

HOUSE OF ASSEMBLY

Tuesday 18 June 1996

ESTIMATES COMMITTEE A

Chairman:

The Hon. H. Allison

Members:

Mr R.P. Bass
 The Hon. Frank Blevins
 Mr C.J. Caudell
 Mr K.O. Foley
 Mrs J. Hall
 The Hon. M.D. Rann

The Committee met at 11 a.m.

House of Assembly, \$5 391 000

Witness:

The Hon. Dean Brown, Premier, Minister for Multicultural and Ethnic Affairs and Minister for Information Technology.

Advisers:

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

The CHAIRMAN: Does the Leader of the Opposition wish to make an opening statement?

The Hon. M.D. RANN: There was some confusion last year about omnibus questions. When we were in Government we and certainly I as Minister allowed omnibus questions, and some were not reached or placed on the record, because of the shortage of time. Will you advise us on what the procedure should be in this regard?

The CHAIRMAN: I believe that the procedure agreed to by the two Chairmen is that questions should be put in the course of the day and that questions unasked at the end of the day should be placed on notice on the question paper in the normal manner. Putting a huge lot of questions, some of them very complicated, for answer in a short space of time has created problems over the years. Therefore, it has been the decision of the two Chairmen to ask that omnibus questions be placed on notice in the normal manner.

The Hon. M.D. RANN: Thank you, Mr Chairman.

The CHAIRMAN: I call on the Leader to ask his first question.

The Hon. M.D. RANN: I am quite prepared to waive questioning on the Governor's area. There is strong and broad consensus on the appointment of Sir Eric Neal, about which we are all delighted.

Given that the Premier has supported the actions of the Speaker of the House of Assembly in providing the member for Florey with special access to computer records in the member for Florey's search for the identity of persons

entering and leaving Parliament House, and given the consideration of ongoing procedures, does the Premier believe that similar access should be provided to other members of Parliament outside his own faction within the Liberal Party?

The Hon. Dean Brown: The Opposition has put a motion before the House, and I certainly cannot comment on that motion. However, I can reveal to the Committee that I have had discussions with a number of members about access to the security system as a result of what was revealed in the last week of sitting. I was amazed to find that Labor Party members have been freely using the security system down in the basement. I know that the President of the Legislative Council has been down there when members of the Labor Party have walked into the security system room and checked the screens; in fact, they have checked to see whether or not someone has come into the building.

I have also found that a number of other members of Parliament are in a similar situation, in that they believe that there is no security as such in terms of the security list, and there has been free access to walk into the room and look at the screens. Therefore, I found that members of Parliament on both sides of the House, under both the former Labor Government and the current Liberal Government, have been freely walking in and looking at the security screens without any consultation with either the President or the Speaker. Labor Party members have been doing that, and the President of the Legislative Council has verified to me that he has been present in the room when Labor Party members have walked in and looked at the screen to obtain information.

The Hon. M.D. RANN: I have a supplementary question: do you support free access to the computerised records by all members as opposed to someone glancing at the screen as you allege? Would you support an open go: we will all have access, not just your mates in your faction?

The Hon. Dean Brown: I was stating what, in fact, has occurred. I appreciate that it is embarrassing for the Leader of the Opposition to have revealed the fact that Labor Party members have been walking in and looking at the security screens for some time. I point out that it is my view—and I have raised this already in the House—that a protocol procedure should be put down so that everyone understands whether it is to be a free and open system or a security system and that the same rules should apply to everyone. I highlight that Labor Party members have been using this information on a freely available basis for those who wish to have access to the information.

The Hon. M.D. RANN: Will you name the members who have used the information?

The CHAIRMAN: The Chair has not given the honourable member leave to add yet another supplementary question. The Chair was specific regarding three questions being asked. A supplementary question is at the discretion of the Chair and is the exception rather than the rule. If supplementary questions creep in by way of interjections, that defeats the purpose of the Chair's original statement and the Chair cannot afford to let that happen. The Premier has the floor.

The Hon. Dean Brown: I have made my point. A protocol procedure should be put down. I appreciate that it is an embarrassment to the Leader of the Opposition to have revealed the fact that apparently members of the Labor Party have been walking in and looking at the security system.

The Hon. M.D. RANN: Given that you have said that you support the actions of the Speaker in providing the member

for Florey with these records on grounds that you considered the material distributed about the member for Coles to be grossly libellous and defamatory, have you asked the Speaker why he did not simply place the matter in the hands of the police; would you support that this is the appropriate course of action in the future?

The Hon. Dean Brown: It is up to the Speaker to determine what action he takes; he is not under the influence or control of the Premier and it would be wrong of me to issue an instruction or direction to the Speaker in that regard. The matter is the subject of foreshadowed debate in the House of Assembly and it is a breach of Standing Orders for this Standing Committee to debate the specifics of that issue.

The Hon. M.D. RANN: This is the accountability and transparency that the Premier talks about in action. Has the Premier, or the Speaker—and I am sure that the Speaker would have advised the Premier—yet identified the author and source of this defamatory document in question?

The Hon. Dean Brown: I point out that that is a matter of specific debate before the House and, Mr Speaker, you would probably rule it out of order.

The CHAIRMAN: The honourable member is sailing close to the wind: there is a motion before the House.

The Hon. Dean Brown: I make the point that, when the House was last sitting, the Leader of the Opposition and some of his colleagues said that they knew who it was: if they knew who it was, they should bring forward the information. They should take it to the Speaker immediately.

Mr BASS: What works have been done under 'Legislature 1995, capital payments-building works and major works' during the past 12 months and what is proposed?

The Hon. Dean Brown: I will ask Mr Mitchell to answer that question because he is the person responsible. I stress that, whilst the work is commissioned by the Department of Government Services, the actual supervision of the work that is carried out is under the control of the Speaker and the President. Therefore, I will ask Mr Mitchell to answer on their behalf.

Mr Mitchell: As members are aware, a rolling program of renovations is taking place over a period of about three years. We are at stage 3, which involves the western side of the first floor of the building. When that is completed in a couple of months, work will commence on the ground floor, on the Legislative Council side in the first instance followed by the Assembly. That will complete the works, in about December or January.

Mr BASS: I refer to 'Recurrent payments, select committees'. A number of select committees have been initiated, so will the Premier comment on those costs?

The Hon. Dean Brown: I presume that the honourable member is referring to the \$77 000 that has been allocated in 1996-97 for select committees: travelling expenses, witnesses, reporters, and so on. Again, that is a matter for the Clerk of the House to comment on, but the honourable member would appreciate that a number of select committees have been set up, including one on the water contract and one on EDS, although they are committees of the Upper House. Is the honourable member referring to the Lower House?

Mr BASS: Yes, travelling expenses and fees of members and witnesses.

The Hon. Dean Brown: I will ask the Clerk to answer that question.

Mr Mitchell: The amount that is set for expenditure of select committees is determined by the number of committees that are appointed, the nature of their inquiries and the

number and duration of sittings. It is difficult to budget accurately. That sum of \$77 000 is a nominal provision based on historical expenditure levels. I think that it will be down slightly this year because we have had fewer select committees than has historically been the case.

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

Joint Parliamentary Services, \$8 705 000—Examination declared completed.

Legislative Council, \$2 874 000—Examination declared completed.

State Governor's Establishment, \$1 578 000

Departmental Advisers:

Mr S.J. Archer, Manager, Financial Services, Department of the Premier and Cabinet.

Mr J. O'Flaherty, Director, Corporate Services.

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

Mrs HALL: I refer to page 99. Last year I asked whether South Australia was to continue to maintain a Rolls Royce. Given the importance of the car industry to our State and the response given last year, can the Premier report on any progress?

The Hon. Dean Brown: Following the statements I made to the Estimates Committee 12 months ago, I have had discussions with the Governor-elect and, as a result, a Holden Caprice has been ordered and will be delivered before or at the time of the new Governor taking up his position. It is a car manufactured in South Australia. At that stage the Rolls Royce will be sold. I had an understanding with the current Governor that the existing Rolls Royce would be used until the end of the third term—and that is what has occurred—and then that car will be sold. The new car will be in place from 1 July. The new Governor takes up his position on 22 July.

Mrs HALL: Again, I refer to the position when the new Governor takes over. Has the Premier had any discussions with the Governor concerning the public of South Australia visiting Government House and its grounds, given the public's continuing interest? Will that practice be continued by the new Governor, Sir Eric Neal?

The Hon. Dean Brown: First, I highlight the fact that the appointment of the new Governor has raised a great deal of interest and favourable comment within the community. It is the first time that any Governor (or Governor-General) with a business background has been appointed. As a result, it is unique and, as such, I believe that the new Governor will be able to add significantly to public comment and debate, particularly in regard to economic development within the community.

He is a person who has a very high standing both within South Australia and interstate. He was educated in Adelaide and spent much of his early career here. However, at the same

time, he is a person who is known particularly in the business community but also in the broader community throughout the whole of Australia, and in fact even internationally. As a result, I believe that we will be able to attract to South Australia a number of people purely because of the Governor's appointment. I also believe that the Governor will want to take on a number of significant roles within the community, which will have an enhancing effect in terms of creating new interest and new economic activity for South Australia.

I stress that our current Governor has done that very effectively as well. Late last year Dame Roma visited Indonesia for eight days, taking with her a very significant delegation of South Australian companies, including the South Australian Indonesian Business Council led by Mr Kieran Kelly. As a result of that, Dame Roma had the opportunity to meet with Ministers and the President of Indonesia, and had the opportunity to encourage further investment by Indonesia, particularly in South Australia.

Very recently, Indonesia has taken the step of investing in the testing of technology for the molten iron production facility that could lead eventually to a huge mineral development in the north-west of the State. An Indonesian company connected with the steel industry has now invested millions of dollars in this test plant, which will be based at Port Augusta and, if that technology is proven up and the mineral deposits are proven up, you have the potential to have a vast iron ore industry using Meekatharra coal and the adjacent very high quality iron ore deposits, and you also have new technology that potentially could produce molten iron (and therefore cast iron) at a much lower cost than the traditional blast furnace technology.

I highlight and compliment the role that Dame Roma herself played in going to Indonesia to attract that company to South Australia.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: It will not put Whyalla out of business at all: Whyalla is doing very well indeed and will continue to use blast furnace technology to produce for BHP. I reassure the member for Giles that that is the case. The new Governor will bring experience not only in the broader community but particularly in economic development. At the same time, he has been involved directly in the Duke of Edinburgh Awards scheme, being one of the board members of that scheme world wide. He has recently been in England and been asked by the Duke of Edinburgh to carry on that role, although he will now be Governor, and I have agreed to that. I also think that, over time, the new Governor will develop a number of other special interests that will further enhance the position of Governor in South Australia. I am very excited about the opportunity that exists and the role that the new Governor will play.

I also take this opportunity to compliment the enormous service that Dame Roma has given to South Australia. She has my highest admiration and that of the Government, as well as that, I am sure, of the South Australian community. Dame Roma works tirelessly. She is an astute thinker and has made a great contribution. Now is a fitting occasion to acknowledge that role here in this Parliament, as we consider the estimates lines, and to wish her all the very best for her retirement.

Mrs HALL: I want to pursue the question of the opening of the grounds, which I am sure you will raise with Sir Eric. He has a number of interests, and you will be delighted to know that he is an avid supporter of Adelaide City soccer. I

know that is a subject dear to your heart. Last year I asked whether you could give us an assurance that an entrance fee will not be charged for those people going into the grounds to visit: will you give us a guarantee or undertaking that you will raise this matter with Sir Eric?

The Hon. Dean Brown: First, I can assure the honourable member that there has been no entrance fee in the past year. Dame Roma has been very enthusiastic in wanting to make sure that there was ready public access to Government House in a whole range of areas. It is not just opening Government House to allow the public to walk through, which she has done in the past year, but it is other events such as the awards for students finishing their SSABSA. She had something like 3 500 people in the grounds of Government House in a morning, as a result of the SSABSA awards back in March this year. She also has a large number of other community groups going into the grounds of Government House. She uses the grounds very effectively to help raise money for various charities and other community services by having functions in those grounds.

From my preliminary discussions with Sir Eric Neal, I believe he will continue to allow that, but once he has settled into the job he will want to make his own decisions. I stress that, with respect to the administration of the grounds of Government House, the final say in terms of what happens—although it occurs through the Department of the Premier and Cabinet—is with the Governor.

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

Premier and Cabinet, \$13 316 000

Departmental Advisers:

Mr I. Kowalick, Chief Executive Officer.
 Ms C. Charles, Deputy Chief Executive.
 Ms S. MacIntosh, Director, Executive Services and Program Coordination.
 Professor R. Blandy, Chief Executive, SA Development Council.

The CHAIRMAN: Does the Leader of the Opposition wish to open the questioning?

The Hon. M.D. RANN: Yes, Mr Chairman. In terms of the policy area, the Commonwealth Government has commissioned a review of Australian National with a final report due tomorrow. The Opposition has made a submission to the review opposing the cutting or sale of Australian National operations. About three weeks ago the Opposition asked the Government whether it had made a submission to the review, and at that stage the Government indicated that it had not. Has the Government now made a submission to the Brew inquiry into Australian National, and will the Government release the submission publicly given that the report is due tomorrow?

The Hon. Dean Brown: I can indicate that the Government is making a submission.

The Hon. M.D. RANN: Is making? Has it or hasn't it?

The Hon. Dean Brown: It is in the hands of the Minister for Transport. I understand that she has made a submission and, furthermore, that she has been to Canberra where she has spoken to the Minister for Transport about Australian

National. As well, I have raised the matter with the Prime Minister.

The Hon. M.D. RANN: Is the Premier aware that compulsory redundancies in AN's South Australian operations have begun? If so, are these changes contrary to the terms of the Commonwealth-State agreement?

The Hon. Dean Brown: From the advice that the Government has received so far, there is nothing stopping redundancies being made within Australian National without any consultation with the State Government. If the honourable member wishes to criticise that he should look to his mentor, because Don Dunstan signed that agreement. Mr Chairman, as you and I realise, there are a number of weaknesses in that agreement—and I think that they were raised in Parliament at the time. Some of those weaknesses may limit the extent to which the State Government can take action against the Federal Government over the action it takes concerning Australian National.

We have certain legal rights when it comes to the maintenance of services. I highlight that the former Labor Government in South Australia did not pursue those courses in terms of passenger services to Mount Gambier: the former Labor Government failed to follow through and exercise that power. Unfortunately that set a pattern and gave an indication that at times South Australia was not willing to challenge the Federal Government when it breached the railways agreement in respect of the sale of the railways, which occurred in the 1970s. The State Government has taken legal advice on this.

The Hon. M.D. RANN: What is it?

The Hon. Dean Brown: I will not reveal that. What fool would sit here and even ask that question?

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: The Minister has made a submission—

The Hon. M.D. RANN: She has made a submission? You didn't know a minute ago.

The CHAIRMAN: The Chair would be pleased if the observations from both sides were more temperate and less antagonistic.

The Hon. Dean Brown: Under no circumstances would I reveal to this House the legal advice we have received as to what action we should or could take against the Commonwealth. To do so would be to play our hand in a very foolish manner.

The Hon. M.D. RANN: I find it extraordinary that the Premier of this State does not know whether or not his own Government has made a submission to the Federal inquiry. The Premier said previously that he did not know. Given the significance of Australian National to Adelaide and Port Augusta, is the Premier prepared to meet Australian National workers at Islington or Port Augusta to discuss the State Government's position in relation to Australian National; and will he join me in inviting the Prime Minister, John Howard, to meet with Australian National workers when the Prime Minister visits Adelaide on 5 July? They want to know where the Premier stands. The Premier has said that he spoke to John Howard; what was his response?

The Hon. Dean Brown: The people of South Australia know where I stand on this issue, because I have made a number of public statements. We are very strongly opposed to the closure of operations of Australian National. We are strongly opposed to anything that would downgrade services to South Australia. I highlight the fact that it was under former State and Federal Labor Governments that many of

the fundamental mistakes were made which then led to redundancies and retrenchments within Australian National.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: No, I am talking about retrenchments under the former State and Federal Labor Governments. If you want to know where the fundamental mistake was made, it was because the former Labor Federal Government decided to go out and establish a national rail corporation, a separate entity, in direct opposition to Australian National. I was one of those who fought very strongly for this to occur. When that decision was made, if the Federal Labor Government had not formed the National Rail Corporation but formed that national body around Australian National, we would have had a substantially bigger organisation here in South Australia which would not be under threat today. What concerns me is that, although I argued that case at the time as Leader of the Opposition, I got no support at all from the then State Labor Government.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: Back in 1992-93 I stressed the dangers to South Australia in allowing to be established a national rail corporation that was not wrapped around the Australian National corporation. The Federal Opposition agreed with my stance that a separate national rail corporation should not be formed. This is embarrassing for the Labor Opposition, because that decision in 1992-93 ultimately led to the downgrading of Australian National. Here we have a Leader of the Opposition—

The Hon. Frank Blevins interjecting:

The CHAIRMAN: Thank you, the member for Giles. The honourable member will have the chance to ask a question.

The Hon. Frank Blevins interjecting:

The CHAIRMAN: I warn the member for Giles.

The Hon. Dean Brown: I acknowledge and appreciate the fact that the former Treasurer of South Australia, the Labor member for Giles, has been honest enough to interject and acknowledge the fact that he agreed with the position which I put down as Leader of the Opposition and which the Federal Labor Government would not take on.

The Hon. Frank Blevins interjecting:

The CHAIRMAN: The member for Giles has been warned. He is trying to conduct the business of the Chair from his own corner. The Chair is not interested; the Chair has already suffered at the member for Giles's hands in Mount Gambier.

The Hon. Frank Blevins interjecting:

The CHAIRMAN: This is quite enough, the member for Giles.

The Hon. Dean Brown: I am delighted that the member for Giles has confirmed the fact that the former Federal Labor Government made a disastrous decision in allowing the National Rail Corporation to be set up as a separate organisation not including Australian National. Now we have Mike-come-lately trying to make an issue out of a very bad decision which was made three years ago and which will now have an adverse effect on South Australia. I assure the Leader of the Opposition that I will continue to fight to make sure that we retain Australian National's services here or, if it is taken over, it is taken over by an organisation that maintains the maximum level of Australian National's operations here in this State. The die was cast in 1992-93, as everyone understands.

Mr CAUDELL: I refer to 'Program 1—Planning and Policy Development', page 101. Will the Premier outline the level of business support for the State marketing campaign?

The Hon. Dean Brown: Over the past 12 months the State marketing campaign has received very strong support from South Australian companies in a range of areas. We have taken a range of programs, supplements and papers, etc., out there and asked companies to come in with the State Government to support those campaigns. I will outline and thank those companies that have been involved in those campaigns. They include: San Remo, the biggest manufacturer of pasta in Australia, a major exporter and a company that now ranks in about the top 10 pasta manufacturers in the world; Nexus Furniture, which is in Victor Harbor; Faulding, which is now a global pharmaceutical company; Coopers Brewery; Motorola, a new entrant into this State attracted by this Government; Mitsubishi; General Motors- Holden's; Southcorp; SANTOS; British Aerospace; Balarinji Australia; Penrice Soda; Vili's Cakes; Rib Loc Australia; the Crompton Group of Companies, which is involved in the sheepskin industry; Radio Frequency Systems Pty Ltd; and South Western Manufacturing. They are the major companies that have put their names to the campaign, talking about South Australia as a favourable place in which to invest.

Other companies have given support in kind and have been identified with the campaign. They are: Perry Engineering; Channel 9; the Hindley Street Association; Tagmaster; GE and CE Bone; Phone Save/Tele Pacific; Franchise Opportunities; the Adelaide Festival of Arts; the Rotaract Club of Mount Gambier; Easyfind Planner/Directory; Australian Kidney Foundation; JCM Diesel Engine and Pump Specialists; Textile Clothing, Footwear and Allied Industries; Federation of Wall and Ceiling Contractors; the Lions Club of Flagstaff Hill; Blackshaw and Associates; Toop and Toop; SA Ocean Exports; One Call Property Management; Drive Safe Australia; the 1996 Adelaide Fringe Festival; Flora Foods; CareFlight Australia; and the South Australian Taxi Association.

I acknowledge the involvement of those companies. You can see a very substantial list of companies there and their willingness to come in and back South Australia. I guess it shows that these major companies are willing to go out there and stand up and be counted, saying that South Australia is an excellent and very competitive place in which to do business, and highlighting that to other people. It is a pity that the Leader of the Opposition does not go off and talk to some of these companies, because he would change his mode from being the State's greatest knocker to becoming a supporter of South Australia. Why would we want a Leader of the Opposition who is just a knocker in these matters? It is about time he changed his attitude and got out and supported those companies.

Mr CAUDELL: I refer again to page 101, 'Program 1—Planning and Policy Development'. Will the Premier provide details of the state of the business roadshow which has been featured in Sydney and Melbourne to promote business opportunities in South Australia?

The Hon. Dean Brown: It was a joint venture between the commercial media of South Australia and the Government. The total cost of the roadshow was \$260 000 and the Government's contribution was \$79 000. It shows that a vast majority of the costs came from private media here in Adelaide. That roadshow was a well attended presentation to company chief executives and others in Melbourne and Sydney. It consisted of a detailed presentation from a number of people, involving a CD ROM type presentation on a screen. We staged the roadshow immediately prior to the Grand Prix. I think we invited the Opposition to come along.

It was a disappointment that they did not, because those who came immediately prior to the Grand Prix found that—

Mr FOLEY: Three of us went along.

The Hon. Dean Brown: I am delighted. I am glad you came, because it was attended by approximately 600 people.

Mr FOLEY: It was a good breakfast.

The Hon. Dean Brown: It was a good breakfast with a good atmosphere, and I am delighted that the honourable member has acknowledged that that presentation by the people there was seen as a very positive way of promoting the State.

The CEO of Coles Myer described it as the best presentation that he had seen by anyone. In fact, he immediately took a number of copies of the CD and asked all his senior executives to go through it, because he believed that it had set a new standard for presentation at a corporate level. The CD ROM is now available for direct marketing. It has been sent out to over 1 000 businesses, marketing organisations and our interstate and overseas offices. The feedback from the CD ROM presentation has been excellent. A number of businesses and Government agencies have approached the Department of the Premier and Cabinet to use the components of the CD ROM for promotion of their businesses and the broader promotion of South Australia. I again take this opportunity to thank all those who were involved in that presentation, particularly the private media in this State.

Mr CAUDELL: Under 'Program 1—Planning and Policy Development' work is being coordinated by the Department of the Premier and Cabinet on the Murray-Darling 2001 project. Will the Premier indicate the current status of this work?

The Hon. Dean Brown: The Murray-Darling 2001 project was a South Australian initiative, put up to the Kirner committee in 1994 shortly after I became Premier. It was my personal idea that, as we approached the centenary of Federation, we needed to look for big national projects as part of that celebration of becoming a nation under a Federation. I could think of no more worthy projects than the two or three I have put up.

The first was the clean-up of the River Murray, which affects four States of Australia. It is vital to South Australia, because approximately half Adelaide's water supply comes from it. Of course, all the irrigation along the River Murray is dependent on that water supply, as are many country towns, from the Upper South-East right through to Whyalla and covering Yorke Peninsula, the Mid-North, the Barossa Valley, areas south of Adelaide and the Murray-Mallee.

As a result of that and representations I made, first I went to see the Premier of Victoria and the then Premier of New South Wales, John Fahey. I then saw the new Premier of New South Wales, Bob Carr. On each occasion I pushed with them this project specifically. I pushed it with the former Prime Minister and now I am pushing it with the current Prime Minister. I was delighted with the commitment that has been made in that regard. As a result of that, we have what is proposed to be a \$300 million Commonwealth program, with the States contributing about \$150 million of that over a five year period. South Australia's commitment over that period will be \$35 million. To raise that money, the State Government has already imposed a 1¢ per kilolitre levy on all SA Water distributed throughout the State. It does not matter whether or not it is River Murray water, that 1¢ per kilolitre applies to all water from SA Water that is reticulated. That will raise about \$800 000 this year, because it applies only to a half year in 1996-97. In a full year it will raise about \$1.6

million. We have proposed a levy of .3¢ per kilolitre on all irrigators in this State. That will raise \$2.5 million in 1996-97, in a full year raising \$3.3 million as part of our contribution towards that clean-up program.

The River Murray Catchment Water Management Board, which has been formed by this Government, will be directly involved in determining the works program to be carried out. Present indications are that the program will commence this coming financial year, 1996-97, based on a Commonwealth Government commitment of \$17 million for that year. Members will appreciate that a catch-up phase will need to be developed. We have covered from those levies our contribution to that program. Of course, we are now waiting for the final legislation to go through for the sale of Telstra, and this is an excellent opportunity to ask the Leader of the Opposition whether he will come in and publicly support me in asking for the Telstra legislation to be passed, so that we have Commonwealth Government funds for this very important project. It is vital to the long-term future of this State.

There are three key areas that we have to tackle under this. The first is to stop over-use of River Murray water, and that applies particularly in New South Wales. I am delighted that the Government there is starting to take action. There are still real concerns about the over-use of water in New South Wales. The second area is the extent to which nutrient loads within the river system are increasing, particularly with increased use of fertilisers in the cotton fields of New South Wales and the rice paddy fields of New South Wales and northern Victoria, but more particularly New South Wales.

The third issue is to ensure a clean-up of the quality of water in what are called lagoons and wetlands surrounding the River Murray. One of the key factors is carp, and programs are being put in place to try to reduce the number of carp in the river. Research is being carried out to see whether there might be specific viruses that could attack the carp but not other native species within the river system. It is an important project, vital to the long-term future of this State. Frankly, we have made more headway in the last six months in this area than has been made for a long time.

Members interjecting:

The Hon. Dean Brown: I appreciate the fact that members of the Opposition are supporting what this Government is now doing.

The Hon. M.D. RANN: In relation to the line 'Premier and Cabinet' at page 101 in the Estimates of Receipts, do you, as Premier, does the Department of the Premier and Cabinet or does your political office have any role to play in the allocation of State Fleet cars or ministerial chauffeurs to members of the Opposition?

The Hon. Dean Brown: The responsibility for ministerial cars, which comes under SA Government Services, lies with the Minister for Emergency Services. There are some exceptions; we have a protocol division which orders cars for ambassadors and other key people who visit the State. If we believe that an important visitor to South Australia should be picked up at the airport and shown around, we will look after them.

The Hon. M.D. RANN: Is there no political vetting of Government chauffeurs or drivers in terms of their allocation to Opposition members by political advisers to you as Premier of the State?

The Hon. Dean Brown: Certainly not. Let me clarify this: are you trying to suggest that I decide who should drive the Leader of the Opposition or someone else?

The Hon. M.D. RANN: I have been given a document written to the Director of State Fleet, signed by the Manager, Ministerial Fleet, which states:

John Scales, Chief of Staff to the Premier rang and said he would issue instructions to our Minister in relation to obtaining the Ministers' leave list. He stated that some drivers had complained about Gary Hough, chauffeur to Minister Olsen being allocated to Opposition Leader, Rann. The reason for their complaint was because of the sensitivity of the water issue being handled by Olsen and the possibility that some information may be inadvertently divulged.

Although he applauded my initiative in using the list in managing chauffeurs' time, he felt greater discretion should be taken in allocating chauffeur resources.

My action of allocating Gary Hough was only taken as a result of Rann's relief chauffeur being taken to hospital with a suspected heart attack and no other suitable chauffeur being available.

In future I believe the following policy should be adopted: 'Chauffeurs for Ministers can only relieve Opposition politicians after analysing the implications and if in doubt consulting with John Scales, Chief of Staff.'

If I am unable to use the chauffeur, this will result in the necessity to use a private enterprise chauffeur and vehicle. Inevitably this will cause a problem with the Opposition who prefer their union members.

I would appreciate your comments.

The letter was signed by Colin Hocking, Manager, Ministerial Fleet, and it was dated 7 February 1996. There were concerns about leaks from John Olsen through his driver to the Opposition. I know that the Premier is worried about John Olsen but is he worried about his driver as well? I assure the Premier that the drivers comprise a professional fleet. I do not get leaks from them: I get leaks from your colleagues who believe that Olsen could do a better job. It seems extraordinary to me that the Premier's office of this State, which has the highest youth unemployment in the nation, should be seeking to run a car pool rather than a Government.

The Hon. Dean Brown: That statement which was read to the House contains a number of significant inaccuracies.

An honourable member interjecting:

The CHAIRMAN: The Leader is quite out of order and he knows it. This is a demonstration for the media. Before we take this further, I point out that members are well aware—and the Leader as much as anyone—that copies of documents—

The Hon. M.D. Rann interjecting:

The CHAIRMAN: The Chair is in command. The Leader and members were advised that there is no provision for tabling documents, nor is there provision for grandstanding and exhibition of documents. Any documents to be circulated are to be circulated through the House representatives.

The Hon. Dean Brown: I point out that there are a number of inaccurate statements in the document and I therefore question the accuracy of whoever has written it.

