

HOUSE OF ASSEMBLY

Wednesday 19 June 1996

ESTIMATES COMMITTEE A**Chairman:**

The Hon. H. Allison

Members:

Mr R.P. Bass
 The Hon. Frank Blevins
 Mr R.D. Clarke
 Mr S. Condous
 Mrs J. Hall
 Mr J.A. Quirke

The Committee met at 11 a.m.

Treasury and Finance, \$19 973 000
 Deputy Premier and Treasurer—Other Payments,
 \$955 065 000

Witness:

The Hon. S.J. Baker, Deputy Premier, Treasurer, Minister
 for Police and Minister for Mines and Energy.

Departmental Advisers:

Mr G.P. Bradley, Under Treasurer.
 Mr J.T. Hill, Deputy Under Treasurer (Economics).
 Mr P.G. Gaetjens, Acting Deputy Under Treasurer
 (Finance).
 Mr R.N. Sexton, Chairman, Asset Management Task
 Force.
 Mr M.J. Pierce, Manager, Corporate Services, Asset
 Management Task Force.
 Mr I.H. Stone, CEO, Motor Accident Commission.
 Mr S.J. Archer, Manager, Financial Services.

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

The Hon. S.J. Baker: Yes, Mr Chairman. I offer a great welcome to Gerard Bradley, who is our new Under Treasurer and a person with impeccable qualifications for the job, and we are delighted to have Gerard as Under Treasurer in South Australia. I make two observations: one is to offer my great thanks and congratulations to the officers of my department for their effort in putting the budget together. I am also grateful for the cooperation of all the ministries. It is never easy to continue a reform process, and that reform process has not stopped. It is a great credit to everybody concerned that the budget that has come down retains the strengths we outlined originally when we made our financial statement in May 1994. Importantly, it covers the issue that is most important to the State—the financial viability of this State—and it maintains budget credibility.

Secondly, the Federal budget will not become known until August. There have been changes as a result of the Premiers Conference. Those changes are currently being scrutinised very vigorously and searchingly by members of my department in consultation with other agencies. We would like to

make a statement on the handling of all those issues by the end of this month.

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

Mr QUIRKE: Will the Treasurer tell us about the buy-out of the Kumagai Gumi component of the ASER project?

The Hon. S.J. Baker: I am more than happy to brief the House on the ASER buy-out. It is important to put on record a number of observations before I provide the answer. Earlier this year I announced that the Superannuation Funds Management Corporation had decided to write down its investment in the ASER development from approximately \$72.6 million to zero. This write down came on top of previously recorded reductions in investment values by SASFIT, the organisation which was previously responsible for the fund management activities of the State superannuation schemes.

The performance of the ASER development project was placed into jeopardy early in its project life when the cost of completion of the project substantially escalated beyond budget—and I would reflect on the performance of the previous Government. Since that time the investment has been affected by a number of factors including the decline in property market values, the below expected performance of the Hyatt in terms of returns and the proliferation of casinos around Australia. Although these problems have existed for some time, the poor performance of the ASER development has been masked by the income obtained from the Casino. In all likelihood, had it not been for the income from the Casino, the investment would have been written down when the slump in property market prices occurred. I ask members to reflect on some of the questions asked by the former Opposition and by me on the issue of market value.

Although the Casino had ample forewarning from the Government that poker machines would be introduced, it has not been able to retain its market share of the gambling dollar. The capacity of Adelaide to attract people from interstate and overseas was markedly affected by the introduction of casinos in all States. The question of the extent to which the superannuation funds should be affected by the write down is somewhat vexed and consideration has been given to the extent that the funds were guided by Government policy from 1983 to 1985. In other words, it is another disaster by the former Labor Government; it knew that the development could not stand on its own two feet so it involved the superannuation funds. I make the point that we have actually had to wear the decision because of the very poor performance of the previous Government wherein it allowed the unions to make the whole project uneconomic: the huge escalation in the cost of the project made it unviable.

In order to achieve an improvement in the performance of the ASER development project, Cabinet has agreed to a restructuring of the development. The first major step in restructuring has been the purchase of the Kumagai Gumi Co. Ltd share of the investment for \$6.16 million by the South Australian Asset Management Corporation. This purchase gives the Government, through the South Australian Asset Management Corporation and the Super Funds Management Corporation, 100 per cent control of the ASER development. I made quite clear that the whole complex will continue to stagger along and be a non-performer to the discredit of everyone in South Australia unless the Government took action. It has taken this action and the sum of \$6.16 million has been agreed as the buy-out figure for Kumagai Gumi, but that general agreement is subject to due diligence. The

agreement has still to be ratified. That sum is for the total investment shares that are held by Kumagai Gumi.

To facilitate the restructuring of the development, the Government will be seeking to consolidate the ownership of the development into one organisation, namely, the South Australian Asset Management Corporation, and an offer to purchase the Super Funds Management Corporation's holding of the development will be made by SAAMC and will be on a similar basis to that offered to Kumagai. As part of the restructuring arrangements, a professional independent casino operator will be appointed to run the Casino and the corporate structure of the development will be simplified following the restructuring, which could take up to 18 months. The Government will be seeking to sell the Casino and other ASER assets.

Mr QUIRKE: Is what the Treasurer just said correct—that the Government intends buying out the superannuation component, the SASFIT component, of the ASER project as well?

The Hon. S.J. Baker: I made quite clear in my statement to the House that the Government had to consolidate the holdings. The ASER project is one of the most complex structures of any organisation in Government. The only way we can change it is to have a management structure that works and provides the flexibility to quit certain assets related to the ASER complex. We cannot do it while peripheral or multi-shareholdings are in place. That was made quite clear in my previous statement. I do not know whether the honourable member was listening at the time, but I made no bones about the fact that the only way that we can get some sanity into this process is to consolidate the holdings.

I make clear to the honourable member that the Superannuation Funds Management Corporation, unlike its position under the previous jurisdictions, raised the question with me from day one that it did not believe that it should have that level of exposure in one investment such as the ASER investment. It is consistent with the entreaties that have come to me from SFMC, formerly SASFIT, and it is consistent with the Government's desire to see some change take place that will be to the benefit of everybody concerned.

Mr QUIRKE: I gather that the answer is 'Yes.' A sum of \$6.1 million seems a considerable amount of money for what the Treasurer described as an impaired asset. My understanding is that this process started at a figure very much below that and that it was ratcheted up to \$6 million to suit Kumagai Gumi.

The Hon. S.J. Baker: The honourable member is absolutely wrong, and I repudiate that from the very beginning. I will not refer to discussions that I have had with Kumagai Gumi, but the honourable member can reflect on the fact that Kumagai Gumi wanted a much larger sum than the sum that we are talking about, and insisted upon that sum. By negotiation, we have reduced that sum to what we believe is appropriate. That is based on a professional assessment of the residual value to Kumagai.

Mr QUIRKE: By way of supplementary question, I understand that the initial offer was several thousands of dollars.

The Hon. S.J. Baker: I do not believe that the honourable member is right.

Mr QUIRKE: Obviously, if the Government is to parcel the Casino up for sale over 18 months to two years, one of the questions that will surface will involve the role of MBF. Is it the intention of the Government to sell the Casino—

The Hon. S.J. Baker: You try, don't you?

Mr QUIRKE: That is right, we do. Can the Treasurer rule out selling the Casino to this organisation with either any kind of sub-licensing arrangements or annex to the Casino connected with an MBF project?

The Hon. S.J. Baker: As I said, the member for Playford keeps trying—and I note that his Leader has on odd occasions also kept trying on the same front. If the honourable member had listened clearly to what I said, he would not have asked the question. The fact is that we are going through a restructuring process. At the end of that process, and when we believe that we have the complex tuned up to the extent that it is free of encumbrances—it has a simple structure associated with it and is performing as best as we can get it so that we have added value to it—then we will be in a position to throw it open to the market. I assure the honourable member that there will be interest from around the world, including Australia, in bidding for it.

How that will determine the final price no-one knows at this stage. It will require an enormous amount of effort to bring the Casino and the various other component parts of the ASER complex back to what I believe they are capable of achieving. When we have it back to that stage, it will be placed on the open market and no-one—but no-one—gets a preferential position. The honourable member should know better, because he should have listened to what I said earlier.

Mrs HALL: I refer to Estimates of Receipts and Payments, page 130—Asset Management Task Force, which provides administration and management services to the Motor Accident Commission. I wish to raise the issue of residual value insurance policies, which were written by the former SGIC and which are now held by the Motor Accident Commission. Last year during Estimates Committee the Treasurer referred to these policies and I note at the time it was mentioned that two contracts relating two Lockheed Tristar jets had not expired and another dealing with a de Havilland DHC8 aircraft was still outstanding. Can the Treasurer provide an update of the status of these policies?

The Hon. S.J. Baker: The issue of the aircraft is not one upon which we could reflect with a great deal of humour. Everyone should be aware of the fact that the way in which the previous Government handled so many of its contracts and investments was diabolical. This is another example of this Government having to fix up the mess of the former Government. We had the story that I called 'The trains, planes and cherry pickers', because that it is an adequate reflection of the problems that were created. It was not only in SGIC: the issues revolved around just about everything in which the former Government was involved. The matter of what insurers in South Australia should take on board in terms of risk has been the subject of debate in this Parliament. We would recognise, for example, that we were insuring American properties against cyclones and know we got bitten very heavily in that exercise.

The reinsurance market is a dynamic market. There was some thinking at the time that South Australia should be a major player in a world market, but for most of the components of that market South Australia had no knowledge. And so they saw South Australians puffing out their chests—just like the bank puffed out its chest—and when various organisations were looking for some reinsurance, or covering off residual value in their assets, they came through South Australia's door. Then Premier Bannon and SGIC—and I will not mention anyone other than Vin Kean and Denis Gerschwitz—were right to the fore in being world players: they said that they could do world deals.

Every so-called world deal that they did has turned sour, so the member for Coles can only reflect on just how bad Government can be, when we look back on some of the contracts that were signed either within Government or by one of the Government's statutory authorities. We have already had one case of residual value on aircraft, which we have been fortunate to negotiate our way through without loss. The second round (and it is not the end) involves two Lockheed Tristar L1011 aircraft to Quintet Aviation Limited for \$4.95 million each under a residual value insurance policy. It means that we guarantee that, at the end of the term of the agreement, if the commercial sale price or the price that could be obtained in the marketplace were below what was being insured, we would pick up the bills.

The policy was executed on the basis that a head lease in respect of both aircraft would be entered into between the insured and Far East Leasing Limited, novated to Cathay Pacific Airways Limited. SGIC subsequently reinsured the first \$1 648 350 of the residual value to RBI Guarantee Company Limited, ensuring that its liability was limited to approximately \$3.3 million on each of the aircraft.

The termination date of each of the policies was 6 July 1996 and 16 August 1996. This was one of the areas of SGIC that was not transferred on the sale of SGIC but was retained. It was an area of liability that had to be managed very carefully, so it has been retained within the Motor Accident Commission. Quintet has provided, not surprisingly, a notice of return which says, 'We don't want the aircraft: we now want the money.' So, we are in the process of working our way through that. The best observation I can make on the information I have received is that there is an oversupply of this particular aircraft, the L1011, in the marketplace, so there is considerable negative pressure on the sale of the aircraft. Whilst we can actually own this aircraft, it is not of huge value in the marketplace and certainly nothing close to the insurance value.

The sales of these Lockheeds have been very low. We are talking of around \$2 million as being the maximum value—that is, if we get all parts of the marketplace right. We are having inspections of the aircraft because there are some responsibilities on behalf of Cathay, and we are working out some way of quitting that liability in a way that does not cost us as much as it looks like it will cost us today. I am pleased to have received this question: it is just another example of appalling management by the former Government. Not day after day now but certainly month after month we keep striking hurdles that were put in our way by the previous Government, and we have to keep getting over those hurdles.

Mrs HALL: I refer to page 130 of the Estimates of Payments and the Asset Management Task Force. What is the total value of assets sold to date? What is the total value of assets estimated to be sold over the next 12 months? What amount of sales proceeds has been used for debt retirement?

The Hon. S.J. Baker: If we went through a list we would obviously put BankSA on the top of the list of total asset sales achieved by the State Government, and that was for \$730 million; we sold the Pipelines Authority for \$304 million; we have had some return on capital on the wind down of assets and liabilities by the South Australian Asset Management Corporation to date of some \$65 million; and we sold Enterprise Investments for \$37.7 million. The more notable ones are SGIC, which was sold for \$169.9 million; Austrust for \$43.3 million; and more recently FleetSA, which was sold for \$195 million. A whole range of smaller but

important items make the total value of sales completed to date \$1 617.67 million.

We would say that that is an outstanding effort. In terms of the proceeds that have been able to be devoted to the reduction of State debt, that is some \$1 491 million. We believe that within the next 12 months we will have other items for sale to reduce debt, and members can reflect upon the fact that Forwood Products is in the process of sale. We have Central Linen, Festival City Broadcasters, Bulk Loading Facilities, Department of Transport surplus assets, and further returns coming back to the South Australian Asset Management Corporation. We would say that a minimum of \$300 million will come back as a result of that process. We have been delighted with the progress that has been made to date and we will continue that process, as was outlined prior to the election and confirmed in the May 1994 statement.

Mr CONDOUS: I refer to the Asset Management Task Force on page 130 of the Estimates of Payments and Receipts. How much did the Government recoup from the sale and leaseback? What is the reduction in the State's net debt arising from the sale and leaseback of the Government's light motor vehicle fleet?

The Hon. S.J. Baker: The passenger light vehicle fleet was a very successful transaction: it was vigorously contested by financiers in the marketplace. I think what we have seen here with all the asset sales is a very professional effort—an effort that has a great deal of integrity and an effort that has been marked by a process which is not broken but which has been clearly outlined to this House and agreed by Cabinet in terms of the way that process has been followed to the letter. There has been no deviation, and the results are clearly there for people to see in that we have succeeded in areas people were questioning. It is a great credit to Roger Sexton and his crew at AMTF for the results that we have received to date, and we expect them to keep providing us with the same degree of comfort in future sales.

FleetSA was, if you like, another important point not only in the debt reduction strategy but also in the professional management of the fleet of motor vehicles by the State Government. Members will remember that on 9 May we sold the fleet—some 8 000 cars—to the Commonwealth Bank under a sale and leaseback arrangement. The fleet was sold on leaseback for \$195.5 million—that was the head price—but this included some pre-paid operating expenditure such as fuel, registration, and compulsory third party insurance; therefore, the fleet was sold at a market value of \$176 million, which was determined by an independent valuation.

One of the problems that we faced at the Premiers Conference was determining the value of the contract if the wholesale sales tax on motor vehicles were applied to all State Government vehicles. It is important to reflect that the contract was so written that it gave us the flexibility to overcome what could have been a very difficult situation. Members would no doubt reflect also that, if circumstances occur beyond your control and contracts have to be broken, many of those early costs cannot be recouped. Therefore, when contracts are broken for whatever reason—and it may not be due to either party being dissatisfied but simply due to a change in circumstances—considerable cost is borne, and the benefit that was perceived to exist in the first place is diminished. So, we have to be careful that with any such contracts we are not faced with considerable bills to pay and no benefit.

The contract was written in such a way that it accommodated an extension in the change-over time required for those cars. Currently our policy is to change over at two years or 40 000 kilometres. It continues to be modelled by Services SA to make sure that that is the best combination. If the change requiring that the wholesale sales tax apply to all Government vehicles had occurred, obviously, the Government would have had to consider whether these lease-back arrangements and the 40 000 kilometre two-year rule were still appropriate.

The contract allowed for accommodating changes in wholesale sales tax and also for a change in the time frame in which the vehicles could be disposed of. While the problem has not arisen, I again give great credit to the foresight of the AMTF, because you can never trust Commonwealth governments in terms of the rules that prevail at the time, and so there is sufficient flexibility in the contract. The net value of the contract would have diminished by about 50 per cent, but there was still net value in the contract, which remains largely intact today.

In terms of the breakdown of the total proceeds of \$195.5 million, prepaid expenses were \$19.7 million and fleet replacement was \$16.7 million, so the gross proceeds are \$159.1 million. It is a financial lease obligation. It was back to back with SAFA so, whilst the net public sector debt reduction directly against what is classed as debt was \$64.1 million, \$159 million was the net figure against which we could put the existing liabilities and the surplus from the sale. So, all around it was a very successful transaction. The annual savings we estimate to be more than \$2.5 million a year, or \$300 per car.

Mr CLARKE: In respect of the Asset Management Task Force, can the Deputy Premier confirm that the Canadian firm Better Beef Ltd has been selected as the preferred bidder for SAMCOR and, if so, what are the conditions of that contract?

The Hon. S.J. Baker: The SAMCOR sale is still in process. When we have reached the point of determination I will inform the House and the wider world.

Mr CLARKE: What consultation process has the Asset Management Task Force undertaken in discussions with the local processing industry with respect to possible bids for SAMCOR from that local processing industry?

The Hon. S.J. Baker: In terms of discussions and where the Government sees its future in meat processing, the wider world has known since before the last election that it intended to quit SAMCOR. There has been no secret about that; the unions, the farmers and the meat processors have known about it since about October or November 1993. The process has taken a little longer than we would have liked and there have been some complications, not the least of which is that SAMCOR has not exactly performed to the standards that we would have liked under the difficult circumstances of lower throughputs. So, the wider world and everybody in South Australia have been well aware of the Government's intention to sell SAMCOR.

Anybody who had an interest in SAMCOR or the results of its sale has been well aware of the process, the timing and the information memorandum. Considerable discussions have taken place with a variety of people in South Australia over a long period on just that change. Considerable consultation has occurred on the preparation for the SAMCOR sale, the information memorandum and the inquiries that that elicited.

Mr CLARKE: From the commencement of the bidding process for SAMCOR, who on the AMTF committee has been charged with overseeing the sale?

The Hon. S.J. Baker: The AMTF controls the process and, as with all our sales controlled by AMTF, one principal is involved from the AMTF point of view and there are representatives—a steering committee of two or three people is the norm—who usually come from the establishment that we are attempting to sell.

Mr CLARKE: Was the General Manager of SAMCOR on that steering committee and did he have any involvement whatsoever in the oversight of the bidding processes?

The Hon. S.J. Baker: The General Manager has had substantial input into the whole process, as we would expect, because he is the practitioner; he is the person who has responsibility for the running of the works.

Mr CLARKE: Does the Deputy Premier know whether the current General Manager of SAMCOR, Mr Des Lilley, has an arrangement with the Canadian firm Better Beef Ltd to take over its operations here in South Australia?

The Hon. S.J. Baker: I have had no substantiated evidence of that, although I have been advised that, should Better Beef be the successful tenderer, Mr Lilley would have a part to play in its future operations. I was not there for any conversations, but my understanding is that there have been some conversations between Mr Lilley and Better Beef.

