests Department's research and development program has made a significant contribution to the revegetation of South Australia by providing cost effective techniques which are being disseminated by groups such as Greening Australia, and which are also being adopted by the rural community. A measure of Woods and Forests Department contribution to revegetation in Australia was its receipt in March this year of the National Treefest Award—Best Commercial Equipment presented by Winsome McCaughey, Chief Executive of Greening Australia in recognition of the role of the Rodden III Direct Seeder. In that respect, my attention has just been drawn to a letter written by the Liberal Leader and member for Alexandra which indicates in part that it has also been suggested that the Woods and Forests Department projects have not been successful due to the types of machines used, and this is somewhat at odds with the information that I have just given the Committee.

**Mr QUIRKE:** On page 364 of the Program Estimates, one of the broad objectives of the program 'Supply of forest products' is to limit the physical and biological damage to the forest reserve. It is known that over the past several years the forest plantations managed by the Woods and Forests Department have been subject to attack from the siren wood wasp. What has been done in the Mount Lofty Ranges and the Mid North to limit the damage caused to the pine forest plantations, and what success has been achieved?

**The Hon. J.H.C. Klunder:** In February 1988, siren was found in departmental pine plantations at Myponga in the Mount Lofty Ranges. That was the very first infestation outside the South-East in this State. Because of the vigilance of the trained timber industry workers, it is believed siren was found very early in its colonisation of the Mount Lofty Ranges and, even though the population was very low, an integrated monitoring and control program commenced immediately. The key elements of this program are:

- detecting the spread of the wasp by trained observers and the use of trap tree plots;
- introduction of parasites and predators of the siren wasp;
- monitoring of the siren population and the level of parasites and predators in the biological system; and
- monitoring of the number of trees that have been killed by the siren wasp.

Results to date indicate that, in the Mount Lofty Ranges, economic loss caused by siren remains negligible because almost all the trees killed were not of merchantable size. Monitoring of plots killed by siren and the number of siren emerging per killed tree in 1992 were less than in 1991, and this is considered to be early evidence that control measures are effective. Further encouraging results are that the parasitic nematode is established in siren populations in 17 of 22 locations sampled throughout the Mount Lofty Ranges. On average, 38 per cent of siren wasps sampled were infected with the nematodes, and this is expected to rise dramatically leading to control within a few years. Inoculation with a new strain of nematode has also been

successful: 87 per cent of sirex which emerged from inoculated logs in 1992 are being found to be infected. The parasitoid wasps also remain numerous and are considered well established. Monitoring of the situation in the Mount Lofty Ranges will continue. In the Mid North, monitoring of plots indicates that sirex numbers are still very low but control measures similar to those used in the Mount Lofty Ranges are continuing.

**Mr D.S. BAKER:** When announcing the \$60 million plus write-off of Scrimber, the Minister showed immense bravery and courage by blaming management. Legal action was taken by Mr Coxon. Can the Minister indicate the status of that action?

**The Hon. J.H.C. Klunder:** Mr Coxon did bring an action for wrongful dismissal against SATCO and SGIC on 13 September of last year. The matter is before the Supreme Court and is being handled by the Crown Solicitor in conjunction with a partner from Finlaysons on behalf of SATCO and SGIC. I understand directions hearings have been held and a ruling sought on the release of certain documents in the discovery process. Beyond that I believe it would be inappropriate for me to comment further on this case.

I would like to say one other thing in response to the honourable member's snide comment about the \$60 million write-off etc. and the Minister's situation. I must give the honourable member a degree of credit. He actually realised that he was skating on fairly thin ground a little while ago in that he was claiming that I, as Minister, was solely and totally responsible for the Scrimber losses, even though some of them were invested before my time and half of them were invested by another agency, but we will leave that out of it.

The honourable member realised that, if he was blaming the Minister of Forests for the problems that had occurred in one of his statutory authorities, it might unfortunately also be necessary to give the Minister some praise for the profits made in other statutory authorities. The honourable member resolved that difficulty with some degree of skill in the House on 12 August when he acknowledged the productivity gains made in the past few years by the Electricity Trust, and he paid tribute to Robin Marrett for doing that. He paid no tribute at all to the Minister. That is interesting: it seems that the policy of the Liberal Party, or at least as it is espoused by the member for Victoria, is that, if profits are made, it is due to the work of the public servants or the officers working for the statutory authorities but, when losses are made, they can be brought home only to the Minister responsible.