The Hon. M.D. RANN: The head of State Fleet.

The Hon. Dean Brown: There are a number of inaccuracies, thus I question the accuracy of other aspects of it. I would like to speak to Mr Scales, who is no longer employed by me, to find out the circumstances. I would have thought at the very least Mr Scales should be allowed a chance to have a say in this.

The Hon. M.D. RANN: You can show him that.

The Hon. Dean Brown: The claim that he is my Chief of Staff is not correct at all. Anyone who has written a minute on that basis and who does not understand he is not my Chief of Staff is clearly wrong.

The Hon. M.D. RANN: In relation to planning and policy development, I note that the Youth Employment Task Force—

The Hon. Dean Brown: I should also point out that other matters in this document which are significant were not read out, for instance, 'Dawn Story stated that we should not receive the list because of its confidentiality.'

The Hon. M.D. RANN: That is—

The Hon. Dean Brown: Someone from my office is stating that certain lists should not be revealed because they are confidential—

The Hon. M.D. Rann interjecting:

The CHAIRMAN: The honourable member is well aware that there is no provision for tabling documents.

The Hon. Dean Brown: Quite clearly, my office has moved to ensure that confidentiality of information is preserved.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: There were certain complaints lodged, apparently to my office, and my office apparently followed those through with the appropriate Government authority, as you would expect.

The Hon. M.D. Rann interjecting:

The CHAIRMAN: The Leader is pursuing the line of questioning by way of further questions.

The Hon. Dean Brown: I simply point out that, reading this, apparently someone has lodged a complaint with my office and asked my office to follow it up. My office has followed it up with the person responsible, the Manager, Ministerial Fleet. It was a perfectly legitimate course to take. To whom do they go if they do not go to the Manager, Ministerial Fleet? I might add that I have no control over the nature of complaints that might come into my office.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: I highlight the answer I gave.

The CHAIRMAN: Order! The member for Florey.

Mr BASS: In relation to program planning and policy development, I understand that work is continuing on the Great Australian Bight Marine Park proposal. Will the Premier indicate when public submissions on the proposal will close and the process for considering public submissions?

The Hon. Dean Brown: I indicate that the Government has announced its intention to finalise the management plan for the Great Australian Bight Marine Park. The proposal is now subject to public consultation over a two month period prior to the proclamation of the park and the specific management zones. To facilitate this consultation, advertisements, which indicated that the closing date for public submissions is 19 July 1996, were placed in local and national newspapers on 18 May 1996. Consultation will also continue with fishing, mining, Aboriginal and conservation groups concerning both the exclusion zone and the conservation zone. Proclamation of the areas to be covered by the management plan will follow assessment of the public submissions that are made at the end of the two month period; this will be followed by a three month consultation phase on the draft management plan based on ongoing scientific work.

There has been widespread praise for the Government in the steps it has taken, particularly from conservation groups. Despite a promise made in 1989 to do something about this, for four years the former Government did absolutely nothing for the Great Australian Bight Marine Park. We have acted, and within 2½ years we have brought in a draft management plan, we have established a sanctuary and we have estab-

lished a conservation zone that stretches over 300 kilometres along the coast and three nautical miles out to sea. That will be a significant start to the establishment of an ecotourism industry in the Bight. Of course, the sanctuary zone covers the calving area and will provide a lot of protection for the whales as they pass through those waters.

Mr BASS: The Program Book indicates at page 19 that important work is undertaken as part of the program to coordinate major development projects. Can the Premier explain the role of the Office of Project Coordination?

The Hon. Dean Brown: The Office of Project Coordination, which is something that I promised in Opposition would be put into effect, acts as the first point of contact for new project proponents where there may be a problem. A lot of business people come to the Premier's Office with major new developments that they want to go ahead with. The projects do not relate specifically to another Government agency, so the developers deal with the Premier's Department.

The office also conducts initial analysis of projects presented and, if viable, identifies a lead agency to manage that project. Therefore, if the project involved Primary Industries, it would go off to PISA; if it was something to do with manufacturing industry or overseas trade, it would go to the Department of Manufacturing Industry; and if it was a tourism infrastructure project it would go to the Tourism Commission. It also manages projects where there is best available option. It monitors the progress of all major projects. I get a monthly report on those projects in advice to me as Premier. It facilitates a rapid resolution of problems, whether they be problems between departments, problems with local government or problems with planning. We try to resolve those problems and, as a result, there is no doubt there is more development in South Australia now than there was before the office was established.

The office also identifies any barriers within Government to projects and works with agencies to remove them. This office does not direct project management: the agencies themselves do the actual project management. The important role that the office plays is to coordinate and facilitate, allowing the office to act on broad issues that inhibit the ability of Government agencies and the private sector to deliver projects quickly and effectively in this State. Projects handled directly by the office generally involve those which do not have an obvious lead agency in Government or which cross the boundaries of a number of agencies and which therefore require coordination by the Department of the Premier and Cabinet.

Examples include Water West at Ceduna, where there were significant community service obligations. Whereas SA Water was involved directly in doing a lot of the management work and there was obviously an interface because it supplied the water, because of the community service obligations, this office was involved, as was I. Another example is the State distribution centre for Woolworths at Gepps Cross, and we were delighted to have the support of some members of Parliament in bringing about that major development very quickly. That \$50 million development is out there for people to see as another major development for this State.

Membership:

Ms Hurley substituted for Mr Foley.

Mr BASS: I seek your ruling, Mr Chairman. The member for Hart is continually interjecting, even while you are

speaking, Sir. If he is no longer on the Committee, I ask him to leave the front bench or to be quiet.

The CHAIRMAN: All members are aware that interjections are out of order, as is conversation across the floor, which has been taking place between members on both sides. The member for Florey.

Mr BASS: I refer to planning and policy development. The Program Book states at page 19 that a specific target of this program during the next financial year will be the closer coordination and streamlining between State and local government in relation to land use, planning and approval processes. Can the Premier explain work being undertaken by the Office of Project Coordination to improve various elements of the development approval system?

The Hon. Dean Brown: The Office of Project Coordination is working with a number of Government agencies to improve various elements which will improve the development approval process in this State. These major initiatives include changes to the Development Act and regulations, which are before Parliament at present, and the office is working with the Department of Housing and Urban Development in preparing both the regulations and the legislation. The office is working with the Department of Housing and Urban Development to develop an integrated approach for development approvals by removing the need, where possible, for separate approvals. It is also working with Treasury and Services SA to clarify management of major projects within Government, involving the development of protocols and guidelines which establish responsibility and authority and set targets and monitor outcomes. Work is being done on a training and development program for project managers in the public sector.

As indicated in response to the previous question, the office also acts as a contact point for developers and agencies that are having difficulties in delivering projects. Where necessary, the office will identify the source of the perceived problem and work closely with companies or other agencies to make sure it is solved.

Ms HURLEY: Following media reports last night and this morning, I ask under what circumstances a former female electorate staffer of the member for Colton was transferred from the member's office to the Public Service?

The Hon. Dean Brown: Mr Chairman, if this issue is to be raised, it needs to be raised when the Commissioner for Public Employment is here later this afternoon. This matter is not dealt with by me or the Department of the Premier and Cabinet.

The CHAIRMAN: Is the honourable member prepared to put the question later in the day?

Ms HURLEY: The member for Colton is a parliamentary secretary and I am asking it under that line.

The Hon. Dean Brown: There is no allocation of funds for parliamentary secretaries, so no issue can be raised.

The CHAIRMAN: The lines relate specifically to funding, and that is the whole purpose of budget estimates. Parliamentary secretaries are not referred to in the budget lines. Indeed, as the Premier points out, they are not funded in the budget lines. If it is a question of policy, it is more properly addressed on the appropriate line.

The Hon. Dean Brown: If members of the Opposition wish to perform media stunts, why do they not stand on their head outside the House?

Ms HURLEY: This involves a matter of policy and the question relates to payment of TSPs and the way this has

been handled. I believe it is a matter of policy for the Premier.

The Hon. Dean Brown: It is a matter that comes under the responsibility of the Commissioner for Public Employment. Therefore, if the honourable member wishes to raise it, the only line under which she can do that is that of the Commissioner for Public Employment. The Commissioner is not here at present.

The CHAIRMAN: The Chair pointed out to the member for Napier that the member is not being denied the opportunity to question, but was simply asked whether the question could be put when the appropriate officers were present. It is not a complex issue; it is simply a matter of timing.

The Hon. M.D. RANN: I note that the Youth Employment Task Force was supposed to report several months ago, but the report has yet to appear. Given that we have seen a 30 per cent increase in recorded youth unemployment in the past year, one would have expected the Government to act with some urgency on the matter. The Opposition understands that the draft report has received heavy criticism in DETAFE (from the Minister down) as it contains no substantial new ideas. I understand it is currently being rewritten. When will the report be released, and will the Government's response to the report include genuine measures for attacking youth unemployment such as restoring funding to TAFE, which was cut in the last State budget?

The Hon. Dean Brown: First, the task force is expected to report very shortly. The report is being finalised. In fact, I am not sure whether it is being printed now. Therefore, I expect the report to be released within the next week or so. The report does highlight a number of points. First, it highlights the fact—and this is what the Leader of Opposition keeps taking out of context—that approximately 8 per cent of people in that age group are unemployed. It is not 30 or 40 per cent, as the Leader keeps quoting: it is only 8 per cent.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: It is simply those who are looking for full-time work. Therefore, it deals specifically with that component. It excludes all young people who are in the tertiary education system. Many people in the tertiary education system have part-time jobs. It does not take into account those figures. Therefore, it highlights the extent to which the picture tends to be distorted. The true picture is: of the people within that age group about 8 per cent are looking for full-time employment.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: The honourable member on my right says that the former Labor Government Minister had abolished youth unemployment. In fact, under the Labor Government we had a much higher figure than we have even now. This Government has started to create a significant number of jobs. I will deal in some detail this afternoon with the number of trainee jobs we have created within Government and compare our performance with that of the former Government. I point out that it is an embarrassment for the former Government.

The CHAIRMAN: I point out that answers are being extended considerably by interjection.

The Hon. Dean Brown: I appreciate the support from the member for Giles. He was simply pointing out that under the former Labor Government we had record high unemployment, and the then Minister used to acknowledge the same point as I have just made. It now represents about 8 per cent. It is too high, and I acknowledge it is too high. One of the main reasons it has been higher in South Australia is the

reduction in tariffs over the past 12 years, and because of this there needs to be structural reform of our economy. As you know, Mr Chairman, I have been very critical of the lack of that structural reform. South Australia suffers because the Bannon Government for so long refused to go out and broaden the economic base of South Australia. This Government has put a great deal of energy into new emerging industries such as tourism—and the Leader of the Opposition was Minister for Tourism.

First, we have increased the allocation of funds for tourism from \$19 million—which was spent under the former Labor Government in its last year—to \$39 million allocated for this coming financial year. It is a huge \$20 million increase. We have more than doubled the funds for tourism because it is one of those growth industries. Secondly, we have moved into the area of information technology—an opportunity that was lost by the previous Government. I was scoffed at when I made predictions about what we could achieve. The fact is that we are ahead of any prediction we made in terms of achieving jobs under information technology and expansion of that industry in this State.

We have expanded the wine industry: \$73 million overseas exports in 1989 and an anticipated \$310 million in this current year. Aquaculture is a new industry again. We have gone out and established a number of new industry sectors. We have also broadened the base of the industries and made them focus their activities on the export market. The success this Government is having in getting into those export markets and particularly putting our manufactured goods onto world markets was acknowledged again in the paper this morning.

The Hon. M.D. RANN: I refer to some fundamental issues about the code of practice for Cabinet Ministers and also the pecuniary interests register under which all members of Parliament—and the Premier would be aware, having been a member before he lost his seat—for more than a decade now have been required to list their shareholdings. In the list of shareholdings and interests they are supposed to be specific about what shareholdings they have. It has been put to me that there are loopholes in the law and that perhaps in a bipartisan way—and I know the Premier likes bipartisan support—we should look at strengthening the pecuniary interests legislation to ensure that Ministers and members cannot hide their shareholdings, whether they involve millions of dollars or small shareholdings behind family trusts.

We all know there is nothing wrong with family trusts, and in South Australia I know that a number of Ministers, including the Premier, list family trusts in their annual register. Seeing that our pecuniary interest laws were supposed to be about transparency and accountability, I am sure the Premier would agree that family trusts could be used to hide financial interests and may even inadvertently disguise potential conflicts of interest. Will the Premier consider an update of legislation involving pecuniary interest laws that would require the disclosure of family trusts so that all MPs on both sides of politics are above suspicion? This would protect members of Parliament as well as the public. So that, rather than putting 'family trust', we know what shareholdings those family trusts involve.

At the moment the Cabinet register basically says 'Ministers, if there is a potential conflict of interest, come forward.' I am talking about all members of Parliament being required to reveal and disclose what are in those family trusts.

I am prepared to. Perhaps Government members could join us.

The Hon. Dean Brown: I highlight the fact that this is a straight issue and, if the honourable member wishes, he can raise it in Parliament. If this matter were going to be raised it should have been raised under the 'Legislature', because that is the appropriate line. Therefore, I point out that the Leader, if he was even half smart, would have raised this at an earlier date. The list of pecuniary interests does not come under my control: it comes under the control of the Parliament and particularly the Speaker and the President of the respective Houses, and the honourable member knows that. The only matter that comes under my control is that of the Cabinet handbook. As far as the Cabinet handbook is concerned, that goes beyond the requirements of the pecuniary interests legislation—disclosure of the Parliament—and quite rightly so.

The Hon. M.D. RANN: Is the Premier prepared to reveal what is in his family trust in terms of shareholdings?

The Hon. Dean Brown: If the honourable member wishes to become personal, I am quite happy to tell him.

An honourable member interjecting:

The Hon. Dean Brown: The honourable member has deliberately become personal, so let me say. Yes, there is a V.C. and R.J. Brown Family Trust. It has only one asset, that is, some land with citrus trees sitting on it and a bank account in association with that family trust. There are no shares whatsoever. The only shares held by the Brown family—and I am talking about me, my wife and the children—happen to be some 100 shares in a company called Black Mountain Mining, or something like that. They were shares allocated under some previous shares I had, which I have now sold. Unfortunately, this company has been delisted and we have been trying to get rid of the shares. They apparently have a nominal value—

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: I did not buy them: they were allocated through another company. But we have been trying to get rid of these 100 shares that have a nominal value of about \$20, or something. The trouble is that, because the company has been delisted, there is no way of selling the shares. They are our only shares. I think that the exact number that my wife holds—they are not in my name but in my wife's—are in the register. It is my policy that I hold no shares, and that is why I wanted to explain about the 100 shares in this company. If anyone here would like them, they are quite welcome to take them. We are writing to the company now to try to get rid of these 100 shares that remain, with a value of \$20. I do not believe that a Premier of a State can hold shares in any company whatsoever.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: I am saying that the Premier of the State, who is in a quite different position from a Minister, should not hold shares in any company whatsoever. That is the position I put down when I became Premier, and I divested myself or my wife of all those shares with the exception of those I detailed earlier.

The Hon. M.D. RANN: What I am trying to get is full disclosure of all MPs' family trust details, because they could be like yours, 100 shares that are worthless, but another Minister could have substantial company shareholdings that are disguised from the Parliament. Do you not think as a matter of policy, in terms of what you have just said, which is quite different from Jeff Kennett's policy, that it would also be in the interests of the State and the Parliament if our

annual pecuniary interests register detailed our interests, for instance, having the Ministers detail what is in their trusts so that they are above suspicion; a protection for them?

Membership:

Mr Foley substituted for Ms Hurley.

The Hon. Dean Brown: I challenge what the Leader of the Opposition has said, because any Minister who holds any shares at all must divulge those to me, and they are held in a register—

The Hon. M.D. RANN: Not the pecuniary interests register.

The Hon. Dean Brown: I point out that the Leader of the Opposition is trying to smear people on no basis whatsoever. Let his grubby little tactics be revealed publicly—

The CHAIRMAN: The Leader of the Opposition is quite out of order in trying to carry on debate by way of pursuing a line of questioning in this manner. I am quite prepared to warn the Leader and to name members who are, as the former Prime Minister would have said, particularly recalcitrant. The consequences of a naming in the House are that the member concerned will be completely suspended for the rest of the day. I ask members to bear that in mind. The Chair is entirely in your hands, members, and will be happy to cooperate.

The Hon. Dean Brown: I find it a grubby tactic to try to smear Ministers, when the Leader of the Opposition knows, as a former Minister, that our protocol for Ministers is tighter than that of the former Labor Government. Ministers are required to divulge all their shareholdings, etc to the Cabinet Office, and that information is held by an independent person in the Cabinet Office.

I would like to come back to the issue that was raised earlier by the Leader of the Opposition about the SA fleet. I ask him to listen carefully to the information that I give, because we have had an opportunity to contact Mr Scales on this. The Government Garage initiated the contact with my office: it did not come from my office.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: It was specifically raised by the Government Garage with my office as a concern in the administration of the Government Garage because of claims by members of the Opposition—and I put them as no more than claims by members of the Opposition—that they were receiving leaked information. The Government Garage specifically asked whether, in the circumstances, a driver should be put in a compromising position if he worked for the Leader of the Opposition while the Minister was overseas. So, it was something that came out of the Government Garage itself: it was not initiated, as suggested by the Leader of the Opposition, by my office.

Mr John Scales gave no instruction at all. He simply pointed out that the driver could be in a position of compromise; that the matter ultimately was for the driver and the Government Garage. So, this claim that there was a direction from someone in my office is entirely false, and I dispute it.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: I point out that some other things there are clearly wrong; for instance, that Mr John Scales happened to be chief of staff of my office. That is wrong. So, whoever wrote the minute clearly did not know the basic facts. Given the boasts that the Leader of the Opposition constantly makes about receiving leaked information, which I think he exaggerates grossly, and much of which is nothing more than a disguise for making some untrue allegations, as

we know he does, there was perfectly understandable action by the Government Garage; and, in the circumstances, the advice of Mr Scales was equally appropriate. That is, that he was not there to give a direction to the Government Garage: it was up to the Government Garage to sort out the matter between the driver and the Government Garage.

In fact, I understand that Mr Scales made quite clear to the driver that there was absolutely no reflection intended on him. That puts an entirely different picture on the claims made by the Leader of the Opposition in this Estimates Committee and again highlights the shabby tactics that the Leader of the Opposition is willing constantly to stoop to.

Mrs HALL: The Premier referred earlier to the role of the Office of Project Coordination, and I note that on page 19 of the Program Estimates there is a reference to 30 developments of significance to the State that received assistance to speed up investment. Will the Premier give a summary of the current status of major development projects in which the Office of Project Coordination is now involved?

The Hon. Dean Brown: First, there is Warrina, which is the first major integrated tourist resort in all Australia outside Queensland, with a proposed \$200 million development over a 10 year period. I understand that approximately \$40 million has already been spent at Warrina. The effluent disposal system has already been commissioned. Twenty condominium units have been completed, along with the establishment of 111 residential allotments and the remodelling of the existing 18 hole golf course.

In addition, the existing motel units have been completely gutted and refurbished, as has the main restaurant area. In the near future further initiatives are planned. Consideration for capital works at the marina is currently before the Public Works Committee, being referred there by Cabinet a couple of weeks ago. Currently tenders are being called for the construction of the marina. Incidentally, the calling of tenders is subject to the agreement of the Public Works Committee. There has been no attempt to pre-empt that, but to shorten the time cycle I understand that the developer has called tenders. Also, there is the completion of another 60 condominium units. Construction is to commence on the 200 room apartment block. There is the completion of design work for a major upgrade of the food and beverage areas and conference facilities. As members can see, substantial work has been done or is under way.

With respect to the Mile End development, the main milestones are the completion of the first internal road (Charlick's Circuit), the renovation of the perimeter building, the completion of the first major apartment building (Ridgeway Apartments), and the basic framework of the public thoroughfare, which was an agreement between the developers, the State Government and the Adelaide City Council.

There has been the redevelopment of seven shops on Rundle Street and the Stag Hotel; the commencement of the Brooker Apartment building; the release of the Union Street car park from the Royal Adelaide Hospital to commercial operations, which had to be sorted out. I got the developers in and we pushed through an agreement which everyone is now applauding. In respect of future initiatives, there is the design and documentation of the construction of a public thoroughfare, which will be this new street which has been talked about; refurbishment of Union Street and heritage buildings; and the refinement of concept designs for a new car park at the Royal Adelaide Hospital which will create a substantial number of new car parks in that area.

With respect to Adelaide Airport, we have just released the environmental impact statement and some of the consolidation work has already started at the western end of the runway. In respect of Wilpena Pound, there is the recent completion of design consultancy by Woods Bagot. Ministerial approval has been given to commence the first stage of the infrastructure works, which will involve the upgrade of the power supply and the camping grounds and provide a new ablutions block. Further initiatives include the expected finalisation of the lease agreement with the developer, as it is Government land; finalisation of a financial analysis by the Government to support the project; and implementation of a program for the development of the infrastructure and the calling of tenders.

There is the Port waterfront redevelopment, which was announced publicly a week ago. Restoration work on the police-courts building has been completed and its lease has been finalised. A design has been completed for the public promenade development of wharf frontage from the Birkenhead Bridge to No. 3 berth. Remediation of the Harborside Quay site has been reduced and can now proceed, with work due in September. Lipson Wharf Pty Ltd has completed a feasibility study and has offered to purchase waterfront sites occupied by sheds 2 and 3 and for the development of an integrated restaurant-tourism-retail-commercial complex on that area. Further initiatives include the design and documentation of promenades to be completed by the end of June. The internal fit-out and refurbishment of the police-court complex is under way, along with finalisation of the development agreement with the Harborside Quay site and completion of pre-conditions for the purchase of sheds 2 and 3.

There is also the Glenelg-West Beach redevelopment. Members would be aware of the work that has been carried out to clean up the Patawalonga. After years of neglect people are saying—

An honourable member interjecting:

The Hon. Dean Brown: This Liberal Government took the initiative, just like the former Tonkin Government put in the linear park along the Torrens. That was stopped by the Bannon Government. This Government will now complete the linear park along the Torrens. This Government will now clean up the Patawalonga. The EIS has been released, and the Patawalonga Catchment Management Board, which is taking a series of steps to clean up the Sturt Creek and the Patawalonga, is looking at establishing wetlands in the longer term.

The Woolworths Distribution Centre site has been identified at Gepps Cross, and the sale of land has taken place. Stage 1 of the work, which is valued at \$50 million, is already well under way and has almost been finalised. On completion of stage 1, approximately 180 jobs will be generated, and Woolworths has already started to interview people for those jobs. The building will be completed by the end of July, and the completed complex is to be opened in November. Initial discussions will be held on stage 2 which, if it proceeds, will result in a further investment of about \$50 million and the generation of 500 new jobs.

There is also the Lincoln Cove stage 2 development. The marina, which was the centrepiece of stage 1, is now full. All the berths have been taken largely by the fishing fleet at Port Lincoln, and they appreciate that development, particularly with the extension of the tuna farms. The initial land release is nearing completion for stage 2. Excess Government land has been identified which could accommodate stage 2 of the development, including additional berthing facilities for the

fishing fleet as well as additional residential blocks and the provision of a golf club and amenities.

This land has been transferred to the development, and assistance has been given in respect of planning approvals. A training scheme has been implemented with the assistance of DEET and the Port Lincoln council, which is providing jobs and training for local young people who are employed on the project. Discussions are under way on the use of effluent to irrigate the golf course and nearby sporting facilities, and construction has already begun on the canals and roads for the development. A further initiative, which will include stage 2A, will provide berths for 85 fishing boats and 140 new residential blocks. That will be completed by November this year. Stage 2B, which includes a golf course, a golf club and a retirement village, will commence in December this year. That outlines some of the major projects. Members can see the substantial amount of additional work now under way in this State in respect of such things as tourist and commercial developments.

Mrs HALL: Again I refer to page 101, Program 1. I understand that the Office of Project Coordination has already taken a major role in facilitating an agreement for the supply of water to areas west of Ceduna. Can the Premier explain the achievements to date and what further action is required to implement this most important project for South Australia?

The Hon. Dean Brown: I know that for many years there has been a request for water to go west of Ceduna, to places such as Penong, where they have been carting water every summer for many years at a cost to the Government. The Koonibba Aboriginal settlement, the development at Denial Bay, Penong and other areas have been denied any reticulated water whatsoever. Last year a unique opportunity arose where ATSIC offered to contribute \$2.5 million for the provision of reticulated water to the Koonibba Aboriginal community at Bud Hill. We were therefore asked, as a State Government, whether we would participate in this project and provide water to other communities west of Ceduna.

The State Government recognised the need for reticulated water at Denial Bay, particularly with the expansion of the oyster industry there. As a result, the State Government is contributing \$2 million. In fact, I signed the approval only yesterday for the \$2 million transfer to take place. This is a unique agreement between the State Government, which is putting in \$2 million; the Aboriginal community and ATSIC, which are putting in \$2.5 million; and the District Council of Ceduna. The District Council of Ceduna will own, operate and maintain the water supply involved. A formal agreement with the District Council of Ceduna is expected to be in place by August. The money has already been approved for transfer across to the council.

Water will be going first to Denial Bay and secondly to the Koonibba Aboriginal community. The water supply will then be extended further west of that, from the Koonibba Aboriginal settlement across to Bud Hill, which is a high point west of the Koonibba settlement. There will be a large holding tank at that point, and the district council itself will then reticulate the water out to a range of users, including the Penong community. So, the promise we made before the last election has now been kept by this Government: yet another promise has been met.

Mrs HALL: Again, I refer to page 101 of Program 1. The program book indicates on page 19 that work is currently being undertaken through this program on microeconomic reform initiatives. How is the Government currently meeting its obligations for the implementation of competition policy?

The Hon. Dean Brown: Under the competition policy, the State Government has already started to meet many of its obligations. We believe that we will meet the rest of those obligations by the end of this coming financial year. I will run through that, because it is an area where enormous change is taking place; this Parliament sees some of that. I have made competition policy statements, as I am required to do, and a final statement will be made in early July to meet that obligation. As a result of an Industry Commission report, ETSA is being restructured, again, as is required under competition policy and for ETSA to enter the national grid. State legislation will be introduced to apply the competition code. This will come into operation by the required date—21 July—and that matter is before Parliament now.

A Bill will be introduced to establish a competition commissioner to perform the function of prices oversight of monopoly Government business enterprises. I expect that legislation to be introduced in the next parliamentary sitting week. A draft policy statement on competition policy neutrality has been released for public consultation and will be finalised by early next month. Complaints relating to competitive neutrality will be handled by this competition commissioner. That commissioner will be in the Department of the Premier and Cabinet. It will not be a specific person or body: it will be a group of people who are most appropriate to carry out the role of commissioner, depending on the circumstances.

The Industry Commission was invited to conduct a structure reform review before the introduction of the national grid for ETSA, and that has been carried out. A draft timetable is to be published this month for the review of legislation. That matter was before Cabinet yesterday, and we are identifying the final legislation before putting out that list. A statement on the application of competition principles to local government has been approved and will be published next month.

The Government's approach to competition policy implementation is based frankly on applying commonsense and on balancing a number of social and economic goals. I stress the point that, whilst we want to create a very competitive environment in South Australia and open up Government infrastructure to allow competition to take place, we see that a State Government must uphold social goals. There will be a balance between the social objectives of the community and the implementation of competition principles. The economic modelling by the Industry Commission and the South Australian Centre for Economic Studies suggests that significant benefits can flow to the economy out of adopting these competition policies, and that is why the Government is pursuing them very vigorously indeed.

The Hon. M.D. RANN: I refer to page 101 of the Estimates of Receipts and Payments, where it is shown that actual expenditure on planning and policy development in 1995-96 went \$1.6 million over budget. In the recent inquiry into spending by the Kennett Government on advertising, marketing and promotional activities, the Victorian Auditor-General was critical of the politicisation of Government funded publicity campaigns. I have today written to the South Australian Auditor-General to ask that he inquire into similar activities in this State.

I note that in his report the Victorian Auditor-General calls for a re-evaluation of the appropriateness of the communications unit in Victoria being located within the Office of the Premier. He recommended that, to avoid a perception of political influence, the communications unit be kept at arm's

length from the Premier and Ministers. Perhaps we could ask the Auditor-General to inquire into the appropriateness of that in this State. Precisely how much of the overspending was due to promotional activities; what was the overall amount expended on promotional activities in 1995-96; and how much is planned to be spent on promotional activities, including 'Going All the Way', in 1996-97?

The Hon. Dean Brown: The Leader of the Opposition is confusing the Premier's office with the Department of the Premier and Cabinet. The Department of the Premier and Cabinet, as he knows all too well (so he has done this quite deliberately), is part of the public sector of this State and so has the overview of State promotion, as it did under the Leader of the Opposition's own Government. What is he saying? Is he saying that what he applied in Government in this State is no longer valid?

