

HOUSE OF ASSEMBLY**Friday 23 June 1995****ESTIMATES COMMITTEE A****Chairman:**

The Hon. H. Allison

Members:

Mr C.J. Caudell
 Mr R.D. Clarke
 Mr M.R. De Laine
 Mr I.F. Evans
 Mrs R.K. Geraghty
 Mr D.E. Wade

The Committee met at 9.30 a.m.

Housing and Urban Development, \$66 115 000
 Recreation, Sport and Racing, \$12 999 000
 Other Payments, \$48 490 000

Witness:

The Hon. J.K.G. Oswald, Minister for Housing, Urban Development and Local Government Relations and Minister for Recreation, Sport and Racing.

Departmental Advisers:

Mr R. Solly, Chief Executive Officer, Department of Housing and Urban Development.
 Mr I. Procter, Deputy Chief Executive Officer.
 Mr P. Mylius-Clark, Senior Budget and Financial Analyst.
 Mr B. Grear, General Manager, Planning Division.
 Mr I. Halkett, Director, Business Services.
 Mr P. Smith, Manager, Development Policy Branch.
 Mr M. Henesey-Smith, General Manager, South Australian Urban Land Trust.
 Ms C. Procter, Director, State/Local Government Relations Unit.
 Ms J. Gerlach, Senior Project Officer.
 Mr G. Storkey, General Manager, HomeStart Finance.

The CHAIRMAN: I declare the votes open for examination. Does the Minister wish to make an opening statement?

The Hon. J.K.G. Oswald: In my opening remarks to the Estimates Committee last year I foreshadowed significant changes to the organisation and management of the Government's programs in housing and urban development. Since then much has been accomplished in the restructuring of the HUD portfolio. The necessity for new arrangements in the area of housing and urban development was clear, and the changes already made go a long way to meeting those needs. The Housing and Urban Development (Administrative Arrangements) Act provides the backbone to the organisational restructure for the portfolio. Important legislative changes in the area of public housing (with respect to the South Australian Housing Trust) and community housing (with respect to the South Australian Community Housing Authority) will shortly be put before Parliament. Their passage will complement the changes already made and will complete the establishment phase for the new portfolio.

The program of reform in the portfolio has not been confined, however, just to structural issues. The Government has embarked on a thorough program of reform of the State's planning processes with the fundamental objective of ensuring that its role in the planning area helps the essential process of economic development. The Government is expecting shortly the report of the ministerial advisory group on local government reform. I am pleased to note that the Leader of the Opposition in the Parliament and the Opposition spokesperson on local government have signalled their Party's support for significant structural reform in that important area. The opportunity for involvement by everyone will be provided shortly.

In the area of public and community housing the Parliament decided recently to retain the existing Housing Trust legislation. However, important changes to the workings of the trust have still been possible and have been put into effect and are reflected in this year's budget. We now have two divisions of the trust: the first is housing services, which has responsibility for tenancy management; and the other is property management, which is responsible for managing public housing assets. The separation of functions will clarify the commercial and non-commercial aspects of the provision of public rental housing. I shall shortly submit amended Housing Trust Act legislation to Parliament to again attempt to secure the benefits of the changes sought through the new HUD (Administrative Arrangements) legislation.

The difficult financial circumstances facing the South Australian Housing Trust have been placed on the public record in this State. The essential threads of the reform process for public rental and community housing in this State are being drawn together. The 1995-96 budget reflects some important aspects of that vital process of change, but future budgets will also contain funding decisions that reflect a process of adjustment. The renegotiation of the Commonwealth-State Housing Agreement has been conducted on a basis that provides for substantial rather than marginal changes in funding arrangements between the two levels of Government.

In particular, a central aspect of the negotiations is the degree of flexibility to be given to the States in meeting the housing needs of the community within each State. South Australia's needs, for example, are not exactly the same as Queensland's, and the funding arrangements should underpin appropriate differences in responses by respective State Governments. For example, States should be able to meet capital and recurring funding needs in a flexible way. An essential feature of the new Commonwealth/State Housing Agreement must be flexibility for the States in the use of assets, essentially housing stock. In particular, what is desirable is the flexibility for the State to utilise the proceeds of asset sales to stabilise the financial position of the State and, in particular, of the South Australian Housing Trust.

When I tabled the triennial report in Parliament, I outlined the difficult financial circumstances confronting the trust. The State is not in a position to inject major capital funds. Also, no additional funds from the Commonwealth can be realistically expected. On the other hand, no reduction in demand for further rental housing can be planned for. The financial circumstances of the trust must be tackled directly through operational reforms and some policy changes. The trust is addressing these issues through a range of initiatives which will reposition it so that it has the right type of housing and an adequate capital base and income flow to continue to meet the housing needs of disadvantaged households.

Key strategies include the redevelopment and upgrade of inappropriate, low quality and poorly performing stock through urban renewal projects in partnership with local communities and the private sector. I cite Elizabeth, the Parks, Mitchell Park and Hillcrest in that respect. The trust will also be reducing the concentration of public housing through house sales, reducing debt, particularly high interest borrowings taken out during the 1980s, renewing the rebate policy to provide greater equity of assistance between households, increased targeting on assistance based on need, and utilising head leasing to provide housing in areas of high demand and to facilitate redevelopment of public housing estates. South Australia is actively negotiating and quietly optimistic of achieving significant reforms in funding arrangements in the new Commonwealth/State Housing Agreement to commence in July 1996.

I turn now to planning and development. When I refer to the term 'planning' I mean it in its broadest sense, and hence include land use, building controls, heritage, economic development and social issues. The new integrated planning development assessment system, which includes the Development Act and associated regulations, has now been implemented with evidence of success in the whole of Government approach. The statement of intent system for planning amendment reports is working well. The delegation system is being used extensively at the State level and increasingly in local government. A survey of metropolitan councils for the Local Government Association found that decisions made under delegation have increased from 54 to 83 per cent, and the average response time for planning approvals has reduced from 35 days to 21 days.

In local government, in addition to the important work of the ministerial advisory group, the Government has continued its reform through negotiation with the local government sector, and work is ongoing on the reform of local government legislation. This budget reflects the continuation of the State local government reform fund. In considering the report of the ministerial advisory group, the Government will also consider the future role of the fund and the arrangements governing its operation.

I refer now to the South Australian Urban Projects Authority, formerly called SAULT. The establishment of SAUPA (or the UPA, as it will be shortened to—the Urban Projects Authority) reflects an important aspect of the functional changes in restructuring the portfolio. The UPA assumes responsibility for a broader range of significant development functions, the industrial and commercial property program and major projects previously exercised by the Housing Trust or through single purpose arrangements. To this will be added the UPA's ongoing involvement in major joint venture projects, for example, Golden Grove, Northfield and Seaford. These new arrangements will concentrate on the portfolio's urban development and major project expertise within a single entity with benefits for the portfolio as a whole.

HomeStart continues to provide an important element of the Government's broad program of housing assistance for South Australians. The financial performance of the organisation is reflected in this year's budget with a tax equivalent payment being made for the first time to the budget under the new legislative provisions governing the operations of the portfolio's corporations. The 1995-96 budget represents the first for the new Housing and Urban Development portfolio and also reflects the beginnings of a period of substantially improved performance and stability, which will enable it to

meet better the changing needs of the community in South Australia.

Mr CLARKE: I will not make an opening statement at this stage in relation to housing. When the Housing Trust item is dealt with, I will give a brief overview prior to going into a general philosophical statement. The Opposition is very privileged to have the Minister before us today. I understand that he ran a very close second to the most charming politician in Australia after my own Leader: we feel privileged to have him with us.

I refer to the Patawalonga clean up and a number of concerns expressed by residents. I was with the Minister for the Environment and Natural Resources yesterday when he indicated that you, Minister, are the Tsar of all sea, land and water west of Tapleys Hill Road and that therefore we should direct our questions in this regard to you. Will you confirm that there will be further delays to the commencement of dredging, that this work is not likely to commence before 1 August and that holding costs to Bardavcol now exceed \$200 000?

The Hon. J.K.G. Oswald: We ought to look at the project in the whole context and understand what we have at Glenelg. We ought to look at the history and put on the public record exactly what we are doing there. If it had not been for me and some senior people in my department negotiating some time ago with Brian Howe in Canberra to have the money that was committed to the MFP at the Gillman site redirected into the western suburbs, we would not have a project. I take the blame and accept responsibility for a lot of things, but there have been people in the public arena over the past 12 months, including politicians at State, Federal and local government levels, making speeches and press statements. At the end of the day, if it had not been for a lot of work done by me and some of my senior people, we would not have a project at Glenelg. We now have a project at Glenelg. Instead of this public criticism we are seeing in the media at the moment about the Government and what we are trying to achieve, everyone should be praising us and saying that at last we have a project down there. We have a project and it will be a very worthwhile project for the State. Those who are critical of it should bear in mind what we are achieving. We will achieve it and we will keep it on time.

We are planners and are not involved in environmental approvals: we are planners and agents for getting development going. We have done nothing in the Patawalonga area for which we have not sought prior approval from other agencies. We have worked through step-by-step and have done everything in accordance with approvals. As far as the contract with the Urban Land Trust is concerned, when it negotiated the contracts with Bardavcol, it has to be borne in mind that, when tender prices for the dredging closed in February 1995, the Urban Land Trust was surprised with the competitive prices offered by the lowest tenderers.

It was also apparent to the trust that the two lowest tenderers both proposed using the same dredging subcontractor—a Queensland based firm called Hall Contracting. Other dredging operators were mentioned but some of the higher tenders ranged from \$300 000 to \$700 000 above the lowest tenders. To put this in perspective, the price received for the dredging component alone from another quite credible dredging company, which also happened to be Queensland based, was more than \$1.7 million above the price included in the lowest tender for the dredging works.

It can therefore be appreciated that by mid March this year the Government was facing an important decision. The trust

was working towards a program which would have all approvals in place for the work covered by the contract by the end of March 1995. It was important that the opportunity should not be lost for the commitment to be made to Hall Contracting on the tendered rates being offered regarding the project.

The total exposure, even in the event of the most unlikely scenario that the contract would not proceed, was significantly less than the cost penalty that might have applied had we been unable to hold Hall Contracting to its tender rates. Taking all factors into account, the decision was taken by the Urban Land Trust to commit to the dredge, and it should be noted that all approvals for the works for the State agencies were in place as scheduled by 30 March. Whilst the legal documentation covering the airport land was not forthcoming and it could not be signed until 4 May, the contract works were signed on 5 May.

We had an opportunity to secure the dredge in Queensland. This type of equipment is limited around Australia. The dredge was not being used at the time, and it was to our advantage to get that dredge into South Australia before it was tasked and committed to some other project elsewhere in Australia. There were contract savings as against going to the next contractor up. We had figures of about \$700 000 that we were able to save, so the decision was taken to get the dredge to South Australia. It was always known that, once the dredge arrived, there would have to be preparatory works on the FAC land, and they are proceeding.

Members are aware of the delay which was brought about by the implication of the bird strike and the request from FAC that we cover the area with a canopy, with the potential for the \$1 million blow-out. At the time I considered it was responsible to put a hold on the project, go back to FAC and renegotiate that part of the project, which we have done. I am pleased to say that the FAC and my officers have come to an agreement, and they are working through that solution. I see considerable savings to the project.

Notwithstanding those five days whilst we were negotiating over the birds, the project is running on time. The earthworks are now proceeding again on the FAC land with due haste, and I expect that, by the end of July or early August, we will see substantial work being done on the lake itself.

Mr CLARKE: As a supplementary question, do I take it that the Minister is saying that the dredging work will not be commencing before 1 August this year? I have not heard from the Minister to date the amount of the holding costs of Bardavcol, whether or not it exceeds \$200 000, and if so, by how much, and what is the liability with respect to the Crown to pay compensation for any of these delays in commencing the dredging work?

The Hon. J.K.G. Oswald: The contractors have not approached us to talk about additional penalties. As far as the holding costs are concerned, these are a matter for negotiation. Bear in mind we have a price for a whole of contract. As to the fact that the dredge is floating in the Patawalonga, it was always known there would be other works required in preparation before the dredge actually started working. The dredge could have been floating in a back canal in Queensland, but we chose to bring it down and let it float in the Patawalonga, and there are people who seem to have this idea that, because it is floating there, it is costing us money. We have to appreciate that it is part of a total project, between its arrival time and next June, when the final price is negotiated. Then it could be a matter for negotiation, but as yet the

developers have not come to us, put their hand up and said that they are looking for compensation.

As I have said, the dredge could be floating in Queensland waiting to start but it was to our advantage to get it into South Australia and to secure it before it was sent elsewhere. We are now proceeding with the earthworks on the West Beach land, after solving the problem in relation to the birds, and I believe that in the long term we will save a considerable amount of money in the contract by that five day delay.

Mr CLARKE: My last supplementary question on this matter is: when will the dredging work commence? We have not dealt with the 1 August date yet, but I am assuming that work will not start before then. Also, from the earlier answers given by the Minister, do I take it that the Crown is not responsible for paying any holding or any other additional costs of the contractor as a result of the work not commencing?

The Hon. J.K.G. Oswald: I would like to be able to give an accurate figure but, if we have a bout of wet weather as we had last week where it becomes very difficult to work on site, the actual earthworks could be slowed down. I made an inspection yesterday and they seemed to be getting quite a substantial amount of hard standing area for moving the trucks around, and I hope that we will not get too many more delays. Earth moving out in the open is very difficult in wet weather, but I would still be very disappointed if we could not start the actual dredging process by late July or early August. However, once again we are in the hands of the elements.

As far as some sort of claim is concerned, I imagine that when the UPA meets at the end of the contract we may have some approach to us for penalties over the course of the whole project. You do not have multi-million dollar urban development projects without claims for penalties being made at the end. Claims might be made by the developer in relation to delays to dredging work and even in relation to other areas, but sometimes it is possible that, over the course of a 12 month multi-million dollar project, there will be ways in which we can cover those claims.

At this stage no-one has come forward telegraphing that they are going to make any claim and, as I said, people must understand that because the dredge is sitting idle it is not necessarily costing us money. It has to be stored somewhere, and it has been floated on the Patawalonga. It could have been up in Queensland and, if we had lost it because they had decided to task it somewhere else, we would have had to go to another contractor and pay an extra \$700 000 for another operation. It is in our State's interests to follow the course that we have followed.

Mr CLARKE: Once the dredging work commences, how long will it take; will this now inevitably lead to dredging taking place in the Patawalonga during the summer months; what effect will that dredging operation have on local businesses, such as local motels and the Buffalo restaurant; and what guarantees can the Minister give that there will be no disruption of these operations during the busy summer months from offensive odours, noise pollution or the operation of land based machinery?

The Hon. J.K.G. Oswald: It is my advice that, once the whole dredging process commences, it will take somewhere between 16 to 20 weeks. So if it gets under way in August the bulk of the actual dredging process will be completed in that time. However, I will take the question on notice and get back to the honourable member after I get some advice from the engineers who are involved in the project. I can assure the honourable member that the local motel owners are so

delighted that this Government has at last done something about cleaning up the Patawalonga that they really do not mind the work taking place at that time: they can see the huge commercial and tourist benefits to the district because of what we have done, and there will be no problems at all. The biggest problem I will get from the owners of motels at Glenelg will arise if we do not get onto it straight away. As I said, I believe that a realistic figure for the actual dredging of the operation is 16 to 20 weeks.

Mr CLARKE: What will be the cost of preparing the Patawalonga sludge dumps, including the construction of bund walls and lining the areas with imported clay? Is the requirement for clay lining a variation following the discovery that the local soil was too pervious?

The Hon. J.K.G. Oswald: I will get a considered reply in relation to those costings. I do not think we would have been expected to have these details here, as they are part of the total project; but certainly we will get a reply on the costs.

I refer to the question of where the silt will be deposited. I notice that it became a significant question yesterday with the Minister for Environment and Natural Resources. The question whether the bunds and the clay liner will contain what is alleged to be dangerous substances that will get through into the watertable has been raised in the public arena.

First, I will address the issue of the extent of the risk of contamination. This cuts across into the DENR area; it is an area at which we have been looking carefully. Tests of the silt from the Patawalonga have shown that it is only mildly contaminated with heavy metals. Levels in the silt only just exceed the South Australian Health Commission guideline levels for investigation. Testing of the dried sludge has indicated that it would be suitable for landfill and landscaping purposes. We need to put into context what we are dealing with. Tests for a range of other contaminants, including organochlorins and hydrocarbons, reveal concentrations that are either extremely low or below detection limits. The proposed silt deposits, drying and the ultimate disposal under recreational areas on West Beach Trust land are considered to be quite appropriate for this type of material. Leachate and silt water mixture tests have shown that the heavy metals present are bound to the silt particles and are not soluble. Any leakage from the site would have to pass through a layer of clay, and it is extremely unlikely that there will be ground water pollution from heavy metals.

Secondly, in regard to the possibility of leaching into the watertable, I make the obvious point that the materials being dredged are already contaminating the watertable in their present location where they are under water in the Patawalonga. We are cleaning up the Patawalonga and getting the contaminated material away from the existing watertable, where it is at the moment, and bringing it up above the watertable. I should have thought we would be applauded, rather than criticised, for that.

Of concern to some residents is that a small amount of contamination from materials stored above the watertable may leach back into the watertable closer to their residence. I can assure members that any effect on the watertable near residences is extremely unlikely. As part of the EPA's precautionary conditions, ground water in and around the site has been, and will continue to be, intensively monitored. Background conditions have been monitored since February and results to date show that the ground water at and around the site is quite saline, ranging from 5 000 to 25 000 milli-

grams per litre. There is some better quality ground water much farther away.

It is anticipated that there will be some leakage from the clay-lined deposition ponds, but this should be naturally intercepted by the Patawalonga Creek, providing protection from the residential areas. In other words, it will not get across to residential areas but will be picked up by the creek. Ground water in the residential areas is also up gradient of the site, further limiting the risk of any interference. In other words, water does not run uphill.

The dredging operation will be hydraulically monitored to move the silt in a ratio of about six parts of water to one part of silt. The operation will include a continual return flow from the deposition areas to the Patawalonga once the ponds are initially filled. Deposition of ponds will be by settlement in the ponds. The proposal has been assessed by waste, air, water, marine and noise environmental protection advisers of the EPA. There has been liaison on this matter, and confirmation on measures to address health aspects with the South Australian Health Commission. Conditions on the licence will ensure that there are no harmful impacts. The Government is satisfied that, through the office of the EPA, appropriate environmental protection measures are or will be in place for dredging the deposition of the local silt and sand from the Patawalonga.

In summary, the measures to protect the local ground water as are as follows: the silt deposition pond will be clay lined, and leakage will be minimised; extensive ground water monitoring will continually check the ground water levels and quality; the location of the Patawalonga creek will act to control local ground water levels; the residential areas are all upgrading to the site; and, if required, cut off drains and/or well pointing will be installed to further control ground water moulding. The Commonwealth EPA has been monitoring everything that the State EPA has done, and it is in complete agreement with exactly what the State is on about. As we said, the Waste Management Commission has also been involved in this exercise with the Health Commission. There is no concern, nor should there be, to local residents.

Finally, I will say where my department stands. We have now set up a Catchment Management Authority for the whole of the Patawalonga system. That Catchment Management Authority is responsible for the catchment right through to the coast, including the beach. As the planners and implementers of this program, we do not do anything without prior approval. I am getting a little tired of the criticism in this place and in another place of me and my officers personally as though we are managing this whole exercise. When it comes to the end of the day, we get approvals before we do everything, and it is checked out right across the board so we have both Commonwealth and State agencies approving everything we do. We would not take action unless we had approval.

I know this matter will come up later, but I will bring it up now: what happens next? We are on a program, and the first objective is to dredge the Patawalonga and build the silt trap, which is where the two creeks run out into the lake at the north end of the lake. Following from that, there is the question of where we go from there. Studies are being done about what will happen next. There is debate running as to whether the creek will continue to be allowed to run out through the existing outlet, the regulator gates, or whether some sort of diversion channel or underground pipes are put through. It is not my final responsibility to decide how that water goes out to the sea; it is the role of the Catchment

Management Authority. The Catchment Management Authority will advise us on which way we should go. That is where the decision making process is.

Who is advising the Catchment Management Authority? The MFP has been engaged as part of the consultancy to write the total catchment management plan. We will be doing nothing in the Patawalonga until the total catchment management plan has been written and agreed upon—not only by the State EPA and all the State agencies but also by the Commonwealth. The Commonwealth will not start committing money until it agrees upon it and until all environmental processes have been considered. All State and Commonwealth Government agencies are working carefully on this project. We are doing everything right, and we will make the right decisions at the end of the day. That is why I am getting a little cross. I read the *Hansard* of yesterday, and I saw the questions being asked of the Minister for the Environment. However, it is a total whole-of-Government approach and, at the end of the day, we will be guided by the Catchment Management Authority. The MFP will advise us on the best way to finalise the project, and then the final decisions will be taken after consultation.

Really a total catchment management plan is evolving. Cross-Government authorities are working on it, and I hope that the thinkers in the community will see through the steps we are taking—they are very responsible steps—and take the focus off just my department and its officers by thinking that we are making all the decisions. We are not: we are the planners, the implementers and the builders. Other agencies are involved, but we are working on a total whole-of-Government program to come up with the best solution for the Patawalonga, which I thought is what the public was expecting of us.

Mr CAUDELL: As a resident of the city of Marion I assure the Minister that the whole of the city of Marion supports his actions in cleaning up the Patawalonga and Sturt Creek. We look forward to that occurring as soon as possible, especially after its being ignored for such a long time. I refer to page 342 of Program Estimates, dealing with planning and development—formulating of planning policies. Does the Minister propose to introduce any changes to legislation relating to swimming pool safety this year?

The Hon. J.K.G. Oswald: Yes, I do. It is my intention to introduce some amendments to the Development Act to include provisions for swimming pools approved before 1 July 1993. Swimming pools approved after 1 July 1993 will continue to be covered by the Development Act. Owners of existing pools will be required to install child resistant fittings to doors and windows likely to give access to a pool or alternatively to close fence the pool. There will be no changes to requirements for new swimming pools; I would like that clearly understood. As part of these amendments the Swimming Pools (Safety) Act 1972 will have to be repealed. These changes will ensure that all pools will be progressively upgraded to comply with the provisions of the South Australian appendix to the Building Code of Australia 1990 within a three year period. Penalties for non-compliance will be substantially increased from those presently applying to the Swimming Pools (Safety) Act. The Government has tried to address this and come up with a very commonsense approach. It accepts that we must do everything we can to prevent fatalities; just one fatality is a tragedy. The Government is acutely aware of that, but we have taken a balanced approach, which I believe received general community acceptance when it was announced some months ago.

Mr CAUDELL: Page 342 of the Program Estimates refers to the Wirrina Cove development. Will the Minister explain the process used to rezone the Wirrina site recently and why this was a success?

The Hon. J.K.G. Oswald: The rezoning process is set out in the Development Act. All members would be familiar with the process in the Act which enables me to investigate the issues, put forward a proposal, seek community comment and, after making desirable changes, put the plan to the Government for authorisation. This process was chosen for the Wirrina development as the best mechanism to examine the full range of issues. The plan I prepared examined matters such as visual impact, provision of infrastructure, disposal of waste, community services, environmental conservation, Aboriginal and European heritage and so on. It is possible to examine an enormous raft of local issues in the examination process using even a PAR. The plan designated the boundaries of the development area, identified conservation areas where a marina was proposed and established a clear coastal boundary.

I made the plan available for public comment from December 1994, with a public hearing in February 1995. That process was important, as it became clear that the earlier drafts of the plan had not dealt adequately with a number of issues, the most contentious being the question of visual impact. In response to public concern, the draft was amended to increase the development set-back from the coastline, significantly reducing the exposure of the development to distant views. Together with additional principles governing new building works, these changes addressed the principal issue of public concern. The plan was authorised by the Governor on 30 March this year and sets down clear rules for future development to guide investment decisions by the developer (MBf Australia Limited) and to ensure that the South Australian community is aware of the potential for and limits to the future development of what is a great asset for the State.

I would have thought that, instead of organising community groups to try to destroy another great project for South Australia, everyone in this Parliament and in this State should get behind the Wirrina project as it will send a very clear message to investors here, interstate and overseas that South Australia wants investment. We want developers to come here and we welcome them. It does not send messages of encouragement interstate and overseas to see opposition to such a project. Any sensible people who look at it say that this has to be good for South Australia, and that sends out messages in the development area, the area of tourism and the like, that South Australia is here; we want investment, we want tourists and we want this State to go ahead. It is a fabulous investment for South Australia and it should be supported.

Mr CAUDELL: My next question again relates to page 342 of the Program Estimates. What is the status of the East End project and the financial ramifications of the agreements entered into with the developers to redevelop the site?

The Hon. J.K.G. Oswald: Once again, this is a development that has captured an enormous amount of interest. One only has to walk through the development to see the very upmarket and prestigious buildings that have been designed to give that part of the square mile of Adelaide character and to encourage inner city living. The Government has completed a detailed analysis of its longer-term financial involvement in this project. This has been important because of the nature of the contracts entered into by the former Government

just before the election. Indeed, one of the major contracts was signed just eight days before the last election, despite legal advice to the former Government that the contracts required further negotiation. At the time, the then Liberal Opposition said that taxpayers should be informed fully about the extent of public exposure to this project. Of course, we were criticised for even questioning the project.

I would now like to put on record some of the concerns. It is pleasing to report that this project is now moving well ahead. There is private sector investment of some \$75 million. Whilst this investment is much less than the earlier grandiose schemes for this project promised by the former Government, the new investment and jobs supported by this project are welcome. Our analysis has shown that between May 1992 (when the former Government bought this project from the former State Bank) and its completion the cost to Government will be around \$29.4 million. Against this there will be income of \$19.7 million to the Government, mainly through property sales and leasing. Therefore, there is a shortfall of some \$9.7 million. This will be on top of the loss of almost \$30 million by the former State Bank to former proponents of development on the East End site—a loss also funded by taxpayers through the bank bail-out.

The question is timely, because what has become known as the East End project is moving ahead well, with strong interest in the apartments and town houses, with some 60 dwellings already sold and a number of those already occupied. I will deal further with the financial situation in a moment, but I am sure that members will also want to hear of the significant benefits to the city and to the State that the development as a whole is providing. The major benefits are these: private sector investment totalling \$75 million is well advanced and new jobs are being created and others maintained in the building industry at a time when the rises in interest rates have slowed much new housing activity. There are significant multiplier benefits in terms of other business activity and jobs in the wider East End precinct as the project goes ahead, and these will be even more noticeable as the residential population continues to build.