Mr CLARKE: If, as General Manager of SAMCOR and as an adviser to the Asset Management Task Force, Mr Lilley has been involved in oversighting various bids for SAMCOR and yet he also may have a role to play in a new company that may come to Australia—Better Beef Ltd, which is a bidder for SAMCOR—does not a conflict of interest arise? If so, and Mr Lilley has been involved in this bidding process, does that not taint the whole process?

The Hon. S.J. Baker: No, it does not taint the whole process. My information is that Mr Lilley is now no longer involved in any negotiations on that process. I do not know who has spoken to whom and the timing of that. What I previously indicated, and what I have been advised, is that there have been discussions between Mr Lilley and Better Beef. That would not seem to be unusual if that company believes that Mr Lilley is capable of doing the job it would wish, should it be the successful tenderer. However, having had that conversation, it is inappropriate for Mr Lilley to be involved in any negotiations or any assessment of the quality of the bids. That is quite clear from the processes, because there is a conflict of interest. As far as I am aware, that has occurred. As to where we go from here in terms of the negotiations, Mr Lilley will not be involved in those negotiations in trying to reach a final position.

Mr CLARKE: As a supplementary question, as I understand your earlier answers, Mr Lilley would have been involved. As I understand it, Samcor expressions of interests, tender or whatever were called for and closed about the end of December, and bids have been considered since that time. As I understand from your earlier answers, Mr Lilley has actually been involved on that steering committee and as an adviser to the AMTF on all those bids and would know the nature of the bids since the closure of those bids in December last year, yet he may be in a position of taking on a role with one of the bidders as the General Manager of this sold business of Samcor. Does that not taint the process? You have a person who knows the inside running in so far as what other bids are from other expressions of interest, and he has his hand up for a job for a bidder. Although he may have removed himself now from the process, the fact is he was in at day one knowing what all the various bids were.

The Hon. S.J. Baker: My information is that he does not know what the bids are.

Mr BASS: I refer to page 130 of the Estimates and Payments concerning the CTP sponsorship and advertising. What is the current sponsorship and advertising program funded by the CTP fund?

The Hon. S.J. Baker: We have recently had to increase the premiums for reasons which I think everybody would clearly understand. One of the things that is little understood about the CTP is that it has, if you like, a community responsibility to enhance the benefit to South Australians of improved driving performance and reduction in the number of accidents. They do have a responsibility, which they take seriously.

In terms of the sponsorship, it very rarely goes up in lights, but a significant amount of money comes out of the sponsorship budget to improve driver safety. The current allocation for 1995-96 was \$1.7 million. That has been spent in a number of very worthwhile areas, including the drink driving and speed mass media campaigns, the police traffic safety and promotion section, and the Nightmoves late night bus service. On the remedial side, there are the QEH chair of surgery, the bone growth foundation, ASRT Inc. (spinal research), the crano-facial foundation, the Hampstead Centre for the functional electronic stimulation program, the brain injury network, Compassionate Friends, the law and literacy project, the community education on CTP insurance and the anti-fraud campaign.

The major thrust by the CTP is to use its best endeavours and whatever it has at its disposal to reduce the road toll and the number of injurious accidents. It is also in its best interests that, if there has been a casualty, that person is taken back into reasonable or good health and that relies on our hospital system. So there are two areas of major investment: the road campaign itself and the areas of medical excellence.

Mr BASS: What is the likely financial result for the Motor Accident Commission for 1995-96.

The Hon. S.J. Baker: Whilst it is not currently certain what the 1995-96 results will be—and they will not be audited until mid-August—we do have some general indications. The consolidated result before abnormals and tax for the six months ending 31 December was an operating loss of \$6.174 million. The result was split between the CTP and the non-CTP, including subsidiaries as follows: on the CTP—and that is reflected in the increase in the premiums—there was a loss of \$9.583 million. In the non-CTP, including the subsidiaries, there was a profit of some \$3.409 million. There were some abnormals of \$15.8 million being profit on the sale of life statutory funds. The income tax provided in the accounts for the period is about \$3.1 million. The consolidated result for the MAC, which has the CTP plus the residual of the SGIC, after abnormals and tax, is a profit of \$6.537 million for the period ending 31 December 1995.

Mr QUIRKE: How many Asset Management Task Force employees will be eligible for a performance payment, and how many of those employees will receive a performance payment for 1995-96?

The Hon. S.J. Baker: I am told that unfortunately they do not receive any performance payments. Reflecting on the performance of the Asset Management Task Force and the results achieved to date, and if you went interstate or to private enterprise, you would see that there would be some people who receive some very large sums for their performance. We do not give performance bonuses.

Mr QUIRKE: What are the principal items on the Government's asset sale schedule for 1996-97?

The Hon. S.J. Baker: I outlined them earlier. Forwood Products is one of our prime sales; the Central Linen Service will go through a three step process as described; we have the residual assets from transport; Festival City Broadcasters is involved; and we have the bulk loading facilities at the ports. They are the major ones that we have already notified and they are the ones that will be progressed during the next financial year.

Mr QUIRKE: Supplementary to that, do any of those require legislative change?

The Hon. S.J. Baker: As the honourable member would reflect, most of these do require legislative change. I will not go through the bits and pieces. I do not think Festival City Broadcasters requires that. We have already done some work on the bulk loading facilities. I think the Central Linen Service will need legislation. The Forwood Products legislation has already been through the Parliament.

Mr QUIRKE: My final question on this line is concerning the Gamblers Rehabilitation Fund. As I understand it, there was considerable underspending in the Gamblers Rehabilitation Fund during 1995-96. Will you detail how much was spent and why the whole amount was not allocated?

The Hon. S.J. Baker: As far as the GRF is concerned, members will recall that this is a voluntary contribution by the IGC and it is now receiving considerable interest from other States in terms of the targeted amount of money that can be set aside for rehabilitation to assist those with an addiction to poker machines. It is picking up pace. Regarding the amounts that have been spent, the honourable member should take that up with the Minister for Family and Community Services, who is responsible for the area. I am sure that the Minister for Family and Community Services will tell you not only how much has been spent to date but also the plans for the forthcoming year.

The CHAIRMAN: There being no further questions, I declare the examination of the vote 'Deputy Premier and Treasurer—Other Payments \$955 065 000' completed.

Mr QUIRKE: Yesterday the Opposition questioned the Minister for Education on the meaning and impact of the COAG agreement for funding of schools. It has been claimed that education in schools has been quarantined from the 3 per cent cut to specific purpose payments, but the Minister told us he did not know what this meant or what the actual level of SPPs would be. What is the Treasurer's understanding of this supposed quarantining of education?

The Hon. S.J. Baker: My understanding is the same as the Minister's, because I think I relayed the information to him. If it was not me, then it was the Premier. We both asked the Minister for Education, 'How did you get off so easy? Everybody else is paying the bills.' It was a statement made by the Prime Minister; during negotiations on the issue of general revenue assistance to the States, we said that we would not depart from Canberra without knowing what the Federal Government had in mind in relation to the total costs that would be borne by the States. As a general indication, the Prime Minister said that there is a maximum likely diminution in the special purpose payments that go to the States—not through the States—of some 3 per cent. This was the maximum value that the Prime Minister was forecasting. He went on to say that, in terms of changes that would take place with the SPPs, education was largely quarantined from any

reduction in funds. That statement was made by the Prime Minister.

The other area he alluded to as having needs that had to be met and would therefore not be treated badly in any reduction was health. In terms of other changes, he simply said, 'Wait until you have the budget.' Therefore, we will know in August how the SPPs will work out. The Prime Minister made quite clear that education was not a target area for reduction in funding of the States through the SPP program; health was an area where the Commonwealth was aware of the pressures on the system and, therefore, did not see that there would be a marked reduction in funding from the SPPs; and in other areas the question remained open.

Mr QUIRKE: Yesterday the Minister for Education said that any pay deal for teachers that exceeded the original offer of \$93 million would mean extra taxes, a school tax or cuts to education. We understand that since the original offer the Government has made additional offers worth \$112 million and it is reported in today's *Advertiser* that an offer of \$130 million is on the table. Will the Treasurer rule out additional taxes should the teachers gain more than \$93 million?

The Hon. S.J. Baker: Without knowing what negotiations have taken place—and the Treasurer is often the last to know for obvious reasons—I make two observations: first, the \$93 million has been factored into the forward estimates and, therefore, any deterioration in that sum would cause budgetary stress, which we do not wish to have visited upon us; and, secondly, I am not sure, if there has been an increase in the offer, whether there has been a change in the term of the offer or the conditions of the offer and therefore the system itself will be able to return sufficient savings or pay for it over a longer period still consistent with the dollars we have actually put into the forward estimates.

The third item is that, if neither of those factors are covered off—if the system does not pay for itself and there are no changes to conditions that will provide the commensurate savings—we will have to look at other measures to pay for it. We do not have the capacity to keep topping up the till or running big deficits because of the outrageous claims by the teachers.

My beef is not with the teachers: my beef is with the union. As I understand it, the union's actions and some of the claims that have been put on the table are absolutely outrageous. The parents who send their children to school would be outraged with some of the antics of the union. I do not believe that the negotiation process has brought great credit to the union and it reflects on the leadership of that union. At the end of the day, the degree of success obtained will in fact be soiled by the antics of the union. Everybody is tired of this situation; we have had a good offer on the table.

I have spoken with my interstate counterparts about the industrial relations changes that are taking place interstate and their observation is that the Government has been generous and they cannot understand why the teachers union is playing a game that reflects on the teachers of South Australia. We know that we have a fine teaching work force. The union looks as if it is in a greedy grab for money with claims of up to \$600 million—which would cost every taxpayer a huge amount of money if it were ever agreed to—and I think every South Australian will reflect upon the union and say, 'Do we need people such as this running the unions and attempting to make bargains that would cause such distress to the State, to every taxpayer and, of course, to my budget?'

Mr QUIRKE: I thank the Deputy Premier for his advice and thoughts about the Institute of Teachers. Would he like to go further and name individuals?

The Hon. S.J. Baker: They got lost in the socialist 1970s and they seem to struggle with the idea that they have to be able to represent their members properly.

Mr Quirke interjecting:

The Hon. S.J. Baker: They struggle with the understanding that they have to represent their members to the best of their ability, rather than the stupid antics in which they are involved at the moment.

Membership:

Ms Stevens substituted for Mr Clarke.

Mr QUIRKE: Regarding 'Economic Advice' (page 76), the forecasts on which this budget is based, table 3.1 in the Financial Statement, show economic growth running at 3.25 per cent for the nation in 1996-97, but only 2.75 per cent in South Australia. For the out years—1997-98 and 1998-99—the projections for GSP are 3 per cent in each year compared with 3.5 per cent nationally. The Reserve Bank Governor has said that the growth of 4 per cent is possible for the remainder of the decade. What is the reason for the continuing disparity between South Australia's growth rate and that of the rest of the nation?

The Hon. S.J. Baker: First, South Australia has an innate capacity to perform above the rest of the nation, but that is only when the economy is restructured in the way that the current Government is approaching the task. In the short term—leaving aside cyclical variations, because of our lack of population growth, which is understood by everyone—we do not believe it is appropriate for us to forecast a level of growth equivalent to or greater than the national average. There are a number of contributors to economic growth, and a very important indicator is population growth.

The Premier has made statements about that matter, and we must turn the economy around and become a smart State with higher levels of income because of our capacity to perform higher levels of product delivery or technological excellence. We have some really good bright spots but fundamentally we are missing out on one dynamic, which happens to be population growth. I believe that we have to be realistic and conservative about our views on the future when talking about financial matters. There is a view abroad that we will do much better than the figures indicate and at that stage I will say, 'We have done it again. We have exceeded our estimates.' If that occurs, I will be delighted. This Government has hit its targets and it has improved upon the targets that it set by not overstating what it intended to achieve.

In the same way, there will be cyclical variations. If a pick-up in housing coincides with a good rural season and a strong export performance, there is no doubt that over a few years we might exceed the national average. However, in the medium term, without a population dynamic in the economy, we cannot perceive that we will reach the national average. In the long term, we have enormous capacity to be better than the national average if we look at some other examples of where key industries can be located in the State with high income yields resulting from that endeavour. We know that the Government is concentrating on some of those industries.

In answer to the honourable member's question, we have a positive view of the State's future. In the shorter term, we do not believe it is appropriate to forecast a higher level of growth than that of the nation simply because we do not have the numbers.

Mr CONDOUS: My question relates to the reference on page 81 of the Program Estimates, 'Economic advice'. In light of last week's events, how would the Government manage the potential cuts arising from the Commonwealth's \$8 billion targeted deficit reduction program?

The Hon. S.J. Baker: With some difficulty! I should like to reflect on the outcome of the Premiers' Conference, although I know that every media outlet in Australia has already done so, because it was a quite extraordinary turn of events. The Prime Minister obviously has a determination to eliminate the underlying deficit to his budget. I remind everyone that, despite the very positive growth that has taken place, it is a sign of the total ineptitude of the former Federal Labor Government that it could not operate a surplus budget under such conducive conditions. Any economist would draw the conclusion that, if you believe a little bit in Keynes and other theories about boosting the economy during a downturn, you must also believe that, when times are better, you reduce that exposure.

The former Federal Labor Government spent, spent, spent over the 13 years it was in power. It continued to cut the States while it continued to increase its own revenue. The new Federal Liberal Government has been left with the dilemma of how to solve that. If we cannot produce a balanced budget with growth rates of more than 3 per cent, this nation has no future, and we can all reflect again on the issue of the savings of the nation.

The Federal Liberal Government has made it quite clear that it will eliminate the underlying deficit over the next two years—in round terms, that is an \$8 billion task, give or take \$1 billion—and pay for the promises that were made. Although there are some positive signs on the revenue side of the budget ledger, which may reduce that \$8 billion, there is also a commitment by the Federal Government to have some of its reforms put in place. We can say that the total cost is about \$8 billion.

The Federal Treasurer made it quite clear to the Premiers' Conference that about 20 per cent of the budget relates to the assistance provided to the States and, therefore, 20 per cent of the burden should remain, in cost-cutting terms, with the States. That was an unacceptable position, which would have meant a bill in round terms of \$2 billion to be shared among the States.

At the Premiers' Conference, a deep division occurred over the means by which the Federal Government intends to achieve its ends. The original bid was to apply sales tax across the whole of Government, including local government. From that initiative, the Federal Government estimated that it would receive increased revenue of \$1.7 billion in round terms, about \$500 million of which would come from local government. The offset offered by the Federal Government was that, since the States would lose this concession, it would allow us to tax the Federal Government. However, it refused to change section 114 of the Constitution to allow us to tax the dirt on which its buildings are sited, which was a significant area that the Commonwealth sought to excise from any taxation by the States.

As a matter of principle, we do not believe that there should be taxation warfare, and we do not believe that it is appropriate to enter into an enormously bureaucratic and

highly expensive contest about who could tax whom the most. The other issue is that it would be in the system forever and a day. In other words, that \$1.2 billion (or \$700 million in round terms after all the taxes were netted out) would be the net revenue base, increasing year by year to the long-term detriment of the States.

I put on the record that not only has the Federal Government cheated the States very shabbily over a long time, but we took great exception to the State paying to the order of 20 per cent of the \$8 billion bill to get the Federal Government back on track. However, there was some acceptance of the fact that the States did have to play a part in the process simply because they were a recipient of some of the moneys being expended by the Commonwealth. We were realistic enough to know we were going to pay some very large bills. We did not accept the size of those bills, nor, importantly, do we accept the continuity of those bills.

One of the important features of the agreement reached is that for 2½ years the Federal Government will have certain sums of money available to it as a result of the States sending a cheque back to Canberra. In round terms \$619 million will have to be paid by all the States in 1996-97. That will be distributed among the States on a per capita basis, and our share is about \$50 million. The same sum (with escalators) will prevail in 1997-98, and in 1998-99 the sum will be approximately half of that, our share at that stage being some \$26 million.

If we took a line from what the Prime Minister said, and with the SPPs to the States being a maximum of 3 per cent, we would expect the maximum loss to the States to be of the order of \$33 million. As far as the SPPs are concerned, we have already said we will not make up the shortfall in those areas. We do not regard that \$33 million as an area for which in any way we have to provide, but we will know the detail of that in August. In terms of the \$50 million shortfall, or the \$50 million that the State has to find and pay to Canberra, the Prime Minister agreed that there would be a flexibility in arrangements, given that it is a Federal problem. It is a Federal problem that should have been addressed by the Keating Government—it is now left to the Howard Government. The first area of scrutiny for change will be areas of current Federal responsibility, including the SPPs. We would particularly aim at any cost cutting in the Federal arena that related to the SPPs.

In terms of where we go beyond that point, obviously we are looking at the options. New South Wales has decided to increase its taxation base. It has looked across at our provisions because it has amalgamated superannuation with the payroll tax stream. It is looking at land tax and stamp duty on motor vehicles as two other revenue raising areas. We are looking at all the options whilst maintaining the budget integrity. As I said previously, once we have scrutinised every possible opportunity, we will make a public announcement on how the whole thing will be managed. The last problem with which I want to be faced is to make a change now in some form or other and then face another change in August. I thank the Prime Minister for giving us a general order of magnitude, at least, in terms of the change to the SPPs. Therefore, I believe that probably we could manage the whole process sooner rather than later.

Mr CONDOUS: Again on page 82 of the Program Estimates, 'Reform of State enterprises', what is the State Government doing to guarantee that South Australia receives the national competition policy compensation payments?

The Hon. S.J. Baker: The issue of competition is one on which we have spent a considerable amount of time debating at the Federal level. We have tried to understand, from the Commonwealth's point of view, where it perceives competition should take the States, in fact all instrumentalities. I reflect at this time on the fact that the Federal Government has done nothing to repair its own ship. One of the issues that really makes me irate with the Federal Government is the fact that it has monopolistic enterprises under its jurisdictions to which it has made no changes. I put on the record that I hate the fact that over a long period no conceivable reform has occurred in the wharves area where monopolistic practices prevail. Certainly, the former Labor Government said, 'Well, that is an aberration.'

The rest of the world views us with a great degree of disdain. At the point of entry to Australia we have the worst practices compared with anywhere else in the world, and I have seen no signal yet from the Federal Liberal Government that that will change. In the transport area we have some of the worst practices and some of the greatest incapacity to perform, whether it involve rail or other areas. We have problems relating to freeing up the airlines system to make it a truly competitive system.

If one were to ask what the States have done, the answer would be that they have done a lot in the past two years and they are meeting the letter of the agreements of COAG to an extent that no-one would have believed possible when the process started in 1992. The Federal Government consistently has refused to look at itself in the way that it addresses competition, but we are doing an enormous amount. In many areas we are leaders among our peers, in terms of the reforms that have taken place, and I will list a few of them for the Committee's edification. As members would be well aware, the State Competition Policy Reform Bill has been a major initiative by the Government, and that is expected to become law on 20 July this year. We will have a competition commissioner who will oversee the performance of our various entities in this State. That is the pricing oversight that was part of the agreed determination on national competition.