The Hon. M.D. RANN: You would be aware of the Auditor-General's Report. You would have read it. You would have seen the articles in the *Age*.

The Hon. Dean Brown: The Leader of the Opposition has already raised this point. Let him listen to the answer. I know he is embarrassed by the fact that he understands only too well that the same promotion was carried out by the Department of the Premier and Cabinet when he was part of the Government of South Australia. If you read what the Auditor-General said in Victoria, you see that he was objecting to the communications unit being part of the Premier's Office.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: The Leader of the Opposition is being deliberately deceptive, because he knows that, in Victoria, it sits with the Premier's own office. Here in South Australia it does not sit with the Premier's own office. It sits with the Department of the Premier and Cabinet, which is part of the public sector and therefore comes under the direct responsibility of Mr Ian Kowalick, sitting at my right hand. Therefore, the very criticism made by the Auditor-General of Victoria does not apply here in South Australia.

I think it is very shabby. Here is this shabby Leader of the Opposition who once again is trying to create a media spectacle: he is deliberately distorting the facts. That is why he has written a letter to the Auditor-General today trying to grab a media headline for himself when he knows darn well that this unit sits in the Department of the Premier and Cabinet and not in the Premier's own office. There is a big difference there. Certainly, I look after the Premier's Office. The Department of the Premier and Cabinet comes under Mr Ian Kowalick and is part of the public sector. Therefore, all the criticism and the point raised by the Leader of the Opposition is just not valid here in South Australia. I think it is a sad reflection that this State has a Leader of the Opposition who is prepared to be so dishonest in the way he deals with the facts.

The Hon. M.D. RANN: Perhaps if I could repeat the question. What was the overall amount expended on promotional activities in 1995-96, and how much is planned to be spent on promotional activities in 1996-97 including 'Going all the Way'? Presumably as Premier you do have responsibility for the Department of the Premier and Cabinet. You are the Minister responsible for the Department of the Premier and Cabinet.

The Hon. Dean Brown: This applies to a whole range of promotional activities for the State, things such as the roadshow, which I mentioned earlier and under which we went interstate and promoted the State through a CD ROM. I am talking about various supplements that have appeared

in newspapers, and I will give details of those after lunch given that we are running short of time. I am talking about portraits of South Australia, the testimonials, and I am talking about other promotion in the community all funded through the Department of the Premier and Cabinet. The total amount through all those promotions is \$1.336 million for the year. After lunch, I will give a very detailed run down of the sorts of areas where those promotions are being carried out. In terms of 1996-97, \$1 million has been provided for that general promotional area. It comes under the line 'Premier—Other payments'.

The Hon. M.D. RANN: The material I have referred to the Auditor-General and which seems to have sensitised the Premier includes the Department of Transport's Expressway promotional newspaper. This publication, funded by the taxpayer of the State, not by the Liberal Party of this State, makes blatant political statements such as, 'Despite being—

Mr Caudell interjecting:

The Hon. M.D. RANN: Can this fellow pipe down a minute?

Members interjecting:

The Hon. M.D. RANN: Do I get to finish the question, Mr Chairman? Do I get your protection in the same way as the Premier gets your protection?

Mr Caudell interjecting:

The CHAIRMAN: The member for Mitchell is carrying on a debate; he is offensive to his own Premier.

The Hon. M.D. RANN: I repeat the question. The material I have referred to the Auditor-General includes the Department of Transport's Expressway promotional newspaper which makes blatant political statements—

The Hon. Dean Brown: I take a point of order, Mr Chairman.

The Hon. M.D. RANN: —such as, 'Despite being in office for 11 years—

The Hon. Dean Brown: I point out that this particular publication to which the Leader is referring does not come under the Department of the Premier and Cabinet, and is not funded by this line, so his question is not relevant.

The CHAIRMAN: Can the Leader find a line—

The Hon. M.D. RANN: The relevance is that we are talking about the general policy of the politicisation of Government promotions. This publication is full of pictures of the Premier and Liberal backbenchers. It talks about the Labor Government neglecting the area for more than a decade, funded by the taxpayer, not by the Liberal Party. That is exactly what the Victorian Auditor-General found to be the way of proceeding that is totally wrong in terms of the politicisation of taxpayers' money in which the Premier has led the charge. Here we have the quote, 'Despite being in office for 11 years and repeated promises, the Labor Government did nothing to begin work in this vital project for the south. The south has been neglected for more than a decade.' The publication—

The Hon. Dean Brown: On a point of order, Mr Chairman—

The Hon. M.D. RANN: —features no less than five coloured photos of the Premier—

The CHAIRMAN: There is a point of order, Leader.

The Hon. M.D. RANN: —and four Liberal backbenchers—

The CHAIRMAN: There is a point of order, Leader.

The Hon. M.D. RANN: —circulated in marginal seats.

The CHAIRMAN: There is a point of order, Leader.

The Hon. M.D. RANN: It was as crook as that.

The CHAIRMAN: I warn the Leader.

The Hon. M.D. RANN: I get talked over and they do not get warned.

The CHAIRMAN: The Leader should not make trifling excuses for what have been incessant interjections throughout. You have led the charge, and you know jolly well. Let us be fair about this on both sides. There is a point of order by the Premier.

The Hon. Dean Brown: My point of order is with respect to the line we are on, and my Department of the Premier and Cabinet did not pay for the publication that the Leader is talking about. Therefore, it is not relevant to the line of the budget with which we are dealing.

The Hon. M.D. Rann interjecting:

The CHAIRMAN: The Premier is pointing out, under the point of order, that he is not responsible for the particular line that the honourable member claims.

The Hon. M.D. Rann interjecting:

The CHAIRMAN: The Chair is speaking, Leader. You are sailing close to the wind, and you know that. The Premier has repeatedly said that he is not responsible for the particular document to which the Leader is referring. I am sure that the Leader can find a relevant line under which to raise questions after lunch.

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

Mr CAUDELL: In relation to page 101—Program 1, planning and policy development—will the Premier explain the role and current work of the Deregulation Advisory Council?

The Hon. Dean Brown: The Deregulation Advisory Council was established in December 1995. It has since been renamed, or is in the process of being renamed, the Regulation Reform Council, which more accurately describes the body that looks at how things are regulated. The council represents a broad cross-section of interests; Mr Chapman is Chairman of the council, but its members have experience in agriculture, building, banking, finance, rural affairs and transport in the private sector. Five of the six members are from the private sector. An early initiative of the Government, it was designed to look specifically at individual industry sectors, the regulations within industry sectors with which the industries were willing to work to bring about substantial reduction in the level of regulation, and also to bring about a change in the way some of these regulations were administered.

Three areas of Government, at least, are dealing with this issue: first, the body that has the overview for Government; secondly, a section in the Attorney-General's Department which has been dealing specifically with licensing, and the Attorney-General has already put through legislation to abolish four major licences in South Australia which is a significant step towards deregulation. We are also now working with other industry groups to reduce the amount of regulation and licensing required. A group within the small business unit is also dealing specifically with deregulation or regulation reform within small business.

The Deregulation Advisory Council is now part of the Cabinet Office of the Premier's Department which is also dealing with competition policy and microeconomic reform. Competition policy, microeconomic reform, deregulation and regulation reform are all sitting together. Ms Christine Charles is the director of that section of the department, and

we want to ensure that there is a unified and consistent approach to the matter.

As a Government we are now working with the Federal Government. Prime Minister John Howard made a promise before the Federal election that he would substantially reduce the level of regulation for small business. A conference was held in Sydney on Wednesday last. The interesting thing is that the South Australian model is being used to help bring about the reduction in deregulation.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: I would agree that under the former Government—

The Hon. FRANK BLEVINS: The Premier is now agreeing with me.

The CHAIRMAN: The Chair heard only qualified agreement.

The Hon. Dean Brown: The member for Giles has quite rightly said that the former Government did absolutely nothing in this area. It produced a report but did not act upon the report; I am agreeing with him entirely and I am glad there is unity. The previous Government did nothing but in sharp contrast we have the runs on the board, having abolished four major areas of licensing. The member for Giles would have to acknowledge that.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: As a member of this Parliament, the member for Giles should be very careful when he says that he is not aware of what legislation has passed through the Parliament. I invite him to look at the list of legislation; I will send the member for Giles a detailed booklet which outlines all the areas of deregulation that this Government has already brought about and which further outlines a continuing program for regulation reform.

Mr CAUDELL: The planning and policy development program covers liaising with the Federal Government on important national policy issues. A policy which is the subject of current debate is the proposed establishment of the Treaties Council. Will the Premier indicate how this will be of benefit to South Australia?

The Hon. Dean Brown: The Treaties Council was discussed at the Premiers' meeting. Last week COAG considered and accepted a report from the Commonwealth-State Standing Committee on Treaties which proposed the role, function and membership of the Treaties Council. The benefits from the establishment of the Treaties Council will include: enhancing the State's ability to have a say on treaties that may affect South Australia in areas such as laws, environment, economy, financial obligations, social policy and the ability to participate in international markets; it will improve the transparency of the process by which Australia enters into international obligations; and there will be an acknowledgment of the partnership of Governments which form the Australian Federation which has not been the case up until now. The State Parliament's role in treaty-making when treaties affect South Australia will continue. The reforms include the provision of more detailed information to the Commonwealth Parliament, the States and Territories. This will be in the form of a national interest analysis which will be tabled in the Federal Parliament.

The South Australian Government is currently considering the best means of ensuring that the State Parliament receives adequate information regarding Commonwealth-State consultations on treaty matters. I stress, therefore, that treaties, which for a number of years have been a form for the Federal Government to radically alter the application of the

Australian Constitution and therefore transfer increasing powers to the Commonwealth Government, now allow for the first time a meaningful consultation with the State Governments—something that the Premiers raised about 18 months to two years ago. We have fought for reform, and I am delighted that we have now achieved it.

Mr CAUDELL: Will the Premier provide further information on the extent of contact between the South Australian Government and the Brew inquiry, and indicate the initiatives South Australia is taking to protect rail jobs?

The Hon. Dean Brown: I have been able to secure the exact detail on the matter raised this morning. When the report comes down tomorrow, it will go to the Federal Cabinet. It must be appreciated that the report being prepared by Brew specifically deals with the financial arrangements of AN and National Rail Corporation.

The Hon. M.D. RANN: And sell-offs.

The Hon. Dean Brown: It specifically deals with financial arrangements between Australian National and National Rail Corporation. The South Australian Government has obtained assurances from the Federal Minister for Transport that there will be consultation with AN staff about the outcome of the report. The Minister for Transport, the Hon. Diana Laidlaw, had discussions with Mr Brew when he visited Adelaide in May. Mr Brew also met Dr Scrafton of the Transport Policy Unit and Mr Rod Payze, CEO of the Department of Transport. The Hon. Diana Laidlaw has had a number of discussions with the Federal Minister for Transport, and I have had discussions with the Prime Minister, John Howard.

These discussions make clear that the nature of the Brew inquiry is confined to unravelling the financial arrangements of Australian National and the National Rail Corporation. As I have previously advised the Committee, these arrangements were initiated by the former Federal Labor Government, despite warnings that they would adversely impact on the operations of Australian National. Those warnings have been justified and the State Government is very concerned as to where this could head as a result of what we think were some bad decisions made about three years ago in establishing a separate National Rail Corporation rather than doing so through Australian National.

As a separate matter under these financial arrangements, the South Australian Government will continue to make representations to the Federal Government about maintaining a viable rail industry and jobs here in South Australia.

The Hon. M.D. RANN: In the House on 26 March 1996, the Premier said, 'Now that there is a new Government in Canberra, the States have a golden opportunity to ensure that we have a much more effective Commonwealth-State relationship than occurred under the previous Labor Government.' On radio on 23 February, prior to the change of Government, the Deputy Premier said that he had been assured by the Coalition that South Australia would not be disadvantaged by a Coalition Government. Presumably the Premier would agree that he and his Government share an economic philosophy similar to that of the Howard Federal Liberal Government and, as he said before, this would be most helpful in negotiations with the new Prime Minister. But precisely what—

Mr BASS: Have you got a question? You can ask one question.

The CHAIRMAN: The member for Florey.

The Hon. M.D. RANN: Go and do some fingerprinting. Precisely what undertakings in relation to general revenue

assistance and specific purpose payments and contributions did the Premier and Treasurer obtain from the Prime Minister both before and immediately after the March Federal election? Were they in writing and did the Premier believe him? You have made a big deal about your relationship and the assurances you were given.

The Hon. Dean Brown: Before I answer the Leader of the Opposition's question, I should like to inform the Committee that we have just announced and signed at lunchtime a telecommunications contract that offers the lowest telecommunications costs to South Australian industry that will be found anywhere in Australia for the next two years, and there are huge benefits. The Government is passing on to private industry the discounts that are being offered to the Government itself and, under the contract, they have to be the lowest discounts available in Australia. They are offered by AAPT. This will ratchet down telecommunications costs in South Australia considerably. That is unrelated to this line, so I will come back to the general purpose payments.

All State Governments signed an agreement two years ago for maintenance and general purpose payments for a three year period, which included compensation for inflation and population growth. I highlight that this is in contrast to what occurred over the past 12 years under a Federal Labor Government. I am glad that the Leader of the Opposition has raised this issue because, as a result of the period in which there was a Labor Government in Canberra and a Labor Government in South Australia, we are \$300 million worse off today on an ongoing basis on the bottom of our general purpose grants. They were cut by that amount by Labor. It was an appalling situation where Labor Premiers from South Australia went across and licked the boots of Labor Prime Ministers Bob Hawke and Paul Keating and accepted what they offered, with no real fight. As a result, we miss out today on \$300 million, which otherwise would have been achieved if inflation and population growth had been built in.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: The honourable member says it is \$400 million, and I say it is over \$300 million. I will accept the honourable member's comment that we got done by Labor Governments by that amount. When I became Premier a couple of years ago, the State Premiers stood up and said that they would not accept that, that they wanted to share in the growth that was occurring across Australia, and they wanted our general purpose grants increased by both inflation and population growth, and we have got that under this year's agreement.

The Hon. M.D. RANN: So you are pleased with the cuts?

The Hon. Dean Brown: No, I am coming back to the point about cuts in special purpose payments. The Federal Government inherited an \$8 billion black hole in its budget from the former Labor Government. We all know that was the case.

The Hon. M.D. RANN: We all know that.

The Hon. Dean Brown: That's right. Federal Treasury officials announced that the Australian public had been completely conned during the Federal election campaign and that an \$8 billion hole in the Federal budget had been concealed. It was revealed by the same Treasury officials the day after the Federal election. As a result of that, the Federal Government will make cuts. It was indicated to us that there would be a cut of up to but no more than 3 per cent in special purpose payments to the States. That represents no more than \$33 million in payments to South Australia. We were told further by the Federal Government that there will be no cuts

in the education area, that is, primary and secondary education, and that the cuts in the health area will be minimal. The cuts will not be in transport or housing, because they have been decided outside of this agreement. The cuts will be in the area of special purpose payments.

On top of that, the Federal Government asked the State Governments to make a contribution to this \$8 billion black hole, which was left by the former Labor Government. Although I and the other State Premiers very strongly disagreed that the State Governments should have to pay for a hole in the Federal budget, there will be an additional payment of \$50 million from South Australia, but there will be opportunity for widespread flexibility in where we identify where that further cut from the Commonwealth Government has to take place. With the agreement of the Federal Government, it can be in other areas of special purpose payments.

Federal Government cuts to the State amount to \$83 million this coming year, about \$85 million the next year and then dropping. The \$50 million goes to \$52 million and then down to \$25 million. That has been done on a *per capita* basis across the States of Australia.

Because the other State Premiers and I went to Canberra and fought for our States instead of licking the boots of Federal Ministers and politicians, the proposed removal of sales tax exemption on cars and other purchases by State and local governments was scrapped. That was a great achievement. It was the first time that I have seen State Premiers go to Canberra and win. It is a compliment to John Howard that he was prepared to listen to the arguments that we put forward. As a result of that, he modified his request to the States.

Everyone has acknowledged that the States came away from Canberra very much better off than when we went there last Wednesday. That is because we have a Prime Minister in Canberra who will listen to an argument. I sat there for two years under former Prime Minister Keating, and we might as well have been talking to a brick wall. He did not ever listen. He did not even wish to listen to Labor States. There was a real bitterness between all the States and the former Government. As a result of the way in which we got the Federal Government to change that and drop its sales tax proposals it shows that there is now a healthier Commonwealth-State relationship across Australia—Bob Carr would agree with that as well.

The Hon. M.D. RANN: I have a supplementary question. The question was not answered. It was the Treasurer who went on radio and explicitly said that he and the Premier had received firm assurances about no cuts. The Premier talked about a much better relationship. On Thursday night on television I heard the Premier, in Adelaide, saying that this deal was worse than we had ever had from former Labor Governments. The Premier was one who said he had specific undertakings in relation to general revenue assistance and special purpose payments and contributions. The question I asked was: what were the undertakings which the Premier said were specific and which the Deputy Premier said were categorical assurances?

The Hon. Dean Brown: The Leader of the Opposition is deliberately misquoting. What I said was that the States had an agreement as far as general purpose payments were concerned. The Leader of the Opposition is trying to include special purpose payments with general purpose payments. I know the honourable member probably does not know the difference, but I am stressing the fact that I said that we had an agreement on general purpose payments, and that agree-

ment has been maintained. The State Governments fought for it.

The Hon. M.D. RANN: By way of supplementary, the Deputy Premier was right when he said he had a guarantee from John Howard that this State would not be disadvantaged by a Coalition Government. The Premier believes it and the Deputy Premier believes it but no-one else does.

The Hon. Dean Brown: If I was the Leader of the Opposition I would hang my head in shame because another Labor Government has left a legacy of a huge budget deficit for Australians to pay, just as we in South Australia had to pick up the huge cost of the former State Labor Government in which the Leader of the Opposition was a Minister. The honourable member sat there while Rome burnt and saw the people of South Australia disadvantaged. That is what it boils down to. This \$8 billion deficit results from the financial mismanagement of the former Labor Government.

The Hon. M.D. RANN: In Parliament on 19 March the Premier said:

Therefore, it is clearly now time to cut Federal Government expenditure but not in any way to cut allocations to the State Governments. I am delighted to say that, first, John Howard has given a commitment to give a fixed share of the income taxing revenue to the State Governments and to increase that in relation to the growth of the Australian economy. Secondly, he has given an undertaking to reduce the percentage of tied grants to the States.

Does the Premier believe what John Howard said then? Does the Premier believe that that will be the case in terms of the next three years? The Premier has a special understanding with him.

The Hon. Dean Brown: Quite clearly, I have because he dropped the Commonwealth Government's proposal to impose a sales tax on all Government purchases of cars, which would have adversely affected South Australia. If any State won out of last week more than any other State, it was South Australia. I realise that the Leader of the Opposition is hurt by the fact that I went in fighting and achieved a great victory for South Australia.

The Hon. M.D. RANN: I have been searching for your name in the interstate press.

The Hon. Dean Brown: That shows that the Leader of the Opposition is blind, dumb and deaf.

The Hon. M.D. RANN: I have a further supplementary question.

The CHAIRMAN: No. I note that the honourable member has had four questions which, if anything, have been repetitive.

The Hon. Dean Brown: In terms of South Australia's being disadvantaged, I point out that all the States have had the same 3 per cent cut applied to them.

The Hon. M.D. RANN: So, you actually think it is a good thing.

The Hon. Dean Brown: No I am not saying that at all, and I express that view very strongly. As I told Parliament, the 3 per cent cut is occurring in federally funded programs, not in general purpose grants to the States. The Federal Government had to cut its expenditure, not cut the money to the States. The general purpose grants to the States have been maintained with inflation and with the population growth factor. It is the special purpose payments that have been cut.

Mr BASS: Program Estimates, Paper No. 1 at page 19 states that a specific objective of this program in 1996-97 will be to assist the Premier and Cabinet on further development of policy frameworks covering economic, social and environmental issues. Can the Premier outline what progress has

been achieved in respect of the Government's commitment to the national strategy for ecologically sustainable development and the national greenhouse response strategy?

The Hon. Dean Brown: The Government's commitment to the national strategy for ecologically sustainable development has been strengthened by a number of initiatives it has taken. An outline of some of those are as follows: an application plan for a State conservation strategy is being finalised by the State Parliamentary Joint Committee on Living Resources; the development of strategies to progress and integrate natural resource management by the Natural Resources Council; the implementation of ecologically sustainable development action plans across State and local Governments by the Department of Environment and Natural Resources; and the development of the new Water Resources Bill based on ecologically sustainable development principles establishing integrated natural resource management through water catchment authorities.

I add that the new Water Resources Act is the most fundamental change in the administration of water resources this State has seen for 100 years. One thing it does is change riparian rights. It goes right back to the early common law of Britain in changing those basic rights. I believe that it will be to the betterment of the use of that water resource throughout the whole of the State. It has been described by one international specialist in this area as the most forward thinking Government policy that he has seen anywhere in the world. It is a compliment to this Government that those steps have been taken.

We also have greenhouse gas targets. The South Australian Government Greenhouse Committee established by this State Government is canvassing ways to address greenhouse targets. These include reporting on current and future programs as part of a special review of the national greenhouse response strategy, commissioning a report from the renewable energy working group on ways to achieve 20 per cent renewable energy in the State and providing advice to the international conference on parties to the framework to the convention of climate change. In terms of translating this into practical programs, I highlight that next year in my own electorate of Finnis a wind farm is to be built by ETSA on a model basis costing \$600 000. It will be the first practical case of testing the potential for wind power in South Australia.

Mr BASS: The work of the State Disaster Committee also comes within this program. Can the Premier advise whether the State disaster plan is to be reviewed in 1996-97?

The Hon. Dean Brown: The plan will be reviewed in 1996-97 when amendments will be made to the State Disaster Act. Significant changes to recovery procedures will be developed by the recovery committee established this year. The review will also take into account the audit of functional services and the review of divisional emergency management arrangements. In addition, results of a project designed to assess the implications of a major earthquake event on the Adelaide CBD will be taken into account. This earthquake microzonation project—in other words, looking at individual zones and the response within those zones—will be conducted by the Australian Geological Survey Organisation and the Mines and Energy Department of South Australia on behalf of the State Disaster Committee. It is funded by the Commonwealth Government's International Decade for Natural Disaster Reduction Committee. The sum of \$25 000 has been allocated for this work in 1996-97.

It is also worth reporting to the Committee that last year I asked for an independent audit to be carried out in respect of our preparations for a natural disaster here in South Australia. We brought in people from Canberra who went through our strategy to ensure that we had appropriate procedures and plans in place. That is very important, because it is fine to sit here and believe that we will have an adequate response, but that needs to be tested by an independent outside authority or audit. That is exactly what I invited and, as a result of that, some amendments have been made.

I saw at first-hand the last major disaster on a widespread scale on South Australia—the Ash Wednesday fires—and it was quite clear that there were a number of breakdowns in procedures there. The first and most basic was that when I tried to ring the then Premier's office and the offices of several Ministers, because of the blackouts the first thing they all did was to leave their offices because of the breakdown in the air-conditioning, which left the switchboard system completely unmanned. So, here at the most basic centre, the core of the whole of Government, no-one was available to answer telephones, and phones just kept ringing out on that day. I was particularly annoyed because, having just come out of government with certain experiences, because we had been through a trial just a couple of years earlier in which I had been involved, I had identified a number of immediate steps that should be taken. I tried to ring through that advice to the then Government but there was no-one there even to answer the phone.

Mr BASS: Supplementary to that question, what action is planned to make the public more aware of arrangements for dealing with disasters and major emergencies, and what other important initiatives are planned by the State Disaster Committee?

The Hon. Dean Brown: A three-pronged program is planned: first, the preparation and distribution of pamphlet material describing the arrangements in South Australia for dealing with disasters and major emergencies. This will be targeted at public sector management and the general public. Commonwealth funding of \$3 000 is available for this initiative. A teaching program will be developed for inclusion in the primary school curriculum to increase disaster awareness both for students and for parents, and a home page will be established on the Internet targeting the State disaster organisation for exchange of information. Therefore, the general public, including secondary schools and national and international agencies, will be able to get the information from the Internet.

Amongst some of the other initiatives of the State Disaster Committee in 1996-97 will be a continuing update of operational and training equipment needs, including satellite monitoring capabilities, video conferencing and e-mail and Internet access. An annual counter-disaster exercise, this year to be called Team Spirit, will be conducted in November 1996. Its primary purpose will be to evaluate operating procedures using performance indicators.

Mr BASS: Again on page 101 under program 2, reference is made to the development of an approach to prudential management in government. Will the Premier provide further information on this important initiative?

The Hon. Dean Brown: On 6 February I made a ministerial statement to Parliament on prudential management processes to be adopted in the negotiation of major Government contracts. This statement places shared accountability for prudential management with the chief executive officers of the Department of the Premier and Cabinet (Mr Kowalick),

the Attorney-General's Department and the Department of Treasury and Finance. The accountability is for providing guidance and assistance to agencies on the legal, financial, policy and management integrity of the processes employed by the agencies for implementation and achievement of contracting out and private provision of public infrastructure projects. A prudential management group has been formed to develop the appropriate framework and principles and to ensure that accountability and due process are both recognised and practised at all levels of government.

Part of the function of this group is to report back to the budget committee of Cabinet on the integrity of the process before a decision is made to proceed with a proposed project. The prudential management group may also make recommendations or provide advice to Ministers and key agencies about prudential management issues, particularly those related to the whole of government projects. If I can give a practical example here, I have just announced the telecommunications contract for the Government. That contract, before it went to Cabinet, went first to the prudential management group for its assessment and sign off, then it went to the Information Technology Cabinet Subcommittee for its sign off, before going to Cabinet itself. Therefore, this prudential management group has strengthened considerably and made sure that due thinking in respect of the process is undertaken before any proposal for outsourcing or a major contract is entered into, and it ensures that that has been implemented at the end of the process.

The Hon. M.D. RANN: When we look at the Premier's answers to my previous questions, there seems some confusion between what he says in here and what he says outside, because there will be cuts to Financial Assistance Grants (FAGs) to the States as well as to SPPs, and it is not only Federal programs that will go. Also, of course, we remember the specific undertakings that the Premier and the Deputy Premier said they received from John Howard in some of the statements that came out after the Premiers Conference. It was stated that Federal funding for the States is to be cut by more than \$2 billion over the next three years, and that the cost to the States of the FAG cuts is estimated by the Federal Government at \$619 million in 1996-97, \$640 million in 1997-98 and about \$300 million in 1998-99.

It explains to the readers, and perhaps to the Premier, that FAG payments are given to the States on the basis that they are free to spend them on whatever programs or services they choose. Will you clarify your previous statement that it was not going to affect the States, it was not going to be Financial Assistance Grants, so that everyone is sure what you are saying?

The Hon. Dean Brown: Obviously, it is the Leader of the Opposition who has the wrong impression. What we have achieved is a maintenance of the general purpose payments (FAGs) to the States, and that will continue to escalate with both inflation and the population growth rate. Therefore, the agreement that was put in place two years ago has been upheld again for this coming year, and that is on an ongoing basis. We have secured a cut of up to 3 per cent in special purpose payments, the detail of which has not been finalised by the Commonwealth Government. However, we have been assured by the Prime Minister that it will be not more than 3 per cent. So, the cut in special purpose payments will be up to 3 per cent, the detail of which will be in the August Federal budget.

On top of that there will be a requirement for the States to find a further share of money on a *per capita* basis—in the

case of South Australia \$50 million—which can come out of other special purpose payments to the States. That is the significance, and I ask the Leader to listen to what is being said. There is an agreement that we will find further cuts of \$50 million, that they can come out of the special purpose payments paid to the States. So, if we wish, we can take all \$83 million out of the Commonwealth's Special Purpose Payments to the States. That does not alter the general purpose payments or FAGs to the States, and the important thing—and this is what we fought for last week and which, unfortunately, previous Labor Governments in South Australia, Labor Premiers Bannon and Arnold, failed to fight to keep—is an ongoing inflated base in the FAGs payments to the States.

An honourable member interjecting:

The Hon. Dean Brown: I am. I am pointing out—and the honourable member has been out and has just come back—that, if you look at the FAGs line, you see that South Australia today is \$300 million to \$400 million worse off than if we had had that inflation built in. That was confirmed by the member for Giles, who interjected and said that was \$400 million. I said that it was \$300 million and he said, '\$400 million.' I agree: it is over \$300 million, being closer to \$400 million.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: That's right; South Australia is about \$400 million worse off. What the State Premiers very bitterly fought for last week—and we held a consistent line—was to get that base maintained, and that includes the inflation—that was the crucial thing—so that we do not have a significant step down that will affect the payments to the States in 10, 20 or 30 years. The important thing was that we maintained that growth factor in the base and therefore in the FAGs. What you have is a short-term further reduction which can come out of Special Purpose Payments for a 2½ year period. But that does not alter the growth rate and the plane of the growth rate for FAGs. Obviously, the Leader of the Opposition has not understood what came out of the Premiers' Conference.