The delightful heritage fabric of the East End is being restored and revived after being in a lamentable way for a long time. The main project is acting as a catalyst for other new and upgraded ventures in the precinct. We are demonstrating in a major way the benefits of living in the heart of Adelaide. The rateable base of the City of Adelaide is being increased and there is a growing vibrancy about the East End. As I said earlier, I urge members to walk through there on a Friday or Saturday evening or on a Sunday afternoon and they will see what sort of change has taken place. These are the major benefits flowing from the East End project.

Now, if we are able to measure what is being achieved against what the agreement sought to achieve, only one objective has not been met, that is, the establishment of a public thoroughfare through the site and we are still working on that. This is because the development agreement signed by my predecessor, the Hon. Greg Crafter, on 3 December 1993 and witnessed at the time by the Chief Executive Officer of the department was imprecise on the understanding that the developers would cooperate and reach agreement on this point. Unfortunately, it has been difficult to reach agreement and Government officers were compelled to negotiate an acceptable solution which meets the requirements of developers, the Government and the Adelaide City Council.

I now come to the financial ramifications of the project. Notwithstanding the very real benefits to the immediate and broader communities of South Australia that are coming with this development, there is a revenue shortfall which will rest with Treasury. This shortfall rests squarely at the feet of the former Labor Government, which proceeded with the terms of the arrangement and went on and knowingly signed them despite advice from financial and legal officers that the deal did not add up, to put it bluntly. This was another typical example of gross financial mismanagement by the former Labor Government which this Government has had to clean up.

The two portions of land making up the site were signed in two agreements: one with Rundle East Company Pty Ltd under a 99 year lease on 28 October 1993, the other with the Liberman Group Pty Ltd on 3 December 1993. These two dates are important because of their closeness to the election: one was approximately six weeks before the election, the other in the final days of the election campaign. This was, in terms of Treasury's liability, a sorry deal clearly pushed through by the then Labor Government so it could trumpet the proposed redevelopment to boost its election chances. Wiser heads would have left the agreement unsigned until after the election, allowing the incoming Government to improve the deal for South Australian taxpayers. Regrettably, this did not happen.

The present Government inherited financial arrangements and commitments that could not be changed. The Government has treated the loan as a commercial transaction, that is, interest is charged and paid throughout the project and no costs are hidden. Car parking requirements in the East End have not been satisfactorily addressed in the agreement between the previous Government and the developers. There are perceived problems with car parking in the area and the Government is taking initiatives to try to assist in resolving these problems, although there is no direct obligation on the Government apart from offering assistance under the agreement. However, the State Government is actively working with Adelaide City Council to resolve the issue. The Government will probably need to bring forward capital expenditure of about \$4 million as part of negotiations with Royal Adelaide Hospital to ensure car parking requirements are met. In summary, we have an exciting project which is moving forward, invigorating the whole East End, but with some financial arrangements that this Government would not have approved but has inherited.

Mr CAUDELL: Did the Minister say that the previous Government signed the document knowing or having every reason to know that the sums did not add up and that there would be a financial commitment by the State towards the project?

The Hon. J.K.G. Oswald: Yes. Treasury and other officials warned the Government of the day that it was not wise to sign the contract in its present form and that there should be continued negotiations or renegotiations because the contract was not in the best interests of South Australian taxpayers. In other words, it is one of those very large contracts rushed in to meet an election deadline. As a result, South Australian taxpayers will be the losers. We also had a situation where two contracts were separately negotiated and, as a result, we had a demarcation dispute or incompatibility where the two projects met.

At great expense to the department, my officers have been working through that for over a year to try to resolve it. It comes back to the fact that, prior to the elections, there was

a rush to get a contract signed so that the Government of the day could claim that it had a contract under way in that area. The last contract was signed by my predecessor (Mr Crafter) on 3 December and witnessed by the Chief Executive Officer of the department. So the pre-election deadline was met, but this Government and the taxpayers of South Australia have been left to minimise the loss.

As I demonstrated a few minutes ago, the \$9.7 million is now a State Government contribution to what we hope will be a very good project. The matter must be looked at in context. While we are putting in \$9.7 million of taxpayers' money to ensure that we have a good project which will be a stimulus to further development in the area, at the end of the day it will be seen that they were awful contracts which were rushed into by a Government trying to meet an election deadline, and the taxpayers of South Australia have had to pick up the bill.

Mr CAUDELL: That is a \$10 million commitment brought about by incompetence.

The Hon. J.K.G. Oswald: It is \$9.7 million, but the question of car parking still has to be resolved. Whilst under the contract we do not have to provide car parking, we will have to assist to facilitate it. At the end of the day, car parking must be provided, so the Government will endeavour to assist in that area. It may be necessary to provide some assistance in that way also.

Mr CLARKE: In answer to my last question, the Minister proceeded to provide answers to questions that I had not asked. With respect to the leeching of toxic material back into the local watertable, the Minister has provided an answer. However, I would have thought that the possibility of leeching toxic material from the dump back into the Patawalonga Creek and straight back into the Patawalonga would have been a somewhat silly risk to run in that area. What are the alternatives to covering the sludge with shade cloth, and how much will they cost? I understand that it was going to be the world's largest pergola and no doubt would have added to Adelaide's tourist attractions.

The Hon. J.K.G. Oswald: Several proposals have been put forward, but the one which the engineers seem to prefer as the most practicable solution is to float a cover across the sludge and suspend it above the sludge on either floating drums or by some other mechanism. That appears to be an acceptable option to all parties, and the officers and engineers are in the final stages of working that through. I have not yet been advised that that is the final solution, but I am advised that we are now well away from the possibility of having the world's largest pergola.

Mr CLARKE: As a supplementary question: what is the cost of that preferred alternative? Unless something has been finalised regarding the appropriate alternative for dealing with the dump and protecting the FAC's interest, why would the department want to continue to construct sludge areas when one does not know how to deal with the issue, because it could be a waste of time and money?

The Hon. J.K.G. Oswald: I think we have reached the stage of getting a piece of paper signed. I am advised that it has been agreed at officer level that this is the way they will deal with it. It is now a question of getting the whole thing formalised with the FAC. The minute that I know the actual dollar saving, everyone will know, but from the figures I have been given it would appear that the potential cost saving is significant and encouraging. Once the community hears what the final figure is, it will say that it was five days of work well spent.

Mr CLARKE: The Minister will provide that information?

The Hon. J.K.G. Oswald: Yes, I will. We want to make the Patawalonga project very public. We have endeavoured, with the use of public newsletters, to make sure everyone is fully informed at all times. We have no reason to hide things and we have never attempted to hide any information. As soon as I receive that information it will be made public. We want to bring the public and members of this House along with us on this project. Bear in mind that I am working hand-in-glove with the Commonwealth Government. We have nothing to hide from the Commonwealth. I know the honourable member could obtain information through the Commonwealth if I attempted to hide anything, but I am not attempting to hide anything; it is a very public project.

All we ask is the ability to work through everything step by step, bearing in mind that even the private sector becomes involved in huge multimillion dollar projects which are held up for two or three days here and there and which do not warrant questions in the House. We will work through it and we are very happy to provide as much public information as we can. As soon as this information becomes available it is put out both through the media and through public newsletters. My office has provided me with some figures on the overall budget for the project, which can be analysed later.

The overall budget cost of the project is \$16 million: \$5 million for dredging; \$2 million for pollution improvement structures; \$7 million for a flushing system and creek diversion; and \$2 million for upstream works. The final dredging contract is estimated to be in the order of \$5 million, which is consistent with the original estimate. The Bardavcol contract is for \$3.95 million and additional costs for clay liner and covering of the pond are currently expected to lead to contract costs of approximately \$5 million.

The Government is also considering relocation of a sewer pumping station for the banks of the Patawalonga. This will mean an additional cost of approximately \$270 000. Members may not know the actual geography of the Patawalonga but its banks have an amphitheatre effect where most people would stand to watch water activities. We will be shifting a particular EWS ventilation pipe from the area where the bulk of crowds would stand to watch water sports. It is logical that that particular engineering site be relocated onto EWS land. In summary, the additions to date do not substantially exceed the original estimated cost for dredging even though they will add to the costs of the contract. As with any major project some further costs may be incurred.

Mr CLARKE: Do you, as Minister, still favour the option of cutting a channel through the sandhills at West Beach to divert flows from the Patawalonga straight into the gulf, which would, as the Minister would be aware, have quite an effect on our \$16 million aquatic centre?

The Hon. J.K.G. Oswald: I refer to my response to a previous question from the honourable member when I talked about the role of the catchment authority and the need to produce a total catchment management plan. It is my view that it would be irresponsible of me, as Minister, to take any course of action other than to wait on the total catchment plan and the decision as to whether the flows will go out through a pipe, as was proposed by the MFP, or through the regulator gates.

Having obtained all that information, I am acutely aware that—whatever my personal views have been on trying to isolate the Patawalonga lake so that we have a fresh water lake and any other water coming down from upstream could

be diverted to sea—I have to wait on the scientific and engineering reports. I have expressed the personal view that, if we are to spend all this money on the Patawalonga lake, it is desirable to come up with some sort of diversion: it does not have to be a channel—it can be a pipe. If a dam is placed across the northern end of the lake, the water trickling down into the Patawalonga from upstream—which, bear in mind, has already been through silt traps and trash racks, and the Heathfield treatment works has been fixed up—will be quite a different quality from that which is coming down at present.

My personal view is that it would be desirable, I would have thought, to try to divert that water away from the newly created lake, if we are spending so much money on it, and find some means by which that could be taken through to the marine environment without running it through the freshwater lake which we are replacing each day on the tide. That is a personal view and it is shared by many people around the district, but we are not considering the Minister's personal views until we receive the reports.

Anyway, the Minister's personal views do not matter in this case because it is not my decision. The decision will be taken by the Catchment Management Authority based on a total catchment management plan, and that is why the authority's jurisdiction does not finish at Tapleys Hill Road—it goes through to the beach. The discussion in the public arena that there is a line along Tapleys Hill Road where the jurisdiction changes is quite hypothetical. In the initial planning stage I looked at the work on the Patawalonga as a dredging project but, as I have said all morning, it was done in consultation with the EDA, the Commonwealth and the State, the Health Commission and all the other agencies. In summary, the decision is not mine, so my personal views do not matter.

No decision will be taken until we have a total catchment management plan, and that catchment management plan will be written by the MFP and its consultants. It is all part of the consulting process and many agencies will be involved. At the end of the day, the UPA will implement whatever comes out of the total catchment management plan which, by that stage, will have been agreed to by the State EPA, the Commonwealth EPA and, hopefully, every other agency involved. So, my views do not matter, and that is why I become a little cross in this House when people talk about resolutions and calling for the censure of the Minister in an area where it is not my decision, anyway. I am the agent. The planner and the builder will implement the final decision, which will be made by a lot of other agencies.

Mr CLARKE: It is a bit of a worry if the Minister's views do not matter. My next question deals with urban planning. The Program Estimates for the Passenger Transport Board, page 309, includes the following comment of relevance to the Minister's own department:

Many urban planning and development decisions occur without adequate consideration of public transport.

Does the Minister agree with the comment, and what action has he taken during the term of the Brown Government to improve consideration of public transport in urban planning and development decisions?

The Hon. J.K.G. Oswald: The honourable member needs to understand what my officers are doing generally. The State strategic plan was brought in just after we came into Government and when the Development Act was proclaimed. At that time, the plan applied only to the metropolitan area and we had to introduce a country edition, as well. Then came the

very large job of upgrading the State strategic plan. Although the honourable member's question referred to transport, let me first concentrate on the metropolitan version of the State strategic plan.

My officers moved into area planning and have produced the northern, the north-west and the southern area plans. They have been produced in consultation with the Government, local government and a whole raft of agencies. We are looking at upgrading the strategic plan for these regions. Those plans cover a fair bit of ground. The redeveloped plan includes areas such as housing, rezoning and where we want future housing to be located. It also includes future transport planning as well as everything else one would expect to find in a strategic plan because, if councils want to amend their development plans, they have to have regard to the State strategic plan. The upgrades pick up where housing is to be relocated or where we want housing along transport corridors, and then they are documented. The area plans are then incorporated into the State strategic plan.

As members would be aware, each year the Premier has an obligation under the Act to bring in an update of the State strategic plan, and then there is the task of incorporating into the State strategic plan the enormous amount of good work that has been done in the three plans that I have mentioned. We are aware of our responsibility, and our urban planners are working to ensure that we update the plan which, it must be remembered, came in with a rush because of the Development Act's being proclaimed and there needing to be a strategic plan to go with it. I am very proud of the work my officers have done on these plans, as I am of the local government officers and the input they have had. A lot of work has been done, and I expect that the new volume that comes out will give councils a very clear idea of where they are going as far as planning is concerned.

TransAdelaide and other agencies will also be able to pick it up. All plan amendments that come in from councils are referred to the Passenger Transport Board for comment. So, with these new area plans for the north, the north-west and the south, the Passenger Transport Board will have ample opportunity to make sure that it can plan transport around the new updated strategic plan. I should also point out that development plans seek to concentrate public transport into centres. The upgraded plans for the north, north-west and south highlight where the new growth centres and shopping centres will be so that transport can be organised accordingly.

Mr EVANS: My first question relates to the baby memorial at West Terrace Cemetery. Why is the Government supporting this new memorial?

The Hon. J.K.G. Oswald: It is supporting the new memorial because I am very enthusiastic about it. It all started when I was visiting the cemetery on one occasion when we were upgrading the chapel in the old Catholic section. As we were walking back through the cemetery, the caretaker alerted me to the fact that the area which we were walking past, and which is about the size of three basketball courts, was where 30 000 stillborn infants were buried in unmarked graves. I was absolutely astonished to learn about that, and in our discussions I found out that the caretaker had ideas of memorialising it in some form. I became very enthusiastic to cooperate and do what we had to do to actually get the project up and running.

I have done that and we have now budgeted for it. We have organised a committee that will cover heritage, art and all those that need to be involved in it. My officers have embraced it as well. There was an article in the *Sunday Mail*

about it. Of all the issues generated out of my office since I came into government, we have received more mail and more enthusiastic support for this project than anything else: letters have come in from all over Australia. It has allowed women to memorialise the site as part of the grieving process. It has been accepted as one of those things that needs to happen but without a lot of fuss. Before the year is completed, we will put a memorial there so that women can quietly go down and meditate. It is one of those projects which came to my attention and which I have embraced as enthusiastically as I could. It should be considered that 30 000 infants are buried there and that at the office of the cemetery they have an actual record of every one of those interments.

Mr EVANS: The Minister is aware that I have the pleasure of having Centennial Park Cemetery in my electorate and therefore have a lot of constituents with a very keen interest in it. What safeguards is the Minister considering given the possibility of private operators managing both the State owned cemetery and the Centennial Park Cemetery? I ask the Minister to bear in mind that Centennial Park is operated by two councils under trust and therefore there is the potential for one company to monopolise the market and force prices up.

The Hon. J.K.G. Oswald: It is quite a pertinent question, because there was media publicity either today or yesterday on this question of overseas interests buying into the funeral business or buying cemeteries around Australia. There is growing concern about an overseas takeover of cemeteries, and that raises the question whether the State would ever sell State owned cemeteries. I have a strong view that the State should not sell its cemeteries and that a publicly owned cemetery should remain in the public ownership of either Government or local government or a church organisation: it should not go back to the private sector. There is a long way to go before either the State Government or the Unley and Mitcham councils make decisions about whether or not to seek expressions of interest from private enterprise in relation to the operation of their respective cemeteries. It is one thing to sell the cemetery but it is another thing to lease it to an organisation.

Should the State go down that track a number of safeguards will need to be put in place as part of any management contract. At this stage the Government reserves the right to determine the future pricing structure in its cemetery operations irrespective of whether they are managed by private enterprise. We would also wish to retain the right to determine the management practices and protocols in any reuse or redevelopment programs put in place in our cemeteries by a future manager. This is particularly important regarding West Terrace Cemetery given the heritage status of the cemetery. The depth and breadth of specific controls that the Government may exercise over the management of State owned cemeteries will be the subject of negotiation. It will also be dependent on the matters that are deemed to be specific to one or more of the State cemeteries and thus part of any management contract. Those that are of general concern may need to be covered by legislation or standards for cemetery and crematorium operations. The Government believes that the State has not only a responsibility for overall legislative and strategic oversight for cemetery operations but also a role in facilitating and monitoring industry standards.

I can assure members that, regarding West Terrace, Enfield and Cheltenham cemeteries, the Government certainly has no intention of putting them on the market. With respect to the proposal concerning Mitcham and Unley,

where Unley has been looking at disposing of its interest in Centennial Park, whilst Mitcham appears to have no interest in disposing of its interest in Centennial Park, unless they both came to some common agreement, I would think nothing would happen with respect to that cemetery. It does require both councils to agree on future action.

If it meant they wanted to sell the cemetery, I would take that issue to our Party room. I think the Party would want to have an input into the sale of that cemetery. We would have to look at it in terms of the policy that the Government does not agree with selling cemeteries. If a question arose as to whether the cemetery should be leased or there should be some other management arrangement, then we would be seeking to have the future of that cemetery discussed more fully in our Party room.

Mr EVANS: There has been a lot of press coverage recently about the Centennial Park Trust and the various reports into it, particularly the Price Waterhouse report. Has the Minister had the opportunity to examine the most recent Price Waterhouse review of the financial affairs of the Centennial Park Cemetery Trust and, if so, what action has the Minister taken with respect to this recent review?

The Hon. J.K.G. Oswald: Regarding Centennial Park Cemetery Trust, it is a controlling authority of the Unley and Mitcham councils, as established under section 200 of the Local Government Act. The trust operates under rules which have been substantially unaltered since 1936. The rules can be amended, only with the approval of the Minister for Local Government Relations, by the constituent councils acting jointly. The existing rules provide little accountability of the trust to the councils, and the councils are unable to direct its activities. This lack of accountability has led to public criticism of the trust for a number of years, particularly with regard to expenditure on travel and entertainment.

This issue and other matters relating to the operations of the trust came to a head last year when both an ex-member of the board and the external auditor of the City of Unley raised a number of concerns with me. My investigations resulted in the removal of two Unley councillors from the board of the trust and the instigation of an investigation by the police Anti-corruption Branch. I also wrote to the councils asking that they expedite the preparation of revised rules and provide me with assurances that all internal reporting and management procedures were in order.

The Price Waterhouse review was instituted as a result of my requests and, after some initial difficulties where both councils tried to get me a copy of the complete report but were refused by the trust, I can now report that with some persuasion the trust and the councils have made available to the Government the full report. It was a position which I as Minister certainly was not prepared to tolerate. Having been instrumental in a Price Waterhouse review of the trust, and for the trust then to come back to the Minister and say 'We will not give you a complete copy of the report' was totally unacceptable, and I made that point very strongly. Both mayors agreed that I should have a copy of the report and it took some time for the report to be forthcoming. However, I can now report that I do have a copy of it.

I believe that the report is generally sound, that it addresses the majority of the terms of reference established for the review, and that it provides guidance for improving the accountability of the trust to its constituent councils. There are, however, some aspects of the terms of reference that do not appear to have been addressed. I have written to the

councils with detailed comments on these matters, and I am expecting a response fairly soon.

I have asked the councils to consider these comments when preparing their responses to be given to my requests before the end of July. I have also asked that they submit proposed new rules for the trust which have been agreed upon by both councils within the same time frame. Finally, it would be essential for the two councils to agree on a strategy to ensure that all issues are addressed in a timely manner and to monitor implementations of change.

In summary, the rules under which they operate are absolutely crucial; to have a situation, as we did, where the councils were signing off on rules before they had access to the complete report, was farcical and I really fought them on that. The councils agreed, but we had a position where the trust felt that it had a fiduciary duty not to pass information on to its councils. However, the councils set up the trust, and it was intolerable to have a situation where the trust was not prepared to report back to its councils in full.

I believe that situation has been resolved through our actions, and my officers have prepared a very detailed series of questions that require further answers, and we will have an input into ensuring that the rules setting up the trust are in the best interests of the ratepayers of both the cities of Unley and Mitcham.

Mr EVANS: Unley council was quoted in the press as saying that it believed that its half of the trust was worth \$8 million. Is the Minister aware of any valuation which would confirm that figure? Further, if for example the Unley council wished to sell its share, is it possible for it to do that without the permission of the other partner, or does the trust allow Mitcham council to prevent Unley council from selling or leasing its half?

The Hon. J.K.G. Oswald: In answer to the second question, I had this discussion only yesterday with the City Manager of Unley council, and I think it has been generally agreed now that, in all practical sense, Unley council could not go it alone. I think it generally agrees that that is just impractical. We need legal advice, which we are prepared to get, on whether one party could sell, but it seemed to be accepted that, regardless of what that advice was going to be, it would be highly impractical. I think that, after that discussion, Unley council has dropped any ideas of attempting to do something on its own; whatever it does will have to be in agreement with its other partner, which is Mitcham.

It is very hard to determine how you could even put a figure on a cemetery operation without doing a full cost analysis beforehand and also looking into whether the cemetery is being run at a profit or loss and, if there is a loss, what that situation is. It is a hypothetical figure and many people are making off-the-cuff statements in relation to what they would prefer to see happen rather than what practically can be achieved.

The Government does have a very real interest in what finally happens to the Centennial Park Cemetery. There are basically two cemeteries in this city: Centennial Park and Enfield, and we have an interest in them because they are the only two cemeteries that have a crematorium attached. Should the private sector ever want to get involved in this area, they are the only two cemeteries in which it would probably have an interest because the money is in the operation of the crematorium. So we do have a real interest in it, and nothing will happen at Centennial Park without very careful consideration by the Government and everyone involved.

Mr CLARKE: Turning to local government, in the *Messenger* newspaper of 21 June 1995 the Chairman of the Ministerial Advisory Group on Local Government Reform, Graham Anderson, was quoted as saying that the report of the group on 30 June would advocate major reforms and that it would be 'a terrible pity' if the Government was frightened away from change and that 'the local government situation is in such a mess'. Will the Minister say whether he supports Mr Anderson's view that major reform of local government is required, and will he give an assurance that the Government will not be frightened away from change? Also, does he support forced amalgamations of councils?

The Hon. J.K.G. Oswald: I refer the honourable member to a ministerial statement made by the Premier when we set up the ministerial advisory group. All the questions that the honourable member has asked are covered in that ministerial statement, in particular as it applies to the terms of reference. The Ministerial Advisory Group on Local Government Reform was established in January 1995 as part of the Government's local government reform agenda. The Government's objectives for local government reform (and for 'Government' one could read me as Minister) are to develop a stronger local government system which is better able to deliver a more effective and efficient service, to enable local government effectively to participate in strategies for the regional economic development of the State, and to facilitate the interaction of local government with other spheres of government. The MAG has advised that it expects to have the final draft to me by the end of next week. Of course, there will be a period of tidying up the report, and the Government and I will need to analyse it and decide its position on it. There will be a period of time when members of Parliament, the local government community and the public at large will also get an opportunity to see the report.

Up until now, Graham Anderson, the Chairman of the committee, is expressing his own personal views—not necessarily the views of the Committee—and we will all have to wait until the end of the month to hear the final deliberations of the committee. The Government has consistently said that it believes that the local government sector is not immune to the economic reform agenda of the State Government. Local government is set up under an Act of this Parliament and I, certainly as Minister for Local Government Relations, have a constitutional responsibility to ensure that, if the State Government is undertaking a reform agenda, I do what is necessary to ensure that the local government sector is also involved. We will involve the local government sector, and there is a need for reform, both structural reform as well as in finance and functions.

Members would be aware of discussion papers I have circulated in which we address changes to local government legislation, and there are still two more of those discussion papers to come out, and shortly we will be evaluating replies to those papers with a view to amending the Act. We are looking at a total package, not just at reform agenda, which involves boundaries only and which is boundary driven. We are looking at the whole of the local government industry and its functions, the functions of councillors and the future of councils. The Government believes that there should be amalgamations, but we have been very specific in saying that the Government has a policy of not having compulsory amalgamations. Of course, the MAG is aware of that, and the Government is acutely aware of that. When MAG reports, we will be talking about the process and the implementation of

change, and it will have to be done in the context of the Government's policy.

We are going into an exciting period for local government. In the next six months there will be some active debate, and no doubt many practitioners in government and local government will be prepared to start digging trenches and say that there will be no change. We all know that some people believe there should not be change, but equally there are people who believe that the State Government, business and commerce are going through massive structural reform and that local government has to come along and be part of that restructuring. I also believe that there are some very wise heads out in the local government industry who know that reform has to take place and who are saying to the Government, 'For goodness sake get on with it.'

I have not interfered with the MAG in any way. We have been very careful to give it the terms of reference and let it go out and report back as it sees the situation. It has taken advice within South Australia and interstate. I know some of the people who have come before the committee from both here and interstate. I know they are giving excellent advice and the report will show the need for and stimulate an enormous amount of change and will demonstrate the significant advantages to the ratepayers. We should not always make comparisons, but in this case we should look at Victoria, for example, where the local government commissioners were asked to try to achieve a 20 per cent saving to local government. The commissioners at the time said that it was probably putting too great a constraint on them; in fact, they are now starting to achieve a 30 per cent saving.

If we can reflect a 20 per cent or 30 per cent annual saving for ratepayers across South Australia, where that money is spent back in local government or as savings to taxpayers, then as a Government we have a responsibility to initiate the reform agenda and get the debate going. That is certainly my intention; it may or may not be popular in every area of local government, but I am determined to ensure that we have an active debate on new directions for local government. At the end of the day the Parliament will decide, on the basis that we have a constitutional responsibility for the Local Government Act. I have been heartened by the Opposition's response. The Leader talked about halving the number of councils, and the spokesperson on local government, Annette Hurley, has openly supported a reform agenda. That reflects the feeling in the community generally. There has to be reform; it is a question of how far that reform goes and the extent to which we get involved in driving it. We must now wait until the MAG reports. We all have our own personal views, but I will put an agenda on the table publicly and then the community will have something to debate.

Mr CLARKE: Will the Minister publicly release the full report of his Ministerial Advisory Group on Local Government, and does he have a timetable for the formulation of his response to that report when it is finally in his hands?

The Hon. J.K.G. Oswald: Yes and yes.

Mr CLARKE: They are the best answers any Minister has given so far this week: two words, concise and straight to the point. I commend you.

An honourable member: Do you have a supplementary?

Mr CLARKE: I am stuck for words for once. The 1995-96 targets given on page 347 include the provision of advice on the operation and reform of local government. Will the State Government provide any funding to facilitate local government reform, and where will this funding be drawn? I mean by funding from State Governments that which is to

assist councils in surveying local residents, undertaking feasibility studies, the provision of redundancy payments and the like, if there are to be any redundancies.