A competitive neutrality policy statement for local government has been prepared in consultation with that sector of the Government. All major Government businesses have been subject to the tax equivalent regime, which is an important component of any one of the changes. We have to fully cost for Government so that we can assess whether it is competitive and efficient in its operation, and that has been a major step forward. Those tax equivalents applied from July of last year. The three major entities of ETSA, SA Water and Ports have been corporatised to assist in the process of having transparent operations, and an enormous number of changes have taken place within those organisations. The Government will issue a timetable for review of all legislation that restricts competition. All the hard work has been done on that: all the Acts have been scrutinised. Some Acts are more fundamental than others and they will be part of an early reform process. Other Acts can be picked up as we go along. But certainly, in keeping with our commitment to the Commonwealth, we are reviewing all our legislation to remove those elements that are deemed to be anticompetitive.

In relation to the electricity industry, the Government recently announced the structural separation of the generation of business of the ETSA Corporation. Reflecting on the Labor Opposition—having done, when in Government, all the damage it has done to this State—and on the performance of the former Federal Labor Government—having done all

the damage it has done at the Federal level—I would have thought it was about time it grew up and understood that separation of ETSA generation is part and parcel of any competitive activity. It is fundamental, if you like, to the competition policy. It is fundamental to the agreements reached at COAG. There seems to be this paranoia about the sale of an asset. It has nothing to do with the sale of an asset. It is just the stupidity of the Labor Opposition that puts at risk competition payments for this State. It is about time it grew up and understood that, while we are saying to the Federal Government, 'We will be as competitive as anyone, in fact better than everyone', we have a lunatic Opposition in this State saying we cannot, because it does not want us to be. It is about time that the Leader of the Opposition listened to a little bit of sense on this issue and understood the extent to which the commitment is being made. It was not ETSA's best—

Mr Quirke interjecting:

The Hon. S.J. Baker: I know, but the last call I had was that you were putting it off until July, so I am saying that there has been extreme reluctance on behalf of members of the Labor Opposition to grow up. Having damaged this State to the extraordinary extent they have, I would have thought that we would have some cooperation on such a fundamental issue. Perhaps they can reflect upon their performance and allow us to be the most competitive State in Australia and not to be retarded. In terms of the gas industry, we are making changes to access codes, and the legislation for that is being finalised, as are the codes. In the water industry, legislation is being developed to provide for water allocations to the environment and to enable water resources charges to be levied. So, we are making the processes of Government transparent.

Obviously, with a Competition Commissioner in place there will need to be a determination on behalf of all our entities to be as competitive as possible, because I am sure the Competition Commissioner will not wish to see taxpayers paying a very high price for what is a monopolistic practice. A whole range of other very important changes are taking place. With all the effort we are putting into competition in this State, I hope that we will see some dramatic statements by the Federal Government on meeting its responsibilities on a whole range of fronts where there has been little or no effort. Certainly, when former Prime Minister Keating was tackled on this issue he said, 'You have to do as I say and not as I do.' I do not believe that is appropriate. I understand that the Federal Liberal Government will embrace reform: it must happen sooner rather than later.

Ms STEVENS: I would like to return to the issue of specific purpose payments from the Commonwealth, page 120 of the Estimates of Receipts and Payments. I was interested to hear the Treasurer's comments in answer to my colleague (Mr Quirke) in relation to the health budget. The Treasurer said that the Commonwealth had understood the issues in relation to health in the States and, therefore, he intimated that there was a go-easy approach with health, or something along those lines. Will the Treasurer clarify that? In the *Weekend Australian* of last weekend the paper summarised the main points that came out of last week's agreements. In particular, it states:

Mr Howard has said that specific purpose payments for schools would not be cut, but has indicated hospitals and roads will be hit.

I would like some further clarification from the Treasurer in relation to this issue and the health budget.

The Hon. S.J. Baker: I was at the table when the Prime Minister talked about the general direction of the SPPs. At the time, the Prime Minister said that education (particularly schools) was not going to be the subject of reduction in SPP support. He said that he would have thought that the general maximum through all the SPPs would be of the order of 3 per cent. He further stated that there was a general understanding of the pressures in the health area and that that was not going to be subject to some serious cuts.

Obviously, we will know more; it may well be that when the budget figures come down his best endeavours are not met in those areas. Significant changes are taking place in the levels of responsibility, and Health Ministers around Australia are meeting with the Federal Government in terms of saying, 'We at State level can deliver services very efficiently; we are sick and tired of the bureaucratic overload by the Federal Government.' It could well be that in the transfer of responsibilities there is not full cost transfer. However, there could be some large portion of that transfer, on the basis that some efficiency must be built into the transfer back to the States, by saying, 'We can do it more efficiently than the Commonwealth.'

But the Prime Minister was not forthcoming. If he had been forthcoming on other than education, we would have gone through every SPP and said, 'What about this?' We would have loved to do that, but I think the Federal Government thought it should have some budget discretion left. My best guess on this is really based on what the Prime Minister alluded to: nothing more and nothing less than that. The Prime Minister was sympathetic to the States in terms of the pressures faced under their existing commitments, and he is well aware of the pressures brought on by the reduction in the number of people with private health benefits, for example, which are increasing the number of people going into the hospital system. There is an awareness of those factors. He did not say that they would escape cuts to the SPPs, but I think he generally understood that there is an enormous amount of pressure in the health sector.

Mr QUIRKE: In relation to program 3, 'Reform of State enterprises' on page 76, the program description on page 82 identifies an objective for 1996-97 to 'continue regulation and monitoring of the friendly society sector to ensure prudential financial management'. I presume that the Treasurer has some reservations about the State Government's current arrangements for prudential supervision of friendly societies. Are you to make a submission to the Wallis inquiry on financial regulation, asking for the prudential supervision of all financial institutions to be brought under a properly resourced and competent Federal umbrella?

The Hon. S.J. Baker: In terms of prudential financial supervision, we expected that this would be part of the package. Going back in time, although I cannot give the actual dates when these things were considered, agreement was reached that the States should operate under legislation that would be fostered in one State in relation to those areas of financial institutions that were not under the supervision of the Reserve Bank. In terms of the changes that were envisaged at the time this was originally discussed, it was presumed that credit unions, building societies and friendly societies would all come under some supervisory regime.

Because of the complication with friendly societies, it was in the Queensland legislation—which has passed the Parliament—that the building societies and the credit unions were brought under quite a fierce regulatory regime, and there is some suggestion that there could be some significant

changes in that area that would not diminish the responsibility of the credit unions and the building societies to perform in a regulated market and to meet their solvency and other criteria. As I said, the friendly societies were not included, because of the level of complication, as friendly societies take in a whole range of services beyond investment operations. So, the friendly societies were left out.

We have bolstered our own legislation, as the member for Playford would well recognise. This year we have put changes through Parliament requiring better reporting practices and a whole range of changes which we believe will be in the best interests of the industry in the longer term. We have made it quite clear that this is an interim step. We have asked the Commonwealth to get its act together and the States to get together to sort out the issue of prudential supervision of the friendly societies.

I understand that national friendly societies legislation is now being drafted in Victoria: Queensland did the credit unions and the building societies, and Victoria is now doing the friendly societies. At this stage it is expected to come into effect on 1 January 1997, so we will have prudential supervision of friendly societies, we presume, through this legislation. This is long overdue, and I am not happy that the Federal Government has not been a major motivator and pusher to achieve best practice in this part of the financial industry.

In terms of whether Wallis, Phillip Campbell or anyone else is interested in changes on the broader front, it is up to the industry to make representations to the Federal Government or any committee that it sets up. We have had a number of inquiries over a long period on the performance of various parts of the financial industry. As far as this State is concerned, I have a personal point of view about what I believe is adequate supervision of the industry. At this stage, though, our prime responsibility is for the supervision of friendly societies in South Australia. We take that responsibility very seriously, and I believe we have continued to upgrade reporting procedures in this State to the benefit of everyone concerned. We will be happy to accept the Victorian legislation later this year (I assume), provided that it is appropriate.

In terms of the supervision of the whole industry, that is a Federal issue and it should be undertaken at that level. As to whether or not we will make submissions, at this stage I have no intention of making a decision. However, if matters of importance arise for South Australian friendly societies, I will be more than happy to make representations to whichever body is responsible. In summary, I am not in a hurry to make a submission. However, if there are matters of importance, I will be more than prepared to make representations to Canberra. If I think that the direction that has been taken or the lack of intellectual discipline that prevails will affect friendly societies in this State, I will take whatever action is needed.

Mr QUIRKE: Has the Government considered the structural separation of SAFA from Treasury and, if so, what were the conclusions in relation to that review?

The Hon. S.J. Baker: The member for Playford would realise that this matter has been under discussion for some time. It was a matter of conjecture when we were in Opposition, and it is a matter that we have looked at seriously since we attained Government. There are three different treatments, or a combination of those three, that can be applied. The first is that it is contained within Government; the second is that it is separated from Government wholly and operates under its own corporate structure and is independent of

Government; and the third is that we contract out the whole money management function.

They are the three models that have been looked at and looked at the very seriously to work out where we get most benefit. We have reviewed it. We have looked at the strengths and weaknesses of the three propositions, or combinations thereof, and where we could outsource perhaps part of the functions. We have looked at them, and we have strenuously addressed each of the issues before us. We believe that there is a great deal of strength in the current arrangement, so that is where we finished on that issue. At the same time, we are putting through and have put through some very significant reforms in respect of the operations of SAFA.

Mr QUIRKE: I refer to program 5, 'Management of State Government borrowing and investments activities' on page 76. The program description on page 84 refers to an objective in 1995-96 of reducing SAFA's capital base to \$500 million. Has that target been achieved?

The Hon. S.J. Baker: I have signed off to that effect. I have approved a reduction in the capital base from \$679 million to \$500 million. That is not as low as the Audit Commission recommended, as the member for Playford would recognise. The Audit Commission suggested that the level of reserves be as low as \$150 million, but we reviewed the decisions and believe that \$500 million is an appropriate amount to be held in that form.

Mr QUIRKE: This is a topic I am sure will be a bit closer to the Deputy Premier's heart: he will be thinking very strongly about this in 20 minutes. The Australian *Financial Review* recently broke a story revealing a major State and Federal tax evasion scam using counterfeit Winfield blue cigarettes manufactured in China and smuggled into Australia in large quantities in shipping containers hidden behind legitimate cargo such as T-shirts. The revenue losses resulting from the sale of these low quality cigarettes on the black market are estimated by the cigarette companies, Federal and other State taxation authorities to be tens of millions of dollars. Have South Australian taxation authorities detected the sale of any counterfeit brand names at this stage? What action has the State taxation office taken to ensure that this scam is not operating in South Australia?

The Hon. S.J. Baker: I am told that they taste rotten: as soon as people taste them they do not want them. Therefore, I think that you will see market forces at work—a total rejection of the product and we will not have a problem. In terms of this tobacco, we do not have any evidence of its surfacing in South Australia, according to the last briefing that I had. That is still the situation. We do not have any brumby packets of Winfield, Rothmans or whatever.

Mr QUIRKE: You do not have any?

The Hon. S.J. Baker: I have not been able to find any, and neither have my very diligent officers from the taxation office. I think that the changes that we have made in this State and the much stronger relationships which have developed between the various jurisdictions concerning the illegal sale of tobacco have improved quite dramatically our capacity to retain our revenue base. There is considerable liaison between the various jurisdictions, particularly New South Wales, Victoria and South Australia, on the changes that are taking place, what the latest scam is and who is illicitly transferring product across the border and back again. There are a whole range of on-shore and off-shore schemes that are or have been tried on various occasions.

Concerning the success that we have had, we were not pleased with the fact that we looked like having a consider-

able budget shortfall in terms of tobacco revenue, which at one stage looked like being of the order of \$20 million. As a result of the diligence of my officers in the taxation office, and the intelligence that now operates in this area, we have been able to turn that around and the budget estimate may be a little higher. We expect the budget outcome on the revenue side for tobacco to be higher than we first envisaged when we put the budget together. So we have come from a situation of some depression on the capacity of the budget and the revenue we receive in the budget to a point where we are more than satisfied that most people are complying.

One or two companies have had notices placed upon them, so we are ensuring that their responsibilities in terms of taxation are met. At the same time, there are constant discussions and liaison between the various States as to which schemes are operating. We have been informed of the New South Wales' scheme. We have not had any evidence of counterfeit Rothmans cigarettes surfacing in South Australia. So, unless people are silly enough to keep buying them and getting sore throats and having a bad time, I suspect they will not last very long in the marketplace. However, the principle is that, if they are able to get some of this rubbish through our customs system, they can only get better at producing the product. Therefore, if we can use this example to improve our surveillance across Australia, we will be in a better position when they actually produce a product worth smoking for smokers.

Mr BASS: I refer to page 83 of the Program Estimates regarding advice on public sector debt and assets. What progress has been achieved in the development of the State asset register?

The Hon. S.J. Baker: The Opposition has made quite a legitimate complaint over a period of time that it no longer sees an insertion in the budget that deals with the assets of the State. I will reflect upon that. Early in our term in government we said that we would understand what assets we owned, achieve proper valuations of those assets and have a proper asset management process in place; and we are moving successfully on all fronts. We have been endeavouring to place all items of significance on the State asset register. The asset register currently records some 115 000 assets, with a value of approximately \$28 million. Continual work needs to be done in valuation: it is not something of which you can take a snapshot at any point in time and say you are satisfied with the result. Asset management is an ongoing process to ensure that you are using your funds effectively. If the asset is not performing, you should quit the asset.

I have previously made statements to this House about asset management, on whether we get value for the dollars we spend and all those issues in the total framework of making Government more efficient and effective. Significant changes are taking place, and progress is being made with the asset register. We would like it to be a little faster, but it is certainly reaching a point where, as of 30 June this year, we will be able to provide for the member for Playford, the Leader of the Opposition and whomever wants it with a reasonably comprehensive and sound figure for the assets of Government. It will be the first time in the history of the State that that has ever been achieved. Under the former Government we saw some fanciful figures inserted in previous budgets. We decided that we would clean up our act; we decided that we would have a proper register, proper valuations and proper management. All those things are in train, and the member for Playford will be delighted to know

that at this stage we are up to \$28 million on the asset register.

Mr QUIRKE: South Australia's budget documents remain well below the standard, at least by comparison with the Commonwealth documents. Does the Treasurer intend to make any improvements to the budget papers, in particular, those which I will cite so that he may make a considered response? They are: three year forward estimates of outlays by function, portfolio and program; three year forward estimates of revenue by type; an outlay measures table including expected costs or savings resulting from each measure in all three out years; a revenue measures table, including the increase or decrease in receipts resulting from each measure in all three out years; a reconciliation table showing variations between the last forward estimate and the budget for the budgeted year as a result of parameter and other variations; and policy decisions by portfolio and function?

The Hon. S.J. Baker: The last one we have already done, so we get a tick for that. It is not my intention to provide that level of detail regarding that long list. Obviously, in our budget process we look at the capacity of the budget both from the revenue side and from the expenditure pressure side to make sure that we can actually hit the targets we have laid down. That process will continue to be refined. My quick answer is 'No.' I am happy to reflect upon the honourable member's question a little longer and determine what added advantage could be obtained from this information. It locks the Government in to a considerable extent—to the point of being inflexible about how Government should spend its money. I do not think that is appropriate, although the member for Playford may argue that there is a great deal more certainty in the process.

In terms of best practice for budget papers, South Australia's budget papers are regarded by most financial commentators as being the best in Australia. They provide the most amount of information under accounting practices that are far more defensible than those provided by any other State in Australia. We provide more information in these budget documents than does any State in Australia. I cannot think of anything the Commonwealth has ever done that provides a good lesson to the States, quite frankly. Our budget documents get a tick from financial commentators and economists as being probably the most transparent of those anywhere in Australia. We provide all the figures; they are there for anyone to analyse in a form that is better than that which anybody else produces. Therefore, I do not foresee any significant reforms to current practices, but I am willing to look at the honourable member's question.

Mr QUIRKE: In conformity with the relevant Australian Bureau of Statistics classification, will the Government adopt an accounting policy of publishing net debt figures in real terms on a comparable basis over time—both historically and projections—without removing critical components such as the proceeds of asset sales and special Commonwealth assistance?

The Hon. S.J. Baker: I think we are probably in front of everybody here. Anyone who wants to look at the ABS definitions and the ABS booklets can see that South Australia is creating wonderful surpluses. That is not the story we want to tell because it is incorrect. We have consistently talked about the underlying position of the budget. The ABS, under certain definitions, gives a very positive view of the budget situation in South Australia because it does include the revenue from asset sales. I would refer the honourable

member to table 2.2 of the Financial Statement. It is quite clear that we have everything there that the honourable member requires: we show net debt including asset sales; net debt excluding asset sales; net debt plus unfunded superannuation, including asset sales and excluding asset sales; and net debt as a percentage of GSP. What more could the honourable member want?

Mrs HALL: Will the Government achieve its original net debt target of \$6.577 billion by 30 June 1998 and, if so, what will be the major strategies to have contributed to the net debt reduction?

The Hon. S.J. Baker: I hope all South Australians know by now—we have said it often enough—that our net debt position will be better than we forecast at the beginning of the budget process as far as the new Government was concerned. In the May 1994 statement we said quite clearly we would reach a target. That target was \$1 billion below that which the previous Government laid down as part of its strategy in containing debt. We did not believe that was appropriate.

The original net debt target was \$6 577 million by 30 June 1998, and that was in June 1993 dollars. We set that target \$1 billion below the target that had been set up to 1997 by the former Government. In terms of our estimate in June 1996 dollars, \$6 926 million is our expected outcome as at 30 June 1998. If we translate that into 1993 dollars, which is the real dollars as we made quite clear at the time, at this stage we are travelling \$200 million better than we perceived we would be in the May 1994 statement.

So, there has been a significant improvement in the financial situation of the State, simply by the Government doing two things: first, by selling the assets and maximising the value of those assets that were not core assets to the State; and, secondly, by reducing underlying drag on the debt caused by budget deficit to the extent that we are now wiping off the \$350 million underlying deficit. A combination of the two has meant that this State is in a healthier situation than when we came into government, and quite considerably so.

[Sitting suspended from 12.59 to 2 p.m.]

Mr QUIRKE: Will the Treasurer advise the likely size of the profit of the South Australian Asset Management Corporation for this year?

The Hon. S.J. Baker: SAAMC has performed extremely well, and I congratulate the board and Wayne Horne on their efforts in difficult circumstances to wind down the bad bank through the auspices of SAAMC. The financial result for 1995-96 is not available. In the 11 months to May, the results have indicated that SAAMC will exceed its budgeted profit of \$20 million by a significant amount.

There are two additions to SAAMC in terms of potential for downgrading the profit; the first is that the State Bank litigation is now being funded through SAAMC which cleanses the process compared with having the process being run from within the Government. The bills are now being paid by SAAMC and considerable money has already been spent on that; \$7 million will be set off against its accounts in 1995-96 and \$5 million in 1996-97. The other offset may well be the wind down of the ASER deal. In terms of ultimate profit, SAAMC has done exceptionally well. On its trading performance alone it will exceed budget by a considerable sum, although I cannot give the honourable member details of the final profit.