The Hon. M.D. RANN: But that does not cover a whole lot of things such as whether it is economic growth, jobs growth or over time, and whether it compares with the ABS, which one minute you criticise and the next minute you praise and then criticise again; or Cliff Walsh; or even the Evatt Foundation. It is hard to fathom. Last year the Evatt Foundation was your guru, your Bible: this year you did a bit of a back flip. Cliff Walsh used to be your adviser and now it is, 'Dick Blandy won the war.'

What concerns us, I guess, and what concerns South Australians, is that, if Peter Costello next year puts out a press release saying he will put a \$500 million excise on South Australia's drinking water, you will announce a new deal with the Commonwealth and proclaim yourself the hero with another \$100 million or so in reduced FAGs or SPPs.

But there is one thing which I think the Premier has reinforced today, and that is the question of the so-called \$8 billion black hole. Today he said that he supported the need for that \$8 billion black hole to be filled in, and that he had never questioned the Federal Government's plans to cut \$8 billion from Commonwealth outlays. Does the Premier explicitly agree with the need for cuts in Commonwealth outlays of that magnitude? From whom did he obtain the advice as to the veracity of the \$8 billion black hole in support of those cuts? What specifically was that advice and who was it from?

The Hon. Dean Brown: What I argued in Canberra in April was that, if there was a \$8 billion black hole, as there is in the budget—and that has been confirmed by Federal officials—left there by Paul Keating for Australians to once again have to pay, that should be met by cuts in Commonwealth Government payments or revenue measures not by State Governments. It is as simple as that. I know that every other State Premier of Australia—including Bob Carr—supports me in that argument.

An honourable member interjecting:

The Hon. Dean Brown: Yes, he does; he supports me. He argued it for two days last week. He said that the Federal Government must take the cuts and fix up its budget problems, and that the State Governments should not take a cut. That is why we argued for the maintenance of our growth in FAGs and general purpose payments, and that is why we got it. I think it was a victory in terms of the State Premiers in making sure that we did get that.

The Hon. M.D. RANN: That is the point—that at no stage have you disputed the need for the \$8 billion cuts in terms of this so-called black hole. It is very interesting. The Reserve Bank Governor clearly made the point that 90 per cent of the alleged \$8 billion black hole appeared as a result of revisions to the Commonwealth Treasury's own economic forecasts after the March national accounts were released which showed much faster than expected economic growth in 1995-96 that would improve the base for revenue projections in 1996-97. Does the Premier continue to accept the \$8 billion figure, even when the growth numbers on which it is based show that it is reducing substantially? The whole point is that you weakened your own and your State's bargaining position by rolling over, belly up, and accepting the \$8 billion black hole.

The Hon. Dean Brown: I am delighted that the Leader of the Opposition has raised this issue. If he knew what went on in Canberra last week, he would realise that he has just made a fool of himself. The condition put down by the State Premiers—and he apparently has not bothered to speak to Bob Carr on this—was that, if the Federal budget next year or the year after went into a surplus, automatically the States no longer would have to find the extra cut—the \$52 million or the \$25 million. Therefore, we did not accept necessarily the \$8 billion, which is clearly there now—Treasury officials say that it was there, and it was there the day after the Federal election—but we argued that there would be a growth in Commonwealth Government revenues that we believed could eliminate this, we doubted in 12 months but certainly we thought in two years. If that occurred, automatically the States no longer would have to find the extra cuts out of Commonwealth programs. Therefore, the very position that the Leader of the Opposition asked for was in fact preserved by the State Premiers last week in the agreement we put down with the Federal Government.

The Hon. M.D. RANN: You said you supported it. You cannot have it both ways, but you try to.

The Hon. Dean Brown: I didn't say that. I said that I supported the fact that the FAGs have been retained. What I said was that we very strongly disagree with turning the cuts onto the State Governments.

Mrs HALL: My question relates to 'Public Sector Reform and Management Improvement'. The Program Estimates at page 20 outlines that under this program agencies will be assisted in contracting out initiatives. Will the Premier outline what action has been taken to ensure that a consistent whole of Government approach is taken to this important task?

The Hon. Dean Brown: I can assure the House that we do take a whole of Government approach in contracting out services to the private sector. Where this results in reduced costs and improves service delivery to the community and industry development, this is a key element of the Government's policy. I highlight those three areas, because we are achieving those benefits. We have achieved new economic activity: we have done it with the water contract and the EDS contract. We are achieving cost savings to the South Australian taxpayers: we are doing that again with water, data processing and today with the telecommunications contract. There will be immediate reductions out of the contract today of \$3 million, and through consolidation and other benefits that will flow through we can probably increase that cost benefit to the State by another \$3 million to \$4 million on top of that, so we expect to achieve a net benefit to the State Government out of this contract of \$7 million or more.

We also ensure that contracting out is managed effectively. The Government has issued principles and guidelines to assist agencies in this reform. The guidelines are subject to continuing review to ensure that they reflect ongoing best practice both in Australia and overseas. I stress that we have brought in overseas specialists, from the United States of America particularly, first in the data processing area. Those same people were used in the water management area and are used in regard to other contracts as well. The Office of Public Sector Management employs two experienced contracting out advisers to provide practical and technical advice to agencies. During 1995-96 they provided hands-on advice on more than 20 contracting out projects being undertaken by the public sector. That advice included matters associated with project structures and plans, competitive tendering and proposal processes, operational specifications, evaluation methods and risk analysis. I particularly stress risk analysis, which is new to the Government of South Australia. Unfortunately, the former Government did not even understand what a risk was, let alone try to manage it. Continued provision of this sort of practical advice is also vital to ensure that proper management processes and accountability are demonstrated to all Government agencies.

In terms of parliamentary accountability, the Government has put in place a system whereby, as part of their annual reporting requirements, agencies will provide a summary of all major transactions completed during the year. A training and recruitment program is under way to ensure that the public sector has the commercial skills and prudential culture to operate in this changing environment associated with the provision of services. A forum of senior officers has been established to develop strategies to ensure that the public sector is supported by a program of ongoing skills development in contracting out. Finally, the development of a reporting and monitoring mechanism for performance management of contracting out initiatives has also commenced.

In recognition of the procedures and the level of expertise we now have in this area, it is interesting to see that the Federal Government, under the former Labor Administration but now also in much more detail under the Federal Liberal Administration, has turned to the South Australian Government for advice—for instance, on how to contract out its data processing.

Mrs Hall interjecting:

The Hon. Dean Brown: We insist that they pay our direct costs. Senior people, including Ray Dundon, the CEO of the Department for Information Industries, have been directly

involved in Canberra, working through the details of what was done here. Furthermore, they even used the consultants we brought in from America to provide across-government consulting services on how to contract out data processing. Here is a clear recognition that South Australia is the lead State, not just in Australia but also in the world, in terms of contracting out all the Government's information.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: When it comes to our being the first Government in the world to contract out our data processing across the board, and when companies such as EDS and IBM set up here and say, 'You are the first in the world', I see no harm in acknowledging those facts and I will continue to do so.

Mrs HALL: I continue with the reference to Program 2. The program book refers on page 20 to assistance given to agencies to improve management quality and responsiveness and the developing of quality management principles and processes. Will the Premier give the Committee further information about the work that is being done in this area?

The Hon. Dean Brown: When I was in private industry before coming back into Parliament, I saw that private companies were starting to adopt quality management principles very widely, yet the Government itself had not done so. It is a bit of a sad reflection on the former Treasurer and Government that they had not bothered to put in place significant programs for quality management in the South Australian Government. So, we brought in some outside specialists in this area, and I gave a commitment at the quality award dinners that we would start to bring in Government agencies. We have done that. The purpose in the public sector is to have agencies which are internationally competitive, which put customers first, which cut the amount of red tape significantly and which are innovative and enterprising in the way they do it.

It is interesting to see some of the benefits that are now coming through for South Australia. You have heard the Minister for Health say that, given procedures within hospitals under casemix, we are now recognised as the most cost efficient in Australia, and certainly I do not think the quality is disputed at all. We are moving to achieve that in a number of other areas. One of the reasons for contracting out data processing is that there are people around the world who have much greater skills in that area and who can achieve greater efficiencies than we can. The same applies in other areas.

Even with the telecommunications contract, by bulking it together and bringing in a new manager to manage our services for us rather than our trying to manage it ourselves as we have been doing, we can achieve significant rationalisation. For instance, we are even looking at timed calls for the State Government's own services—not for the public but only for ourselves—because we believe that this will achieve further savings. It will have no effect on the public at all.

The emphasis of the Office of Public Sector Management in relation to quality management has been to support public sector agencies to improve their operations and results through developing some of these quality initiatives. If you understand how these quality programs work, you will know that the most important ingredient is to get everyone in the organisation to be part of it, because it is the quality of the work they do and their commitment to that quality that ultimately produces the end result. One initiative is to sit down and look at how a group of people in an organisation carrying out a particular function can improve the administra-

tion of that function and the way they do it, and therefore improve the quality of the overall outcome. The Office of Public Sector Management sponsored a two-day course for agencies run by the Australian Quality Council and how to do organisational self assessment. The office supported the CEO's quality forum.

We have developed this group of senior executives who are committed to quality control within Government to provide leadership and direction on quality management within the public sector. The office is also working with the South Australian Government Quality Network, a group now representing 30 agencies who meet regularly to share information, run seminars and help each other with quality programs. As a result of this, we have asked for CEOs to come along on a voluntary basis, make a commitment to quality and start to adopt this within their own organisations. Based on interest shown in quality management for the public sector, it is expected that a number of agencies will participate in this year's Australia Quality Awards by seeking certificates of achievement.

In a two year period we have gone from having no quality management at all within Government to having established it now across 30 agencies. Within that two year period we expect a number of agencies to have had such programs in place that they will be participating in the award scheme at the end of this year, and that means that they had to have their programs up and operating within about 12 months of our taking this initiative.

Mrs HALL: I refer again to page 101 but move to Program 3, regarding overseas representation. Will the Premier outline the initiatives that the Government has taken to strengthen South Australia's overseas representation since taking office?

The Hon. Dean Brown: The Government has conducted a very extensive review of overseas representation. A detailed evaluation was made of the most suitable locations for representative offices, having regard to investment, trade and tourism opportunities. China has been identified as an area of key importance. As a result of that review, new offices have been opened in Shanghai and Jinan in Shandong province; as well, the Hong Kong and Singapore offices have been significantly expanded. These initiatives have resulted from a forecast increase in South Australia's exports to China from \$208 million in 1993 to \$567 million in 1997. I ask members to note those figures. That increase will rank China second only to Japan as an export destination. That has been a very rapid expansion and it justifies these two new offices. As to the work done in China, I am the one who drove expansion into China, because I could see the enormous development taking place in Shanghai.

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: I realise it is a bit of an embarrassment to the former Government—

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: I did ask the Minister of the day, when passing through Shanghai, as a matter of courtesy, to formally meet someone with whom I had signed a contract, and I appreciated that. As a result of that two or three hour meeting, I started to show the former Government some of the benefits that could come out of trading with China. Now we have taken it substantially further by actually opening up an office there and in Jinan.

If Hong Kong is included in 1997 with China, China will be the largest such export market of South Australia. China is forecast to become South Australia's major trading partner

in its own right by the year 2005. There are significant opportunities in China to provide services to the establishment of infrastructure, and a number of South Australian companies in the construction industry, particularly architectural companies, are now supplying architectural services in Shanghai. One of them has won a substantial contract for a hospital and another for a hotel. I might add that we are focusing China because China is predicted to be the world's biggest economy by the year 2020.

New procedures have been put in place to maximise benefits of the South Australian economy from our overseas representation, to improve management of our offices and annual seminars, and for visits to take place to targeted businesses in Australia. Coordination of the overseas representatives has been achieved by setting up what we call our Overseas Representation Board, chaired by Mr Ian Kowalick, as CEO of the Department of the Premier and Cabinet. It then has other agencies including the Department of Manufacturing Industry, the Tourism Commission, Department of Primary Industries and the Department of Mines and Energy. What you have now is all the agencies that are relevant in terms of overseas trade, and attracting, for instance, tourists from overseas, being involved in that, with that activity being coordinated under the head of the Department of the Premier and Cabinet, but with the direct responsibility of the day-to-day administration of the overseas offices coming under the Department of Manufacturing Industry.

Mrs HALL: The Premier has mentioned some specific initiatives in China. Have there been specific benefits from our relationship with Shandong Province?

The Hon. Dean Brown: Yes, there have been benefits to South Australia from the Shandong relationship. Members would be aware that a sister relationship was established with Shandong in 1986. I went to Shandong in 1994 and specifically set about to refocus that relationship to give it a far greater commercial emphasis.

Mr Foley interjecting:

The Hon. Dean Brown: I point out that, when the member for Hart said he had done it in 1993, up until we came to Government the only large commercial contract with Shandong Province had been personally signed by me without any State Government assistance whatsoever. It is still the biggest single contract signed with Shandong Province, and it has now been completed.

Mr Foley interjecting:

The CHAIRMAN: The member for Hart will have the opportunity to question.

The Hon. Dean Brown: No, he did not sign a contract at all. It was no more than a memorandum of understanding that was signed. If the honourable member does not understand what a memorandum of understanding is, I will take him aside and brief him afterwards. South Australia has established this office now in Jinan in Shandong Province. A South Australian Shandong Business Council has been established, associated with the Shandong Singapore Business Council as well, so you have a tripartite arrangement between South Australia and Singapore, which is putting a lot of money into Shandong, which would be the recipient of the benefit.

A memorandum of understanding was signed by the Chairman of the People's Congress of Shandong Province, Mr Zhao Zhihao, in April this year to further develop commercial links between South Australia and Shandong. Other recent activities include a successful visit to Port Lincoln by an aquaculture delegation from Shandong

Province and a letter of intent between the South Australian Abalone Development Corporation and Shandong Group of Fisheries Enterprises. Aquaculture is an area where it is acknowledged that South Australia can learn much from Shandong, which has a contract on this enterprise.

Shandong has the China salt water research facility for aquaculture, and that is the group we have linked into, with significant benefits back here for aquaculture. I personally believe that China is well ahead of many countries in the world, probably the world leader, in many areas of aquaculture, including fresh water aquaculture. Significant progress has been made in a beef cattle project. In that regard, the Minister for Primary Industries has recently led a delegation to identify potential sites and to follow up a suitable commercial venture in the Yellow River delta.

When I was in Shandong in 1994, I announced the first stage of a \$20 million irrigation scheme in four Shandong regions within the province. That was an actual contract, not a letter of intent, but the first actual contract to be signed. The success of this project has now led to follow-up contracts. SAGRIC, Kinhill Engineering and James Hardie are partners in that Shandong Water Resources Bureau for the purpose of providing South Australian microirrigation equipment and expertise to a 4 500 hectare orchard project.

Mr Foley interjecting:

The Hon. Dean Brown: Yes, I do have a high regard for their capability, particularly in the education field. They have signed a lot of contracts, and they are very good in that regard. Arrangements have been made to establish a Shandong South Australian Cooperation Commission with its office based in the American Oceana Affairs Division of the Shandong Foreign Affairs office. That office was opened just within the last two months, and this will be the counterpart of the Shandong South Australian Business Council in Adelaide. At the International Trade Centre, they have their own office for that business council. Now we have a mirror office set up in Shandong itself, with its own office manager. It recognises the opportunity for significant commercial links, and I am expecting at least one other significant contract to be signed by the end of this year.

Membership:

Mr Clarke substituted for the Hon. M.D. Rann.

Ms Hurley substituted for Mr Foley.

The CHAIRMAN: Are there any further questions on the Premier and Cabinet line?

Mr CAUDELL: In relation to page 101, program 3—overseas representation—will the Premier explain the most recent initiatives taken to strengthen South Australia's relationship with Okayama in Japan?

The Hon. Dean Brown: The Department of the Premier and Cabinet coordinated a delegation from Okayama in August 1995 and provided advice on South Australia's interest in economic and commercial visits and ventures. This was a follow-up to an earlier delegation to Okayama in February last year which was specifically designed to develop trade and which was the result of my visit to Okayama in June 1994 which set out to refocus the relationship there.

In November 1995 two members of the Okayama Prefectural Government visited South Australia to promote trade, business and economic exchange. As part of our relationship with Okayama, the Prefectural Government is sending a trainee to South Australia for a three month study tour. In the new financial year the Government will provide

a scholarship for a member of the South Australian public sector to study in Okayama.

The Okayama Youth Goodwill Mission was held in Adelaide during October 1995; 20 university graduates were sent to South Australia by the Prefectural Government to exchange views with young South Australians on the future relationship between our two nations and to discuss the differences in the respective education systems.

I have sent a message of greeting and goodwill to the Prefectural Government in support of the Sister City Fiesta to be held in Okayama later this month. Brochures, posters and other appropriate material is being sent from South Australia for that event.

Mr CAUDELL: In relation to page 102, relating to intra-agency support items not allocated to programs, will the Premier explain what procedures were followed to transfer assets to EDS under the whole of Government data processing contract?

The Hon. Dean Brown: The information technology infrastructure of the Department of the Premier and Cabinet, which includes the central processing units, associated operating systems software and associated office equipment used by the staff, was transferred to EDS during April. Details of the assets for transfer to EDS and the staff transfers are identified during the transfer process of the due diligence and post-contract verification. In accordance with the contract, a post-transfer verification process is now under way. The Department of the Premier and Cabinet and EDS, with the support of the Department of Information Industries, are undertaking the verification process which will be finalised by August this year.

Under the contract, an interim period of pricing operates for six months from the transfer date of 17 April, but discounts were paid to all Government agencies that met the target of 17 April. During this period the prices closely related to the settlement costs for the department at the transfer date. The interim period of pricing will allow all costs and unit volume to be gathered from all agencies to determine the whole of Government unit prices; a unit price will then be implemented across Government. A rather complex procedure is involved; something like 80 per cent of the Government's data processing is there now; two subsequent waves of Government organisations or agencies are to come under it—what we call wave 2 and wave 3—and that will take it up to the 90 per cent range. A due diligence process will be undertaken during the first six months and we will then work out the price across the whole of Government in terms of Government agencies.

I think it is important that members realise that there are some agencies where costs tend to rise; as a result of this process, some agencies' prices will go down as part of their data processing activity, and averaged across the whole of Government the price will come down. Very importantly, one of the major benefits of this contract is that the price falls into a plane which is downwards. Over a nine year period of the contract, there is a downward movement of that price in real terms and, furthermore, there are two market reset mechanisms during that nine year period to actually set a lower price determined by the market if there is a major change in technology. Therefore, we are guaranteed very competitive prices under this arrangement.

There are huge benefits to the State in taking a whole of Government approach to this matter. Compared with what we were doing previously and where we are in the contract, it is

an overall saving of over \$100 million in the life of the contract.

Mr CAUDELL: Dealing with page 116, relating to recurrent payments economic development program, will the Premier explain the new arrangements for funding economic development initiatives?

The Hon. Dean Brown: Funds of \$53.8 million are available under our economic development program in 1996-97. The EDP was established to provide funding for strategic Government initiatives aimed at rebuilding the State's economy. EDP funds from next financial year have been provided directly to the relevant agencies. This arrangement will provide greater certainty to agencies in planning their expenditure. Initiatives, which will continue to be funded from the program, include the highly successful Mines and Energy exploration program in South Australia. I am sorry that the former Treasurer and Minister is not here because it was a great initiative which has been continued under this Government; it has and will continue to produce major benefits to the State and is a classic example of a bipartisan approach to a program.

In relation to the extension of the Adelaide Airport runway, the detailed design work is already under way, the environmental impact statement has been released and large scale construction is expected to start early next year, although some of the construction work has already started, particularly with soil stabilisation.

Finally, there is the manufacturing modernisation program, which is conducted by the Centre for Manufacturing. That program, in conjunction with the Department for Manufacturing Industry, helps companies to adopt the latest in technology and therefore expand their opportunity to get into export markets. The program also funds some of the activities of the South Australian Development Council and some of the overall economic promotional activities of the State Government.

Mr CAUDELL: I have a supplementary question. In the answer that the Premier just gave with regard to economic development initiatives, he referred to the airport extensions, and I understand that some \$15 million is to be spent on that program. In the light of possible reductions in Commonwealth Government expenditure on some of its programs, is it envisaged that spending on the airport extension program will be reduced?

The Hon. Dean Brown: No, it is not. The airport program is quite separate from any cuts in special purpose payments that we were talking about earlier. We are expecting the moneys to be allocated in the Federal budget. There have been ongoing discussions, and the Federal Minister for Transport has had detailed discussions with our State Minister, and I have also raised it with the Prime Minister. The indication has been given that they expect that funding to come through. I point out that \$15 million of our own State funds will be spent this year, mainly on off-airport work. The Federal funds will be used mainly for the runway and on-airport work. In total, we are looking at expenditure of about \$48 million, and we are on track at this stage to have that work finished by the middle of 1998. Large-scale construction starts at the beginning of next year.

The State Government has allocated money already, which will allow the transfer this year of some of the sporting facilities, and I think that the member for Coles has been involved in some of the those discussions with the sporting bodies. Some costs are involved in those transfers, and we have allocated \$6 million to be spent from now to the end of

the year on soil stabilisation and the transfer of some of those sporting bodies. Once that has occurred, we will be able to start construction in a big way, both on-airport and off-airport, at the beginning of next year.

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

Commissioner for Public Employment, \$13 987 000

Departmental Advisers:

Mr G. Foreman, Commissioner for Public Employment.
Ms J. Andrews, Director, Personnel Policy and Planning.
Mr G. Whiteway, Director, Executive and Consulting Services.

Mr J. Stock, Director, Personnel Management.
Mr P. Della, Finance Officer.

The CHAIRMAN: I declare the proposed payments open for examination. I call on the Premier to make a statement if he so chooses.

The Hon. Dean Brown: I take this opportunity to make a brief statement. I wish to do so because of the speculation in the newspaper today and in a question asked of me at lunchtime at a press conference about the telecommunications contract concerning the employment of a particular person by the Commissioner for Public Employment. As I expect this matter to be raised in this Committee this afternoon, I think that I should make an appropriate statement up front.

First, I touch on the newspaper article. The first paragraph clearly implies that this person works for the member for Colton. That is quite wrong. The person involved has not worked for the member for Colton for approximately two years. That person has worked under the Commissioner for Public Employment and has been under the direction of the Commissioner for Public Employment. There are other inaccuracies in the article. I do not think it is appropriate to use any names because I do not wish to damage the name and reputation of that person. It is totally inappropriate for the newspaper article to have implied that the person is presently working for the member for Colton.

Secondly, I highlight that there have been occasions within a particular position in the broad field of Government—and that includes electorate officers, Parliament House staff, ministerial officers and other areas—where a person's employment may have been transferred across to the Commissioner for Public Employment where that person requested it because of some difficulties, perhaps. In this case, the person specifically asked whether employment could be found for them elsewhere in Government. The Government believed that they had the skills for which, under the Commissioner for Public Employment, useful employment could have been found, and for the past two years the person has been working for the Commissioner for Public Employment.

The person was taken on with the expectation of a four-year contract right from the beginning. However, at this stage, the Government, through the Commissioner, has identified the fact that a suitable job cannot be found within Government, so the Government has moved to negotiate with the individual to finalise her employment. As is usual in a

situation such as this, the Government has reached an agreement based on the expectations of a four year contract. The matter has been handled by the Commissioner.

A couple of weeks ago the Commissioner informed me that he was proposing to terminate this contract on a mutual basis, and that is the only involvement I have had. Therefore, everything is in the hands of the Commissioner, as it quite rightly should be. As I say, this person is an employee of the Government. There has been some false speculation, rumour and claim. It is disappointing that this has occurred because the terms of the employment of this individual lie with the Commissioner, so any pay out has been settled through the Commissioner. I stress that finding alternative employment or, equally, if there is a specific employment expectation and contract, that is settled by Government on exactly the same basis. This has occurred under previous Governments, so there is nothing unusual at all. Some of the allegations being made are wrong because the member for Colton has not had any say in this person's employment for two years.

Ms HURLEY: Following the Premier's statement, can he advise how long this former female employee of the member for Colton worked for the member for Colton and under what circumstances did she transfer from the member's office to the Public Service?

The Hon. Dean Brown: I cannot provide the exact number of months, but she worked for the member for Colton during the first part of 1994 and maybe also during late 1993 for a short period. She asked whether she could be transferred to another part of Government and, as I said, the Government complied with that, as is normal practice for a good employer. We honour our employment agreements and, if at any stage a person asks to be transferred, we try to comply with that. That is the basis on which it was done. The individual involved specifically asked that alternative employment be found in Government.

Ms HURLEY: After transferring to the Public Service, on what basis was this former staffer given a separation package and how much was the package?

The Hon. Dean Brown: It is appropriate that all of that matter, in terms of any payment to the individual in the past month or so, is entirely in the hands of the Commissioner, as all members would appreciate is the position under the Act. So the Commissioner can answer that question.

Mr Foreman: After this employee had sought alternative employment our office, together with the Department for Industrial Affairs, which is associated with the employment of electorate staff, worked with the employee during a period of nearly two years regarding the prospect of suitable public sector placement. During the time the employee filled positions of a temporary nature. It became apparent during this period that a suitable long-term position in the public sector would not be readily found and a commercial settlement was negotiated. The settlement took account of the employee's initial contract term with the member and the employee's expectations of that original employment. The initial contract and terms of employment created a legitimate expectation on the employee's part of employment for a period of four years, and the settlement was based on the employee's legitimate employment expectations. The payment was \$60 000.

Ms HURLEY: Every member who employs electorate staff would know that they are not employed under the Public Service as a public servant, that they are not able to transfer to the Public Service at will and that members can, if they are not happy with the staff member, dispense with their services

without transferring them to the public sector. Why is it that this particular staffer was given permission to transfer to the public sector; and then, having transferred, is it usual for the separation package to be that large, given that it would be the equivalent of two year's full salary, that is, the whole of the period of her contract?

The Hon. Dean Brown: I highlight again what I said earlier. This has been done previously and was done on this occasion. Where a staff member finds that they do not like the employment in the electorate office, requests for alternative employment have been made in the past—and I understand that this has been done under both Liberal and Labor Governments—and alternative employment has been found for them. That was done on this occasion. There is nothing unusual about that whatsoever. In terms of the amount of the settlement, the Commissioner for Public Employment has already explained that it was a four year contract.

Ms HURLEY: I have a supplementary question. In respect of contract staffers in the Public Service, is it usual to pay out the full amount of their salary if there is no longer any work for them within the contract period?

Mr Foreman: That depends very much on what the contract says. In this case it was not a matter of paying out under the terms of a contract because the contract did not deal specifically with the issue. The employee, through the contract and the terms under which the employee had been engaged, had a legitimate expectation of employment for a four year term, and in negotiating settlement that fact was taken into account. It was not a TVSP in the normal terms of a TVSP that is offered to staff in the public sector in restructuring situations. This was the settlement of an employment situation.

Mr BASS: I refer to Program Estimates, page 104, training and development services. Can the Premier provide information to the House on the number of people who have participated in the Government's youth training scheme?

The Hon. Dean Brown: Yes, certainly. One thing we did on coming to Government was to try to rectify what had been a number of years of neglect of youth training within the public sector. As a result of this a skew was developing in terms of the age of Government employees where there had been very little recruitment, so we had an ageing population. Since coming to office this Government has engaged 2 400 young people as trainees. Members would agree that that is a very significant effort over 2½ years. It compares with only 460 trainees who were engaged by the previous Government during its last 12 months in office. I am referring to people in the 17 to 24 years age group.

In the period between December 1993 and the end of January 1996, 2 000 people have been trained. Since the end of January this year a further 428 young South Australians have been trained. In this case, the 2 000 were between the ages of 17 and 24. The 426 since the end of January have all been under the age of 21. It has been part of a new program by the Federal Government, and overall we expect the total number under the program to be 1 500. Significantly, 65 per cent of these trainees have been young women, and 3 per cent of them have been young Aboriginal people. We have specifically gone out to ensure that there is gender balance and that minority groups are also trained under this program.

Mr BASS: Supplementary to that, is employment being provided in rural areas through the Government's Youth Training Scheme?

The Hon. Dean Brown: I know that you, Mr Chairman, have a personal interest in this, as I do as a country member

of Parliament. There has been a spread of towns and regions throughout South Australia where these trainees have found employment, and 18 per cent overall, about 400 of the trainees under the Government Youth Training Scheme, have been engaged in rural locations. I stress that they are actually being trained in rural locations: we are not bringing rural people to the city. The spread is very wide. There are 53 towns and cities in rural areas outside Adelaide where these people have been taken on. Does the honourable member want me to read them all?

Mr BASS: I think the member for Giles would like to know.

The Hon. FRANK BLEVINS: There is no change from the previous Government's policies.

Mr BASS: There are a lot more involved than under the previous Government.