The Hon. J.K.G. Oswald: The Government has not yet made a final decision on the funding of the local government reform agenda other than to say that we accept that there will be a need for Government input. There must be recognition that local government also has a role to play in funding the reform agenda because, at the end of the day, local government will be the recipient of the benefits of change. The balance between what we as a Government fund and what local government funds has yet to be determined, and for that I am waiting on the MAG report. If it sets down various structures in the reform process, some parts of the structure should be funded by Government and others should be funded locally. As far as the source of funds is concerned, there are probably only two areas one can look at. The first is to go to General Revenue and seek additional funds from that; the other is the Local Government Reform Fund. I will be looking at both those areas, but no decision will be made until we actually know what the budget requirement will be.

I could make a guess at this stage as to which I think it might be, but until I get the MAG report I am only guessing and I would rather not do that. I would rather get the report, see how much this exercise will cost and do the costings and budget after that. When we set the State budget this year we set it in the knowledge that we would have to address the local government reform issue, and we are aware of it.

Mr CLARKE: The Minister's earlier answer noted a timetable for the formulation of his response to the report. What is that timetable?

The Hon. J.K.G. Oswald: You asked me whether I had a timetable, and I said 'Yes'. I dislike not giving answers to questions here, but I would prefer to read the report first and see what research and work we have to do on that. I want to get the report out as quickly as possible: I do not want misinformation and rumour running riot about what is in it. I think it is in everyone's best interests to get the accurate maps, if there are going to be maps, or accurate statements out ahead of any rumour. I will be pushing to get that out as quickly as possible. It will not be months: I will be disappointed if I cannot get it out within a month or so of its being tabled with me. It is a matter of getting it out sooner rather than later to ensure accuracy in the debate rather than inuendo.

Mr CLARKE: What was that timetable? I realise it is predicated on when you get the report to people, and so on, but can you tell me in terms of deciding when the Government will make its decision as to doing something?

The Hon. J.K.G. Oswald: When I release the report I will make a ministerial statement and keep the House informed. At this stage I still prefer to wait until I get the report, see the contents, see the expectations in it and see the magnitude of the reform agenda that comes to me and then make a decision. But I repeat: I want that report out sooner rather than later to head off any misinformation or rumour that could send the whole thing off the rails.

Mr WADE: My question relates to page 342 of the Program Estimates. Considering the 17 years of neglect by the former Labor Government, what is the Government doing to address the environmental issues associated with the Patawalonga and the general development of that area?

The Hon. J.K.G. Oswald: The first stage of the Patawalonga clean-up is the dredging works and the completion of the first major silt trap where the two creeks come through

Tapleys Hill Road and join, then proceed to form the lake. Dredging works have been approved by both the State and Commonwealth environmental authorities.

The authorities have set discharge criteria for the flow of water back into the Patowalunga. All works will be monitored and subject to review by the environmental authorities. All monitoring results will be publicly available. Members will find that we really have approached this as a total environmental issue. Later this year the Government will be required to make its decision on the flushing options for the Patowalunga basin.

Members would be aware that five separate development proposals have been evaluated over the years for the Glenelg/West Beach area going back to the 1980s. This includes the Jubilee Point development that was proposed and evaluated through an EIS during the mid to late 1980s and four separate proposals evaluated during 1990 and 1991. Each of these proposals was the subject of an EIS. It is not as if we lack knowledge of what is in the area, because we now have had five EISs for the area.

Given the available information and the framework established by these recent EISs, the intention now is to carry out additional investigations on each of these options and for this information to add to the data included in previous EISs for the area. This could be achieved by amendment to the EIS. Three main areas of development are being pursued:

1. A catchment management plan is being prepared. I talked earlier about the total catchment management plan that will be prepared by the Catchment Management Authority in which the MFP will be involved as consultants. This document will describe the program of works being undertaken across the whole of the catchment and the expected water quality improvements at the entry point of the Patowalunga basin.

2. The conditions at the proposed new outlet are being investigated. This involves modelling the fate and transportation of nutrients, faecal coliforms, suspended sediments and heavy metals. It will include an evaluation of how these characteristics change with time for a range of deposition rates, uptake rates and die off rates of these contaminants.

3. Coastal impacts are also being investigated to evaluate what is proposed both at the mouth of the Patowalunga and at any other outlet that we might be looking at.

The investigations are comprehensive and will enable us to make a confident decision based on the environmental concerns that have been identified for the project. It must be borne in mind that we are talking about a total catchment management plan. We are talking about the Catchment Management Authority making recommendations to us, and my final decision making in regard to our involvement in the project will be based on the information we get from the Catchment Management Authority based on the catchment management plan, and that is based on all the advice available from both Commonwealth and State agencies and in consultation with those agencies. We will have sound and solid advice before I make my final decision on the project.

Mr WADE: Has the Minister a time frame for these investigations into the total catchment management plan?

The Hon. J.K.G. Oswald: We will be looking for reports to be presented in September and we should then be in a position to make a decision. There is an assessment to be done in regard to the consultation process but, if we get the reports in September, bearing in mind those steps we take after that, we should be in a position to take a decision.

Mr WADE: What action is the Minister taking to improve the blighted Mile End railway site?

The Hon. J.K.G. Oswald: I have a particular interest in the Mile End site. As I mentioned to the Committee earlier this morning, when I first had the idea of shifting the Better Cities money from Gillman to the western suburbs we identified as one project Glenelg, the Patowalunga projects and the environmental black spot we had there.

Another project was the rehabilitation of the Mile End site, so that once AN had moved out of that area it could be utilised as part of our inner urban development. Another part of the project was to look at the upgrading of Henley Beach Road in the Mile End area. That is proceeding well. Since Australian National relocated its freight and maintenance operations to Dry Creek in 1991, the Mile End railway yards have rapidly deteriorated into a state of visible physical decay. Anyone who travels over the Hilton Bridges would know what I am talking about.

Negotiations to have the land transferred to the State are nearing completion, and it is anticipated that AN will relinquish the 15 hectare site in the next two months. Consequently, the Government will shortly be in a position to clear the land of all derelict buildings and infrastructure and prepare the site for development. This will include addressing all the environmental issues that stem from the site's previous railway activities. To implement the clean-up program, the Government has committed \$2.5 million in the 1995-96 financial period. This is in addition to the Better Cities funding that will also be used to remediate the site.

The Government is considering a balanced land use strategy involving the construction of medium density housing and sporting facilities on the site. By developing the site the Government will: significantly improve the amenity of one of the main gateways to the city; create additional housing opportunities in an inner metropolitan location close to transport, parklands and an established residential community; provide community access to sporting facilities; accommodate the extension of the north-western bypass and improve local traffic management through the downgrading of Railway Terrace; improve local stormwater management through the use of wetlands, swales and ponding basins within the site; and create an attractive environment for existing and future residents.

This is one of those projects which, for the life of me, I do not know why it has not been tackled over the years. In respect of the recreational sporting facilities that could become available to that site, it is centrally located and would be better than developing the site at Sports Park, which would be fine if you happened to live on the northern side of Adelaide but not too good if you come from the southern, western or south-western suburbs. I commend this project to members. I am sure that, as it develops, we will see emerge a fine urban development/recreational sporting facility which will be of great benefit to many South Australians.

Mr WADE: In view of the national ban on the use of organochlorines after 30 June 1995, what options will be available to the building industry for termite protection of new buildings after that date?

The Hon. J.K.G. Oswald: The Australian Building Codes Board has issued an amendment to the Building Code of Australia that will call up Australian Standard AS3660.1, which covers several alternative systems, including alternative chemical pre-treatment that can be accepted by approved authorities. It is anticipated that this amendment will be implemented nationally on 17 July this year, and my depart-

ment has issued an advisory notice to the industry on acceptable methods in the interim. So, it is on the move.

Mr WADE: As a supplementary question: does the national ban apply to the public sector of the building industry as well as the private sector?

The Hon. J.K.G. Oswald: Yes.

Mr De LAINE: I refer to page 346 of the Program Estimates. The Cheltenham Cemetery has been filled to capacity for some time. In order to overcome the problem, a program of recycling or reusing graves has been in operation. Many people in the local community have problems with this practice. When people pass on they are currently being buried at the Enfield Cemetery, which is not an option for many people, including me, who are very parochial Port Adelaide people, who were born and raised in the area and who want to be laid to rest there, which is a fairly reasonable request. Will the Minister look at the possible establishment of a new cemetery in the Port Adelaide area? I suggest that the Gillman area would be suitable because of the availability of land at this stage, and the cemetery could be blended in with the MFP development and all the other open areas.

The Hon. J.K.G. Oswald: I suppose I could treat the honourable member's question more as a request for me to support the establishment of another cemetery in the north-western sector of Adelaide. The State has a strategic, planning and legislative oversight role for cemeteries generally. If the need for a cemetery is identified, we will investigate it. At no stage, to my knowledge, have I or my officers had put to us that we need a new cemetery in the Gillman area. The theory of reusing graves, which is becoming more popular, involves opening a grave to collect whatever remains are there—bearing in mind that after two or three years not much will be left—placing those remains in a small flat box, lowering the grave to below seven feet or somewhere in that vicinity and re-laying those remains to rest at that lower level. The space above that depth of seven feet—I am not sure whether that is accurate, I will get advice on that—becomes available for reuse.

The headstone is important, because you would have to be able to identify the site. It has been put to me that the original headstone would be fixed at the head of the grave site and a new headstone placed in front of it. I am not sure whether that has been finally decided, but I am of the view that you would have to identify the ownership of the former remains; it would not be just a question of removing the headstone and handing the site over to someone else. I am told that there is enormous opportunity, particularly at the West Terrace Cemetery, for active reuse of sites by the dig and deepen process. I expect that once we have assessed cemeteries in the metropolitan area—and it was left to local government to do that, but it has not done a particularly good job of it, so that is why I am starting to get involved—and the space that is available, we might find that by the dig and deepen or another method some of our older cemeteries could be rehabilitated.

I am particularly enthusiastic about the West Terrace Cemetery—I have more knowledge of that cemetery than Cheltenham. We would be able to create an enormous amount of space in the West Terrace Cemetery by the dig and deepen process, which will generate a considerable amount of money that we could then use for the rehabilitation of the cemetery and turn it into a fine heritage cemetery. The long-term objective of the West Terrace Cemetery is to be allowed to use it again, generate revenue and put that revenue back into the cemetery. Most cities around the world have a heritage

cemetery to which people go. We conduct night tours of the West Terrace Cemetery. If members want the Minister to escort them on a night tour of the West Terrace cemetery, it takes about an hour-and-a-half, and it is fascinating. We go around with torches, and you will even see the graves of the first Speaker of the House of Representatives, the second Speaker of the House of Representatives back when the House of Representatives was in Melbourne.

There is a huge raft of history there and by being proactive in generating revenue we could turn West Terrace into a marvellous tourist/heritage cemetery. I know I have got away from the point of the honourable member's interest in Cheltenham. There may be the chance of reusing Cheltenham. If my cemetery advisers come back and say, 'Look, it is genuinely full. There is not the opportunity to dig and deepen', and there is a need for cemeteries in the north-west, then it would have to be addressed, but at this stage there are no proposals for a cemetery at Gillman.

In relation to cemetery legislation and regulations, the current timetable is for the Minister and Cabinet to consider a proposal for new disposal of human remains legislation with a view to a Bill being introduced in 1996. The timing will allow reforms to the operation of State cemeteries to be put in place well in advance of the Bill. So, that gives honourable members an idea of the time lines we are working on in making those types of decisions. The main features of the proposed Bill are: a revised system of authorisation to dispose of human remains; a system of burial licences which will be issued by cemetery authorities for a minimum period of 25 years; the clarification of procedures for the reuse of burial sites once the burial licences expire; and the amalgamation of cemetery and cemetery requirements into one Act.

In relation to the second point concerning the 25 year minimum licences, it is my view—and it has been accepted by the Government—that a family should be able to take out two consecutive 25 year licences. If they want to take 50 years, I do not see anything wrong with that, provided they are prepared to pay for that option. By having 25 year licences it covers the situations where we inter the remains and the next of kin leaves the State, or it is the last of a family lineage, and after 25 to 30 years it will be an abandoned grave. At some time in the future you have to have the ability to go back and say, 'This grave will never be opened up again' and, under those circumstances, raise the question of whether you could dig and deepen and use the space for some other family who would like to take over the licence. But, as I say, if people want to cover themselves for 50 years that is fine and we could issue two by 25 year leases.

Mr De LAINE: Supplementary to that, I thank the Minister for that answer, but in his answer he missed the main point. Many people do not want to go into a reused grave. They feel that once a person is buried in a place that place is sacred. The recycling part is fine for people who are happy with that but, as I say, there is a need for a new cemetery in the area for people who want to go into one off ground which could be used in the form of a recreation park afterwards.

The Hon. J.K.G. Oswald: We will give people a range of options, even to the stage of mausoleum, but that may or may not be of interest unless you come from a particular ethnic background. All I can say is I will treat your question as a request for active consideration for another cemetery in the north-west sector. I do accept that it is a very personal and emotive issue and people may not wish to be interred in an area that has already been broken beforehand for another

interment. If we find that the expansion of Cheltenham has to be done by dig and deepen and people do not want that, they want an alternative, then we should look at it. At the moment we should bear in mind that Cheltenham is managed with Enfield. The idea behind that is to encourage people to use Enfield if Cheltenham is not available. But I take it as a very serious question and, in the lead-up to the change of legislation, I am perfectly prepared to make sure that whatever cemetery authority advises me takes into account that there are people who may not want to use dig and deepen and who would want to be interred in the north-west suburbs. There may be requirement for it and we will certainly take it into account.

Mr De LAINE: I do appreciate that the Minister always takes my questions seriously and I thank him for that. My second question also relates to Cheltenham Cemetery and touches on something that the Minister touched on in his previous answer. The Cheltenham Cemetery contains the graves of many people who played major roles in the establishment of the colony of South Australia and also people who were very prominent in the ongoing development of our State. Is there a complete register of people buried in this cemetery and will these graves and monuments be heritage listed and thus protected?

The Hon. J.K.G. Oswald: Cemeteries have been around for a long time and one of the first things I did when I learnt that cemeteries come under one of the 30 Acts I administer was to go out and start getting involved in cemeteries. Every time a body is interred in a cemetery it has to be registered. There are some very old books in the front office or the back office of cemeteries recording who has been buried there, but they were done back in the days of quills and huge manuscripts. Over the years a lot of those manuscripts have deteriorated and broken up. The West Terrace Cemetery is now in the process of putting all of the old records onto computer. People will be able to go there shortly and access the original records. We will then have a permanent record of everyone who is in West Terrace Cemetery, including, as I mentioned earlier, those 30 000 stillborn babies. They are in a great volume that someone laboriously sat down and wrote up at the time.

Members who have seen the old volumes in the basement of the Parliamentary Library would have seen that they are now breaking up through age. There is a rush now at West Terrace to get details on to permanent records. I would imagine that Cheltenham is in the same position. They would have old records which would be deteriorating. I will take the question on notice. I am not sure how much work is being done down at Cheltenham in the preservation of those old records. If, as the member says, there are some heritage grave sites at Cheltenham, it is very important that those records be retained as part of the history of the State, the same as we are doing at West Terrace Cemetery. If necessary, we will incorporate it as part of the West Terrace exercise, particularly relating to the ones that are important to the history of the State, because once those records are gone it is just not the same. You can assume someone was there, but it is better to have the photostat or a copy of the records. I would be prepared to have a look at it.

Mr De LAINE: On a slightly more livelier note, in relation to Program Estimates, page 347, what is the current situation in respect of the proposed hand over of the Parks Community Centre to the Enfield council?

The Hon. J.K.G. Oswald: The State Government and Enfield council have not yet agreed on the conditions of the

proposed transfer. About 25 staff at the centre are employed by my department and 47 are on leave from the department and employed by the City of Enfield, but there is a little uncertainty. Some members of the community appear to be critical of Enfield council and a variety of individuals have formed a committee to address their concerns to the department and to me. I say that in the context of the ongoing concern that has been generated by what is happening out there.

The 13 hectare Parks Community Centre was built in the 1970s when the Federal Government was heavily involved in building what is really a very fine community resource. My department assumed responsibility for the management in anticipating the transfer to Enfield council on the basis that facilities of this type would usually be managed by local government. For those members who have not been there, I should say that it not only has sporting and recreational facilities but also a high school, a health centre and a FACS office. To build it today would cost a small fortune, so it is an asset of value that should be utilised by the community, but it may not be the sort of facility that the State Government or the Department of Housing and Urban Development should have the financial responsibility of managing; hence we are talking to the council. The continued use of the facility by the high school is currently subject to review, and that important decision will impact on what happens.

Subject to the success of negotiations with Enfield, the transfer will occur with a period of transition in the management of the centre to facilitate a smooth changeover. It must be emphasised that the transfer will not involve any diminution of services provided to the residents of the area. That is important, particularly when one has seen the facility. In any such transfer, the Government will enter into a service agreement with the council to ensure that the present services continue to be available to the community. The Government will remain involved in the decisions to be made about the use and/or disposal of the asset, namely the land and the building.

The rights of State Government employees will be observed in any transfer. I made that point very strongly at a meeting with them in my office. The much stronger local interest that the council will bring to the operation of the Parks will focus the centre more closely on meeting the needs of local residents. It is really a question of final negotiation. Cabinet has approved negotiation on the basis that the asset, which is valued at between \$12 million and \$15 million, will be transferred to the council at no cost. The State will provide an annual subsidy, and that is a matter for negotiation. My officers are now holding detailed discussions with Enfield council officers, and I hope to be able to make an announcement in the very near future as to what will finally happen out there. The main objective is that, once the management has been sorted out, the community has access to this particularly fine community resource, which is a little bit run down and needs maintenance, particularly the pool areas.

Mr CAUDELL: What are the Government's intentions with regard to the future of the State/Local Government Reform Fund and, in particular, the issue of whether growth in the fund will be made available as a long-term source of additional revenue for local government?

The Hon. J.K.G. Oswald: When this issue was raised during last year's Estimates Committee I signalled the Government's intention to consider the important policy question which has been raised by the honourable member, namely, whether growth in the State/Local Government

Reform Fund will be a potential source of additional taxation revenue for local government purposes. The honourable member will recall that the current arrangement was put in place by the previous Government in 1992-93 as a budget measure. Revenue was collected through an increase in the rates of duty on petroleum products. This revenue was initially paid into the Consolidated Account and, in 1993-94, a special deposit account was created called the State/Local Government Reform Fund, outside the Consolidated Account.

The budget focus since 1994-95 has been on the deficit in the non-commercial sector as recommended by the Audit Commission. It includes the Consolidated Account and the reform fund. The approach taken to the budget meant that all funds in the reform fund, even those not to be applied to particular programs, were applied to reducing the estimated deficit. The practical effect of this is that growth in the revenues being paid into the fund estimated at budget time for 1994-95 and 1995-96 and forecast for the three forward years of the budget estimates to 1998-99 has been offset against the estimated deficit in each of those years and is not available for spending on local government reform or other activities without budget deterioration.

When established, the broad purposes envisaged for the additional revenue of the fund were to facilitate the transfer of functions to local government on a budget-neutral basis, and as a possible long-term source of additional taxation revenue to local government. In the first case there have been a number of negotiated changes to program and funding arrangements, such as public libraries, dog control and coastal management, which involved more effective and efficient service delivery through a changed role for local government. In the second case, no clear statement or commitment was made by the previous Government to give this practical expression, and that led to the Government's decision to review the issue.

The review was undertaken early this year in consultation with the Local Government Association, and the matter was considered by the Government in the light of the State's financial position when the 1995-96 budget was formulated. As a result of its deliberations, the Government decided that there would be no change to the present situation of growth in petrol tax revenue in the State/Local Government Reform Fund not being available for local government reform purposes. I emphasise that the State Government has not ruled out the possibility of providing local government with access to this revenue in future. The Government has agreed to reconsider the principle of ongoing growth in the reform fund at a later date and in a later budget.

The other issues arising from the review of the reform fund, including flexibility of the fund and management arrangements, will be considered in the context of formulating a response to the recommendations of the ministerial advisory group on local government reform when it comes down at the end of this month.

Mr CAUDELL: I refer to the Program Estimates and Information at page 342 in relation to rate exemptions and rebates. What progress is being made in developing amendments to the provisions for exemptions from local government council rates under the Local Government Act?

The Hon. J.K.G. Oswald: Section 168(2) of the Local Government Act provides for exemption from local government rates for certain types of land ownership and use including land used for what traditionally has been described as charitable purposes. When the finance and rating sections of the Act were last revised in 1987, it proved difficult to

reach agreement on what should be done to update this provision. At that time the current section was inserted providing for proclamation of organisations and land used for hospitals, relief and assistance for disadvantaged persons and drug rehabilitation services. Since then, organisations applying for rate exemptions and falling into these categories have been subject to an annual proclamation declaring them exempt from local government council rates.

There has been considerable dissatisfaction with the provision since it came into operation. It is expensive to administer and difficult to apply consistently both within and across council boundaries. Indeed, the subsection was intended as a transitional measure when it was inserted with a view to revising it when experience had been obtained and monitored through the proclamation process.

The issues involved have continued to prove difficult to resolve. The Local Government Association (LGA) had a working party which addressed this issue for some years. In an attempt to end apparently circular and fruitless arguments, the organisations and land uses affected by the proclamation were last year analysed in detail in consultation with the LGA, and a discussion paper setting out some possible approaches to revision of the current position was issued in November. Discussions have since continued with the LGA, SACOSS and other affected bodies. The thrust of these negotiations has been to suggest that non-Government public purpose organisations and their land uses might be dealt with in arrangements for mandatory and discretionary rate rebates instead of under provisions for rate exemptions. This approach would make it possible to design a range of concessions suited to the circumstances of the day instead of confining these concessions to the all or nothing approach of rate exemptions.

I anticipate receiving recommendations which suggest replacing total rate exemptions for certain land use with a mandatory minimum percentage reduction in rate liability. At the same time, councils might receive a wider discretion to increase the concession if that is appropriate to local circumstances. In certain cases, the mandatory percentage reduction in rates would, however, remain 100 per cent. I emphasise that these discussions are continuing at this time. No decision whatsoever has yet been taken. Furthermore, whatever decisions are reached will have to take account of developing State policy on the implementation of the Hilmer report as it affects local government. I emphasise that the purpose of the review is to improve the consistency and equity of the rate exemption arrangements to streamline an expensive administrative process and to provide a greater degree of certainty in the application of rate concessions currently granted under the exemption clauses. Any change which ultimately occurs in the distribution of the rates burden from this source will be confined to that needed to introduce a higher level of consistency and equity among ratepayers.

Mr CAUDELL: In light of the involvement of the Marion City Council in the Marion Triangle—with \$8 million worth of land purchases by the end of the 1995-96 financial year—are the provisions of section 197 of the Local Government Act requiring ministerial approval for major projects adequate and, if not, what action does the Minister intend to take to overcome the inadequacies?

The Hon. J.K.G. Oswald: Once again I acknowledge the honourable member's active interest in matters affecting the Marion council. The issue of interpretation of section 197(1) of the Local Government Act was raised in early 1995, and advice was sought from the Crown Solicitor. That advice

confirmed the requirement of ministerial approval to projects involving expenditure in any one financial year in excess of 20 per cent of the council's operating expenses for the previous financial year. Independent legal advice to Marion council confirmed that view. The adequacy of section 197(1) will be examined in 1996 as part of the legislative review of the operational provisions of the Local Government Act.

I do not wish to pre-empt the result of that review, but the advice on the current provision raises the issue of whether there should be some limit on the percentage of council funds or rate revenues that may be committed by a council to a single project without seeking public comment and independent examination of the feasibility and effects of the project before it can proceed. This also raises the question of the most appropriate authority or authorities to examine the project and the issue of who should bear the cost of the examination. These issues will be considered in the course of that review.

I wish to make clear that I do not consider that the acquisition of significant areas of land in the Marion Triangle by the Marion council presents a significant risk to the financial position of the council. It is simply that the answers to the questions asked about the Marion Triangle have raised the possibility that coverage of section 197(1) is not adequate and, possibly, that will be examined next year.

Mr CLARKE: The South Australian Housing Trust is one of the most important Government portfolios. A positive approach to the responsibility of the Minister for Housing, Urban Development and Local Government Relations would go a long way to improving both the standard of life of ordinary people and our terrible economic performance since the election of the Brown Liberal Government. History proves this is so. Up until now South Australia has had the best system of public housing and urban development in the country. With 11 per cent of the entire housing stock being public we were able to set new standards for urban development that were the envy of other States; we extended support to our State's battlers without creating ghettos and offensive social distinctions; and we were able to use the labour intensive housing and construction industry, which has had very high domestic employment multipliers, to provide jobs and economic activity.

We have seen that decent policies for public housing and urban development can achieve these things but, unfortunately, under this Minister and this Government, we are seeing the squandering of this potential. Under this Government there will be a fall in Housing Trust dwelling construction to 225 this year, according to the Program Estimates, or 280 if you believe Financial Paper No. 1, down from 650 in 1993-94. Under this Government there will be a decline in dwelling construction of -5 per cent in 1994-95 and -8 per cent in 1995-96. Overall dwelling approvals are down 55 per cent since September last year, the worst result since the recording of this information began in 1983.

The Australian Bureau of Statistics shows that, in the year to March 1995, South Australia had the lowest rate of growth of any State or Territory in the nation, not by a little but by a lot. While Australia grew at a respectable 3.8 per cent, our State economy actually contracted by -1.5 per cent. South Australia has utterly missed out on the benefits of the national recovery. At the very best, our rate of job growth has been an anaemic 2.4 per cent since the election, and much of this is due to a rise in April and May which we all hope is not a statistical aberration. Over the same period, the numbers of employed in Australia grew by a massive 5.2 per cent.

This Government's policies on housing and urban development are a significant part of its overall policy which reinforces a low growth, high unemployment path for our economy. Public housing is fast disappearing from the policy landscape of South Australia, moreover at a time when it is most sorely needed. The Minister's cuts add to the already parlous state of our building and construction industry. A cursory glance at the ABS retail sales figures shows just how flat is demand for goods related to housing. Will the Minister explain why he has slashed new public dwelling commencements by 65 per cent compared with 1993-94?

The Hon. J.K.G. Oswald: I think there is a very large degree of hypocrisy—dare I use the word in the Committee—in the background and the form of words the honourable member has chosen to use. He is not being very loyal to his Federal colleagues when one considers what the Federal Government is doing to the South Australian public housing building program. I need go no further than refer to what they call the 'bring forward' money which was earmarked in 1992-93 when both the Federal and State Labor Governments thought they were not going to win their elections and, as part of the election campaign, they committed \$27 million which would have been spent over the past two years. So \$27 million was to be available to us and it was forward advanced to South Australia. In this coming year, we are paying the penalty in this State for what was blatant political vote catching.