Mr QUIRKE: Is it correct that the ASER arrangements are actually in the hands of both SAAMC and the Asset Management Task Force?

The Hon. S.J. Baker: Yes. Having bought out the Southern Cross holding, SAAMC was a residual shareholder of the ASER investment. In terms of how we quit the ASER property in the longer term, the management of that process has been delegated to the Asset Management Task Force, which will be responsible for the collapsing of structures, establishing proper board arrangements and improving the asset performance on all fronts.

Mr QUIRKE: In terms of the ASER project, there are constituent elements such as the Hyatt Hotel. Is the hotel now paying its rent, or does it continue to fall further behind; if so, by how much?

The Hon. S.J. Baker: The expectations on the Hyatt were greater than the final performance indicated, and that will be a matter of discussion. My understanding is that the through-put of the Hyatt Hotel—the number of guests—is around expectations, but work must be done on the total returns that can accrue from the Hyatt, and that will also be a matter of discussion. As I said, all parts of the ASER complex are under intense scrutiny to improve performance and achieve a better bottom line, given that the performance of the whole investment is dependent on each component part and each component part has to perform to its maximum.

Mr QUIRKE: As I understand it, 333 Collins Street is also controlled by both entities. What is happening with that property? I understand that it is being prepared for sale. I again raise the issue I have raised every other year about whether or not this is the appropriate real estate market in which to be selling the building.

The Hon. S.J. Baker: The honourable member is quite correct. The properties at 333 Collins Street and 91 King William Street were transferred from SAAMC to AMTF on 1 December 1995. The property at 333 Collins Street is a leftover from the SGIC debacle, and 91 King William Street is a leftover from the State Bank debacle. In terms of the potential to sell 333 Collins Street, there is good news: the market is still positive in Melbourne and, more importantly, the leasing arrangements are much stronger than they were when we came into Government. As a result of an active campaign to lease the building, the property is now 76 per cent leased compared with 33 per cent when we came into government, and current negotiations are expected to take the occupancy to 80 per cent. We now have a viable building and, therefore, we can maximise our values.

Mr BASS: Further to your answer to the member for Playford, you referred to \$7 million in 1995-96 and \$5 million in 1996-97: what funding arrangements have been put in place in respect of the bank litigation?

The Hon. S.J. Baker: Previously they were part of the consolidated account because Crown Law was deemed to be the responsible party to pursue the State's interest. The value of any clawback from litigation—and we hope that there is considerable clawback from litigation—will be put to the debt line. Believing it was appropriate that there should be a switch in the funding arrangements, we transferred the responsibility for funding of litigation to the South Australian Asset Management Corporation, which should give it a big bottom line—one would hope—and enhance the success that has already been achieved.

Given our best estimates of the bank litigation costs, the sum of \$7 million will be spent during this financial year and \$5 million in 1996-97; we believe that there will be a

significant dividend on that investment and we will be pursuing that with all vigour—as we have done already. Forward estimates anticipate payments from SAAMC of \$100 million in 1996-97 and \$50 million in 1997-98. We believe that they are achievable, and they do not include any income or revenue derived from litigation.

Mr BASS: I refer to page 84 of the Program Estimates, 'Management of State Government borrowing and investment activities'. What action has the Department of Treasury and Finance—SAFA—taken in response to the review of debt management issues by the Auditor-General in his 1994-95 report?

The Hon. S.J. Baker: We have taken on board the comments of the Auditor-General and we have put the spotlight onto the management of SAFA. There are some pleasing aspects of SAFA but other areas, quite rightly, should have been addressed. They have all been reworked. One of the key initiatives has been to review the liability benchmark and guidelines under which SAFA manages the debt for the Treasurer of South Australia. A review has been conducted by two different entities, namely, Macquarie and Bankers Trust, together with a steering committee established by the SAFA advisory board. New benchmark and operating guidelines will apply from 1 July 1996.

There has not been a lot of change in terms of the operations of SAFA but attention has been focused on it. In 1993, to the great distress of all, SAFA went very short in the market. We have satisfied ourselves on what we believe is a marketplace position, and that is not to take a short-term place in the market for gain that could be illusory. In terms of the new systems being developed to manage SAFA, a lot of effort has been put into IT components, because some of the work was being done on pieces of paper rather than by computer process. A lot of finetuning has taken place. New personnel have been introduced into SAFA and we believe that we are now getting a highly professional organisation.

I must say that SAFA has been a very credible organisation since its infancy under the former Government. While I criticised the fact that it was used as a money tree by the former Government, it has a high level of credibility in national and international markets and is regarded as a professional operator in those markets. It has some very skilled operators, and that has been to the great benefit of the State. The standing of SAFA has never been an issue, but, picking up from the Auditor-General's comments and looking at the component parts of the SAFA operations, there has been certain finetuning. Its new General Manager has been leading the reform process. As the manager of the State's liability management policy, SAFA has undergone significant change in the past 12 months. We are aiming for it to be the best operator in Australia, and we are moving in that direction. Some of the systems that we are introducing are absent from most other Treasury, corporation or like operations.

Mr QUIRKE: Given the movement of the South Australian Asset Management Corporation under the jurisdiction of SAFA, how has the role of the SAAMC board changed? Is the Treasurer satisfied that no-one serving on that board has a conflict of interest arising from previous employment or for any other reason?

The Hon. S.J. Baker: That is a very broad question. The South Australian Asset Management Corporation still has responsibility for the winding down of the assets and liabilities that were left as a result of the State Bank failure. There has been some terrific improvement on a number of

fronts. In terms of the situation with the balance sheet today, I will provide some figures that will give the honourable member a clear indication of what has been achieved. Total assets have come down from \$8 billion to \$3 billion in a very short space of time and there were some \$5 billion-odd worth of Treasury operations in that, that is, borrowings. Some of those borrowings have a very long tail and go well into the next century. Those operations are being transferred to Treasury. My department will actually manage that portfolio of borrowings so that, when SAAMC finishes its operations, we will have an ongoing management role to ensure that they are wound into the book of SAFA in a professional fashion.

In terms of the honourable member's question about conflicts, I am not aware of any conflicts but, if he has any information, I would be pleased to look at it.

Membership:

Mr Foley substituted for Ms Stevens.

Additional Departmental Advisers:

Mr A.A. Cox, Executive Director.

Mr R.C. Christie, General Manager, State Superannuation Office.

Mr R.T. Smith, Investment Manager, Superannuation Funds Management Corporation.

Mr QUIRKE: Given the Treasurer's recent announcement to Parliament of a write down of ASER by \$90 million as at 30 June 1996, what provision has the Government made for any increased superannuation liability that will result from such a write down?

The Hon. S.J. Baker: The major cost of the write down has been on the long-term liabilities faced by the State Government. In round terms, \$68 million will be added to the long-term liability of the fund. That \$68 million, out of a total sum of future liabilities of \$4.2 or \$4.3 billion, should not cause us management difficulty, given the relative size of the sum that we are talking about. There is a further sum of \$4.3 million where members' funds would be at risk, and the Government is currently discussing that matter with the Superannuation Funds Management Corporation.

Mr QUIRKE: Does the Government propose any further changes to the current Superannuation Act that will impact financially upon the benefit entitlements of contributors and, in particular, the Government's future liability for funding of superannuation entitlements? Are there any further changes in the various superannuation schemes?

The Hon. S.J. Baker: I do not envisage that we will initiate any changes at this stage. We have made those changes; we have made those hard decisions. Whilst it was difficult at the time, we closed off the lump sum scheme and introduced the SSS scheme, which is basically funded by contributors without the Government putting in any money, although it guarantees a certain level of return, and it has been quite successful. I understand the SSS scheme now has 2 000 people signed up. It has been highly successful. It did cause some drama at the time. We believe that, because the Government is not putting extra money into these schemes and the liabilities of the other schemes, the lump sum and the pension schemes are fairly well defined. We have a program in train for the next 30 years to wind out that liability. It is clear and straightforward, and it achieves what is required.

We have the superannuation guarantee, which is being funded by Government. The only caveat on my response is that I am not sure what the Federal Government will do on

the superannuation front. It has suggested that, to improve the savings of Australians, there should be more effort by people to provide for themselves rather than the employer putting money into the superannuation guarantee. Until we see any detail, if detail is forthcoming, I would say that it is business as usual.

Mr QUIRKE: As a supplementary question, what changes were made to the judiciary's superannuation scheme?

The Hon. S.J. Baker: Not a lot.

Mr QUIRKE: I seem to remember that changes were made to the schemes of politicians and various public sector workers and promises were made to the effect that judges' superannuation would also be fixed up in the Audit Commission. However, I have not seen too much of that. I hasten to add that I have no matters before the court.

The Hon. S.J. Baker: Certainly some discussions have taken place. I am not sure that the judges are anxious to contribute. A review is being undertaken currently. Some real anomalies exist with the current scheme relating to the age of lawyers, QCs, or whoever they may be in the legal fraternity. When a judicial appointment is made, consideration is given to the relationship between the age at which they are appointed and the compulsory retirement age of 70. I know there is some dissatisfaction with the scheme. We have a capacity to provide judges to other jurisdictions, but that is limited because of the inflexibility of the scheme. That is being looked at. As I say, some anomalies arise in terms of the age of first appointment and when people should quit the judiciary. I understand that that is being looked at, but I am not aware of any changes, as such, being on the table.

Mr QUIRKE: Can I suggest that the Treasurer apply the same vigorous determinations to them as he did to us and a few other people around town?

The Hon. S.J. Baker: That is taken on board.

Mr QUIRKE: What is the approximate value of investments during 1995-96 that are under the control of the SFMC?

The Hon. S.J. Baker: It currently has \$2 billion under management.

Mr CONDOUS: What actions has the SFMC Board initiated in its first 11 months?

The Hon. S.J. Baker: Again I wish to pay tribute in this area. We have had some very fine performances not only in my own area of Treasury but in a number of statutory authorities. I welcome the appointment of Helen Lynch as Chairman of SFMC. She has been a real motivator and mover in changing the nature of the way in which it operates. I also put on record the impact of the ASER development on the returns of the corporation.

In relation to the issue of returns, for the calendar year 1995 the return was 9.4 per cent. The return on the investment portfolio, excluding ASER, was 15.4 per cent. So, from being an organisation that trailed national performance, it has been right up there. For the six months to December, the return was 6.6 per cent. The difficulty has arisen because the ASER write-down reduced that return dramatically, so that the money about which we are talking (\$72 million) has had a dramatic impact on the return. The corporation still expects a positive return this financial year, albeit much lower than we would have liked.

In terms of investment strategies, a complete organisational restructuring has occurred. Asset specialist property fund managers are being scrutinised to provide high quality external advice. We have had an experienced executive

director in the form of Mr Alan Cox employed as an interim CEO. Mr Trevor Kennett, Manager, Investments, WorkCover, has been seconded to SFMC to assist in the readjustment of portfolios. We are currently in the process of selecting a new CEO for SFMC. The asset restructuring has been quite dramatic.

There has been an increase in weighting from 22 per cent to 32 per cent in equities and some increase in international equities from 12 per cent to 22 per cent. The restructuring of the asset portfolio has been at the expense of property. Property has not been a very strong performer; in fact, it has been quite negative on occasions, as we have seen, for example, with ASER. A reduction in property exposures in the book has occurred. SFMC has sold down its direct equity holdings and is reducing the weighting for this class of asset from 11 per cent to 3.5 per cent. A marked improvement in performance has occurred if we forget about ASER.

Mr CONDOUS: What is the Superannuation Fund Management Corporation's interest in AWA Defence Industries?

The Hon. S.J. Baker: We had a direct investment in AWA. Members again can reflect on the history of that investment. The superannuation fund was used as the investment vehicle or the support vehicle of Government. We have now quit that investment in AWA Defence Industries. It has been sold to British Aerospace Australia Limited, which is a wholly owned subsidiary of the UK defence contract of British Aerospace. The SFMC owned 30 per cent of AWADI, with AWA owning the balance of 69.3 per cent. The cash price of \$54 million of the total shareholding was agreed, and SFMC's share of that was \$16.2 million. We wish the new operation well and trust that it will continue to operate for the benefit of all South Australians. The business is trading well with an excellent order book and it is firmly established.

SFMC has quit its holding. As I said, it has reduced its direct equity involvement from over 11 per cent down to 3.5 per cent. This was one of the areas where we did not believe it was appropriate for superannuation funds of Government to be used as direct investment vehicles in the way in which they have in the past. We have had a very suitable outcome on this occasion.

The CHAIRMAN: There being no further questions on the superannuation section of the Treasurer's line, we will proceed to lotteries, the Casino and gaming.

Additional Departmental Advisers:

Mr R. Sexton, Chairman, Asset Management Task Force.

Mr I. Stone, Director, Restructuring and Strategy, Asset Management Task Force.

Mr J. Frearson, Managing Director, Adelaide Casino.

Ms June Roache, Chief Executive Officer, Lotteries Commission of South Australia.

Mr G. Button, Director, Administration and Finance, Lotteries Commission of South Australia.

Mr B. Pryor, Liquor Licensing Commissioner.

Mr QUIRKE: What assessment has the Treasurer made of the vulnerability of State revenues to potential changes in consumer preferences in terms of South Australians gambling in other jurisdictions using telecommunications, offshore or even on the Internet?

The Hon. S.J. Baker: This has been a matter of considerable debate at the national level as well as within each of the State jurisdictions I suspect, if any of my conversations about

the issue are any guide. In terms of the interstate risks, there have been agreements in place that we do not traverse each other's territory, and they work particularly well. That happens in lotteries, because we have a common pool, and it happens in the TAB to a large extent. It does not happen in bookmaking because I understand that there is a little bit of an endeavour up in the Northern Territory that is being frowned upon, but it is probably part of the free market process. But in terms of our lotteries and our TAB, in a broad sense the national market is fairly well settled and is subject to a range of agreements between the various jurisdictions, which they all believe are of common benefit. So, at this stage there is no conceivable threat to South Australia's revenue from a national source.

Changes are taking place internationally. They have been the subject of widespread discussion in respect of their type, their nature and particularly the money stream aspects of such relationships. It is possible to buy a gambling product on the Internet. One of the first products put into the marketplace was a casino, which operates out of the Caribbean. It is fair to say that we will see a dramatic increase in gaming product. Attempts will be made to bring it across our borders. We are having discussions with the Federal Government in terms of what restrictions if any can be put in place on instruments such as the Internet. But with the age of modern communications we cannot be ultimately totally successful in restricting people gambling with their money offshore.

To date, as I said, there has been a large amount of discussion. The Federal Government has yet to come to the party, and it plays quite a critical role in our defence of the fort, because it is the Federal Government that controls the telecommunications system. I noted, when we did a trial run on the Internet to see how good or bad it was and how easy to get into, that the level of development is still taking place, although at a pretty rapid rate. So, within two years we will have some highly developed products that are easily accessible. As far as I am concerned, it is now up to the Federal Government to lay down some rules that will make it very difficult for people to operate offshore.

One of the problems that people face offshore is that, unless they have a cash balance, which is a transfer of money out of Australia to back any wager on the system (whether it be lotteries or TAB), their chances of getting money out of a credit bidder are around zero. We will not see a lot of people streaming through Australia's doors saying, 'I want to collect this debt.' So, some natural barriers prevail at the moment. Some changes are taking place that are of great concern and we are liaising as a group, both on the TAB and lotteries front, to put up the best defence possible. As I said, the critical element in this is the extent to which the Federal Government needs to intervene and lay down some fairly strict rules, even though they will not meet every occasion.

Mr QUIRKE: An issue that I have raised on a number of occasions is the question of the FAC operations out at Parafield. I understand that most of the problems have been solved. Is this still the case with the new Federal Liberal Government? Will we see any enterprise built on the Parafield aerodrome or, for that matter, on any other piece of Commonwealth land out there, obeying the same rules as all those other pubs and clubs in the broader community in relation to the number of machines, the taxes on those machines and the hours of opening?

The Hon. S.J. Baker: At this stage I have not seen anything from the Federal Government that would seem to be at variance with the agreement that has been reached on

operating hours and the tax equivalents that will prevail. Liquor licensing is an issue that is not necessarily in the same boat, but we have not seen any changes in policy on that front. In relation to the taxation system, as we are now introducing a taxation system based on net gaming revenue, I understand that that change in taxation was being put to the operators and, I presume, FAC at the same time. I have not received feedback from the Liquor Licensing Commission that there has been a breakdown in any arrangement to date.

I would expect the same taxation regime to be in place as prevails in pubs and clubs throughout South Australia. That is not definitive, because I have not had discussions with the Liquor Licensing Commissioner to ascertain whether those discussions have been successful, but I presume they have.

Mr QUIRKE: Supplementary to that, one would presume that includes monitoring as well.

The Hon. S.J. Baker: Yes. It was a voluntary signatory to an arrangement with the IGC.

Mrs HALL: I refer to page 120, program 9, 'Lotteries and gaming' and, in particular, instant ticket vending machines. Given the trial of those machines from 1995, what plans, if any, are being made for their possible introduction?

The Hon. S.J. Baker: The last time this matter was subject to parliamentary debate it was made quite clear that instant vending machines were totally inappropriate in terms of lottery products unless they could be properly supervised. Concern was expressed in the Parliament at the time that, if we had unsupervised vending machines, we would have all the youngsters wasting their lunch money on instant tickets. There have been changes in other States where they have successfully introduced the ITVMs. I know that the Lotteries Commission is still anxious to see this innovation in South Australia. The same issue prevails: the Government has consistently said that, if we are going to have the ITVMs, they have to be capable of scrutiny.

One of the areas which is currently being looked at and about which there has been no judgment made at this stage is that there may be a capacity within existing venues to provide ITVMs to assist in the processing of lottery products but, as I said, the Government is clearly of the view that we will not have ITVMs sitting there that anybody can get to so as to breach the fundamental principle that under age people should not be gambling.

Mrs HALL: Again I refer to 'Lottery and Gaming'. Will the Treasurer tell us how the EDS contract will affect the proposed replacement of the South Australian Lotteries on-line wagering system?

The Hon. S.J. Baker: There is a need to replace the existing system. Cabinet has agreed that we need to upgrade our machinery in the lotteries arena, and money is being provided for that venture. The issue is whether we buy or lease machines and, given the whole of Government perspective, to what extent such arrangements would be compatible with the EDS contract. The proposal to replace the on-line wagering system in the Lotteries Commission has been through an enormous amount of debate, scrutiny and assessment.

The extent to which any contract is compatible with the EDS contract and the extent to which the State gets the best deal out of a change in the hardware will be assessed as part of that tender process. I should not be too tight on 'tender'; it is obviously expressions of interest about which contractors can provide a number of configurations. If the system is transferred to EDS, obviously there will have to be a number of operational changes. We are assessing all the significant

issues. The Lotteries Commission board is handling the process at the moment. It is receiving expressions of interest from a number of providers. The extent to which it meets the criteria laid down and gives us the best deal possible will be assessed before a contract is signed.