Members interjecting:

The CHAIRMAN: Thank you, members: there is no need for debate.

The Hon. Dean Brown: The main thing is that, since December of 1993, there has been a quantum leap. The locations are Balaklava, Barmera, Berri, Brown's Well out in the Mallee, Cambrai, Ceduna on the West Coast, Cowell, Elliston, Freeling, Gawler, Glossop, Jamestown, Kadina, Kapunda, Kultaburra, Kingscote, Lock, Loxton, Lucindale, Mannum, Millicent, Minlaton, Mount Barker, Mount Burr, Mount Gambier (so your area, Mr Chairman, has been involved), Mount Torrens, Murray Bridge, Myponga, Naracoorte, Nuriootpa, Parndana, Penneshaw, Penola, Port Augusta, Port Broughton, Port Lincoln, Port Pirie, Rendelsham, Renmark, Solomontown, Stansbury, Streaky Bay, Taillem Bend, Tumbly Bay, Victor Harbor (which pleases me), Waikerie, Wallaroo, Whyalla, Winkie, Wudinna, Yankalilla and Yorketown.

I point out that a very small number of these trainees are actually working in electorate offices as well. Most members of Parliament have had a trainee. I have had one in my electorate office, and I would have to say that it has been a great learning curve for her and she has appreciated it. It has given her skills, and I am sure that she will be able to get a job. The Government's experience is that something like 80 per cent of these people will get jobs either within the Government or in the private sector.

Mr BASS: Again dealing with page 104, program 1, will the Premier explain the criteria applied to participation in the national trainee wage traineeships, new work opportunities and job skills programs.

The Hon. Dean Brown: I can go through the three areas mentioned, and I will start with the national trainee wage traineeships. Traineeship extends for 12 months and provides an integrated training and work experience program for people between the ages of 17 and 20 years. Each traineeship is managed by the Accreditation Registration Council. Twenty-five per cent of the time is off the job training, using approved vocational curriculum. A national trainee certificate is provided upon satisfactory completion of the training. The national traineeship wage rates apply to all occupational categories. The South Australian Government is providing \$10.2 million of funding for the traineeships to match the Commonwealth funding on a dollar for dollar basis.

Then there is New Work Opportunities, which is a six month training and work experience program for unemployed people. Participants must have been unemployed for at least six months and be between the ages of 17 and 20. A fixed training allowance of up to \$330 a week is provided, aligned

to a national training wage condition. Participants train for up to 26 weeks, including a minimum of six weeks off the job training.

Then we have the Job Skills program. This is a six months training and work experience program for unemployed people. Under the parameters set out by the Commonwealth, participants must be unemployed for at least 12 months prior to entering the program and they must be between the ages of 21 and 24 years. There is a fixed training wage for all occupants of these positions of \$300 a week. Participants are engaged for 26 weeks, including six weeks of formal off the job training. Job Skills is a Commonwealth funded program. The South Australian Government, through the Office of the Commissioner for Public Employment, tenders for and negotiates with the Commonwealth Department of Employment, Education and Training for a contract to place specific numbers of those participants. The cost to the Government agencies averages at about \$500 per participant, which is met from their approved budget allocations.

Mr BASS: As a further supplementary question, will the Premier detail the occupational categories under which work is being provided to the Government Youth Training Scheme? I note that he mentioned my little home village of Myponga, which is a fruit growing district.

The Hon. Dean Brown: They cover a large area. I have already mentioned that members of Parliament have people in their electorate offices as trainees, but they cover areas such as accounting; child-care; and a number of categories in the clerical area, such as administration, health, information technology, library assistants, and sport and recreation. They are also being trained as community health workers, dental assistants, fire equipment services officers (who go around and look at fire equipment in buildings), gardeners, grounds maintenance workers, laboratory assistants, media and communications workers, aged care workers, disability carers, research project officers (and some of those are working in SARDI) scientists and warehousing officers. It covers a very broad range of skills and is now a very important part of what you would call vocational training within the community. Given that 2 400 have been taken on by this Government, the impact across the community is considerable indeed.

Mr BASS: In relation to page 104, program 1, under 'Training and development', what are the results achieved by the South Australian participants in the public sector management course?

The Hon. Dean Brown: This course is a joint Commonwealth-State initiative, which provides a state of the art accredited management development program, being specifically aimed at middle managers in the public sector. The successful graduates are awarded a graduate certificate in public sector management. It is a national accreditation and provides local people with postgraduate courses. The course is now in its fifth year of operation and comprises 220 hours over a 12 month period, run on four different learning streams: leadership and change, managing service delivery, resource management and people management. Evaluation of the course has shown that South Australia is achieving the highest academic results nationally, for the second year in a row.

This is our training course for the middle managers of the public sector. Perhaps the Commissioner might like to comment on this, but we have embarked on an ongoing training program, for senior public sector managers, for

middle managers and, as I have outlined, for 2 400 trainees as well.

Mr Foreman: Two significant other factors that should be mentioned are that this course originated as a joint initiative of Public Service commissioned officers across Australia hence as a national initiative, but it has a very strong local emphasis and is managed locally. The other important factor is that the bulk of the course is contracted on a competitive basis, and service providers which provide different elements of the course come from the private sector as well as from academic and other institutions. It is a course which has had a lot of success. There has been strong demand for it within the public sector and it is something we see as very important in sustaining the development of senior public servants of the future.

Ms HURLEY: Again referring to the media reports last night and this morning, can the Premier advise what were the reasons given by the female staffer for wishing to transfer to the Public Service? Did these involve any allegations of harassment against the member for Colton?

The Hon. Dean Brown: When it gets down to details of individual employees of the Government, we do have respect for those individuals.

The CHAIRMAN: Irrespective of the propriety of the matter, the Chair has a difficulty in that Standing Orders 125 and 127 prevent any member, whether it is by question or answer, from impugning the character of another member of Parliament. That is quite specific. It is a long-term Standing Order. If the questions will steer away from that line, I will be quite happy to listen to them: otherwise, I will rule them out of order.

The Hon. Dean Brown: I assume that the honourable member is therefore withdrawing that allegation, as she is required to do under Standing Orders?

Ms HURLEY: I asked what were the reasons given by the female staffer for wishing to transfer to the Public Service?

The Hon. Dean Brown: I assume that the honourable member is withdrawing the allegations?

Ms HURLEY: I made no allegations.

The Hon. Dean Brown: Yes, you did.

The CHAIRMAN: It was not an allegation: it was a question, but it was fairly close. Standing Orders do not permit a member's character to be impugned.

The Hon. Dean Brown: Out of respect for the privacy of the employee involved, I think it is inappropriate for me to comment on the reasons that the person gave in a whole range of areas and divulge them. I am sure that all members of this House would agree. That is a gross infringement of the right of the individual. I think that to select an individual employee of the Government and ask questions such as that is inappropriate.

Ms HURLEY: In the negotiations surrounding the separation pay-out for this employee, was her lawyer involved and is there a confidentiality agreement surrounding this deal?

Mr Foreman: The answer to both those questions is 'Yes.' The individual did have legal representation in the negotiations, as did the Government; and the discharge settlement documentation did involve a confidentiality agreement.

Ms HURLEY: Who authorised the deal and the payment? Was it approved by Cabinet?

The Hon. Dean Brown: I have already answered that. I do not know why the honourable member did not listen to my earlier reply. It was not approved by me: it was negotiated by

the Commissioner, who has statutory independence. I stress that it was up to the Commissioner to handle it. It did not go to Cabinet. The only involvement I had was that the Commissioner notified me that he was taking this action.

The question that has been asked is whether this is normal practice? The Deputy Leader of the Opposition tried to scoff at that. I draw to the attention of the House an *Advertiser* article of 31 January 1992, where it was reported that taxpayers picked up a bill for a secret \$80 000 pay-out to a woman who claimed that she was unfairly dismissed by a Labor MP. It states:

The woman—

and it gave the name of the woman, but I will not repeat it here—

who worked for Labor backbencher Mr John Quirke [who is now shadow Treasurer] was sacked last year whilst on stress related sick leave. She settled out of court in July after several conferences in the Industrial Commission. Inquiries yesterday by the *Advertiser* confirmed the details of the case in the pay-out which emerged this week amid a bitter preselection row in the Labor Party. [This person] was classed as a personal assistant grade 1, and would have earned about \$32 000 a year.

Of course, the union became involved as well. In that case, due to a so-called claim of unfair dismissal by an MP (because it was not settled in court) the Government, acting as the employer, paid to that person \$80 000—more than in this case. I am highlighting—and this has been done on other occasions—that, where an employee in one area of Government has a difficulty or puts up a request to transfer to another area of Government, we try to comply with that as a good employer. That is what occurred in this case.

Mr Foreman: In relation to the question about authorisation of payment, as the Premier has mentioned, our office worked with the Department for Industrial Affairs on this matter. The payment was made by the Department for Industrial Affairs and was authorised by the Chief Executive of the Department for Industrial Affairs. We worked with that employee as our client and with that department.

The Hon. Dean Brown: Let it be quite clearly understood that the matter has never been discussed or taken to Cabinet. The only involvement I had in recent times was when the Commissioner simply notified me that he was taking this action.

The CHAIRMAN: I point out to the Premier and members that under Standing Orders there can be no imputation against the member for Playford on account of that answer or against the member for Colton.

Mrs HALL: The Program Estimates at page 32 refer to the continued development of the CONCEPT system. Will the Premier explain the benefits of this system to the State?

The Hon. Dean Brown: CONCEPT is a computer software package for human resource management. We have mandated that across Government so that all Government agencies will use that software package. As part of that mandating across all Government agencies, CONCEPT is designed to bring about uniformity in the way we carry information to manage employees. The current project has five modules: personnel administration; payroll; leave accrual and reporting; occupational health and safety, including workers' compensation claims management; and training and staff development, including skills matching.

The use of CONCEPT by all agencies was mandated by the Government in May 1994. In April 1995 Cabinet approved funding totalling \$4.5 million over a three year period to enable fast tracking of the implementation of the

scheme. The current target is to complete implementation across the whole of Government by September 1998. Six agencies are now running the system of personal administration and payroll; eight more agencies are in the process of implementation; and a total of 22 agencies are scheduled to be processing personnel and payroll data on the system by June next year.

On a whole of Government basis, there will be the following benefits: a common basis for central reporting; better workplace information across the whole public sector; more efficient and effective human resource management and workplace planning; and a common system facilitating staff mobility across the public sector. The benefits to the individual agencies include lower processing costs; reduced human resource management staffing requirements; and better work force management information. The Commissioner might like to pick up some of those points, because he has been intimately involved in it.

Mr Foreman: One of the main benefits that the Premier has not mentioned at length is that implementing this system is not a case of automating existing systems: it is a matter of 're-engineering' human resource management processes. That brings benefits of a new kind, as well as the broader benefits the Premier has mentioned, to the specific agencies involved.

Mrs HALL: Again, I refer to page 105, program 5 (Executive Services). I also refer to page 33 of the Program Estimates dealing with 1995-96 issues and trends, and specific targets and objectives, including the continued implementation of the executive development plan and activities, the recruitment of chief executives and providing advice on more flexible remuneration arrangements for executives. Will the Premier touch on those subjects and also explain the procedures now followed to establish levels of remuneration for chief executive officers?

The Hon. Dean Brown: This has been a pretty big area of change within the Government. It commenced at the beginning of last year, when the CEO of the Department of the Premier and Cabinet recommended to me that we have a much more structured hierarchy and uniformity across the whole of Government. Until then, a rather *ad hoc* approach had been taken with regard to salaries paid to CEOs within Government and how they were ranked. As a result of that, some real anomalies between agencies were starting to occur and in some cases it was simply a matter of whoever could negotiate the highest salary. So, it became a matter more of skill in negotiating a salary increase than net worth to Government.

As a result of that, a company called Cullen Egan Dell, a national personnel management and search company, was brought in to work with the State Government. We decided that there should be six levels within the Government structure, and that we would now start to deal with total employment costs. I stress that until then there had been a salary component and a few add-ons, and some of the add-ons of some people were taken into account and those of others were not. We decided to move to a total remuneration package, which is where some of the misunderstanding within the community has occurred, because we moved from a cash basis to a total package and brought into that package items that people might otherwise have been getting already.

We had to be very careful in looking at the changes that occurred under the new structure. Cabinet implemented the new structure for chief executive officers in December. As a result, 16 chief executive officers received a remuneration increase and eight received no increase at all. The packages

are based on the concept of total employment costs within three main areas, namely, salary, motor vehicle costs and employer contribution to superannuation. They take into account levels of executive remuneration across the public and private sectors on an Australia-wide basis. That is where Cullen Egan Dell provided information and established salary ranges. South Australia is at the bottom of that range. The only other State that sits anywhere near us at the bottom of that range is Tasmania. It is fair to say that, within those ranges, virtually all other States are paying at the middle or higher levels and we are at the bottom of the range.

The process has been well researched and carried out appropriately and with proper accountability. We have classified organisations or agencies according to their size, responsibility, staffing levels and the specific skills required in that area. Therefore, now we know exactly the range an executive should occupy. We take account of their experience, the time they have been in that field and factors such as that in deciding where they sit within that salary range. Generally, across the board they sit at the bottom of the range.

Mrs HALL: Talking of chief executives, will the Premier provide some information on trends in executive employment within the public sector, focusing his response on the number of women employed within the Public Service? What is the Government doing to rectify some of the gender imbalance issues as they relate to women in executive management positions?

The Hon. Dean Brown: The first thing to appreciate is that we have reduced the number of senior executives within Government. In 1987, 220 executive officers and chief executive officers were employed in the public sector under the Public Sector Management Act. That figure has now been reduced to 209, a reduction of 5 per cent over that period. At the same time there has been a significant increase in the number of women employed in executive positions. I am delighted to say that it has gone from 10 in June 1987 to 42, an increase of 320 per cent. In the past year alone, the number of women in executive positions has increased by 20 per cent—35 to 42—and it will be the objective of the Government substantially to increase that further.

The Hon. FRANK BLEVINS: I refer to the Premier's statement about electorate staff. The Premier said that, as with a good employer, the wishes of an employee were accommodated, for which I applaud the Premier. I know that right across the State electorate staff will ask whether they may all now transfer into the Public Service on a four year contract on request. If not, what is the criterion for a successful request?

The Hon. Dean Brown: The answer to that is 'No'. This has occurred under the previous Labor Government and clearly it has occurred under this Government. Where there is a specific request, it all depends: if a person simply says, 'I would rather work elsewhere', and if the Government thinks that that person has skills that it can engage, that person is transferred. In this case, as the Commissioner will affirm, the Government thought that this person did have skills of which it had need, so the Government was willing to take on the person. Specific skills were involved.

The Hon. Frank Blevins interjecting:

The Hon. Dean Brown: The Commissioner can speak to that. He has been involved; I have not.

Mr Foreman: In this situation, the employee's skills were those that the public sector needed, and we were asked to assist in looking for alternative employment. Because the

skills were in demand, efforts were made to find that alternative employment, over a certain period.

The Hon. FRANK BLEVINS: If the person concerned cannot automatically transfer over, what are the criteria for a successful request? What have been the criteria to date? There are 70 of them out there hanging onto it.

The Hon. Dean Brown: Yes, I guess that the Government sees a need for those particular skills. That is what the Commissioner has just said. If the Government sees a potential to use those particular skills and a need for those skills, the Government will say 'Yes'. It depends what skills we need in Government. It may be somebody involved in data processing or another area. It depends on what the person has and what skills the Government needs.

The Hon. FRANK BLEVINS: They all have the same skills.

The Hon. Dean Brown: We ought to be quite clear here. If there is an opportunity for employment in Government, within the Commissioner for Public Employment's scope, it is up to the Commissioner to make those assessments, and the Commissioner does so without interference, and that is obviously the assessment to be made on this occasion.

Mr Foreman: The skills that the people we were employing had were skills which at that time were needed in a number of areas in Government.

The Hon. FRANK BLEVINS: Tell us what they were for the other 70 that may wish to apply.

Mr Foreman: They were a range of clerical administrative skills at a reasonably high level.

Mr CLARKE: As a former union secretary who represented electorate staff, I can assure the Premier and the Commissioner that those very questions put up by the member for Giles will be asked very much because, after every election when there are casualties as members of Parliament and the electorate staff also lose their jobs as a consequence, I have been asked on a number of occasions to see if they can get jobs back in the Public Service and they have not been able to do so.

The Hon. Dean Brown: Would you like me to quote all the cases where, just six months prior to the election, ministerial staff of the former Government—political appointments of the former Government—in some cases were found very senior jobs—people like Mr Abfelter, who was switched from ministerial staff to senior departmental staff at a very high level? I could give plenty of other examples as well.

Mr CLARKE: The Premier jumped the gun a little, because the point I was making was related to electorate staff. As the secretary of a union that was party to the award covering personal assistants to MPs, I requested the then Commissioner for Public Employment about electorate staff being able to go back into the Public Service after their members had been defeated, and the instruction was that they could be deemed to be eligible to apply for jobs in the *Government Gazette* for a period of up to 12 months, but there was no guarantee they would get a job. Some did where a position became available and others did not, and there was no holding onto them in the meantime.

In terms of the Cullen Egan Dell study and the new executive and chief executive levels of salaries set about a month or so ago, a major document was sent out to CEOs identifying a number of points, including the bands which you have already described and the salary points within them. What were the benchmarks used by Cullen Egan Dell to set

the salary parameters that were actually set in each of those bands?

The Hon. Dean Brown: I will ask the Commissioner to give more detailed information in a moment. Basically, they looked at similar appointments in other State Governments of Australia, and they looked at similar appointments in the private sector in Australia. After making comparisons, they came back to the Government with a salary range that should apply for organisations of a certain size and turnover, with certain responsibilities in terms of technical and other skills. The Commissioner can be more specific in that regard.

Mr Foreman: Cullen Egan Dell have a point score technique of measuring the size of jobs which is used quite widely across public sectors in Australia as well as in the private sector. That has been the device by which they are able to draw comparisons across public sectors. They are also able to look at similar jobs in other public services as well as a second way of benchmarking positions. I need to stress that the range that has been quoted is the minimum levels adopted as the general point for application in the South Australian public sector; those indicative levels quoted are at a relatively low point compared with other jurisdictions, and the minimum level is lower again from the indicative. I also ought to point out that there is no automatic progression within those bands. From reading press reports, I believe an implication has been drawn that people appointed to these various levels may progress automatically to the maximum level; that is not the case. There are bands within which a person is appointed on a contract and they are appointed to a level, of which the minimum is the figure generally adopted.

Mr CLARKE: The Premier has outlined, and the Commissioner has supported him in a sense, how Cullen Egan Dell recommended certain salary levels, looking at different public services, the private sector and the like. In a question I put to the Premier in last year's Estimates Committee on the same matter, on 20 June 1995, the Premier was quite specific. At page 33 of the *Hansard*, in essence the Premier said he was agreeing with my question that there would be no introduction of comparative wage justice doctrine for CEOs or senior executives. Indeed, as reported in *Hansard*, the Premier referred to the fact that the CEO salaries at that time might be in line with Tasmania but there was no intention of going anywhere near Victoria, Queensland or New South Wales regarding the setting of salaries.

On 22 December last year in a press statement referring to the setting of the then salaries of CEOs, the Premier referred to the need to increase salaries based on market rates, bringing the CEO salaries, 'closer to market rates'. I am trying to work out whether in fact market rates is now the go concerning setting salaries of executives and CEOs in the State Public Service.

The Hon. Dean Brown: I stress the point that you cannot take comparative wage justice in Victoria, New South Wales or Queensland when we have salaries that are substantially below that. Wage justice suggests that, if one wage is paid in one State, a similar wage will be paid in another State. I said earlier this afternoon that that has not occurred, and here is the proof, and the Commissioner will confirm that. There is no comparative wage justice.

Mr CLARKE: Could we have the details as to the number of executives on contract by agencies, including CEOs, the salary levels that apply and, in levels of \$10 000 bands, where each fits in? I do not want to know the names of each executive, but I would like to know the number of

executives by agency and each of those salary bands that have been set down.

The Hon. Dean Brown: That information is available in the annual reports of the agencies that are tabled in Parliament.

Mr CLARKE: That is not possible because the salary bands were introduced only about two months ago.

The Hon. Dean Brown: I will obtain the details about the contracts but the salary bands within each agency are already in the annual reports. We will not duplicate what is already tabled in the Parliament. I will obtain details of the number of people on contract.

Mr CLARKE: It is my understanding that the Cullen Egan Dell salary remuneration package was distributed to CEOs and agencies only within the past two months and would not yet have been tabled in Parliament.

The Hon. Dean Brown: No, they will be tabled when the annual reports come in over the next couple of months. I highlight that during December I provided information about individual CEOs.

Mr CLARKE: What representations, if any, have been made by the Premier or the Government to the Commonwealth to secure funding for the next financial year with respect to the traineeship programs that are presently under way? If representations have been made, to whom were they made?

The Hon. Dean Brown: We have already signed a contract which runs through until March 1997 and which locks in 1 500 new trainees.

Mr CLARKE: You said that the average age of the trainees last year was about 21.

The Hon. Dean Brown: No, I gave age bands. It depends on the program as to which band they fall into—some are up to 21, some are 17 to 20, some have to be under 21, and some are up to 24. If you ask me the question again, I will provide the details.

Mr CLARKE: I am interested in what programs the Government has in train with respect to the 15 to 19 year age bracket, which has an unemployment level of 37 per cent in this State.

The Hon. Dean Brown: Under an agreement with the Federal Government, we are currently taking on 1 500 trainees who are all under the age of 21. We have taken on 426 trainees so far, and the balance will be taken on between now and March next year.

Mr CLARKE: With respect to separation packages, what was the total cost to the taxpayers for the dismissal of the former head of the Premier's department, Mr Schilling; and what was the total cost of the termination of the contract in terms of not only the payout of the balance of the contract but also any superannuation benefits applicable to the individual concerned and/or any other benefits that may have been paid?

The Hon. Dean Brown: The severance payout totalled \$157 000 rounded to the nearest thousand dollars, in addition to normal long service leave and annual leave entitlements.

Mr CLARKE: What was the superannuation component?

The Hon. Dean Brown: That is a matter under the Superannuation Act. I do not have that detail, and the honourable member could not obtain that detail because it is private information under the Act.

Mr CLARKE: I refer to work force management, on page 104 of the Estimates of Receipts and Payments, and page 31 of the Program Estimates. What additional areas are being considered for transfer of staff to contractors? The Program Estimates state:

Continue to review policies and develop strategies for the transfer of staff to contractors. . .

The Hon. Dean Brown: A Government member asked that question earlier this afternoon and I gave a fairly detailed reply. The honourable member will find that detail in the information I provided under the Department of the Premier and Cabinet.

Mr CLARKE: Under work force management, how many staff are on the redeployment list, from what agencies do they come, what roles do they currently undertake, and how long, on average, do redeployees stay on the redeployment list before they find a permanent home?

The Hon. Dean Brown: We will have to take that question on notice.

Mr CLARKE: In relation to career consulting services, is it purely provided in-house or are external consultants used and, if so, which external consultants and how much have they been paid?

Mr Foreman: Our office uses external consultants to a relatively small degree to assist in providing out-placement services to some redeployees. Agencies that have or expect significant numbers of surplus staff would use out-placement consultants as well. On advice or in conjunction with us, agencies often engage out-placement consultants to help with staff who may have a better chance of a finding a job outside the Public Service than within the Public Service.

Mr CLARKE: I believe that other departmental advisers have arrived to be examined by the Estimates Committee. If I can spend five minutes reading a few points into *Hansard*, much of the information I require is of a statistical nature and may be supplied at a later date.

The Hon. Dean Brown: We have the right to answer questions now if we so wish.

The CHAIRMAN: It was a decision of the Chair that questions unanswered in the course of the day should be placed on the House Notice Paper in the normal manner. That announcement was made at the opening of the session this morning. If the honourable member wishes to ask his questions, the alternative is to place them on the House Notice Paper in the usual way.

Mr CLARKE: Under work force management for 1995-96, there was \$4.351 million and 39 full-time equivalent employees. For 1996-97, there will be \$4.384 million but only 33.5 full-time equivalents. Yet, in the Program Estimates (page 31), there is a reference to increased resources to manage redeployment of surplus employees. Where are those increased resources? There has been a slight increase in the monetary allowance but a significant decrease in the number of full-time equivalents.

Mr Foreman: The full-time equivalent figures include both the staff of our office working on that program and a number of unattached people who are funded within our department's budget. The honourable member will see that, within 1995-96, we expect there to be 39 FTEs against an estimate of 31.6 FTEs, and that reflects a fluctuation upwards in the number of the unattached. In the year 1996-97, we expect that number of unattached to come back somewhat, so the additional resources are within the estimated figure compared with the estimate for last year.

Mr CLARKE: My last question relates to special projects. In 1995-96, it was set at \$2.693 million, with 10.6 full-time equivalents. In 1996-97, there is a significant increase to \$3.265 million and 12 full-time equivalents. In which areas will these increased resources be deployed? Why

does Auspay still require continued support? Is EDS responsible to do this work, that is, the payroll?

Mr Foreman: The additional resources are not only applied by way of FTEs but it is also expenditure on consultants. The Auspay system needs to continue because the CONCEPT system is being implemented progressively in a range of agencies. Auspay continues in the other agencies until the CONCEPT system comes into place. EDS will not be responsible for the payroll or the software. EDS provides the hardware services. The CONCEPT system provides the software.

The Hon. Dean Brown: I did give a very detailed explanation to that issue on CONCEPT software a little earlier. I can confirm that. I suggest that the Deputy Leader go back and read that answer.

An honourable member interjecting:

The Hon. Dean Brown: CONCEPT is a software package, and we have mandated it across the whole of Government so there is uniformity in how we deal with our people. The software package that we have for human resources includes pay.

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

Membership:

Mr Foley substituted for Ms Hurley.

Mr Scalzi substituted for Mr Caudell.

The Hon. M.D. Rann substituted for Mr Clarke.

Auditor-General's, \$8 599 000

Departmental Advisers:

Mr K. MacPherson, Auditor-General.

Mr I. McGlen, Principal Audit Manager.

Mr R. Bergamaschi, Manager, Administrative Services.

The CHAIRMAN: I declare the proposed payments open for examination. I invite the Leader of the Opposition to ask the first question.

The Hon. M.D. RANN: I refer to Estimates of Receipts and Payments (page 107) and Program Estimates (page 43), and I note that the line includes Audit's review into the water contract and the events of 4 October 1995. In its report, Audit said that 'the RFP processes are being undertaken in a legislative vacuum in the sense that the rules associated with this process have not been publicly developed and endorsed.' Audit further concluded that procedures adopted on 4 October 'had a tendency to increase the risk of issues of integrity being raised as a matter of public concern.' This was a real risk and could not be described as fanciful and far fetched and that the procedures adopted 'did not adequately exclude the possibility of an improper interference.' The Minister for Infrastructure, in addition to the inquiries into the events of 4 October last year—

The Hon. Dean Brown: I point out that this is not a select committee into the water contract. This is an Estimates Committee, which deals with the estimates and expenditure of the Auditor-General and should be dealt with as such. Just because this is an Estimates Committee, that does not allow the Leader of the Opposition to wander off, thinking that he is sitting in a select committee.

The Hon. M.D. RANN: I am sorry, Sir. One of the problems we have in this Parliament because of the change in arrangements is that we do not have—

The CHAIRMAN: I have not ruled on the point of order yet. The debate should not be too wide ranging and, if the Leader of the Opposition could follow the accepted procedures by nominating a specific line against which he would like to ask his question, perhaps we would be able to assess the merit of it more accurately.

The Hon. M.D. RANN: Let me clarify this and perhaps we can get some understanding of 4 October last year.

The CHAIRMAN: The Premier is not responsible for the actions and decisions of the Minister for Infrastructure.

The Hon. M.D. RANN: If you let me finish the question, your ruling might be more soundly based.

The Hon. Dean Brown: I suggest that we have the question and then, if the Leader of the Opposition wishes to make a speech to support that afterwards, he do so, but let us hear the question first.

The Hon. M.D. RANN: I am asking the question. The Premier has been given a fairly free rein as well. I will ask the question in the way that I want. This is a Parliament: it is not the Executive arm but the Parliament.

The CHAIRMAN: I ask the Leader of the Opposition to ask the question.

The Hon. M.D. RANN: Issues have been raised by the Auditor-General of this State that talk about proper process—

The CHAIRMAN: Order! The Leader of the Opposition has the floor only with the Chair's permission and the Chair has asked the Leader of the Opposition, quite specifically, to relate his question to a specific line in the budget estimates. That was part of the Chair's preamble this morning. It has been observed more in the breach than anything but, if the Leader of the Opposition can relate his question to a specific line, it will simplify the Chair's task.

The Hon. M.D. RANN: Did the Minister supply the Premier with a copy of his report? The Premier will ask, 'Which report,' because I could not finish what I was saying previously.