I also understand that there are certain subsidies that we have to provide as a result of that money being brought forward. We still have to pay the subsidies, but the money will not be available to us. In South Australia the previous Government chose to bring forward a total of \$27 million over those two years. This represents 21 per cent of the funding available to the State over that period, an extraordinarily high proportion when compared with Victoria's 5 per cent, Western Australia's 5 per cent, and the New South Wales' 2 per cent.

One of the reasons why we are having to cut back on our starts this year is the very act of the Party of which the honourable member who asked the question is a member, which took a political decision to bring forward that money, knowing that one day down the track the Government of the day would wear that decision, but because it did not think it would win the election, it did not seem to matter. One reason for the inability to build up commencements has to be placed fairly at the feet of both the Federal and State Labor Parties. That is a fact of life. Whatever response members come up with, the fact is that we were short \$27 million because of a political decision taken in the past.

To understand fully the unfortunate legacy of this action, it is important to understand that the \$27 million did not require matching State expenditure in 1992-93 and 1993-94, but the \$27 million must now be matched by this Government. Instead of having a win-win situation, because of what the Labor Party did, we have a lose-lose situation. So, for the financial years 1994-95 and 1995-96, not only are Commonwealth funds reduced but the State is forced to match funding from earlier years, thus exacerbating budget pressures in the State public housing area. Do not blame the present Government: go back and re-visit what the honourable member's own Party did. I know he was not in the Parliament at the time, but he was State President, I understand, and certainly the Labor Party put us in a very difficult position.

I refer to the reduced estimates of sales, because of the general market downturn, once again brought about by the policies of the Federal Labor Party.

Mr Clarke interjecting:

The Hon. J.K.G. Oswald: Listen and you will learn. Australia-wide there has been a downturn in housing. It has been caused by the threat of an interest rate hike that has absolutely spooked the market. It almost stopped dead, but we have always maintained that we will sell Housing Trust properties and re-invest that money back into the public housing sector. We rely in our budgets on an assumption of a certain number of sales. Even those sales have started to dry up because of the Federal Government's interest rates policy. If ever an opportunity was killed in this State to help lead a recovery, particularly a housing-led recovery, the Federal Government killed this opportunity by what it has done to the interest rates.

We lose out in two ways. First, we lose out because of the policy of the Federal and State Governments to bring forward the \$27 million money which we do not have. Secondly, we lose out because we have to match that \$27 million, even though we do not get it, and because of the Federal Government's spooking interest rates across the nation, housing sales thus grinding to a halt. Do not criticise where we are going. You give us the money, we will build the houses and we will budget to build houses but, on every count, the Labor Party stands condemned for creating a situation where South Australia loses. All the talking in the world in this Chamber will not get away from the reality that we are in desperate trouble because of historical and present Labor Party policy.

Mr CLARKE: I look forward to the day when a Minister of this Government actually accepts some responsibility rather than constantly looking back over history and saying it is everyone else's fault except their own. The Minister referred to interest rates as being one of the reasons why there has been a significant reduction in the number of sales in South Australia. The point is this: interest rates have risen across the board in all six States and Territories. The fact is that, even Tasmania outstrips the economic growth rate of South Australia, and this Government has been in office for the past 18 months. Housing sales, and in particular the housing starts by the Housing Trust, are an absolute disgrace. If the Minister is saying that it is all because of the \$27 million that was brought forward, one would presume that in the ordinary course of events there would be an improvement in building start-ups over the succeeding years, but there does not seem to be any light at the end of the tunnel with respect to this matter, and that is the sole responsibility of the present Government.

The Hon. J.K.G. Oswald: The current Federal policy on interest rates is not historical: it is very current. I have explained to the Committee the difficulties that have been created by the Federal and State Labor Party policies and the question from the honourable member is what are we going to do about it. This Government recognises that, despite the Federal Labor policies and the fact that interest rates are spooking our market and reducing our income flows, it still has to address the issue, and that is why we now are looking at other measures to generate revenue. We are looking at measures in the private sector in regard to lease-back arrangements; we still are committed to the refurbishing of those large Housing Trust estates, and I quote The Parks as one classic example but there are others in the western and south-western suburbs and in country areas. We will be trying to generate private sector money to get it involved as well.

It is not just a question of the money drying up and interest rates being spooked by the Labor Party: we are actively seeking new sources of money that we can use to refurbish our estates. However, no-one can walk away from the fact that, in this State, the Federal Government's interest rates have spooked the market and, until such time as it either changes its policy or we change the Government in Canberra, the confidence is not there to change the situation. It is a Federal Government, Federal finance driven issue.

Mr CLARKE: What does the Minister anticipate to be the total job loss throughout the building industry over this year and next year; what does he estimate to be the proportion attributable to these budget cuts in housing starts; and how many building industry jobs, both public and private, will be lost as a result of these cuts?

The Hon. J.K.G. Oswald: I reject totally the philosophical background to the question and the inferences drawn, which are purely politically driven. However, if I can answer any of the technical aspects of the question by getting information from my colleagues, I will do so and report back to the Committee at the appropriate time. The bulk of the honourable member's question is purely politically driven and I reject the principle. This Government has recognised that there is a need to stimulate housing. There is no question that you can use the housing sector to kick-start the economy.

As I said only a few minutes ago, in relation to the various areas that we are looking at to generate growth, we are looking at this whole question of getting the private sector and other forms of money involved in public housing and in the housing sector so that we can get some additional starts to offset the impositions placed on us by Canberra through interest rates and by the Federal and State Labor Parties when over those two years they brought forward \$27 million, which we should have had available to us now to spend. They irresponsibly did that thinking that they were going to lose the election and that it would not matter. It is another classic example of their financial incompetence that they make decisions at the time and have no regard for the future.

I raised a further example this morning in relation to the East End development, where contracts were signed in a hurry, and the present Government now has to pick up the pieces. We then had the situation of the Beneficial Finance and State Bank debacle, which cost us about \$30 million in relation to that site. The Labor Party knew that it would probably lose the election and it did not matter to it; it just wanted to have the contracts signed. As a result, the State Government has to make another \$9.7 million contribution to those developments. It is part of the irresponsible financial management that this State has come to expect of the former Government.

In this case, we recognise the financial constraints on the State but we now are seeking new sources of funds so that we can achieve our objective of improving the quality of life of people who live in Housing Trust accommodation which over the years has deteriorated and which has been allowed to deteriorate by the former Government. We are actively talking about the upgrading of some of those areas so that the quality of life of the local residents will improve.

Mr CLARKE: Has the Minister considered the impact of his cuts on the overall construction industry and has he discussed these cuts with the Minister for Employment, Training and Further Education regarding their impact on jobs and the potential loss of skills to the State? How does the Minister intend to ensure that the enormous fall in building

activity to which he is contributing does not result in a permanent loss of skills in the building industry?

The Hon. J.K.G. Oswald: I reject totally the allegation that we are responsible: we are not. We are taking every measure that is available to us and endeavouring to access every available fund—both public and private—to ensure that the construction industry benefits. We are not just in the business of building houses, and I draw members' attention to some of our great successes, such as Motorola and some of the industrial starts in which the Housing Trust has been involved. It is an insult to the trust and its officers to say that we are standing back and not actively promoting and facilitating new starts. What the Labor Party did to the finances of this State and the fact that it left us in this position is tragic, but it is to be applauded that my officers are actively pursuing the finance market regarding new schemes and new innovations in relation to financing of housing so that we can actually get things up and running again.

I am concerned at the falling numbers of building trade apprentices in South Australia. I think every man, woman and child in this town understands that we have to progress and we get concerned about those figures. In recent years, in relation to the building industry Governments have recognised the need to restructure the training schedule for apprentices and to introduce competency based, accelerated and on-site training programs. The member for Mitchell certainly would be aware of some of the projects in which the Housing Trust has been involved which actually link into apprenticeship schemes. An innovative project located in the older southern suburb of Mitchell Park did just this last year as part of the South Australian Housing Trust redevelopment of the area.

So, we have a situation where the trust is actively in there trying to do something about employment. The McInerney Place project in Mitchell Park brought together the Housing Trust policy of providing affordable quality public housing with an accelerated training program which targeted young unemployed people and new apprentices. The development involved the Housing Trust, the Department of Employment, Training and Further Education and the Master Builders Association. The Building Industry Group Training Scheme and Alpine Constructions are involved in a pilot project for an integrated on-site approach to apprenticeship training, designed to develop a more flexible response to the labour needs of the building industry and to demonstrate the potential of integrated on-site and theoretical apprentice training.

I bring that up this morning because the Housing Trust and departmental officers are about more than just trying to get up new starts. We are also going out there and involving apprenticeship schemes. We have a marvellously innovative staff within the trust and the agencies. They recognise that times are tough, employment is hard to get and we have a limited dollar to go around. We are utilising the human side by getting out there and getting involved with other departments and schemes and accessing other forms of private sector money to make up for what we have lost because of the political decisions taken within the Labor Party. We have now a Housing Trust and a new department.

The new department of HUD is totally reorganised and is pulling together to maximise resources across Government. No-one is working as a separate agency any more. We are working as a single entity that can tap into resources. Housing can tap into Urban Development, into the finance people and into HomeStart. It is all one organisation, maximising what

resources we have for the betterment of the public and private housing sectors in South Australia.

Finally, in broad terms the State's total forecast gross capital expenditure for 1995-96 will increase in real terms by about 3 per cent compared with the estimates last year. Do not let the Opposition come into this place and say that we are going backwards. I submit to the Committee that we are not going backwards: we have an increase in real terms of 3 per cent compared with last year. Considering the financial status of the Commonwealth at the moment, the agencies in my portfolio have performed extremely well and have runs on the board. If we look back over the past 12 months and into the future, we see that our agency has runs on the board because competent people are making things happen with very few resources.

Mr WADE: Given that South Australia has a strong past history of providing housing assistance (and members will recall that the South Australian Housing Trust was established by a Liberal Government), will the move to a needs-based Commonwealth-State housing agreement mean that the level of funds to South Australia will be cut?

The Hon. J.K.G. Oswald: I thank the honourable member for his question. South Australia has shared these concerns when decisions and discussions commenced with the Commonwealth around a needs-based Commonwealth-State housing agreement. It is a sensitive question. South Australia saves the Commonwealth significant amounts of money due to its high level of public housing and its rent relief program, which is quite a plus for this State. Indeed, if South Australia had closer to the national average public housing stock, we estimate that an extra \$35 million of demand would be put on the Commonwealth rent assistance program. South Australia picks up \$35 million of the Commonwealth's income support responsibilities each year through the rent rebate bill.

Over the past 10 years the Commonwealth has increased housing support for low-income earners through a 10-fold expansion of the rent assistance program, yet South Australia has benefited the least of any State from this expansion. Clearly it would be grossly unfair for the Commonwealth to penalise South Australia for its highly successful public housing program. Not only has South Australia picked up \$35 million of Commonwealth responsibility, but also it is burdened by high levels of borrowings which were necessary to attain the current level of public housing. I have referred to this burden elsewhere.

In addition, South Australia provides some \$8 million annually to assist 11 000 low income private renters—a program which no other State offers. While South Australia remains totally committed to this program, given that our reports describe this as the most disadvantaged housing group in the community, the State cannot continue to do this at any cost. South Australia is fully committed to using measurements of need as the basis for allocating housing assistance as this is the most equitable approach to the distribution of scarce public resources.

However, in agreeing to this approach this State is most concerned to negotiate with the Commonwealth a recognition of the high level of services and high cost to the State which current policies and programs incur. If we accept the Industry Commission's recommendation that State housing authorities receive payment for housing people in need, South Australia's share of the untied component of the CSHA funds would rise from \$64 million to \$103 million, based on the Industry Commission's definition of 'housing need'. Clearly, a

movement to a needs-based CSHA should see a high level of funds come to South Australia rather than a reduction.

At the last three conferences of Housing Ministers we pressed this point consistently and I believe that some progress is being made. If progress is made on flexibility, it will be to the advantage of this State. I assure honourable members that my officers and I will keep pressing for this flexibility and for the new agreement to come in in 1996.

Mr WADE: What is the debt position of the South Australian Housing Trust relative to that of other States?

The Hon. J.K.G. Oswald: That is a relevant question, and some of the answers could perhaps be taken in the context of the question raised by the Opposition member who last asked questions. The question goes straight to the heart of the financial problems facing the South Australian Housing Trust. South Australia has the highest level of non-CSHA debt per housing unit of any other State in the nation. Non-CSHA debt means high interest debt, that is, money borrowed on the open market which attracts interest rates of 11 per cent per annum—

An honourable member: 11 per cent!

The Hon. J.K.G. Oswald: Yes, 11 per cent—at a time when it was popular thinking to increase the numbers of housing units, and they went in the vicinity of 40 000 to 60 000 units. It was thought that that was the way to go. The problem was that they borrowed at those high interest rates, which are still there within the structure. The level of non-CSHA debt in South Australia exceeds \$5 000 per unit of housing. This compares with less than \$3 500 in New South Wales, less than \$1 000 per unit in Queensland, and nil debt in Victoria and Western Australia. The reason for the high level of debt goes back to the borrowing strategies of the Housing Trust in the 1980s. To exacerbate the difficulties which we are now experiencing, the income stream available to service debt has declined. Whereas in the mid-1970s some 80 per cent of trust tenants paid full rents, today 80 per cent of tenants receive a rebated rent.

I have spoken elsewhere of the need to reduce debt, particularly high cost debt. Unfortunately, there are no magic wands when it comes to improving the long-term viability of the trust. The options open to the trust are to reduce costs, increase income, or use assets to retire debt. Whilst the trust has made solid inroads into reducing expenditure, the trust already charges a higher level of rent to low income households than is the practice in other States. This leaves less gap between rents and the affordability benchmarks of 25 or 30 per cent than in other States and, hence, less ability to raise any further income.

The opportunity of further using the proceeds of house sales to reduce debt is currently tied up in the negotiations around the new Commonwealth-State housing agreement. Of course, the Commonwealth also benefits from the high percentage of public housing in this State, as it means less expenditure through the Social Security budget.

I now turn my attention to the area of untied grants which shows a similar picture. Untied grants are the effective form of Commonwealth subsidy within the CSHA. South Australia receives around \$1 000 per housing unit in untied grants. This compares with \$2 000 in New South Wales and Western Australia and \$3 000 for Victoria and Queensland. This means that South Australia receives half the level of subsidy per housing unit of New South Wales and Western Australia and one-third of that of Victoria and Queensland. While the other States benefit from Commonwealth subsidy in being able to manage their housing units, South Australia struggles

with a low level of Commonwealth subsidy and high levels of debt created in order to achieve the level of stock we have.

South Australia is successfully repositioning itself to take advantage of the opportunities afforded by growth in industries like information technology and viticulture. Housing has an important role to play in the reform vision of this State. A sound society is a society where all members have the opportunity to achieve a good standard of living. The efforts of the trust over the coming five years to place its own house in order, by reducing its debt, improving levels of efficiency, and negotiating an improved agreement with the Commonwealth will be crucial to the contribution that housing makes to South Australia.

When faced with a choice between reducing high cost debt and funding the new starts, we decided to put the budget into new starts, not debt repayment. As yet, we have not been able to budget for paying off any of the high cost debt this year. If the budget improves, we will do so. That is a fairly simple statement.

[Sitting suspended from 12.58 to 2 p.m.]

Mr WADE: In tabling the triennial review of the South Australian Housing Trust in March the Minister noted that major reform was required to guarantee the long term financial viability of the South Australian Housing Trust. What is the reform agenda, and how does the Minister propose to achieve this?

The Hon. J.K.G. Oswald: Indeed, this budget and the current round of negotiations that this Government is conducting with the Commonwealth Government are all about setting a new policy framework and new direction for public housing in this State. Over the past 50 years, through the Housing Trust, successive South Australian Governments have played a major role in providing affordable and appropriate housing to many thousands of South Australian families. Today the Housing Trust stock comprises about 63 000 properties with a net value of some \$3.3 billion. Earlier location policies, particularly those of the Playford Government, linked housing supply to the facilitation of private sector industrial development. Public housing was built close to major industries such as GMH at Elizabeth. More recently, the Brown Government has attracted the likes of Westpac, Motorola and Sola Optical for South Australia by establishing a positive business environment where, unlike in the 1950s and 1960s, housing supply is no longer the central plank of these sorts of negotiations.

Unfortunately, as a result of those earlier decisions and the subsequent use of the housing asset to underpin social needs, a great deal of public housing stock is now in areas of declining demand. Another difficulty facing the trust is the age and type of housing stock. More than one-third was built over 30 years ago and a high proportion was built for traditional family accommodation. Currently, 50 per cent of trust applicants are single people. The effects of economic restructuring have dramatically changed the profile of public housing tenants. Over the past 20 years there has been a sharp increase in the number of tenants qualifying for rebated rents from one in five now up to four in five tenants. As a result, the trust's income has declined and the annual rebate bill is now \$122 million. The impact of the declining income has been exacerbated by the cost of high interest borrowings during the 1980s to fund stock growth. Some \$270 million of the borrowings are still owing and were predicated on a higher rental income stream. The trust now has a debt of

\$1.197 billion, including \$267 million of high cost debt. This means an annual fixed interest bill of \$28 million.

The trust is addressing these issues through a range of initiatives which will reposition it so it has the right type of housing and an adequate capital base and income flow to continue to meet the housing needs of disadvantaged households. The key strategies include redevelopment and upgrade of inappropriate, low quality and poorly performing stock through urban renewal projects, in partnership with local communities and the private sector (and again we can quote the likes of Elizabeth, the Parks, Mitchell Park and Hillcrest); reduction in the concentration of public housing through housing sales; reducing debt; reviewing the rebate policy; increased targeting of assistance based on need; utilising head leasing; considering the potential to further extend limited tenure of tenancies; and recognising that most South Australians still aspire to home ownership and facilitating where practicable a movement from trust housing to home ownership. These policy directions stem from the broader reform agenda set out by the Industry Commission inquiry to which I referred this morning. South Australia is actively negotiating and hopes to achieve a significant reform of the funding arrangements for our new Commonwealth-State housing agreement which, as members know, comes into place in July 1996.

Mr CLARKE: I direct the Minister's attention to rental housing. One of the targets in the 1995-96 program is listed as market related rents being implemented initially for accounting purposes. One of the recommendations of the Government's Audit Commission was the introduction of market related rents for the Housing Trust. The Government indicated at the time that the recommendation would be accepted and then appeared to withdraw from this. Are market related rents still on the agenda and, if so, when is full implementation planned?

The Hon. J.K.G. Oswald: There are two areas in which I address this whole question of market related rents. The first is the need for the Housing Trust to know the valuation of all its properties and to do an exercise across the board and get market related rents on the books for internal bookkeeping purposes. So, both sides of the Housing Trust—the property services and tenancy services entities—know the valuations out there amongst its stock. Having determined that, the Housing Trust needs to know the market rents for its properties for its own internal bookkeeping so that the two entities can work together, as has been agreed nationally. The second issue is how many people would be affected by market related rents if the policy were to extend it out and charge market related rents. First, nearly 80 per cent of residents are on subsidised rents and therefore would never get picked up in the net, so we are talking about a very small group of residents—probably some 20 per cent—who would ever have to face market related rents.

As a result of this current study, the Government will look at market related rents for non-subsidised tenants but, until we have the raw data before us to know what the market related rents are, we are not prepared to progress the exercise, because on many occasions when we know the market rents of those properties some rents will go up and some will go down. Of the 20 per cent that is left, some will go up and some will go down and at the end of the day the trust might not gain very much at all, other than that it has a book value for its properties. Until I get the figures from the trust on what the valuations will be, I am not prepared to take a submission

to Cabinet on the question of what we do about market related rents for that last 20 per cent of people.

The Government will not walk away from that decision and if it has to be made it will be made but, if we do make that decision, we will make another decision about whether and to what extent we should impose a cap so that there will be no rise above a certain figure. It is quite a complex issue, first, identifying what the market rents should be if we go down that track and, if we do, what the cap on those rentals would be. The decision has not yet been taken because we are still waiting on the trust to come back to us with the exercise through the Valuer-General's Department to determine what market rents are right across the board so that the property services and the tenancy services divisions can have the book values on their books and can operate properly as well.

Mr CLARKE: With respect to that 20 per cent, the Minister made the point that, for the Housing Trust, some rents compared to market rents may need to go higher or lower. Is the Minister suggesting that there are Housing Trust properties now which are being rented out above market rates? If that is the case, that is rather extraordinary. In reality, if a market rent policy was adopted, rents would actually increase.

With regard to the other 80 per cent, if market rates are applied (I know that the Minister said that those people will not pay because they have subsidised housing) and as a general philosophical point, if rents are fixed at 25 per cent of income or something like that, if the market rate is set for a particular area at \$X and 25 per cent is set at that rate, there may be an increase of \$2 or \$3, or whatever, a week in rent.

The Hon. J.K.G. Oswald: It is hypothetical until the Valuer-General comes in with the figures. We have cost rents. However, I will perhaps ask the Chief Executive Officer to add to the discussion because of his expertise in this area. I believe that it is very much a hypothetical situation until we receive the figures and we know the true market rents. It has been argued with me that Whyalla is an area in respect of which there may be a variation. However, I am not going to say that people are paying over market rents or under market rents until I know what the market rent is. At the moment, there are historical reasons for the determination of rents. If we can at least get back to the true VG market rents on the Housing Trust books, we will be in a far better position to manage the stock and make an accurate determination if we are to opt for market rents for that 20 per cent and we would be aware of the cap if we decided to set a ceiling on it.

Mr Solly: All I can add is that, at present, those not on rebate are being charged at cost rent under the cost rent formula of the CSHA and there is a standard procedure set out for that. When the market rent levels are estimated and available, we will be able to consider the issues in respect of the transition from market to cost rents. We would have to come up with some recommendations on how that might occur. However, the honourable member is right in that there would be a lot of properties in respect of which there would be very little difference between market and cost rents and for some it would be quite different. We really will not know that until we have a full listing of the market and cost rent figures so that we can compare them. It will be some months before we get that information.

Mr CLARKE: One of the broad objectives of the Housing Trust cited on page 356 of the Program Estimates is to:

Assist in the development of needs based allocation for public housing.

Is this Government committed to providing public housing available to all South Australians provided that they do not already own a house or is it to become a provider of housing only to the poor, as the Audit Commission has recommended means testing? Does that signal the introduction of means testing for public housing and, if so, what criteria will be used?

The Hon. J.K.G. Oswald: I will refer that question to the CEO.

Mr Solly: The relevant points are, as has been pointed out earlier, those entering public housing have, over recent years, been drawn from a different income group in the community. Increasingly, there has been a movement in respect of income levels so that only about 30 per cent would have required a rebate while current entrants into public housing across Australia are generally in the range of 85 per cent to 95 per cent (depending on the State) eligible for some form of rebated rent. Up to two-thirds of all entrants into public housing across Australia are in receipt of some form of assisted income.

We are finding that those entering public housing are self-selecting in terms of the income distribution. The figures available to us indicate very strongly that that is the process going on in public housing. That is why it is so important that we address the issue of the agglomerations of investment that we have in public housing because of the present process of entry. That is not being driven by the policies of individual States. Other States have different policies with regard to entry, but the profile of those entering public housing in Victoria, New South Wales and South Australia, regardless of their entry criteria, appears to be the same.

The Hon. J.K.G. Oswald: The renegotiations with the CSHA agreement will include performance indicators and a requirement to ensure that housing services are targeted to those most in need. The Government of the day, whichever Government it is, must face the fact that people with needs require access to public housing. For me, that is the driving factor. A concern in providing public housing is that, while about 78 per cent of tenants receive subsidies, if we took a snap shot of the applicants who are coming forward now, that figure is around 97 per cent. That figure of 78 per cent is climbing higher up the list. Neither of the major political Parties would walk away from the fact that, in this day and age, public housing is there on a needs basis. While I am not saying that people should not put their names down on the Housing Trust lists as a matter of form to get in, the reality is that if there are people in need, and it is recognised in the CSHA agreement that we recognise those needs, there will be priority for those people and eventually that 80 per cent will grow into 90 per cent and more.

Mr CLARKE: My next question follows on from the Minister's last answer in respect to his reply to a question from an honourable member on the Government benches. My question relates to financial assistance to private renters. A review of that policy is contained under one of the specific targets on page 357 of the Program Estimates. From the Minister's answers to date, presumably someone working and earning an income is going to find it increasingly hard to avail themselves of public housing. Many of those people may be working and earning an income, but many of those jobs have very low incomes. The Housing Trust plays a very

important role in financial assistance in respect of the private rental market.

In answering an earlier question from the Government side, the Minister alluded to the \$35 million of subsidy paid in private rental. I am sure that the Minister will correct me if I have the wrong figure. He referred to Commonwealth Government funding and so on. If the policy is being reviewed, on what basis is it being reviewed? Can people in the private rental sector who now receive State Government Housing Trust assistance be assured that that assistance will continue?

The Hon. J.K.G. Oswald: This question opens up a very interesting debate on where we are going in public housing. As I said in reply to the last question, we have a responsibility to house people in need. We also have a responsibility for general housing. The point that was raised at the last two Housing Ministers' conferences, and we were progressing it well at the last one, was the role of the DSS in assisting with subsidies for housing, particularly with regard to private rental assistance. As we said just before the lunch break, at the moment South Australia is subsidising an area of assistance into the private rental market which should be picked up by the Commonwealth.

It is a drain on the internal resources of the Housing Trust, and to the credit of the honourable member's Party it was involved in the setting up and administration of the scheme for a while, but it is a definite drain on the local trust and should be picked up by the Commonwealth. Through the Ministers' conference we are endeavouring to get the Commonwealth to become far more involved so that the Housing Trust's core business is building and rental of houses and we involve the Commonwealth in the role of subsidising in the private sector. So, both sides would be playing a role, not the South Australian Housing Trust (and therefore the State Government) doing something that really should be the Federal Government's role. Income support is really a Federal Government responsibility and not that of the State Government. We will pursue this issue of the DSS being further involved in subsidies to release funds that I do not believe we should be spending, so that they can be used elsewhere in the trust.

Mr CLARKE: With 20 per cent of my electorate comprising Housing Trust tenants, my concern is that the Minister may be approaching the Commonwealth Government but that the Commonwealth Government may be heeding the words of wisdom of the State Treasurer, who says that the Commonwealth Government should cut Commonwealth outlays to keep interest rates lower and, therefore, it will be unwilling to pick up the additional cost that the State is meeting with respect to subsidies in the private rental market. I am concerned that, while the Minister may be trying to get the Commonwealth Government to pick up the extra costs, until such time as the Commonwealth Government comes to the party in that area this State Government does not withdraw that financial assistance to people in the private rental market, and I seek the Minister's assurance on that point.