Mr FOLEY: On the Lotteries Commission computer situation, I take it from what you are saying that the contract of the present operator (G.Tech) is coming up for renewal and you are seeking expressions of interest from other providers, of which EDS or an affiliate of EDS will be one.

The Hon. S.J. Baker: I do not know. With most of these things, I do not know the practitioners who are coming forward with bids. In fact, it is important that Government never knows these things. In first principle, I do not know whether EDS would have been a body that would be making an offer. I really do not know.

Mr FOLEY: I am sure that you know that EDS has an affiliate that is a major player in this game.

The Hon. S.J. Baker: I am saying that EDS itself is unlikely to put in a bid.

Mr FOLEY: I assume that the board will be given full responsibility for deciding which company it rewrites the contract with and that there will be no preference shown to an EDS affiliate because of the whole of Government computer outsourcing contract?

The Hon. S.J. Baker: The only issue will be the transferability of the asset to the EDS contract, but that should not cut across the commercial decision to be made. What you have to do is ask, 'What does the Lotteries Commission need to be the best performer in the market place?' And there are a lot of changes taking place, as the honourable member would clearly understand. You also have to ask, 'Who can provide that service?' In conjunction with that determination, any bidder should be aware of the transfer obligation that could be available into EDS. That would have to be embraced at the same time.

Mr FOLEY: Is the Government satisfied with the performance of G.Tech?

The Hon. S.J. Baker: I cannot comment on the performance of G.Tech. My understanding is that the machines have gone much longer than first envisaged: I think they have gone two years over what was envisaged in the first place. If that is an indication, they have done particularly well. I am advised that the Lotteries Commission has been very satisfied with G.Tech.

Mr FOLEY: The point I want to establish is that the board and management of the Lotteries Commission will be given the appropriate freedom and flexibility to choose whom it considers to be the most appropriate provider of a future service and that, because of the Government's necessity to provide as much work as possible to EDS under the whole of Government contract, there is not any Government indication that it would prefer an EDS affiliate to be the provider of that computer.

The Hon. S.J. Baker: There is no preference at all for an EDS affiliate. It is cut and dried: it is the best performer in the market place. For example, if the facilities management contract went to a vendor not associated with EDS, which is a conceivable outcome, EDS would be given the opportunity to good faith negotiations with the successful bidder to establish whether commercial grounds exist for EDS to provide the infrastructure in accordance with the arrangements established under the agreement. So EDS gets a right of being associated and bringing them under its umbrella, but

we are choosing the best contractor and it does not have to be in any way associated with EDS.

Mr FOLEY: Supplementary to that, that was not necessarily the case with WorkCover and the TAB, when there were clear indications given that the Government was keen for those organisations to consider using EDS. I am glad that in the case of the Lotteries Commission it will be an open book.

The Hon. S.J. Baker: I do not know whether there is some level of confusion here: we are talking about a new hardware and software system. In terms of the equipment itself, given that there may be a choice between what is in the mainframes or the existing equipment of EDS, or in some of these very specialised areas where you might have very specialised equipment, it is a matter of asking, 'What is the best choice?'—whether it be WorkCover, Lotteries or the TAB. The extent to which that then gets transferred under the management contract by EDS depends on the compatibility with the existing computer hardware. I think that there is some level of confusion about whether EDS provides the assets. As far as I am concerned, EDS does not manufacture any mainframes, mid-range equipment or PCs that it has a direct interest in providing for any contract in Government.

Mr FOLEY: I would like to clarify one issue on which I am not that confused given that I have been living, eating and drinking computers for the past 2½ years. I was talking about an EDS subsidiary providing the systems. It does compete with G.Tech. I wanted to ensure, as you have indicated, that that is the case—that there will be an open situation.

The Hon. S.J. Baker: We have only an interest in getting the best performance.

Mr QUIRKE: Can the Treasurer tell us what he anticipates the projections from gaming machines will be in the financial year 1996-97?

The Hon. S.J. Baker: We have done a bit of work on the gaming revenue side, and I will inform the Committee on our best guess about what gaming revenue would have been with or without poker machines. We have tried to do a projection on how well the Lotteries Commission and the TAB would have performed. It is hard to take a line through a State like Western Australia, where lotteries revenue has been increased enormously; I think that in the past year or so it has increased by about 18 per cent.

Mr QUIRKE: Why?

The Hon. S.J. Baker: They do not have poker machines, but there seems to be a stimulation of the gambling habits of Western Australians. I know that, despite poker machines, Queensland seems to have done reasonably well, too. It is very difficult to predict events in the absence of the changes that have already taken place. Without the intervention of poker machines, instead of the predicted \$77 million for 1996-97, our best guess (which is a pretty back-of-the-envelope type of calculation) could have been as high as \$84 million, so we believe there is a \$7 million shortfall there.

We believe that, despite all the competition from interstate, the return from the Casino would have been at least \$5 million higher than our best estimate of \$20 million for 1996-97. Instead of the \$20 million predicted for the TAB this year, we think there would have been another \$6 million, and another \$6 million from other forms of race betting. All up, our best guess is that, had we not introduced poker machines, our revenue from gaming would have been \$24 million higher from other gaming areas that were

previously in place.

Our estimate for gaming machines revenue for 1995-96 is \$108 million, and that information has previously been provided. We are saying that because of the legislation there will be revenue of \$143 million in 1996-97. If that \$143 million is achieved and we take off the \$24 million, which is the cost to other gaming jurisdictions, we believe there is a net gaming benefit from the introduction of poker machines of some \$119 million. There are further net benefit offsets because of the cost of the various programs that have been put in place, but we think the difference is probably about \$119 million to \$120 million.

Mr QUIRKE: Did you say, 'Thank you, Frank'?

The Hon. S.J. Baker: I think everybody has thanked Frank today; I do not think I should thank Frank.

Mr QUIRKE: How many machines are currently switched onto the IGC, and what growth in the number of those connections is the Treasurer anticipating in the next financial year?

The Hon. S.J. Baker: As of 31 May the actual number of machines was 9 127, which I think is pretty close to the number we have previously discussed, of about 9 300 by 30 June. I think we have been a little more conservative on the end point of machines; we are saying that by 30 June 1997 about 10 000 machines will be in place, so the rate is slowing dramatically. Only an estimated 700 new machines will be added to the stock in this next financial year. That is our best guess at the moment. Originally the prediction was that we would have 5 000 machines. That went up to 8 000 machines, and I think the estimate last year was about 12 500 machines. I think we are probably a little more conservative at this stage; it is now 10 000 and the final figure might be 11 000.

Mr QUIRKE: As I understand it, the contract with Bull Australia for the servicing and installation of these machines will terminate some time later this year. Does the Treasurer intend to ensure genuine competition when that happens? There is competition in all sorts of other areas of Government, including the provision of electricity. Will the Treasurer ensure competition for my constituents out there who actually own and operate these places so they will be able to select from several different service companies, all properly authorised, and they can get some competition for both the price of a service and a service contract?

The Hon. S.J. Baker: I think you should ask Frank. I am advised that it is a three year contract and that it runs out in July 1997. It was important to put that in place for the system to operate, and that was the most effective company that could provide the service. I will not be in charge of the process, but I would expect that requests for proposals will be received well before that date. Some of the issues that the member for Playford has raised with me, particularly the rights of skilled people irrespective of whether they belong to a company or have their own private practice, are matters that can be addressed by the State Supply Board when that contract is getting close to its termination. On first principles, I do not have a difficulty with the issues that the member for Playford has consistently raised on this matter. In fact, I agreed with him that, when there is to be a change at the end of the contract, we can probably be more expansive in the way that we operate. If people have that capacity locally within a city or township, it is to the benefit of everybody, and there is the cost factor as well.

Mr QUIRKE: I thank the Deputy Premier for that. If any legislative change is needed to achieve that—that is, as I understand it, if a multiplicity of licences is necessary for that

provision to take place—I would hope that that be done during the course of this year. I do not have a lot of faith in the State Supply Board's willingness to start talking about competition. This has gone on for a number of years now. I have raised the issue with these people on a number of occasions, including asking them for a simple briefing on it. I asked for that 2½ years ago and was told that it would be done expeditiously. I am not sure what the date is today, but I still have not seen them. I would hope that that issue will be taken up with them.

I have not pushed the matter too far in the House, but in the next 12 months I will do so, for the simple reason that Bull Australia has had the complete contract. In fact, it has done pretty well out of this because, as I understand it, the contract was actually signed in September 1993 and should terminate in September this year, but who will split hairs over it? The company might as well have the extra 11 months from the time that gaming machines came into South Australia, in July 1994. I do not mind whether the contract goes on until then, but I do think that there ought to be a multiplicity of licences for the provision of service to these machines. Otherwise, somebody ought to rip down the Berlin wall that exists around the State Supply Board and tell it that, under its own licence, it needs to employ a number of different contractors that can all fulfil these purposes once the contract is finished with next year.

The Hon. S.J. Baker: As I said, the member for Playford and I have a great deal of commonality on this subject, and I will endeavour to send his comments to the Liquor Licensing Commission and to the Supply Board.

Mr QUIRKE: What was the cost of the advertising campaign by the Lotteries Commission this year? I must say it was a rather successful advertising campaign. Whoever put it together did a very good job.

The Hon. S.J. Baker: It is not cheap, as everybody can understand. I do enjoy that bus advert. I think it is one of the great adverts that I have seen on television. I know that it caused great consternation when Serco was appointed as the provider for the north and its buses were doing the same thing. I understand that the level of service of Serco has improved, and they are actually making sure they stop at the right places, and everybody is pleased with the new service provided. At that stage it was difficult and we all got a bit of a laugh out of the bus heading off towards the horizon.

With respect to expenditure, there will be a decrease on the 1995-96 budget. On marketing, it will be \$5.27 million rather than \$5.5 million. In the marketing budget, we have \$4.02 million to be spent on direct advertising activities in 1996-97. The budget is set as a percentage of net sales and we generally stay around the 2 per cent mark. In New South Wales it is 2.2 per cent of net sales. In Western Australia, Queensland and Victoria, it is about 2.1 per cent. Victoria I think has the lowest relationship of advertising to gross sales at 0.8 per cent. That is the total sum. It is an expensive process. However, we can see that, despite some of the damage done to the Casino and TAB through the introduction of poker machines, the Lotteries Commission, through some very fine leadership by June Roache and some well placed advertising, although it has certainly suffered damage, has performed far better than anyone would have expected under such competition. The budgets seem to be appropriate.

Mr QUIRKE: Is the Government intent on creating a situation whereby the TAB runs the whole show, and will the TAB shops be either divested or sold to the various enterpris-

es that currently house these particular operations? Where are we going with all that?

The Hon. S.J. Baker: I cannot give an answer on that. Perhaps that is best left to the Minister for Recreation, Sport and Racing. The best reflection I can make on the performance of the TAB is that it is unsatisfactory, and that reflection is backed up by the fact that we have the most expensive operation anywhere in Australia and we have shown the least resistance to the competition introduced by poker machines. So, our component cost is the highest of any jurisdiction except, I think, the Northern Territory, and our performance is below standard if you look at figures coming from other jurisdictions facing the same pressure. I think they are matters that have to be addressed.

The bottom line is that, without a viable, strong and healthy TAB which affects one of our largest industries, the racing industry—it not only has a lot of money tied up in terms of gambling and associated events but includes our breeding industry and all those component parts—unless we have a vital TAB that is capable of performing under pressure and capable of keeping its costs much lower than it has achieved to date, it will be to the detriment of everybody involved in that industry. There is a huge challenge facing the new board and RIDA to actually come to grips with that and say that dramatic change has to take place. It is up to them to make recommendations to the Government on how that can be achieved. I have my own private ideas, and I will not share those with the Committee—it would not be appropriate—but someone has to look at the performance of the TAB, just as we have been looking at the performance of the Lotteries Commission and the Casino, and say, 'Enough is enough, we have to make some very hard decisions here to the benefit of the total racing industry.' That has some way to go.

Mr FOLEY: At one stage when they tried to get their costs down with TABform, we saw the reaction from the Government, but that aside—

The Hon. FRANK BLEVINS: They sacked the Minister!

Mr FOLEY: Yes. I felt very bad about that, but such is politics. With respect to 5AA and the Asset Management Task Force, is the Minister able to advise the Committee of the current situation? The Minister has announced that bids have been called for. Is he able to expand?

The Hon. S.J. Baker: Once we are in the process, I do not comment on the process at all. I do not get a briefing on the way through. Once we have taken the first two steps and we get to step three, the sales process, I stay right out of it. I do not ask for a briefing, and I do not get involved. We have seen from other jurisdictions how ministerial involvement in some of these things can be at great cost to the people concerned. I believe that the process has to be at arm's length. I would not be able to inform the honourable member any more than he knows himself. If the Minister wishes to expand on the current process, he is entitled to do so. I will find out at the end of the day how we are going. Then we will make an assessment whether or not we want to sell, or whether we have to go back and work a bit harder.

Mr BASS: As a result of the Lotteries Commission advertising—and I think the happy line marker is much better than the bus driver—what is the SA Lotteries prize money growth; what is the current level of unclaimed prizes; and what action does SA Lotteries take to make sure that prizes are claimed?

The Hon. S.J. Baker: As I was explaining earlier, the Lotteries Commission was going to suffer considerable loss, and it did suffer considerable loss, but that loss has been

contained. If you look at the percentage share by lotteries in terms of the impact of poker machines, it has probably been the least affected of the various gaming activities. This year the prize money growth to date has been \$1.25 million, or an increase of 0.83 per cent on 1994-95. The unclaimed and forfeited prizes for the year to date 31 May 1996 is \$3.27 million, of which \$1.63 million has been transferred to the hospital fund.

We have a much greater capacity for people to claim prizes now because of the Easiplay Club system that has been introduced. That means the particular player is registered. If the prize is not claimed, after a period of approximately three months, the prize is forwarded to the person who has not claimed it for whatever reason. We are looking at a more equitable means of meeting demands that are being met in other jurisdictions. The situation involving unclaimed moneys quite often can result from mistakes being made.

Under our current law, unless you have a ticket, you cannot claim the prize. We are looking at that matter; it is the subject of a Bill before the House and it will be a more equitable way of dealing with this aspect. The level of proof required will be quite extraordinary, so we will not have people colluding in order to pick up unclaimed prizes. We have been pleased with the way the Lotteries Commission has been operating. There are many challenges in front of it, including the changes in technology, the Internet and all those areas, but they are being thoroughly canvassed at the appropriate levels.

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

Police, \$278 527 000

Departmental Advisers:

Mr D. Hunt, Commissioner of Police.

Mr D. Hughes, Director, Corporate Affairs.

Mr D. Wall, Manager, Business Services.

Mr B. Smith, Manager, Administration.

Mr G. Barlow, Manager, Computing and Communications.

The CHAIRMAN: I declare the proposed payments open for examination. I invite the Deputy Premier to make an opening statement.

The Hon. S.J. Baker: The proposed program budget allocation for SAPOL in 1996-97 is \$323.7 million which represents a \$3 million budget increase in straight comparison terms with a revised expenditure for 1995-96 of \$320.7 million against a proposed allocation for 1996-97 of \$323.7 million. A number of factors have placed pressures on the budget in excess of the increased allocation including:

- SAPOL's contribution to the Government's debt reduction strategy; and
- the cost of the 15 per cent wage increase awarded to police employees in the latter half of 1995. However, the outcome of the enterprise bargaining and the capacity to deliver on enterprise bargaining was predicated on co-operation to achieve those sorts of savings that were raised at the time the wages were paid.

During 1995-96 the Police Department implemented a number of measures designed to meet these savings require-

ments and wage pressures to achieve its budget target. These included:

- the continuation of organisational structure reforms including freeing of police from non-core duties, matching of resources with demand and more flexible working arrangements which have, in addition to providing improved police services, enabled some adjustments in overall SAPOL work force levels;
- continuation of a program of civilianisation;
- reductions to police housing stocks;
- office accommodation rationalisation; and
- revised recruit training methods.

These strategies will be continued and further developed during 1996-97, together with:

- an introduction of a user pays scheme for police attendance at sporting and entertainment events,
- a continuation of the contracting out of a number of functions which are not core business, for example, aircraft services, infringement processing, photographic processing and courier services.

Whilst there has been a reduction in SAPOL's capital works budget following the completion of a number of major capital works projects (Port Augusta, Coober Pedy, Parks Policing Complex and the \$10 million Sturt Police Centre) the 1996-97 program still provides for a substantial investment of \$8.4 million in information technology projects to increase the availability of technology to front line police officers to modernise the force and increase efficiencies. In addition, major new works include:

- a \$7.2 million police complex to be built at Mount Gambier, with \$500 000 set aside in 1996-97 for the planning and design of the complex;
- \$400 000 in 1996-97 to upgrade police facilities at Robe;
- in addition, \$370 000 has been allocated in 1996-97 as part of a project to make digital and mobile phones and new telecommunications technology capable of being intercepted by police.

There has been ongoing debate about police numbers, and I now wish to set the record straight. I want to take you back to the Government's election promise to increase operational police numbers by 200 (namely, those on the beat).

At the time of taking office this Government inherited a huge debt which was subsequently confirmed by the Audit Commission. The Audit Commission also drew our attention to the fact that in 1992-93 South Australia spent about \$26 million, or 15 per cent, above the amount assessed by the Commonwealth Grants Commission as sufficient to provide a level of policing services similar to other States. This presented us with a challenge of reducing the cost of policing whilst at the same time increasing the number of operational police on the street. We set about a process of change which enabled us to achieve both these aims by adopting a number of strategies including:

- structural change (Arthur Andersen Organisational Review); and
- additional operational police by redeployment.

The change process is now well advanced and I will refer to that more later. On the question of additional operational police, I advised the House in April that in the front line operational area we were 135 better off than under the previous Government. However, running concurrently with this was the department's budget containment strategy which incorporated the cost of the wage outcome.

As outlined earlier, the budget strategy is a combination of work force and non-work force measures. In an

organisation such as police where 80.5 per cent of the recurrent budget is staffing costs, cost reductions must inevitably involve work force reductions. (I remind the Committee that South Australia has a high police-population ratio when compared with most other States.)

This does not have to—and it will not—mean less service: it means that things have to be done in a different way; it means change—and we believe change for the better. After all, the police are no different in this respect from other organisations.

SAPOL has for some time been pursuing a work force reduction strategy, more recently in conjunction with enterprise bargaining. During 1993-94 and 1994-95 this was restricted to reductions to non-police personnel of some 101 positions. Some non-operational police positions were also civilianised. However, from 1995-96, in view of the need to reduce costs further and to meet the cost of increased wages (15 per cent) the reduction strategy incorporates police numbers in addition to further civilianisation. While the reduction in police numbers to date has been predominantly from non-operational areas, some positions impinge on operational duties. The impact of variations to police numbers compared with 3 639 at 30 June 1993 is estimated to be: at 30 June 1996, 3 501; and at 30 June 1997, 3 384. The band has been excluded from the 1996 and 1997 figures, as these are now shown separately in the budget papers.