The Hon. Dean Brown: Mr Chairman, that is not a question under the line of the Auditor-General. It has nothing to do with it.

The Hon. M.D. RANN: When we were in government we had the benefit of the Auditor-General's Report prior to Estimates Committees. The Premier can sit there looking smug, but the fact is that the Premier did not even have the courtesy to turn up to the debate regarding the Auditor-General's Report when it was arranged in this Parliament. The fact is that the public of this State have important issues, which the Premier consistently dodges—and the Premier knows about what I am talking. The Deputy Premier, the Treasurer, turned up to make one interjection late in the evening.

This whole Estimates Committees process is being proscribed and hampered by the change in arrangements. When Liberal Government members were in Opposition, they had the benefit of the Auditor-General's Report as the fuel and fodder for their questions, although there were occasions when members of the then Liberal Opposition would ask me, as a Minister, to supply them with dorothea dixers because they had not thought up any questions themselves. What I am trying to say—and I make the point—is that it is very difficult to ask questions about this issue when we do not have the benefit of the report and when the Premier refuses to answer questions in relation to other findings.

The CHAIRMAN: It still remains quite true that the Premier is not responsible during the budget estimates for the Minister for Infrastructure. Those questions could properly be addressed to the Minister for Infrastructure during the hearings later on in the fortnight.

The Hon. M.D. RANN: We will leave the water issue. I refer to the general principles. Given that the transactions with which audit and the public of South Australia are concerned are virtually uncharted territory from the point of view of assuring probity and public accountability, what discussions and advice has Executive Government had from the Auditor-General to lift the Government's probity, responsibility and accountability on this issue? This is something about which you talked in terms of your discussions with the Auditor-General previously. The Auditor-General has raised a series of extraordinarily serious concerns about outsourcing. What has your response been?

The CHAIRMAN: Before we continue, I remind the Leader of the Opposition that since his return he has personalised the line of questioning by referring to the Premier repeatedly as 'you' and 'your'.

An honourable member interjecting:

The CHAIRMAN: Under parliamentary practice it is normal to be less personal and we are following a similar line which we adopted much earlier in the day. I simply ask the—

The Hon. M.D. RANN: Perhaps I should clarify that the line for this question is Estimates of Receipts and Payments, Special Investigations and Reviews, page 107. It is a line.

The CHAIRMAN: I am simply worried about the manner in which the questions are being directed. The Premier.

The Hon. Dean Brown: Thank you very much, Mr Chairman. A number of discussions dating back to the very early days of 1994 have occurred between the Auditor-General and me about the appropriate processes to work through in terms of contracting out and large Government contracts. I indicated to the Auditor-General in about March 1994 that I wanted to ensure the whole process was transparent to him and that, if he had any concerns at any stage, he was to raise those matters with me.

It is acknowledged that we are going through new processes as a Government and a number of issues have been raised. I made a ministerial statement to this House highlighting the need and the action that the Government would take to continue to upgrade and improve those services. One issue that I have mentioned already today in some detail is prudential management. I have indicated that there are now procedures in place and for large contracting out projects there is a prudential management group. The head of the Department of the Premier and Cabinet chairs that group.

It also involves the Under Treasurer and the head of the Attorney-General's Department. Consequently, the first issue when there is a major contract is that the prudential management group has to agree to the process and, equally, before the contract is signed the prudential management group has to sign off on the fact that the contract has been through that process. That does not mean by any means that they are the only meetings held. A series of other meetings are conducted on an ongoing basis in relation to these large contracts that take some time. That is the type of issue that has come out of our discussions. Perhaps the Auditor-General might like to add more detail to it.

Mr MacPherson: Can I clarify with Mr Rann that the issue he is really interested in exploring is the effectiveness of the accountability processes currently being implemented? It may help the Committee if I outline some of our basic

principles upon which we seek to stand in assessing the activities of Government. Purely and simply stated, we see that Government must pass muster in relation to four types of criteria. Government is required to exercise its powers in a fiduciary capacity. The powers of Government are not Government's powers: they are powers exercised by Government on behalf of the whole community—that is principle No. 1. The other fundamental principles are that the rule of law is axiomatic; the principles of representative democracy must be recognised; and the principle of responsible Government must be recognised.

Government activity, whether it be contracting, conduct or processes, really has to pass muster in terms of its fiduciary responsibilities, the principle of representative democracy, responsible Government and the rule of law. We would look at what Government was doing in that context. So, with respect to everything Government does, we ask ourselves with respect to, for instance, the water contract, whether or not the principles of responsible Government are being satisfied, and responsible Government really is responsible to the Parliament, so the Parliament can scrutinise its activities. That is where we come from. If you wish to draw me on any of those issues, I am happy to assist.

The Hon. M.D. RANN: It is the question of parliamentary democracy that is at the nub of our concerns. I have raised this with you both personally and in writing, and I have raised the issue publicly. Given the change in timing of budget and estimates to late May, a time well before audit can provide its annual report, I would like to know what plans the Government has and what suggestions the Auditor-General has to allow proper and adequate scrutiny of the activities of all agencies, departments and business enterprises under each Minister in light of the release of the Auditor-General's Report in September.

I guess in doing so, I remember the promise of the Premier when he was Opposition Leader, talking about responsible Government, to maintain high standards of openness and accountability for his Government's decision making to the public and to this Parliament. The Premier said:

The role of State Parliament should be enhanced to improve representation of the people and to make the Government more accountable to the people through Parliament.

I guess I am concerned about what is clearly the support by this Government for the reduction in opportunity for scrutiny by the Parliament of each Minister in light of the Auditor-General's annual report.

The Hon. Dean Brown: I had thought that the Deputy Premier and manager of the House was having discussions at present with the Opposition on this matter; if he is not, he is about to shortly. The Government has considered this. We have looked at a way in which a program can be put down to allow discussion of the Auditor-General's Report, a matter that the Auditor-General himself raised in his last report. Therefore, I should leave it up to the Deputy Premier to raise this matter. It has been done on a basis of goodwill by the Government to put a proposal to the Opposition and to discuss that with you.

The Hon. M.D. RANN: I do not know where the goodwill is, because last year, after raising this issue and after the Auditor-General raised the principles of the issue of scrutiny, we were given three hours late at night for which neither you nor senior Ministers turned up. It was left to a gaggle of backbenchers, so there was no scrutiny, no questions, and simply one appearance very late at night by the Deputy Premier, who made one interjection. That is not

responsible Government; that is not responsible democracy; that is not accountability; and that is not what the Auditor-General asked for. Certainly, it is not what we have asked for, so I do not know where the goodwill is.

The Hon. Dean Brown: Last year was the first time it had been done, because of the change in timing of the budget coming before Parliament. A motion was put before the House that the Auditor-General's Report be noted, and there was a full debate of this Parliament on that. I do not have to sit in this House for a debate on the noting of the Auditor-General's Report, but there was an opportunity for members of the Parliament all to express their point of view and to have a chance to debate that report. That is fairly standard procedure for this Parliament. It has been done with most royal commission reports and many other reports that have been tabled in Parliament. However, this year we were looking at going further than that and there are to be talks.

As I said, there might have been some discussions already, but I can assure you that the Deputy Premier will be having discussions with your House manager about changing some of those procedures and what we intend to do this year that will allow you specifically to ask questions of Ministers.

The Hon. M.D. RANN: You note that you did not have to turn up, but we are simply asking for the Government to restore the standards of scrutiny of the single most important servant of this Parliament—the Auditor-General—which applied for many years under a Labor Government and which did allow the Premier, the Treasurer and Ministers to be scrutinised in terms of estimates hearings on the basis of the Auditor-General's Report. That was not just a kind of free-for-all debate late at night, where the ministry showed its extraordinary contempt for both this place and, in my view, the Auditor-General.

The CHAIRMAN: The honourable member has made two statements rather than asking two questions. The Premier chose to answer the last one. The honourable member spoke on the last two occasions without the call. Does the Premier wish to respond?

The Hon. Dean Brown: Only to say that under the proposal the Cabinet is putting forward there will be a chance to ask questions of individual Ministers, but I also point out that under the improved accountability of this Government to the Parliament you have a guaranteed 10 questions every day. I have sat in this Parliament under the former Labor Government when we were struggling to get five or six questions in a day. We had long, drawn out questions: the member for Giles was a master at it. He would remember: he could go on for 15 minutes without even drawing breath, and no-one would understand what he was saying. Very few people were interested in what he was saying, but he could fill a quarter of Question Time by answering one question alone. We have guaranteed you the answers and we have guaranteed you 10 questions a day. We have met that promise. I stress the fact—

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: You have already made your point and I have already answered that we will give you a chance to have a specific Question Time about the Auditor-General's Report, but you also have 10 other questions every day when you can ask questions about the Auditor-General's Report.

Mr SCALZI: Will the Auditor-General explain the role he had in relation to the original investigation by the Solicitor-General of the circumstances in which requests for proposal for Metropolitan Water and Waste Water Services

were received and opened by SA Water, and will he say whether his investigation confirmed all the facts of this matter?

Mr FOLEY: On a point of order, if you recall, earlier such questioning concerning the water contract was ruled out of order by you. I suspect that the member for Hartley's prepared questions should be ruled out of order likewise.

Membership:

Mr Atkinson substituted for the Hon. Frank Blevins.

The CHAIRMAN: The honourable member will recall that the Chair ruled against questions on the water contract being asked of the Premier, in light of the fact that they were within the province of the Minister for resources and that they would be more appropriately addressed to that Minister during a later hearing. I did not hear the honourable member's question, and it may be that the Chair is interpreting the point of order wrongly. I am open to challenge.

Mr SCALZI: Will the Premier explain why the original estimate for 1995-96 departmental spending has increased by \$450 000?

The Hon. Dean Brown: It is true that additional resources have been provided to the Auditor-General's department this year. In part, these are directed towards the review of Government contracting out initiatives. The department has a very important role to play in auditing the Government process to ensure that they are appropriate, and I have talked about that already. Additional resources have been provided to the Auditor-General's Department to undertake this work.

The allocation, under this program for 1996-97, of just over \$7 million represents an increase of \$570 000, as the honourable member highlighted, over the original allocation this financial year. This includes funding of \$133 000 for additional consultancies and contract audit fees resulting from contracting out of Government services and the implementation of mandated financial and human resource management systems. I am sure that the Auditor-General would like to comment further on why there is a need for increased expenditure and resources.

Mr MacPherson: There was a need for additional resources to cover the cost of the SAAMC audit, which is to be billed at \$250 000; and there was an additional requirement for funds for the Port Adelaide Flower Farm investigation.

Mr SCALZI: Can the Premier give further details of the additional allocation to the department of \$218 000 for 1996-97 above the 1995-96 revised estimate?

The Hon. Dean Brown: Salaries and wages have increased by \$310 000. This comprises an increase in termination payments of \$190 000 as a result of the retirement of the Deputy Auditor-General and the expected retirement of two senior officers; \$63 000 for the \$10 a week wage increase; and funding of \$57 000 for an additional full-time equivalent person. Also, goods and services have decreased this year by \$29 000. The overall budget outcome comprises a decrease of \$250 000 resulting from the removal of one-off funding of SAAMC audit fees from the budget line and, as the Auditor-General has explained, this \$250 000 is being provided on a contract basis; an increase of \$88 000 for the consumer price index; and funding of \$133 000 for additional consultancies and contract audit fees resulting from Government-wide initiatives for contracting out information technology in such areas, which I mentioned earlier.

Mr SCALZI: Can the Auditor-General indicate the progress of the special investigation concerning the Port Adelaide Flower Farm and say when a report will be presented to Parliament?

Mr MacPherson: The Flower Farm investigation is in three phases: the first phase is the accounting phase, where we have engaged Price Waterhouse to do the accounts; and the second phase is the analysis of the horticultural prognoses and assumptions that underpin the initial business plan. Those two elements are supplemented by a legal review of all the associated commercial relationships between the Flower Farm and the other entities. The Flower Farm is now at a stage where the first phase, the accounting review, has been advanced to a stage where we can draw preliminary conclusions before we start to orally examine certain people. I would anticipate that the investigation will be completed in the next three to five months.

Mr Foley interjecting:

Mr MacPherson: I estimate at this stage around \$200 000.

The Hon. M.D. RANN: I refer to Auditing Services, Program 1, Estimates of Receipts and Payments at page 107 and Program Estimates at page 41, as to the accuracy of the financial information in the budget. Under this line occurs the role of audit in providing an opinion on the quality and integrity of financial information provided by the Treasurer and the Government. The Opposition has long been in agreement with the Auditor-General that the repeated failure of the Government to provide a balance sheet of State assets and liabilities is unacceptable, and without a comprehensive balance sheet we cannot know whether we are making real financial progress or whether, instead, any reductions in debt that the Government achieves are merely reducing our asset base.

In 1993 the then Liberal Opposition promised to 'require any deficiencies in asset registers to be remedied by 30 June 1994', and, on 8 March 1995, the Treasurer promised that the 1995-96 budget would include this information, but it did not. In his latest report, as the Premier would recognise, the Auditor-General said that 'urgent attention needed to be given to this issue', describing the present Government's decision not to publish this data as 'a backward step compared with earlier approaches' (in part A of the overview, page 10). On 27 September 1995 the Treasurer told the House that he hoped a State balance sheet would be presented in the latest budget and that he would inform the House if there was any alteration to this timetable. Why does the latest budget again not include a balance sheet of the State's assets and liabilities? What is the Government doing to redress this deficiency?

The Hon. Dean Brown: The Leader of the Opposition has drawn attention to the fact that the former Government sat in office for 12 years and had absolutely no asset management register and valuation system. It is an appalling situation that as a Minister he sat around the Cabinet table over the last four years and did not insist that his Government have an asset register. The member for Hart sat there as well.

Mr FOLEY: When?

The Hon. Dean Brown: You were the senior adviser.

Mr FOLEY: To whom?

The Hon. Dean Brown: To the Government.

Mr FOLEY: Whose Government?

The Hon. Dean Brown: The former Labor Government: as a senior adviser, you sat in the Premier's Department and allowed these sorts of things to go on. We have set out to do

a very detailed register of Government assets and to put valuations on them. As part of the accrual accounting procedures being adopted by the Government, I invite the Auditor-General, who knows more about this in terms of its detailed implementation, to comment further. The Leader, in raising the point that we had not done it by June 1994—

The Hon. M.D. Rann interjecting:

The Hon. Dean Brown: I understand, but we had assumed, on coming to Government, that reasonable management practices were in place. We never dreamt, on coming to Government, that the Leader of the Opposition, as the former Minister of Tourism and a few other portfolios, did not have his own register of assets. We have tried to rectify that. No wonder the member for Giles left earlier before this question was asked! I ask the Auditor-General to comment further.

Mr MacPherson: The issue really is associated with the identification of assets—and not only their identification but their proper valuation—so that these valuations can be taken up into the accrual accounts which will be in place, pursuant to the Government's direction, by 1 July next year. Once those accrual accounts are settled and proper valuations have been determined, we will be in a position to produce a State balance sheet. The point that the Leader has made is, I think, quite reasonable. There is no reason why an unaudited balance sheet could not be produced, but there would have to be an acceptance of the fact that such a document would have some margins of softness with respect to certain assets referred to therein. I would see the issue you have raised being resolved, hopefully by the time we are sitting here next year.

The Hon. M.D. RANN: I thank the Auditor-General for his comments. With regard to the Premier's rhetoric, I noted that the Auditor-General said that the Premier's policy was a backward step compared with earlier approaches.

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

Multicultural and Ethnic Affairs, \$2 408 000.

Membership:

Mr Condous substituted for Mr Bass.

Departmental Advisers:

Mr S. Ozdowski, CEO, Office of Multicultural Affairs.

Mr S.B. Everard, Secretary to the Commission.

The CHAIRMAN: I declare the vote open for examination and refer members to pages 45, 108 and 109 in the Estimates of Receipts and Payments and pages 45 to 52 in the Program Estimates and Information. I invite the Premier to make an opening statement if he wishes.

The Hon. Dean Brown: Most members here would not have met Mr Sev Ozdowski, the new Chief Executive Officer of the Office of Multicultural and Ethnic Affairs, who has come here from Canberra.

The Hon. M.D. RANN: I am aware of the Premier's very strong statement that parliamentary secretaries would not cost the public purse at all: that they were there to perform assisting roles as members of Parliament and that there would not be a net cost to taxpayers. How many taxpayer funded

overseas trips, if any, have been made by the Premier's Parliamentary Secretary for Multicultural Affairs, and what have been the nature and cost of those trips? I understand that he has been away recently, and has been in Cypress and Italy several times. I understand also that the costs have been met out of the honourable member's parliamentary travel allowance, which is fine. Or has he been acting on the Government budget in any of those trips?

The Hon. Dean Brown: All his travel expenses have come out of his parliamentary travel allowance. The only assistance he has had was when I covered the cost of two formal receptions that he hosted.

The Hon. M.D. RANN: He was representing the Deputy Premier?

The Hon. Dean Brown: I presume that was out of his own parliamentary allowance. I say with almost absolute certainty that none of the expenses have been met by my office, the Department of the Premier and Cabinet, or by OMEA. I do not know the details of this latest matter, but again I understand that that has come out of his parliamentary salary. We will check on that. The important thing is that to my knowledge all his travel has come out of his own parliamentary salary, so there should be no doubt about that at all.

Mr ATKINSON: I refer to page 51 of the Program Estimates, regarding provision of interpreting and translating services. As the Premier may know, I am the only member of Parliament to have my new constituent letters translated into Vietnamese, Greek, Italian, Spanish, Serbian, Chinese, Cambodian, Croatian and Portuguese. Some of the translations have been done by the good people at the Interpreting and Translating Centre. I notice from the Program Estimates that the number of translating assignments fell from 1 500 in 1994-94 to 1 200 in 1995-96—despite my patronage. Can the Premier explain that drop, and does the fall in the number of assignments account for the \$11 000 surplus of receipts over expenditure in 1993-94 becoming a \$10 000 loss in 1995-96?

The Hon. Dean Brown: I ask Mr Ozdowski to answer that.

Mr Ozdowski: The provision and maintenance of efficient, cost effective and high quality interpreting and translating services is a high priority of my office. We are providing a 24 hour, seven day a week service in some 70 languages and dialects, including Aboriginal languages. According to the latest figures, the number of interpreting assignments actually went up. For example, during the period from 1 July 1995 to 30 April 1996, the centre carried out about 16 300 interpreting and over 1 000 translating assignments, a total of 17 400 assignments, which is an increase of about 14 per cent from the same 10 month period of the previous financial year. The number of assignments carried out during that year was 14 195 for interpreting and 1 033 for translating, and last year the total was 15 231. We are also selecting and training our trainers so that they are able to provide the best quality service.

Mr ATKINSON: My question was not about interpreting: it was about translating. I suppose the office's cost recovery from each translation is greater than its cost recovery from interpreting services, because many of the interpreting services are provided free by way of the interpreter card. My question is about translating. Why have translating assignments gone down so sharply, and does that account entirely for an \$11 000 surplus becoming a \$10 000 loss? Further, I understand that the estimates for 1996-97 show an even

greater loss of \$49 000. What is the reason for that and how will that deficit be covered?

The Hon. Dean Brown: First, I assure the honourable member that there is no formal loss. It is more of an accounting process done for the Auditor-General. There is no specific loss as such. In fact, Migrant Health Services has gone across to the private sector, so the translation of that is no longer done by the Office of Multicultural and Ethnic Affairs. We have found that the private market is becoming very competitive indeed and prices have been dropping in this area. That is good, because it means you get more services for the same amount of money, but in this case, the Migrant Health Services is out there in the private sector, as is the Health Commission. This is not new. We talked about this last year and even the year before, because it is something that has been going on for about two years.

Mr ATKINSON: I refer to page 52 of the Program Estimates and the program titled 'Promotion of Multiculturalism'. One of the specific targets for 1996-97 is to develop new strategies to attract migrant settlement to South Australia. I am interested in this because, back in 1992, I travelled to Prague, Warsaw and Budapest with the late George Klein, trying to promote skilled and business migration from those countries to South Australia so that we could increase our share of the migrant intake. I am in possession of a Cabinet document which canvasses the continuing low level of migration to South Australia compared with migration to other States. The document states:

Disturbing level of outgoing migration from South Australia to other States and Territories of Australia. For the year ending June 1995 South Australia had a net migration loss of 6 529 people. At present the overseas immigration intake is at a record low level, 3 782 or 4.3 per cent of the national intake in 1994-95. For example, to achieve the national average of 8.3 per cent which equates to 7 257 in 1994-95, in intake numbers an increase of 3 475 migrants per year would be needed.

Will the Premier tell the Committee whether the Government has any particular program to increase South Australia's share of the migrant intake and, if so, whether it includes means of overcoming the Howard Government's new policy of forbidding welfare benefits of any kind to new migrants in the first two years of their settlement? Is there a proposal before Cabinet for State subsidised welfare payments to new migrants to attract migrants to South Australia as opposed to other States which do not have such a program?

The Hon. Dean Brown: I am somewhat surprised that the honourable member does not appear to read the *Advertiser*. I put out a detailed statement on this about two weeks ago, shortly after the State budget was brought down. I think it was the weekend after the State budget was brought down, but perhaps he does not read the *Advertiser*. I point out that the Government has approved a program that specifically picks up the following initiatives: setting up with employers a sponsorship scheme for skilled migrants to come to South Australia; increasing the effort to attract business migrants to South Australia, particularly through country specific chambers of commerce—and I highlight that the Chinese chamber is putting on a seminar in Hong Kong next week as part of that program; and negotiating with the Federal Government to increase settlements in South Australia for concessional and humanitarian category migrants—that is an area where we have reached an agreement with the Federal Government.

Further, we will be targeting retirees or near retirees up to the age of 60, informing them of the benefits of settling in

South Australia—in particular, highlighting to people that South Australia has cheaper housing than Sydney or Melbourne and, when they retire, perhaps with some sort of separation or superannuation package, they can sell their home in Sydney or Melbourne, particularly Sydney, come to Adelaide and buy an equivalent house here, enjoy a better lifestyle, a cleaner atmosphere, not have the hassles of Sydney and probably put \$200 000 in their pocket.

When I was in Sydney on Sunday, I was interested to see the details of a house on sale for about \$390 000. I estimate that an equivalent house in Adelaide would sell for between \$130 000 and \$150 000, if not cheaper. In fact, I doubt whether you could buy a similar house as bad as that in Adelaide. I was surprised because housing prices are starting to go through the roof again in Sydney, and there are enormous benefits for people with limited means. Most of us come to a place like Adelaide and get better quality housing and an improved living style. That is a specific program we are putting in place.

The final initiative is the pursuit of measures aimed at attracting more overseas students to South Australia. Currently overseas students in South Australia inject about \$95 million annually into our economy. They are also good business ambassadors. As the honourable member would realise, the President of Singapore and his wife were both educated in Adelaide; the CEO of Singapore Airlines was educated in Adelaide; and the Deputy Prime Minister of Singapore was educated in Adelaide. With respect to Malaysia, the Chief Minister of Sarawak was educated in Adelaide. We think that bringing those students here and training them does establish very good links. Invariably these people become the leaders of their countries after they have gone back.

I remind the honourable member that we have had a population growth problem in South Australia as far back as the early 1970s. South Australia has had the lowest growth rate of any mainland State in Australia for 25 years. It is an issue that we need to address, and we are addressing it specifically; we need to tackle the issue in terms of the numbers of migrants who come into the State. Our objective is to increase the growth rate from 0.3 per cent at present to near one per cent. It will take some time because these things have a lag period. It will take several years before the programs that we are presently putting in place have any real impact, but the Government has embarked on that project, and we are fortunate to have a new CEO from Canberra who understands these programs better than anyone else.

Mr ATKINSON: In relation to the Premier's remark about this program, I quote from the document I mentioned earlier, as follows:

Action needs also to be taken to balance the net loss of South Australian population through internal immigration (6 529 persons from South Australia during 1994-95). The perceived lack of employment-business opportunities in South Australia and, a perception about a lack of a range of jobs available elsewhere, make it unlikely that skilled people of working age would choose to settle here without a firm job offer.

It continues:

Retired and semi-retired Australians appear to be more likely potential settlers at the moment . . . The targeting of the retirees would be more likely to succeed should the State decide to offer additional financial initiatives as an inducement to relocate to South Australia (for example, to waive taxes and fees associated with the purchase of a home in South Australia).

It concludes:

. . . such a policy may put additional strain on the State's resources and access to aged care facilities. Consequently, I propose that we target the 50 to 60 years age group of potential settlers with information about the benefits of retirement in South Australia.

Will the Premier say whether the Government took the advice of the author of that document, and do we have a concerted campaign to bring the older generation to South Australia, rather than people of working age?

The Hon. Dean Brown: Yes, we did take the advice of the writer. We will not offer specific cash payments to entice people to come to South Australia. As a result of the relocation of the Westpac national mortgage or loans centre, 120 families have come to South Australia. EDS has also brought a significant number of people into South Australia. We believe that, if we continue to target significant industrial developments, particularly in the information technology area where people have specific skills, we will attract younger people with higher levels of education who will significantly enhance the work force of South Australia. We do not intend to provide a cash payment for people who relocate to South Australia. The policy was announced only two weeks ago, but we are looking at embarking on a program to encourage early retirees to come to South Australia.

Mr ATKINSON: Will cash incentives be provided to migrants?

The Hon. Dean Brown: No; it is not only migrants but also people from interstate.

The Hon. M.D. RANN: The Turkish Ambassador has said that a special relationship is being developed between South Australia and the Turkish port of Ismir, which is the second largest port in Turkey. Will you elaborate on this matter?

The Hon. Dean Brown: I cannot provide specific information. I have seen something on it, but I cannot recall the exact detail.

The Hon. M.D. RANN: Are you trying to improve relations in that area?

The Hon. Dean Brown: A meeting has been held with the Turkish Government to try to improve trade into Turkey, but I will obtain details for the honourable member.

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

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

Information Industries, \$26 236 000

Departmental Advisers:

Mr R.L. Dundon, Chief Executive Officer.

Mr P.D. Sansome, Business Manager.

The CHAIRMAN: I declare the proposed payments open for examination and I invite the Premier to make a statement if he so wishes.

The Hon. Dean Brown: I do not wish to make an opening statement, but I point out that this is the first occasion on which this department has appeared before the Estimates Committees as it is a new Government department.

Mr FOLEY: I should like to discuss the EDS contract in respect of contract savings. Will the Premier detail the savings that will be achieved under the EDS contract? I note that in his media release of 30 October 1995 he indicated that the benefits to South Australia through the contracting out of data processing would include savings of at least \$100 million over nine years, compared with the Govern-

ment's IT spending of 1993-94. It was interesting that the year 1993-94 was chosen in which to detail the savings, given that the contract does not clock in until this calendar year.

Further, IT spending within Government since the Premier's election has been impacted on by the fact that 10 000 or more public servants have been taken out of the system. In addition, there is the impact of the Southern Systems arrangements, which were put in place by the former Government but were really locked in under this Government, so we have already seen significant savings in IT before the EDS contract takes over. Will the Premier explain why the Government included the year 1993-94 in terms of achieving the \$100 million savings?

The Hon. Dean Brown: I can indicate why that is the base year. One can measure IT savings from that year because it was the last normal year. The year after that was far from normal because we were in the process of negotiating a contract and, as a result of negotiating the contract, Government purchases changed very dramatically in that year. In particular, I highlight the fact that in that year a lot of Government departments literally stopped spending in any regard whatsoever in the IT area.

Mr FOLEY: I have acknowledged publicly that a lot of activity was undertaken on your coming to Government, but there has also been the issue of downsizing. I give credit to the former Government because Southern Systems was the right way to go, in part at least. However, we should measure the savings under the EDS contract from the period in which the contract is operational. The annual report of Southern Systems states that in 1993 its operating expenses were \$26.852 million. In 1994 it had tracked down to \$25.1 million. A comparison of the justice information system expenditure for 1993-94 with 1994-95 shows that the trend was downwards.

It appears to me that, between your coming to government and the EDS contract locking in, perhaps as much as half, if not more, of the \$10 million per annum savings that the Government is claiming from the EDS contract had already been locked in and would have continued to be locked in regardless of whether or not we had EDS.

The Hon. Dean Brown: I indicate that, very particularly, we use 1993-94, because the detailed due diligence for the whole of Government was done using the year to the end of June 1994 as the base line. That was the formal part of the entire contract process—the 1993-94 year. That was the year in which both the company and DII went through all the detailed work in the due diligence process, which is both the costing of it and the specification of what work was done in that year, and that became the base line. That is the natural point from which to work.

Mr FOLEY: If that is the case, can the Premier give the Committee an indication as to how much of that approximately \$10 million per annum savings that we are achieving under EDS was locked in prior to the contract being taken over by EDS? How much of those savings were locked in prior to the EDS contract becoming operational?