The Hon. J.K.G. Oswald: The State Government has it in the budget and it continues to be allocated in the budget because we have responsibility. That is why we are quite genuine in our negotiations with the Federal Minister, with Minister Baldwin and with the Deputy Prime Minister. Some, albeit fairly slow, progress is being made in having that principle accepted. In the meantime we have a responsibility here at State level. Whilst it is a huge drain on Housing Trust

resources, it has been allocated in the budget. It gives me no joy to see us carrying what is basically a Federal Government responsibility and role when the money could be better utilised in refurbishing and upgrading our own State Housing Trust stocks, hence the reason why we are so strong in our arguments to Canberra that it is not our core business to subsidise the private rental market but to pour our resources into public stock. It may be a long argument, but we are certainly pursuing it.

Another point that is valid is to look at the needs basis of some of these tenants. When people in the public sector are on subsidised rents related to their income, they are far better off than tenants in the private sector. They are paying full market rents in the private sector and not getting any subsidies at all. Therein lies the moral question as to why the Commonwealth should be stepping in and assisting these people, but that is an argument we have yet to win. There are disadvantaged people in the private rental sector who are hurting because they have been paying the full market rents with no subsidies and, until the Feds pick up the challenge, this State has some responsibility to try to assist those people, because they are genuinely socially disadvantaged.

They are the genuine poor, in some respects, and there must be some sort of scheme to assist them. At the moment there is some DSS assistance but it is still a huge drain on our own resources, which I believe should be picked up entirely by the DSS.

Mr EVANS: What is the current status of the cooperative housing program? At what rate is the program expanding and what is the average cost of the housing?

The Hon. J.K.G. Oswald: A housing cooperative is a voluntary, member-run organisation that buys or builds and manages housing for the benefit of its members. As at 30 June this year the cooperative housing program had 69 registered housing cooperatives managing a stock of 1 219 dwellings. Currently, 25 groups in various stages of development are preparing to enter the program. It is anticipated that 15 groups will become incorporated under the Housing Cooperatives Act 1991 in the 1995-96 financial year. Under the current strategic plan it is proposed that the program will expand by 70 allocations in 1995-96, 90 in 1996-97 and 90 in 1997-98. The strategic plan also sets out new directions for the program through the development of a range of new products, including providing opportunities for Housing Trust tenants and those on the trust waiting list to access cooperative housing.

Up to 31 May 1995, 111 housing allocations were committed, with a further 43 allocations under negotiation. The average cost of properties acquired during 1994-95 is \$91 693 for established dwellings and \$97 913 for new build properties. This compares favourably with the current Adelaide median house price. During 1994-95 the housing cooperatives program, under the management of SACHA, improved its financial performance as measured by the level of recurrent grant funding required and the strength of its balance sheet. As at 31 March 1995 the ratio of equity to total assets reached 26.1 per cent compared with 20.8 per cent the previous year. The target for 1995-96 is 35 per cent as part of a long-term financial strategy to substantially reduce the draw on recurrent grant funding. During 1995-96 it is intended to bring together the management of both the community housing associations program and housing cooperatives program under one Act. By expanding the existing Act, housing associations will be able to access the legal and financial instruments currently available to housing

cooperatives and provide a secure basis for the growth of the community housing associations program.

Mr EVANS: What steps has the Housing Trust taken to address wilful damage to trust properties caused by disruptive tenants?

The Hon. J.K.G. Oswald: I believe that most trust tenants are responsible citizens who care for their properties and abide by their conditions of tenancy. However, a minority of people are disruptive and occasionally cause damage to their homes. The trust views such behaviour very seriously, and charges tenants for all 'non-fair wear and tear' damage. Where tenants abandon their damaged properties, the trust pursues those people and raises the damage charges when their whereabouts is established. Arrangements to repay existing debts are required before ex-tenants are rehoused by the trust, and the new credit policy precludes additional services for most people until that debt is repaid in full.

In some circumstances, damage can be attributed to domestic violence or disability. In the case of domestic violence, the survivor is rehoused and, where charges are laid, perpetrators are held responsible for the damage. Where the damage is caused as a result of disability, the trust works with disability agencies, which encourage tenants to take financial responsibility for their behaviour.

Where wilful damage is associated with unacceptable behaviour which impacts upon neighbours, the trust invokes a series of warnings which can lead to transfer and, as a last resort, eviction. Breaches of the law are referred to the police. In all cases, however, the trust is aware of its responsibility as a provider of a housing safety net, and eviction is considered only as a last resort when all other attempts to modify behaviour have failed.

A recent television news item implied that the trust does not charge tenants for damage to properties. That, I assure you, is incorrect. Since 1 July 1994, a total of \$2.9 million has been recovered from tenants to meet the cost of repairs for damage caused by the household.

That demonstrates that the trust—although it can be compassionate, is very understanding and will bend over backwards to be reasonable—at the end of the day is prepared to act and to deal with disruptive tenants who do not know what community living is all about.

Mr EVANS: My third question is in relation to the priority housing scheme. Does the Housing Trust provide any priority housing assistance for customers who are genuinely in urgent need?

The Hon. J.K.G. Oswald: The trust's normal method of allocating rental housing in order of date of application is supplemented by the priority housing scheme, which assists applicants identified as being in urgent need of housing and tenants with an immediate need to transfer to more appropriate trust accommodation. Individuals in need of more appropriate accommodation may be identified by trust staff or referred by workers in government and non-government agencies. In addition, the trust's new integrated application form encourages customers to note any special circumstances that they wish the trust to take into consideration.

During the year to date, which is July 1994 to April 1995, 3 834 applications were assessed under the priority housing and priority transfer schemes. Of that number, 2 424 or 63 per cent were approved for urgent housing assistance. Health issues formed the main basis of priority approvals, including major disabilities, especially mental health. Social issues, including domestic violence resulting in major social,

medical, financial and accommodation problems, were other key factors warranting early housing.

Although applicants not approved for early housing were also experiencing multiple problems, it was not considered that they were related to their current housing or significantly different from others on the Housing Trust's waiting list. In those circumstances, other housing and support options, including financial assistance into the private rental market, were discussed with individuals. As is the case with all decisions made by the trust, customers have the right of appeal through the formal appeal mechanisms. Of the 3 834 applications assessed for priority, only 79 or 2 per cent of decisions were appealed. As a result of additional information being provided by customers in support of their need for urgent assistance, 25 of those appeals were resolved in the customer's favour.

Mr CLARKE: Will the Minister advise whether HUD and the Housing Trust are to be part of the EDS outsourcing contract? What is the value of information technology activities within HUD and the trust?

The Hon. J.K.G. Oswald: We definitely are part of the contract, but perhaps I could canvass some general issues. EDS will purchase computing hardware, and it is anticipated that employment will be offered to approximately seven operations staff in the first round. The outsourcing of systems development will not occur until later. The Housing Trust mainframe is now working to capacity, and a minor upgrade to provide adequate capacity has been deferred pending outsourcing to EDS.

On levels of activity, the staff are endeavouring to maintain services pending the outsourcing to EDS, which has apparently been quite successful. As background for the honourable member, outsourcing to EDS is occurring as part of the whole-of-Government initiative. However, at the time of the Office of Information Technology announcement, the Housing Trust was putting in place its own outsourcing strategy, and discussions with various organisations, including EDS, had been initiated. Unfortunately, the strategy anticipated neither the time frame imposed by the OIT-EDS initiative nor the additional workload associated with the restructuring of the portfolio, and the system is now working to the limits of its capacity.

In summary, the trust is cooperating with the whole-of-Government objective for EDS outsourcing. I trust that we will be in a better position shortly to provide Parliament with further information.

The final part of the question relates to the cost of outsourcing. The total portfolio cost of IT outsourcing to EDS depends on the terms of the contract. As we have not yet finalised the terms of the contract, it is not possible for me to give that figure to the Committee, but as soon as the contract is finalised, of course, we will be in a better position to know.

Mr CLARKE: As a supplementary question, I wanted to know the value of the IT activities within HUD and the trust.

The Hon. J.K.G. Oswald: I will take that question on notice and report back within the appropriate time.

Mr CLARKE: Have you within your department and the Housing Trust been able to anticipate what savings would occur to your portfolio from outsourcing of the IT functions, and how much?

The Hon. J.K.G. Oswald: The answer is the same as that to the previous question. Until we know the terms of the contract it is not possible for me to give a definitive reply. As soon as the information comes to hand I am quite prepared to share it with the Committee or the Parliament.

Mr CLARKE: The Program Estimates and Information states that outsourcing will occur with EDS. As the Minister explained, we are waiting for the contract to be finally signed—if it is finally signed—but the Premier and Treasurer in the House referred to the overall savings the contract will provide for South Australian taxpayers and across all Government agencies. I would have thought that the trust and your department would have been able to convey information to Treasury about how much EDS would save them, prior to the Treasurer's making his announcement that it will save taxpayers X number of dollars.

The Hon. J.K.G. Oswald: I understand that figures are known centrally which are needed for working on the contract. While those figures are known centrally, they are confidential and I guess they will become known after the contract has been negotiated and signed. While it is true that there are general figures known, certainly the specific figure from the trust is a confidential figure tied up with the contract negotiations and held centrally. That figure would be revealed once the contracts are signed, provided it is not still considered to be a confidential figure.

Mr CLARKE: Does the Housing Trust Board agree that EDS should take over the IT functions of the trust or will you direct it to do so, Minister?

The Hon. J.K.G. Oswald: My advice is that the board has been briefed and fully understands the implications and has not raised any objections, and therefore it does not become an issue whether or not I direct the board.

Mr CLARKE: Is the board a passive partner or is it jumping with joy and embracing the whole concept with great enthusiasm?

The Hon. J.K.G. Oswald: The board is on good terms with the Government and the Minister—

Mr Clarke interjecting:

The Hon. J.K.G. Oswald: No. The board's Chairman was an appointment of my predecessor and I have a good relationship with him. I am sure that if he had a problem in our monthly meetings it would have come up, but I have not received any advice along those lines. Further, at the time of the OIT announcement the trust was putting in place its own outsourcing strategy and, as I mentioned earlier, discussions with various agencies happened to include EDS. If we had a situation where the board had already endorsed discussions with EDS, it would not be incompatible to renegotiate or realise that the Government was outsourcing to EDS. But I repeat: the board knows about it and has not raised any objection with me and I do not anticipate having to give any directions to it.

Mr CAUDELL: My question deals with the accountability of associations and coops. I refer to Program Estimates at page 353. What measures and controls are in place to ensure housing cooperatives and associations operate within the requirements of the Housing Cooperatives Act? Has the authority been required formally to intervene in the affairs of any cooperative in the past year?

The Hon. J.K.G. Oswald: It is good that this year we are getting questions on SACHA and cooperative housing and where we are going with associations. As to this sector, I do not think many of the public or elected members in this place have addressed themselves to it as much as they could have. I recommend that members take an active interest in the legislation as it comes in. I hope they will take the time to look at the potential of this sector. People have tended to concentrate just on the trust and where it is going and not so

much on community housing, coops and associations, yet there is potential there for the provision of public housing.

One of the functions of the authority is to provide support and assistance to cooperatives that are experiencing management difficulties and, where appropriate, to take action to ensure compliance with the Housing Cooperatives Act 1991. The Act has a range of specific requirements relating to financial management and reporting. These include: accounting records to be kept; preparation of accounts and audit; and accounts and reports to be laid before the annual general meeting. In addition to the requirements of the Act, the authority requires Housing Cooperatives to report monthly on capital contributions, rental arrears and vacancies; prepare an annual budget; prepare an annual management plan; and prepare an annual tenant membership report.

The authority monitors on a monthly basis capital contributions, rental arrears and vacancies and, on an annual basis, its budget, management plans, tenant membership reports, and audited financial statements and reports. The authority has recently completed a comprehensive financial and management assessment of all housing cooperatives and has provided hands-on assistance to all groups to rectify any inefficiencies. Information gathered from these assessments has been used in the targeting of training and education for cooperatives. It has not been necessary for the authority to use its powers under the Act formally to intervene in the affairs of any cooperative during the past financial year. Currently, housing associations are monitored by the authority and, once amendments to the Housing Cooperatives Act are proclaimed, housing associations will operate under the same requirements as housing cooperatives.

Mr CAUDELL: What are the benefits of extending the coverage of the Housing Cooperatives Act 1991 to housing associations?

The Hon. J.K.G. Oswald: There are a number of benefits to amending the Housing Cooperatives Act for housing associations. I will list four or five of them. Housing associations will be able to register under the Act and have access to the same legal and financial instruments that have proved successful for housing cooperatives. The amendments to the Act represent the establishment of a consolidated community housing sector through the amalgamation of the housing association and housing cooperative programs under one management authority. The amendments will enable the application of the statutory charge over housing association properties, therefore securing the Government's interest in the assets of the program and protecting tenants and associations by ensuring the use and management of those assets.

The amendments will enable the pooling of the program assets and will establish accounting and reporting standards for housing associations. These measures will result in a more stable, accountable and financially viable structure for housing associations. Finally, the amendments to the Act and the restructure of the housing associations program acknowledges the voluntary contribution of some 200 members of the community who offer care, energy and expertise to assist in the management of housing associations and their ability to provide housing to people on low incomes and with special needs. It is, of course, in that final area of the voluntary contribution that there are significant benefits in pursuing this type of accommodation.

Mr CAUDELL: What new directions will the cooperative housing program take over the next three years?

The Hon. J.K.G. Oswald: The South Australian Co-operative Housing Authority is embarking on a new strategic

direction with a focus on home ownership products. The authority intends to develop at least 10 new cooperatives each year whilst continuing to expand the housing stock of existing cooperatives. The authority is working in conjunction with the South Australian Housing Trust to encourage Housing Trust tenants and applicants to assume full management of their housing by becoming housing cooperatives. Another major strategic development is to provide the infrastructure to enable an owner-builder scheme to operate in South Australia. This will provide a major new housing option in the State. The sweat equity component of the participant will be used as a deposit for a HomeStart loan. It is quite a significant scheme.

In relation to HomeStart defaulters, it is proposed that, where individuals have difficulty in meeting their mortgage repayments through HomeStart, research be undertaken to assess the possibility of setting up a housing cooperative which would assume responsibility for the management of the properties. This is a low cost way of keeping people in their family home with the capacity to move back into home ownership when they are able to do so. On the question of private equity cooperatives, the Housing Cooperatives Act provides for the registration and incorporation of cooperatives that do not require Government subsidy but wish to operate as a cooperative. It is intended to promote the cooperative model through property developers who would coordinate the formation of the cooperative and the construction of the dwellings.

Finally, on the equity share scheme, this product will enable individuals in housing cooperatives to buy shares in their cooperative, the value of which will be based on the particular residential property in which the tenant resides. This mechanism will enable people gradually to move into home ownership as their financial circumstances improve.

Mr CLARKE: In relation to staff reductions, page 353 of the Program Estimates indicates that the number of full-time equivalents in the rental housing area will fall from 344.8 to 315. The great majority of staff in this area deal directly with clients as community service officers, housing managers and so on—almost all job losses from the rental housing area. How can this be done without dramatically reducing service to clients; and how many additional clients will each housing manager have to deal with? I know, as do many members of Parliament with significant Housing Trust occupancy in their electorates, that the Housing Trust managers do a very good job even though they are stretched to the limit. If more clients are added to the list, I do not know how many of our tenants will be looked after.

The Hon. J.K.G. Oswald: I invite Ms Jan Connolly, the General Manager of Housing Services, to respond to that question.

Ms Connolly: Yes, we are able to reduce staff this year without creating a significant new workload for the remaining staff. We can do this partly because we are transferring functions from housing services into property management areas and partly because of a continuous improvement program that has been in place for the past 18 months to two years. We have introduced a number of different computing systems and a different form of technology, for example, voice mail on our telephone systems. We have improved work practices and, therefore, we are able to meet increased demand with the same number of staff.

Mr CLARKE: I have a supplementary question. I appreciate the answer, but that is not what I hear in my electorate office or from my electorate secretary, who deals

more often than I do with Housing Trust tenants who are unable to speak to their managers and who complain of delays in the telephone answering service, in the sense of getting through to the person they require in a timely fashion. The technology is wonderful, but it is nothing like talking to a person face to face and getting issues resolved. The reality of the problem is that there has been a real time delay in servicing a number of your clients. I appreciate the fact that you are in a difficult position—and the majority of it may relate to policy decisions, which may be better answered by the Minister—but, at the coal face, whilst I hear what you say about improved efficiencies, computer technologies and all the rest of it, the number of complaints have increased—in my office at least.

Mr EVANS: What was the question? It was a complaint.

Mr CLARKE: You obviously do not have too many Housing Trust properties in Davenport.

Mr Evans interjecting:

The CHAIRMAN: The latest contribution of the member for Ross Smith is a statement regarding his electorate office. The member was also addressing an officer directly in contravention of Standing Orders. It is the Minister's discretion whether or not a member of his entourage responds. I simply ask the Minister to respond on the basis that it is his decision whether Ms Connolly continues.

The Hon. J.K.G. Oswald: Having regard to the officer's response, I believe that she has adequately addressed the issue. She has stated the situation as it applies in the Housing Trust. I reject the notion in the question and the subsequent follow-up comment that there is a serious problem as far as customer service is concerned. I would take the alternative point of view and compliment the Housing Trust on the development of customer service in fairly recent times. The trust has a definite policy of customer service, and I imagine that the regional managers would be interested to hear from electorate officers if they believe that front counter service has declined over the past year or so. It is our belief that that is not the case and, if the honourable member thinks that there is a problem locally, I invite him to get on to the regional manager about it and we will endeavour to attend to it. The honourable member might find that it is an isolated situation with a particular employee at the counter who needs some assistance.

Overall, the trust has been providing an excellent standard of service. Customer satisfaction surveys are in place, and the results will be available early in July. The indications are that customers are saying that the service has improved. On the strength of that, I heap praise on the trust for recognising that, like any other organisation that is in the customer business, it must be service and customer orientated. The trust has adjusted its office management practices to pick up that role and responsibility. I suspect that the problem in the honourable member's area is an isolated one that probably gets down to personalities. Overall, the trust is doing very well in the matter of customer service.

Mr CLARKE: I do not reflect on the officers of the trust because my experience has been that they do an excellent job in my area, but I do not think that they have enough resources. The stated specific targets at page 356 concern the development of head lease arrangements between the property manager and housing services and the development of service agreements with other entities for management and support services. Will these arrangements include agreements with private agencies such as those proposed by NatWest, which were given publicity in November 1994, whereby

NatWest would buy Housing Trust properties and lease them back to the trust? Have other proposals been floated that include having private agencies run the rental management function?

Mr Solly: The department has been looking at a number of issues in regard to the lease-back arrangements, and I can put them into two categories. The first category relates to reasonably simple build and lease-back arrangements. If the trust required some additional housing, it would enter into an arrangement with a financier or developer to build that housing and then lease it back to the trust for a period of, say, five, 10 or 15 years, or whatever the commercial arrangements might be. Currently the trust has looked at what sort of leasing arrangements might be suitable for that purpose, and it has carried out expressions of interest on pilot projects to evaluate the effectiveness of that form of arrangement for the trust's purpose. It has been looked at in other States as being particularly useful for targeting specific needs such as housing for the elderly in the midst of a fairly large estate consisting mainly of family housing, or for youth housing where there is a high turnover. That is one form of leasing arrangement that has been looked at.

Another form of leasing arrangement being investigated in financial terms at this stage is the ability to use a lease-back arrangement to assist with the redevelopment of a housing estate. While that is still in the early stages of being looked at, we expect and hope that we will be able to work with the Commonwealth Government on this issue and the financial model for that form of lease-back. If there is an area that has a higher percentage of housing than the percentage we want in the long term, we can enter into a lease-back arrangement which will enable us to sell some of our stock into a financial entity but still maintain people and housing in that stock over a period while we are able to finance or construct alternative accommodation elsewhere for people in that area. In both cases, the lease-back arrangement has been looked upon as a tool to address either specific needs or to help us manage the process of tackling the redevelopment of housing estates. In this State we do not have the same need as perhaps other States to rapidly expand stock. Other States have substantially less public housing stock than we have. For example, Queensland has a very low percentage of public housing stock.

We have had quite lengthy discussions with the Federal Government about the second type of model I mentioned earlier in terms of renegotiation with the CSHA. It was certainly keen to see it developed for other areas, but in South Australia we see it mainly as a tool for addressing the longer term redevelopment of our housing estates. It will be some time yet before we know whether it is a financially attractive model. We are at the stage of looking at the model itself and what financial parameters may or may not make it work.

Mr CLARKE: Would the overall level of public housing through any such lease-back arrangements remain the same at around 11 per cent or would it be one way of reducing overall the level of public housing stock?

The Hon. J.K.G. Oswald: I will ask Mr Solly to respond to that.

Mr Solly: I will refer to two issues. First, in its own financial assessment, the triennial review, the trust saw a need, after looking at a lot of financial modelling and examining a number of financial futures, to reduce its level of stock on the 63 000. I think the figure it used was to come down to around 55 000 over a long period of time. There was a six to eight year outlook. The trust itself raised that issue of

what the longer term level of public housing should be. I am not sure exactly what percentage that comes to but I think it is about 11 or 12 per cent now, and that probably corresponds to about 9 or 10 per cent. The trust identified that issue as one it needed to address.

Secondly, we are currently negotiating with the Commonwealth Government for a new Commonwealth-State Housing Agreement. One of the issues that the trust and the Commonwealth Government will need to discuss is the level of housing assistance subsidy in the long term. It is interested in what the trust's longer term strategy might be in regard to the development of housing estates. In the case of individual housing estates, it is clear that there will be changes in numbers geographically, which is really the intent of redevelopment, but the overall changes we are looking at now are within the context of that triennial review of the trust itself. That is the situation in terms of that overall strategy.

Mrs GERAGHTY: There is a great deal of concern and confusion regarding the progress of the Hillcrest redevelopment. One of my local businesses went broke just recently because of the delay in the redevelopment. Residents have been told that certain things would happen at the beginning of the year, but they were deferred for a couple of months, and inactivity is continuing. We have been told that funds allocated to the redevelopment have not been forthcoming. Why is that so?

The Hon. J.K.G. Oswald: Perhaps I will commence with some background to this development and then ask one of the trust officers to make a contribution. The project, commenced in January 1995, is a joint venture between the Housing Trust and the City of Enfield. There was initial Housing Trust ownership of 45 per cent, with approximately 300 Housing Trust timber-framed houses to be sold at auction and removed, and with approximately 450 new allotments created on the resulting vacant land.

The program is to extend over four years with about 120 tenancies effected in the 1995-96 financial year. There will be major improvements to public infrastructure. Approximately 80 houses have been removed to date, and work has commenced on major road works and the rejuvenation of public reserves.

With respect to financial and budget information, the total project expenditure is \$8 million; the project gross revenue is \$17.5 million; the gross expenditure for 1995-96 is listed at \$1.7 million; and gross revenue for 1995-96 is listed at \$7 million. That is some background information. I ask whether one of the officers could respond further.

Mr Jackson: The honourable member referred to a delay in funding. I would say quite specifically there has been no such delay with this project. The redevelopment of Hillcrest is a good example of the complexities of redeveloping the older Housing Trust estates where, on the one hand, we are undertaking as best we can an in-depth and comprehensive program of consultation with the community, which in turn leads to the need to provide alternative accommodation for those tenants who are being asked to relocate or who have asked, in fact, to be relocated. The third aspect of these redevelopments is generally the development of an integrated plan with the local councils for the upgrade and redevelopment of infrastructure in that area.

In all three instances, those things are happening at Hillcrest at present. During 1994 most of us were surprised that they were taking a little longer than was expected. However, during mid-1994, the trust board approved the feasibility and marketing plan for the redevelopment.

We entered into detailed negotiations with the Enfield council and put into place plans which probably are now running a couple of months behind. However, the program is now back on schedule and funds are available. One of the only other key characteristics which might in some way delay our ability to progress the redevelopment as fast as we would like would be the marketability of the land and the availability of land in the surrounding areas to which we can transfer tenants.

Mrs GERAGHTY: Initially I understood that there would be underground power, lighting, cabling, and so on. Is it true that that will not occur now and that the power will be above ground? Is that because of inadequate funds?

Mr Jackson: There will be undergrounding to some power cabling and other services in the area but substantially the majority of the power and telephone lines, for example, in that suburb will remain above ground. That really is a reflection of the significant cost of relocating those services underground. One of the key targets of the redevelopment is to end up with an integrated suburb of both public and private tenants and private home owners. One of the key characteristics of the project then needs to be maintaining affordability of the houses that are redeveloped in that area, and that is obviously one of our major constraints. The cost of undergrounding has been looked at in relation to the end price of the product that we can make available, both to private owners and also to tenants who we would like to encourage into home ownership, but at the end of the day that decision becomes an economic one.

Mr WADE: The Minister touched on this topic earlier in one of his responses. What action is the Housing Trust taking to reduce the volume of funds held in the Residential Tenancies Fund in respect of private sector tenancies?

The Hon. J.K.G. Oswald: This is an important budgetary question because considerable sums of money are involved in this, as there always have been, and this issue has been around for some time. Following a major review of private rental assistance, the trust is developing a proposal for a new form of providing security bond payments to tenants in private rental accommodation, namely, a bond guarantee scheme. Currently the trust provides customers with a Reserve Bank cheque for the amount of security bond to be given to the private landlord or his or her agent. The bond is then lodged with Residential Tenancies.

It is proposed that in the future customers approved for bond assistance would be provided with a 'guarantee of payment' rather than the current cheque system. In the first 10 months of the current financial year, the trust provided bonds to the value of \$7.04 million. These funds effectively are locked in the Residential Tenancies Fund for the duration of the tenancies to which they relate. Currently, the trust estimates that at any point in time it has approximately \$12 million in the fund. The bond guarantee scheme will mean that the trust will no longer have to lodge funds with the Residential Tenancies Fund and will make direct payments to the fund to cover landlords' claims.

It is estimated that the scheme will save some \$5 million annually which can be used to assist other customers in housing need. Over time, the volume of trust provided funds currently held in the fund will be reduced to zero. Negotiations between the Department of Housing and Urban Development and the Office of Consumer and Business Affairs are well under way. This scheme has the potential for great financial savings to be made in the whole-of-Government approach to the cost savings. I certainly commend the

officers of the trust and my own officers who have worked on this particular scheme; it will create significant savings within the trust's balance sheet.

Mr WADE: Will the Minister advise what steps the trust has taken to ensure that the level of debt owed by its customers is reduced?

The Hon. J.K.G. Oswald: The majority of customers take a responsible attitude to their financial obligations to the Housing Trust. In October last year the Housing Trust introduced a new credit policy, which clearly outlines the financial relationships between the Housing Trust and its customers. Procedures introduced along with the new policy have clarified the follow-up processes for both Housing Trust staff and its customers.

The aim is for Housing Trust officers to contact customers with a debt and make a suitable arrangement for the repayment of that debt before it becomes too large and customers have difficulty repaying it. A new accounts receivable system was introduced at the same time as the credit policy. This facilitates the consolidation of customer debts into one account and assists the staff in managing customer debt.