To 30 June 1996, 29 of the position reductions were categorised as 'operational' and included, amongst others, positions from the Operational Response Section, which is a reserve pool to supplement operational Commands. Commands will now provide their own reserve as an outcome of efficiency measures such as the alarm charging initiative. Position reductions expected to occur next financial year include, for example, 20 police positions as a result of contracting out prisoner transport.

Members would be aware that we no longer have police officers sitting behind speed cameras. The net effect of all this change is that the 135 additional operational positions that I referred to earlier this year will be reduced to 61 positions by 30 June 1997. Despite the rationalisation, an increase in resources has been made at the operational end of the budget.

An honourable member interjecting:

The Hon. S.J. Baker: The honourable member has not been listening. In order for SAPOL to meet its budget objectives, there are a number of fundamental factors that influence its ability to deliver. I have canvassed these widely with the Commissioner, his executive, police members themselves and the appropriate industrial organisation. We are in the process of change and, while all the surveys show that South Australian police are the most highly regarded in this nation—and that goes without saying—it is my wish to make them the most effective. While it is no reflection on their performance, I want them to be the benchmark leaders, which I am sure is an aim that all South Australians can relate to.

The change process includes more flexible working arrangements through new shift work and rostering arrangements, and changes to recruitment, promotion and training as part of improving the efficiency of the South Australian Police Force. The way the department has done things in the past may have worked and may have been the best available at the time, but times have to change with the challenges. In many discussions I have had with police officers, this is

recognised, and there is an enormous level of enthusiasm for change.

The way police operate, as well as the duties they perform, are changing as part of a process to modernise the force and increase efficiencies. A series of initiatives already completed or under way are having a significant impact on freeing up police officers to allow them to concentrate on core policing activities. For example, a change in alarm responses provided by police has relieved officers from many thousands of false alarm call-outs received each year. Other initiatives that are freeing up police from non-core duties include the recent civilianisation of speed camera operation and the proposed contracting out of prisoner transportation.

A priority over the next 12 months will be the restructuring of police operations to make sure that police and police assets are deployed in the most effective way possible with public safety the priority. The focus is on matching the resources with the demand in peak loads so that the department provides the right people in the right place at the right time. Crime rates in South Australia are not acceptable, and we simply cannot justify the use of highly trained sworn police officers sitting behind speed cameras or deployed in carpentry or motor vehicle maintenance positions. The Government has continued to give high priority to law and order, and this is reflected in the SAPOL budget allocation. It is now a matter for all concerned to pick up the challenges that I referred to earlier to ensure that South Australia continues to have the best policing service across the nation.

Mr QUIRKE: Can the Minister tell us what his Government's approach is to the media accessing information from the South Australian Police Force? Has the Government made a commitment that any media organisation, provided it does not interfere with investigations, has the right to access information?

The Hon. S.J. Baker: I know where the honourable member is heading—Crime Stoppers. This is the lead question. The answer to the question in its shortest form is that the police have always been constructive in their approach to the media. An enormous amount of information is made available to the media, sometimes to the extent that other priorities suffer in the process. In South Australia, we have always maintained a very strong relationship with the media. The honourable member can now ask his next question.

Mr QUIRKE: Having identified Crime Stoppers as one program that will be explored this afternoon, will the Minister tell us how much of the police resources will be spent on this program and how that will be off set?

The Hon. S.J. Baker: I should like to provide some background information so that we do not deal with things in a goldfish bowl, which I am sure the member for Playford would prefer. The Crime Stoppers program relates to an approach that has been adopted around the world to highlight serious crimes that remain unsolved. Internationally, it has been highly successful, not only in its capacity to solve more difficult crimes but to make people more aware of their responsibilities in the process.

The concept was launched in Victoria in 1986 and it is to commence in South Australia in July this year. SAPOL will incorporate an association named Crime Stoppers SA with a board comprising 10 to 12 high profile members of the community who will oversight the running of the program from an office in Gawler Place. The Crime Stoppers office will be staffed by a detective sergeant and three analysts, all working under the control of the officer in charge of the

Intelligence Branch. While not actively involved in Crime Stoppers' duties, these members will continue with their analyst duties, which are usually performed at the Intelligence Branch. The office will be staffed seven days a week from 8 a.m. to 11 p.m. What I am saying is that it will be incorporated into the natural duties and responsibilities of the officers.

Channel 9, SAPOL and a sponsor will work together to publicise the program, fund its operations and maintain a reward scheme. A freecall number will be provided and the public will be encouraged to ring in with information about criminal activity while remaining anonymous. The telephone number will replace the Crime Line and the Police Drug Hotline. We are combining a number of existing services in the Police Force into one area and will achieve some efficiencies in the process. Information received will be assessed and forwarded to detectives for investigation. If the information results in an apprehension, the caller may be eligible for a reward.

The introduction of Crime Stoppers will provide a focus for a one-stop shop for members of the community to provide information to the police. The notion of Crime Stoppers is to develop a community policing concept leading to the clear up of crimes and thereby creating a safer community. Early in the development stages of the concept, one of our detective sergeants prepared a report for the officer in charge of the Intelligence Branch, outlining issues involved in what he perceived the development staffing requirements of the Crime Stoppers to be. The original estimate was some \$308 000. That has been dramatically reduced. Sponsorship will absorb the major operating costs, and staffing will be achieved through process engineering, multiskilling and by reallocating tasks within the Intelligence Branch.

No new positions will be created, and equipping the office will be achieved by repositioning presently held resources. The annual cost of approximately \$11 500 will be absorbed by SAPOL to cover the office administration. That is basically the nuts and bolts of the scheme. I am told that the scheme works very well in other jurisdictions and internationally, and it is an initiative that has been looked at over a long time by the South Australian Police Force.

Mr Hunt: I support the statement that has just been made. About an eighth of the cost will be borne by the Police Department. I reinforce the view that there will be a realignment of the duties of the people in the Crime Intelligence Branch. It will be information taken on and will not include any new positions being created. It is one of those initiatives that needs to be endorsed and supported widely by the media, the general public and the police, as it is a one-stop shop that will bring together and focus in a more effective way the kind of information that will come in from the community, allowing community policing to perform at its best. In relation to the media, there will be no diminution of the current approach to sharing information short of that which is detrimental to a given case at a particular time, and that is usually explained to each media outlet as it arises.

Mr QUIRKE: Let us get this straight. A sweetheart deal has been done with one particular media outlet without discussing it with the others, and we are now told that the original costing, released under FOI, which I have in front of me, is not relevant because the people who were to be employed in this department have nothing better to do with their time. As a consequence, the cost will not be there and we do not even know who the sponsors are or what they are tossing in. Why did the Minister not ask the other media

outlets or do what is done in some other jurisdictions; that is, the program is produced and made available to a number of media outlets?

The Hon. S.J. Baker: Let us achieve a level of understanding. I know that a camera crew from Channel 7 is in the gallery at the moment for this particular event, so the member for Playford would wish to be suitably outraged to get his message across. Let us be quite clear about one point. The issue is the extent to which we have a comprehensive program that works. Therefore, as part of that process, we must have one dedicated channel. My understanding is that in all other jurisdictions they have a relationship with one outlet to put these packages together, otherwise it would be of greater cost to the Police Department. If the member for Playford is suggesting that we produce this package and then give it to the outside media on whatever basis the member for Playford thinks appropriate, I envisage the costs being astronomical and, with all due respect to the Police Department, the quality of the product would not necessarily be appropriate for television.

A program such as this needs to be approached on a partnership basis. We might not have many skilled operators in the Police Department, but it would be a big ask for the Police Department to work out how it could tailor a program that is topical, relevant and of interest so that we have a large viewing audience and we get some value out of it. We cannot do that if we do not form a relationship with one single channel. I understand that that is consistent with the approach in many other jurisdictions. The Commissioner can comment on other aspects.

Mr Hunt: From our point of view, a great deal of care must be taken in respect of the question of sponsorship and contractual arrangements. I point out that we have not yet entered into any arrangement. There needs to be a great deal of probity, integrity checking and so forth. There is also a need to treat and talk confidentially with a given group who are entering into what I might call an intersectoral arrangement that is many faceted; that is, with the company, a couple of sponsors and a board of 12 people from the community who will oversee and virtually be in charge of the general directions and the integrity of the whole product. For these reasons, we must be fairly particular about the way in which we enter into these arrangements.

Mr QUIRKE: Mr Chairman, I did ask for the name of the sponsors, the cost of sponsorship, and how much money they are kicking in the tin. I am happy for those financial details to go on notice, but I do not want this matter to be swept under the carpet.

The Hon. S.J. Baker: There is nothing going under the carpet. Let us not have a carry-on on this issue. The matter of contracts is being looked at. The sponsorship is being negotiated. I am sure the Commissioner will be delighted to announce the outcome of that when it has been put in place. This is the normal process. We have spent all morning looking at the way Treasury operates AMTF and the South Australian Asset Management Corporation. As a competent Government the last thing we would do is release details before contracts are finalised. The member for Playford should understand that. He would be very critical if I started to reveal any details that had not been sewn up in contractual form well before the event. The honourable member would be very hostile about that.

Mr CONDOUS: I refer to page 98 of the Program Estimates. My next two questions are very topical, in view of the enormous publicity currently being given to firearms

in the community. What consultation has been carried out by the Minister with representatives of shooting organisations as a result of the proposed changes to the Firearms Act and regulations?

The Hon. S.J. Baker: As the member for Colton probably understated, it has been quite topical in recent times. I make it clear as Deputy Premier and Minister for Police that I take my responsibilities very seriously, dispensing my responsibilities not only to any agreements reached at national level but in my responsibilities to our natural constituency, the people of South Australia. I make the point that, despite the importance of the issue, some firearms groups, specifically the Combined Shooters and Firearms Council of South Australia and some of its affiliated groups, have actively and deliberately undermined my attempts to meet with a variety of gun groups to discuss the Police Ministers' council resolutions and proposed amendments to the Firearms Act in South Australia.

I have attempted to have discussions with these groups, but the Combined Shooters and Firearms Council has instead been intent on playing games and has blatantly misrepresented the truth about what has been a genuine attempt by the South Australian Government to conduct meaningful discussions with firearms owners and users. Prior to the Police Ministers' meeting in Canberra on 10 May this year, I invited a wide cross-section of groups, including the council, to meet with me to discuss the proposed gun law reforms announced by the Prime Minister.

At that meeting the Combined Shooters and Firearms Council President, Mike Hudson, made his position clear, declaring that the council was totally opposed to the proposed ban of semiautomatics. He also said that any future cooperation was dependent on no prohibition. Others at the meeting provided different views, and it was clear that while some sections of firearms users totally opposed the proposed ban on semiautomatics others did not. Since that meeting the Combined Shooters and Firearms Council has embarked on a campaign designed to limit any opportunity for groups with a different view from the council's to put that point of view.

The council believes that it is the authorised representative of all shooting clubs and associations in South Australia. However, I do not accept that this one body speaks for all firearms owners and users. Indeed, other groups have quite specifically disassociated themselves from the council and have participated, or are prepared to participate, in constructive discussions with the Government. I evidence the Military Sporting and Historical Arms Association of South Australia, the South Australian Rifle Association, the South Australian Clay Target Association, the SA Small Bore and Air Rifle Association and the Indoor Firearm Range Association as examples of some of the groups who are willing to talk to the Minister. Rather than sitting down with the Government and sensibly discussing the gun reform resolutions, the council and some groups affiliated with it have chosen to hijack our attempts to hold discussions with the various groups.

Despite public protests concerning lack of consultation, a number of groups affiliated with the council have now rejected two separate invitations in the past month to meet with me to discuss the resolutions and proposed legislative changes in South Australia. On both these occasions these groups, including the Firearm Traders Council, the Firearms Safety Foundation, the Sporting Shooters Association and the Antique and Historic Arms Association of SA, accepted the invitation to meet with me. However, on the eve of the two meetings they withdrew their representation stating that the

Combined Shooters and Firearms Council would speak on their behalf.

At the first meeting, on 31 May 1996, Mike Hudson, representing the council, stated quite clearly that the reason the council did not want its affiliated groups to attend the meeting was that they might express a different view. The council then proceeded to use the meeting to convey a series of political threats and outline the damage it believed it could achieve at the next election. It is hard to believe, but the council went as far as saying that voters would share its view that guns were more important than any and all other issues, including jobs.

At the second meeting, on Saturday 15 June, the affiliated groups again pulled out and left their members' interests in the hands of Mr Hudson. However, Mr Hudson also failed to attend the meeting. Mr Hudson's public excuse for failing to represent thousands of firearms owners and users in constructive discussion with the Government was that the council believed the Government was planning to make a major ministerial statement on Saturday, 15 June and therefore the meeting was a sham. In other words, the council believed that I was planning to make a statement on this matter. There was no ministerial statement, and I had no plans at any stage to make a major statement on firearms on that day. This was just another furphy designed to deflect attention from what the council fears most—recognition that there are firearms owners who believe that the gun law reforms are appropriate and necessary and that semiautomatics do not belong in the general community.

Despite accepting my invitation to attend Saturday's meeting, my office was alerted to the impending boycott by an individual who attended a meeting of the Combined Shooters and Firearms Council last Thursday. That individual advised us that the council and its affiliates had no intention of attending Saturday's meeting. Sure enough, on the eve of the meeting, the apologies started coming in.

Unfortunately for responsible gun owners, the council is more concerned about exercising total domination over its members and affiliates than it is about gun law reform. Those groups that have abdicated their right to represent their members in genuine discussion with the Government have failed their members miserably. Firearms dealers and others who have an interest in this matter have been contacting my office directly, and I expect this will continue, given the absence of any credible leadership from the groups that are supposed to represent them. For those groups that did attend Saturday's meeting and for others who have displayed an interest in this matter, I will be circulating the draft firearms legislation for their comment and input.

For its part, the Combined Shooters and Firearms Council has shown that it is incapable or unwilling to discuss the gun issue in an honest and rational manner in an open forum with other gun owner groups, including its own members. There has undoubtedly been a deliberate campaign of misinformation and deception by certain groups and individuals who are desperate to garner support. There have been regular outbreaks of orchestrated rumours, including stories of midnight raids by police confiscating legal firearms from law-abiding licensed owners.

The orchestrated rumour of the day on Friday was that all firearms licences would be revoked at midnight. Another was that the legislative amendments had already been secretly rushed through the South Australian Parliament. The Government will not back away from the intent of the Police Ministers' resolutions but will continue to hold constructive

discussions with those groups that have an interest in this matter.

Mr CONDOUS: Will the Minister provide details of South Australia Police plans for recruitment to the Fort Largs academy?

The Hon. S.J. Baker: After a period of suspending recruitment because of the savings task facing police, we have recommenced recruiting. We have very much an open door policy in an attempt to elicit the best possible candidates for our Police Force. A project to develop and implement progressive recruiting standards specifically targeting Aboriginal and Torres Strait Islander people and ethnic groups has reached the completion of phase 2. Obviously, we maintain very high standards in that recruitment policy, which has always been the situation here in South Australia, in that we attempt to attract those people of the highest integrity and calibre.

In terms of the total number of persons selected for employment in recent years, looking at academy intakes, in 1992-93, 32 females and 59 males were successfully selected from the course to be police officers; in 1993-94, 30 females and 48 males; in 1994-95, 18 females and 34 males; and to date, because of the suspension, for 1995-96, 11 females and 19 males. We are now in the process of selecting another group into the academy, which will provide some capacity for the Police Force to continue to operate effectively and to catch up on the problem that could arise if we had no new recruits coming in to assist those on the beat and in operational positions.

I remind members that the cost of training of cadets is quite extensive: for a 12 month course, for example, the cost of training is about \$117 000 per recruit, so it is not cheap. We are developing new methods of retraining, so that we can actually train in a more effective fashion than we have in the past and rely more on outside agencies to provide people of sufficient basic skill, so that some of the efforts made at the academy are no longer required. It is pleasing to note that we are picking up on the training. We are also targeting to make sure that we can get a mix in the Police Force that is appropriate for this day and age and that the numbers of police who are able to serve from the start of a police career are now being increased after that temporary suspension.

Mr QUIRKE: Returning to Crime Stoppers, will the Minister tell us about this community board of management? First, who is on it and who selected them and, secondly, does every media request for particular matters—and I will read out a few in a minute—go through the community board of management?

The Hon. S.J. Baker: I will let the Commissioner detail the skill mix that will be involved at this level, but I make the point that the letters of invitation have not yet been sent out. I will ask the Commissioner to respond in terms of what is being looked for in the qualities of the board that is being established.

Mr Hunt: It is people who have some business or other social interest within the wider community—about 12 people to provide an appropriate mix. It is people who have shown an interest and, on reflection by them of an approach made to them, their willingness to be involved. The approach has been the community policing, community spirit, values based approach, which we have been engendering in crime prevention and community policing over a number of years now. I must say that the response by the proposed members has been astounding. Their dedicated approach is overwhelming and ensures a great deal of success. The letters to formalise those

approaches have not yet been sent, because there are still some sensitive discussions in that regard and I would not like to compromise the opportunity that we will have of taking those people on board for the good of the community.

Mr QUIRKE: Who determines whether a media outlet approaches the South Australia Police either through the Minister's office, the Commissioner's office or directly to the particular arm of the Police Force and says, 'We would like to do a story' or 'We would like to have some material so that we can do a story on a particular case'? Does that go through some filter before a determination is made as to whether or not that information will be given? I have information that tells me that the Beaumont case, the Stuart Pearce case, the Rhianna Barreau case, the Suzanne Pohl case, the Daniel Shepherd case and the Ratcliffe-Gordon case, as well as the Louise Bell case, have been earmarked for Crime Stoppers and no-one else can get near them.

The Hon. S.J. Baker: The media has free access and always has had access to the Media Unit of the Police Department. Contact has generally been made on a whole range of either professional or other bases with members of the Police Force. The extent to which someone would require a file and footage of particular events has to be questioned. The issue of whether the police believe that it is in the interests of the community actually to run programs on specific cases and the need for those cases to be fully developed, including some re-enactment of those cases, will be a very important component of the show. The extent to which that has to be satisfied and done professionally is critical to the success of the show.

If the member for Playford is suggesting that another channel or two channels happen to know or may guess the sorts of programs that may be running—because I think there are some cases that everybody would home in on—and say, 'I demand my rights and I want to be first cab off the rank,' the honourable member has to recognise that there will be some areas where the release of information in terms of file footage, re-enactments and efforts made by the police should not be prejudiced by someone saying, 'I want to get on first.'

That does not stop any channel which has extensive footage on all these cases—and there have been statements made on all these cases over a long period of time, and they are all in the archives—putting its own footage together. There is no prevention to that happening today, tomorrow or any other day. If a channel says, 'I want to run this case; I want to beat Crime Stoppers; I want to have an alternative,' there is nothing preventing them from doing it. But you cannot expect police resources to be expended when it is saying that it needs to focus on an event in a way that will be of benefit because it is being done professionally.

Mr QUIRKE: What you are telling me is that this Crime Stoppers arrangement now means that there are certain cases to which one TV station now has exclusive rights. That is what your saying: that is what you are telling people. While you are at it, tell us about the re-enactments. I would like to know about this. I would like to know who and what is involved in all this?