I thank the honourable member for that elucidation of Liberal Party policy and I hope that, if that Party ever has the great good fortune to get into government, he will remember those words and continue to adhere to that policy.

**Mr D.S. BAKER:** I thank the Minister for that. I believe that the department still has a contract with SEAS SAPFOR for the export of woodchips. I am told that there are massive stockpiles at Mount Burr and Mount Gambier. Can the Minister bring the Committee up to date on the status of that contract and the reason for these massive stock piles?

**The Hon. J.H.C. Klunder:** The domestic value add of forest resources in the South-East of South Australia has

for many years fallen short of utilising all of the available small diameter logs (from forest thinnings) and sawmill residue. In 1984, Carter Merchants Australia Pty Ltd, the then owners of SAPFOR Timber Mills at Tarpeena, established a woodchip export operation at Portland, Victoria. Woodchip export plays an important part in the integrated utilisation of the forest resources. It is envisaged that there will be a requirement for woodchips derived from forest thinnings and sawmill residue to be exported for some considerable time. The current owners of the existing export woodchip facility are SEAS SAPFOR Ltd.

During 1991, interest was expressed by other private sector organisations in exporting chip independently of the existing facilities. The companies were looking to increase the certainty of markets, prices and delivery. The Woods and Forests Department was approached to be part of such arrangements. However, before plans were developed for another avenue of woodchip exports, it was acknowledged that SEAS SAPFOR be approached to explore interest in alternative ways to export a larger volume of woodchip with involvement from other growers and processors. This approach was rejected by SEAS SAPFOR. Following these approaches, the consortium applied for an export licence and entered into negotiations to secure export markets and loading facilities at Portland.

Agreement has been reached with a Japanese trading house for long-term supplies of chip and, following negotiations with the Grain Elevators Board of Victoria, work has commenced on modifying existing grain handling facilities at Portland to store and load chip. The negotiations have been spearheaded by CSR Softwoods, the members of the consortium that will supply the majority of chip. The Managing Director of SEAS SAPFOR has strongly criticised the Woods and Forests Department for its involvement in the consortium and has taken a number of actions to have the decision reversed, including: encouraging shareholders and covenant holders to write to the Premier requesting Woods and Forests' withdrawal from the consortium; petitioning Parliament to irrevocably reverse the decision by the Woods and Forests Department to supply woodchip to the proposed consortium; lodging a complaint with the Ombudsman; and encouraging SEAS SAPFOR employees to become politically active to assist management in stopping the project.

Both the honourable Dr Hopgood and I, as Minister of Forests, have had discussions with the Managing Director of SEAS SAPFOR Ltd on the matter. At my meeting with him on 7 July he undertook to provide me with further detailed information to back up the arguments he put. I undertook to seriously consider any information he provided but, to date—and it is now the middle of September—I have received no information from him.

SEAS SAPFOR became aware of the department's involvement in the consortium on or about 12 June 1992. On that date, officers of Woods and Forests were informed that, unless the department signed a long-term supply contract, SEAS SAPFOR would not take any more chip.

I believe that answers the honourable member's question as to whether or not there is a contract between the department and SEAS SAPFOR—there is not. No

chip has been delivered since that time and, as a result, the department has had to stockpile chip at both the Mount Gambier and Mount Burr mills. I understand that the supply of chips has also been stopped from CSR Softwoods. It is worth noting in this context that Woods and Forests was not a large supplier of chip to SEAS SAPPOR. In 1991-92, 34 362 tonnes from departmental operations were delivered of a total in excess of 400 000 tonnes; in other words, the departmental amount was about 8 to 9 per cent of the total amount collected by SEAS SAPPOR.

The present position regarding woodchip exports is clearly not ideal, and it would be preferable to have a single efficient high volume operation where all players have the opportunity to achieve certainty and a satisfactory and equitable return for chip supplied. I am satisfied that serious attempts were made by both the Woods and Forests Department and CSR Softwoods to try to achieve that end.