The key role of the Housing Trust is to house people in need and to provide assistance for people to access the private rental market. The credit policy contains a number of very important safeguards. It enables customers who are experiencing extenuating circumstances or domestic violence to receive Housing Trust services, even if they have an outstanding debt with the trust. From 30 June 1994 to 30 May 1995 the customer debt owing to the trust has been reduced from \$12.8 million down to \$12.19 million—a 5 per cent decrease. This decrease has been achieved even though private rental bond assistance has been by way of loans and not grants since 19 September 1994. This change in policy resulted in lost bonds being raised as debts for the customers.

Mr WADE: Will the Minister explain why some aged pensioners living in Housing Trust cottage flats will be paying a greater proportion of their income in rent for their accommodation from August this year?

The Hon. J.K.G. Oswald: I thank the honourable member for his question. I know he has an active interest in bed-sitters in the age cottage flats in his district. It is correct that tenants living in Housing Trust cottage flats will be paying a little more in rent where their flat has one or more separate bedrooms. Since the 1960s the trust has based the rents of all its cottage flat units on 16 per cent of the DSS age pension. Some tenants living in larger one or two bedroom flats pay marginally more due to the large size of the units, and where a tenant had income above the pension a small amount was added. However, the starting point was 16 per cent of the pension.

In 1994 the trust carried out a review of cottage flat rents and concluded that it was appropriate to amend the rent structure applying to these units. About 800 of these units are bed-sitter flats and are amongst the trust's oldest stock. These flats, which do not have separate bedrooms, are extremely difficult to allocate, and eligible households are prepared to wait for flats with a separate bedroom. In consideration of the lower amenity of the bed-sitter flats, the trust has continued to base rents for them on 16 per cent of the pension; in other words, there is no change in rents for people living in the bed-sitters.

However, the balance of the trust cottage flat stock comprises much more modern units with either one or two separate bedrooms. These particular units, of which there are some 4 800, consequently have a much higher level of

amenity than the bed-sitters. The trust considered that it would be appropriate to adjust the rents of these flats so that they are based on 18 per cent of the age pension. In comparison, a single pensioner living in a house or flat currently pays 21 per cent of their income in rent while a pensioner couple pays 25 per cent.

The Government agreed to these increases as it still retains the significant variation between the rents paid for aged and non-aged accommodation and, therefore, maintains a finance incentive for aged pensioners to vacate family accommodation in favour of cottage flats. However, to minimise the impact on individual tenants, the Government requested that the trust introduce the increase in two stages. The first stage occurred in July 1994, and the second phase of the increase will occur from 5 August this year. Future increases in rents to tenants in cottage flats with separate bedrooms will be such that they will continue to be based on 18 per cent of the age pension. As I pointed out earlier, some tenants will pay slightly more than this if they are occupying a larger style of flat or if they have an income above the pension. Cottage flat tenants have had the benefit of significantly lower rents when compared to other low income families. The current changes to the cottage flat rent structure are fair as they are designed to reduce the gap while at the same time still maintaining some financial incentive for elderly tenants in family housing to consider transferring to a cottage flat.

Mr De LAINE: I refer to Program Estimates (page 345). There is a need for an easily accessible centre staff for the project officer to deal with broad planning issues and to keep people informed on all aspects of The Parks redevelopment project. Will such a resource be established? Apparently, there is an appropriately experienced project officer soon to be free from the virtually completed Rosewood project who would slot nicely into this position.

The Hon. J.K.G. Oswald: We will do that; I am happy to pass that on.

Mr De LAINE: I believe the Housing Trust has adopted a policy of maximum density of public housing of 25 to 30 per cent for any given suburb. Ferryden Park, which is in my electorate, currently has a public housing density of just under 80 per cent. How will this policy percentage be achieved during the redevelopment project, especially if existing tenants wish to remain in Ferryden Park?

The Hon. J.K.G. Oswald: I will commence the reply and I will call on Mr Jackson to add to it. It is a matter of, first, having governments recognise that we need to have a policy of 20 to 25 per cent public and private mix. We certainly have a Government with that policy. We view it as extremely important that we aim for an unidentifiable public housing amongst private housing. It is fine to have that policy when you go out and create new estates but, bearing in mind the area to which the honourable member referred, The Parks area, the Peachy Belt Road area, these are areas which traditionally were built in post-war eras where you built a whole suburb. The Housing Trust was commissioned to go in and create whole suburbs of just total Housing Trust accommodation.

The second point is that you have a Government now that has recognised, by what we are doing in The Parks and also another area down in the south-west suburbs, Mitchell Park, that we have to go in and tackle the large housing estates. With the resources we have available, we must do it step-by-step. As I said earlier we are endeavouring to coopt or attract private sector finance through various schemes to tackle it, and I would like to think that, once we have success in

tapping that market—in this case we are testing the market with The Parks—we would be able to expand that in the future. Of course, it is a matter of timing as to when that finance is available. We will move as fast as the market lets us and as finances let us without ever putting the State in a difficult long term financial exposure for which no-one would thank me.

Mr Jackson: The honourable member referred to a target of 25 to 30 per cent, and in relation to The Parks we are certainly viewing that as a guideline target at the moment, and that is subject to some considerable discussion and debate within the community. As the Minister said, we are also very keen to seek and obtain feedback from the private sector as to what is the optimum level of public housing at the end of the day in an area that will be redeveloped in the long term.

In our discussions with the community and the private sector we have been very keen to highlight the fact that when embarking on redevelopments of these older housing estates we are talking about a long term process. In an area like The Parks we do not envisage that that process would be complete within less than a 10 to 15 year period. Depending on the market conditions, the time frame will be very much determined on demand. We are undertaking a process of talking to tenants in that area about their needs and aspirations, and those questions are directed towards asking them what sort of alternative accommodation they would like if it could be made available.

We are cognisant of the fact that in the 1940s and 1950s housing was developed in areas such as The Parks to accommodate what we now call the traditional family unit. Many of the tenants now in those areas are aged or, at the other end of the spectrum, youth; and we recognise that in all cases a three bedroom double unit of 1940s or 1950s vintage style does not provide the most suitable accommodation for that type of tenant. We approach the issues of when and how by starting the consultation process on two fronts: talking to the tenants and to the private sector about how we can introduce private sector equity to assist us in funding these long term projects and making suitable alternatives available to tenants.

Mr De LAINE: At the moment, the Housing Trust is actively seeking a private developer to undertake stage 1 of The Parks redevelopment. What are the benefits to entice any private developer to seek that contract? What is in it for the private developer?

The Hon. J.K.G. Oswald: I would be inclined to turn that question around and ask what is in it for the State and the occupiers of the current housing in getting the private sector involved because, as I explained earlier this afternoon, there is a paucity of funds for public housing. We have an opportunity here for an involvement of the private sector to activate and access private sector funds so that we can get on with the job.

Mr De LAINE: I understand the benefits to the people of the State, but—

The Hon. J.K.G. Oswald: I am coming to that. That being said, there are benefits to the people of the State. Profit is not a dirty word. I do not expect the State to be exploited, but we are endeavouring to attract private sector capital into the public sector to get on the job and do something which we cannot do because we do not have enough public funds. Profits will be made. I treat this more as a philosophical question than a departmental question. Certainly, there is profit in it for private developers. If the question relates to how the stock is wound down, what the arrangements will be

at the end of the day and who owns what, perhaps the honourable member could explain his question specifically, getting away from the philosophical focus.

Mr De LAINE: It is not a philosophical question. I understand that profit has to be made, but how will the profit be made? How does that happen?

Mr Solly: In getting involved with redevelopment of public housing projects we have looked at a number of models Australia-wide. One of the most current ones, which has been used in two or three estates, is to attract an investor into the area by putting together a substantial construction contract. In other words, it is part of the arrangement that the developer gets the right to build a certain amount of stock. Secondly, the developer or builder can have access to serviced land. The contractual arrangements can include arrangements whereby the land is transferred at the point of sale for those units which are sold into the private sector and the builder builds those units required for the public sector as well. There is an attraction in those contracts in respect of readily available access to land, the lack of holding costs and the opportunity to build. Those are some of the attractions which have been used in other States to attract a developer into an estate.

The other issue which all public housing authorities are exploring is how to involve equity capital from a financial structure into investing. One of the issues which all State housing authorities are considering is the form of financial structure that can be put together to enable an investor to take a risk position in respect of what may happen with the increased capital value of the whole area as it is improved through redevelopment. With the Federal Government, we are jointly considering the form of financial structure which may make that attractive to an investor. If you are looking for a highly developed model, we do not have one. We are working towards one.

The CHAIRMAN: There are no further questions on the two lines currently under examination. I propose to invite the member for Ross Smith to read into *Hansard* his few remaining questions, following which I intend to close the lines, adjourn for a tea break and then resume on the new line of 'Recreation, Sport and Racing'. Does that meet with the Minister's approval?

The Hon. J.K.G. Oswald: Certainly.

Mr CLARKE: I understand that the Minister is concerned about the trust's debt levels. Can he advise the current level of debt, his department's latest estimate of the total assets of the trust and the interest rate structure of the trust's debt? Secondly, what is the average rate of interest payable by the trust? How much of its debt is at concessional rates of interest and what are those rates? Thirdly, what are the trust's plans for the sale of commercial assets such as shopping centres? Fourthly, can the Minister outline in detail his intentions with regard to sales of other Housing Trust stock and assets? Fifthly, on what basis does his department value the assets of the trust (for example, net present value, historical cost, replacement)? Sixthly, can the Minister explain the 30 per cent decline in funds for Housing Trust stock maintenance (Estimates of Receipts and Payments, page 128)?

With regard to local government relations, why has the Government deducted \$27 million from the Local Government Financing Authority to plug a hole in its budget? Can the Minister give an assurance that it will have no impact on the ability of the LGFA to operate effectively? What is the loss in revenue to the Government from the loss of the interest payment on the \$50 million loan (Auditor-General's

Report, page 294)? What guarantee fee will now apply to the LGFA? How much revenue will that generate for the Government?

What are the expected payments into the Local Government Reform Fund for 1994-95 and 1995-96? How are the funds from the Local Government Reform Fund currently disbursed? How much is actually to be spent on projects specifically related to reform of local government? Will funds from this account be used to assist the process of local government reform?

With regard to the ageing population, Program Estimates page 345, under 'Issues/Trends', and in relation to the demand of people looking for smaller accommodation in inner-suburban areas, can the Minister provide details of the policy such as which locations are targeted and indicate whether there are specific targets such as the number of dwellings per hectare for urban areas? Given the strong resistance to urban consolidation by certain councils, such as Mitcham, how will the Minister ensure that the policy will be implemented?

With regard to Estimates of Receipts and Payments, page 129, referring to community housing, what changes have been made within the budget process to the reporting of borrowings by SACHA for community housing purposes? What impact have any new arrangements had on the capacity of SACHA to borrow money for community housing purposes? When will the Minister introduce changes to the community housing legislation?

In relation to the Housing Trust, how many cases involving non-payment of excess water have resulted in legal proceedings being initiated? Mr Tony Olivier, a tenant who is disputing the validity of Housing Trust water charges, has been waiting some time to argue his case in court. When will this case be proceeded with?

In relation to the redevelopment of the Holden Hill Primary School site, as there will be 73 allotments what is the composition of those sites; that is, are they all Housing Trust or a mixture of public and private and, if so, what is that mixture? What is the expected date of completion? Will any of the existing school buildings be retained for use as a community facility?

The CHAIRMAN: There being no further questions, I declare the examination completed on Housing and Urban Development, \$66.115 million; and also on Minister for Housing, Urban Development and Local Government Relations and Minister for Recreation, Sport and Racing—Other payments, \$48.49 million. I close that line in the knowledge that there are no 'Recreation, Sport and Racing' sums under 'Other payments'. There being no objection, the two lines are closed.

Recreation, Sport and Racing, \$12 999 000

Membership:

Mr Scalzi substituted for Mr Wade.
Ms Greig substituted for Mr Caudell.
Mr Foley substituted for Mr Clarke.

Departmental Advisers:

Mr Michael Scott, Chief Executive Officer, Office for Recreation, Sport and Racing.

Mr Simon Forrest, Director, Division of Sport.
Mr Denis Harvey, Director, Racing Division.
Mr George Forbes, Acting Director, Capital Works.
Mr Robert Fletcher, Acting Director, Corporate Services.
Mr Domenic Pullino, Senior Finance Officer.
Mr Rodney Martin, Director, Recreation SA.
Mr Adrian Edgar, General Manager, SA TAB.
Mr John Barrett, General Manager, Bookmakers Licensing Board.

The CHAIRMAN: I declare the proposed payments open for examination and I refer members to pages 131 to 133 in the Estimates of Receipts and Payments and pages 361 to 370 in the Program Estimates and Information.

The Hon. J.K.G. Oswald: I would like to make an opening statement. As honourable members would well be aware recreation, sport and racing has the capacity to significantly contribute to the social and economic development of the State. In order to realise this potential I have approved the preparation of a three year strategic plan with an associated annual business plan for the Office for Recreation, Sport and Racing in November 1994. The strategic plan will ensure that the strategies and activities of the office support the policy objectives of the Government and are valued by the community. It will also lay the foundation for a more responsive and efficient recreation, sport and racing service. Prior to finalising the detailed business plan, I will be seeking Cabinet endorsement of the office's overall direction and priorities, which is in keeping with the Government's commitment to corporate governance.

Having identified the role of the agency, the programs and services it will provide, and the customers to whom these services will be provided, I was advised of the need to modify the organisational structure to address the key elements of the strategic plan. In addition to this, the program structure has been amended to take account of the new strategic directions and revised organisational structure. Members should note that, although there has been a restructuring of the programs and subprograms, the original 1994-95 budget figures have been realigned to reflect the new program structure. This allows for direct comparison between actual 1994-95 and proposed 1995-96 expenditure.

The office's strategic plan has been delivered in accordance with the budget estimates provided by Treasury. Despite the tight economic framework, the Office for Recreation, Sport and Racing will continue to provide for the needs of the recreation, sport and racing communities. To this end, funds have been made available for continuing work in the areas of community recreation, outdoor recreation, sports development and elite funding for the South Australian Sports Institute. The office will contribute towards the Government's debt reduction strategy by achieving a \$1.5 million saving on recurrent expenditure from 1994-95 to 1995-96.

In achieving this target, responsible management of recurrent expenditure has been achieved by:

- consolidating the agency's accommodation from three locations to one at Kidman Park;
- contracting out of non-core business, for example, Vacswim; and
- more effective asset management, for example, the achievement of cost recovery of operational costs at the Super-Drome.

These budget strategies will minimise the impact of the funding reductions on peak agencies and their programs and services.

The agency is also embarking on enterprise bargaining. It is anticipated that through this process, and with the involvement of staff, further efficiencies in operations, changes in work practices and policies and employment conditions will enhance the responsiveness and flexibility of staff to change, and also lead to a significant improvement in efficiency.

In the area of capital, members will note that proposed expenditure in 1995-96 is \$7.5 million, an increase of \$3.5 million from the 1994-95 allocation. The 1995-96 figure incorporates costs of consolidating departmental accommodation at Kidman Park, the balance of a loan to Azzurri Soccer Club and funding of \$900 000 (an increase of \$600 000) for the reintroduction of a regional facilities program this financial year.

In addition to this, funds have been made available for the development of State level sporting facilities through the introduction of joint funding arrangements with State sporting associations. The upgrading of Hindmarsh Stadium in association with the South Australian Soccer Federation is the first such example of this new arrangement. Investigations into other partnerships with sports that have an identified need in this area are currently being conducted.

In order to provide further assistance to the three racing codes, I will be introducing legislation to amend the Racing Act by reducing the amount currently accruing to the TAB Capital Fund from 1 per cent to .5 per cent of total turnover. This re-allocation of funds will result in an additional \$2.6 million per annum being returned to the codes. These additional funds will provide a much needed boost to stakemoney allocations.

Additional legislation will be introduced later in the year to accommodate the proposed amalgamation of various multiple bet-types, such as quinellas, trifectas and Pick 4s, with the Western Australia Totalisator Agency Board. The pooling of these bet-types, with the added benefit of jackpotting procedures, will provide improved stability and confidence for South Australian investors and encourage additional turnover and, therefore profit, for the local racing industry.

I would also like to advise the members of my intent to introduce complementary drug testing legislation in 1996. The Bill would essentially be of an enabling nature and will confer functions and powers with respect to testing at the State level, if and when required, on the Australian Sports Drug Agency (ASIA) for the presence of performance enhancing drugs banned by the International Olympic Committee.

In closing, I would like to acknowledge the commitment of all staff in the Office for Recreation, Sport and Racing who have as their primary goal the aim of establishing high standards for the agency's performance and achieving real benefits for the community and to the economy of South Australia.

Mr FOLEY: The Minister has just confirmed in the Parliament for the first time his intention to make a further payment of \$2.6 million to the racing codes from the proceeds of the TAB. In doing so, the Minister foreshadowed that he would bring legislation before this House to allow that to take effect. As I have indicated publicly and to the Minister, my view is that, before the Government makes such moneys available to the TAB, it should make clear to the racing industry (in particular, the SAJC) that there needs to be demonstrable evidence that the racing industry is prepared to look at restructuring, at getting its own cost structures into better shape, and at internal reform within its own organisa-

tion so that we can have a more efficient and profitable racing industry.

Although the SAJC is clearly not a Government instrumentality—and I accept that the Minister's powers to have his views prevail in that organisation are limited—this would probably be one of the very few opportunities where the racing code needs the support of the Minister of the day—and I think the Minister's hand is strong in this area. So I ask the Minister whether, before he brings legislation into this House and before he proceeds to provide that \$2.6 million in funding, he will put some demands and expectations on the racing industry to conduct a close examination of its internal costs and structures.

The Hon. J.K.G. Oswald: The Government, and particularly me as Minister, is acutely aware that all three codes must be realistic. We realise that there is a need for a reform agenda in all three areas. To achieve that objective I have had discussions with Mark Kelly, the Chairman of the Greyhound Racing Code, and already he has implemented an inquiry into the management of the greyhound industry with which the Government is assisting. That inquiry will look at all areas—not just at issues such as racing dates but at venues and the conduct of meetings right through to the attraction of patrons to the course. He will look at the impact of why there has been a downturn in course attendance, and he will report back regarding remedial action.

I believe that this inquiry by a consultant, which has already started, will provide a new sense of direction, and I assure members that the Government, and I in particular, will act on the result of that report. So, as far as the greyhound code is concerned, we are already conducting an inquiry covering the whole raft of issues confronting that sector, and the results of that inquiry will be reported to me shortly. I would expect a report back within three or four weeks, and certainly before the legislation comes into the House.

As far as harness racing is concerned, I am in the process of undertaking a similar exercise. I have had discussions with a particular gentleman who is considering his position at the moment, but he has told me informally that he will assist in conducting a similar investigation into harness racing. He is a man with extraordinarily wide knowledge of the harness racing industry who is highly respected around all sectors of the harness industry, which means that he can open a lot of doors and seek information on the future direction of that industry. My faith in this individual is such that, if he comes back and makes recommendations regarding racing dates and what we should do about certain country tracks, I will place a lot of importance and credence on his recommendation.

I do not think harness racing wants another major inquiry. We had the Evans Mules Inquiry into Harness Racing not that long ago. All the information is out there. We are faced with a situation where we have vested interests trying to exert their influence. I will ask this gentleman who is to head up the inquiry and who knows his way around the interest groups in harness racing to report back and give me an assessment on what he believes is the true situation. I will act on his recommendation, and I believe we can deal with harness racing at the same time. As the member correctly identified, the South Australian Jockey Club is the controlling authority, but it is in a slightly different position because it is virtually a private club with membership of the principal clubs in Australia. There are certain difficulties, as other Governments have found, in trying to exert influence. However, since Merv Hill took over as General Manager, I believe that it has made

certain productive moves in trying to bring about a new direction for the galloping code.

I totally agree with the honourable member, the spokesman for Recreation, Sport and Racing, that this is an ideal opportunity for Government. The Government has a huge interest and investment in racing generally and should be in a position to influence it. I believe that we should use this opportunity to ensure that the galloping code sets a new direction. When it comes down to setting a new direction, there is a whole raft of issues we can discuss: the dwindling on-course attendances; the country provincial and city mix of racing; the number of racing dates; the need for racing centres; and getting country racing into regional centres, or operating out of particular cities or country towns so that the Racecourse Development Board can concentrate its funding and rationalise country racing. For a start, that has to be part of the exercise.

I have heard the honourable member express that view on air, and he is on the right track as well. We start from the country and work in. We look at the number of race meetings being conducted and concentrate them into a reduced number of centres. That does not mean that a country town that wants to run a race meeting once a year should not be allowed to run it, but it cannot be expected to receive heavy RDB support—we should be looking at centres. Then we have to look at the provincial and city areas and address the number of days we race. We have to address on-course racing promotions and marketing. I have said publicly through the *Advertiser* that, whilst we have some excellent people in the jockey club who know finance and marketing, the structure of the committee should include qualified people, because people come and go on committees. If the committee structure changed, we could end up in a position where we are providing a certain amount of money for the galloping code without having any say in how it is used for the betterment of racing.

What I am saying is that in two of the codes we are well advanced in changing direction. In the galloping code, whilst I accept that Merv Hill and his committee have set some new directions for marketing and racing generally, it is my intention over the next few months before the legislation comes into the House to ensure that the Government's view that the SAJC has to be more active in marketing is picked up by the SAJC committee. I am not about to insist that we put a Government representative on the SAJC committee, but I am of the view that the committee and the SAJC itself, as a body, have to look at the structure of its operation and become more market focused and promotion oriented.

Mr FOLEY: I am generally heartened by the Minister's comments and by what I have heard today, so I welcome those comments. There seems to be a firming of the Government's resolve, and that is to be commended. The Opposition's support for amendments to the legislation will be contingent upon the sorts of things that the Minister talked about actually being delivered by the SAJC. I hope that we can have bipartisan support for the racing code because it is too important not to have such support. Provided the sorts of things that I have heard from the Minister are followed through by the SAJC and others, we can achieve a bipartisan position. The firmer the Government wishes to be in this area, the more prepared I am to back up the Minister.

The Hon. J.K.G. Oswald: I hope that the Opposition is not holding that up as an ultimatum, and that it will support the legislation in what is a difficult time for the racing industry and when the three codes desperately need access to that

money. Because it is a voluntary organisation, it will take time to make changes in the SAJC. I like to think that, if the other two codes are tidied up and the SAJC makes some commitments, we can proceed with the legislation. However, the SAJC must make those commitments; I accept that. If we do not proceed, we will be well into this financial year, and I do not think that the racing codes can afford for there to be a political argument in this place rather than our deciding to release the money. It would be a disaster for the three racing codes if the Bill did not pass.

Mr FOLEY: It is neither an ultimatum nor a mischievous approach. It is simply a consistent line that my support for the Bill will be contingent upon my being satisfied that the sorts of things the Minister talked about are implemented. Given the enormity of the racing industry, I do not expect that those reforms will be in place and working by the time we debate the Bill. However, I reaffirm my position that the Opposition will not support the Bill unless we see sufficient evidence that what we have talked about will be put into place over time. Every 'i' does not have to be dotted and every 't' does not have to be crossed, but a firm commitment must be made that those things will be put in place over time. There is not a great deal of difference between the Minister's position and mine except that I want to see some evidence. I am not in this job for popularity.

I do not want to see the third largest industry in this State miss a golden opportunity to have some decent restructuring. Too many industries in this State have had to undergo pretty substantial reform because of the changing economic times, and the racing industry can be no different from that. Given that we are talking about the TAB, taxpayers' dividends and so on, if we are to make that money available to the codes, we must see a commitment to change. I do not think there is much difference between the Minister's position and mine, except that I would want to see some pretty decent commitments to change. I trust that meets with the Minister's approval.

Some nights ago the Premier confirmed that the TAB has been told to participate in the outsourcing of information technology to EDS and that a Cabinet decision has been taken that the TAB will make its computer services available to EDS. The Premier indicated that if necessary a ministerial direction pursuant to the Act will be issued if the board is not of the same thinking. Given that any decision to outsource the computer services of such a highly computerised organisation could have a serious impact on the racing codes should things go wrong, has the Minister issued a ministerial direction to the board? What costings and financial information has the board provided to the Government to allow this decision to be taken? What financial evidence do we have that this will not cause a cost blow-out to the TAB? What consultation has occurred with the board and does it approve of this measure?

The Hon. J.K.G. Oswald: I have issued a directive to the board under the Act, based on the Cabinet decision that the TAB would be part of the outsourcing. I issued it subject to discussions currently taking place between OIT and the TAB, based on the assurance I had from OIT, the negotiator, that the issues which are peculiar to and which affect the TAB would be discussed closely between OIT and the TAB management, and both parties agreed. I do not know the extent of those discussions in detail, because I had that conversation with the Office of Information Technology a few days ago and consequently when I wrote to the TAB. The TAB is part of the structure and Cabinet has decided that it will be part of the outsourcing, but I thought the discussion

I had with the Office of Information Technology was very productive in that it was acutely aware of the special nature of the TAB. It made the point that it would negotiate all the issues with the TAB. When I gave the directive it was subject to the final outcomes of the detailed negotiations and the bilaterals that were occurring at the time between the Office of Information Technology and the TAB. Other than that, I can pass on no information to the Committee.

Mr FOLEY: I have a supplementary question. The Government has used not an unprecedented but a rarely used mechanism, namely, a ministerial direction. We should underscore the importance of a ministerial direction: it is used on rare occasions and only if the board of an organisation is not supportive. Will the Minister confirm that the board of the TAB is not supportive of this move and that the board has expressed some very serious concerns about this contract to the Minister and the Premier?

The Hon. J.K.G. Oswald: I have had no specific complaints from the TAB board other than that it wanted consultation. I had assurances from the Office of Information Technology that that consultation would take place. In my discussions, as I recall, with the Chairman of the TAB during one of his regular visits to my office, I was able to give the assurance that I had discussed it with OIT and that negotiations would take place. OIT was of the view that it did not want to put the TAB in a financially difficult position. On that basis, I do not recall the Chairman of the TAB expressing any specific concerns other than that they wanted to have consultation on various issues. I am not privy to what those issues are, except that they desired consultation. I received assurances that consultation would take place, and on those assurances I presume that consultations are taking place.

Mr FOLEY: Is the Minister aware or will he confirm that the board, via the Chairman of the TAB, has written to the Premier expressing dissatisfaction and concern about the ministerial direction to the board that it must provide all the TAB's computers facilities to EDS, that the Office of Technology (OIT) is aware of that correspondence, and that a letter has been written in very strong terms from the Chairman to the Premier?