The Hon. S.J. Baker: I have said that there is significant file footage around Australia in a whole range of TV libraries about all the cases that you have raised in this House. It does not take a genius or Channel 7, Channel 10, Channel 2, Channel 9 or any other station to put a program together, and they are quite entitled to do so. I do not think that the member for Playford can have any reservations about the fact that any channel can run file footage, and some of it is more extensive

than the police have available to them on some of these crimes.

I do not know the extent to which any show is put together in terms of the way in which it is presented. I do not know the elements that make these shows work any better than others, but obviously there are professionals who do know that and the professionals will say, 'These are the elements of the cases we need to put together.' Whether that involves re-enactments or a whole range of other techniques, it is not for me to judge. The Commissioner may have some more information on what they will use. I am relaxed that it can be done professionally.

Mr BASS: The Program Estimates (page 102) refers to the continued expansion of the Neighbourhood Watch program. Neighbourhood Watch has been in existence for some years now. Will the Minister provide details of the current status and extent of the program in South Australia?

The Hon. S.J. Baker: I thank the honourable member for his question and interest in this matter. I think we have achieved an enormous amount in this financial year. In total, since 1985-86, the police have put into existence some 453 Neighbourhood Watch programs, 64 Rural Watch programs and 11 Business Watch programs, making a total of 528 programs. Of some significance is the fact that, as of earlier this month, 44 programs had been put in place under Neighbourhood Watch, nine Rural Watch programs and one Business Watch program. So, despite the pressures on the Police Force and the changes that have taken place, we have seen the capacity to perform enhanced and a considerable lift in the number of new programs put into place.

I would like to contrast that with the situation in 1992-93 when 20 programs were put in place for Neighbourhood Watch as against 44 to date in 1995-96. In terms of volunteer effort, we have an enormous number of people involved in the ongoing running of the Neighbourhood Watch schemes as well as the total support of the Police Force. I think that everyone can be pleased about the fact that Neighbourhood Watch is alive and well and that it is continuing to expand. Our efficiency and delivery has improved in the setting up of these schemes. There is sponsorship from ETSA of some \$90 000 per annum, and that expires in July 1996. It is split between operations and promotions. We are hoping that we can have either ETSA return to the fold or a new sponsor for the program.

Mr BASS: I refer to page 98 of the Program Estimates, 'Crime Prevention and General Police Services'. Will the Minister outline what measures have been taken by the South Australian police to make Adelaide's Hindley Street a safer place for the community?

The Hon. S.J. Baker: I will ask the Commissioner, who has been personally involved in this program, to outline some of the changes that have taken place in Hindley Street.

Mr Hunt: I identify two questions, the first being the overall approach to crime prevention and particularly how it is applied to Hindley Street. I would like to tender a paper outlining the full detail and called the National Crime Prevention and Community Safety Strategy Action Plan, which has been developed by the South Australian police.

The CHAIRMAN: Is it a paper available for circulation?

Mr Hunt: Yes.

The CHAIRMAN: We do not have any facility for tabling. If it is available for circulation, the staff can take copies of it.

Mr Hunt: I have two copies available. The beginnings of this crime prevention strategy had its place in the United

Nations Congress on Crime Prevention and Victims of Crime, where the international organisation agreed that there should be a strategy built upon values within societies to prevent crime. Because the document has been circulated and, hopefully, will appear in the report of this Committee, I will not go through it. The essential part is the statement of principles (and I read 'the vision'): 'the creation of a safer and more secure society by integrating economic and social policies, recognising spiritual needs in cultural diversity and creation of strategic partnerships which involve all sections of the community'. This is further underpinned by several major actions (these are the value statements): the importance of the community; the ideal of justice; respect for the intrinsic worth of all individuals; the nexus between freedom and responsibility; the place of commonsense; and the adherence to the democratic process.

The rest of the document indicates how this may be implemented, and that was the basis upon which we entered into a Hindley Street arrangement. A golden opportunity existed, unfortunately because of criminal activities. But, in a strategic partnership with the Adelaide City Council and the police, and then later very fully with the traders and the groups who represent the users of Hindley Street—that is, the stakeholders, the traders, Adelaide University, the users of the street, the licensees, the shop holders (anyone who can be said to be a user of the street)—a resolution of the Adelaide City Council adopted the approach for clearing up Hindley Street in conjunction with all those groups with the underpinning theory of the value statement.

There had to be several approaches to all this. One was an operational response, which resulted in the institution of Operation Scalpel, comprising a number of operational techniques aimed at various kinds of behaviour. As a result, over a two month period 124 arrests and 568 reports were made. Additionally, with a traffic policing approach, 1 523 breath tests were made and many other inter-sectoral activities were entered into. Going back to the values-based approach, another Business Watch was established (the Minister has already announced one of those, which is the one referred to), some workshops for licensees were held and the Adelaide Accord was instituted, based on a model from Geelong. The police were instrumental in bringing people from Geelong to general meetings in Adelaide which police have been attending and which have been hosted by the Adelaide City Council. I congratulate all the people involved in the council and the Hindley Street area and its environs on the way they have entered into all this.

We have set a program of about six months activity. As I have already indicated, what I might call the 'hard law enforcement approach' has been instituted and will not abate. It will not operate to the same extent as it did during Operation Scalpel but it will continue, very much supported now by the ongoing good work, goodwill and the voluntary community policing arrangements that have now been set in place. It is my firm belief that we will be saying 'Goodbye' to any undue reputation in Hindley Street.

Mr QUIRKE: Has the Deputy Premier auditioned yet for any of these programs and crime stoppers? I have information that indicates that several members of the Police Force and members of their families have auditioned. Will he elaborate on this?

The Hon. S.J. Baker: I thought the member for Playford would be a more than useful addition to the stock of talent we have for this purpose. I am sure the Police Force would be more than happy to offer an invitation, but he may be very

reluctant if he is deemed to be the criminal. I do not have any detail on who has auditioned. As for the gratuitous question about whether I have auditioned, the answer is 'No'. I am sure this will be an outstanding success. Knowing the hours I keep and my TV watching habits, where I normally do not look at anything until 11, 12 or 1 o'clock at night, it is likely that I will miss the program altogether. I do not know who will do what, and I hope that everything works professionally.

Mr QUIRKE: If not today, certainly before this process is finished, may we have the detailed financial summaries of this program (the cost, sponsorships, etc.), a copy of the draft memorandum of understanding that is in place between Channel 9 and the South Australian Police Force and any other relevant information appropriate to this program?

The Hon. S.J. Baker: It is inopportune for me to say anything, because it still has some way to go. Once (and if) contracts are signed, a significant amount of detail will certainly be made available publicly for anyone who has an interest in the matter.

Mr QUIRKE: Previously I listed a number of cases. From the Minister's answer, am I correct in my understanding that any media outlet need not bother asking for police cooperation on those cases because he has already done a sweetheart deal with Channel 9?

The Hon. S.J. Baker: I think the best way I can respond to the member for Playford is the way I responded previously. The media have an enormous amount of footage on those high profile cases. It is available in their files and they dig it out on numerous occasions. I am sure Channel 7 has a significant library on those events. In respect of police cooperation, any member of the media is quite entitled to telephone the media liaison unit at any stage they see fit to discuss matters about which they would wish to run programs. I do not have information about where particular programs take us; I have not seen any detail on that matter.

Mrs HALL: I refer to page 98 of the Program Estimates, regarding crime detection and investigation services. Will the Minister provide information to the Committee on any emerging trends which have been identified by the South Australian Police Force in the production and use of illicit drugs in South Australia? I particularly ask for this information as the national debate gathers momentum on possible marijuana law reform and the ACT proposal, and additionally the rather frightening new synthetic hallucinatory drug Ecstasy. Is it also possible to provide any information about education campaigns in which the Police Department may be involved related to the use of illegal drugs?

The Hon. S.J. Baker: The member for Coles has raised a very important issue. It is a matter that continues to vex various authorities, including me as Minister for Police. I know it has been the subject of many reports over the past 20 to 30 years, with little change. Any change in drug detection and enforcement has been at the fringe. In respect of the most prolific drug, which happens to be cannabis, there has been significant change in the habits of cannabis growers to the extent that commercial crops may now be grown within the ambit of the law, which provides a penalty that can be expiated by an infringement notice rather than a court appearance.

Under the regulations, 10 plants were previously deemed to be the maximum level for personal use. We now find that hydroponics are dramatically improving yields and turnover, and that highly commercial crops are being grown within the 10 plant limit. I have made public statements about the fact that, if we are considering the allowance for personal use

being not a criminal matter but certainly still illegal, the principle of the 10 plant household or personal limit is no longer appropriate, because we are seeing commercial crops being grown within this limit.

There is concern about heroin, and there has certainly been major concern about the impurity of the heroin coming into the drug stream here in South Australia. There have been 13 fatal heroin overdoses in 1995-96 compared with some 21 in 1994-95, so it is still a significant number of people. We suspect that most of them are dying from the impurity or from the overdose, rather than the heroin *per se*.

LSD has had a national resurgence in popularity in recent years, particularly among the 15 to 25 years age group. In South Australia that does not seem to be the case. Whilst it seems to have picked up pace at the national level, there has probably been an even worse shift, involving the use of Ecstasy. In terms of deaths, there have been 23 drug related deaths to date for this financial year: 13 of heroin, two of morphine, one of amphetamine, two of PMA, two of methadone, and one of Ecstasy and a combination of methadone and anti-depressant. Quite often these deaths involve a combination of alcohol and drugs.

In terms of the statistics of offences reported and drug seizures in the last financial year, the numbers vary but approximate 2 000. Up to 30 April, we have had 1 948 offences reported, with 285 arrests for 354 offences. I think that is in the illicit area. With cannabis, we have had a much larger number than that. As to drug seizures, we have certainly seen those numbers fluctuate dramatically. In 1992-93 a total of 9 230 grams of amphetamine was seized, and that is the highest on record. The amount this year to 30 April 1996 is 1 622 grams. It does not necessarily indicate a decrease in use but maybe people are smarter in the way they are operating. Approximately 2 000 grams of amphetamine a year is seized.

In 1991-92 a total of 23 849 cannabis plants were confiscated. For this financial year, as at 30 April, 17 078 plants have been seized. One of the interesting statistics is that the yield per plant has increased dramatically. In 1991-92, a total of 23 849 plant seizures were related to 49 239 grams of the dried product, whereas the 17 000-odd plants seized were associated with some 61 600 grams of the dried product. There has certainly been a use of resin.

In 1992-93 in most areas there were significant drug seizures, and they have not been repeated; heroin seizures accounted for 914 grams compared with 490 grams to 30 April this year. With respect to Ecstasy, which is probably one of the areas that is really causing the most significant concern, the amount seized—and therefore we suggest it probably does have some relationship to drug use—amounted to 175 tablets in 1992-93, and to 30 April this year, some 1 107 tablets have been seized.

The statistics can fluctuate according to the extent of success of the police. There are ongoing programs. It is a matter I will be discussing further with the police. I know that the police are cognisant of the need to have better education in the schools. The Ministers for Health, Education, Family and Community Services and I will discuss this issue of drugs. It will be an ongoing determination of this Government to attempt to convince younger people to leave drugs alone, because there is only a downside and severe pain if they become addicted. So, we are well aware of some of the changing drug use patterns. Critically, this must be addressed in the schools. It must be addressed at an early age, so the

new culture is that you do not experiment with drugs because they are dangerous and can be fatal.

Mrs HALL: I thank the Minister for that rather horrifying response. I must now go and consider all that information. I refer now to laser speed guns. Speed detection has been the focus of recent media coverage, including an article on the purchase by the Police Department of an additional 100 hand-held laser guns. This expansion is referred to on page 106 of the program papers and as a specific target for the 1996-97 financial year. Will the Minister provide more detail on the proposed increase in the numbers of laser guns? In particular, I would like to know not just where they will be used but what strategies will be implemented for the deployment of new laser guns, as opposed to those currently in use, and the cost associated with the purchase of those laser guns.

The Hon. S.J. Baker: Whilst the road toll has improved over a long period, if the rates of deaths and serious injury in 1970 were translated today to kilometres travelled, cars on the road, licences or whatever measure, the road toll today could be two or three times as high as it is. There has been dramatic improvement but it is not good enough. We are still probably 50 per cent away from what is an acceptable level, if anything is acceptable. One death is not acceptable but, realistically, as soon as you are behind the wheel, some risk is involved.

The major cause of deaths on the road is speed, and speed combined with fatigue or alcohol is a fatal combination. The police are dedicated to improving the road toll situation. It is basically their responsibility in terms of the surveillance of our roads. There have been significant successes with the laser guns because they are very transportable. They can be set up very quickly and people can be stopped and their bad habits rectified immediately. Laser guns have a number of advantages over the standard equipment and offer some opportunity for us to look after our country roads a little better than we are doing today.

One of the issues that I know a number of my country colleagues have written to me about, besides the fact of infringement notices when they find that one of their constituents has done the wrong thing and has been caught, is the continuing cry about a number of matters relating to speed. I refer not only to cars simply going too fast in areas where drivers are putting themselves or their friends at risk, but also to a matter of concern in the electorate of the member for Giles, and that is the extent to which some of the larger semitrailers and road trains are not only exceeding the speed limit but breaking the law in terms of the distance they should travel apart.

When you are travelling at normal speed and one of those heavy transport vehicles passes by, the effect of the wind has caused me concern. It can be quite detrimental to anyone on the road, let alone the danger presented by some of these transports bearing down on you if you are travelling at the speed limit and they want to go faster. The issue of speeding transport vehicles is a matter we do take seriously and the appropriate distance should be maintained between those transports, so that we do not have motorists being sandwiched in the middle. A number of members have written to me about the fact that they want more effort on our highways. The fact is that major fatalities happen on our country roads, and particularly on country highways. They occur for a range of reasons, and one of the most important is speed.

The additional 100 laser devices—the latest laser speed guns—will become part and parcel of traffic patrols. Currently they are restricted to the motor cycles, but they will be made more widely available. Forty of the speed guns are for

shared use by traffic patrol cars attached to the Traffic Highway Task Force and traffic patrols within the Adelaide metropolitan area. More importantly—and this goes to the critical issue of people being pulled over at the time they commit the offence—the remaining 60 units will be for shared use by country police officers and country based traffic police in both the northern and southern commands, including the following country divisions: North East, Mid West, Barossa, Yorke Peninsula, West Coast, Far North, South-East, Murray, the Riverland and the Adelaide Hills. Distribution of the guns will be subject to ongoing assessment and adjustment according to speed profiles, crash rates and seasonal needs.

Clearly, the additional 100 laser speed guns will enhance the Government-SAPOL commitment to reducing the unacceptable number of serious injury and fatal road accidents in South Australia by changing driver behaviour. The cost of the Kustom Signals Prolaser II Laser Speed Guns is approximately \$7 800 per unit, which includes all the equipment; for 1995-96 the total cost of 100 laser speed guns is approximately \$847 000, and the recurrent cost for processing is approximately \$177 000 per year. We believe that the guns are a necessary addition to the armoury of the police in their endeavour to change driver behaviour; they will operate on country roads where the majority of fatal accidents occur, mainly due to speed.

Mr QUIRKE: In relation to the Crime Stoppers program, are the relatives of victims in any way contacted by the police and advised about this arrangement? Is there any contact between police and victims and/or their relatives, or are they kept totally in the dark? Have the relatives and victims been advised of these new arrangements?

The Hon. S.J. Baker: The level of detail on the program is not available to me, but I would expect—and I am told by the Commissioner that it would be normal practice—those people who have a personal interest in these matters to be advised of the process. The South Australian Police Force has always had a good reputation in that area; it is the police force at the forefront of victim assistance, and I expect that situation to continue.

I have answered the member for Playford's question, but I inform members that I expect best practice in a range of areas where we are dedicated to the process of improvement. In relation to people who suffer trauma, I do not know that any media outlet actually contacts a victim in the process except for an interview; to do so would reflect on their capacity to run important news items. If the police participate in this program, I would expect matters such as that to be satisfied. I also suggest to the member for Playford that, if he looked at the current practice of the media and who they consult before they run a story, he would reflect on his question.

Mr QUIRKE: In relation to speed cameras, what is the Minister's estimated return on the 100 laser guns which have just been acquired?

The Hon. S.J. Baker: In relation to the 100 laser speed guns, at this stage we estimate that they will generate \$3.5 million per year additional revenue to the Government, \$2.3 million of which will go to SAPOL via expiations. A component of that amount also goes to the criminal injuries fund. In answer to the honourable member's question, the expected revenue impact is \$3.5 million. That figure may be optimistic or it may be pessimistic. It may be that we will need to replace existing speed detection devices, some of which are ancient, with these cameras.

Mr Foley interjecting:

The Hon. S.J. Baker: You could never accuse this Government of being revenue raisers. Our one aim is to improve road safety.

Mr QUIRKE: How many sworn police were in each of the following commands as at 1 January 1995 and 1 January 1996: the South Command, the North Command, the Crime Command and Operations Support Command. I am happy for the question to go on notice.

The Hon. S.J. Baker: As I presumed that the member would ask certain questions, I had a range of statistics prepared that I intended to throw across the table. However, he just asked a question on an area for which I do not have statistics. It may be preferable for us to take that question on board. However, I make the point—and I will ask the police to conform to my wish in this regard—that most of the changes have taken place in non-operational areas, including commands within the central agencies. There has been an increase in resources in some areas at the front line. I was not expecting the question so I will go back to the drawing board and obtain the answer for the member, and I will ensure that we include the operational functionality of those areas.

A number of claims have been made by the Police Association that suddenly the capacity of the Police Force is so limited that it can longer do its work. I point out that the Police Association was willing to see a much larger contingent of police lost to the Police Force for the benefit of a wage rise. We are working through this matter in a sympathetic and professional fashion to ensure that we have the capacity to deliver the goods on a range of fronts in a more efficient and effective fashion.

I understand that the Police Association has consistently stated that the Police Force does not have enough police to do all the jobs which are required. The Police Association did not adopt that same point when it was negotiating wages. In fact, if I kept the association to its original word on this matter, we would see a dramatic reduction of numbers in the Police Force. That is not the way I operate: I operate in terms of what can be effectively achieved. We will be pleased to provide the information to the member for Playford, and in the process we will attempt to differentiate between those who are in the front line areas and those in other areas who are not involved in crime prevention and personal safety—the areas that are very important to the people of South Australia.

Mr QUIRKE: How many sworn police officers have taken separation packages since they became available?

The Hon. S.J. Baker: In terms of sworn police officers, there were none in 1993-94, none in 1994-95, and 49 in 1995-96. That was as at 12 June 1996. Again, they were non-operational.

Mr QUIRKE: I read in the paper the other day that 25 persons would be admitted to the first course at Fort Largs, and the Minister alluded to that in his opening statement. If that is the case, how many will be enrolled at Fort Largs next year? The operations at Fort Largs have been suspended for 12 or 14 months. Will courses run continually from now on?