The Hon. Dean Brown: None of it is locked in. Mr Dundon reinforces the point that I have just made—that during the 1994-95 year, there was specific deferral of any proposal awaiting the outcome of the EDS contract. The 1994-95 year was exceptional because we were right in the middle of a contract negotiation and, naturally, all decisions were deferred, literally. It was not an unconscious decision: it was a conscious decision not to spend money in those areas. One could not possibly take 1994-95, but the year

which was used as the base line formally in the contracts and for which the due diligence was done was the 1993-94 year.

In terms of whether savings could have been locked in, the answer is 'No.' The only way of locking in the savings is through a contract process. State Government expenditure on IT and IT costs had been a base line increasing at about 2 per cent in real terms a year, and those figures were used at the time. We certainly had that figure earlier in the piece, but I do not know whether any further work has refined that further. We had a Government level of expenditure that was increasing in real terms and under this contract we had a declining baseline. That was the important issue, and frankly that is the only way it can be locked in.

Mr FOLEY: As a supplementary question, this is a very difficult issue for us to debate in this forum. I need some more convincing. From my reading anecdotally of the Southern Systems annual report, Justice Information report and other agencies' reports—regardless of what the former Government might or might not have done, and I will not win the Premier over on that one because politics will come into it—since your Government has been in place it appears to me that through its own downsizing and Southern Systems becoming fully operational and other efficiencies—and I am happy to acknowledge that it has put some in place—the Government was already achieving a declining trend line, quite apart from whether EDS or IBM through your own Government's initiatives—and some of those were carried over a trend line in your first two years—were trending downwards. I am interested to know how much of a declining trend line we would have achieved whether we had EDS, IBM or a major contract player?

The Hon. Dean Brown: I indicate that one could not take the figure from 1993-94, 1994-95 as the trend line at all. It was one year in which work was specifically deferred. The assumption that the honourable member is making is not correct.

Membership:

Mr Quirke substituted for the Hon. M.D. Rann.

The Hon. Dean Brown: This is all pretty technical, and therefore I hope I am not boring the Committee to tears, but the question has been asked and we will persist. First, some of the individual costs in Southern Systems were coming down, but the revenue of Southern Systems was going up. The operating costs of the JIS was coming down, but that is only because the former Government reduced the scope of the JIS. The honourable member cannot therefore say that the baseline was coming down when, if anything, based on this, Southern Systems was going up and JIS was coming down only because the former Labor Government was cutting chunks off it. The other point I make again is that 1994-95 was an exceptional year which you could not use as a baseline because, if you used that as a baseline when we had specifically deferred any work being done because of the contract—and that is commonsense—then you would have a gross distortion in your base year. That is why the base year was 1993-94 for the due diligence process.

Mr FOLEY: I may have to have some separate discussions with the Premier at some point in terms of a briefing to more fully understand how that process occurred but, for the sake of the Committee, it is a difficult one to get bogged down on. Again on the issue of savings, let us assume that I am a bit thick. Will the Premier explain how I will see these savings? Will the Premier indicate to me how he has meas-

ured the expenditure of agencies pre EDS contract and how he is measuring expenditure by agencies post EDS contract? The Education Department, for argument sake, spent \$20 million in the last year of the Government doing it and in year one it is spending \$18 million. Can the Premier demonstrate exactly the hard data that will prove to me, the sceptics and others that those savings are there?

The Hon. Dean Brown: We measure this in dollars and cents. We know what the costs are. That is what the due diligence process was about. It took a whole team of people from both the Government and EDS literally months and months systematically to work through that due diligence. I am not trying to be sarcastic in saying we measure in dollars and cents: I am trying to highlight that there was a due process and it was based on the amount of money spent in those agencies.

Mr FOLEY: Can the Premier show me at least a core number of examples of what the due diligence showed the expenditure was in key agencies and what they are paying in year 1 and year 2 of the contract?

The Hon. Dean Brown: I will highlight something, because I know the honourable member was not present when I touched on this earlier when dealing with the Department of the Premier and Cabinet. One point the honourable member has to be careful of is looking at the costs of one agency compared with those of another agency, because he will get very distorted figures if he starts to do that. There are some areas in Government where the costs will be lower and other areas where the costs will be higher. The only way you can accurately measure the whole thing is to take the whole of Government and look at what it was costing beforehand compared with what it is now costing under the contract and the declining baseline, which we have. If the honourable member tries to come down to individual Government agencies, because you have a mix of main frame, mid frame, LAN and WAN, he will get a very distorted picture. Therefore, the only way one can look at the savings aspects is to look at the whole of Government.

Mrs HALL: I refer to page 112, Program 5, Provision of IT Programs to Support Major Contracts and IT Reform in the Public Sector. I note that one of the specific targets and objectives is:

We are to ensure agencies produce strategic IT plans which comply with the whole of Government strategic direction.

What are the benefits of the whole of Government approach to IT projects?

The Hon. Dean Brown: The benefits of taking this whole of Government approach are enormous. I highlight this because, frankly, no other Government yet has understood the significance of this whole of Government approach. I must confess, I did not even perceive it myself. I started to realise it when I first began to advocate this and think about it back in late 1993 and particularly in early 1994 when I sat down with about 15 different major IT companies around the world. I spent from one to 1½ hours with each of them. They supplied some of their best people with whom to have a discussion. It was not a confined discussion. I was trying to get them to tell me what they saw as the ideal approach to take.

Some of the benefits that came through from the whole of Government approach were as follows. Until now we have been dealing with Government as individual Government agencies, and frankly the ability to communicate between each other has been almost zilch. We were applying modern

IT communication and telecommunications within a Government agency. It was fine for those sitting in an office, but sometimes even within the agency they were not even communicating with each other.

They were still getting in the lift and not even talking to each other. Not that I am advocating that they should not be doing so, but it was all being done by files and things like that. Here was the first chance to break down the barriers between Government agencies and have consistency across those agencies. That in itself was a potentially huge benefit. We found that we had different software packages, so that anyone working on a computer in one Government department could not switch across to another Government department because it had different software. If I can cite an example, a letter comes to the Premier from a person wanting information from the Department of Industrial Affairs.

As all members, particularly the member for Hart, would understand, the letter that comes to me is put into a Government file and immediately gets sent to the Department of Industrial Affairs. The Department of Industrial Affairs answers the relevant question, and it then goes up to the CEO of the department and from there to the Minister, who signs off after probably making some changes, then it would go back to the Premier's Department. It goes through about four or five different hands and each time the letter is retyped. We found that invariably a person in one part of the department had a different software package for letters from someone in the Minister's office, and the Minister's office had a different software package from the Premier's office. These letters were being retyped every single time. To be honest, that was the reason why it was taking sometimes up to six or seven months to answer correspondence.

So, across the whole of Government we have mandated Microsoft, and we use its 'Word'. So, whoever sits down to type that letter throws in the disk, and if you want to make changes you can make those changes very quickly without having to retype the whole letter, exposing yourself to typing errors every time you do it. That is probably the most simple form of the benefits that flow through. Ultimately, we will not need to have these great Government dockets floating from one Government agency to another or within one agency, with the horrendous volume of paperwork involved. When I came into government I would get one simple letter and would find up to 30 pieces of paper trying to answer that one simple letter.

That is the simplest form of improvement that can be achieved. That is why we have mandated not just 'Word' by Microsoft but the concept we were talking about—records management, 'Recfile'—and also the accounting packages, because again we found that many agencies had their own different packages. Almost every individual was deciding whether they were going to be on Apple or IBM compatible and, if they were on IBM compatible, what form of software they would have and what sort of machine they would have. So, consistency is the first thing we have been able to achieve.

Secondly, when you have a whole of Government approach you can start to use that to enormous benefit to talk to the outside world. For instance, now that we are moving to this electronic services business and doing the implementation plans there, it becomes easy. We have one company controlling all our data right across Government. From that one company we can hook from their data processing out into the broader community with whatever information we want. That starts to produce enormous benefits. I have seen

Governments around the world—I saw them in America—and we have Governments doing it here in Australia, where each Government department wants to speak to the outside world as a separate Government department but cannot; it is foreign to them to speak to another Government agency. Therefore, we will have a system whereby eventually, if you want to speak to Government and it involves five Government agencies, you will be able to speak to Government and there will be no boundary between those five Government agencies. That is the next significant thing.

Also, we are finding that you can then get into spatial. Spatial information systems are about taking the information that the Government has in the spatial area. Spatial is all about position, the exact location, how far under the ground, etc. What you can do is digitise all that—put your land titles material onto it so that you know who has the title of the land. You can work out the position of the EWS or SA Water pipes, gas pipes, local government services and roads. You can put on there information as to when the pipe was last replaced, the diameter of the pipe and its depth underground, its age and where the last burst occurred. All that can be digitised and brought up very quickly in a service vehicle sitting out in the field with a modem and mobile phone. We believe that there will also be enormous savings from that.

The Government has received some very strong messages from overseas about the approach we are taking here. This whole of Government approach, in many ways, is the most unique thing we have done. It would appear that we are still the only Government in the world that has done that. I am not saying it is simple, but we have taken that bold step. Frankly, we have found it difficult trying to convince all 144 agencies of the benefits of this, because they are sitting in their little corner saying to themselves, 'Why shouldn't I have a Mac?' or, 'Why shouldn't I go off and exercise my own freedoms?' They do not see the much bigger picture and the benefits to come out of it. Lou Guerstner, the CEO of IBM, went out to the media in New York and talked to them. I had no idea what he was going to say, but he was saying that this is the leading edge of what any Government has done in terms of a new approach to data information.

Most Governments, he said, had wanted to do the high profile, sensational thing of trying to put optic fibres underground and spend billions of dollars in doing that. But here were the simple decisions about treating the whole of Government as one piece of information and using that one piece of information in the community. Now we have the Commonwealth Government starting to express the same sort of interest, because it has started to see some of the benefits that can come out of this. Having gone through the process with 144 Government agencies, I can assure members that the task of the Federal Government is even greater. Eventually there will be huge savings from this and huge benefits in terms of the standards of technology that we are able to adopt and the speed with which we are able to do so, as well as our ability to get out there with an electronics services business.

We are continuing to increase our lead in this regard, because no other Government has yet been willing to bite the bullet and go for a whole of Government approach. That is a frank sort of assessment, but that is the difference: it is the whole of Government, rather than some of the other things we are doing. Other Governments are trying to do that but on an individual agency basis.

Mrs HALL: I refer to page 112, Program 6, referring to the provision of commercial and risk management assessment. Given the detail that you have just gone through, could

you tell the Committee what procedures the Department for Information Industries has in place to ensure the probity of those projects and proposals for which it is responsible?

The Hon. Dean Brown: It is very important that we have the expertise within Government—and I have acknowledged this previously—to handle these contracts and to keep this momentum going. That is why I took the decision that I had to establish a separate department—the Department for Information Industries—and give it the clout of an agency and allow it to take on specialists to manage contracts in a whole range of areas. It is not only the EDS contract but now the ESB (Electronic Services Business) contract, and after today it will be the TSM contract, which is our telecommunications contract. There will then be a Telecom infrastructure contract. To explain that, the Government currently has 26 standalone two-way radio networks: one for St John; one for the Metropolitan Fire Service; one for the Country Fire Service; another for SA Water; another for the police, etc. One could wonder, in this day of modern communications, whether we are one Government or 26 different Governments. I am sorry, I am wrong. Ray has corrected me: there are 28 separate radio networks.

Mr Foley interjecting:

The Hon. Dean Brown: Other Governments are in exactly the same predicament. What I explained earlier, about that multitude of computer and software types and everything else, is exactly where every other Government is still. I am grateful that we have moved on and that we are now probably 18 months ahead of any other Government. I hope that we can keep that going. With this two-way radio network, within 12 months we expect to have one radio system for the whole of Government which we will be able to put barriers across to protect. One thing that people have not appreciated is that you can now put barrier walls around it for confidentiality. Ed McCracken, the CEO of Silicon Graphics, explained it. He said that in his company, with 7 000 employees, computers everywhere, and a complete intra-company network, no-one had yet breached its barrier walls and, therefore, its security. In fact, with a modern electronics system, if it is properly done, your security is probably even greater than the physical thing of papers being sent around.

In terms of the department, we set up a Commercial and Risk Management Unit (COMRISK) in December 1995, and the responsibilities of that unit are to ensure that sound commercial strategies are implemented in industry development, public sector IT reform initiatives and the operations of DII; to ensure that DII programs are managed effectively through the evaluation of outcomes; to establish benchmarks and initiate post-implementation reviews of the contracts; to ensure that business risks are managed effectively within DII, including prudential management of whole of Government IT initiatives; and to ensure that probity is both practised and seen to be practised throughout DII by contributing to the development of standards, project management, contract management and industry development.

Mr CONDOUS: I refer to page 15 and the program entitled 'To facilitate the development of world competitive and export orientated information of industries in South Australia': the South Australian Government is supporting a proposal for the establishment of the Australian Software Engineering Institute. What is the status of the project? How will the establishment of such an institute benefit the software development industry in South Australia?

The Hon. Dean Brown: In August 1995 the IT Cabinet Subcommittee (which I chaired) endorsed a submission to

support the establishment of the Australian Software Engineering Institute in South Australia, and we allocated \$50 000 of seed funding to that purpose. The ASEI has been established to promote leading edge software engineering and procurement practices for the benefit of software consumers and developers in order to enhance software products and the competitive advantage of Australian companies. The institute will provide leadership in advancing software engineering practice to be carefully focused on transferring the results to the industry.

The project stems from moves at the national level to establish a national Software Engineering Institute, modelled generally on the Software Engineering Institute in Pittsburg USA. I am told by Ray that the DDS is very heavily involved in the American Software Institute. The South Australian Government has supported the preparation of a bid to host the SEI—the national one, or the core hub of the institute—and, depending on the preferred model, an institute will still be resolved at a national level.

The national initiative has made little progress and it further appears to be in doubt given the current review of a range of activities by the Department of Industry, Science and Tourism (the new Federal Government agency). In contrast to the limited progress nationally, DII is managing a process whereby a steering committee, comprised of representatives of industry, research and Government, is progressing towards the establishment of the ASEI here in South Australia.

A number of key milestones have been achieved. We have appointed a project manager to conduct a needs analysis of the South Australian industry; we have prepared a business plan, a submission to the Commonwealth Government for Federal Government support; and we have held seminars (and I have opened a seminar where there was very good attendance). The steering committee is currently focused on finalising an analysis of the software development industry in South Australia and is aiming to develop an accurate understanding of the capabilities, resources and weaknesses of the industry. Preliminary results indicate that there is an urgent need for massive improvement in our software development practices relating to software processes, configuration management, software metrics, software analysis and design methodology.

It is a bit like building a car: software is a product like a car, and we need to make sure that we have the right quality control, design, materials and everything else going into that car, and that that car, if it has been designed correctly—and the software that we are designing here—is up to world standard. We are saying that at present it is not. I think it is fair to say that we are making some enormous headway in this regard.

The key to the export of software is improvement in that quality, and one way we will improve the quality is by being able to feed off Motorola. I do not know if members realise, but the Motorola facility is now up to the second highest software standard of Motorola anywhere in the world. I think that it only has one other facility which is higher. The top standard in the world is six; we are currently at four, I believe about to go to five, and we are expected to reach six within the projected time, which I think is within about 12 to 18 months. It is a bit like having a car manufacturer here who is making Rolls Royces: once you have the capability to show you can produce some of the finest software in the world in terms of quality, you can flow that on to the rest of the industry and get it to learn very quickly from the standards.

That is why Motorola has been very good, first in terms of setting the standard but also in allowing us to learn from that standard. We must get some other companies in this area as well. We need more than just the manufacturer of Rolls Royces: we need BMW, Mercedes Benz and Ferrari here as well, so they can feed off each other. That is what we are now looking at and what I am delighted to say I think we will get. Motorola discussed these matters with me recently, and I think we are about to get a second one. The important thing is that that second one comes here with the full blessing of Motorola, because they will feed off each other in terms of the transfer of skills, but they will be non-competing, except that some of them will be after the same individuals.

All this represents building blocks that we will continue to build on. Importantly, we are better off than any other State of Australia in putting those building blocks into place. We are still behind America—I am the first to acknowledge that—but we have made a start. We are starting to get the core of international companies here that within three or four years will put us up there so that we can be the centre of this exciting new industry in the Asian area. That is the objective.

Mr FOLEY: Prior to the 1993 election, Mark Bradley, the then head of IBM, was no doubt seeing the Government at the same time as he was seeing the Premier, the then Leader of the Opposition, with this notion of whole of Government. I will let the Premier in on a little secret. When I was first told about it, I thought, 'Gee, this sounds like a fairly good idea; there might be some merit in this.' But, as I said publicly and privately, I was quickly dissuaded from that view by very senior bureaucrats within Government and convinced that the whole of Government approach was not the way to go. We know that most of those bureaucrats are now very much involved in this process. It is interesting to see how bureaucratic thinking has changed. Perhaps it has taken you as Premier to force your vision onto the bureaucracy, but I can assure you that prior to the 1993 election there was not one supporter of the whole of Government approach within Government.

The Hon. Dean Brown: If it is any consolation to the honourable member, I can recall one person coming up to me and saying, 'Over my dead body will this ever occur' and giving me the reasons why. I am delighted to say that they are part of it now.

Mr FOLEY: Whether it was freely or by coercion is not for me to know, but I appreciate the Premier's passion for the whole of Government approach. As the Premier would appreciate, I am not as convinced by it as perhaps he is, and only time will tell. I return to the savings issue. The Premier said earlier that he cannot provide an agency by agency breakdown. The Premier has indicated, and this confirmed some information that was provided to me recently, that some agencies are not showing savings, some are at that same level and some may be lower.

The Hon. Dean Brown: Some might be a fraction more. We have known that all along.

Mr FOLEY: I acknowledge that. If the Premier cannot provide an agency by agency breakdown, can he provide aggregate numbers? Can the Premier say that the previous year EDS was spending X, so Parliament and I can compare the progress of this contract? I really want to see something in black and white that shows me in aggregate what was being spent at year zero and in year one.

The Hon. Dean Brown: I am trying to provide a simple answer.

Mr FOLEY: Fine; even if you cannot do it tonight, at a later date.

The Hon. Dean Brown: In the first year there is a decline of about 1.7 per cent in prices. Then there is quite a sharp dip for the next two to three years, so that after three years we get to a point where we are then on a constant glide path down and where we are declining about 2 to 3 per cent a year. It varies slightly over that period, but in real prices we are on a 2 to 3 per cent glide path down. That is why it is difficult to give specific percentages or dollar figures, because there is a slightly different shaped curve as we come down. There is an initial reduction of about of 1.5 per cent, then a sharp drop for years two and three, and then a constant real decline of 2 to 3 per cent thereafter. I stress that that is in real terms; in actual terms we are up to 2 to 3 per cent (compound), plus inflation.

Mr Dundon might like to comment on this. It also varies. This is the aggregate figure that we are talking about. Then there are variations between the mainframe, the midframe, the LANs and WANs. You are looking at a complex sort of picture here. That is why, to work through the model, we had to use TPI (Technology Partners International) in America, who were accustomed to this sort of complex price analysis. Mr Dundon could elaborate on that further.

Mr Dundon: I will try to explain the full complexity of this. The basis of the contract was current costs at current volumes at current service levels, and the savings were based on that premise in the aggregate that the Premier has pointed out. Within each of the various technology segments, such as main frames, mid range, local area or wide area networks, the variations are slightly different, depending upon the change in trends in technology and things of that nature. What will happen is that, first, agencies' volume will change. So, the volume may go up; they may do more business, so they will have to pay more. The unit price might be coming down, but the actual payments they make may go up as a result of the fact that the volume goes up. Or, the volume may decrease and the payments will come down because of that.

Secondly, they may bring on new business or a new application. If a new application comes on, that is the subject of a change order mechanism, which is priced separately. So, you will know then what the aggregate increase might be if there is a new application to come on, and that can be tracked. The third issue is that the service levels may change, so agencies may say, 'Well, we do not need the same service levels as we have had in the past; we will slacken those off, because our needs have changed' or, conversely, they may increase them. If they do that, that is also the subject of a change request, so you can track those things.

What we are doing in DII is setting up a mechanism so that, as part of the post implementation review, on a regular basis we can track that the savings are in fact being achieved, taking into account volume variations, the price variations which are included in the contract, and any changed demands such as service level changes or new application changes that might come in.

It is quite a complex matter to be able to say that agency X will make savings of \$10 000 or \$100 000 this year. All of those things could vary it, but the best way we can track it is to introduce this regular post implementation review about which the Premier spoke previously with respect to our commercial risk management. That is why they are there—to ensure that, at the end of the day, the Government's contract is delivering on the objectives the Government has set.

Mr FOLEY: That is the point. Perhaps you could let me in on the review at some point. I appreciate what has been said in terms of the graph etc., but at the end of the day one has to have something to measure what the actual savings are. I am having a little difficulty in understanding how one can do that, and how one outside of Government will be able to measure that. One thing I find interesting is that EDS will deliver savings of \$10 million per annum. To do that, a department has been created with 84 FTEs, about \$12 million a year recurrent, to run the Department of Information Industries. It seems to me a bit odd that, in endeavouring to get savings for information technology, a department has been created that could perhaps soak up much of the savings.

The Hon. Dean Brown: The savings are net.

Mr FOLEY: Net of the creation of the Department of Information Industries?

The Hon. Dean Brown: Net of the total administration costs, including any additional people employed in the DII in relation to this contract.

Mr FOLEY: The \$100 million of savings over 10 years is net?

The Hon. Dean Brown: Yes. The honourable member should understand that other work will be done by the Department of Information Industries. The EDS contract is important but, relative to the whole department, it is only a small part of it. There are also the new TSM contract, the ESB contract, and the spatial information contract that we are moving towards. There is also the Telecom two-way radio infrastructure contract, Microsoft across the whole of Government, and the standardisation of equipment contracts on the hardware, so you have the hardware and the software. A whole section of the department has been transferred across from the former EDA dealing specifically with both information industries and back office functions in terms of economic development. So, all the computer staff now sits in the one department.

You have to appreciate that that is a much bigger role. We are expanding the role of IT in Government because of the significant opportunities. I will give members an idea of the sorts of jobs that are starting to be created in this area. We have the Westpac National Loans Centre, with 600 jobs by the end of April, expected to be 900 jobs by the end of this year, with potential to go to 1200 and perhaps even more. We have Galaxy Australis.

Mr Foley interjecting:

The Hon. Dean Brown: The honourable member would have a fair idea, but other members of the Committee do not. We have Motorola with 400 eventually; Tandem, which believes over five years it will have up to 600 jobs; Telstra with its Mobilenet customer service, 150 to 200 jobs; BT Australia, which is now talking about 600 jobs; and Link, which is talking about 400 jobs over five years. It is the growth area when it comes to jobs. Therefore, this department is still relatively small, considering the sort of opportunity out there to attract and create more jobs.

Mr FOLEY: We could be here all night on this savings issue. Whilst the Premier has provided a reasonable explanation from his point of view, I am sure he will excuse me if I say that I am still a little sceptical in respect of how we will achieve savings. Perhaps if I could flag that, at a later date, a briefing with the Premier and his agency on this issue would be appropriate.

The Hon. Dean Brown: The Auditor-General has already indicated that he will be watching very carefully the outcomes in respect of the contract. Earlier today, under the

Auditor-General's lines, we discussed how a special allocation had been made to allow him to take on consulting services, so he has the expertise within Government to do that. The Government is very mindful of that.

Mr FOLEY: The Premier will excuse me if I say that I am mindful of it, too. I know the Premier has been very forthcoming previously in terms of providing briefings, but I just flag that perhaps I need some further work with Ray or whomever to get my mind clear.

The Hon. Dean Brown: If you approach me as the relevant Minister—

Mr FOLEY: The Premier knows that I will do that. In this year's estimates for the whole of Government contract receipts for the EDS contract, the number in the book is \$72 192 000. I take it that is the receipts. The Government is collecting the whole of Government receipts. If one multiplies the \$72 million by the nine years of the contract, that is well in excess of the \$565 million the Premier has said is the whole contract. What is more interesting—and what I cannot understand—is the contract payment to EDS for \$66.8 million. Would the Premier explain those numbers?

The Hon. Dean Brown: Those contract receipts are more than EDS—Microsoft and other contracts are in there as well.

Mr FOLEY: How much of that would be EDS?

Mr Dundon: The EDS figure is about \$67 million.

Mr FOLEY: So the whole of Government contract payments would include EDS plus Microsoft? Roughly, in terms of the proportion, is EDS 90 per cent of that number?

Mr Dundon: EDS is about \$67 million estimated for the next year.

The Hon. Dean Brown: The honourable member should appreciate that, with EDS, the scope can increase. There is both in scope and out of scope work that can go to EDS. Therefore, from one year to the next you will not be looking at a constant baseline. Just be careful not to make an assumption that, if the cost goes up, the contract is not being met. We will be the first to insist that the contract prices are met. They are locked in, so they cannot be varied. There is scope to expand the amount of work going across to EDS. In the coming year we have EDS, Microsoft, the TSM levy and the TSM savings. Effectively there are four components in that \$72 million.

Mr Dundon: Microsoft is \$3 million and EDS is \$67 million. The rest are associated with the TSM.

Mr CONDOUS: Referring again to page 60, under the program title 'Facilitate the Development of World Competitive & Export Oriented Information Industries in South Australia', what is the Government doing to attract more service centre back office activities to South Australia?

The Hon. Dean Brown: We are obviously out there with a team of people negotiating and trying to identify these opportunities. We see it as an area of significant potential expansion. The Government is already talking to about eight or 10 companies. First, it is about providing the right people with the right skills and training if necessary; secondly, it is about providing low cost telecommunications, and today's announcement is very important in that regard, because telecommunications costs are one of the big costs here; thirdly, it is about the right information technology environment; and, fourthly, it is about cheap housing and cheap office accommodation.

The best example of all is the Westpac Centre. They were absolutely thrilled when it came to the people. At a dinner of CEOs in Sydney, Joy Griffin said that she did not believe that they could have got 600 people with such a high level of skill

from one advertisement such as they achieved in Adelaide; she said that they are amazed at both the skill level and the motivation and work commitment level of the work force that they have recruited in Adelaide. They do not believe that they could have achieved that even in Sydney.

The people from Motorola gave three reasons which are important to them and which I will try to recall. First, they found that there was a well trained work force; and, secondly, we have a low cost environment where young people who enter this industry can come to Adelaide and achieve what they call a capital benefit. In other words, on the salaries that are paid they can buy their own home and after two or three years they have built up significant equity in a home.

Mr CONDOUS: You talked about the availability of that skill in South Australia. In recent times I read in the *Advertiser* that, with the setting up of IT technology in South Australia, there needed to be a very quick change in academic skills to teach our community to fit into the IT work force; fears were being expressed by overseas companies coming to South Australia that there needed to be a very quick change in this academic future. Has there been a dramatic change in such a short period of time, or has most of the work force been employed at the Westpac Centre therefore resulting in an ongoing need for more people to be skilled in the information technology industry?

The Hon. Dean Brown: You are dealing with two different levels of skill. The Westpac Centre is dealing with more general skills—analytical and language skills—but in companies such as Motorola there is a critical shortage of top quality software engineers. We need to concentrate on that area and that is why we have set up the work force group. What you have said is true. In terms of setting up a telephone centre, the skills are basically here. In setting up a software development centre such as Motorola, there is a shortage of people. There is a shortage of people everywhere in that area but at the top end of the market the biggest shortage occurs.

The other issue is quality of life. Most of these people are younger and want families; they like to get out and enjoy themselves so they want entertainment. Adelaide seems to present all those characteristics. The executives from Motorola have told me that they came here with some doubts; 12 months after they established themselves here, they now find that the anticipated attributes are better than they expected. I found that very encouraging, although they have highlighted a problem area, that is, sufficient people with skills and sufficient companies so that people can move from one company to another and feed off each other between companies. It will be very important to attract another company with similar facilities and a software development centre like Motorola to South Australia, and we are working on that now.

Mr CONDOUS: Is it true that in order to fill these positions some companies have had to bring people from overseas?

The Hon. Dean Brown: Yes. When we talk about the work force area, you will find that we are specifically looking at sponsored migration by companies that will guarantee employment to these people for two years and bring them into South Australia from overseas. There is a critical shortage of people with the skills in Australia.

Mr CONDOUS: What is the Government doing to attract more IT investment industry to South Australia? Having previously been the Lord Mayor to the sister city of Austin and seeing how the IT industry and technology has grown enormously, I feel that we have reached a stage where we

have laid the foundations but we need to pluck a couple more to give us the edge as an established base for information technology and for South Australia to be recognised as the IT centre.