The Hon. J.K.G. Oswald: I am advised that a letter was sent to the Premier, but let us get back to what the issue is. Cabinet made a decision that the TAB would be involved, and as the appropriate Minister under the Racing Act I gave the direction to the TAB that it would be involved. That involved negotiations which were to take place between the Office of Information Technology and the TAB board to resolve areas of concern that might exist between OIT and the board. My understanding is that those negotiations to resolve areas of concern are taking place or may even have been concluded. As Minister, I was concerned that negotiations and discussions were in progress. I have been assured by OIT that it was prepared to sit down and discuss areas of concern by the board.

On the strength of that I have not sought to interfere in the negotiations, which really are of a technical nature at this stage to ensure that the TAB is not financially disadvantaged and that the Government achieves its objective of outsourcing and bringing the TAB into the net. I am not technical as far as information technology is concerned or able to do the assessment. We have highly technical people to do it. My assurance was to ensure that that consultation process was in place and was addressing the areas of concern raised by the TAB. To the best of my knowledge the consultations are

either in progress or may even have been concluded. I am not sure of that.

Mr FOLEY: Will the Minister table that letter to the Premier?

The Hon. J.K.G. Oswald: I do not happen to have it with me.

The CHAIRMAN: There is no provision for the tabling of documents. The question is irrelevant and Committee members have already been advised of that.

Ms GREIG: I would like to take a minute to acknowledge the work done by you, Minister, and your officers in preparing the 1995-96 section of this budget. Over the past year we have seen many achievements in the area of recreation, sport and racing. In particular, I make mention of recognising the need to increase the profile and status of junior sports in schools through the junior sports policy.

I am also pleased that this Government does recognise the need to position South Australia to capitalise on the 2000 Olympics. Just as importantly, I acknowledge the work being done to establish strong and cooperative relationships with key State and local government agencies working for the betterment of recreation and sport.

Closer to home, tomorrow we will officially celebrate the opening of the South Adelaide Football Club at the Noarlunga Southern Sporting Complex. It was only 12 months ago in this same Committee that I expressed my delight on the funding approval for the Southern Sporting Complex. I commend the Minister and his staff, particularly Mr Geoff Dodd and Mr Simon Forrest, the sporting complex task force and the sporting complex group, all of whom have worked extremely hard in turning the idea of a sporting complex into a reality.

In the Minister's opening statement, he alluded to the development of a three year strategic plan for the Office of Recreation, Sport and Racing. Will he now provide an indication of the consultative process involved and provide more detail about the plan, with specific reference to any changes in emphasis and direction?

The Hon. J.K.G. Oswald: On behalf of my department, I thank the honourable member for her opening remarks. They certainly were not scripted into the speech and I appreciate her sentiments. I can assure her that my officers and I have only one objective: to do what we can to promote sport, recreation and racing in this State.

With respect to the consultative process to which the honourable member referred, prior to the preparation of the strategic plan, consultations were held with senior officers of the following Government agencies: the Health Commission; Treasury; Arts and Cultural Development; Education and Children's Services; Public Sector Management; Primary Industries, which includes Forestry, the Economic Development Authority; EWS and reservoirs; and the Crown Solicitor's Office. It is a fairly wide-ranging group.

In addition, 38 State recreation/sports associations and organisations, 10 local councils and 20 private sector industry groups were consulted using the services of Ethos Australia. The Recreation and Sports Advisory Councils were consulted, as was the racing industry, through the ministerial meetings with the controlling authorities of the three racing codes. Separate one-on-one meetings were held with Chief Executives of the Australian Sports Commission, Foundation SA and the Local Government Association. In all, over 25 individuals had an opportunity to participate in the consultation process.

In undertaking the strategic plan, the office was concerned to integrate and respond to the range of comments provided in a thoughtful, logical and open-minded way, and not to be limited by past priorities and activities. It was considered important to build upon the current strengths of the office and to address and respond to the areas for improvement. The office identified a number of areas of priority arising from the consultation process. In developing the strategic plan, the officers identified the role of the agency, the product and services it will provide, and the customers to which these services will be provided.

Three key issues were: the need to establish an industry development program, key components being industry training, industry research and development, the establishment of an economic development program, and local government liaison; effective delivery of integrated recreation and sport programs with consideration being given to contracting out, program delivery in appropriate places; and the need to strengthen the role of SASI with a view to providing significant representation of South Australian athletes and coaches in Olympic and non-Olympic sports in the lead-up to the 2000 Olympics.

In order to achieve the proposed changes in services and priorities, a modification to the organisational structure has been approved to address the key elements of the strategic plan. The new structure aims to integrate and strengthen the policy and program functions of recreation and sport department, incorporate an industry development function in the new Recreation and Sports Development Division, to strengthen the agency support for elite athletes and coaches, to introduce a more effective and self-directive team based approach. Finally, the proposed changes to the structure will be strengthened by the decision to consolidate the agency's accommodation needs on the SASI site at Kidman Park.

I can assure all members that the office is committed to establishing high standards for its performance and to achieving real benefits for the community and to the economy of this State. Each year the office will undertake to examine its core business and, through its business plan, re-focus its strategies to avoid duplication of services across Government agencies, thereby delivering a higher level of services to its customers. I can assure members that both the Office of Recreation, Sport and Racing and the South Australian Sports Institute (SASI) are healthy very functional organisations ready to work for the betterment of this State.

Membership:

Mr Clarke substituted for Mrs Geraghty.

Ms GREIG: The Minister made reference to an increased emphasis on economic generation through recreation and sport. What are the strategies that will be pursued towards this end?

The Hon. J.K.G. Oswald: The economic generation is extremely important and will become increasingly so in the lead up to Sydney 2000. The State Government, and in particular the department, is acutely aware of its responsibility to not only guide it but to provide leadership. The following strategies will be pursued: first, an economic development program will be established through partnership with a South Australian overseas organisation with an interest in recreation, sport and racing and secondly, Sport Export Adelaide will be created to develop and market recreation, sport and racing related products and services for international markets

to achieve recreation, sport and racing business development objectives.

The five areas identified for the development of products and services are the training and acclimatisation of Olympic and non-Olympic sports, with particular emphasis on the 2000 Olympics; education and training for recreation and sport in international markets; building business and recreation, sport and racing partnerships, such as those developed through the Tokyo City Cup; recreation and sport related tourism with particular emphasis on promoting and marketing the recreation trails; and elite athlete and coaching training, including talent identification.

Another strategy is to develop innovative and strategic alliances with other Government agencies, local government, peak recreation, sport and racing groups and the business community. This will also be assisted by the promotion of industry research, and that will lead to economic generation of the State through recreation, sport and racing. It is an untapped field and it is a question now of organising our own resources and know-how and tapping into a huge field of expertise which wants to help us get involved in Sydney 2000 and which will generate an incredible income stream and publicity for the State if we are successful.

Ms GREIG: I refer to the program description for the development of recreation and sport. Under the 1995-96 specific targets and objectives, reference is made to assisting with attracting national and international recreation and sport events to South Australia. Will the Minister outline the events procured and sought by the International Events Unit of the Office for Recreation, Sport and Racing and explain how this unit complements the work of Australian Major Events (AME)?

The Hon. J.K.G. Oswald: The International Events Unit (IEU) was established in late 1992 following the winding down of Adelaide's unsuccessful bid for the 1998 Commonwealth Games. The objectives of the IEU are to utilise international sporting contacts built up during Australia's Commonwealth Games bid with a view to attracting international sporting events to South Australia, especially with the staging of such events that are likely to deliver an economic benefit. During 1994-95 the unit has been involved in securing the following events: the World Cup in Cycling in July 1995; the International Water Polo Series for October 1995; the World Cup in Cycling with an option for April 1996; the World Canoe Polo Championships in October 1996; the FIH Championship Trophy for Hockey in October 1997; and the World Masters Rowing Championships in November 1997. In addition to preparing for the staging of the events which have been secured already, the IEU currently is preparing bids for the following events: the World Ice Hockey Championships (Group C) for mid-1997 and the World Gliding Championships early in the year 2001.

Other work undertaken by the IEU in the past 12 months includes a detailed assessment of whether Adelaide should bid for the year 2002 Commonwealth Games, a similar study into a perceived benefit of Adelaide hosting the 1997 World Games and involvement in the organisation of the world women's basketball championships and a presentation on the board responsible for the organisation of the 1996 world lawn bowls championships. The IEU has complimented the work of the AME in two ways: first, by providing that organisation with assessments for sport-related proposals directed to it; and, secondly, by concentrating on sport-related proposals estimated to produce an economic benefit of a lesser value than the threshold AME has set for itself in the market events.

The work done by AME and IEU is complementary and, when you look at that impressive line up of potential sports and sports that we have secured, the achievements of the small number of officers in the unit speak for themselves.

Ms GREIG: I note that the national junior sports policy was adopted during 1994-95. This was mentioned in the program description for development of recreation and sport. Will the Minister provide a report on the progress of its implementation and other complementary initiatives taken by the Office of Recreation, Sport and Racing to strengthen junior sport in South Australia?

The Hon. J.K.G. Oswald: Late in 1994 the national junior sports policy was circulated to all schools, State sporting associations and other key groups. It was delivered in the form of a large folder which, in addition to the actual policy document, included sections for future material that would elaborate on the policy to assist and guide its implementation. This will include a series of issues papers and sports-related guidelines and directories of contacts and services offered.

The first issues papers are in the consultative phase and State sporting associations have attended meetings to assist them develop their own guidelines and directories. It is anticipated that they will become available progressively in the coming weeks. This implementation process is a collaborative one between the Office of Recreation, Sport and Racing and DECS and is being overseen by the Junior Sports Council. It is a far more supportive process than in most other States where, in some places, the plan seems to do little more than to distribute the policy and hope for the best. In South Australia we do things extremely well.

One highly significant aspect of the policy implementation I am delighted to note is that in 1994 basketball for boys and girls, swimming for boys and girls, tennis for boys and girls and football have all exercised their right to send State primary school teams to national competitions. In addition, soccer for boys and girls, cricket and boys hockey will join them, allowing the opportunity for outstanding young people to get involved—an opportunity expressly forbidden by the former Labor Government. It was something on philosophical grounds in which members opposite believed passionately and something on which I on philosophical grounds found quite abhorrent. Immediately upon coming to office I reversed the policy. At the time it seemed to be so narrow-minded that young children with the potential to get involved should be denied an opportunity, in what was a free world, to travel interstate for competition.

It is pleasing to see so many sports starting to taking up the opportunity. It seemed at the time incongruous that the Government should involve itself in the politics of sport. It has been one of my policies over the past 18 months to wind the Government out of political involvement in sport so that sport runs sport in this State and, as long as the Liberal Government is running the State, that policy will remain. These points are in addition to the 20 year seven sports camps in both 1994 and 1995 to cater for talented youngsters, and a special camp for young Aboriginal athletes that I have described in the House during Question Time on several occasions.

The Office of Recreation, Sport and Racing has been extremely supportive of the initiatives announced by the Minister for Education and Children's Services, including the addition of physical education and sport for the DECS three-year plan and development of a major training and development program for primary school teachers in physical

education and sport. The officers formed a consortium with ACHPER and other groups to tender for the delivery of this \$100 000 program. If successful, this will be in addition to the regular training program run by the office which has provided some 55 workshops and conferences for teachers and coaches in the past 12 months, catering for approximately 900 attendees. Finally, this is indicative of my determination to provide quality sporting opportunities for our young people and to rejuvenate junior sport in this State as a matter of high priority.

Mr FOLEY: Does the Government intend to sell radio station 5AA and, if so, what are the plans and the time frame for that?

The Hon. J.K.G. Oswald: I have no plans before me nor am I considering any plans for the sale of 5AA.

Mr FOLEY: The Government has taken a decision that the TAB will produce an in-house form guide, which will be distributed through the newsagencies' network. This is following a decision by the TAB Board to cease advertising in the *Advertiser*. I understand the cover price for the new guide will be 20¢, and the home delivered price will be 55¢. Will the Minister table today the annual value of payments to the *Advertiser* and say what the cost of the new publication will be? Why was the decision taken to finish the long held arrangements that the Minister has had with the *Advertiser*?

The Hon. J.K.G. Oswald: The Government has not taken a decision to terminate the contract with the *Advertiser*. It was a decision taken by the TAB Board. Last evening I telephoned the Chairman of the TAB Board to direct him not to proceed with the proposal until such a time as Cabinet had had an opportunity to consider it. The Government would have preferred to have an opportunity to examine the contract and get some more information about it. On Wednesday Mr Edgar, the TAB General Manager, telephoned me to advise me that the board had decided on its course of action and that it was approaching the *Advertiser* to provide it with that information. My reaction at the time was that I would hope that it was used as a last minute opportunity to give the *Advertiser* a chance to renegotiate and come to some agreement that would be compatible to both sides, knowing that the TAB was concerned about the renewal of the contract and negotiations had been going on between the two organisations over the price. At that stage, I had no knowledge of when any contracts would be signed.

Yesterday, the Premier, Deputy Premier, Leader, certainly the shadow Minister—and I do not know who else on his side of politics—and I received a letter of advice telling us what was going on. Of course, it was in response to that letter that I contacted Mr Cousins specifically with the request—or direction, if necessary—that he hold any further action, negotiation or whatever at least to give Cabinet an opportunity to examine what was being considered and give us an opportunity to then look at the contract to see whether the whole thing stacked up.

At that stage, I would have no knowledge of what was in the contract; nor would I have any knowledge that the contract was about to be signed imminently. Mr Cousins advised me that the contract had been signed that afternoon. As a result of that, I concluded that particular conversation and I have no other knowledge in this area other than that we have now acquired a copy of the contract.

I believe that the contract contains certain issues which I would have preferred to be presented with and into which I would have preferred an opportunity to have an input. While the board took a decision based on its assessment of the issue,

from my preliminary examination, I am not convinced that, in the short term, it is in the interests of TAB or that the savings are there, but because this Estimates Committee is meeting today, I have not had an opportunity to sit down with my officers to assess whether the contract is a good contract. We will certainly be doing a lot of work on the contract as soon as the Committee finishes today. The Government would have preferred to know that the contract was about to be signed so that we could have an opportunity to have a close look at it and for officers to examine it closely before we gave an imprimatur to what was about to happen.

Mr FOLEY: That was an absolutely extraordinary admission from the Minister. He is telling this Committee that the management, staff and TAB board, together with the heads of all the racing codes, signed off on the agreement and reached a commercial decision, rightly or wrongly. They then signed a contract and advised the *Advertiser* that it would no longer be in receipt of such business. The Minister is now telling me that, after the TAB board had done that, he has intervened with a ministerial direction to the effect that he wishes and seeks to look at the possibility of overturning that decision. Is that what the Minister is saying? Is he saying that he has issued a ministerial direction?

The Hon. J.K.G. Oswald: I will repeat it for the honourable member. I telephoned the TAB Chairman. Bear in mind that I have ministerial direction over the TAB, under the Racing Act 1976, to direct the TAB to do certain things. If it is about to embark on a particular course of action, the Government through me as Minister happens to have the power to give direction for a course of action. In this particular case, that was to telephone Mr Cousins and request of him, if the TAB was about to enter into contracts, not to proceed so as to at least give Cabinet the opportunity to consider what was about to happen.

Mr FOLEY: What has a decision of the TAB to do with Cabinet?

The Hon. J.K.G. Oswald: While the TAB is run by a board, it is still of interest to the Government. Because of the operation of the Racing Act and the power of direction of the Minister, the TAB is still subject to the Minister's directive. The Minister therefore has an interest in what happens in the TAB. The Opposition is painting a picture this afternoon, is claiming that the Government should have no interest in what is happening in the TAB. However, the Opposition will come back in respect of other matters affecting the TAB and ask why the Government is not monitoring them.

Mr Foley interjecting:

The Hon. J.K.G. Oswald: The Opposition cannot have it both ways. It cannot be critical of me for not showing an interest in what happens to the TAB in some respects; on an issue like this when the TAB is about to enter into a contract for a new form of racing publicity and racing form, surely the Government, through me, can show an interest in what that contract contains.

As the Minister responsible for the TAB (in the public eye I am responsible for what happens within the TAB) I reserve the right to ask it not to take further action until I have had a chance to read the contract. I rang Mr Cousins, to be told that he could not oblige because the contract had already been signed that afternoon. At that stage I concluded the telephone conversation.

Mr FOLEY: A decision reached by the TAB board in respect of relationships with the *Advertiser* is not what is in question from my point of view: I am talking about process. The Minister is telling me that the first time he as Minister

ever heard of an intention to change the arrangements with the *Advertiser* and arrange for the printing of an independent form guide was after the signing of the contract yesterday; that he had not had discussions with Mr Edgar, Mr Cousins or, for that matter, Mr Hodge or any other member of the industry. The Minister is telling me that the first time he heard of that was post the signing of the contract; is that what he is saying to me?

The Hon. J.K.G. Oswald: If the honourable member goes back and reads the transcript he will find that is not the case: I refer him to the transcript of a few minutes ago. I will not sit here and keep repeating it. I spelled out step by step—

Mr FOLEY: When was the first time the Minister heard of this?

The Hon. J.K.G. Oswald: The honourable member can go back to the transcript and he will read very clearly exactly what I said. I refer the honourable member back to the transcript.

Mr FOLEY: When did the Minister first hear of this?

The CHAIRMAN: The honourable member is not in a position to browbeat the Minister. The Minister has given two responses which, to the Chair's way of thinking, were identical.

Mr SCALZI: The program description for development of recreation and sport, in the issues and trends section, identifies the need to position South Australia to capitalise on the 2000 Olympics. This was mooted during last year's Estimates Committee. Will the Minister provide an update on the structures put in place and initiatives taken to see that this happens?

The Hon. J.K.G. Oswald: The Sydney 2000 Olympic Games will have a major impact on the Australian economy. Positive, coordinated strategies to attract opportunities to South Australia will be essential if this State is to share in the economic and social benefits that will flow from the staging of the 2000 Olympic Games. The significance of the opportunities arising from the staging of the games has been clearly recognised by the State Government with the establishment of a Cabinet subcommittee, of which I am a member, and the Sydney 2000 Olympic Steering Committee, which is chaired by the Chief Executive Officer of the South Australian Economic Development Authority. The purpose of the Sydney 2000 Olympic project is to provide South Australian sport, tourism, cultural and business sectors with accurate and timely information on the opportunities to do business associated with the Sydney Olympics and assist to win contracts with the New South Wales Government, SOCOG and other organisations working with them.

One of the first steps to be taken to propel South Australia to the forefront of the Olympics 2000 was representation in Sydney. A strong presence in Sydney is required, and State Cabinet agreed to the establishment and staffing of an office in Sydney. In addition to the above structures, I have established the South Australian Sport 2000 Task Force, chaired by Mr Michael Scott, Chief Executive Officer of the department. The membership of the task force includes representatives of the Office of Recreation, Sport and Racing; the South Australian Olympic Council; the South Australian Soccer Federation; a coach-athlete; Sport SA; the Local Government Association; the Australian Paralympics Federation, South Australian Council; and a member of Parliament, in this case Mr Iain Evans, member for Davenport. We thank him for his input.

The broad terms of reference of the task force are:

- to ensure that the sporting community and associations are actively involved in and supportive of the strategies and processes being developed to maximise South Australia's sporting and economic opportunities arising from the Sydney 2000 Olympic Games;
- to assist in stimulating innovative strategies that will benefit South Australia from both a sports development and an economic perspective;
- a prospectus to be produced by the end of September 1995.

The aim of the prospectus being developed is to promote South Australia as a venue for training and acclimatisation leading up to the Sydney 200 Olympics and the Paralympics, as well as promoting tourism and business opportunities in the State. The prospectus will be a major communications tool and thus will identify the advantages of visiting South Australia, including information such as but not limited to sporting facilities, expertise such as sports science, climate, transportation, accommodation, cost of living, travel, leisure, tourism and business opportunities. The prospectus will be targeted at the national Olympic committees and sporting federations with international connections and others who may be considered appropriate.

A key strategy in promoting South Australia will involve using personal contacts and networks. The concept is to provide our athletes and officials, and others where relevant, with the information and appropriate skills to promote this State when travelling overseas or when meeting overseas competitors who may be visiting South Australia. Personal contacts will be established and followed up, and a database is being developed to assist with the strategy.

The potential of the personal contacts strategy can be demonstrated by a recent visit of the USA women's Olympic hockey squad. That visit resulted in a direct economic benefit of approximately \$85 000 to South Australia, in return for an outlay of approximately only \$200. Sandy Pisani from the International Events Unit of the office promoted South Australian hockey at the hockey World Cup. As a result, 31 US athletes and officials visited South Australia. They paid their own way, travelled to Kangaroo Island and the Barossa Valley, thereby creating a good spin-off for the tourist industry. A further visit should be made next year with possibly a greater number of athletes and officials visiting the State.

The Premier has announced that South Australia will host the preliminary rounds of the soccer competition for the Sydney 2000 Olympic Games. The Hindmarsh Soccer Stadium will be upgraded to host competition at an estimated cost of \$6.5 million. It should also be noted that the various strategies that are being considered and developed are aimed at not only maximising opportunities flowing from the Sydney 2000 Olympic Games but also utilising and maximising opportunities associated with the staging the Paralympics immediately following the Olympic Games in Sydney.

Mr SCALZI: At page 330 of the Financial Statement 1995-96, Financial Paper No. 1, there is specific mention of the upgrading of Hindmarsh Stadium in association with the South Australian Soccer Federation, with involvement by the private sector. Indeed, that has been the subject of a major announcement leading up to the National Soccer League final, which, unfortunately, we did not win. I have received many comments in my electorate of Hartley commending the Government on that initiative. It is obviously well-received and a long time coming. Will the Minister explain the advantages of such an arrangement and outline the structures

that have been put in place to ensure the project is properly managed?

The Hon. J.K.G. Oswald: The honourable member is correct. The project is a long time coming. There has been much discussion for many years about an eastern stand at Hindmarsh Stadium. Certainly, with the approaching Olympic Games and the possibility of games being played here in Adelaide, it became even more important that the new Government stepped in and made sure that that happened. The Hindmarsh Stadium has been selected as a venue to host the Olympic soccer fixtures, provided that it can be upgraded to FIFA requirements. That was a stumbling block, and there was a bit of debate about it. The South Australian Soccer Federation will now borrow \$6.5 million from the private sector, in partnership with the South Australian Government, and will repay the loan over 20 years. The contribution to loan repayments by the South Australian Soccer Federation will vary and will be determined by the number of spectators who can be attracted to the stadium. There will be no increase in the cost of general admission to the ground.

The South Australian Soccer Federation will be the principal in the development of the eastern stand. Sub-committees will be formed in respect of finance, marketing and project design and development, with equal representation from the Government and the Soccer Federation. It will be the role of those groups to report to an executive committee made up of representatives from Government and the Soccer Federation. That will ensure that the best possible outcomes are achieved in managing the project, with the Department of Building Management risk managing the project. The principle of the federation borrowing the funds and controlling the project through the design and construction phase places sport in the position of being able to maximise value of the dollar through the use of supportive sponsors, pledges, etc.

All operating and maintenance responsibilities will reside with the federation. Adoption of this method of capital facility development allows for the facility to be developed sooner and, in addition to improving amenities for spectators, maximises the possibility of international events, etc., being played at the venue in the lead-up to the 2000 Olympic Games and beyond. Government funding of this magnitude would not be available for some years. Work will begin on the design, documentation and costing of the eastern stand in 1995-96. A long-term lease of 21 years plus 21 years from the council will be negotiated. All in all, it is good news for the soccer community here in South Australia.

Mr SCALZI: That has been the message throughout South Australia and, as a person who supports soccer, I am really pleased with that situation. Page 132 of the Estimates of Receipts and Payments lists a substantial outlay on the South Australian Sports Institute. In light of this, will the Minister provide detail of the performances of SASI athletes in 1994-95 and any initiatives designed to enhance their performance?

The Hon. J.K.G. Oswald: I am pleased at any time to talk about the institute and the achievements of its staff, coaches and athletes. SASI athletes have achieved outstanding international results during the past 12 months, with 11 athletes winning world titles in their sport. I think that is absolutely fabulous. Further, 25 per cent of the athletes in the Australian Women's Hockey Team, which won the World Cup, were SASI athletes. The South Australian players were Juliet Haslam, Alison Peake, Katie Allen and Justine Sowry. Cycling and rowing athletes also competed in junior world

championships. I refer to high jumper Jagen Haymes, single sculler Amy Safe and team pursuiter Luke Roberts and Nigel Greig.

Bronze medals were won by Luke Roberts in cycling, and in rowing by the junior women's doubles skull, the junior men's cox four, the senior women's pair and the senior women's four. Disabled athletes also reached standards of excellence in their sport with world titles to amputee track star Neil Fuller, field athlete Dean Smith in the 1994 World Deaf Games and shooter Libby Kosmala, whose results included a world record. The Commonwealth Games also proved successful for SASI, as it had involvement in eight gold, six silver and five bronze medals.

The member asked about initiatives to enhance SASI's performance. SASI has continued to support high performance athletes, coaches and sporting programs through the Sports Plan program as well as individual scholarships for athletes. Currently we have 19 sports and 22 programs supported through the Sports Plan. Of the total \$1.354 million allocated for the Sports Plan, \$284 000 was contributed by the Australian Sports Commission through a range of national sporting bodies. The number of sports receiving Federal support has expanded and now includes athletics, baseball, basketball, canoeing, cycling, hockey, rowing, softball, soccer and water polo.

The Federal funding for softball, hockey, soccer and water polo is allocated directly to the Sports Plan program and not through SASI. The budget for scholarships was reduced from \$100 000 to \$50 000 during 1994-95 and, while this was offset by the availability of increased support nationally through the OAP, it has been necessary to implement stricter performance criteria. Athletes involved in the Sports Plan programs are not eligible to receive individual scholarships except in level 4 sports—squash and netball—which have a lower maximum funding level than other sports. Finally, SASI is servicing the Olympic Athlete Program, a national development initiative designed to achieve success at Atlanta. Once again, I commend SASI for the high standard of athletes that it produces—they are superb.

Mr FOLEY: Was the Minister involved in discussions with the TAB board and the management of the TAB about the potential loss of the *Advertiser* contract? Did he have personal discussions with the board and the administration of the TAB with a view to the termination of the *Advertiser's* relationship?

Mr EVANS: On a point of order, Mr Chairman, what line is the honourable member talking to with reference to a contract that was apparently signed yesterday?

The CHAIRMAN: Does the honourable member wish to identify a specific line of inquiry?

Mr FOLEY: It is the TAB line, which has been a regular item for discussion in Estimates Committees for however long Estimates have been running. That is why the General Manager of the TAB is with us today.

The CHAIRMAN: It is required under Standing Orders to identify the line. I am quite sure that the honourable member can do that, and I do not think there is any great problem with it but, if he is getting into the technicalities of an important question, perhaps it would be simpler if he identified the TAB line.