**Mr D.S. BAKER:** I understood the Minister to say that the Woods and Forests Department approached SEAS SAPPOR to sell woodchip, but that proposal was rejected. A letter from the Woods and Forests Department to SEAS SAPPOR of 21 December 1990 states:

Following your recent inquiries concerning *P. radiata* woodchip for export and *P. pinastor* for clearfelling, we have reviewed our available resource projections.

First, *P. radiata* woodchip; an annual volume of approximately 30 000 tonnes is available. However, due to our uncertainty over Apcel and Scrimber intake in the future, we could only commit this on a year-to-year basis, with a reasonable projection of two years only. Beyond this we would need to discuss supply annually.

I also want to quote from a weekly summary of woodchip analysis. I have other letters here showing that there have been continual complaints about the quality of woodchip being supplied to SEAS SAPPOR, which was of an export quality. The independent assessment of woodchip showed that it was well outside the standards acceptable for export. In fact, it was causing considerable problems to the exporter because the consumer at the other end was complaining. Has that not been an ongoing problem and does the Minister think that when and if they get involved in this new consortium with CSR they will be able to conform to export standards to export woodchip?

**The Hon. J.H.C. Klunder:** I will refer that question to Mr Mutton.

**Mr Mutton:** Taking the two issues separately, certainly the issue of *pinastor* goes back some time. At the time that SEAS was in the process of buying the Kalangadoo sawmill it was looking for volume of log. It was agreed to supply some *pinastor* log to that mill to maintain employment at Kalangadoo. There was no more saw log cut at Kalangadoo, as the honourable member would be aware. But, certainly, some of the material that was part of arrangements with SEAS and *pinastor* log is now chipped by SEAS and exported through the port of Portland with the approval of the department. No attempt has been made to change those arrangements, even though they may not quite meet the original arrangements put in place.

In relation to chip quality for export, it is interesting that, at the time that SEAS became aware that we were involved in looking at alternative ways the export, the clear message given to officers of the department was

that, unless they entered into a five-year agreement, no more chip would be taken. Later in the piece, when there were some further discussions with officers of SEAS, it seemed as though they had changed their position and now the issue was about chip geometry and chip quality for export. When some arrangements were made to take chip from Mount Burr mill it was very clearly identified and understood by SEAS what the chip geometry of that material was and it was clearly known that the material was smaller in average size than was normally required for export. But, that was not an issue at the time that SEAS agreed to take chip from Mount Burr. At a later stage when chip from Mount Gambier was seen as appropriate for SEAS to export, again that chip was inspected by SEAS personnel and they agreed to take it a price. However, later identification showed that they were now concerned about chip geometry. Certainly, chip is tested: each truck load of chip that goes to the wharf is tested.

My understanding was that all the chip that was delivered to the port was to be looked at overall. Some modifications have been made to chipping equipment on the head rigs of the mills of Woods and Forests. The work that is being done will provide export quality chip from the mills of the department.

**Mr D.S. BAKER:** I have another letter here written from SEAS SAPPOR to Mr Parsons, the harvesting manager of Woods and Forests, which says:

As per our agreement of 14 September 1984, the specifications of the chip you are providing must be as follows . . .

I will not read those specifications. It also gives the percentages and goes on to say:

The wood chip deliveries from all sources have been consistently less than the previously advised standard for export purposes. In particular, deliveries from your Mount Burr mill have been up to 22 per cent below standard, Nangwarry up to 20 per cent and from other sources up to 33 per cent.

When and if Woods and Forests gets into this new arrangement, does it believe that it can fulfil export quality chip and does it believe that it will be done profitably?

**Mr Mutton:** The chip specifications that were quoted on 14 September 1984 were as a result of the involvement of the previous owners of the export facility, not SEAS SAPPOR. That was in relation to an arrangement of a three months' spot purchase at that time by that company that the Minister mentioned in his comments—Carter Merchants Australia Pty Ltd. We have had further correspondence with SEAS SAPPOR in relation to its understanding of what an agreement is, and there has been no contractual agreement in relation to the supply of chip.