The Hon. Dean Brown: I think you are right and that is why we have formed a separate department. That was a crucial part of the reasoning. We have also formed a special business attraction section. That is why it is called the Department of Information Industries rather than the Department of Information Technology. It is not just about playing with the technology: it is about getting the companies here. It is a matter not only of continuing what we are doing but also of attracting a number of other significant companies to South Australia. We are presently negotiating with some of them. We are also trying to attract more back office functions because that will build up the pool very quickly. These issues tend to feed off each other but, the more back office functions you attract, the more attractive it becomes to set up a telecommunications infrastructure, in other words to lay out the optical fibre and everything else. The more you do that, the more you pick up further advantages.

I am trying to attract some of the hardware to South Australia as well. I recently identified an opportunity where some hardware could be manufactured in a particular niche area that is needed in Australia. It is a matter of having enough horsepower to continue these initiatives and to continue to use Government work wherever we can to spin off benefits, such as the EDS contract. That model does not always work; with the telecommunications model, we have striven to achieve a specific cost advantage for the rest of South Australian industry, and the potential benefits are big. You talk about the savings in Government: the savings in industry could be 10 times bigger if enough people take up that service. Basically, the thrust of the Government is down that path. The other area is multimedia, which is very interesting and some other Premiers are beating their chests on multimedia saying, 'We will be the greatest.'

Mr Foley interjecting:

The Hon. Dean Brown: He thinks that, yes.

An honourable member interjecting:

The Hon. Dean Brown: It is interesting, because we in South Australia have stuck to what I would call the basics, that is, to get the fundamentals in place. We have done that although I had my doubts as to whether we would be successful, but at the end of the first six months of this year we look like getting it together, and that has been recognised around Australia. By putting it into the East End of Adelaide, which we said had to be a creative, artistic environment, rather than putting up a big expensive centre, by creating it around the people, we seem to have brought together some skills that are incredibly good, and it is surprising.

I invite members to ask Michael Harbison to take them on a walk around the East End of Adelaide and see some of these multimedia companies. I know of a lad—who bought a suit because I was coming down for the day—who sits in a room and does all the on-line presentation work for Toyota Australia. The contract came from a Sydney company. The Sydney people have said to me—and it is well known around the industry—that, if you want any multimedia on-line work done, go to Adelaide, because that is the place to get it done. They see that we have created the right environment and got these skills coming together.

There are one or two interesting groups, including called Fusion Design, which was established by leading industrial and graphic design students from the Underdale campus. I

think that is the group that Apple has sponsored—there are three of them—and they have grown so quickly. Apple put them in one of its back rooms and they have outgrown the Apple offices. Apple has had to put them into a separate building because they have been so successful.

Another group is called Webmedia in King William Street. That was a pretty good, Adelaide based company which produced web sites and so on. A Sydney company came along and said that it had looked all around Australia to find the best on-line multimedia company and it bought it. I was asked to open the facilities. The company has no intention of moving it out of Adelaide. It has bought it and it will do all its on-line multimedia work in Adelaide. There is no difficulty. That company is finding that telephone links from Adelaide into Sydney will be better than telephone links from the outer suburbs of Sydney. Distance is no problem here at all. As long as there is the right environment and the creative skill, it can be done in Adelaide. In fact, that company is finding that the cost is better in Adelaide.

I will run through the companies that are operating here, as follows: Fusion Design, Webmedia, Triad Design, ShowAds Interactive, Optcom, N-Scape, Vtech and Visual Artists. Visual Artists is the company that took the Adelaide Fringe and put it on to multimedia, so every day you could find out on-line what the program was, what the latest reviews were, what performances were on, how many seats were available and the price of the seats. It changed from day to day. That was also put on the Internet. When Melbourne wanted to do that with its arts festival, it came to Adelaide and got Visual Artists to do it. It is recognised as the best in Australia in that area.

We have developed a direct link with a Silicon Valley joint venture and, as a result of that, we have a subsequent agreement with Bay Area Multimedia Technology Alliance, and that is the group of multimedia people in San Francisco who are seen as very capable. Some of the biggest publishers of multimedia sit in San Francisco. In fact, one of them is a former Adelaide person. He went over there a few years ago and he is now the managing director of one of the bigger publishing houses of multimedia in America.

Mr Dundon has pointed out that I forgot to mention that ATNT, which is the biggest telecom company in the world, produces its leading customer on-line information service here in Adelaide with one of these companies. They have the contract in Adelaide to do all ATNT's work locally. That shows members the surprising leap that we have made. One of the people who has really driven this is Phil Eastick, and he has been absolutely exceptional. He was brought in 12 months ago. Michael Harbison is the Managing Director of the Multimedia Centre, the CMC, which is a joint venture between the State Government, private companies and the Federal Government. Phil Eastick has been driving it for the State Government and has done a unique job.

Mr FOLEY: I will return to the savings issue but, before I do so, I make one comment about the Department of Information Industries. Whilst I can understand that the Government wants to get a unit that can manage these contracts—that is eminently sensible—I question the strategy of the Department of Information Industries having a role in attracting industry and investment because of the sheer duplication with the role and functions of the Department for Manufacturing Industry. I think that we are too small a State to split our scarce resources for economic development attraction between two agencies. The notion of a delegation from this department going overseas to sell us as an invest-

ment site should really be the role of the old EDA. It is an unfortunate thinning of our resources. It is duplication but the Premier obviously does not agree with that.

In addition, whilst the Premier has mentioned Motorola, Westpac, VT and others in terms of broadening the IT base, it would be incorrect to give the impression that they are flocking to Adelaide because of the Government's IT strategy. The fact that each of those companies has received significant taxpayer-funded incentives has had a little to do with their reason for locating in South Australia.

Having made those two comments, my question relates to savings. The Premier mentioned that the EDS contract payment for this year is \$67 million, and that is locked in. Over nine years, that gives us \$603 million over the life of the contract. The press release mentions that the figure for the contract was \$585 million. Can the Premier explain why there is a difference in those figures?

The Hon. Dean Brown: At the press conference I indicated that the base was \$560 million or \$565 million, and that was the absolute base and that there was room for EDS to grow in scope and out of scope. There are areas in scope that had not been included in the \$565 million and there were areas out of scope, particularly in development work, that had not been included.

As a Government we are finding that we are constantly growing in these areas. It is expanding opportunities both in scope and out of scope. That is where that growth is occurring. That is why I said at the time I was confident we would reach \$700 million—the figure that obviously EDS wanted to try to achieve—because it was the figure we talked about initially.

Mr FOLEY: What is in scope now that was not in scope from day one? This is an ever growing fee; it is very difficult to pin down.

The Hon. Dean Brown: No, there were certain things in scope that had not been included in the due diligence for \$565 million.

Mr FOLEY: Such as?

Mr Dundon: Some of the areas that were not included in the due diligence baseline include the schools' infrastructure which was going on and expanding during the period that the due diligence and the contract negotiation were carried out. That is now subject to EDS taking it on as the business is transferred to it. The Lotteries Commission, TAB and WorkCover, which were not included in the original due diligence baseline, are areas that are to be worked through with EDS.

Mr FOLEY: They are not part of that number.

Mr Dundon: The \$67 million is a conservative estimate based on the initial baseline assumed costs for current level of activity. There is a backlog of work that will come on stream as the contract is implemented. Already there are a number of change requests which EDS is processing for us. Even the \$565 million was a conservative estimate based on a limited amount of factoring in of the knowledge of that backlog, but over time and based on conservative estimates our modelling has shown that we would expect to have savings of \$100 million over that whole period.

Mr FOLEY: Can the Premier not see my difficulty in trying to establish exactly how those findings were measured? What Mr Dundon is saying is that when the release was made on 30 October there was approximately \$60 million per annum. We are now estimating year one to be \$67 million. The only explanation Mr Dundon has given me is that some

schools have come on line. It seems to me that we are running around in numbers.

The Hon. Dean Brown: We are saying that, if we took a piece of work and ran that work compared with where it was in 1993-94 right through to the nine years of the EDS contract, for that defined fixed piece of work we are making savings of over \$100 million. What we have is a growing, moving and changing scene.

Mr FOLEY: How are the savings measured?

The Hon. Dean Brown: The savings are measured by coming back to the unit price. One can come back to the same sort of component and say, 'Here is this precise piece of work that we were doing back in 1993-94. This is the area in which we are making savings based on the amount of work.'

Mr FOLEY: From what the Premier is saying he should be able to show me unit costs for 1993-94 pre-contract and unit costs today. Can the Premier make that available to me so that he can demonstrate to me exactly where these savings are coming in at? What the Premier is putting is a 'trust me' situation; he is not giving me anything with which I can compare.

The Hon. Dean Brown: We cannot come down to a unit price because, as Mr Dundon has already indicated, we are dealing with main frame, mid-range, LAN and WAN and we have a changing composition. This is why we have specialists such as TPI to sit down and carefully work through that.

Mr FOLEY: How is the Auditor-General going to read it?

The Hon. Dean Brown: He will get specialists in as well. It is in our interests to ensure we achieve and that those savings are locked in. It is based on unit main frames and so on.

Mr FOLEY: Will that be reported in the Auditor-General's Report or will he, or the Premier, make a statement each year that the EDS contract objectives were A and it has delivered that? We need to have something reported publicly. It should not be a difficult task, nor should it be a commercially sensitive task, to provide us with some published data that proves and demonstrates that these savings are being achieved—something by which we can measure it.

The Hon. Dean Brown: We will not be paying it if they do not deliver.

Mr FOLEY: That is a 'trust me' thing. I am about public disclosure. I am not asking for 20 tonnes of material but some benchmark data that we can read.

The Hon. Dean Brown: I think it best if Mr Dundon explains that.

Mr Dundon: The best I can do at this stage is go back and pick up a couple of issues. The honourable member mentioned that, on the basis of \$565 million for the total value of the contract, the average annual value would be about \$60 million. What I have to establish is that over time the annual payment, if we had a steady State situation, would go down because we are getting cumulatively increasing savings against the current baseline. Therefore, in year one the figure is higher than \$60 million but in year nine it is lower than \$60 million. That is the first point.

The second point related to unit prices in 1993-94 and unit prices in 1996-97, for example. One of the difficulties with doing that, but which we have to take account of in the way we track those prices, is that in 1993-94 there were 12 main frames. In 1997-98 there will be one main frame and therefore consolidation will arise out of that and the prices will not be directly comparable, anyway. There has to be some modelling to ensure legitimately you can track those

through. Then when we have changes in volume, service levels, applications and additional agencies coming on, all those factors will feed into the baseline payments that we make to EDS. Just by looking at the gross payments to EDS will not show the honourable member what the savings might be. It requires a structured framework of analysis that will show what the variation is as a result of price decreases and volume increases, changes in service levels and to be able to track all of those through.

It is a very difficult matter to demonstrate in advance. It has to be an after the event type of thing because, at this stage, we do not know how many of the agencies' demands will change. Over time, as part of our strategic planning process, we will get better at being able to forecast for the next 12 months what the changes in volume and service level are likely to be, and so on.

Mr SCALZI: In relation to Program Estimates and Information, page 62, program title 'Provision of IT contract negotiations and contract management services,' how many Government staff accepted jobs with EDS and what percentage of the eligible employees did this comprise?

The Hon. Dean Brown: There were 214 staff eligible to transfer to EDS, 195 of whom did, which represents 90 per cent of eligible employees. Those who declined offers did so mainly for reasons other than dissatisfaction with the EDS offer. I do not think anyone did not transfer simply because the EDS offer was inadequate; it was for various reasons, perhaps related to superannuation, retirement and such things. So, there was a very high level of acceptance. In addition, 67 contractors were actually engaged by the Government who were working for the Government and who are now working for EDS. One can see that there has been a pretty significant transfer, which works out at something like 260 staff transferred to EDS.

From what I have heard, the whole transfer operation seems to have gone extremely well. The first wave went through on 17 April, the second is due through on 21 June (next week) and the third wave was due through on 19 September but we are hoping to get that through on 23 August. So, everything is basically on track and appears to be running very smoothly. The Government accounts are still going out.

Mr SCALZI: What benefits can South Australia and industry expect to gain through the telecommunications service manager contract?

The Hon. Dean Brown: That is the contract that was signed today. There are immediate savings of about \$3 million to the Government over the two year period, but you need to appreciate that that is what we see as the immediate saving in terms of the cost of telephone calls. There are other savings on top of that which will come through several different areas, and we think that they could amount to \$4 million or \$5 million a year, maybe even more. The part we can be fairly definite about is \$2.7 million in terms of savings on actual calls if you take exactly the same baseline as at present. However, the most conservative estimate is at least another \$4 million on top of that. We will not know, until we are through the contract phase, what level of consolidation we can achieve and, therefore, what additional benefits we will get.

The real benefits are not so much to the Government but to private industry, because the same discount rates that we are accepting as a Government must be offered to every company in South Australia, if they wish to join. There are no joining fees and no service fees; they get exactly the same

discounts, and those discounts vary with the number and type of calls made by the company. For example, a smaller company, for long distance and overseas calls, could expect a discount of 20 per cent to 25 per cent; a larger company, with a higher volume of overseas and long distance calls, could expect a discount of 30 per cent to 40 per cent. On local calls, the discount works out to about 7 per cent—they are volume related.

The clear evidence is that, if someone is spending more than \$100 a month on telephone calls, there is probably real value in working under the Government's contract. I stress that we are not out there as a Government saying that people should necessarily join our contract or do their telephoning through AAPT. In fact, we are trying to ratchet down telecom costs in South Australia and make the service available to the community.

Mr Foley interjecting:

The Hon. Dean Brown: That comes to an end.

Mr Foley interjecting:

The Hon. Dean Brown: I did not know that all your calls were long distance or overseas.

Mr Foley interjecting:

The Hon. Dean Brown: I would have expected most of your calls to be local. What are you running down there—an overseas trading company? In the case of your calls, I point out that there are contract administration costs, but again these savings are net. We are imposing a 2 per cent contract administration cost, which is collected by DII (that is part of the other figure we talked about earlier). An overall administration cost is taken out by AAPT as well, but the percentage savings and overall savings in dollar terms are net.

The important thing is that we are creating a more competitive environment for South Australian companies. Under the contract, the company has to offer us the most competitive rate that it is offering anywhere in Australia. So, we believe that under this contract we cannot get left behind, compared to where other companies are going. We believe that this is a moving feast. I think members will find that telecom costs will fall and will continue to fall, and we have written a contract to take advantage of that. After 1 July 1997 there will be deregulation, and we will see even bigger movements in terms of changes within the telecom system in Australia.

Mr SCALZI: My next question follows from what the Premier has been describing. What specific industry benefits for the State have been realised as a result of IT contracts?

The Hon. Dean Brown: The industry benefits lie in creating these cheaper telecommunication costs, and I have outlined the sort of discounts that will apply. It is up to the individual companies to apply; they simply have to telephone a hot-line and apply to join, and no costs are involved in that. In summary, it gives us an advantage in terms of attracting telemarketing centres such as the Westpac Centre, where a large number of people sit at telephones and answer calls from around Australia. The Westpac Centre is much more than just an answering service; it receives information and processes the whole mortgage; it refinances the mortgage and does the insurance and everything else here. It administers the mortgage system here on an ongoing basis; therefore, the payments and everything else come in to the centre. So, in telecommunications there is a huge advantage.

The honourable member's question was about IT contracts, not TSM contracts. In terms of IT contracts, we are setting up an electronic services business here in South Australia and benefits will flow out of that; we have EDS,

which has been established in the State, and the TSM contract is relevant to that; we have companies like Motorola and the spin-offs that are occurring in developing a software industry and a software institute; there is Tandem, with its advanced development centre for the Asia-Pacific region here; and MDIS (McDonnell Douglas Information Systems) is doing work in the health system area and employs 44 people. I want to give some idea of the total number of jobs that will eventuate here. I think EDS expects to employ about 600 to 700 within about 12 months.

Mr Foley interjecting:

The Hon. Dean Brown: Well, 200. I have just given a figure of 195. Mr Dundon has pointed out that over the life of the contract the estimate is 900 jobs net of the Government jobs. There is the IWSC/IBM initiative, in which it is hard to put a figure on the number of jobs at this stage, but they think it is considerable; Motorola, eventually with 400 jobs; Tandem with up to 600 jobs; MDIS, which employs 44 people already; and also the telephone centre, which I have already talked about. I have done a quick assessment, and I think you will find that there are over 2 000 jobs there now, and that is quite significant in a two year period.

Mr FOLEY: I turn now to the asset valuation issue. The South Australian Centre for Economic Study report—the document which was leaked to the Opposition and which was commissioned by Treasury—stated that EDS has indicated its willingness to purchase all assets except real estate of book value identified in the BAFO documents of \$45 million. The Premier gave an interview to the *Advertiser* on 3 November last year saying that EDS will pay \$18 million for computer infrastructure. Will the Premier give me a precise figure and, perhaps at a later point, a reconciliation of exactly what we are selling to EDS and the price it is paying for it?

The Hon. Dean Brown: I heard some comments that the member for Hart made and, frankly, they were made in ignorance, because he tried to match the \$18 million with valuations in the Auditor-General's Report. He was dealing with two quite different things. Mr Dundon might like to comment on the specifics of the valuation of that equipment. You need to appreciate two things. One was the purchase of equipment, and some of them are fairly old systems. Secondly, there was a facility out there at Southern Systems that the Government was leasing. It was actually owned by the superannuation fund, and EDS has taken over that lease and operates it effectively as its own on the same conditions as did the Government.

Mr Dundon: The member for Hart mentioned that the Centre for Economic Studies report quoted a book value of \$45 million that EDS undertook to pay as part of its best and final offer. Subsequent to that report being prepared, the Government went into an intensive period of negotiations with EDS, and some of the parameters of its best and final offer were changed. As we went through the contract negotiation, in return for certain benefits that the Government received, the negotiation process resulted in the Government's accepting a market valuation of the assets rather than a book valuation, because we got other benefits flowing through in the way of price. If the amount that was paid for assets meant that the Government had to pay a higher price, we were not really gaining the benefit of that book value.

So, in the total negotiation process, the financial modelling was done and it showed that it was more beneficial to the Government in the overall sense to negotiate for a market value of assets, and the figure that the Premier quoted in interviews of \$18 million is around the mark. That is subject

to some reconciliation with post contract variation, because there will be assets purchased since the contract was signed which will also be transferred, and some assets of course will be sold, so the figure will vary. The Government engaged three firms of consultants with various expertise to assist us in arriving at a market valuation. In fact, the valuation includes a premium on market value which was part of the outcomes of the negotiation process.

The Hon. Dean Brown: Members should appreciate that some of these Government agencies in their so-called book valuations were buying computer equipment and discounting it at about the same rate as they would a building. In fact, I think one of them was discounting on exactly the same basis as a building. You cannot apply to computer equipment, in regard to which the technology is dramatically changing every 18 months or 2½ years, the same discount or depreciation regime as you would apply to a building. I think one very large agency had a 30 year depreciation. Ray said there were a couple at 10 to 15 years. I thought there was one agency even longer. Even at 15, it is totally unrealistic. It would be vintage museum stuff, even after 10 years, as you would appreciate. Therefore, you would have to appreciate some of these back values and you want to be very careful relying on book values: they have very little meaning at all.

Mr FOLEY: I assume that the Auditor-General would have signed off on that, being quite comfortable with using a market value *vis-a-vis* a book value?

Mr Dundon: The Auditor-General was happy with the process we went through in terms of arriving at a valuation. The other authority from whom we had to get approval was the State Supply Board, because we were disposing of Government goods, so all the required authorities were complied with.

Mr FOLEY: So the Auditor-General has signed off on your use of market value versus book value?

Mr Dundon: I am not sure whether I have used the term 'signed off on'. He is aware of that and has not raised an objection

Mr FOLEY: If he does, he will raise it in his report.

The Hon. Dean Brown: I have asked recently; he has been through it all, scrutinised it and appeared before the select committee. His comment to me was that he had not identified any areas of concern.

Mr FOLEY: I am interested in the negotiation process. Much has been made of the fact that with the water contract the Minister for Infrastructure brought in Terry Burke, a well-known and extremely highly paid consultant from Sydney as a negotiator to drive out the best deal for the Government. I assume that the view was taken that in that area the Government at the time did not have the expertise or the broad skills to enter negotiations with major international companies. A similar process was not adopted for the EDS contract: in fact no Terry Burke equivalent was used as the main negotiator on behalf of the Government. Why did you not use the same process for both contracts?

The Hon. Dean Brown: Our view was that within Government itself we had a team of people who were capable of negotiating contracts provided they had good technical and legal back up. To help that process we brought in, first, Stephen Trenowden from Thomsons, a local legal firm; we initially brought in Nolan Norton, regarded as one of the best consultants in this area world-wide, to give advice as a national firm; and we sent Ray Dundon and a couple of others around the world to talk to a number of major companies and

Government agencies that have been involved in negotiating contracts.

As a result of that visit, they were able to assess the team of people that was necessary to negotiate the contract. The part that was most important was the technical and legal back-up in understanding the form of the contract and, secondly, being able to go through the detailed cost analysis that we talked about and understanding the technical side. We brought in two groups: Shaw Pittman from America on the legal side and TPI (Technology Partners International) from America on the technical and costing side.

Mr FOLEY: There seems to be a difference in the way you approached the water contract as a Government and the way you approached the EDS contract. Minister Olsen was at pains to make clear that he was removed from the process, or that the Government was removed from the process. There was a negotiating team and Terry Burke. Regarding the EDS contract you, as Premier, played a central role in negotiations—not necessarily face to face negotiations but you did not employ a Terry Burke or a major negotiator. You yourself had far more input into the process.

The Hon. Dean Brown: It was not me having input. We had a Cabinet subcommittee that kept signing off on the broad parameters. You need to appreciate that they are two totally different contracts. One was a contract which was fairly routine, standard and simple in terms of its technology, where the type of work being done was easy to define. It was all in one Government agency. It was very simple; it was more a matter of driving the hard bargain, the hard negotiation, to achieve the benefits.

The contracting out of the data processing area was totally different. First, you have changing technology across the whole of Government. It was something which was unique in the world and which had not been done before; therefore, you needed quite different skills and you needed to supervise it in a different way. You needed to ensure that the Cabinet subcommittee understood the broad parameters you were trying to achieve. The Cabinet subcommittee met on a regular basis, although not on a frequent basis, and checked on the broad parameters and how the contract negotiations were proceeding.

I stress the fact that the negotiations themselves were led by Peter Bridge and then they had several sub-teams, and again I think this highlights the difference. The sub-teams worked on different components and negotiated different parts of the contract, which were then brought together under Peter Bridge.

Mr FOLEY: It has been put to me that, at the eleventh hour when you were negotiating the final deal with EDS, a position had been arrived at by the Government and that figure was not acceptable to EDS, that you intervened and instructed Government officers to meet EDS at a position that would allow the contract to go ahead. Did that series of events occur?

The Hon. Dean Brown: No. At all times I worked with Ray and we would do it only if there was agreement by the Cabinet subcommittee on the advice of the officers coming through.

Mr FOLEY: So the officers advised you on the price and you accepted that?

The Hon. Dean Brown: The officers would advise us and we would say, 'Well, this is the next step.'

Mr FOLEY: Was there any instruction from you as Premier to cut the deal, to go further than what they were advising you to do?

The Hon. Dean Brown: No. The honourable member needs to appreciate that it was a consultation around a Cabinet subcommittee table where we were given professional advice. The Cabinet subcommittee would make decisions and, as a result of the discussions that took place around that table—Ray, Peter Bridge and others were involved in those discussions—a conclusion would be reached and that would be used as the basis of the negotiation.

Mr FOLEY: When you consummated the deal, that was a generally agreed position?

The Hon. Dean Brown: The honourable member is referring to something that went back—

Mr FOLEY: No, not that one. I am talking about when you finally signed the contract on the weekend preceding 30 October, I assume.

The Hon. Dean Brown: There were two occasions where I had some involvement: one was earlier, in September 1994, where some particular matters, not price, had to be clarified, and at about 2 o'clock or 2.30 in the morning when there was still a distance between the two parties in resolving those matters, I rang and expressed a view but I did not become directly involved in the negotiations. I expressed a strong point of view to Ed Yang on the phone, but I even forget which country he was in. He was overseas somewhere. His people had gone to him and my people had come to me. We expressed a point of view that there had to be resolution on this, and it was resolved as a consequence. It was more a case of reassuring one another. We wanted to reach an agreement.

The other occasion was when they had virtually got everything in place but there were a number of typical minor things in the contract which, at the end of the negotiation, were still outstanding. I have been through it on numerous occasions and I have seen it with contracts, where you reach the stage at which all the principles and fundamentals are there, but you have to tidy up some of the edges. There was a meeting where Ed Yang and I sat down with two negotiating teams and simply kept urging them to resolve these issues. We were not negotiating ourselves. At no stage did I do the negotiating, nor did Ed Yang. They had their own negotiating team. We made sure that they came to conclusions.

Mr FOLEY: Was that price or quantity of work? Did you make any personal intervention in that area?

The Hon. Dean Brown: No, price was not involved. The price issue had already been resolved. It was mainly contract terms. There were about 15 small outstanding matters. Virtually everything was in place. It was just a matter of sitting there and insisting that they came to conclusions. They were small issues that had been parked and parked. We simply said that they must resolve them and that we would sit there until they resolved them, and they did resolve them.

The CHAIRMAN: I remind members that we have three lines before we declare the examination completed. The present line is Information Industries, the next one is Information Technology Work Force Strategy Office and the final one is the Premier, Minister Multicultural and Ethnic Affairs—Other Payments. I will have to close the examination at about 2 minutes to 10.

Mr FOLEY: Is the Premier saying that the final price and the quantity of work in the contract was a figure arrived at by the bureaucracy and did not have any input from him in terms of instructions, suggestions or advice to come down on our price?

The Hon. Dean Brown: I do not want this to be taken out of context: I and the Cabinet subcommittee dealt with Ray

Dundon and Peter Bridge, who is the lead negotiator, and others who were sub-negotiators of different components, but I did not step in and say, 'I will settle this once and for all with EDS.' I did not go and settle. Throughout the entire process from July 1994 through until October 1995 the Cabinet subcommittee participated with the Government negotiators around the table and made suggestions and everything else, as one would expect, otherwise what is the point of having meetings? But we did not step in and say, 'Look, out of the way, we are taking over the negotiations.' That is what the honourable member is trying to suggest but that did not occur.

Mr FOLEY: The information I had provided to me was that there was an impasse between EDS and Government officials, and the Premier or his subcommittee basically moved the parties closer together at that critical point. The Premier is saying that that did not occur.

Mr Dundon: Obviously throughout the negotiations price was a very important factor in the deal. We were attempting to reach agreement with EDS on a price that would be beneficial to the Government. We would take recommendations or scenarios to the Cabinet subcommittee about what our negotiating position should be on a regular basis. We would receive decisions from the Cabinet subcommittee saying, 'Don't do that, but do this' or 'Hold out for this, but you can concede on that.' Guidance was given to us, but if the honourable member is suggesting an unacceptable compromise might have been made that would go against the advice of myself, or people within our department, I am saying that that did not occur. There was always an opportunity for us to put a position to the Cabinet subcommittee.

Mr FOLEY: I was not necessarily suggesting unacceptable: I was trying to understand the final process. As the Premier would know from his days in Opposition, one receives all sorts of information and I wanted to tease that a little further.

The Hon. Dean Brown: The information that the honourable member had refers to the night when I sat down with Ed Yang on the other side of the table and the negotiating teams and we agreed at the start that we would not become the negotiators at all, that we were simply there to resolve this myriad of small outstanding matters and insist that they reach a solution. The negotiating was being done back and forth across the table between the negotiators, but we simply sat there to ensure that it was fixed. That was indicated. We did not want to see some of these issues deferred, which is so often the case in negotiation.

Mr FOLEY: Mr Ray Dundon is the Chief Executive Officer of the Department of Information Industries. Has Mr Dundon been confirmed in that position?

The Hon. Dean Brown: Not yet; he is still in an acting position.

Mr FOLEY: Will Ray Dundon be confirmed in that position?

The Hon. Dean Brown: Yes, he will.

Mr FOLEY: For what period—a normal five year contract or something of that order?

The Hon. Dean Brown: It would be something like the normal contract.

Mr FOLEY: What is the present role of Tim Waterhouse within the Department of Information Industries?

The Hon. Dean Brown: He is in charge of the Division of Strategic Planning.

Mr FOLEY: Is he confirmed in that position?

The Hon. Dean Brown: He is on a contract.

Mr Dundon: It was a short-term contract, and I think the term expires in September but, as are all Government departments, we are looking at the organisation in line with the Government's new executive structure, and the intention is to move to bed down the appointments in those positions in the near future.

Mr FOLEY: I apologise to those Government officers from agencies we have not been able to get to tonight, but it has been a little tight for time. I have no further questions on this line.

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

Information Technology Workforce Strategy Office,
\$646 000—Examination declared completed.

Premier, Minister for Multicultural and Ethnic Affairs and
Minister for Information Technology—Other Payments, \$1
million—Examination declared completed.

ADJOURNMENT

At 9.57 p.m. the Committee adjourned until Wednesday
19 June at 11 a.m.