Mr FOLEY: I refer to page 364 of the Program Estimates, and I ask the Minister for his reply.

The Hon. J.K.G. Oswald: On 7 June, the Chairman and the General Manager of the TAB board paid their official visit. On that occasion, their agenda included discussing

options for the acquisition of an alternate form of publication of the TAB form guide. Options were discussed, but we did not discuss the date for signing the contracts. I refer the honourable member to the statement I made a few minutes ago. I believe that the information he seeks is in the reply I gave to a previous question.

Mr FOLEY: The Minister states that he had a meeting with the Chairman and the General Manager of the TAB on 7 June at which he was made aware of possible changes to the arrangements with the *Advertiser*? So, for some two or three weeks prior to the signing of this contract yesterday, the Minister knew that there was the possibility of a change in arrangements. I refer to the concerns that have now lead the Minister to want to revisit this issue. Did the Minister express those concerns to the Chairman and the General Manager of the TAB, and if so were those concerns addressed?

The Hon. J.K.G. Oswald: I will become very repetitive if I keep referring the honourable member to a previous question. As far as I can see, from the honourable member's previous question, this issue is about whether I as Minister have a right to go to the TAB and say that it should stop the decision of the board to publish its own form guide because I want to look at it.

Mr Foley interjecting:

The Hon. J.K.G. Oswald: In a previous question the honourable member asked whether I as Minister have a right to go back to the Chairman of the TAB and question a decision or at least say, 'Would you hold the taking of further action until I have a chance to look at it?' I believe that I have that right, and in fact I exercised that right by ringing Mr Cousins last night and asking him whether he would hold any further work on it.

On 7 June, as I said, we were looking at the options available. With options that were available there was always the opportunity in final contact with the *Advertiser* to, hopefully, come to some arrangement or some negotiated point that was amicable to both sides. My concern was triggered when I received the letter which the honourable member also received. I rang the Chairman and, as I said in my earlier reply, requested that no action be taken so that both the Government and I could see what was about to happen. That is spelt out clearly in the previous reply. I have no other knowledge on the subject that I can add this afternoon other than to refer the member back to my previous reply.

Mr FOLEY: Supplementary to that, maybe it is the case, but I find it absolutely unbelievable that the first time the Minister would have known about this was when he received the same letter that the Leader of the Opposition and I received earlier today. For the education of members present, and others in the Chamber, the Leader of the Opposition and the shadow Minister of Racing received a letter from the Chairman of the TAB informing us today of the decision of the TAB board to change arrangements with the *Advertiser*. According to the Chairman of the TAB this would mean a minimum saving of \$1 million per annum and that would grow substantially in further years.

The letter goes on to say that this was agreed to by the TAB board and by a meeting of all the racing codes—greyhound, harness and gallopers. They all met and agreed to the strategy. I have information that the Minister was fully aware of those discussions happening three nights ago. I find it absolutely incredible that the Minister is trying to tell me here today that the first he knew of it is when he received this letter today. I want to know quite clearly, Minister, what

occurred between 7 June and today? Why did the Minister not act before the signing of the contract if he had concerns about the change of relationships, and was the Minister asked to adopt this course of action by the Premier?

The Hon. J.K.G. Oswald: I refer the honourable member back to my statement in *Hansard* and he will find that I have answered the question. I said earlier in the transcript the contacts prior to ringing Mr Cousins. I also referred to the telephone conversation with the General Manager, and my statement in the telephone conversation with the General Manager when I was informed that they were going back to the *Advertiser*, and I expressed my hope that some final negotiation could conclude. The question—

Mr Foley interjecting:

The Hon. J.K.G. Oswald: If you go back to the transcript, you will—

Mr Foley interjecting:

The Hon. J.K.G. Oswald: You will find it. You are trying to run it like a Rumpole of the Bailey. What I am trying to tell you—

Mr Foley interjecting:

The Hon. J.K.G. Oswald: Mr Chairman, can I at least finish the reply?

Mr Foley interjecting:

The CHAIRMAN: The member for Hart will follow proper procedures in asking questions. If there is any dispute over the content of *Hansard*, it is within the power of the Committee to seek a transcript and to examine that should the Committee so wish. The Minister clearly has stated his position twice and is now restating it a third time.

The Hon. J.K.G. Oswald: There was always the opportunity when the TAB went back to the *Advertiser* for the *Advertiser* to renegotiate or to come up with an amicable arrangement. When they came to me on 7 June, there was a discussion of what options were available. The question of comparing the TAB form guide with newspaper advertising has been around racing for years. I know that the honourable member has not been involved with racing very long, but everyone involved in the industry is aware of it and it is one that the TAB board has been working through for some time. Right up to the end there is an opportunity and I hoped that they would be able to renegotiate. The board has obviously taken a stand and no doubt has authorised the Chairman to negotiate.

When I got the letter—and that was when the TAB was moving to conclusions—I asked the Chairman of the board not to take any action overnight because I had not seen a contract, and I believe that I have every right to see a contract. No-one came to me with a contract and said, 'Here you are, Minister, here is the contract of what we are about to do. This spells out all the numbers and the financials.' All I got was the letter, which the honourable member also got. I think I have every right and I like to know what is happening in the racing industry: I had every right to ask for a hold so I could examine what was happening. If an incorrect decision were made, the honourable member would be on his feet in this place in a flash criticising me, just as I get criticised for interfering on other occasions when I tend to interfere because I want to know what is going on. In this case, I rang Mr Cousins and asked him to hold things so that I could get a chance to see what was going on—to examine the contracts. He advised me that unfortunately he could not accede to that request because the contract had been signed that afternoon. On the strength of that, I terminated the conversation on the telephone. The honourable member can

sit here until midnight if he likes, but there is nothing to add to this line of questioning, and it is becoming repetitive.

Mr FOLEY: Was the Minister aware that the heads of the racing codes held a meeting two or three nights ago at which they agreed to this course of action? Is the Minister aware of the outcome of that meeting?

The Hon. J.K.G. Oswald: No, I had not heard about that meeting until this minute.

Mr FOLEY: What the Minister has said is a very damning indictment of the TAB board and its management. Does the board of the TAB have the Minister's full confidence?

The Hon. J.K.G. Oswald: I am on the public record for 18 months: as the honourable member would know, I have always wanted to clear the decks. The incoming Government had every right to ask for a new board to be appointed. However, that opportunity was denied me. Since that time we have all agreed to work together for the betterment of racing. We are doing our best to work under those circumstances, and to respond in any way other than to say we have a very professional relationship running between certain officers of the board and the Minister's office is a fair statement of the situation. We are working for the betterment of racing but, by the same token, I want to be kept informed about what is going on around there. I want to be kept informed. By and large, the board keeps me informed of certain issues but, in this case, I wanted to know the contents of the contract just to be sure that all the financials stacked up. That is the sort of person I am. If that is called interference in the running of an agency, I do not apologise for that.

I think that I have every right to want to know, and if we swapped seats, the honourable member would want to know the details, as well. At the end of the day, if this exercise on TAB form proves not to be as financially beneficial as is being claimed, who will get the blame for it? It will be no other person in Parliament but yours truly. On the strength of that I believe that I should have been shown the contract about what we were about to enter into, bearing in mind that, by the nature of politics in this State, if something goes wrong in racing or the TAB, I am the person who wears the flak. I think I had every right to be shown the contract and to know that the alleged savings stacked up. If the roles were reversed, I think the honourable member would probably share the same view.

Mr FOLEY: I do not have a problem with the Minister's involving himself in the running of an agency; that is not what is in question here. I find it unbelievable that as Minister you were not aware of the details of these discussions and negotiations between the TAB, the *Advertiser* and a new agency to deliver the form guide. I cannot and will not believe that the Minister was not aware of that. The Minister can profess his innocence on that but, if he was aware of discussions starting on 7 June and some two weeks later the agency signed a contract and he is stating his ignorance to the signing of that contract, I find it unbelievable. I do not know how the Minister will assess this, but I assume he will get Treasury and perhaps the Department of Recreation and Sport to do an independent assessment as to the savings that the TAB proposal says it will make. Provided that the financial numbers put forward in the TAB proposal are confirmed by an independent assessment and the numbers stack up, the Minister would then allow this contract to proceed. So, he is saying that this is simply a financial issue. The Minister wants to ensure the numbers stack up. If the numbers stack up and there are the savings that the racing industry professes,

the Minister will allow the contract to proceed. Is that what the Minister is saying: that it is a financial question?

The Hon. J.K.G. Oswald: Several issues are involved. The first is my right to know what is going on and then to look at the ramifications so that racing does not lose. Already, in my quick reading of it, I think the document has a major flaw. It is claimed that there will be considerable savings, perhaps not so much in the first year because of establishment costs but in subsequent years—and I guess only time will prove that. It is interesting to note that, that course of action having been taken, the contract states that it will rely on AAP to provide them with their racing information. I submit that AAP happens to be owned by the same organisation as the *Advertiser*. How much will AAP charge for the provision of racing information to go in this TAB form if it is owned by the same organisation as the *Advertiser* and the *Advertiser* just lost the contract? One could balance the other out. It is in these areas that I get worried.

Where I am expected in this case perhaps to agree without consultation, the fact is that I like the opportunity on behalf of everyone in this room to ask questions. Going into things is the way I do it. I consider myself thorough, and in this case I find this flaw already. I would love to know where it will achieve these savings, because if AAP decides to charge it the right fee then maybe the savings which the TAB thinks it will achieve by taking this course of action will be countered straight away, because the *Advertiser* and the company that owns it also owns about half of AAP.

That was one flaw that was detected in a matter of a few minutes. Whilst I can understand the basis of the question, it is hypothetical in some respects because not just the financials are involved. The financials must stack up but, if you do the financials and find that there is no saving, you must question whether you should proceed. I have a responsibility to protect the racing industry, but I also have a responsibility to ensure that quite dramatic changes of direction are well founded. In just that one area they will get their racing information for this TAB guide from AAP and, when AAP happens to come out of the same stable as the *Advertiser*, one wonders whether that alone might result in no savings at all at the end of the day.

Further, I wondered whether any market research was done on the impact of charging 55¢ for this form guide to be thrown over people's front fences. Just from the politics of it, we also have to think about the racing public. Will they be receptive to paying 55¢ to have a magazine thrown over their front fence? I do not know, and I would like to know whether any research has been done in that area before we finally jump into it. Because I like to let my managers manage and the TAB board to have the opportunity to make decisions, when it comes right to the end and the approach is finally made to the *Advertiser*, there is always the chance that reason might prevail and the *Advertiser* will come back and say, 'We will go for a reduced contract to leave the status quo.' Therein lies the area of my intervention.

Not having seen the contract and realising that the TAB obviously was determined to proceed, I rang the Chairman and asked him to hold it at least overnight so that I and Cabinet members could look at it to see whether this was the right way to go and whether it all stacked up. Now that I have seen some of it, there are matters over which I have a question mark, and I wish I had been able to see the contract and at least peruse it beforehand and therefore know what was being embarked on. I also want some research carried out to ascertain whether the public will accept 55¢ or whether

they will stop getting the form guide because they will not pay the 55¢; and then there is the whole question of what will happen to the TAB turnover. If it is a disaster and the TAB turnover does drop by a few per cent because people are not buying the form guide as they will not pay the 55¢ or walk up to the TAB to pay 20¢ there, whereas in the past they have been able to rip it out of the newspaper each day, the TAB's turnover could fall. And, bearing in mind the profit that it derives from turnover, all its savings might have gone.

I just think that far more work should have been done on it before we took the final step. As the responsible Minister, I thought we should ring up and say, 'Look, just hold it. If you are right at the final stage of negotiation, I would like you at least to stop, look at the contract and check it out,' only to be told, 'Look, I am sorry, but we signed the contract this afternoon.' On the strength of that, I terminated the conversation with the Chairman. I know that this is becoming repetitive, but I do not think there is any other information on this issue that I can relay to the Committee this afternoon.

Mr EVANS: I refer to page 35 of the Capital Works Program. With regard to the relocation of the Office of Recreation, Sport and Racing to Kidman Park, will the Minister outline the rationale and financial considerations behind this move?

The Hon. J.K.G. Oswald: I will ask the department's CEO to respond.

Mr Scott: The relocation of the office of Recreation, Sport and Racing to Kidman Park has been undertaken in order to reduce overhead costs in accommodating the agency. Currently it is located in three different sites: the 9th floor, City Centre building; Da Costa building; and the Kidman Park site. As the facilities at Kidman Park are clearly underutilised, investigations were undertaken by the Office Accommodation Division of the Department of Building Management to determine whether sufficient space was available to accommodate the whole agency. Upon receipt of the report indicating that the relocation was feasible, a financial analysis was undertaken into various options.

The lowest cost option is the Kidman Park relocation. The requirements to reduce costs, yet still provide a high level of service to clients, is the main objective behind the relocation of the department to the Kidman Park site. In addition to a saving in rental costs of approximately \$400 000 per annum based on current rental, other savings or efficiencies will be accrued. The rationalisation of staff resources, particularly in the support area, will provide for a greater degree of flexibility and an opportunity for multi-skilling which currently is not feasible in some areas due to the various locations.

The major client groups of the agencies have been fully consulted and they support the relocation to Kidman Park due to the ease of access to the site. The consolidation into one location will also facilitate the more effective functioning of the office in its re-configured organisational structure. It should also be noted that the cost for upgrading the Kidman Park site to allow for the whole of the accommodation requirements of the office is about \$1.6 million, and that includes up to \$600 000, excluding fees, for works required to be undertaken in order to meet current building codes. This work, which mostly relates to occupational health and safety, would need to be undertaken in any case in the near future in order to satisfy current building codes.

These works, which are intended to be incorporated in the total upgrade, are as follows: asbestos removal, \$10 000; fire isolated stairs, \$75 000; fire services, \$100 000; disabled access lift, \$150 000; and the upgrading of lighting and air

conditioning, \$250 000. The relocation and consolidation of the office at the Kidman Park site can be funded by the sale of assets with no additional draw on Treasury. The savings in rental of approximately \$400 000 per annum based on current rental will enable the agency to partly meet its commitments to savings in its recurrent budget in 1995-96 and 1996-97, thus helping to preserve maximum funding to programs and grants.

Mr FOLEY: I refer to the meeting of 7 June at which the options were put to the Minister by the General Manager and the Chairman of the TAB. At that meeting did the Minister raise the concerns that he is now talking about? What discussions then occurred prior to the signing of the contract yesterday? Surely the Minister's concerns that he has articulated today would have been raised at the 7 June meeting. I understand that the Minister has legitimate concerns, and I do not have a problem with saying that the concerns he has talked about are legitimate, but surely they would have been raised by him and members of his staff with the TAB. Can the Minister clarify what has happened since 7 June and say what was the nature of those discussions at that point?

The Hon. J.K.G. Oswald: I have responded to the best of my knowledge on all these issues. They are now becoming very repetitive. I have no further material I believe that I can add to the debate here this afternoon and can only refer members back to previous questions and answers in the *Hansard* record this afternoon.

The CHAIRMAN: If it is a question of resorting to *Hansard* transcript, the *Hansard* up to the point of the first question put on this matter by the member for Hart is as yet not available, so the Committee is unable to avail itself of that. We have determined that.

Mr FOLEY: Did the Minister himself arrive at the decision today or yesterday or whenever the time was that he wished for the Chairman of the TAB to hold fire on the contract and have further discussions, or did he have discussions with the Premier or any other senior Minister about this issue before he spoke about or made that decision?

The Hon. J.K.G. Oswald: The letters were sent out to a whole range of people. I could not contact Mr Stephen Baker. I certainly had discussions with the Premier and expressed a view that there were issues remaining that we should get across and be sure of. The Premier shares my view of wanting more knowledge of the potential of the direction in which we are going and he was supportive of my contacting the chairman, bearing in mind that I have the powers of direction—under the Act it is specifically the racing Minister with the responsibility.

I rang Mr Cousins (and I am sure Mr Cousins will verify for the honourable member that I rang) and informed him that the Premier and myself had both received the letter and that it was our desire that the matter be held over to give us an opportunity—bear in mind that Cabinet meets next Monday; it is not as though it is weeks away—of discussing what we thought was about to take place so that I, as Minister responsible for racing, would have better knowledge of what was about to happen. I did that and my conversation with Mr Cousins is now on the record in about three or four replies in *Hansard* and I will not bore the House by repeating it again.

Mr FOLEY: Did the Minister or the Premier have any discussions with senior management of the *Advertiser* between the time of receiving that letter from the Chairman of the TAB and making the decision to speak to Mr Cousins about holding fire on the contract?

The Hon. J.K.G. Oswald: I have not spoken to anyone in the *Advertiser* on the subject. What is more, it is an insult to my intelligence that you should pose the question. You are writing into the scenario something which I find quite distasteful. I repeat that I have not spoken to any member of the *Advertiser*, whether it be reporting staff, executive staff or whatever.

The CHAIRMAN: When the question was put, the Chair was reflecting on whether the member was alleging or implying impropriety on the part of the Minister. The member would realise that to do that towards any member of Parliament, irrespective of whether or not they are a Minister, is unparliamentary. However, I have no intention of stopping the member from pursuing that line of questioning. I advise him not to allege impropriety of any member, as it is unparliamentary.

Mr FOLEY: I beg to differ with your ruling.

The CHAIRMAN: If the honourable member wishes to differ with the Chairman's ruling, a substantive motion must be placed before the table.

Mr FOLEY: I beg to differ with the view of the Minister. I was not implying any improper motive. I asked an appropriate question.

The CHAIRMAN: The Chair gave the member the benefit of the doubt by allowing the question, but the Minister was obviously sensitive to the issue.

Members interjecting:

The CHAIRMAN: More heat than light is being generated from the Government benches.

Mr FOLEY: To be frank, I would not find it unrealistic to expect that there would be conversations and discussions. I am not implying any improper motive. I am saying that the Minister has chosen to involve himself in such a delicate and substantial decision of the TAB board and the organisation that, having decided to involve himself in this issue, discussions with either party—the *Advertiser* or the group that has been contracted to undertake the other work—would not have been an unrealistic thing to have occurred. I do not want him to misread or misinterpret my comments. They were simply asking appropriate questions, which leads to my next question, namely, have you or officers of your department had any discussions with the contracted party and what is the potential liability to Government, given that it has entered into a contract? We must be talking in the order of millions.

The Hon. J.K.G. Oswald: On a point of clarification, when you say 'contracted party' to whom are you referring?

Mr FOLEY: The TAB and the people producing the new form guide.

The Hon. J.K.G. Oswald: If you are referring to the people producing the new form guide, I have had not had any conversation with them. My only concern is the decision that was about to be taken by the TAB, and the reasons why I took the course I did are on the public record.

Mr FOLEY: You did not answer the second part of the question. What potential liability is the State now exposed to should the Government decide not to pursue this contract?

The Hon. J.K.G. Oswald: That is a fairly hypothetical question. The contract has been signed, and we got an opportunity to read the contract. I pointed out that you could drive a train—or to use a pun, ride a horse—through part of it. If AAP or the *Advertiser's* owners decide to still charge appropriately, how do I know what the liabilities will be, or where the whole thing will end up? I am a fairly cautious fellow, and it is not unreasonable for me to have wanted to

check out that contract. Unfortunately, I did not get the opportunity, did I?

Mr FOLEY: This was a stunning revelation here today, and one I had not expected. So, it has certainly thrown out my line of questioning to some extent. The Opposition is concerned now that there are quite serious prospects of litigation, and we have got ourselves in a right royal mess. I repeat—I do not necessarily expect that the Minister will want to answer this as he has attempted to answer it before—all this could have been avoided had the Minister had proper control and management of his agencies, if this is how he felt. I find it extraordinary that the Minister could allow the events to reach this stage.

This is a reflection not on the *Advertiser*, the producers of the form guide or the TAB Board, for that matter, but on the Minister that he has allowed the situation to arrive at this point. Many people knew that this was an option being seriously looked at by the TAB and that negotiations with the *Advertiser* had reached such a stage that it was quite probable that that contract would not be signed. Clearly, the Minister has dropped the ball and in doing so has put the *Advertiser* and the third party, the producers of the form guide, in a very difficult position.

The Hon. J.K.G. Oswald: The honourable member uses the word 'probable' and that is the point: it is the probability not the inevitability of it. While there is a probability and the potential for negotiations to proceed, there is the opportunity for the parties to reach a resolution. This whole issue has revolved around the probability of what may happen. At that meeting on the seventh, we got options and probabilities, but only options and probabilities.

Mr FOLEY: What discussions has your Government had on the future of netball in this State, and what commitment is the Minister giving to the Netball Association with respect to a stadium for its sport? Will the Government be assisting the Netball Association in developing a stadium which we as an Opposition supported?

The Hon. J.K.G. Oswald: The Government is in an advanced stage of discussions with the netball community. It is premature to make a specific announcement at this stage but we are working through some very detailed issues and, as a result of those issues, we hope that we can reach an agreement and make an announcement in the not too distant future. As everyone knows, netball is one of the highest participant sports and the Government and I as Minister are determined that we will do something which the former Government never faced up to and that is to provide a high quality netball facility of which the netball community will be proud.

I have travelled interstate and have some views on the type of facility that we are considering. All I can say is that our discussions with the senior people in netball are very productive. Both sides are working towards what I hope will be a satisfactory conclusion. Two or three issues remain to be resolved, but the State has never been further advanced than it is at the moment in ensuring that netball will get a stadium while this Government is in power.

Mr FOLEY: The Opposition has a number of questions which I am quite happy to read into *Hansard* for later answer if that would speed the Committee up and we can break at 6 p.m.

The CHAIRMAN: Do I take it from the honourable member that when he referred to finishing at 6 p.m. he does not intend to fulfil his earlier threat to meet until 10 p.m.?

Mr FOLEY: That was not a threat; it was a point of clarification.

The CHAIRMAN: I simply point out that the honourable member was entitled to keep the Committee sitting until 10 p.m.

Mr CLARKE: I have a short question for the Minister. In April, the Minister said that an inquiry had been established to investigate South Australian connections with race rigging allegations in New South Wales. Have those investigations been completed? What were the findings?

The Hon. J.K.G. Oswald: I am happy to answer that question. As part of its normal operations, the South Australian Police organised a crime task force which maintains an ongoing monitoring role of the various racing industry codes in this State, and it responds to any reports of alleged criminal activity in an appropriate manner. The current situation regarding recent media reports of interstate race rigging is as I will now outline. On becoming aware of the article appearing in the *Sydney Morning Herald* of 7 April, a member of the organised crime task force established contact with the appropriate investigating unit in New South Wales and their police service to ascertain the details of the investigation. No information was obtained which warranted police action in this State and to date no official requests for inquiries to be conducted by the South Australian Police has been received.

The release of much of the information relevant to the investigation to other than authorised persons is precluded by the special circumstances surrounding the inquiry, and liaison is being maintained with a view to initiating appropriate police action in this State if and when required. The report in the *Advertiser* of 8 June 1995 has not changed the situation as I have described.

In addition, I have had ongoing discussions with my ministerial counterpart to ensure that he understands the issue of the potential for race rigging and team riding, and that the police in this State remain vigilant. From my discussions with people I am close to in the industry, I believe that we do not have a problem in South Australia with regard to race rigging and team riding. If a race is running with 15 to 18 runners, in which there are four or five apprentices who are all jockeying for positions, it is very difficult to team race or even to attempt to rig a race.

However, as experience has proved in New South Wales, the potential always exists when large sums of money are involved. On that basis, the South Australian Police are vigilant on course and they are vigilant through examination of bookmakers' sheets and other areas where it is possible to launder money.

As I say, I do not think it is an issue in South Australia, but we are extremely vigilant to ensure that it does not happen here because it certainly would not do the racing image any good if it were detected. In conclusion, the police are watching it very closely; I as Minister am watching it very closely and, if it appeared, we would move very quickly.

Mr CLARKE: On 16 September 1993, when the Minister was shadow Minister, he told the Estimates Committee that he was 'involved in racing horses'. Is the Minister still involved in racing horses and what does that involvement include? For the sake of my fledgling entry into galloping to place the odd bet on the TAB, could I have the names of those horses if he still has them?

The Hon. J.K.G. Oswald: At that stage I did own a gelding called *Spicatto*; the best it came was fourth at Strathalbyn one afternoon. Its performance was such that that horse is now a show jumping, eventing horse somewhere and

I have not ventured back in as an owner since that time although, as members know, racing is a very keen interest of mine. Whilst I encourage people to become owners, as it is all very good for the industry, being an owner and a member of Parliament was very difficult in relation to the amount of time I could allocate to being with the horse.

In past years when I have bred horses and been involved with them I have always liked to have a horse in my own stable. I cannot any more. To have a horse in someone else's stable took the fun out of it, so when that horse went out to pasture I no longer had any ongoing interest in horses other than following other people's horses.

Mr De LAINE: My questions relate to page 367 of the Program Estimates. Why was Michael Turtur replaced as manager of the velodrome? By whom was he replaced and what are the credentials of the new manager? My second question relates to the restricted training times for cycling, which are Thursday nights between 7 p.m. and 8.30 p.m., which is totally inadequate for track cyclists of any standing. The volleyball people come there, unlock the place, use it and then lock it up: why can cycling people not do the same? After all, it is primarily a velodrome. Why can they not have more access for training? The third question is this: will the Minister conduct or cause to be conducted a full review of the management and use of the velodrome?

Mr FOLEY: Will the Minister explain the Government's policy to cut funding to the Department of Recreation and Sport in the lead up to the 2000 Olympics? Why has the increase in sport development been funded by such a huge cut to recreation development? Why has the budget for coaching

services at the Sports Institute been cut by \$103 000? The Minister's media statement after the budget announced a cut of \$170 000 in the recreation and sport grants area: which grants will be cut? What are the details of the program to promote South Australia as a training venue for teams in the lead up to the 2000 Olympic Games and how is this being managed by the Department of Recreation and Sport?

Will the Government be offering incentives for overseas teams to train in South Australia? Are these being pursued by the SA Olympic Office in Sydney as announced by the Premier in April in 1994, and how is this being coordinated with the Minister's department? Does the Minister support the establishment of a world class equestrian park at Aldinga, and what support is being offered by the Minister to the local consortium of horse clubs? Has the Minister received a request for a grant of Government land for this purpose?

How does the Minister's department select external consultants? Will the Minister list all external consultants currently working for the Department of Recreation and Sport, the nature of the project and the contract amount? What will the outsourcing of VACSWIM entail? Will the Minister guarantee that there will be no reduction in the service provided? Will the Minister guarantee that there will be no increase in the cost to parents and, if not, what will be the increased cost to parents?

The CHAIRMAN: The time being 6 p.m., I declare the examination of the vote completed.

ADJOURNMENT

At 6 p.m. the Committee adjourned until Tuesday 27 June at 11 a.m.