The Hon. S.J. Baker: In answer to the member for Playford, I advise that a course is already up and running, after it was suspended for 12 months. That course started in April and it has 26 people in it. We expect the same number—about 25—to enter the next course, and we have an establishment number, which was provided to the Committee earlier, for what we believe is an effective operational Police Force, remembering that some of the positions that were

previously regarded as police are now being civilianised. A real effort is being maintained in the process.

Recruitment will be conducted to meet the requirements of the Police Force. At the same time, I make the honourable member aware that the whole process of recruiting is undergoing change. One of the issues that was raised by the Arthur Andersen report, particularly in the human resources area, is the extent to which we have fashioned the Police Force too rigidly. In addition, the extent that we should be looking for wider skill areas and provide candidates with basic training, and the extent to which we should bring people with outside expertise into areas that are essential for good policing, are matters that are currently under consideration.

If we get the precursors to training right, the cost of police doing their own training will decrease. There is a lot of commonality between a number of occupations in the security area. I expect that we will see the development of higher education courses, which will mean that people will have basic skills before they come into the Police Force to get their police training. We expect that, and it is being worked upon. We will then be able to get courses that focus on the intimate needs of the Police Force, not the broader skill levels that prevail at the moment. Many of the individuals who come into the academy have been trained in a whole range of areas. We will expect them increasingly to come to the academy with much of that skill base in train.

We can reflect on the recruitment by a number of the services, whether it be fire, ambulance or private security—indeed, there is a whole range of areas where there is some commonality between the basic skills that are necessary to dispense any of those jobs prior to becoming eligible and passing the test to become a police officer. Those changes are taking place so the whole structure of training will change. I make one further point: in August or September, we will seriously assess whether another course will be run this year. That is the way it will happen, so that we can make those basic establishment commitments that we have already put in train. The honourable member would be very pleased with the smooth transition that is taking place.

Mr QUIRKE: How often has the assistance of the fire boat *MV Gallantry* been called upon by the police for search and rescue operations?

The Hon. S.J. Baker: I will direct that question to the appropriate Minister. Running the fire boat is not our responsibility. As to how many times we called it out, there is some suggestion that there was one occasion recently when we called for it. All I can tell the member for Playford is that it is very rare, but I will provide the honourable member with the information as to the demand by the police on the fire boat.

Mr QUIRKE: The Opposition has received a number of complaints from Renmark about the transfer of a couple of CIB officers to Berri, which I presume is part of the Renmark-Berri friendly rivalry, or otherwise. The Renmark council took the trouble to ring me last week to tell me that they had heard that some blue uniformed officers were also being transferred to Berri, and they wanted the matter raised here. Have the CIB officers been transferred and is it the intention that some uniformed officers will be transferred to Berri from Renmark?

The Hon. S.J. Baker: I will take that question on notice because I cannot be definite. The issue that caused some interesting debate was the fact that we were consolidating the CIB in Berri, and that was going to add to the efficiency of getting people working together. Most members would

understand that, particularly when people take leave and other things intervene, the capacity to perform is improved with more people, so a difficult situation does not arise where a replacement is needed for a short time. It was explained to the local community that the CIB would be amalgamated to enhance the total CIB capacity.

In relation to the boys in blue, as the member suggests, I do not have any detail on that matter, although I am told that it is another of those stories that is gathering pace without any substance. I have heard some extraordinary stories coming out of the Riverland and the South-East. As soon as there is one change, I hear that the whole Police Force is being withdrawn from the entire region. I am not trying to understate the fact that local police are very highly regarded in country areas. They are very special people and those communities do not want to lose police officers. I can understand that, but changes take place and some of them are for efficiency purposes, and that means that the community gets a better deal, despite the fact that change has taken place. I hear some extraordinary rumours on occasions about impending changes that no-one has heard of. I will take the question on notice. As far as I am aware, the only change that has been communicated officially and will actually happen is to the CIB.

Mr QUIRKE: The Minister must have put his mind to this question of the gun buy back levy. How will it operate?

The Hon. S.J. Baker: We have a plan in place, so I will tell members the plan. We have done a great deal of work on the implementation plan. In relation to quantum and how quantum will be established, it has not been communicated by the Federal Government. Therefore, I make clear that the issue we want satisfied as soon as possible—but remembering it is a very complex issue and we would rather it takes the time to get it right than rush in and get it wrong—is still to be conveyed. I was told it is getting close to determination and I hope that is the case. The people most affected are those who have gun shops. We still do not have any detail on how the money will flow. The suggestion is that the Commonwealth will expect us to pay the bills and then it will ride in later like Tonto and pick them up. I am a very suspicious person and I like to see the money on the table first. The extent to which those matters are satisfied will be something for further negotiation.

Our best guess is that from 1 July there will be an availability of money, which means we will pay for the arms on some prescribed basis and it is our responsibility to ensure that those arms are destroyed. The general tenor of what we are trying to achieve is an orderly removal of firearms within those categories. I raise a matter which is quite interesting and about which the member for Playford will be pleased. We announced an amnesty earlier and requested that people look in their cupboards and, if they do not need the firearm, to give it up. To date, over 550 firearms have been handed in voluntarily. We are pleased that people have used this moment to hand in firearms which they do not need and, one presumes, some of which are illegal, but that is another issue. We have been pleased with the amnesty that has been operating since we introduced it last month.

Regarding how we will travel on the whole issue, we believe that it has to be handled very professionally. An operations support command is being set up to handle the receipt, payment and disposal of firearms. There are component parts, being legal, operations and logistics, IT and the licensing system, the training of all the people involved and public affairs, that is, the conveying of information to the

public. It is the Government's wish to introduce legislation early in July so that it can be passed in this session of Parliament. Because of the complexity of the regulations, we are hoping that by the end of August not only is the Act fully in place but the regulations and all the procedures for the receiving of those firearms are in place. We have a few options at the moment. I will not refer to how that is being done, but a great deal of work is being done on the sheer logistics of achieving a smooth transition. We would wish the Act and the regulations to be proclaimed by the end of August. We can then receive arms over a short period, say, from September until the end of the year. We do not wish to have this process hanging on forever. That is our general time frame.

We are still talking to the Federal Government about some important issues that have been expressed to us by a number of gun owners. We are sticking rigidly to the agreement. We are ensuring that the Federal Government is aware of proposals being made by particular gun groups, which makes them feel more comfortable about the changes taking place, but essentially the legislation that we will be introducing into Parliament will be a reflection of the agreement that has been made.

Mr QUIRKE: Regarding someone who owns one of these items, if the legislation goes through—and I anticipate it will—and if the compensation is payable, will it be done on a scale of what these items are estimated to be worth? As I understand it, the resolution says, quite clearly, the compensation will be based on the actual value of these particular items as of March 1996. There will be no discounting or walking around the side door on these sorts of prices, or will there?

The Hon. S.J. Baker: The member for Playford has as much information on this matter as I have at this stage. The Prime Minister says they will be end of March 1996 values. The Prime Minister and the Attorney have available to them a whole array of people who are capable of determining value at that point in time. I suspect they will use some of that array of talent to put prices on the guns. I believe that the most difficult part will be to put a price on a weapon because it may be affected by its general condition. For example, we will find that some firearms have been shot to pieces and are worth very little and other firearms are in pristine condition because they might never have been shot, or have been shot only once or twice. I suggest that how they handle those complexities is a matter being worked over in Canberra quite extensively at the moment.

We need more detail on whether there will be a standard from which no-one will depart—which means there will be winners and losers—or whether other criteria will be applied, which could mean that it is a longer process. Once that information is available I will relay it to everyone, because it will make life a little more certain. I understand that the Prime Minister will not be discounting on the March 1996 prices. My real area of concern relates to collectables, that is, the very old guns, some of which are extraordinarily valuable and of no threat to any individual. In those areas there is room for the Prime Minister—who is sticking to the letter of the agreement which has been laid down—to consider those weapons.

Mr QUIRKE: Will the Minister assure us that the compensation package and its details will be in place before he brings the legislation into this place?

The Hon. S.J. Baker: I can only say it better be. I expect it is a matter of one, two or three weeks away at this stage, at

the outside. I do not believe that Parliament will be in much of a mood to pass legislation unless it has the detail of the most serious component of the legislation, that is, the compensation package.

Mr QUIRKE: I take this opportunity to thank the South Australian Police Force for its work over the past 12 months. I am sure that every member, certainly the Opposition, appreciates the work done.

Mr BASS: I support the comments of the member for Playford. Over the past 12 months I have had a great deal to do with the Police Force, especially in relation to rewriting the firearms law—which was a waste of time. The cooperation from the Firearms Branch, Cormack McCarron and John White, was excellent and we appreciated it.

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

Minister for Police—Other Payments, \$1 763 000—
Examination declared completed.

Mines and Energy, \$29 876 000

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

Departmental Advisers:

Mr A. Andrejewskis, Chief Executive Officer.

Mr T.C. Welsh, Director of Corporate Services.

Mr P.A. Bleckly, Manager, Administration and Financial Services.

The Hon. S.J. Baker: We have a number of exciting challenges on our plate this year. The only dark cloud on the horizon is native title and, whilst I do not suspect that that will lift in the next year, some dramatic changes will take place across this State, given the level of interest we have today. If we can get native title satisfied this year, South Australia will see one of the biggest increases in interest and actual production, manufacturing and everything on the ground that we have seen in a long time. It is a pretty exciting time for the State, and I have a great deal of regard for my officers in the department who are working hard to make sure not only that these projects succeed but that the increasing emphasis on the environmental issues is properly and fully met.

Mr QUIRKE: The Opposition is very happy with the role of the department and the work that it has done in the past 12 months, and we wish it well in the next 12 months. Will the Minister tell us about the potential gold find in the Tarcoola region? It may be some kilometres from Tarcoola, but I understand that is how it is generally known.

The Hon. S.J. Baker: There is an increasing level of awareness of prospectivity and potential for gold discoveries. We have had two more recent discoveries, the Challenger discovery, which is near Tarcoola, and Nuckulla Hill, which is further towards the coast. Both look as if they will be small but important additions to the mining inventory and we expect that, once they have been properly analysed, mines will actually be established at both these sites with the

production of gold resulting. I am no expert on this, as I have newly come into the portfolio, but my advice is that there is not only the Challenger prospect near Tarcoola but a number of other areas with some consistent attributes that are also now being seriously looked at in terms of potential for gold discovery.

I am advised that we will not know the extent of the tests that have been and will be carried out regarding Challenger. They do not have to file results for some time. Certainly, the level of interest in that general area has increased dramatically, and I understand that a number of companies are looking to do more exploration work, because they believe there may well be capacity in that area to produce significant amounts of gold.

Mr QUIRKE: The previous Minister, Mr Dale Baker, did a great deal of very good work that needs to be recognised in this place in respect of mining arrangements which, as I understand it, are soon to take place and others which are still further down the tunnel for the Pitjantjatjara lands and, in particular, for the Mintabie community, members of which are very concerned about their future existence. Under the terms of the Pitjantjatjara land lease, as I understand it, Mintabie now has only five years of occupancy left. Will the Minister bring us up to speed, because I have not heard much about this in the past six or eight months? Where are we going with this, what discussions have taken place and have some of those other mining arrangements that were being put up been completed?

The Hon. S.J. Baker: I acknowledge the very fine work done by the former Minister in this area, to the extent that the level of discussion, appreciation and desire to be involved in mining ventures during this period increased considerably. We now have a significant amount of movement up and down from Adelaide and other areas into the north to enhance the open door that prevails at the moment. A number of officers go up there on numerous occasions. Whilst the Minister has not made a trip, it may be better, because there has been such positive reception that the Minister may not wish actually to change that. Quite often, if negotiations are proceeding particularly well, and if some of the issues are being grappled with in the way they should be, Ministers are quite wise not to rush in where they are not necessarily needed.

It is my intention to visit there in the next 60 days, hopefully in August—I was planning on going a little earlier but some things are overtaking that—to reinforce the Government's commitment to the future enhancement of the Aboriginal communities as it applies to mining in a way that gives them job opportunities, enhances skill levels and improves their future. We have had a lot of sensitive discussions in this area, and I thank the member for Playford for the part that he has played in these sensitive negotiations. It has been bipartisan, and I hope that the honourable member will take the opportunity to come with me when I can pin myself down to a time so that I can reiterate the Government's commitment to mining in the Pitjantjatjara lands.

As far as Mintabie is concerned, one of the issues involved has been the fact that, whilst there is an interest in developing the opal deposits which lie outside the borders of Mintabie but within the Anangu Pitjantjatjara lands, the Aborigines have been reluctant to see the same sort of development that we have at Mintabie. The member for Playford would understand what I am saying. We are looking at, right now, ways in which the needs of the Aboriginal community—the consultations, the partnerships and the exclusion of some of the more disreputable influences—can be met so that we not

only have some capacity to mine opal in the Pitjantjatjara lands but also get a result which the Aboriginal community can feel proud of and benefit from.

These are matters that I know my officers are advancing, and I understand that those discussions have taken place in a very constructive atmosphere. Very good prospects exist in the Pitjantjatjara lands for oil exploration and the mining of stones (chrysoprase). There has been constructive dialogue to the point where something might happen. Work is being done in that area, and it obviously has some great export potential. On the issues of mining and exploration, we are continuing the work that was under way when I became Minister.

Mrs HALL: I refer to page 127 of the Estimates of Receipts and Payments (programs 1 to 6 and intra-agency support service items not allocated to programs). Last year I raised the question of the number and status of women employed in the Department of Mines and Energy: indeed, I raised that question the year before as well. The Minister knows that I have a genuine concern about what I believe to be a pitifully low number of women holding executive and senior management positions within MESA. The department says that it has had an equal opportunity policy in place for some years and also claims that it has taken affirmative action for a number of years. Why then, in 1996, are the actual numbers and percentages so imbalanced? What plan of action does MESA have to enable the Minister to give a positive response to this question on gender imbalance when I again ask it of him next year?

The Hon. S.J. Baker: The short answer to the question is that when an organisation is tightening and becoming more efficient, and we have reduced the number of staff, the capacity to take on new people is restricted. It is important to bear in mind that, if dollars were unlimited and tasks were expanded, the opportunity to take on people—whether it be more women or people from different backgrounds—would be enhanced immeasurably. So, when an organisation is tightening its focus, unless we are in the process of replacing someone just for the sake of replacing them, it is a little more difficult, and I am sure the honourable member would understand that.

Here is the male/female mix—and the honourable member is quite correct: of the 149 professional staff, 12 are female; two are undertaking management roles and one is in a major support role. There are 12 women out of 149 within the professional staff, and this is at the top end, so there is a lack of women at that level. I know that the CEO is aware of that deficiency. Whilst we have a commitment to ensuring that we get the best people, sometimes the bushes have to be beaten a little more, because there is untold talent available that can be induced to come on board to fill high level positions.

I am sure that the Chief Executive Officer is aware that we need a much higher profile in what has traditionally been a male province. We have expected a very heavy domination by men, but we are now seeing women in the professional staff who can fill a range of functions that exist within the department. I know that the number of women will not change radically because that would mean that someone would have to lose their job to employ them, but I expect that now that there is a commitment to this policy we will see a very positive change take place in the next few years. In administrative staff a predominance of women hold positions: of the 63 administrative staff, 45 are female; one is in senior management, one is in middle management, and three are in

major support roles. Yes, it is a very much male dominated structure.

Mrs HALL: Giving the Minister 12 months notice before asking him the question again, except in more detail, I am sure that next year he will be able to show the graph line going up rather than down.

Mr VENNING: I appreciate the Minister's introductory remarks and being appointed Parliamentary Secretary for Mines and Energy. My question refers to page 121 of the Program Estimates. What action is the Government taking to increase the profile of the resources industry, which is a vital component of the South Australian economy? This is a tremendous success, but who knows about it?

The Hon. S.J. Baker: I thank my parliamentary secretary for that question: he is a very fine parliamentary secretary and a very positive addition to the resources of the office. One of the things that continue to mesmerise me is the fact that we have groups in the community who hate the idea of having a mine. We know those groups well. One of the difficulties in public perception is that the same people who hate the idea of a mine anywhere are those who drive cars, have houses, use refrigerators and think that it should all happen somewhere else. In this State we are seeing some of the best practice in mining endeavour. We are seeing that, with the Roxby Downs development and in a whole range of areas, excesses and bad practices of the kind that have previously been apparent in the mining industry in all parts of the world are being eliminated because of the endeavour of the State Government and also the inclination of miners to do the right thing.

Some of the awareness issues that need to be addressed relate to what mining actually involves and what it does for us. To that extent, long before I became Minister a Resources 96 program was planned. Some pretty exciting things are happening in that program that I trust will be picked up by a wide range of people, including those who have difficulty understanding that we must have minerals before we can have motor cars. One component is the great Australian Treasure Hunt, which will be an exhibition consisting of 25 highly interactive exhibits depicting the importance of minerals. In a joint arrangement with the Investigator Science and Technology Centre, MESA has secured the exhibit for Adelaide from 18 October 1996 to 4 February 1997. MESA will also contribute technical support and graphic design and provide a full-time education officer to conduct workshops for teachers and students during each weekday of the season.

The resources education kit, dealing with working for the right balance, targets upper primary and lower secondary students, again, to provide some idea of the importance of minerals; they are just fundamental to our lifestyle. The kit comprises a two-hour video, an interactive CD-ROM, teacher notes and student work sheets. To get the message across, the segments involved in this program focus on some of the issues that young people really believe are important. We are not only stressing the importance of minerals and using minerals: we are also talking about careers and the economy—which are very topical matters—and effective energy use. We are talking not only about exploration and mining but also about water resources. We are talking about environmental management and finding the right balance. If young people are involved in this program they will have a greater appreciation that mining is good because we have got rid of some of the baggage of the past and are providing elements that are essential to our current and future well-being.

I will be involved in the launch (on 1 December) of Resources Week, which will run from 1 to 6 December 1996, and we have had assistance from the Chamber of Mines and various gem and mineral clubs. There will be open days for mining sites, resource processing industries, mining heritage sites and geological trails over the weekend. The Great Mall Gold Rush will take place in Rundle Mall. I did not know that we had gold there, but I am told that primary students will be panning there for gold, and this event will also feature a number of exhibitions and career seminars.

The Mining Equipment and Industry Services Expo will be an industry event held in conjunction with the St Barbara's Day celebration at the Greenhill Quarry. This year's event will cater for 120 display booths and the largest display of mining equipment ever held in South Australia. Mining would not be the same without St Barbara's Day. The address

will be given to about 1 000 people whom we expect to be involved this year. It is a pretty exciting program, and it has to be an ongoing one. It has the full support of mining companies and the Chamber of Mines and Energy. We believe that the valid questions of younger people will be answered through this education process and that the fundamental need for more effort to be made in mining will be clearly understood. I congratulate the department and the Chamber for their enthusiasm and support behind this venture.

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

ADJOURNMENT

At 5.38 p.m. the Committee adjourned until Thursday 20 June at 11 a.m.