In relation to Mount Burr, SEAS was happy to take that chip. The chip geometry has not changed from the time that it started taking the chip from Mount Burr. No equipment changes have been made. The chip geometry from Mount Burr is set up for Apcel size chip, which is where the majority of the material from Mount Burr goes. To answer the honourable member's question on whether the department can fulfil export quality chip, our belief is that we can. On the information and analysis that we have done, we believe that export quality chip can be produced profitably.

There are a couple of interesting bits of information to round off this discussion. The softwood chip exports to

Japan are nine million cubic metres a year. From Australia, New Zealand and Fiji the volume of that nine million cubic metres is 1.4 million cubic metres, or only 16 per cent. According to an international report dated August 1992, it is estimated that the volume of chip from Australia, New Zealand and Fiji will increase to 20 per cent of Japan's requirements in 1991-92. On the other side of the ledger, softwood chip from the United States is expected to reduce by 10 per cent and supplies from Chile are expected to reduce, making the projected supply of chip to Japan for the year ended 31 March 1993 about 1.7 million cubic metres. That international report also suggests that prices are not expected to drop significantly during this period, albeit that the Japanese economy has a few problems. Also, non-Japanese and north Asian trade in pulpwood and chip is expected to grow significantly in the mid-1990s.

**Mr OLSEN:** On page 406 of his report, the Auditor-General notes that the financial statements of the Timber Corporation and its subsidiaries have been submitted to the auditor's office but they have not been completed. It appears somewhat unusual. Will the Minister explain whether the audit has not been completed because the accounts were submitted late or because there are some unresolved disputes between the corporation and the Auditor-General?

**The Hon. J.H.C. Klunder:** I understand that the Auditor-General's staff have completed their audit of SATCO divisional accounts, and that contract auditors KPMG Peat Marwick have finished their work in respect of IPL Holdings Pty Ltd and its controlled entities. I am advised that it only remains for the Auditor-General to review the work completed by his contractor KPMG Peat Marwick prior to issuing his report. In these circumstances, the remaining work to be completed by audit staff prior to the Auditor-General issuing a final report is largely procedural and, in consequence, reported profits are unlikely to change.

**Mr OLSEN:** There are a number of questions that I have prepared. Given the time, we will not be able to have them answered. May I table the questions for the Minister and his officers to have the answers incorporated in *Hansard*?

**The CHAIRMAN:** Unfortunately for the member for Kavel and the Committee, there is no provision for the

tabling of questions or documents. The member may wish to read them into *Hansard* and ask that the Minister take them on notice.

**Mr OLSEN:** I cannot read that fast in the four minutes available. I will put them on notice. However, I want to make an observation about the conduct of this Committee, and not to reflect on your chairmanship at all, Mr Chairman. I did not make an opening statement, but the Minister did. I will now spend two minutes in a statement at the end. The simple fact is that I have never seen such an abuse of a parliamentary Estimates Committee by a Minister as occurred here this evening. I have taken a note of time allocations, and in the first 30 minutes the Opposition was allowed 10 minutes. The Minister's opening statement took 20 minutes. In other words, two-thirds of the first 30 minutes were taken by the Minister. In the following 15 minutes, the Minister took eight minutes to answer one question, and that was a prepared text. It is clear that the Minister has used and abused the parliamentary Estimates Committee this evening by ensuring that he had a minimal number of questions to answer. He verbalised to a point where he blocked out time for legitimate questions from the Opposition.

I was also surprised that, during two or three page prepared responses to Government questions, the CEO was prompting the Minister as to the appropriate page. In addition, the CEO drew to the attention of the Minister, after he had almost completed an answer, a letter from the Leader of the Opposition which enabled the Minister to make a political point as it related to statements contained in that letter. I found that somewhat surprising. I expect the Minister to make political points during the Committee, but I found it surprising that the CEO drew to the Minister's attention a letter so that he could make a political point. There are a number of questions left, and our only alternative is to put them as Questions on Notice, which I will do.

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

#### ADJOURNMENT

At 10 p.m. the Committee adjourned until Friday 18 September at 9.30 a.m.